

**MIDDLE EAST COMPANY FOR
MANUFACTURING AND PRODUCING PAPER
(A SAUDI JOINT STOCK COMPANY)**

**UNAUDITED INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S
REVIEW REPORT**

**FOR THE THREE-MONTH AND NINE-MONTH PERIODS
ENDED 30 SEPTEMBER 2025**

MIDDLE EAST COMPANY FOR MANUFACTURING AND PRODUCING PAPER
(A SAUDI JOINT STOCK COMPANY)
UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2025

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**INDEPENDENT AUDITOR'S REVIEW REPORT ON
THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
TO THE SHAREHOLDERS OF MIDDLE EAST COMPANY FOR MANUFACTURING AND
PRODUCING PAPER (A SAUDI JOINT STOCK COMPANY)**

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Middle East Company for Manufacturing and Producing Paper ("the Company") and its subsidiaries (collectively referred to as "the Group") as at 30 September 2025, and the related interim condensed consolidated statements of profit or loss and other comprehensive income for the three-month and nine-month periods ended 30 September 2025, and the related interim condensed consolidated statements of changes in equity and cash flows for the nine-month period then ended, and explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34") as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" as endorsed in the Kingdom of Saudi Arabia. A review of interim financial statement consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 as endorsed in the Kingdom of Saudi Arabia.

for Ernst & Young Professional Services

Ahmed Ibrahim Reda
Certified Public Accountant
License No. 356



Jeddah: 11 Jumada Al-Ula 1447H
2 November 2025G

MIDDLE EAST COMPANY FOR MANUFACTURING AND PRODUCING PAPER (A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

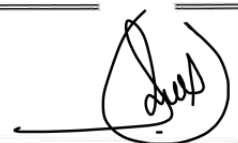
As at 30 September 2025

(Expressed in Saudi Riyals unless otherwise stated)

	Notes	30 September 2025 (Unaudited)	31 December 2024 (Audited)
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	1,196,522,986	1,241,079,841
Capital work in progress	6	177,298,198	27,621,024
Intangible assets		18,167,051	21,146,421
TOTAL NON-CURRENT ASSETS		1,391,988,235	1,289,847,286
CURRENT ASSETS			
Inventories	8	183,199,687	186,367,314
Trade receivables	9	338,196,025	338,341,685
Prepayments and other receivables		11,668,358	9,211,564
Other current assets	10	137,547,664	124,149,293
Cash and short-term deposits	11	519,879,203	610,683,119
TOTAL CURRENT ASSETS		1,190,490,937	1,268,752,975
TOTAL ASSETS		2,582,479,172	2,558,600,261
EQUITY AND LIABILITIES			
EQUITY			
Share capital	14	866,666,650	866,666,650
Share premium	14	419,999,979	419,999,979
Statutory reserve	15	-	135,278,852
Retained earnings		345,171,457	184,282,212
Equity attributable to equity holders of parent		1,631,838,086	1,606,227,693
Non-controlling interests		(6,781,785)	(6,194,341)
TOTAL EQUITY		1,625,056,301	1,600,033,352
LIABILITIES			
NON-CURRENT LIABILITIES			
Interest-bearing long-term borrowings	12(a)	255,373,069	251,152,604
Lease liabilities	7	21,955,252	10,208,662
Employee defined benefits liabilities		36,592,440	41,452,198
TOTAL NON-CURRENT LIABILITIES		313,920,761	302,813,464
CURRENT LIABILITIES			
Interest-bearing long-term borrowings – current portion	12(a)	126,199,577	129,759,552
Interest-bearing short-term borrowings	12(b)	265,729,160	310,231,050
Trade and other payables		232,819,749	191,982,075
Other current liabilities		7,809,401	3,870,539
Zakat payable	13	10,944,223	19,910,229
TOTAL CURRENT LIABILITIES		643,502,110	655,753,445
TOTAL LIABILITIES		957,422,871	958,566,909
TOTAL EQUITY AND LIABILITIES		2,582,479,172	2,558,600,261


Group Executive Vice President -
Finance


Group Chief Executive Officer


Chairman of the Board

The accompanying notes from 1 to 24 form an integral part of these interim condensed consolidated financial statements.

MIDDLE EAST COMPANY FOR MANUFACTURING AND PRODUCING PAPER (A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three-month and nine-month periods ended 30 September 2025

(Expressed in Saudi Riyals unless otherwise stated)

	Notes	Three-month period ended 30 September		Nine-month period ended 30 September	
		2024		2024	
		2025 (unaudited)	Restated (note 22.b) (unaudited)	2025 (unaudited)	Restated (note 22.b) (unaudited)
Revenue	4	278,974,988	276,894,804	813,194,576	775,423,799
Cost of revenue		(242,616,513)	(240,121,662)	(705,827,979)	(671,122,003)
GROSS PROFIT		36,358,475	36,773,142	107,366,597	104,301,796
Selling and distribution expenses		(3,142,657)	(5,067,820)	(12,941,395)	(16,146,422)
General and administrative expenses		(19,749,485)	(30,107,501)	(64,634,700)	(87,752,815)
Reversal/(Impairment) of losses on financial assets		1,462,834	171,408	3,981,567	(3,791,580)
Write-off for property, plant and equipment	5	-	(16,255,573)	-	(16,255,573)
Write-off for capital work in progress	6	-	(1,860,000)	-	(1,860,000)
Other operating income, net	17	2,103,054	1,931,989	8,443,080	3,563,462
OPERATING PROFIT/(LOSS)		17,032,221	(14,414,355)	42,215,149	(17,941,132)
Finance costs		(8,266,778)	(10,174,872)	(27,201,089)	(25,695,078)
Finance income		7,835,070	6,370,608	20,125,799	22,234,246
PROFIT/(LOSS) BEFORE ZAKAT		16,600,513	(18,218,619)	35,139,859	(21,401,964)
Zakat expense	13	(2,645,574)	(308,897)	(10,840,261)	(12,374,974)
PROFIT/ (LOSS) FOR THE PERIOD		13,954,939	(18,527,516)	24,299,598	(33,776,938)
Attributable to:					
Equity holders of the parent		14,309,487	(18,500,641)	24,866,214	(32,822,276)
Non-controlling interests		(354,548)	(26,875)	(566,616)	(954,662)
		13,954,939	(18,527,516)	24,299,598	(33,776,938)
OTHER COMPREHENSIVE INCOME					
<i>Items not to be reclassified to statement of profit or loss in subsequent periods:</i>					
Actuarial gain on re-measurement of employee benefit obligations		-	1,338,919	723,351	1,367,570
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD		13,954,939	(17,188,597)	25,022,949	(32,409,368)
Attributable to:					
Equity holders of the parent		14,309,487	(17,177,970)	25,610,393	(31,470,976)
Non-controlling interests		(354,548)	(10,627)	(587,444)	(938,392)
		13,954,939	(17,188,597)	25,022,949	(32,409,368)
EARNINGS/(LOSS) PER SHARE:					
Earnings/(loss) per share attributable to ordinary equity holders of the Parent (ﷲ)					
- Basic and diluted	18	0.17	(0.21)	0.29	(0.38)

Group Executive Vice President -
Finance

Group Chief Executive Officer

Chairman of the Board

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**MIDDLE EAST COMPANY FOR MANUFACTURING AND PRODUCING PAPER
(A SAUDI JOINT STOCK COMPANY)**

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine-month period ended 30 September 2025

(Expressed in Saudi Riyals unless otherwise stated)

