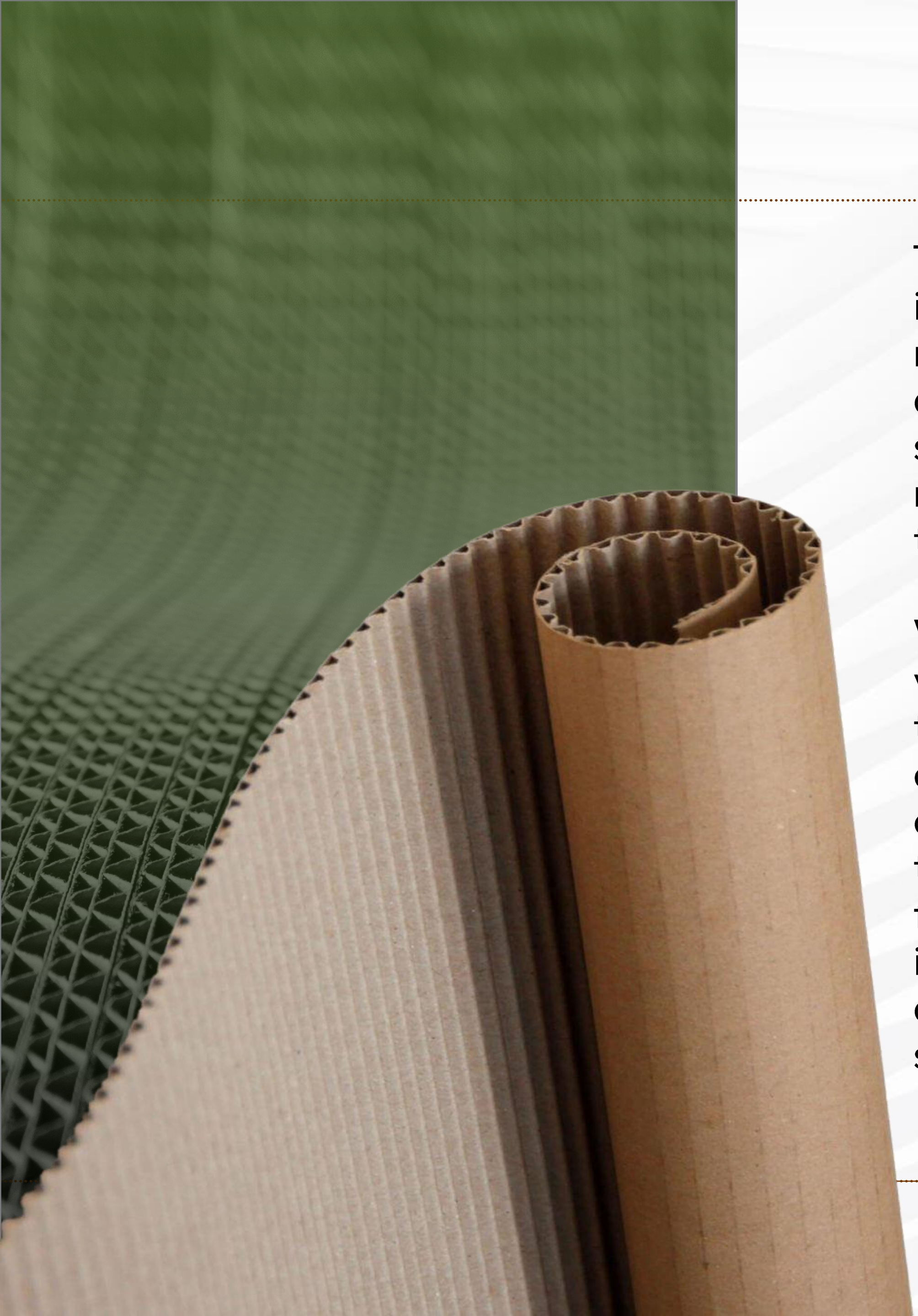
Earnings Release FY22



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While management has made every effort to present a fair view of MEPCO's operational and financial performance in this presentation; it is important to note that expectations about the future results that come in light of prevailing operational, financial and market conditions may change in the future. Management does not recommend using such forward looking statements in financial modeling or investment decision making. It thus takes no liability to explain differences between future actual results and what was stated in the course of this presentation.

MEPCO's Executives

GROUP PRESIDENT

Over 30 years in the Paper industry and others.
Held leadership position for over 20 years in MEPCO and others.
Bachelor of Industrial Chemistry in 1992.

ENG. SAMI AL-SAFRAN

GROUP CHIEF FINANCIAL OFFICER

Over 20 years of finance of which more that 10 years as CFO with extensive experience in cost optimization and companies restructuring .
MBA from Western Michigan university USA.

ABDULLAH AL YABIS

GROUP CHIEF TRANSFORMATION OFFICER

Over 20 years of experience in multiple sectors including Energy, Petrochemical, Manufacturing, Infrastructure, Sustainability, Paper & Packaging and Waste Management.
Has worked in the Americas, Africa, Europe and the Middle East.
MBA from London business school.

