SAUDI PAPER MANUFACTURING COMPANY

(A Saudi Joint Stock Company)

**INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE-MONTH AND SIX-MONTH
PERIOD ENDED 30 JUNE 2026
AND INDEPENDENT AUDITOR'S REVIEW REPORT**

SAUDI PAPER MANUFACTURING COMPANY
(A Saudi Joint Stock Company)

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
AND INDEPENDENT AUDITOR'S REVIEW REPORT
For the three-month and six-month period ended 30 June 2026

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

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Saudi Paper Manufacturing Company (a Saudi joint stock company) ("The Company") and its subsidiaries (collectively referred to as "the Group") as at 30 June 2026, and the interim condensed consolidated statements of profit or loss and other comprehensive income for the three-month and six-month period ended 30 June 2026, the interim condensed consolidated statements of changes in equity and cash flows for the six-months period then ended, and other explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34 (IAS 34) – "Interim Financial Reporting" that is 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", that is endorsed in the Kingdom of Saudi Arabia. A review of interim financial information 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.

Other Matter

The interim condensed consolidated financial statements for the three-month and six-month periods ended 30 June 2025 were reviewed by another auditor, who expressed an unmodified conclusion on those interim condensed consolidated financial statements on 16 Safar 1447H (corresponding to 10 August 2025). Furthermore, the consolidated financial statements of the Group for the year ended 31 December 2025 were audited by the same auditor, who expressed an unmodified opinion on those financial statements on 7 Shawwal 1447H (corresponding to 26 March 2026).

For Maham Company for Professional Services

شركة مهام للاستشارات المهنية
CR 2050240744
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MAHAM Co. FOR PROFESSIONAL SERVICES

Abdulaziz Saud Al Shabeebi
Certified Public Accountant
License no. (339)
Date: 23 Safar 1448H
06 August 2026

SAUDI PAPER MANUFACTURING COMPANY
(A Saudi Joint Stock Company)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2026

	Notes	30 June 2026 ⃁ (Unaudited)	31 December 2025 ⃁ (Audited)
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	4	**738,698,679**	754,561,744
Right of use assets		**12,594,935**	14,747,854
Intangible assets		**22,727,913**	23,204,099
Investment in an associate	5	**28,948,865**	26,172,567
TOTAL NON CURRENT ASSETS		**802,970,392**	818,686,264
CURRENT ASSETS			
Inventories, net	6	**146,869,435**	195,732,474
Trade receivables, net	7	**335,808,466**	290,675,325
Advances, prepayments and other assets		**50,959,065**	56,833,325
Financial assets at fair value through profit or loss		**135,446**	-
Cash and cash equivalents		**20,315,292**	18,241,194
TOTAL CURRENT ASSETS		**554,087,704**	561,482,318
TOTAL ASSETS		**1,357,058,096**	1,380,168,582
EQUITY AND LIABILITIES			
EQUITY			
Share capital	1	**370,700,000**	370,700,000
Treasury shares	1	**(3,882,987)**	(3,882,987)
Translation reserve		**(5,719,289)**	(5,319,864)
Other reserve		**1,816,638**	1,816,638
Retained earnings		**282,536,321**	216,519,805
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY		**645,450,683**	579,833,592
Non-controlling interest		**1,321,707**	1,038,747
TOTAL EQUITY		**646,772,390**	580,872,339
LIABILITIES			
NON CURRENT LIABILITIES			
Medium and long-term loans	8	**284,482,274**	182,178,245
Deferred government grant - non-current portion	8	**18,658,219**	20,459,387
Employees defined benefit obligations		**26,340,958**	26,370,916
Lease liabilities - non-current portion		**8,512,383**	10,794,642
TOTAL NON CURRENT LIABILITIES		**337,993,834**	239,803,190
CURRENT LIABILITIES			
Short-term loans	8	**112,992,386**	273,041,026
Medium and long-term loans - current portion	8	**63,573,679**	74,792,538
Deferred government grant - current portion	8	**3,651,709**	3,661,391
Trade payables		**109,036,231**	122,363,382
Accrued expenses and other current liabilities		**76,257,011**	77,484,721
Provision for zakat	9	**1,713,480**	2,543,951
Lease liabilities - current portion		**5,067,376**	5,606,044
TOTAL CURRENT LIABILITIES		**372,291,872**	559,493,053
TOTAL LIABILITIES		**710,285,706**	799,296,243
TOTAL EQUITY AND LIABILITIES		**1,357,058,096**	1,380,168,582

Chief Financial Officer	Chief Executive Officer	Chairman
Mohamad Fariz Abou Jawhar	Abdulaziz Bin Raed Al-Mishaal	Abdulrahman Bin Raed Al-Mishaal

The attached notes 1 to 18 form an integral part of these interim condensed consolidated financial statements.