	Attributable to equity holders of the Parent						Non-controlling interests	Total equity
	Share capital	Share premium	Statutory reserve	Reserve for employees' share-based payments	Retained earnings	Total		
At 01 January 2025 (Audited)	866,666,650	419,999,979	135,278,852	-	184,282,212	1,606,227,693	(6,194,341)	1,600,033,352
Profit/(loss) for the period	-	-	-	-	24,866,214	24,866,214	(566,616)	24,299,598
Other comprehensive income/ (loss) for the period	-	-	-	-	744,179	744,179	(20,828)	723,351
Total comprehensive income/(loss) for the period	-	-	-	-	25,610,393	25,610,393	(587,444)	25,022,949
Transfer of statutory reserve (note 15)	-	-	(135,278,852)	-	135,278,852	-	-	-
At 30 September 2025 (Unaudited)	866,666,650	419,999,979	-	-	345,171,457	1,631,838,086	(6,781,785)	1,625,056,301
At 31 January 2024 (Audited)	666,666,660	-	135,278,852	10,500,000	261,845,302	1,074,290,814	(6,087,404)	1,068,203,410
Loss for the period	-	-	-	-	(32,822,276)	(32,822,276)	(954,662)	(33,776,938)
Other comprehensive income for the period	-	-	-	-	1,351,300	1,351,300	16,270	1,367,570
Total comprehensive loss for the period	-	-	-	-	(31,470,976)	(31,470,976)	(938,392)	(32,409,368)
Issue of share capital (note 14)	199,999,990	419,999,979	-	-	-	619,999,969	-	619,999,969
Settlement of share-based payments (note 16)	-	-	-	(10,500,000)	-	(10,500,000)	-	(10,500,000)
At 30 September 2024 (Unaudited)	866,666,650	419,999,979	135,278,852	-	230,374,326	1,652,319,807	(7,025,796)	1,645,294,011


Group Executive Vice President -
Finance


Group Chief Executive Officer


Chairman of the Board

The accompanying notes from 1 to 24 form an integral part of these interim condensed consolidated financial statements.

MIDDLE EAST COMPANY FOR MANUFACTURING AND PRODUCING PAPER (A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the nine-month period ended 30 September 2025

(Expressed in Saudi Riyals unless otherwise stated)

	Note	2025 (Unaudited)	2024 (Unaudited)
OPERATING ACTIVITIES			
Profit/ (loss) before zakat		35,139,859	(21,401,964)
<i>Adjustments to reconcile profit/(loss) before zakat to net cash flows:</i>			
Depreciation of property, plant and equipment		81,551,941	76,414,185
Depreciation of right-of-use assets	7	6,968,749	6,010,524
Amortization of intangible assets		3,309,696	116,121
Gain on disposal of property, plant and equipment		-	(167,632)
Charge of allowance for slow moving and obsolete inventories	8	2,567,906	2,450,296
(Reversal)/charge of allowance for impairment of trade receivables	9	(3,981,567)	3,791,580
Write-off for property, plant and equipment and capital work in progress	5&6	-	18,159,254
Employee benefits provision		8,186,875	6,449,059
Finance costs		27,201,089	25,695,078
Finance income		(20,125,799)	(22,234,246)
		140,818,749	95,282,255
<i>Working capital changes:</i>			
Decrease / (Increase) in inventories		599,721	(59,456,191)
Decrease / (Increase) in trade receivables		4,127,227	(60,836,096)
Decrease / (Increase) in prepayments and other receivables		343,352	(15,792,633)
Increase in other current assets		(13,798,371)	(20,742,212)
Decrease in capital project advances		-	2,282,335
Increase in trade and other payables		33,218,656	25,956,071
Increase / (Decrease) in other current liabilities		3,938,862	(9,302,047)
Cash from / (used in) operations		169,248,196	(42,608,518)
Finance costs paid		(31,380,531)	(27,473,198)
Finance income received		17,725,653	19,067,605
Zakat paid	13	(19,806,267)	(9,386,395)
Employee benefits paid		(12,323,282)	(4,295,689)
Employees' share-based paid		-	(10,500,000)
Net cash flows from/ (used in) operating activities		123,463,769	(75,196,195)
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(12,214,732)	(27,930,649)
Purchase of intangible assets		(330,326)	(750,968)
Additions to capital work in progress		(145,557,453)	(34,772,149)
Proceeds from disposal of property, plant and equipment		-	167,647
Net cash flows used in investing activities		(158,102,511)	(63,286,119)

Group Executive Vice President -
Finance

Group Chief Executive Officer

Chairman of the Board

The accompanying notes from 1 to 24 form an integral part of these interim condensed consolidated financial statements.

MIDDLE EAST COMPANY FOR MANUFACTURING AND PRODUCING PAPER (A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

For the nine-month period ended 30 September 2025

(Expressed in Saudi Riyals unless otherwise stated)

	note	2025 (Unaudited)	2024 (Unaudited)
FINANCING ACTIVITIES			
Proceeds from issue of shares	14	-	629,999,969
Net change in short-term borrowings	12(b)	(44,993,824)	140,397,785
Proceeds from long-term borrowings	12(a)	94,218,841	30,000,000
Repayments of long-term borrowings	12(a)	(97,001,970)	(83,359,079)
Payment of principal portion of lease liabilities	7	(8,388,221)	(2,319,905)
Net cash flows (used in) / from financing activities		(56,165,174)	714,718,770
Net (decrease)/increase in cash and cash equivalents		(90,803,916)	576,236,456
Cash and cash equivalents at the beginning of the period		610,683,119	56,549,393
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		519,879,203	632,785,849

	Note	2025 (Unaudited)	2024 (Unaudited)
SUPPLEMENTARY NON-CASH INFORMATION			
Finance charges capitalized in capital work in progress	6	8,114,995	1,778,120
Amortization of deferred finance charges	12	1,698,447	116,940
Transfers from capital work in progress to property, plant and equipment	5&6	3,995,274	189,087,081
Addition to right-of-use assets and lease liabilities	7	27,753,829	92,389
Lease modification	7	-	(152,563)
Interest income receivables		2,400,146	3,166,641
Transfer from employee benefits to trade and other payables		-	6,603,250
Transaction costs related to issue of share capital	14	-	10,000,000
Transfer of statutory reserve to retained earning	15	135,278,852	-

Group Executive Vice President -
Finance

Group Chief Executive Officer

Chairman of the Board

The accompanying notes from 1 to 24 form an integral part of these interim condensed consolidated financial statements.

MIDDLE EAST COMPANY FOR MANUFACTURING AND PRODUCING PAPER (A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2025 (Unaudited)

(Expressed in Saudi Riyals unless otherwise stated)

1 CORPORATE INFORMATION

Middle East Company for Manufacturing and Producing Paper (“MEPCO” or the “Company”) and its subsidiaries (collectively “the Group”) are engaged in the production and sale of container board, industrial paper and tissue paper. MEPCO is a Saudi Joint Stock Company incorporated and operating in the Kingdom of Saudi Arabia. The Company also uses the name Middle East Paper Company in its business operations, agreements and trademarks including places such as Saudi Stock Exchange.

The Company obtained its Unified No 7001404602 on 3 Rajab 1421H, corresponding to 30 September 2000. During the year 2012, the legal status of the Company converted from a limited liability company into a Saudi Closed Joint Stock Company. The Ministry of Commerce approved the conversion of the Company to a Saudi Closed Joint Stock Company by Ministerial Decision No. 44 dated 14 Safar 1433H (corresponding to 8 January 2012). The Company was converted to Saudi Joint Stock Company on 14 Rajab 1436H (3 May 2015). The Company’s office is located at Jeddah, Andalus district, 3109 Price Mohammed Ibn Abdulaziz St, Nojood Center, P.O. Box 23326.

