

SAUDI PAPER MANUFACTURING COMPANY
(A SAUDI JOINT STOCK COMPANY)
DAMMAM – SAUDI ARABIA
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2026
WITH INDEPENDENT AUDITOR'S REVIEW REPORT

SAUDI PAPER MANUFACTURING COMPANY

(A SAUDI JOINT STOCK COMPANY)

DAMMAM – SAUDI ARABIA

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2026

WITH INDEPENDENT AUDITOR'S REVIEW REPORT

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**INDEPENDENT AUDITOR'S REPORT ON REVIEW
OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**TO THE SHAREHOLDERS OF
SAUDI PAPER MANUFACTURING COMPANY
(A SAUDI JOINT STOCK COMPANY)
DAMMAM - SAUDI ARABIA**

REPORT ON THE REVIEW OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Introduction:

We have reviewed the accompanying interim condensed consolidated financial position of Saudi Paper Manufacturing Company (A Saudi Joint Stock Company) ("the Company") and its subsidiaries (together "The Group"), as of March 31, 2026, and the related interim condensed consolidated statements of profit or loss and other comprehensive income period ended, changes in shareholders equity and the statement of cash flows for three months then ended, and notes to the interim condensed consolidated financial statements, including other explanatory notes.

Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with IAS 34 "Interim Financial Reporting" 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 the International Standard on Review Engagements No. 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 condensed consolidated financial statement consists of making inquiries, primarily from people 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 attached are not prepared, in all material respects, in accordance with IAS 34 "That is endorsed in the Kingdom of Saudi Arabia.

Other matters:

The condensed interim consolidated financial statements of the Group for the three-month period ended March 31, 2025 were reviewed by another auditor, who expressed an unmodified conclusion on those financial statements dated Dhu'l Qa'dah 15, 1446H (corresponding to May 13, 2025).

Al-Khobar: Dhu al-Qadah 22, 1447H
May 09, 2026



FOR EL SAYED EL AYOUTY & CO.



Abdullah Ahmad Balamash
Certified Public Accountant
License No. (345)

SAUDI PAPER MANUFACTURING COMPANY

(A SAUDI JOINT STOCK COMPANY)

DAMMAM – SAUDI ARABIA

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS OF MARCH 31, 2026

(All amounts in Saudi Riyals)

	Note	31-03-2026 (Un-audited)	31-12-2025 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment		744,256,676	754,561,744
Right of use assets		13,249,771	14,747,854
Intangible assets		22,941,101	23,204,099
Investment in an associate		27,626,529	26,172,567
Total non-current assets		808,074,077	818,686,264
Current assets			
Inventories		136,182,245	195,732,474
Trade receivables	(5)	320,324,543	290,675,325
Advances, prepayments and other assets		61,076,706	56,833,325
Financial assets at fair value through profit or loss (FVTPL)	(6)	52,141,039	---
Cash and cash equivalents		38,488,667	18,241,194
Total current assets		608,213,200	561,482,318
TOTAL ASSETS		1,416,287,277	1,380,168,582
EQUITY AND LIABILITIES			
Equity			
Share capital		370,700,000	370,700,000
Treasury shares		(3,882,987)	(3,882,987)
Translation reserve		(5,582,748)	(5,319,864)
Other reserve		1,816,638	1,816,638
Retained earnings		250,666,854	216,519,805
Equity attributable to the shareholders of the company		613,717,757	579,833,592
Non-controlling interest		1,223,522	1,038,747
Total equity		614,941,279	580,872,339
LIABILITIES			
Non-current liabilities			
Medium and long-term loans	(7)	222,418,780	182,178,245
Deferred government grant – non-current portion		26,889,722	20,459,387
Employees defined benefit obligations		26,472,770	26,370,916
Lease liabilities – non-current portion		10,214,702	10,794,642
Total non-current liabilities		285,995,974	239,803,190
Current liabilities			
Short-term loans	(7)	292,436,747	273,041,026
Medium and long-term loans – current portion	(7)	81,792,008	74,792,538
Deferred government grant – current portion		3,651,708	3,661,391
Trade payables		75,544,003	122,363,382
Accrued expenses and other current liabilities		54,430,131	77,484,721
Provision for zakat		2,685,426	2,543,951
Lease liabilities – current portion		4,810,001	5,606,044
Total current liabilities		515,350,024	559,493,053
Total liabilities		801,345,998	799,296,243
TOTAL EQUITY AND LIABILITIES		1,416,287,277	1,380,168,582



CFO
Mohamad Fariz Abou Jawhar



CEO
Abdulaziz Bin Raed Al-Mishaal



Chairman
Abdulrahman Bin Raed Al-Mishaal

The accompanying notes from 1 to 15 form an integral part of these interim condensed consolidated financial statements.