SAUDI PAPER MANUFACTURING COMPANY
(A Saudi Joint Stock Company)

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

For the three-month and six-month periods ended 30 June 2026

		For the three-month period ended 30 June		For the six-month period ended 30 June	
		2026	*2025*	***2026***	*2025*
		⃁	⃁	⃁	⃁
	Note	***(Unaudited)***	*(Unaudited)*	***(Unaudited)***	*(Unaudited)*
Revenue	11	**250,051,055**	208,525,351	**501,401,726**	437,013,101
Cost of revenue		**(163,957,602)**	(137,807,527)	**(334,255,659)**	(296,938,615)
GROSS PROFIT		**86,093,453**	70,717,824	**167,146,067**	140,074,486
General and administrative expenses		**(13,896,043)**	(16,635,078)	**(27,679,389)**	(32,486,269)
Selling and distribution expenses		**(21,861,393)**	(23,868,599)	**(43,241,991)**	(45,920,068)
Reversal/(allowance) for expected credit losses	7	**3,077,946**	(3,726,828)	**(358,672)**	(4,712,467)
Share in results of an associate	5	**1,322,336**	414,137	**2,776,298**	1,131,565
Other income	12.1	**8,533,856**	1,480,396	**10,567,243**	4,023,709
Other expenses	12.2	**(307,597)**	(6,056,547)	**(323,158)**	(8,996,454)
PROFIT BEFORE FINANCE COST AND ZAKAT		**62,962,558**	22,325,305	**108,886,398**	53,114,502
Finance cost		**(11,713,578)**	(7,757,516)	**(23,159,620)**	(17,117,036)
PROFIT BEFORE ZAKAT		**51,248,980**	14,567,789	**85,726,778**	35,997,466
Zakat	9	**(771,606)**	(551,019)	**(913,081)**	(1,113,315)
NET PROFIT FOR THE PERIOD		**50,477,374**	14,016,770	**84,813,697**	34,884,151
ATTRIBUTABLE TO :					
Shareholders of the Company		**50,346,573**	13,898,896	**84,493,622**	34,582,672
Non-controlling interest		**130,801**	117,874	**320,075**	301,479
		50,477,374	14,016,770	**84,813,697**	34,884,151
OTHER COMPREHENSIVE (LOSS)/INCOME					
Other comprehensive (loss)/income to be reclassified to profit or loss in subsequent periods:					
Foreign exchange translation differences		**(169,157)**	370,644	**(436,540)**	405,115
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**50,308,217**	14,387,414	**84,377,157**	35,289,266
ATTRIBUTABLE TO :					
Shareholders of the Company		**50,210,032**	14,304,299	**84,094,197**	35,039,361
Non-controlling interest		**98,185**	83,115	**282,960**	249,905
		50,308,217	14,387,414	**84,377,157**	35,289,266
EARNINGS PER SHARE					
Basic and diluted earnings per share from net profit for the period	13	**1.36**	0.38	**2.29**	0.94

Chief Financial Officer	Chief Executive Officer	Chairman
Mohamad Fariz Abou Jawhar	Abdulaziz Bin Raed Al-Mishaal	Abdulrahman Bin Raed Al-Mishaal

SAUDI PAPER MANUFACTURING COMPANY
(A Saudi Joint Stock Company)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the six-month period ended 30 June 2026

	Share capital	*Treasury shares*	*Translation reserve*	*Other reserve*	*Retained earnings*	*Total equity attributable to the equity holders of the Company*	*Non-controlling interest*	*Total equity*
	⃁	⃁	⃁	⃁	⃁	⃁	⃁	⃁
As at 31 December 2024 (audited)	370,700,000	(3,882,987)	(5,696,417)	1,843,506	149,823,520	512,787,622	773,590	513,561,212
Net profit for the period	-	-	-	-	34,582,672	34,582,672	301,479	34,884,151
Other comprehensive income for the period	-	-	456,689	-	-	456,689	(51,574)	405,115
Total comprehensive income for the period	-	-	456,689	-	34,582,672	35,039,361	249,905	35,289,266
Balance at 30 June 2025 (unaudited)	370,700,000	(3,882,987)	(5,239,728)	1,843,506	184,406,192	547,826,983	1,023,495	548,850,478
As at 31 December 2025 (audited)	370,700,000	(3,882,987)	(5,319,864)	1,816,638	216,519,805	579,833,592	1,038,747	580,872,339
Net profit for the period	-	-	-	-	84,493,622	84,493,622	320,075	84,813,697
Other comprehensive loss for the period	-	-	(399,425)	-	-	(399,425)	(37,115)	(436,540)
Total comprehensive income for the period	-	-	(399,425)	-	84,493,622	84,094,197	282,960	84,377,157
Dividends	-	-	-	-	(18,477,106)	(18,477,106)	-	(18,477,106)
Balance at 30 June 2026 (unaudited)	**370,700,000**	**(3,882,987)**	**(5,719,289)**	**1,816,638**	**282,536,321**	**645,450,683**	**1,321,707**	**646,772,390**

Chief Financial Officer
Mohamad Fariz Abou Jawhar

Chief Executive Officer
Abdulaziz Bin Raed Al-Mishaal

Chairman
Abdulrahman Bin Raed Al-Mishaal

The attached notes 1 to 18 form an integral part of these interim condensed consolidated financial statements.