JOHAN VAN VUUREN

GROUP CHIEF COMMERCIAL OFFICER

Over 20 years of international marketing and trading experience
With extensive paper industry experience and achievements
Bachelor of commerce and post graduate diploma in international trading

AHMED EL FAZARY

Outline

Key Performance Indicators 01

Macro Economic and Market review 02

Key Financial Indicators 03

Outlook 04

01

Key Performance Indicators

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FY 22 Performance

SALES REVENUES SAR 1,187 M — + 12.3% YoY

GROSS PROFIT SAR 503 M — + 27.6% YoY

EBITDA SAR 405 M — + 18.5% YoY

NET INCOME SAR 270 M — + 22.2% YoY

COST OF SALES SAR 684 M — + 3.1% YoY

GROSS PROFIT MARGIN 42.4% — +5 bps YoY

EBITDA MARGIN 34% — +1.8 bps YoY

NET INCOME MARGIN 22.7% — +1.8 bps YoY

02

Macro Economic and Market review

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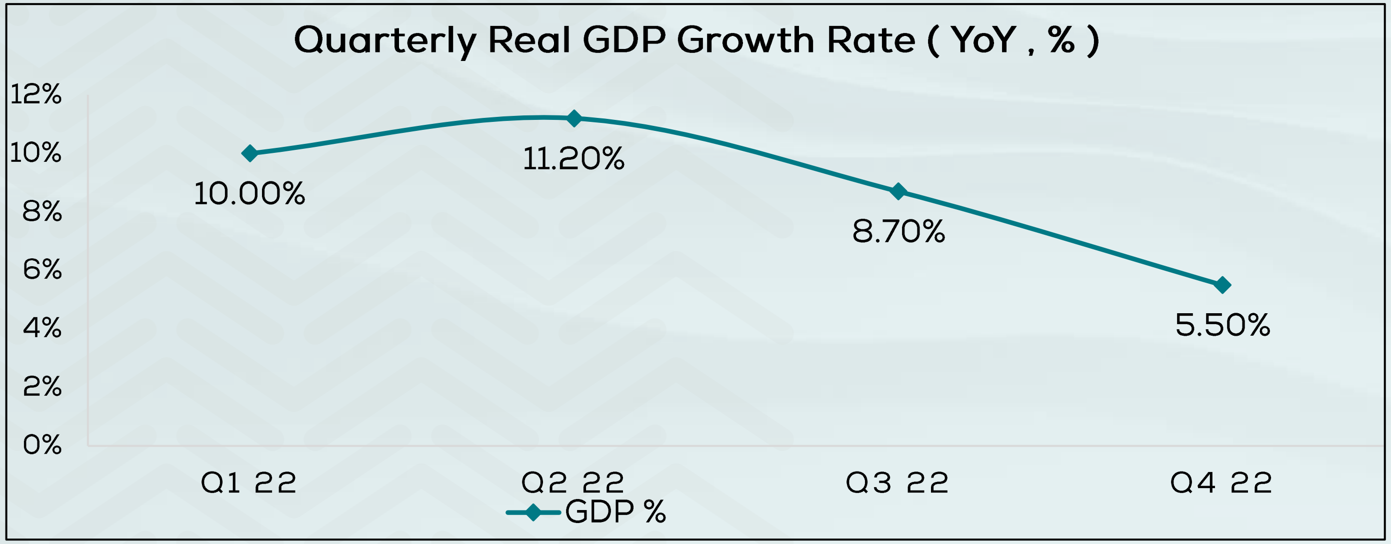
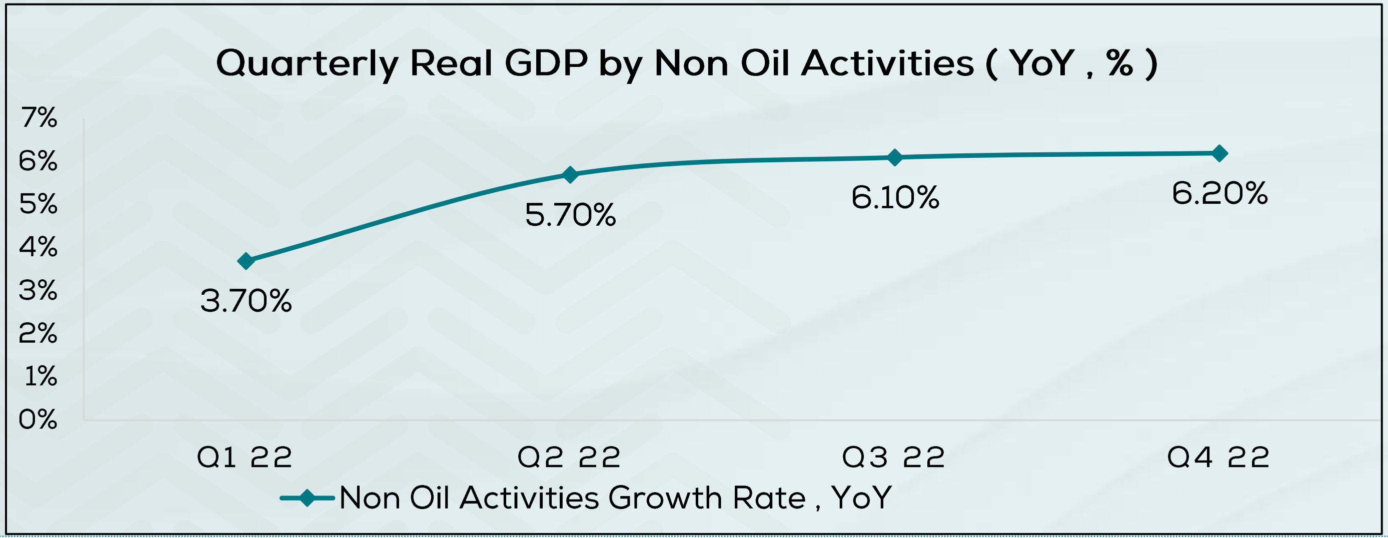
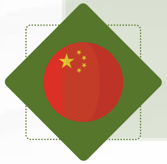
Macro Economic Dynamics