The Company had investments in the following subsidiaries (collectively referred to as “Group”):

			30 September 2025	31 December 2024
Subsidiary name	Country of incorporation	Principal business activity	Effective ownership interest	
Direct holdings				
Waste Collection and Recycling Company Limited (“WASCO”)	Saudi Arabia	Whole and retail sales of paper, carton and plastic waste	100%	100%
Juthor Paper Manufacturing Company	Saudi Arabia	Production and sales of tissue paper rolls.	100%	100%
Al-Tadweer Al-Akhdar Industrial Company	Saudi Arabia	Production of cardboards, corrugated paper and other papers	100%	100%
Indirect holdings				
Estidama Environmental Services Company LLC (“Estidama”)	Saudi Arabia	Whole sales of waste, scrap, and other unclassified products and waste management and treatment services.	50%	50%
Saudi - Jordanian Waste Collection and Recycling Company (“Saudi- Jordanian WASCO”) – note a	Jordan	Recycle and collect carton waste, manufacture, import and export carton. Retail trade in paper and carton. Own movable and immovable funds to implement the company's objectives.	100%	100%

- a) During the nine-month period ended 30 September 2025, the management decided to sell Saudi Jordanian WASCO as no longer deemed sustainable or strategically beneficial. On 15 April 2025, the management signed sales and purchase agreement with third-party to sell Saudi Jordanian WASCO with cash consideration amounted to ~~SR~~ 211,500 subject to Board approval, transferring the full consideration and completion of all formalities and legal requirements. On 22 May 2025 the board approved the sale of Saudi Jordanian WASCO; however, the cash consideration still not fully received and other formalities are still in process and expecting to be completed before the end of the year 2025. As at 30 September 2025, Saudi Jordanian WASCO had a net deficiency of ~~SR~~ 190,122 (31 December 2024: ~~SR~~ 201,234) and had net profit of ~~SR~~ 11,112 (30 September 2024: net losses of ~~SR~~ 370,396). Saudi Jordanian WASCO hasn’t been considered as a significant separate operation or geographical area for the Group; accordingly, the criteria for discontinued operations under IFRS 5 have not been met.

MIDDLE EAST COMPANY FOR MANUFACTURING AND PRODUCING PAPER (A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(continued)

At 30 September 2025 (Unaudited)

(Expressed in Saudi Riyals unless otherwise stated)

2 BASIS OF PREPARATION

2.1 Statement of compliance

The interim condensed consolidated financial statements for the nine-months ended 30 September 2025 have been prepared in accordance with International Accounting Standard 34 - Interim Financial Reporting ("IAS 34") as endorsed in the Kingdom of Saudi Arabia as well as other standards and pronouncements that are endorsed by Saudi Organization for Chartered and Professional Accountants ("SOCPA"). The Group has prepared the interim condensed consolidated financial statements on the basis that it will continue to operate as a going concern.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2024 (see also note 2.4).

2.2 Basis of measurement

These interim condensed consolidated financial statements are prepared under the historical cost convention, except investment at fair value through profit or loss which are measured at fair value.

2.3 Functional and presentation currency

These interim condensed consolidated financial statements are presented in Saudi Riyals (ﷲ), which is the Group's functional and presentation currency.

2.4 Material accounting judgements, estimates and assumptions

The preparation of the Group's interim condensed consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities and accompanying disclosures. The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period, were disclosed in annual consolidated financial statements for the year ended 31 December 2024. Any future change in the assumptions and estimates could result in outcomes that could require material adjustment to the carrying amounts of the assets or liabilities affected in the future periods.

2.5 Material accounting policies

The accounting policies adopted by the Group for the preparation of these interim condensed consolidated financial statements are consistent with those followed in preparation of the Group's annual consolidated financial statements for the year ended 31 December 2024, except for accounting policies related to the new standard adopted by the Group effective as of 1 January 2025 (see note 3). The Group has not early adopted any standard, interpretation or amendment that has been issued but not yet effective.

One amendment applies for the first time in 2025, but does not have an impact on the interim condensed consolidated financial statements of the Group.

3 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED BY THE GROUP

Lack of exchangeability - Amendments to IAS 21

The amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments also require disclosure of information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

The amendments are effective for annual reporting periods beginning on or after 1 January 2025. When applying the amendments, an entity cannot restate comparative information.

The amendments did not have a material impact on the Group's interim condensed consolidated financial statements.

MIDDLE EAST COMPANY FOR MANUFACTURING AND PRODUCING PAPER (A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(continued)

At 30 September 2025 (Unaudited)

(Expressed in Saudi Riyals unless otherwise stated)

4 SEGMENT INFORMATION

The Group has two operating and reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services and are managed separately because they require different marketing strategies. For each of the strategic business units, the Group's top management reviews internal management reports on at least a quarterly basis. The following summary describes the operations in each of the Group's reportable segments:

- Manufacturing segment represents manufacturing of container board and industrial paper as well as tissue paper.
- Trading segment represents wholesale and retail sales of paper, carton, and plastic waste.

The Strategic and Executives Committee is the Chief Operating Decision Maker ("CODM") and monitor the operation results of its business units separately for the purpose of making decisions about resource allocation and performance assessment.

Segment results that are reported to the CODM include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment revenue and profit/(loss) before zakat, as included in the internal management reports that are reviewed by the top management.

The following table presents segment information:

Results for the nine-month period

<i>ended 30 September 2025 (Unaudited)</i>	<i>Manufacturing</i>	<i>Trading</i>	<i>Elimination</i>	<i>Total</i>
External customers	783,133,631	30,060,945	-	813,194,576
Inter-segment	-	181,464,072	(181,464,072)	-
Total revenues	783,133,631	211,525,017	(181,464,072)	813,194,576
Segment profit / (loss) before zakat	56,419,073	(7,551,778)	(13,727,436)	35,139,859
Zakat	10,613,378	226,883	-	10,840,261
Finance costs	24,897,275	2,569,224	(265,410)	27,201,089
Depreciation and amortization	79,294,920	12,535,466	-	91,830,386

Results for the three-month period

<i>ended 30 September 2025 (Unaudited)</i>				
External customer	270,405,721	8,569,267	-	278,974,988
Inter-segment	-	65,029,424	(65,029,424)	-
Total revenues	270,405,721	73,598,691	(65,029,424)	278,974,988
Segment profit / (loss) before zakat	23,920,420	(4,638,164)	(2,681,743)	16,600,513
Zakat	2,508,730	136,844	-	2,645,574
Finance costs	7,546,861	855,701	(135,784)	8,266,778
Depreciation and amortization	25,392,600	4,153,157	-	29,545,757

**MIDDLE EAST COMPANY FOR MANUFACTURING AND PRODUCING PAPER
(A SAUDI JOINT STOCK COMPANY)**

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(continued)

At 30 September 2025 (Unaudited)

(Expressed in Saudi Riyals unless otherwise stated)