SAUDI PAPER MANUFACTURING COMPANY
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INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

For the six-month period ended 30 June 2026

	For the six-month period ended 30 June	
	2026	*2025*
	⃁	⃁
	(Unaudited)	*(Unaudited)*
OPERATING ACTIVITIES		
Profit before zakat	**85,726,778**	35,997,466
Non-cash adjustments to reconcile profit before zakat to net cash flows from operating activities :		
Depreciation of property, plant and equipment	**30,200,850**	25,864,294
Depreciation of right-of-use assets	**2,825,062**	2,893,721
Finance cost	**23,159,620**	17,117,036
Loss on translation of financial liability	**-**	8,830,741
Allowance for expected credit losses	**358,672**	4,712,467
Service cost for employees defined benefit obligations	**2,338,575**	2,784,264
Amortization of intangible assets	**527,687**	740,959
Amortization of loan upfront fee	**708,915**	477,147
Share in results of an associate	**(2,776,298)**	(1,131,565)
Fair value gain on financial assets at fair value through profit or loss	**(785,446)**	-
Profit on short term deposits	**(137,445)**	-
Government grant income	**(2,519,765)**	(1,729,884)
	139,627,205	96,556,646
Working capital adjustments:		
Trade receivables, net	**(45,491,813)**	(38,315,260)
Inventories, net	**48,863,039**	21,603,333
Advances, prepayments and other assets	**5,874,260**	(13,225,537)
Trade payables	**(13,327,151)**	(2,277,055)
Accrued expenses and other current liabilities	**(1,227,710)**	(18,959,656)
Cash from operations	**134,317,830**	45,382,471
Finance cost paid	**(19,912,803)**	(18,945,373)
Zakat paid	**(1,743,552)**	(5,259,836)
Employees' defined benefits paid	**(2,368,533)**	(1,982,303)
Net cash flows from operating activities	**110,292,942**	19,194,959
INVESTING ACTIVITIES		
Additions to property, plant and equipment	**(14,524,529)**	(16,339,279)
Additions to intangible assets	**(51,501)**	(67,669)
Purchase of financial assets at FVTPL	**(103,350,000)**	**-**
Proceeds from disposal of financial assets at FVTPL	**104,000,000**	-
Profit received on short term deposits	**137,445**	-
Net cash flows used in investing activities	**(13,788,585)**	(16,406,948)

Chief Financial Officer	Chief Executive Officer	Chairman
Mohamad Fariz Abou Jawhar	Abdulaziz Bin Raed Al-Mishaal	Abdulrahman Bin Raed Al-Mishaal

The attached notes 1 to 18 form an integral part of these interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED) (Continued)

For the six-month period ended 30 June 2026

	For the six-month period ended 30 June	
	2026	*2025*
	⃁	⃁
	(Unaudited)	*(Unaudited)*
FINANCING ACTIVITIES		
Repayment of medium and long term loans	**(58,761,080)**	(30,700,897)
Receipt of medium and long term loans	**145,000,000**	-
Change in short term loans, net	**(158,449,210)**	69,710,110
Payment of principal portion of lease liabilities	**(3,545,332)**	(2,639,438)
Dividends paid	**(18,477,106)**	-
Net cash flows (used in)/from financing activities	**(94,232,728)**	36,369,775
CHANGE IN CASH AND CASH EQUIVALENTS	**2,271,629**	39,157,786
Cash and cash equivalents at the beginning of the period	**18,241,194**	14,088,302
Effect of exchange rate fluctuations	**(197,531)**	182,747
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	**20,315,292**	53,428,835
SIGNIFICANT NON CASH TRANSACTIONS		
Addition of right-of-use assets against lease liabilities	**724,405**	-
Adjustment of deferred government grant against Saudi Industrial Development Fund loan	**-**	1,252,737
Capitalization of intangible assets from capital work in progress	**-**	724,177
Finance costs capitalized during the period	**-**	2,140,441

Chief Financial Officer	Chief Executive Officer	Chairman
Mohamad Fariz Abou Jawhar	Abdulaziz Bin Raed Al-Mishaal	Abdulrahman Bin Raed Al-Mishaal

1 GENERAL INFORMATION

1.1 Activities

Saudi Paper Manufacturing Company ("the Company") is a Saudi joint stock company registered in the Kingdom of Saudi Arabia under commercial registration number 2050028141 issued in Dammam on 10 Muharram 1415H (20 June 1994). The Company's share capital as of 30 June 2026 amounts to ⃁ 370.7 million (31 December 2025: ⃁ 370.7 million) divided into 37.07 million shares of ⃁ 10 each (31 December 2025: same).

Pursuant to shareholders' approval at the Extraordinary General Assembly held on 29 January 2023, the Company was authorized to purchase up to 1 million of its own shares as treasury shares. Accordingly, on 27 November 2023, the Company acquired 105,262 ordinary shares for ⃁ 3.88 million. Following the 2024 bonus shares issue, the number of treasury shares increased by 10,526 shares. Consequently, total treasury shares outstanding as at 30 June 2026 became 115,788 shares (as at 31 December 2025: same).