KSA Economical growth





ECONOMIC INDICATORS

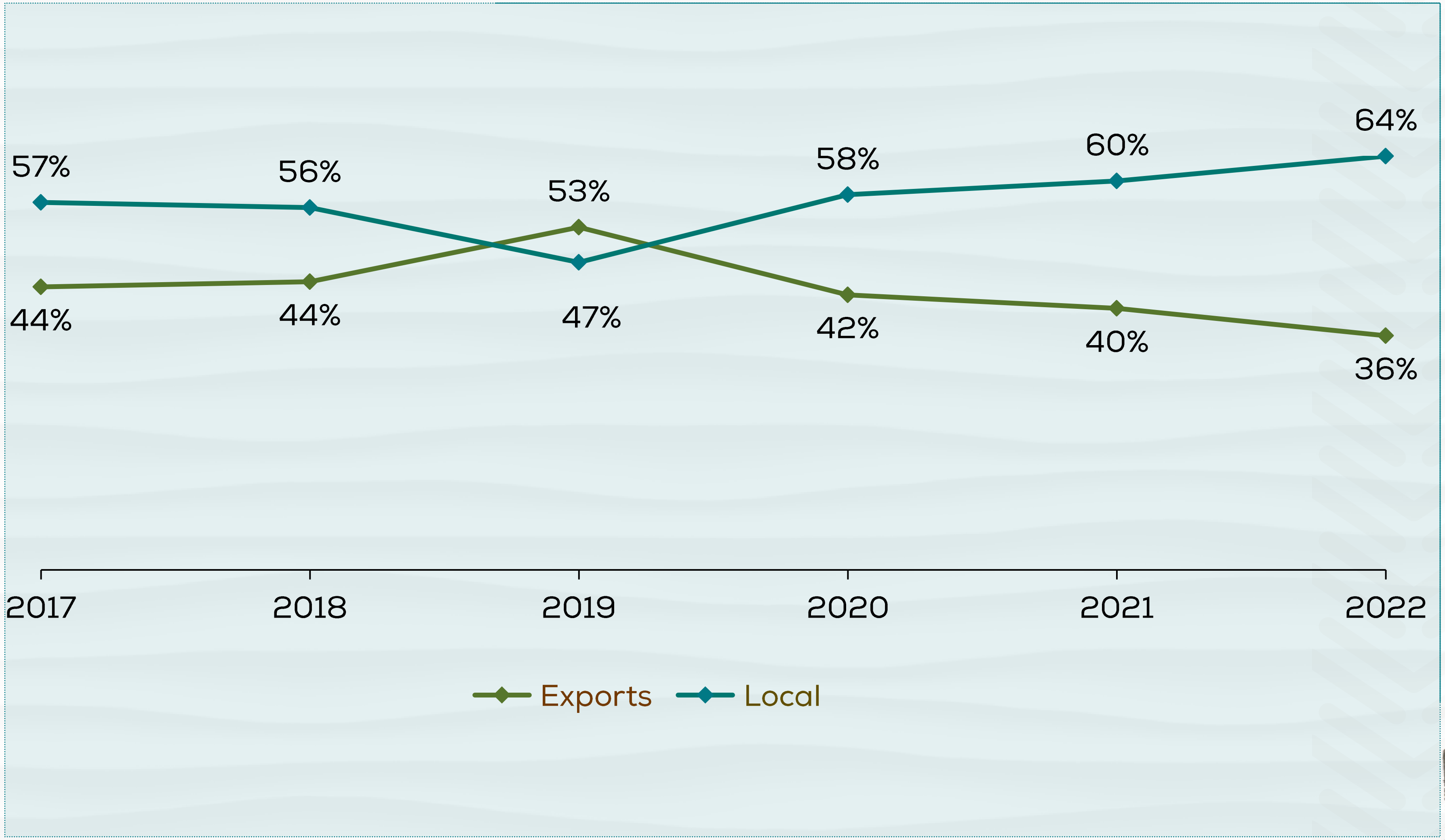
LOCATION	GDP GROWTH RATE (%) Q4 22	MANUFACTURING PMI ,Feb 23
	0.9	47.3
	0	50.3
	2.9	51.6
	5.50	59.8

Brent Crude Oil spot price averaged $ 100 /b in 2022

* RISI Pulp and Paper , Fast markets price reports , General Authority for Statistics (Kingdom of Saudi Arabia) , Trading Economics , Global economy , OECD , EIA