SAUDI PAPER MANUFACTURING COMPANY

(A SAUDI JOINT STOCK COMPANY)

DAMMAM – SAUDI ARABIA

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

FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2026

(All amounts in Saudi Riyals)

	Note	Three months period ended	
		31-03-2026 (Un-audited)	31-03-2025 (Un-audited)
Revenue	(9)	251,350,671	228,487,750
Cost of revenue		(170,298,057)	(159,131,088)
Gross profit		81,052,614	69,356,662
General and administrative expenses		(13,783,346)	(15,851,191)
Selling and distribution expenses		(21,380,598)	(22,051,469)
Allowance for expected credit losses	(5)	(3,436,618)	(985,639)
Share in results of an associate		1,453,962	717,428
Other income		2,033,387	2,543,313
Other expenses	(10)	(15,561)	(2,939,907)
Profit before finance charges and zakat		45,923,840	30,789,197
Finance charges		(11,446,042)	(9,359,520)
Profit before zakat		34,477,798	21,429,677
Zakat		(141,475)	(562,296)
Net profit for the period		34,336,323	20,867,381
Other comprehensive (loss) income:			
<i>Item that will not be reclassified subsequently to profit or loss:</i>			
Foreign exchange translation differences		(267,383)	34,471
Total other comprehensive (loss) income for the period		(267,383)	34,471
Total comprehensive income for the period		34,068,940	20,901,852
Net profit attributable to:			
Shareholders of the company		34,147,049	20,683,776
Non-controlling interest		189,274	183,605
Net profit for the period		34,336,323	20,867,381
Total comprehensive income attributable to:			
Shareholders of the company		33,884,165	20,735,062
Non-controlling interest		184,775	166,790
Total comprehensive income for the period		34,068,940	20,901,852
Earnings per share (SR) attributable to shareholders of the company			
Basic and diluted earnings per share	(11)	0.92	0.56


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SAUDI PAPER MANUFACTURING COMPANY

(A SAUDI JOINT STOCK COMPANY)

DAMMAM – SAUDI ARABIA

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2026

(All amounts in Saudi Riyals)

	Equity attributable to shareholders of the Company						Non-controlling interest	Total equity
	Share capital	Treasury Shares	Translation reserve	Other reserves	Retained earnings	Total		
Three months period ended 31-03-2025								
Balance as at 01-01-2025 – (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	---	---	---	---	20,683,776	20,683,776	183,605	20,867,381
Other comprehensive income (loss) for the period	---	---	51,286	---	---	51,286	(16,815)	34,471
Total comprehensive income (loss) for the period	---	---	51,286	---	20,683,776	20,735,062	166,790	20,901,852
Balance as at 31-03-2025 (un-audited)	370,700,000	(3,882,987)	(5,645,131)	1,843,506	170,507,296	533,522,684	940,380	534,463,064
Three months period ended 31-03-2026								
Balance as at 01-01-2026 – (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	---	---	---	---	34,147,049	34,147,049	189,274	34,336,323
Other comprehensive loss for the period	---	---	(262,884)	---	--	(262,884)	(4,499)	(267,383)
Total comprehensive (loss) income for the period	---	---	(262,884)	---	34,147,049	33,884,165	184,775	34,068,940
Balance as at 31-03-2026 (un-audited)	370,700,000	(3,882,987)	(5,582,748)	1,816,638	250,666,854	613,717,757	1,223,522	614,941,279


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SAUDI PAPER MANUFACTURING COMPANY
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DAMMAM – SAUDI ARABIA
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASHFLOWS
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2026

(All amounts in Saudi Riyals)