The Company has investments in the following subsidiaries (collectively referred to as "the Group"):

Subsidiary name	Country of incorporation	Percentage of ownership	
		30 June 2026	*31 December 2025*
Saudi Recycling Company	Saudi Arabia	**100%**	100%
Saudi Paper Converting Company	Saudi Arabia	**100%**	100%
Saudi Investment and Industrial Development Company	Saudi Arabia	**100%**	100%
Al Madar Paper Trading	Morocco	**100%**	100%
Al Madar Paper	Algeria	**100%**	100%
Mouchoir Paper Product Trading Company	United Arab Emirates	**100%**	100%
Al-Juthoor Paper Tissue Manufacturing Plant	Kuwait	**85%**	85%

The principal activities of the Company and its subsidiaries (the "Group"), each of which operates under individual commercial registration, are to manufacture tissue paper rolls, convert tissue paper rolls into facial, kitchen and toilet tissue papers and collect, sort, transport and press waste papers.

The Company's registered office is P.O. Box 2598, Unit number 2, Dammam 34326-7169, the Kingdom of Saudi Arabia.

1.2 Geopolitical Developments

The Group continues to monitor closely regional geopolitical developments and assess their potential impact on the Kingdom of Saudi Arabia and, more broadly, the Gulf Cooperation Council region ("GCC"). Given that the majority of the Group's operations are conducted within the Kingdom of Saudi Arabia and GCC region, and while the situation remains evolving and subject to uncertainty, the Group continues to maintain a robust operating framework and an effective risk management system to address potential risks arising from such developments.

As at and for the period ended 30 June 2026, these geopolitical developments had no material impact on the Group's interim condensed consolidated financial statements. Nevertheless, due to the evolving nature of the situation, the Group will continue to assess any potential effects on its operations and financial results in future reporting periods.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 'Interim Financial Reporting' ("IAS 34") as endorsed in KSA and other standards and pronouncements that are endorsed by the Saudi Organisation for Chartered and Professional Accountants ("SOCPA").

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 as at 31 December 2025. In addition, results shown in these interim condensed consolidated financial statements may not be an indicative for the annual results of the Group's operations.

2 BASIS OF PREPARATION (continued)

2.2 **Basis of measurement**

These interim condensed consolidated financial statements have been prepared on a historical cost convention. Except for employees' defined benefits obligations, that has been measured at the present value of the expected benefits obligation and financial assets at fair value through profit or loss, that has been measured at fair value.

2.3 **Functional and presentation currency**

These interim condensed consolidated financial statements are presented in Saudi Arabian Riyals ("⃁"), which is also the functional currency of the Group.

2.4 **Basis of consolidation and business combination**

These interim condensed consolidated financial statements have been prepared using the same basis of consolidation and accounting policies relating to business combinations applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2025. These financial statements include the Company and its subsidiaries over which it exercises control. All intercompany balances, transactions and unrealised results are eliminated upon consolidation. There were no material changes during the period in the composition of the Group or in the basis of consolidation and accounting for business combinations.

2.5 **New and amended standards and interpretation**

IFRS 18, "Presentation and Disclosure in Financial Statements" (the "Standard"), will replace IAS 1, "Presentation of Financial Statements", and is effective for annual reporting periods beginning on or after 1 January 2027, with earlier application permitted. The Group has not early adopted the Standard in preparing these financial statements.

The Group is currently assessing the expected impact of the initial application of the Standard on its interim condensed consolidated financial statements.

A. Structure of the Statement of Profit or Loss and Other Comprehensive Income

The Standard requires entities to classify all income and expenses into specified categories in the statement of profit or loss and other comprehensive income, namely operating, investing, financing and zakat, as applicable. The Standard also requires the presentation of specified subtotals, including operating profit or loss and profit or loss before financing and zakat.

The Group's principal activities are to manufacture tissue paper rolls, convert tissue paper rolls into facial, kitchen and toilet tissue papers and collect, sort, transport and press waste papers Based on the information currently available, the Group does not have a specified main business activity involving investment in assets or the provision of financing to customers.

The application of the Standard will not result in changes to the recognition and measurement requirements applicable to the Group's transactions. However, it is expected to primarily affect the presentation and classification of income and expenses in the statement of profit or loss and other comprehensive income, as well as the subtotals presented therein.

The Group is currently analysing the income and expense items presented in the statement of profit or loss and other comprehensive income to determine their appropriate classification within the categories required by the Standard.

The Group is also evaluating the basis for presenting expenses in the statement of profit or loss and whether presenting expenses by function, by nature, or using a mixed presentation provides the most useful structured summary to users of the financial statements, in accordance with the requirements of the Standard.

Based on its preliminary assessment, the Group expects that the application of the Standard will result in changes to the presentation of the statement of profit or loss and other comprehensive income and the classification of certain income and expense items.

2 BASIS OF PREPARATION (continued)

2.5 New and amended standards and interpretation (continued)

B. Management-defined Performance Measures

The Standard introduces disclosure requirements for management-defined performance measures, which are subtotals of income and expenses used by an entity in public communications outside the financial statements and which communicate management's view of an aspect of the financial performance of the entity as a whole.

Where management-defined performance measures exist, the Standard requires the Group to disclose them in a single note to the financial statements, together with the information and reconciliations required by the Standard.

The Group is currently identifying and reviewing its public communications, including the Board of Directors' reports, announcements published on the financial market, investor presentations and any other public communications, to determine whether they contain subtotals of income and expenses that meet the definition of management-defined performance measures.

C. Principles of Aggregation and Disaggregation

The Standard provides enhanced principles and requirements concerning how information is aggregated and disaggregated in the primary financial statements and the notes. It also provides guidance on the labelling and description of items presented in the primary financial statements or disclosed in the notes.