Exports and Local Sales

MEPCO's Exports and Local Sales %



MEPCO continued to serve the local demand

Average local sales from 2017 to 2022 is **57%**

Average export sales from 2017 to 2022 is **43%**

* RISI Pulp and Paper , Fast markets price reports

03

Financial Indicators

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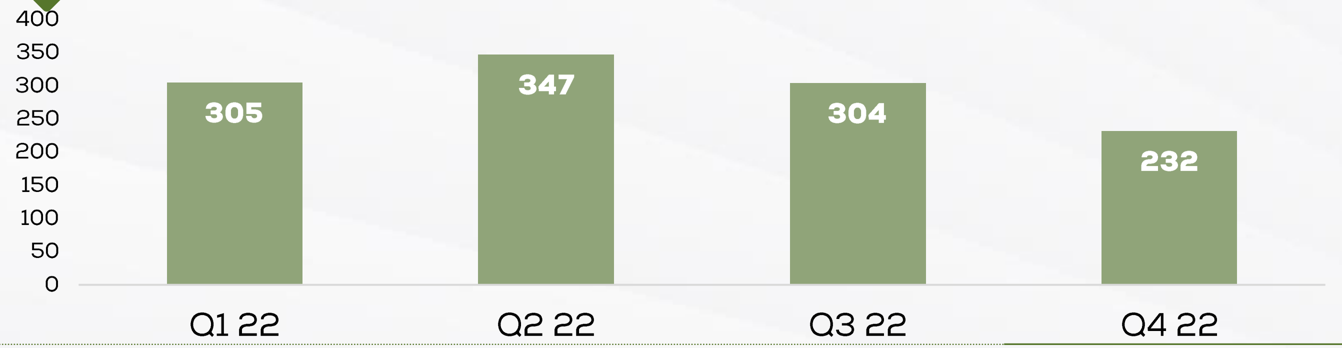
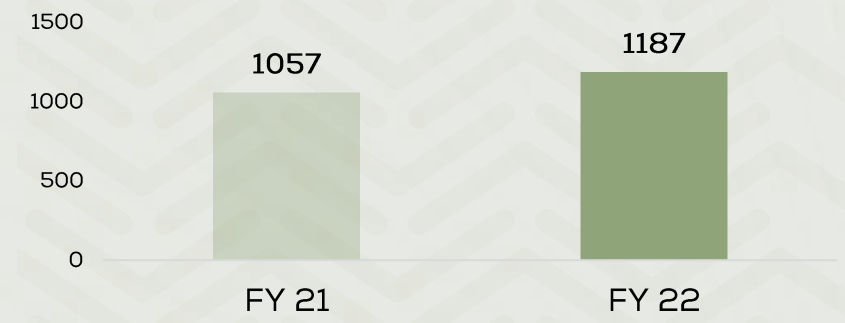
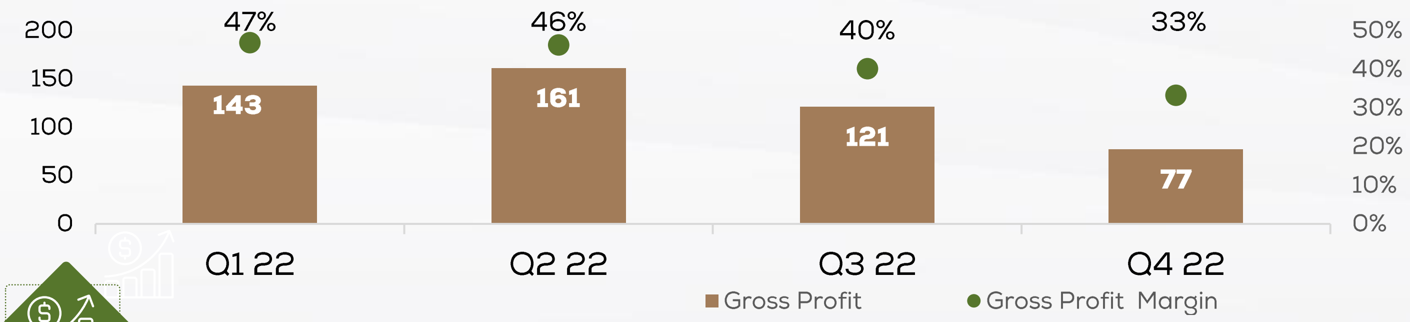
Key Financial Indicators