4 SEGMENT INFORMATION, (continued)

	<i>Manufacturing</i>	<i>Trading</i>	<i>Elimination</i>	<i>Total</i>
<i>Results for the nine-month period ended 30 September 2024 (Unaudited)</i>				
External customer	749,395,235	26,028,564	-	775,423,799
Inter-segment	-	179,442,904	(179,442,904)	-
Total revenues	749,395,235	205,471,468	(179,442,904)	775,423,799
Segment loss before zakat	(12,065,533)	(20,813,483)	11,477,052	(21,401,964)
Zakat	12,087,573	287,401	-	12,374,974
Finance costs	23,527,458	2,372,450	(204,830)	25,695,078
Depreciation and amortization	72,025,935	10,514,895	-	82,540,830
Write-off for plant and equipment and capital work in progress	15,601,275	2,514,298	-	18,115,573
<i>Results for the three-month period ended 30 September 2024 (Unaudited)</i>				
External customer	266,382,095	10,512,709	-	276,894,804
Inter-segment	-	73,912,793	(73,912,793)	-
Total revenues	266,382,095	84,425,502	(73,912,793)	276,894,804
Segment loss before zakat	(12,834,230)	(3,397,068)	(1,987,321)	(18,218,619)
Zakat	137,916	170,981	-	308,897
Finance costs	9,253,356	989,477	(67,961)	10,174,872
Depreciation and amortization	26,175,025	3,114,753	-	29,289,778
Write-off for plant and equipment and capital work in progress	15,601,275	2,514,298	-	18,115,573
<i>As of 30 September 2025 (Unaudited)</i>				
Total assets	3,173,581,210	121,491,154	(712,593,192)	2,582,479,172
Total liabilities	1,002,905,774	137,069,105	(182,552,008)	957,422,871
<i>As of 31 December 2024 (Audited)</i>				
Total assets	3,125,037,944	127,136,559	(693,574,242)	2,558,600,261
Total liabilities	1,004,639,191	135,123,687	(181,195,969)	958,566,909

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4 SEGMENT INFORMATION, (continued)

The entire Group's revenues have been recognized at point of time.

The revenue from business segments categorized by geographical region is as follows:

30 September 2025	<i>Manufacturing</i>	<i>Trading</i>	<i>Total</i>
Saudi Arabia	567,641,248	30,060,945	597,702,193
Other GCC Countries	58,967,849	-	58,967,849
Asia	106,794,204	-	106,794,204
Africa	30,841,442	-	30,841,442
Europe	14,405,223	-	14,405,223
Americas	4,483,665	-	4,483,665
	<u>783,133,631</u>	<u>30,060,945</u>	<u>813,194,576</u>
 30 September 2024			
Saudi Arabia	558,580,983	26,028,564	584,609,547
Other GCC Countries	60,800,523	-	60,800,523
Asia	83,126,327	-	83,126,327
Africa	31,407,289	-	31,407,289
Europe	14,598,957	-	14,598,957
Americas	881,156	-	881,156
	<u>749,395,235</u>	<u>26,028,564</u>	<u>775,423,799</u>

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5 PROPERTY, PLANT AND EQUIPMENT

	<i>Land</i>	<i>Right-of-use- assets (leasehold lands)</i>	<i>Right-of-use- assets (leasehold buildings)</i>	<i>Buildings and mobile cabinets</i>	<i>Machinery and equipment</i>	<i>Furniture and office equipment</i>	<i>Motor vehicles</i>	<i>Total</i>
Cost								
At 1 January 2025	137,398,877	51,561,623	10,449,001	288,273,283	1,895,152,898	28,758,910	35,263,233	2,446,857,825
Additions	-	24,655,314	3,098,515	359,812	9,440,321	1,189,496	1,225,103	39,968,561
Transfers from capital work-in-progress (note 6)	-	-	-	-	3,995,274	-	-	3,995,274
30 September 2025	137,398,877	76,216,937	13,547,516	288,633,095	1,908,588,493	29,948,406	36,488,336	2,490,821,660
Depreciation								
At 1 January 2025	-	(32,834,669)	(9,168,039)	(92,287,899)	(1,025,244,962)	(18,301,900)	(27,940,515)	(1,205,777,984)
Depreciation charge	-	(5,604,969)	(1,363,780)	(9,556,628)	(68,087,498)	(2,107,957)	(1,799,858)	(88,520,690)
30 September 2025	-	(38,439,638)	(10,531,819)	(101,844,527)	(1,093,332,460)	(20,409,857)	(29,740,373)	(1,294,298,674)
Net book value								
At 30 September 2025 (Unaudited)	137,398,877	37,777,299	3,015,697	186,788,568	815,256,033	9,538,549	6,747,963	1,196,522,986

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5 PROPERTY, PLANT AND EQUIPMENT (continued)

	<i>Land</i>	<i>Right-of-use- assets (leasehold lands)</i>	<i>Right-of-use- assets (leasehold buildings)</i>	<i>Buildings and mobile cabinets</i>	<i>Machinery and equipment</i>	<i>Furniture and office equipment</i>	<i>Motor vehicles</i>	<i>Total</i>
Cost								
At 1 January 2024	137,398,877	51,561,623	10,277,389	257,504,457	1,815,336,089	34,486,184	36,476,485	2,343,041,104
Additions	-	-	324,057	1,183,753	18,873,118	3,039,817	1,521,354	24,942,099
Transfers from capital work- in-progress (note 6)	-	-	-	34,694,969	171,237,414	460,758	-	206,393,141
Disposals	-	-	(152,445)	-	(3,306,941)	(3,825)	(237,266)	(3,700,477)
Write off (refer note 5.1)	-	-	-	(5,109,896)	(106,986,782)	(9,224,024)	(2,497,340)	(123,818,042)
31 December 2024	<u>137,398,877</u>	<u>51,561,623</u>	<u>10,449,001</u>	<u>288,273,283</u>	<u>1,895,152,898</u>	<u>28,758,910</u>	<u>35,263,233</u>	<u>2,446,857,825</u>
Depreciation								
At 1 January 2024	-	(27,015,008)	(7,060,664)	(83,900,434)	(1,033,571,697)	(23,617,657)	(28,330,080)	(1,203,495,540)
Depreciation charge	-	(5,819,661)	(2,107,375)	(11,596,446)	(87,770,349)	(3,509,874)	(2,301,364)	(113,105,069)
Disposals	-	-	-	-	3,306,928	3,824	237,263	3,548,015
Write off (refer note 5.1)	-	-	-	3,208,981	92,790,156	8,821,807	2,453,666	107,274,610
31 December 2024	<u>-</u>	<u>(32,834,669)</u>	<u>(9,168,039)</u>	<u>(92,287,899)</u>	<u>(1,025,244,962)</u>	<u>(18,301,900)</u>	<u>(27,940,515)</u>	<u>(1,205,777,984)</u>
Net book value								
At 31 December 2024 (audited)	<u>137,398,877</u>	<u>18,726,954</u>	<u>1,280,962</u>	<u>195,985,384</u>	<u>869,907,936</u>	<u>10,457,010</u>	<u>7,322,718</u>	<u>1,241,079,841</u>

5.1 During the year 2024, the Group conducted and completed a full property, plant and equipment tagging and physical verification which resulted on identify certain assets with net book value amounting to ~~SR~~ 16.5 million to be written off either due to scrapped items disposed, damage, or not in working condition “obsolete” which were all due to wear and tears and normal maintenance requirements.

5.2 Certain buildings, mobile cabinets, machinery and equipment, furniture and office equipment relating to one of the Group subsidiaries “Juthor” are pledged as collateral to Saudi Industrial Development Fund (SIDF) as a first-degree pledge (refer note 12).