The Group is currently evaluating the items presented in its financial statements based on their similar and dissimilar characteristics to determine whether certain items should be presented separately in the primary financial statements or whether additional information should be provided in the notes.

The Group is also reviewing items currently presented under labels that include the word "other", including other income, to determine whether clearer labels or additional details are required.

Upon applying the Standard, the Group will present items separately whenever such presentation is necessary to provide a useful structured summary to users of the financial statements, while avoiding the obscuring of material information through the aggregation of items with dissimilar characteristics.

D. Consequential Amendments

The Standard introduced consequential amendments to a number of other standards, including IAS 7, "Statement of Cash Flows".

These amendments include the requirement to use operating profit or loss as the starting point when preparing cash flows from operating activities using the indirect method, instead of the starting point currently used.

The consequential amendments also include specific requirements concerning the classification of cash flows relating to financing costs and dividends, which reduce the classification alternatives currently available under IAS 7.

The Group is currently assessing the impact of these amendments on the presentation of its statement of cash flows, including the classification of cash flows relating to financing costs, lease liabilities and dividends, as applicable.

The application of these amendments is expected to change the starting point used in preparing cash flows from operating activities under the indirect method and may also result in the reclassification of certain cash flows between operating, investing and financing activities.

3 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's interim condensed consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of asset or liability affected in future periods. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

The significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements for the year ended 31 December 2025.

4 PROPERTY, PLANT AND EQUIPMENT

	30 June 2026	31 December 2025
	⃁	⃁
	(Unaudited)	*(Audited)*
At the beginning of the period/year	**754,561,744**	690,798,541
Additions during the period/year	**14,524,529**	118,044,956
Disposals during the period/year	**-**	(38,912)
Transfers to intangible assets during the period/year	**-**	(798,577)
Depreciation during the period/year	**(30,200,850)**	(53,512,685)
Exchange rates effect during the period/year	**(186,744)**	68,421
	738,698,679	754,561,744

5 INVESTMENT IN AN ASSOCIATE

Investment in an associate represents the Group’s 26% equity interest in East Gas Company (the Associate), a limited liability Company registered in Kingdom of Saudi Arabia. The Associate is principally involved in distribution of natural gas, maintenance and operating of industrial facilities and wholesale trade in machines and equipment of gas.

Movement in investment in an associate is as follows:

	30 June 2026	31 December 2025
	⃁	⃁
At the beginning of the period/year	**26,172,567**	23,895,074
Share in results for the period/year	**2,776,298**	2,290,632
Share in other comprehensive loss for the period/year	**-**	(13,139)
	28,948,865	26,172,567

6 INVENTORIES, NET

	30 June 2026	31 December 2025
	⃁	⃁
	(Unaudited)	*(Audited)*
Raw materials	**57,628,585**	100,132,883
Stores and spares parts and other consumables	**39,855,837**	36,976,745
Finished goods	**36,625,883**	28,173,149
Goods in transit	**16,572,195**	34,725,000
Work in progress	**2,423,001**	1,960,763
	153,105,501	201,968,540
Less: allowance for slow moving inventories	**(6,236,066)**	(6,236,066)
	146,869,435	195,732,474

There was no movement in allowance for slow moving inventories during the period (during the year 2025: reversal of ⃁ 729,375).

7 TRADE RECEIVABLES, NET

	30 June 2026	31 December 2025
	⃁	⃁
	(Unaudited)	*(Audited)*
Trade receivables	**375,589,149**	330,097,336
Less: allowance for expected credit losses	**(39,780,683)**	(39,422,011)
At end of the period/year	**335,808,466**	290,675,325

The movement in allowance for expected credit losses is as follows:

	30 June 2026	31 December 2025
	⃁	⃁
	(Unaudited)	*(Audited)*
At the beginning of the period/year	**39,422,011**	22,568,258
Allowance provided during the period/year, net	**358,672**	16,853,753
At the end the period/year	**39,780,683**	39,422,011

Ageing analysis of trade receivables was as follows:

	Total	Current	Less than 90 days	91-180 days	181-365 days	More than 365 days
	⃁	⃁	⃁	⃁	⃁	⃁
As at 30 June 2026 (Unaudited)	**375,589,149**	**214,372,704**	**93,922,230**	**17,618,407**	**16,118,975**	**33,556,833**
As at 31 December 2025 (Audited)	330,097,336	207,636,126	68,350,500	17,863,884	13,343,879	22,902,947

8 LOANS

8.1 Medium and long term loans

	30 June 2026	31 December 2025
	⃁	⃁
	(Unaudited)	*(Audited)*
Saudi Industrial Development Fund loans (8.1.1)	**94,282,964**	94,262,350
Commercial bank loans	**253,772,989**	162,708,433
Total medium and long term loans	**348,055,953**	256,970,783
Less: current portion of medium and long term loans	**(63,573,679)**	(74,792,538)
Non-current portion of medium and long term loans	**284,482,274**	182,178,245

8.1.1 Saudi Industrial Development Fund loans

During the year ended 31 December 2024, the Group entered into financing facilities totalling ⃁ 150 million to finance the acquisition of plant and machinery. As at the reporting date, 86% of the total facility amount had been utilised. Repayment of the facilities commenced in February 2026.