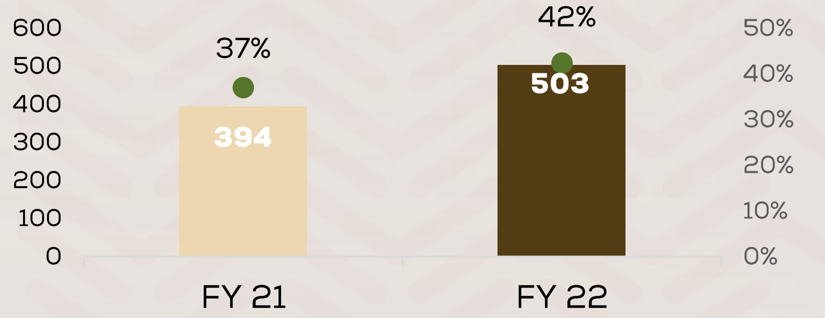
Revenues , SAR M





Gross Profit & Profit Margin, SAR M



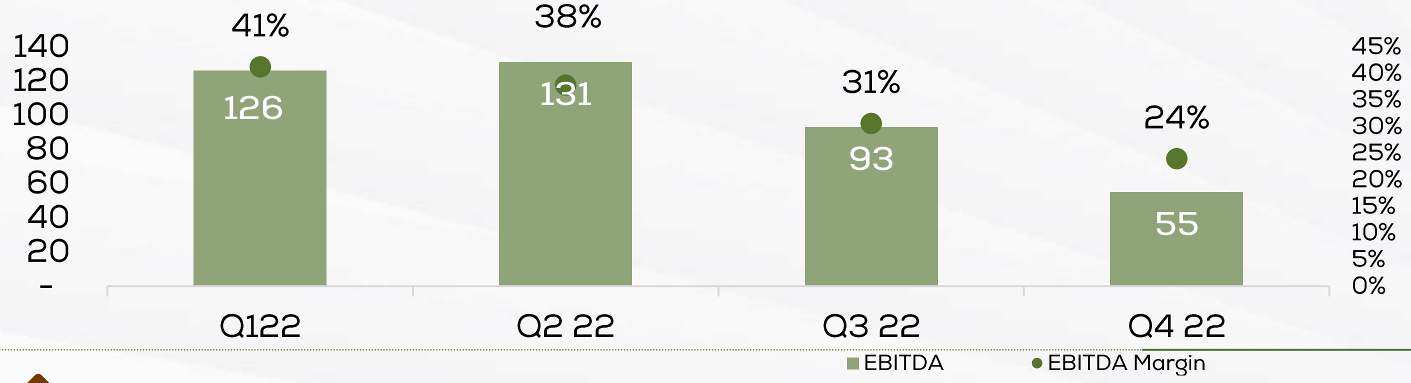


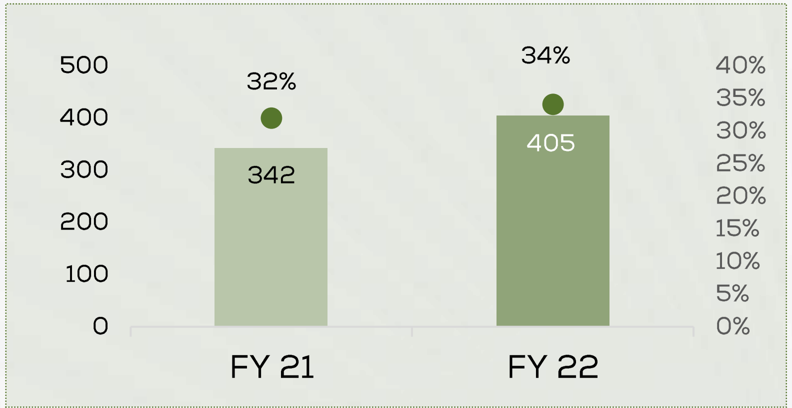
Revenues increased 12.3% YoY due to the increase to international prices YoY , despite the rain fall impact last December 2022 , the production volume was minimally impacted by 2% Y0Y

The Gross profit margin increased by 5% YoY, despite the decrease in the international prices that has started in 3Q 22 , the gross profit margin remained in the higher level of MEPCO's average gross profit margins . While there has been an increase in the Cost of sales by 3% YoY.