	March 31, 2026	March 31, 2025
	(Un-audited)	(Un-audited)
<u>Cash flows from operating activities:</u>		
Profit before zakat	34,477,798	21,429,677
<u>Adjustments for:</u>		
Depreciation of property, plant and equipment	14,943,218	12,847,528
Depreciation of right of use assets	1,458,098	1,410,559
Finance charges	11,446,042	9,359,520
Allowance for expected credit losses	3,436,618	985,639
Provision for employees' end of service benefits	1,011,587	1,664,801
Amortization of intangible assets	262,999	352,177
Amortization of upfront fee	237,255	237,255
Share in results of an associate	(1,453,962)	(717,428)
Deferred government grant recognised – SIDF loan	(1,252,922)	(860,163)
Fair value gain on financial assets at FVTPL	(141,039)	---
Profit on short term deposits	(64,168)	---
Loss on translation of financial liability	---	2,777,520
	64,361,524	49,487,085
<u>Changes in operating assets and liabilities:</u>		
Trade receivables	(33,085,836)	(33,300,576)
Inventories	59,550,229	51,881,528
Prepayments and other debit balances	(4,243,381)	(15,558,610)
Trade payables	(46,819,379)	(10,683,687)
Accrued expenses and other current liabilities	(23,054,590)	(18,287,355)
<u>Cash generated from operations</u>	16,708,567	23,538,385
Finance charges paid	(9,507,657)	(8,075,210)
Zakat paid	---	(3,078,692)
Defined benefit obligations paid to employees	(909,733)	(1,757,266)
Net cash flows generated from operating activities	6,291,177	10,627,217
<u>Cash flows from investing activities</u>		
Additions to property, plant and equipment	(4,718,636)	(4,599,828)
Profit received on short term deposits	64,168	---
Purchase of financial assets at FVTPL	(52,000,000)	---
Additions to intangible assets	---	(67,669)
Net cash flows used in investing activities	(56,654,468)	(4,667,497)
<u>Cash flows from financing activities</u>		
Repayment of medium and long-term loans	(17,220,343)	(17,925,145)
Receipt of medium and long-term loans	70,000,000	---
Change in short term loans, net	19,354,002	28,054,431
Lease payments (principal)	(1,375,983)	(1,886,530)
Net cash flows generated from financing activities	70,757,676	8,242,756
Net change in cash and cash equivalents during the period	20,394,385	14,202,476
Cash and cash equivalents at the beginning of the period	18,241,194	14,088,302
Effect of exchange rate fluctuations	(146,912)	26,404
Cash and cash equivalents at the end of the period	38,488,667	28,317,182


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SAUDI PAPER MANUFACTURING COMPANY

(A SAUDI JOINT STOCK COMPANY)

DAMMAM – SAUDI ARABIA

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2026

1. GENERAL

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 Muharram 10, 1415H (June 20, 1994). The Company’s share capital as of March 31, 2026, is SR 370.7 million (December 31, 2025: SR 370.7 million) divided into 37.07 million shares of SR 10 each.

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.

On August 12, 2024, the Board resolved to distribute cash dividend, amounting to SR 27.80 million (7.5%) to the shareholders. The amount of dividend paid during the year ended December 31, 2024, had been adjusted to reflect the dividend related to the treasury shares amounting to SR 52,630 and SR 86,842 for first and second dividend distribution during 2024, respectively. Furthermore, on March 26, 2026, the Board has recommended a cash dividend of SR 18.47 million (SR 0.5 per share) for the year ending December 31, 2025. The proposed dividend is subject to approval of the shareholders at the Annual General meeting.

1.1 Structure of the group

These condensed consolidated interim financial statements include the financial statements of the Company, and its subsidiaries as listed below:

Name of the subsidiaries	Country of incorporation	Percentage of ownership	
		March 2026	Dec. 31, 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	UAE	100%	100%
Al-Juthoor Paper Tissue Manufacturing Plant	Kuwait	85%	85%

*On September 30, 2024, the Group announced the sale of its non-operating subsidiaries in the Kingdom of Morocco (Morocco Paper Manufacturing Company) for an amount of MAD 19 million (equivalent to SAR 7.2 million) at that date. The sale agreement was signed with an external party before the end of the financial year ending December 31, 2024; however, the agreement included certain conditions that had not been fulfilled as of that date. In 2025, all conditions related to the sale transaction were fulfilled, and the sale was completed in accordance with regulations. The net sale proceeds, after deducting all fees and taxes, amounted to MAD 14.84 million (equivalent to SAR 6,159,832).