The facilities are non-interest bearing; however, upfront fees are charged and are secured by mortgages over the Group's property, plant and equipment, up to the carrying amount of the related borrowings. The difference between the proceeds received and the fair value of the facilities is recognised as deferred government grant income and amortised over the term of the facilities.

8.1.2 Commercial bank loans

The Group has obtained loan facilities from various commercial banks, primarily denominated in Saudi Riyals. These facilities generally bear financial charges at prevailing market rates. Based on their respective repayment schedules, the outstanding loans as at 30 June 2026 mature between 2026 and 2033.

The bank loans are secured by promissory notes amounting to ⃁ 1,362.29 million (31 December 2025: ⃁ 1,142.29 million).

The covenants of the loan agreements of both SIDF loan and commercial loans require the Company and its subsidiaries to maintain certain levels of financial conditions, place limitations on dividends distributions, on capital expenditures and real estate investments.

8.2 Short term loans

Short term loans are obtained from various commercial banks and bear financial charges at the prevailing market rates which are based on inter-bank offer rate.

8.3 Deferred government grants

The movement in deferred government grants was as follows:

	30 June 2026	31 December 2025
	⃁	⃁
	(Unaudited)	*(Audited)*
At the beginning of the period/year	**24,120,778**	18,932,915
Additions during the period/year	**-**	8,112,573
Amortization of upfront fee	**708,915**	1,129,138
Government grant income recognized during the period/year	**(2,519,765)**	(4,053,848)
	22,309,928	24,120,778

8 LOANS (continued)

8.3 Government grants (continued)

The above balance is presented in the interim condensed consolidated financial statements as deferred government grants as follows:

	30 June 2026	31 December 2025
	⃁	⃁
	(Unaudited)	*(Audited)*
Current portion presented under current liabilities	**3,651,709**	3,661,391
Non-current portion presented under non-current liabilities	**18,658,219**	20,459,387
	22,309,928	24,120,778

9 ZAKAT AND INCOME TAX

9.1 Charge for the period

The Company and its wholly owned Saudi subsidiaries file a consolidated Zakat return. The Zakat expense recognised for the period represents the estimated Zakat charge attributable to the period, calculated based on the proportionate share of the estimated annual Zakat liability. No income tax was payable by the subsidiaries in respect of the period.

9.2 Movement in provision during the period/year

	30 June 2026	31 December 2025
	⃁	⃁
	(Unaudited)	*(Audited)*
At the beginning of the period/year	**2,543,951**	5,426,267
Charge for the period/year	**913,081**	2,377,520
Paid during the period/year	**(1,743,552)**	(5,259,836)
At the end of the period/year	**1,713,480**	2,543,951

9.3 Status of assessments

For the Company and its wholly owned Saudi subsidiaries

The Group has submitted its zakat returns for all years from inception up to the year ended 31 December 2025 and obtained the required certificates. The Company has agreed its zakat position with ZATCA for all years up to 2024. The Group is not aware of any additional liabilities related to the year 2025.

For the foreign subsidiaries

The Group is not aware of any material additional tax liabilities or disputes with the respective tax authorities with respect to its foreign subsidiaries.

10 RELATED PARTY TRANSACTIONS AND BALANCES

The pricing policies and terms of related parties' transactions are authorized in accordance with the Group's approved policies and in compliance with its bylaws. These balances owed do not bear interest, have no repayment schedule and are not secured.

10 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

a) The significant transactions with related parties and their amounts are as follows:

Name	**Relationship**	**Nature**	For the six-month period ended 30 June	
			2026	*2025*
			⃁	⃁
			(Unaudited)	*(Unaudited)*
East Gas Company	Associate	Purchase of gas	**6,438,565**	5,252,892

b) Amounts due to a related party presented under trade payables within current liabilities in the statement of financial position consist of the following:

	30 June 2026	31 December 2025
	⃁	⃁
	(Unaudited)	*(Audited)*
East Gas Company	**3,540,390**	3,433,728

c) Compensation of key management personnel are as follows:

	For the six-month period ended 30 June	
	2026	*2025*
	⃁	⃁
	(Unaudited)	*(Unaudited)*
Short term employee benefits	**1,719,192**	3,766,947
Remuneration for Board of Directors and other committees	**1,385,260**	1,340,000
Employees defined benefit obligations	**116,959**	219,068
	3,221,411	5,326,015

Payable balance to key management personnel as of period end amounted to ⃁ 2.34 million (as of 31 December 2025 amounted to ⃁ 4.53 million) which is presented under accrued expenses and other current liabilities in the statement of financial position.

11 SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on its products and services and has the following reportable segments:

- Manufacturing - buying, manufacturing and distributing pulp and paper
- Trading and others - collecting, sorting and pressing waste papers

The Chief Executive Officer ("CEO") is the Chief Operating Decision Maker ("CODM") of the Group and reviews the internal management reports of each division at least quarterly.

The two segments have varying levels of integration, including transfers of recycled raw materials and shared distribution services. Intra- and inter-segment transactions are priced on an arm's-length basis.