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6 CAPITAL WORK IN PROGRESS

	<i>Tissue Mill factory (note a below)</i>	<i>Plant and Machinery (note b below)</i>	<i>Paper Machine-5 (PM5) (note c below)</i>	<i>Total</i>
At 1 January 2025 (audited)	-	8,104,286	19,516,738	27,621,024
Additions	33,189,518	4,869,223	115,613,707	153,672,448
Transfers to property, plant and equipment (refer note 5)	-	(3,995,274)	-	(3,995,274)
30 September 2025 (unaudited)	33,189,518	8,978,235	135,130,445	177,298,198
At 1 January 2024 (audited)	62,518,995	108,715,334	-	171,234,329
Additions	15,751,715	32,223,000	19,516,738	67,491,453
Transfers to property, plant and equipment (refer note 5)	(78,270,710)	(128,122,431)	-	(206,393,141)
Reclassification to consumable spare parts	-	(2,851,617)	-	(2,851,617)
Write off during the year	-	(1,860,000)	-	(1,860,000)
31 December 2024 (audited)	-	8,104,286	19,516,738	27,621,024

(a) Tissue mill factory

The project of the Tissue Mill factory ("TM4") amounted to ﷲ 78 million located in King Abdullah Economic City, Rabigh under the wholly owned subsidiary Juthor Paper Manufacturing Company Limited, has fully completed during the year 2024.

During the period ended 30 September 2025, the Company started the construction process of the new tissue mill factory ("TM6"), as a new production line with expected value of ﷲ 350 million. As at 30 September 2025, TM6 related costs amounted to ﷲ 33 million. TM6 is expected to be completed by the end of 2026. During the period ended 30 September 2025, finance costs amounting to ﷲ 3 million were capitalized as part of capital work-in-progress, average capitalization rate used was 6.7%.

(b) Plant and Machinery

Capital work in progress as at 30 September 2025 includes costs incurred related to the ongoing projects for plant and machinery related to MEPCO and WASCO amounting to ﷲ 9 million (31 December 2024: ﷲ 8 million). During the period, certain projects related to improvements and enhancements of the existing production lines amounted of ﷲ 4 million have been fully completed and started in their intended use. The remaining projects related to plant and machinery are expected to be fully completed during the year ending 31 December 2026. During the period ended 30 September 2025, finance costs amounting to Nil were capitalized as part of capital work-in-progress (year ended 31 December 2024: ﷲ 3.3 million). Average capitalization rates that were used range from 5.8%-6.5% for the year ended 31 December 2024.

(c) Paper Machine-5 (PM5)

During the year 2024, the Group started construction process of a new production line ("PM5") under the newly established subsidiary namely "Al-Tadweer Al-Akhdar Industrial Company" with expected total value of ﷲ 1,760 million. As at 30 September 2025, the project related costs were amounting to ﷲ 135 million. PM5 is expected to be completed by 30 June 2027. During the period ended 30 September 2025, finance costs amounting to ﷲ 5 million were capitalized as part of capital work-in-progress (year ended 31 December 2024: ﷲ 6 million). The average capitalization rate used was 6.7% (31 December 2024: 6.7%).

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7 LEASES

The Group has various leases contracts related to employees' accommodation, offices, and warehouses buildings which are shown under the category buildings and landfills sites for its subsidiaries shown under leased land. Rental contracts are typically made for fixed periods of 2 to 20 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The Group applies the 'short-term lease' recognition exemptions for the leases which have lease terms lower than or equal to one-year.

(a) Set out below are the carrying amounts of right-of-use assets recognized (included within PP&E (note 5) and the movements during the period:

	<i>Leasehold land – included within PP&E (Note 5)</i>	<i>Leasehold buildings – included within PP&E (Note 5)</i>	<i>Total</i>
As at 1 January 2025 (Audited)	18,726,954	1,280,962	20,007,916
Additions during the period	24,655,314	3,098,515	27,753,829
Depreciation expense	(5,604,969)	(1,363,780)	(6,968,749)
As at 30 September 2025 (unaudited)	37,777,299	3,015,697	40,792,996
As at 1 January 2024	24,546,615	3,216,725	27,763,340
Additions during the year	-	324,057	324,057
Modification during the year	-	(152,445)	(152,445)
Depreciation expense	(5,819,661)	(2,107,375)	(7,927,036)
As at 31 December 2024	18,726,954	1,280,962	20,007,916

(b) Set out below are the carrying amounts of lease liabilities and the movements during the year:

	<i>30 September 2025 (Unaudited)</i>	<i>31 December 2024 (Audited)</i>
At the beginning of the period / year	17,786,093	24,905,561
Additions	27,753,829	324,057
Accretion of interest	1,951,585	939,213
Payments	(10,339,806)	(8,230,293)
Modification	-	(152,445)
At the end of the period / year	37,151,701	17,786,093

The scheduled maturities of the lease liabilities are as follows:

	<i>Principal Amount</i>	<i>Interest</i>	<i>Net lease liabilities</i>
As at 30 September 2025			
Current portion - included within trade and other payables	17,012,246	(1,815,797)	15,196,449
Non-current portion	31,773,410	(9,818,158)	21,955,252
	48,785,656	(11,633,955)	37,151,701
As at 31 December 2024			
Current portion - included within trade and other payables	8,144,465	(567,034)	7,577,431
Non-current portion	10,958,226	(749,564)	10,208,662
	19,102,691	(1,316,598)	17,786,093

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8 INVENTORIES

	30 September 2025 (Unaudited)	31 December 2024 (Audited)
Raw materials	110,773,949	95,668,168
Finished goods	18,615,113	29,768,274
Goods in transit	11,574,163	21,728,800
Consumable spare parts, not held for sale	79,236,458	73,634,162
	220,199,683	220,799,404
Less: Allowance for slow moving and obsolete inventories (refer note 8.1)	(36,999,996)	(34,432,090)
	183,199,687	186,367,314

8.1 Movement in allowance for slow moving and obsolete inventories is as follows:

	30 September 2025 (Unaudited)	31 December 2024 (Audited)
01 January	34,432,090	9,602,363
Charge during the period/year (note a)	2,567,906	34,158,259
Write-offs period/year	-	(9,328,532)
31 December	36,999,996	34,432,090

- a) During the year ended 31 December 2024, management has undertaken a reassessment of inventory provision estimation process which resulted into change of estimate based on a comprehensive technical evaluation of spare parts considering obsolescence, recoverability, and alignment with strategic plans. The change of estimate resulted in a provision charge of amounted ~~SR~~ 34 million was recognized in the statement of profit or loss within cost of revenue.