Subsequent to the period ended March 31, 2026, the Group received the full consideration, which was credited to one of the subsidiary’s bank accounts.

2. BASIS OF CONSOLIDATION

2.1 Statement of compliance

The condensed consolidated interim financial statements for the three months period ended March 31, 2026 have been prepared in accordance with the International Accounting Standard 34 – Interim Financial Reporting (“IAS34”) as endorsed in the Kingdom of Saudi Arabia. The accompanying condensed consolidated interim financial statements do not include all the information and disclosures required in the annual consolidated financial statements, and hence should be read in conjunction with the Group’s annual consolidated financial statements for the year ended December 31, 2025. In addition, results for the period ended March 31, 2026 are not necessarily indicative of the expected results for the full year ending December 31, 2026.

2.2 Preparation of the condensed consolidated interim financial statements

These condensed consolidated interim financial statements are prepared under the historical cost convention, except where International Financial Reporting Standards (IFRSs) require other measurement basis. The principal accounting policies adopted in the preparation of these condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended December 31, 2025.

The preparation of these condensed consolidated interim financial statements in conformity with IFRSs required management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts in the condensed consolidated interim financial statements. These critical accounting judgements and key sources of estimations were the same as those described in the last annual financial statements.

2.3 Functional and presentation currency

The interim condensed consolidated financial statements items are presented in Saudi Riyals (“SR”) which is the functional and presentation currency unless otherwise stated.

SAUDI PAPER MANUFACTURING COMPANY

(A SAUDI JOINT STOCK COMPANY)

DAMMAM – SAUDI ARABIA

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2026

3. SIGNIFICANT ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGMENTS

The accounting policies applied in these interim condensed consolidated financial statements (unaudited) are the same as those applied

3.1 Basis of consolidation

These condensed consolidated interim financial statements incorporate the financial statements of the “Group” as detailed in note 1.1 control is achieved when the Group:

- Has power over the investee.
- Is exposed, or has right, to variable returns from its involvement with the
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company’s voting rights in an investee are sufficient to give it power, including:

- The size of the Company’s holding of voting rights relative to the size and dispersion of holdings of the other vote holders.
- Potential voting rights held by the Company, other vote holders or other parties
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders’ meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Consolidated interim statement of profit or loss and each component of other comprehensive income are attributed to the shareholders of the Company and non-controlling interest, Total comprehensive income of subsidiaries is wholly attributed to the shareholders of the Company except the comprehensive income of Al-Juthoor subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group’s accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The preparation of the condensed interim consolidated financial statements requires management to make judgments, estimates, and assumptions that affect the reported amounts of revenues, expenses, assets, and liabilities, as well as the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that may require a material adjustment to the carrying amounts of assets or liabilities in future periods.

These estimates and assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances and are used to assess the carrying values of assets and liabilities where they cannot be readily determined from other sources. The underlying estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised or in the revision period and future periods if the revision affects both current and future periods.

The significant accounting judgments, estimates, and assumptions that have a material impact on the condensed interim consolidated financial statements are disclosed as follows:

3.2 Measurement of Employee Benefits Obligations

The Group’s obligation for employee benefit plans is determined by estimating the future benefits that employees have earned in the current and prior periods, which are then discounted to arrive at the present value. The calculation is performed annually by an independent actuary using the projected unit credit method. Judgment is applied in estimating the actuarial assumptions.

3.3 Provision for Expected Credit Losses

The Group applies the expected credit loss (ECL) model to determine impairment losses on trade receivables and other receivables. This requires the Group to consider several factors to ensure that receivables are not overstated due to the potential risk of non-collection, such as the aging of receivables and ongoing credit assessments. Provisions are recognized when there is objective evidence indicating the likelihood of non-collection, in accordance with International Financial Reporting Standard (IFRS) 9.

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2026

3. SIGNIFICANT ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGMENTS...(Continued)

3.4 Useful Lives of Property, Plant, and Equipment

The Group determines the estimated useful lives of property, plant, and equipment for the purpose of calculating depreciation. These estimates are determined based on the expected usage of the asset and normal wear and tear. Management reviews the estimated useful lives and depreciation methods periodically to ensure that they are consistent with the expected pattern of economic benefits derived from these assets.