11 SEGMENT INFORMATION (continued)

The following tables present revenue and profit information for the Group's operating segments for the six-month and three-month period ended 30 June 2026 and 30 June 2025, respectively:

	Manufacturing		*Trading and others*		*Total*	
	2026	*2025*	***2026***	*2025*	***2026***	*2025*
Six-month period ended 30 June (Unaudited)	**⃁**	⃁	**⃁**	⃁	**⃁**	⃁
Segment revenue	**556,205,640**	484,938,139	**25,482,061**	30,605,587	**581,687,701**	515,543,726
Less: intra / inter segment revenue	**(76,913,748)**	(69,357,838)	**(3,372,227)**	(9,172,787)	**(80,285,975)**	(78,530,625)
External revenue	**479,291,892**	415,580,301	**22,109,834**	21,432,800	**501,401,726**	437,013,101
Profit/(loss) before zakat	**88,179,309**	35,769,903	**(2,452,531)**	227,563	**85,726,778**	35,997,466

	Manufacturing		*Trading and others*		*Total*	
	2026	*2025*	***2026***	*2025*	***2026***	*2025*
Three-month period ended 30 June (Unaudited)	**⃁**	⃁	**⃁**	⃁	**⃁**	⃁
Segment revenue	**285,239,789**	237,411,840	**13,580,687**	15,816,236	**298,820,476**	253,228,076
Less: intra / inter segment revenue	**(46,388,491)**	(39,757,669)	**(2,380,930)**	(4,945,056)	**(48,769,421)**	(44,702,725)
External revenue	**238,851,298**	197,654,171	**11,199,757**	10,871,180	**250,051,055**	208,525,351
Profit/(loss) before zakat	**52,873,800**	14,391,997	**(1,624,820)**	175,792	**51,248,980**	14,567,789

The following table presents assets and liabilities information for the Group's operating segments as at 30 June 2026 and 31 December 2025, respectively:

	Manufacturing		*Trading and others*		*Total*	
	30 June 2026	31 December 2025	**30 June 2026**	31 December 2025	**30 June 2026**	31 December 2025
	⃁	⃁	**⃁**	⃁	**⃁**	⃁
	(Unaudited)	*(Audited)*	***(Unaudited)***	*(Audited)*	***(Unaudited)***	*(Audited)*
Segment assets	**1,321,888,294**	1,338,630,226	**35,169,802**	41,538,356	**1,357,058,096**	1,380,168,582
Segment liabilities	**677,207,499**	765,368,169	**33,078,207**	33,928,074	**710,285,706**	799,296,243

11 SEGMENT INFORMATION (continued)

The following tables present the geographical information of the Group's revenue by location of customers:

	Manufacturing		*Trading and others*		*Total*	
	2026	*2025*	***2026***	*2025*	***2026***	*2025*
Six-month period ended 30 June (Unaudited)	**⃁**	⃁	**⃁**	⃁	**⃁**	⃁
Kingdom of Saudi Arabia	**369,918,192**	369,474,010	**5,428,950**	2,116,779	**375,347,142**	371,590,789
Other GCC countries	**74,887,133**	36,041,387	**3,326,976**	4,589,648	**78,214,109**	40,631,035
Other countries	**34,486,567**	10,064,904	**13,353,908**	14,726,373	**47,840,475**	24,791,277
Consolidated revenue	**479,291,892**	415,580,301	**22,109,834**	21,432,800	**501,401,726**	437,013,101

	Manufacturing		*Trading and others*		*Total*	
	2026	*2025*	***2026***	*2025*	***2026***	*2025*
Three-month period ended 30 June (Unaudited)	**⃁**	⃁	**⃁**	⃁	**⃁**	⃁
Kingdom of Saudi Arabia	**173,536,362**	174,086,347	**2,810,361**	1,194,506	**176,346,723**	175,280,853
Other GCC countries	**48,905,736**	18,818,678	**683,268**	3,062,431	**49,589,004**	21,881,109
Other countries	**16,409,200**	4,749,146	**7,706,128**	6,614,243	**24,115,328**	11,363,389
Consolidated revenue	**238,851,298**	197,654,171	**11,199,757**	10,871,180	**250,051,055**	208,525,351

The following table presents the geographical information of the Group's non-current assets:

	30 June 2026	31 December 2025	30 June 2025
Non-current assets	**⃁**	⃁	⃁
	(Unaudited)	*(Audited)*	*(Unaudited)*
Kingdom of Saudi Arabia	**769,637,912**	784,452,998	712,333,834
Other GCC countries	**29,471,327**	30,162,323	30,233,283
Other countries	**3,861,153**	4,070,943	4,152,754
	802,970,392	818,686,264	746,719,871

11 SEGMENT INFORMATION (continued)

Below is the disaggregation of the Group's revenue:

	For the three-month period ended 30 June		For the six-month period ended 30 June	
	2026	2025	**2026**	2025
	⃁	⃁	**⃁**	⃁
	(Unaudited)	*(Unaudited)*	***(Unaudited)***	*(Unaudited)*
Timing of revenue recognition				
Revenue at a point in time	**245,526,765**	203,713,368	**494,342,491**	426,781,169
Revenue over time	**4,524,290**	4,811,983	**7,059,235**	10,231,932
	250,051,055	208,525,351	**501,401,726**	437,013,101