9 TRADE RECEIVABLES

	30 September 2025 (Unaudited)	31 December 2024 (Audited)
Trade receivables – Local	308,683,690	299,986,740
Trade receivables – Export	52,027,790	65,940,971
	360,711,480	365,927,711
Less: Allowance for impairment (refer note 9.1)	(22,515,455)	(27,586,026)
	338,196,025	338,341,685

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9 TRADE RECEIVABLES, (continued)

9.1 Movement in allowance for impairment of trade receivables is as follows:

	30 September 2025 (Unaudited)	31 December 2024 (Audited)
1 January	27,586,026	22,441,070
(Reversal) / charge during the period/year	(3,981,567)	5,541,311
Write off during the period/year	(1,089,004)	(396,355)
	22,515,455	27,586,026

10 OTHER CURRENT ASSETS

	<i>Notes</i>	30 September 2025 (Unaudited)	31 December 2024 (Audited)
Advances to suppliers		15,347,728	18,438,436
Capital project advances	(a)	88,581,429	71,680,123
Advance against land	(b)	32,330,000	32,330,000
Advances to employees		2,561,546	2,573,773
		138,820,703	125,022,332
Less: Allowance for impairment loss on advances		(1,273,039)	(873,039)
		137,547,664	124,149,293

- (a) Capital project advances include advances related to the projects of the new production lines under construction i.e., PM5 and TM6. The material and services related to these projects are expected to be completed during 2026/2027.
- (b) During 2017, the management paid an amount of ﷲ 32.3 million to acquire a land through public auction and classified it as land under property, plant and equipment account. Accordingly, the Court of appeal ruling of Makkah Region issued a judgement to transfer this land to the name of Group. However, during 2021, the Company received certain information that the General Prosecution has banned the use and control of the land. During the year ended 31 December 2022, the Board has appointed a consultant to investigate and secure the land's title deed in the name of the Group. The Group's management consulted an external lawyer, and it is of the view that such a transfer in the name of the Group is a procedural aspect and would be completed soon. During the year 2024, all restrictions related to the former landlord have been cleared out and the procedural aspects for the transfer in the name of the Group are underway and expected to be completed in 2026.

11 CASH AND SHORT-TERM DEPOSITS

	30 September 2025 (Unaudited)	31 December 2024 (Audited)
Cash in hand	495,523	977,015
Cash at bank	22,024,881	299,076,353
Short term deposits	497,358,799	310,629,751
	519,879,203	610,683,119

Short-term deposits are placed with a local commercial bank with the original term of maturities up to three months and denominated in ﷲ. Short-term deposits yield financial income at prevailing market rates of interest. During the period, the Group earned ﷲ 20 million (Nine-month period ended 30 September 2024: ﷲ 22 million) on short-term deposits at the rate of return ranging between 5.25% to 6.30% (Nine-month period ended 30 September 2024: from 4.95% to 6.15%).

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12 LOANS AND BORROWINGS

(a) Interest-bearing long-term borrowings

	30 September 2025 (Unaudited)	31 December 2024 (Audited)
Saudi Industrial Development Fund (SIDF) loans - Principal	140,000,000	161,600,000
Accrued finance charges	1,601,666	1,058,467
Less: Deferred financial charges	(5,862,018)	(7,560,465)
	135,739,648	155,098,002
SIDF loans (i)		
Commercial banks - Islamic banking facilities (Tawarruq)	242,904,042	224,087,171
Accrued finance charges – Banks	2,928,956	1,726,983
	245,832,998	225,814,154
Islamic banking facilities (Tawarruq) (ii)		
Total Interest-bearing long-term borrowings	381,572,646	380,912,156
<i>Interest-bearing long-term borrowings shown under current liabilities (current portion):</i>		
Borrowings - gross	123,578,855	129,178,854
Accrued finance charges	4,530,622	2,785,450
Less: Deferred financial charges	(1,909,900)	(2,204,752)
	126,199,577	129,759,552
<i>Interest-bearing long-term borrowings shown under non-current liabilities (non-current portion):</i>		
Borrowings - gross	259,325,187	256,508,317
Less: Deferred financial charges	(3,952,118)	(5,355,713)
	255,373,069	251,152,604

Reconciliation of cash movement of borrowings

	30 September 2025 (Unaudited)	31 December 2024 (Audited)
Balance at beginning of the year	380,912,156	464,761,416
Proceeds during the period/year	94,218,841	30,000,000
Repayment of principal instalments	(97,001,970)	(113,493,069)
Movement in accrued financial charges	1,745,172	(640,492)
Movement in deferred financial charges	1,698,447	284,301
Balance at the end of period /year	381,572,646	380,912,156

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12 LOANS AND BORROWINGS, (continued)

(a) Interest-bearing long-term borrowings (continued)

- (i) During 2020, the Group had obtained facility from Saudi Industrial Development Fund (SIDF) amounting to ﷲ 55 million to finance the construction of manufacturing facilities and the Group has fully withdrawn this facility. The loan is repayable in unequal semi-annual instalments up to August 2025. This loan has been completely settled during the period.

During 2021, the Group obtained a new facility from SIDF for the tissue paper factory amounting to ﷲ 150 million to finance the construction of manufacturing facilities. The Group has utilized ﷲ 150 million as of 30 September 2025 (31 December 2024: ﷲ 150 million). The loan is repayable in unequal semi-annual instalments up to the year 2030.

Upfront fees were deducted at the time of receipt of the loans. These fees are amortized over the period of respective loans. The loans bear a follow up fee to be paid on periodic basis. Under the terms of the SIDF loan agreement, the Group's property, plant and equipment are pledged as collateral to SIDF.

The commission is payable on the amount of the borrowing drawdowns and is mainly calculated at a market rate plus a margin.

- (ii) During 2022, the Group has also obtained long-term credit facilities (Islamic Finance Tawarruq) from commercial banks amounting to ﷲ 572 million. The Group has utilized these facilities amounting to ﷲ 148.6 million as of 30 September 2025 (31 December 2024: ﷲ 224.1 million). These loans bear financial charges based on prevailing market rates in Kingdom of Saudi Arabia ("SIBOR"). These loans are repayable up to the year 2027.

During 2024 and 2025, the Group obtained long-term credit facilities (Islamic Finance Tawarruq) from commercial banks amounting to ﷲ 1,380 million for the purpose of the initiation of new production lines i.e., PM5 and TM6. The Group has utilized these facilities, amounting to ﷲ 94 million as of 30 September 2025. These loans bear financial charges based on prevailing market rates in Kingdom of Saudi Arabia ("SIBOR"). The Group has a re-payment grace period of 3 years; accordingly, these loans will be repayable starting from 2028.

Upfront fees were deducted at the time of receipt of loans from commercial banks, which are amortized over the period of the respective loans.

Long-term borrowings under Islamic banking facilities bears average interest rate of 6.46% (2024: 7.25%).

The above loans and facilities include certain covenants which require the Company to maintain certain levels of current and leverage ratios and certain restrictions on dividend distribution and also notify the bank of any breach or probable breach immediately.

All the above long-term loans are denominated in Saudi Riyals as at 30 September 2025 and 31 December 2024.

(b) Interest-bearing short-term borrowings

	30 September 2025 (Unaudited)	31 December 2024 (Audited)
Commercial banks - Islamic banking facilities (Tawarruq)	259,974,551	304,968,375
Accrued financial charges	5,754,609	5,262,675
	265,729,160	310,231,050

The Group has short-term credit facilities from commercial banks comprising of short-term loans, letters of credit and guarantees. These borrowings bear financing charges at the prevailing market rates. These facilities include certain financial covenants which require the Group to maintain certain levels of ratios. All loans are denominated in ﷲ as at 30 September 2025 and 31 December 2024.

The short-term borrowings under Islamic banking facilities bears average interest rate of 6.03% (31 December 2024: 6.9%).

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At 30 September 2025 (Unaudited)

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13 ZAKAT

13.1 Components of zakat base

The Company and its subsidiaries file separate zakat declarations which are filed on an unconsolidated basis. The significant components of the zakat base of each Company under zakat and income tax regulations are principally comprised of shareholder's equity, provisions at the beginning of the year, long-term borrowings and adjusted net income, less deductions for the adjusted net book value of property, plant and equipment and certain other items.