Any changes in depreciation expense resulting from such reviews are recognized in the current and future periods, as applicable.

3.5 Impairment of non-financial assets

The Group assesses at each financial reporting date whether there are indications of impairment of non-financial assets at each financial reporting date. Non-financial assets are tested for impairment if there are indications that the carrying amount may not be recoverable.

When value in use is calculated, management evaluates the future cash flows from the asset or cash-generating unit and chooses the appropriate discount rate to calculate the present value of these cash flows.

3.6 Duration of lease contracts

In determining the term of a lease, management takes into account all facts and circumstances that create an economic incentive to exercise the extension option or the valuation is revised if a material event or significant change in circumstances occurs that affects such valuation. During the current financial year, there was no material financial impact from reviewing the terms of lease contracts to reflect the effect of exercising extension or termination options, as most of the Group's lease contracts are short-term.

3.7 Measurement of fair value

The fair value of the assets and liabilities

Fair value is the selling price that would be received in exchange for selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

When measuring the fair value of a financial asset or liability, the Group uses market observable data as much as possible.

Fair values are categorized into a hierarchy based on the data used in the valuation techniques as follows:

- **Level 1:** Listed (unadjusted) prices in active markets for identical assets or liabilities can be obtained on the measurement date.
- **Level 2:** Inputs other than listed prices which already listed at level 1 which are observable assets and liabilities in direct manner (such as prices) or indirect manner (derived from prices)
- **Level 3:** Inputs of assets or liabilities are not based on observable market data (non-observable inputs).

If the inputs used to measure the fair value of an asset or a liability fall 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 level input 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. As at March 31, 2026 and December 31, 2025, there are no transfers between levels.

3.8 Going concern principle

The interim condensed consolidated financial statements have been prepared on the going concern basis, which assumes that the Group will continue its business operations for the foreseeable future.

4. Summary of significant accounting policies

The accounting policies applied in these interim condensed consolidated financial statements (unaudited) are the same as those applied in the group's latest consolidated annual financial statements for the year ending December 31, 2025.

4.1 New Standards, Amendments to Standards, and Interpretations

The Company has not early adopted any standard, interpretation, or amendment that has been issued but is not yet effective. Certain amendments to International Financial Reporting Standards became effective as of January 1, 2026, and none of these amendments had a material impact on the Company's condensed interim financial statements.

SAUDI PAPER MANUFACTURING COMPANY

(A SAUDI JOINT STOCK COMPANY)

DAMMAM – SAUDI ARABIA

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2026

(All amounts in Saudi Riyals)

5. TRADE RECEIVABLES

	31-03-2026	31-12-2025
	(un-audited)	(audited)
Trade receivables	363,183,172	330,097,336
Allowance for expected credit losses (Note: 5.1)	(42,858,629)	(39,422,011)
	<u>320,324,543</u>	<u>290,675,325</u>

5.1. Movement in the allowance for impairment of trade receivables as the follows:

	31-03-2026	31-12-2025
	(un-audited)	(audited)
Balance at the beginning of the period / year	39,422,011	22,568,258
Allowance for the period / year	3,436,618	16,853,753
Balance at the end of the period / year	<u>42,858,629</u>	<u>39,422,011</u>

6. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (FVTPL)

During the period ended March 31, 2026, the Group invested in units of the Alinma Saudi Riyal Liquidity Fund, managed by Alinma Investment Company, As at 31 March 2026, the balance amounted to SAR 52,141,039.

The fund is Shariah-compliant money market fund that seeks to preserve capital and provide a high level of liquidity. It invests primarily in short-term, low-risk Islamic financial instruments.

The investment is readily redeemable and is managed with the objective of meeting the Group's short-term cash requirements. Accordingly, the investment is classified as a financial asset at fair value through profit or loss, with changes in fair value recognized in the statement of profit or loss.