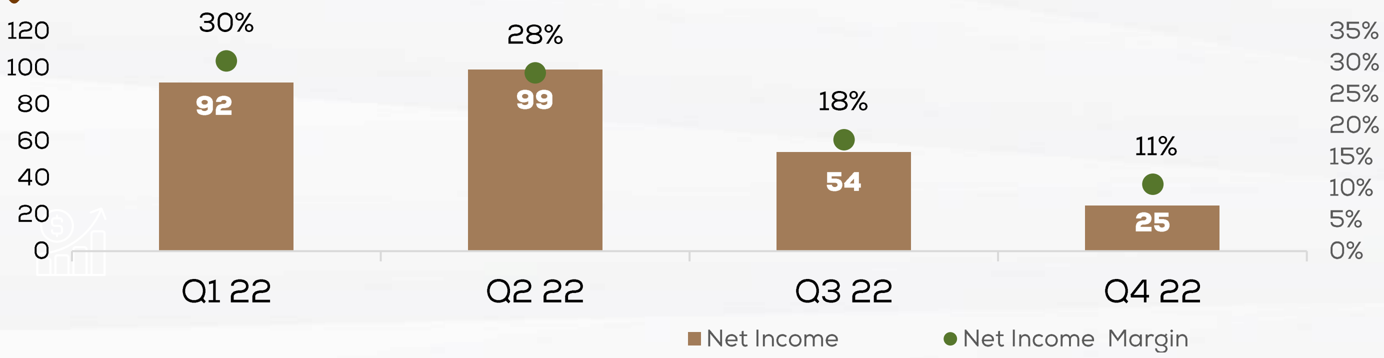
Key Financial Indicators

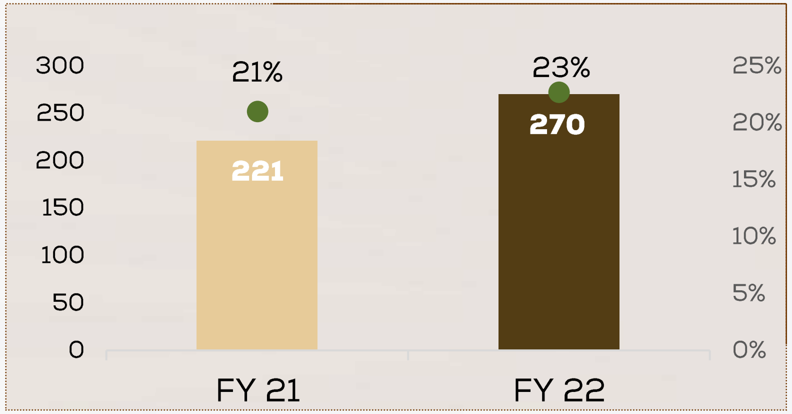
EBITDA and EBITDA margin, SAR M





Net Income SAR M

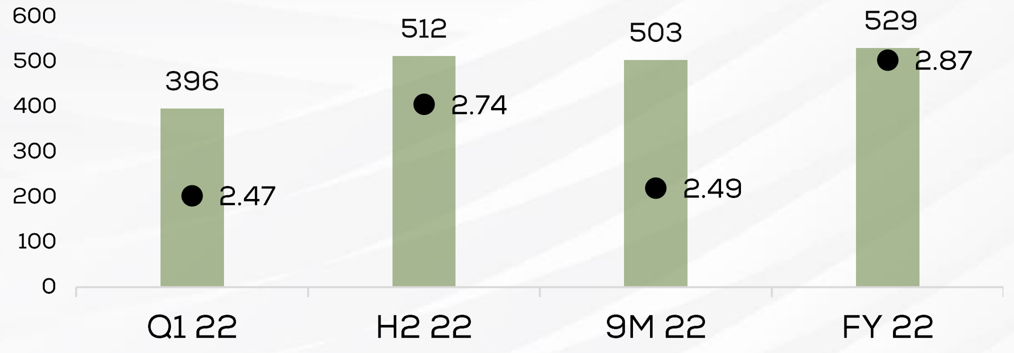


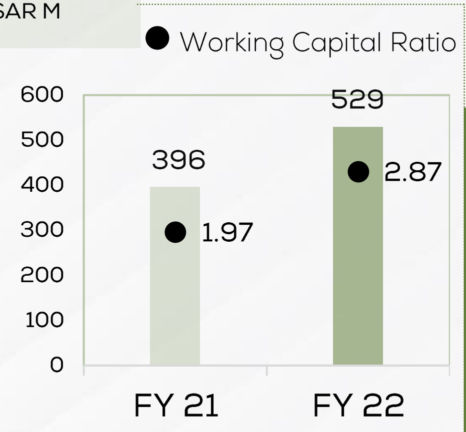


EBITDA increased YoY by 18.5 % and EBITDA margin increased 1.8 bps , Net income increased **YoY** by 22.2 % , there has been an increase in selling, general and admin costs of SR 22.7 million, due to higher transportation and shipping costs from export sales, increased payroll costs to support business growth, additional provision for doubtful debts ,Increase in finance costs by SR 4 million as a result of the increase in SAIBOR rates , Increase in zakat charge by SR 8 million.

Key Financial Indicators

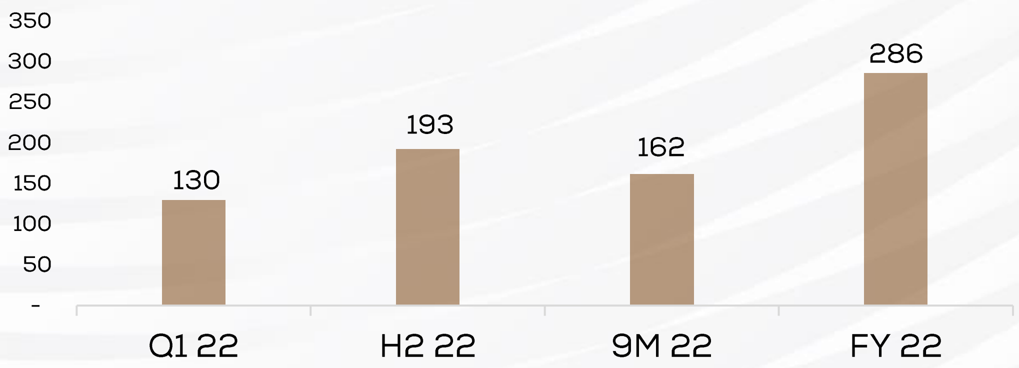
Working Capital And Working Capital Ratio SAR M

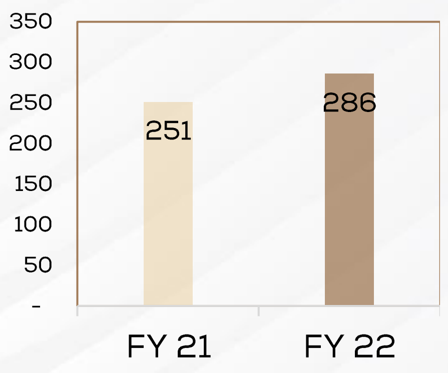




The Working Capital **YoY** as increased by 34% , having the Current liabilities decreased YoY by 30 % , due to decrease in short term borrowing by 66 % and other current liabilities by 58%
As a result working capital doubled from **1.97 to 2.87 YoY**

Cash Flow From Operations SAR M

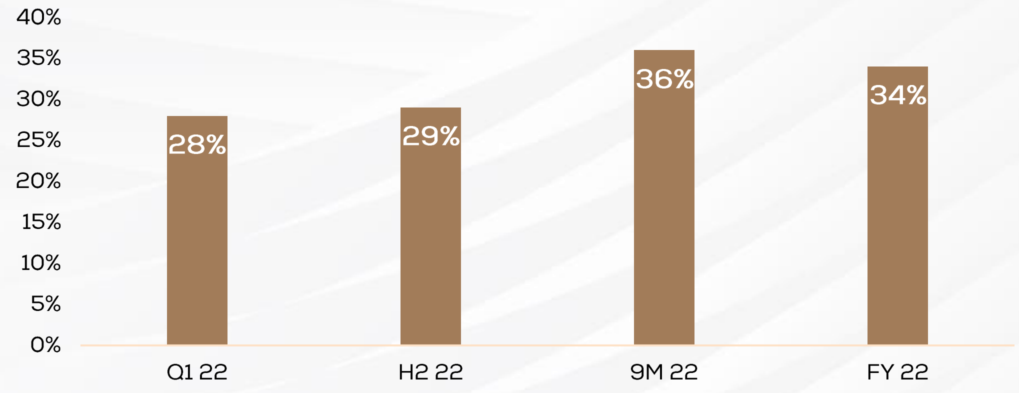


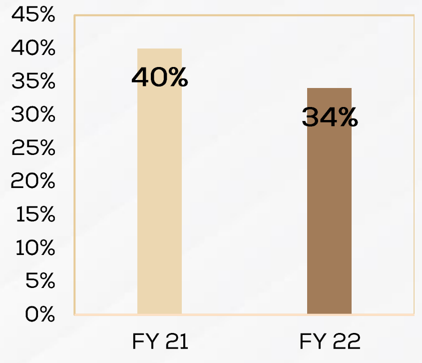


Cash Flow from operations increased **YoY** by 14%, MEPCO continues to sustain strong cash flow management and a strong operational cash flow