13.2 Provision for zakat

	30 September 2025 (Unaudited)	31 December 2024 (Audited)
At the beginning of the period/year	19,910,229	9,728,580
Provision for current period/year	10,840,261	16,216,680
Provision related to zakat assessment	-	3,351,305
Payments	(19,806,267)	(9,386,336)
	10,944,223	19,910,229
At the end of the period/year	10,944,223	19,910,229

13.3 Status of assessments

Middle East Company for Manufacturing and Producing Paper ("MEPCO")

The zakat assessments of the Parent ("MEPCO") are finalized for the years through 31 December 2022.

Years 2015 to 2018:

During 2020, ZATCA issued its assessment for those years, claiming additional Zakat of ﷲ 30 million, which the Company objected to till reached the Appeal Committee.

During 2024, ZATCA approached the Company for a settlement offer with the Internal Settlement Committee ("ISC"). During the period, the Company received a final settlement with an additional zakat liability amounted of ﷲ 3.3 million. The management decided to accept the ISC's offer to clear those years with ZATCA. Subsequently on April 2025, the MEPCO settled this amount, therefore zakat position is finalized for those years.

Years 2019 to 2022:

Zakat position is finalized for those years.

Year 2023

The Company has received notice that an inspection for the year 2023 is currently in progress by the Zakat, Tax and Customs Authority (ZATCA). An initial assessment has been issued by ZATCA in the amount of ﷲ 841,235; however, there are high chances of eliminating the differences resulting from this preliminary assessment. The company submitted a request along with the zakat calculation based on the updated regulations, which was accepted by ZATCA. As a result, ZATCA issued the final assessment. Accordingly, zakat assessment for the year 2023 has been finalized.

Year 2024

The Company filed its Zakat Returns until the year 2024 and obtained a Certificate valid till 30 April 2026.

Waste Collection and Recycling Company Limited ("WASCO")

During 2021, ZATCA issued its assessment for the years 2016 and 2017 claiming additional Zakat of ﷲ 1.39 and ﷲ 0.169 million respectively, which the Company has objected, and further escalated to the TVDRC and TVDAC, which issued their decisions in favor of ZATCA. However, the Company settled the Zakat dues for appeal case on May 13, 2024, therefore Zakat position is cleared for these years.

The Company filed its Zakat Returns until the year 2024 and obtained a Certificate valid till April 30, 2026.

Juthor Paper Manufacturing Company ("Juthor") & Estidama Environmental Services Company LLC ("Estidama") & Al Tadweer Al-Akhdar Industrial Company ("Al Tadweer")

These companies filed their zakat declaration for the year 2024 and unrestricted zakat certificates have been obtained till 30 April 2026.

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14 SHARE CAPITAL AND SHARE PREMIUM

During 2024, the Company's authorized and issued share capital is ﷲ 866.67 million (2023: ﷲ 666.67 million) consists of 86.67 million (2023: 66.67 million) fully paid shares of ﷲ 10 each. In accordance with the share subscription agreement signed between MEPCO and Public Investment Fund (PIF) dated 31 July 2023, MEPCO increased its capital from ﷲ 666,666,660 to ﷲ 866,666,650 with the suspension of pre-emptive rights, by issuing 19,999,999 new ordinary shares (representing 30% of MEPCO's current capital), with a nominal value of ﷲ 10 per share (the "New Shares") after approval of MEPCO's extra-ordinary general assembly on 28 December 2023. On 04 January 2024, the new share capital has issued, and PIF paid MEPCO a subscription amount of ﷲ 31.50 per new share being a total subscription amount of ﷲ 629,999,969. The transaction charges of ﷲ 10 million are deducted upfront from the subscription proceeds and the Company received net amount of ﷲ 619,999,969. After the full subscription of new shares by PIF, its ownership in MEPCO's share capital becomes 23.08% after the capital increased. Management updated its commercial registration on 07 February 2024.

15 STATUTORY RESERVE

In accordance with the previous Company's By-laws, the Group used to be required to maintain a statutory reserve equal to a maximum of 30% of its share capital. According to the latest update in the companies' law in KSA, the mandatory statutory reserve requirement had been abolished. On 15 Jumada Al-Alkhirah 1445H (corresponding to 28 December 2023), the Company's General Assembly approved amending the Company's bylaws to comply with the new Companies' Law, to remove the article of the bylaws related to Company's statutory reserve. Based on that, the Board of Directors recommended to the General Assembly to approve the transfer of the entire statutory reserve to retained earnings which amounted of ﷲ 135,278,852 as at 31 December 2024. On 26 June 2025, the General Assembly approved the transfer of the entire statutory reserve to retained earnings.

16 RESERVE FOR EMPLOYEES' SHARE-BASED PAYMENTS

During 2022, the Company had recorded a share-based payments of the 300,000 equity shares which were granted to Group President or Chief Executive Officer (CEO) with service for 5 years. The exercise price of the shares was equal to the market price of the underlying shares on the date of exercise which was 31 December 2023. All the vesting conditions mentioned for the Group President were met. During the year ended 31 December 2024, the Board had approved a cash settlement option by paying ﷲ 10.5 million based on the settlement agreement and release of claims dated 13 March 2024. Accordingly, the reserve for employees' share-based payments has been settled with the full amount of ﷲ 10.5 million.

17 OTHER OPERATING INCOME, NET

	<i>Three-month period ended</i>		<i>Nine-month period ended</i>	
	<i>30 September</i>	<i>30 September</i>	<i>30 September</i>	<i>30 September</i>
	<i>2025</i>	<i>2024</i>	<i>2025</i>	<i>2024</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Government grant*	-	-	3,317,856	-
Foreign currency exchange gain/(loss)	(110,834)	(600,819)	1,130,745	(981,562)
Gain on disposal of property, plant and equipment	-	-	-	167,632
Insurance claim recovery	-	3,012,960	-	3,063,098
Scrap sales	991,932	360,015	1,621,599	1,419,853
Other services/(expense)	1,221,956	(840,167)	2,372,880	(105,559)
	<u>2,103,054</u>	<u>1,931,989</u>	<u>8,443,080</u>	<u>3,563,462</u>

* The Group applied for the Initiatives Manufacturing Program ("Tanfusiya") offered by Ministry of Industry and Mineral Resources ("MIM") which provides financial support to optimize operation cost and enhance energy efficiency in the form of compensation against the consumption of Heavy Fuel Oil ("HFO").

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At 30 September 2025 (Unaudited)

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18 EARNINGS/(LOSS) PER SHARE

The Group presents basic and diluted earnings/(loss) per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

	<i>Three-month period ended</i>		<i>Nine-month period ended</i>	
	<i>30 September</i>	<i>30 September</i>	<i>30 September</i>	<i>30 September</i>
	<i>2025</i>	<i>2024</i>	<i>2025</i>	<i>2024</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Net profit / (loss) attributable to equity holders of the Parent Company	14,309,487	(18,500,641)	24,866,214	(32,822,276)
Weighted average number of shares	86,666,666	86,666,666	86,666,666	86,446,886
Basic and diluted earnings/(loss) per share (ﷲ per share)	0.17	(0.21)	0.29	(0.38)

19 FAIR VALUE OF ASSETS AND LIABILITIES

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All financial instruments for which fair value is recognized or disclosed are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole, as follows:

- Level 1: quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2: valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3: valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

If the inputs used to measure the fair value of an asset or liability falls into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest input level that is significant to the entire measurement.

The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. The management assessed that the fair value of cash and cash equivalents, trade and other receivables. Short-term borrowings and trade payables approximate their carrying amounts largely due to the short-term maturities of these instruments.