7. LOANS

a) Medium and long-term loans

	31-03-2026	31-12-2025
	(un-audited)	(audited)
Saudi Industrial Development Fun (SIDF) loans (Note 7.1)	85,168,252	94,262,350
Commercial bank loans (Note 7.2)	219,042,536	162,708,433
	<u>304,210,788</u>	<u>256,970,783</u>
Current maturity of long-term loans	(81,792,008)	(74,792,538)
	<u>222,418,780</u>	<u>182,178,245</u>

7.1 SIDF loan

During the year ended December 31, 2024, the Company has signed financing facilities of SR 150 million to finance the purchase of plant and machinery. As of period end 86% of the total facility amount was withdrawn, the repayment of the loan started from February 2026. The loans do not bear financial charges; however, an upfront fee is charged on the loan, and these are secured by mortgaged on property, plant and equipment of the Company equal to the carrying amount of the loan. The difference between the amount received and fair value of loan is recognized as deferred government grant and amortized over the loan period.

7.2 Commercial bank loans

The Group has obtained loan facilities from various commercial banks. These loans are mainly denominated in Saudi Riyals which generally bear financial charges based on prevailing market rates. The aggregate maturities of Saudi Riyals which generally bear financial charges based on prevailing market rates. The aggregate maturities of the loans outstanding at March 31, 2026, based on their respective repayment schedules, are spread in 2025 through 2033.

These bank loans are secured against promissory notes amounting to SR. 1,362.29 million (December 31, 2025: SR. 1,142.29 million).

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

b) 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.

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(All amounts in Saudi Riyals)

8. RELATED PARTIES' TRANSACTIONS AND RELATED BALANCES

The related parties consist of subsidiaries, affiliates and Board of Directors and key management personnel of the Group. In the ordinary course of business, the Company undertakes transactions with the related parties of the company. All such transactions are executed on commercial terms that are approved by the management. Transactions during the period with related parties and the related balances as at March 31, are as follows:

Key management personnel compensation

For the three months period ending March 31,

	2026	2025
	(un-audited)	(un-audited)
Short-term employees benefits	896,105	1,760,591
BOD and related committees remuneration	695,260	670,000
Employees defined benefit obligation	61,906	99,854

Payable balance to key management personnel as of period end amounted to SR 4.24 million (December 31, 2025: SR. 3.18 million).

Other related parties transactions

During the period ended March 31, the Company had the following significant transactions with its related parties:

Related party	Relationship	Nature of transaction	Transaction during the three months period	Balance as at March 31,
2026: East Gas Limited	Associate	Purchase of gas	3,359,965	(3,863,960)
2025: East Gas Limited	Associate	Purchase of gas	2,757,739	(2,064,860)

9. OPERATING SEGMENTS

a) Basis for segmentation

The Group has the following strategic divisions, which are its reportable segments. These divisions offer different products and services, and are managed separately because they required different technology and marketing strategies.

The following summary describes the operations of each reportable segment that met the quantitative thresholds for reportable segments in 2026 and 2025.

Reportable segments	Operations
Manufacturing	Buying manufacturing and distributing pulp and paper
Trading and other	Collecting, sorting and pressing waste papers

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

There are varying levels of integration between the both the segments. This integration includes transfers of recycled raw materials and shared distribution services, respectively. Intra and inter-segment pricing is determined on an arm's length basis.

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9. OPERATING SEGMENTS (Continued)

b) Information about reportable segments

Information related to each reportable segment is set out below. Segment profit / (loss) before zakat is used to measure performance because management believes that this information is the most relevant in evaluating the results of the respective segments relative to other entities that operate in the same industries.

Three months period ended (Un-audited)	Manufacturing		Trading and others		Total	
	March 31, 2026	March 31, 2025	March 31, 2026	March 31, 2025	March 31, 2026	March 31, 2025
Segment revenue	270,965,851	247,526,299	11,901,374	14,789,351	282,867,225	262,315,650
Intra / inter segment revenue	(30,525,257)	(29,600,169)	(991,297)	(4,227,731)	(31,516,554)	(33,827,900)
External revenue	240,440,594	217,926,130	10,910,077	10,561,620	251,350,671	228,487,750
Finance charges	11,396,392	9,287,839	49,650	71,681	11,446,042	9,359,520
Depreciation and amortization	15,951,267	13,923,398	713,048	686,866	16,664,315	14,610,264
Net profit before zakat	33,650,087	21,377,906	(827,711)	51,771	34,477,798	21,429,677
Segment assets	1,420,046,992	1,194,097,077	33,781,182	30,831,695	1,453,828,174	1,224,928,772
Segment liabilities	808,021,988	656,478,760	30,864,907	33,986,948	838,886,895	690,465,708

c) Geographic information

The business of the Group is managed on a worldwide basis. However, the main operations are settled in Kingdom of Saudi Arabia, certain Gulf Cooperation Council (GCC) countries and certain other countries.