12 OTHER INCOME AND EXPENSES

12.1 Other income

	For the three-month period ended 30 June		For the six-month period ended 30 June	
	2026	2025	**2026**	2025
	⃁	⃁	**⃁**	⃁
	(Unaudited)	*(Unaudited)*	***(Unaudited)***	*(Unaudited)*
Scrap sales	**5,844,865**	373,593	**6,354,836**	743,278
Government grant income	**1,266,843**	869,721	**2,519,765**	1,729,884
Fair value gain on financial assets at fair value through profit or loss	**644,407**	-	**785,446**	-
Profit on short term deposits	**73,277**	139,434	**137,445**	204,898
Others	**704,464**	97,648	**769,751**	1,345,649
	8,533,856	1,480,396	**10,567,243**	4,023,709

12.2 Other expenses

	For the three-month period ended 30 June		For the six-month period ended 30 June	
	2026	2025	**2026**	2025
	⃁	⃁	**⃁**	⃁
	(Unaudited)	*(Unaudited)*	***(Unaudited)***	*(Unaudited)*
Foreign exchange losses	**288,534**	6,053,221	**288,534**	8,830,741
Others	**19,063**	3,326	**34,624**	165,713
	307,597	6,056,547	**323,158**	8,996,454

13 EARNINGS PER SHARE

Basic and diluted earnings per share (EPS) is calculated by dividing the net profit for the period attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the period.

The following reflects the income or loss and ordinary shares outstanding data used in the basic and diluted earnings per share calculation of the shareholders of the Company:

	For the three-month period ended 30 June		For the six-month period ended 30 June	
	2026	*2025*	***2026***	*2025*
	⃁	⃁	⃁	⃁
	(Unaudited)	*(Unaudited)*	***(Unaudited)***	*(Unaudited)*
Net profit attributable to equity holders of the Company	**50,346,573**	13,898,896	**84,493,622**	34,582,672
Issued ordinary shares	**37,070,000**	37,070,000	**37,070,000**	37,070,000
Less: treasury shares held	**(115,788)**	(115,788)	**(115,788)**	(115,788)
Weighted average number of ordinary shares outstanding	**36,954,212**	36,954,212	**36,954,212**	36,954,212
Basic and diluted earnings per share from net profit for the period	**1.36**	0.38	**2.29**	0.94

14 DIVIDENDS

On 7 Shawwal 1447H (corresponding to 26 March 2026), the Company’s Board of Directors recommended cash dividends of ⃁ 0.50 per share, amounting to ⃁ 18,477,106, in respect of the year ended 31 December 2025. The dividends were calculated based on 36,954,212 shares eligible for distribution, after excluding the treasury shares held by the Company. The dividends were distributed on 17 Thul Hijjah 1447H (corresponding to 3 June 2026).

15 FAIR VALUE MEASUREMENT

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 in the principal or, in its absence, the most advantageous market to which the Group has access at that date.

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 categorised in its entirety in the same level of the fair value hierarchy as the lowest input level that is significant to the entire measurement. There were no changes in the Group's valuation processes, valuation techniques, and types of inputs used in the fair value measurements during the period.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. There were no transfers between Levels 1, 2 or 3 during the six-month period ended 30 June 2026 (during the year ended 31 December 2025: same).

15 FAIR VALUE MEASUREMENT (continued)

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities:

		Fair value measurement using		
	Carrying value	***Level 1***	***Level 2***	***Level 3***
30 June 2026	⃁	⃁	⃁	⃁
Financial assets at fair value through profit or loss	**135,446**	**-**	**135,446**	**-**

There were no assets and liabilities measured at fair value for the year ended 31 December 2025.

The following table provides the financial assets and liabilities measured at amortised cost:

	30 June 2026	31 December 2025
	⃁	⃁
	(Unaudited)	*(Audited)*
Financial assets measured at amortized cost		
Trade receivables	**335,808,466**	290,675,325
Other receivables	**10,357,823**	19,365,931
Cash and cash equivalents	**20,315,292**	18,241,194
	366,481,581	328,282,450
Financial liabilities measured at amortized cost		
Long term loans	**348,055,953**	256,970,783
Short term loans	**112,992,386**	273,041,026
Trade payables	**109,036,231**	122,363,382
Lease liabilities	**13,579,759**	16,400,686
Accrued expenses and other liabilities	**43,775,862**	34,519,196
	627,440,191	703,295,073

16 CONTINGENCIES AND COMMITMENTS

As at 30 June 2026, the Group had contingent liabilities relating to letters of credit and bank guarantees issued in the ordinary course of business amounting to ⃁ 68.92 million (31 December 2025: ⃁ 79.04 million) and ⃁ 0.59 million (31 December 2025: ⃁ 0.59 million), respectively.

The Group did not have any capital commitments as at 30 June 2026 (as at 31 December 2025: same).

17 SUBSEQUENT EVENTS

In the opinion of the management, there have been no significant subsequent events since the period ended 30 June 2026 which would require either a disclosure or have a material impact on the Group's interim condensed consolidated financial statements.

18 APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The interim condensed consolidated financial statements were authorized for issuance by the Board of Directors on 23 Safar 1448H (corresponding to 06 August 2026).