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 30 September 2025 (Unaudited)

(Expressed in Saudi Riyals unless otherwise stated)

20 COMMITMENTS, CONTINGENCIES AND LITIGATION

- (a) At 30 September 2025, the Group had outstanding letters of credit of ﷲ 619 million (31 December 2024: ﷲ 23 million) and letters of guarantee of ﷲ 15 million (31 December 2024: ﷲ 1 million) that were issued in the normal course of the business.
- (b) The capital expenditure contracted by the Group but not incurred till 30 September 2025 was approximately ﷲ 1,013 million (31 December 2024: ﷲ 16 million).
- (c) During the year ended 31 December 2024, a labor case was filed against the Company by a former employee of the Company with an additional claim not exceeding ﷲ 19 million. According to the opinion of the Company's external legal counsel, the management was of the view that there is a high probability of winning the case, and it was reasonably expected that the ultimate outcome would not result in any cash outflow other than the amount already settled.

Subsequently, the First Instance Court has dismissed the former employee's request, and the ruling was in favor of the Group.

Moreover, on 16 August 2025, the Appellate Court issued a final ruling by dismissing the First Instance Court ruling and obliging the Group to pay an amount of ﷲ 3.1 million against the remaining end of service for the former employee. This claim has been fully paid, and the management intends to file an appeal to the Supreme Court against the appellate ruling issued.

- (d) One of the Group's subsidiaries ("WASCO") was previously involved in a litigation with the General Authority for Competition, where the Administrative Court of Appeal ruled in the favor of WASCO. However, on 18 March 2025, a final decision issued by the Supreme Administrative Court overturned this appeal ruling and referred the case back to the Administrative Court of Appeal for reconsideration. Given this development and based on the management assessment and the external legal counsel's view, the management recorded the full exposure amounted to ﷲ 10 million as an adjusting event for the year ended 31 December 2024, recognizing the ongoing legal uncertainty and in accordance with International Accounting Standards ("IAS") 37 Provisions, Contingent Liabilities and Contingent Assets.

On 11 August 2025, the Administrative Court of Appeal issued a ruling upholding the initial judgment that obligated WASCO to pay the full amount of ﷲ 10 million. The management received the ruling on 26 August 2025. Subsequent to the period ended 30 September 2025, this fine was fully paid, and the management has filed an appeal to the Supreme Administrative Court through external legal counsel against the appellate ruling issued.

- (e) The Company signed a Share Purchase Agreement dated 27 Ramadan 1446H corresponding to 27 March 2025 (the "SPA") of acquisition for the entire shareholding in Al-Medan Project Company For Corrugated Carton ("MPCCC") amounting to 1,000 ordinary shares, representing 100% of MPCCC's share capital, for a consideration consisting of a cash amount of ﷲ 91 million to be paid by MEPCO, and the remaining consideration being paid through the issuance of new ordinary shares in MEPCO to the Sellers which will be calculated prior to completion based on the volume-weighted average price (VWAP) of the shares of MEPCO. The completion of the acquisition will be subject to the satisfaction of certain regulatory and corporate conditions, including Capital Market Authority, other regulatory approvals, and the Extraordinary General Assembly of MEPCO.

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 30 September 2025 (Unaudited)

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21 RELATED PARTY TRANSACTIONS AND BALANCES

21.1 Key management compensation

Compensation for key management is as follows:

	<i>Three-month period ended</i>		<i>Nine-month period ended</i>	
	<i>30 September 2025 (Unaudited)</i>	<i>30 September 2024 (Unaudited)</i>	<i>30 September 2025 (Unaudited)</i>	<i>30 September 2024 (Unaudited)</i>
Short-term benefits	4,046,406	3,111,019	11,763,639	10,488,476
Post-employment benefits	80,083	83,847	216,969	195,222
Termination benefits	179,268	119,851	554,006	516,101
	4,305,757	3,314,717	12,534,614	11,199,799

Compensation to key management personnel includes salaries, contributions to a defined benefit plan and employees' share-based payments (refer note 16).

21.2 Related party transaction

Significant transaction with related parties in the ordinary course of business included in the interim condensed consolidated financial statements is summarized below:

<i>Related party</i>	<i>Description of transaction</i>	<i>Relationship</i>	<i>Three-month period ended</i>		<i>Nine-month period ended</i>	
			<i>30 September 2025 (Unaudited)</i>	<i>30 September 2024 (Unaudited)</i>	<i>30 September 2025 (Unaudited)</i>	<i>30 September 2024 (Unaudited)</i>
Directors	Directors' remuneration	Directors	1,330,015	1,514,996	4,005,000	4,224,993
Arabian Maize Company for Industry	Purchase of raw material	Affiliate	10,073,540	2,814,717	21,510,451	15,116,802

21.3 Related parties' balances

Significant due from/(to) balances with related parties are summarized below:

	<i>30 September 2025 (Unaudited)</i>	<i>31 December 2024 (Audited)</i>
Advances to key management personnel	-	148,750
Accrued directors' remuneration	-	1,425,603
Arabian Maize Company for Industry	(4,764,289)	(1,381,208)

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

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22 COMPARATIVE FIGURES

- a) Certain of the prior year amounts have been reclassified to conform with the presentation of the current year. These changes have been made to improve the quality of information presented. Such reclassification changes do not affect previously reported profit or equity.

Reclassification in the interim condensed consolidated statement of financial position as at 31 December 2024 is summarized below:

	<i>As previously reported</i>	<i>Impact of reclassification</i>	<i>As currently reported</i>
NON-CURRENT ASSETS			
Property, plant and equipment	1,221,071,925	20,007,916	1,241,079,841
Right-of-use assets	20,007,916	(20,007,916)	-
CURRENT LIABILITIES			
Lease liabilities – current portion	7,577,431	(7,577,431)	-
Trade and other payables	184,404,644	7,577,431	191,982,075

- b) Management has reassessed the classification of shipping and delivery costs based on the requirements of IFRS 15 'Revenue from contracts with customers. Accordingly, based on the management assessment, the Group has a performance obligation i.e., sale of goods, in addition to a promise to transfer/deliver the goods which shall be classified in cost of sales as it represents costs to fulfil the revenue obligation instead of classified in selling and distribution expenses. Consequentially, prior year shipping and delivery costs amounting to ~~SR~~ 32.2 million were reclassified from selling and distribution expenses to cost of sales to conform with the current year presentation. Such reclassification changes do not affect previously reported profit or equity. Reclassification in the statement of profit or loss and other comprehensive income for the nine-month and three-month periods ended 30 September 2024 are summarized below:

	<i>As previously reported</i>	<i>Impact of reclassification</i>	<i>As currently reported</i>
Nine-month period ended 30 September 2024			
Cost of Sales	638,858,646	32,263,357	671,122,003
Gross profit	136,565,153	(32,263,357)	104,301,796
Selling and distribution expenses	48,409,779	(32,263,357)	16,146,422
Three-month period ended 30 September 2024			
Cost of Sales	227,113,905	13,007,757	240,121,662
Gross profit	49,780,899	(13,007,757)	36,773,142
Selling and distribution expenses	18,075,577	(13,007,757)	5,067,820

23 EVENTS AFTER THE REPORTING PERIOD

There have been no significant subsequent events since the period ended 30 September 2025, which would have a material impact on the financial position of the Group as reflected in these interim condensed consolidated financial statements

24 AUTHORISATION OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

These interim condensed consolidated financial statements were authorized for issue by the Company's Board of Directors on 08 Jumada Al-Ula1447H (corresponding to 30 October 2025G).