The geographic information analyses the Group's revenue is based on location of the customers and non-current assets by the Company's country of domicile and other countries.

Three months period ended (Un-audited)	Manufacturing		Trading and others		Total	
	March 31, 2026	March 31, 2025	March 31, 2026	March 31, 2025	March 31, 2026	March 31, 2025
Saudi Arabia	196,381,830	195,387,663	2,618,589	922,273	199,000,419	196,309,936
GCC countries	25,981,397	17,222,709	2,643,708	1,527,217	28,625,105	18,749,926
Other countries	18,077,367	5,315,758	5,647,780	8,112,130	23,725,147	13,427,888
Consolidated revenue	240,440,594	217,926,130	10,910,077	10,561,620	251,350,671	228,487,750

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9. OPERATING SEGMENTS (Continued)

c) Geographic information (Continued)

As of period / year end	March 31,2026 (Un-audited)	December 31, 2025 (Audited)	March 31,2025 (Un-audited)
Non-current assets			
Saudi Arabia	774,362,137	784,452,998	712,337,065
GCC countries	29,757,559	30,162,323	30,569,751
Other countries	3,954,381	4,070,943	4,193,434
Consolidated non-current assets	808,074,077	818,686,264	747,100,250

d). Timing of Revenue Recognition

The Group derives its revenue from contracts with customers as follows: –

Three months period ended (Un-audited)	Manufacturing		Trading and others		Total	
	March 31, 2026	March 31, 2025	March 31, 2026	March 31, 2025	March 31, 2026	March 31, 2025
Revenue at a point in time	237,905,649	212,506,181	10,910,077	10,561,620	248,815,726	223,067,801
Revenue over time	2,534,945	5,419,949	---	-	2,534,945	5,419,949
	240,440,594	217,926,130	10,910,077	10,561,620	251,350,671	228,487,750

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10. OTHER EXPENSES

	For the three months period ending March 31, 2026 (Un-audited)	March 31, 2025 (Un-audited)
Foreign Exchange Losses	---	2,777,520
Others	15,561	162,387
	15,561	2,939,907

11. EARNINGS PER SHARE

Basis earnings per share is calculated by dividing the net profit attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

Earnings per share are represented as follows:

	From January 01 to March 31, 2026 (Un-audited)	2025 (Un-audited)
Net profit for the period	34,147,049	20,683,776
Issued ordinary share	37,070,000	37,070,000
Effect of treasury share held	(115,788)	(115,788)
Weighted average number of outstanding shares	36,954,212	36,954,212
Basic / diluted earnings per share	0.92	0.56

12. CONTINGENCIES AND COMMITMENTS

As of March 31, 2026, the Group was contingently liable for contractual commitments in respect of Letters of Credit and bank guarantees issued in the normal course of the business amounting to SR.35.7 million (December 31, 2025: SR. 79.04 million) and SR.0.59 million (December 31, 2025: SR. 0.59 million) respectively.

13. EVENTS AFTER REPORTING DATE

Except for the matter disclosed in (Note1), there have been no material subsequent events from the period ended March 31, 2026, up to the date of approval of these condensed interim consolidated financial statements that would require disclosure or have a material impact on the condensed interim consolidated financial statements.

14. SIGNIFICANT MATTER

During the period ended 31 March 2026, the Middle East region has experienced accelerated geopolitical and security developments that have not yet fully normalized as of the reporting date. Management has assessed the impact of these developments on the interim condensed consolidated financial statements and concluded that there is no material impact requiring adjustments or additional disclosures beyond those presented. Management will continue to monitor the situation and assess any potential implications for future reporting periods.

15. APPROVAL OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

These condensed consolidated interim financial statements were approved by the Board of Directors of the Company and authorized for issued on Dhu al-Qadah 22, 1447H (corresponding to May 09, 2026).