Key Financial Indicators

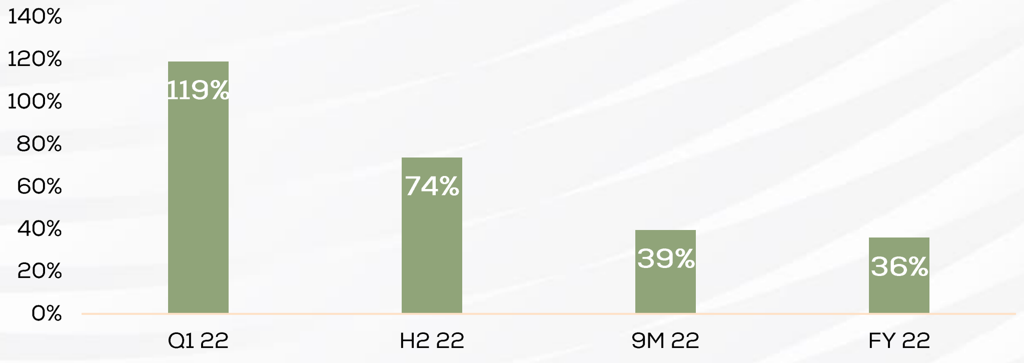
Net Debt to Equity SAR M

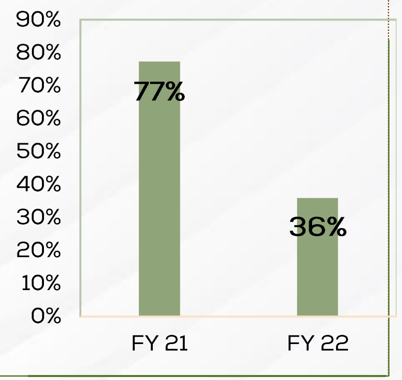




Net Debt to Equity decreased **YoY 6 %** , short term loan decreased by 66 % from SAR 97 M to SAR 34 M , Mid term loan decreased by 9 % from SAR 562 M to SAR 511 M .

Net Debt to EBITDA %

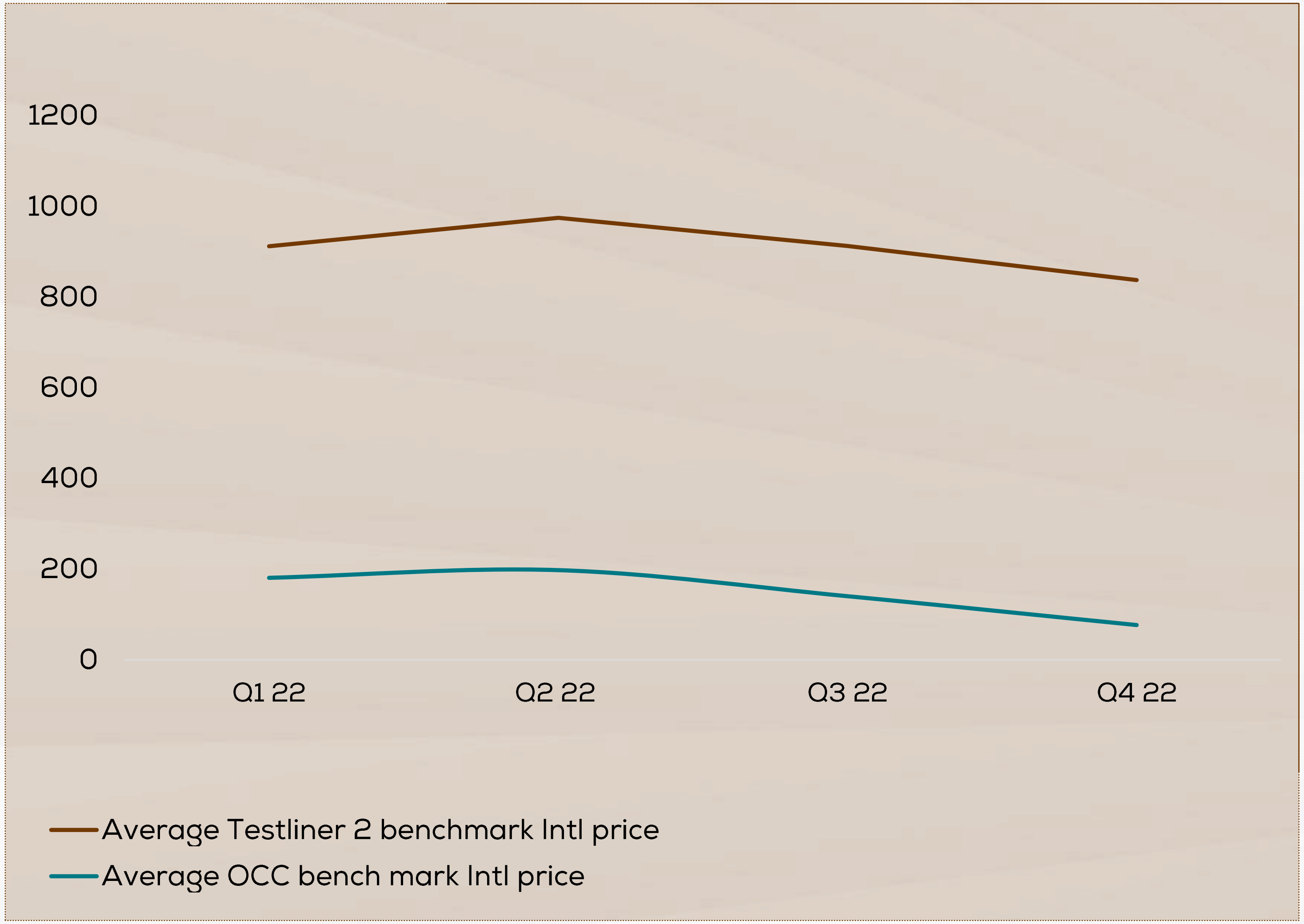




Net debt to EBITDA YoY decreased by 41 % as the restructuring of the loans that took place in Q1 22

International Prices and the Market Out look

Benchmarking with international prices for test liner 2 and OCC international price (**Europe**) *, USD/ton



Globally demand for containerboard is taking a flat direction, international prices are currently under pressure

While additional capacity coming on stream from paper mills globally in preparation for expected growth in demand and an end to the downward cycle that is being currently experienced

* RISI Pulp and Paper , Fast markets price reports

04

Growth Outlook

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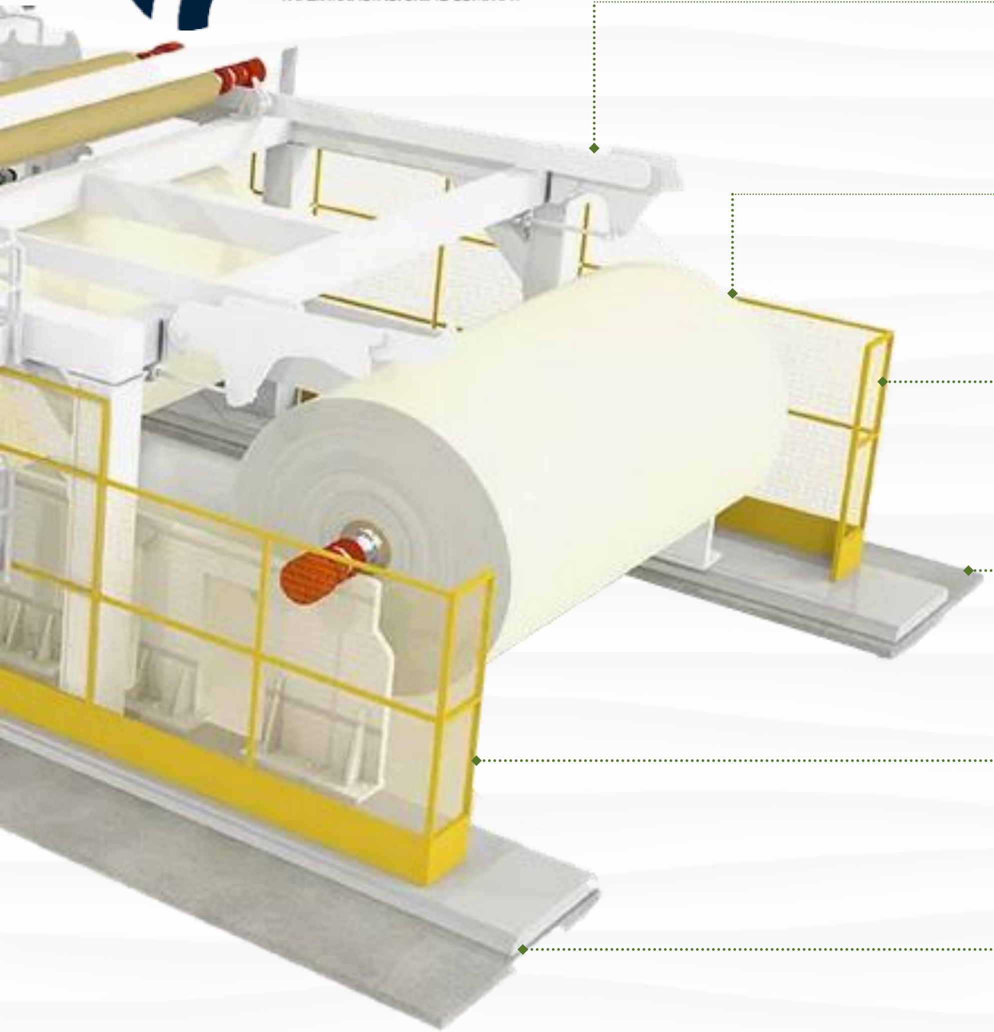
Outlook : JUTHOR Test Run April 2023

JUTHOR
PAPER MANUFACTURING COMPANY



FACTORY: Horizontal expansion in production of jumbo tissue rolls.

PRODUCTION VOLUME: 60,000 ton.

TECHNOLOGY APPLIED: State of the art tissue machinery supplied by TOSCOTEC.

LOCATION: Industrial Valley in King Abdullah Economic city.

Products : Kitchen Towels, Facial Tissues, Pocket Tissues, Napkins, C Fold

Estimated gross margin is 25%.

MEPCO

Middle East Paper Company

شركة الشرق الأوسط لصناعة وإنتاج الورق

Investor Relations Contact

E: investors@mepco.biz

WWW.mepco.biz

+966126380111