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

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

FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2025

MIDDLE EAST COMPANY FOR MANUFACTURING AND PRODUCING PAPER
(A SAUDI JOINT STOCK COMPANY)
UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2025

Table of contents	**Page**

Ernst & Young Professional Services (Professional LLC)
Paid-up capital (SR 5,500,000 – Five million five hundred thousand Saudi Riyal)
King's Road Tower, 13th Floor
King Abdul Aziz Road (Malek Road)
P.O. Box 1994
Jeddah 21441
Kingdom of Saudi Arabia
Head Office – Riyadh

C.R. No. 4030276644

Tel: +966 12 221 8400
Fax: +966 12 664 4408

ey.ksa@sa.ey.com
ey.com

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

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Middle East Company for Manufacturing and Producing Paper ("the Company") and its subsidiaries (collectively referred to as "the Group") as at 31 March 2025, and the related interim condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the three-month period then ended, and explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34") as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

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

Conclusion

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

for Ernst & Young Professional Services

J14
EY
سجل تجاري ٤٠٣٠٢٧٦٦٤٤
CR.4030276644
شركة إرنست ويونغ للخدمات المهنية
(مهنية ذات مسؤولية محدودة)
Ernst & Young Professional Services
(Professional LLC)

Ahmed Ibrahim Reda
Certified Public Accountant
License No. 356

Jeddah: 17 Thul-Qi'dah 1446H
15 May 2025G

MIDDLE EAST COMPANY FOR MANUFACTURING AND PRODUCING PAPER
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 2025

(Expressed in Saudi Riyals unless otherwise stated)

	Notes	*31 March 2025 (Unaudited)*	*31 December 2024 (Audited)*
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	**1,237,846,587**	1,241,079,841
Capital work in progress	6	**122,792,031**	27,621,024
Intangible assets		**20,105,034**	21,146,421
TOTAL NON-CURRENT ASSETS		**1,380,743,652**	1,289,847,286
CURRENT ASSETS			
Inventories		**165,518,338**	186,367,314
Trade receivables		**334,340,452**	338,341,685
Prepayments and other receivables		**10,714,001**	9,211,564
Other current assets	8	**152,746,279**	124,149,293
Cash and short-term deposits	9	**580,692,720**	610,683,119
TOTAL CURRENT ASSETS		**1,244,011,790**	1,268,752,975
TOTAL ASSETS		**2,624,755,442**	2,558,600,261
EQUITY AND LIABILITIES			
EQUITY			
Share capital	13	**866,666,650**	866,666,650
Share premium	13	**419,999,979**	419,999,979
Statutory reserve	14	**135,278,852**	135,278,852
Reserve for employees` share-based payments		**87,500**	-
Retained earnings		**189,613,564**	184,282,212
Equity attributable to equity holders of parent		**1,611,646,545**	1,606,227,693
Non-controlling interests		**(6,228,656)**	(6,194,341)
TOTAL EQUITY		**1,605,417,889**	1,600,033,352
LIABILITIES			
NON-CURRENT LIABILITIES			
Interest-bearing long-term borrowings	10	**320,723,992**	251,152,604
Lease liabilities	7	**28,334,727**	10,208,662
Employee defined benefits liabilities		**40,625,977**	41,452,198
TOTAL NON-CURRENT LIABILITIES		**389,684,696**	302,813,464
CURRENT LIABILITIES			
Interest-bearing long-term borrowings – current portion	10	**123,290,030**	129,759,552
Interest-bearing short-term borrowings	10	**297,512,998**	310,231,050
Trade and other payables		**178,517,477**	191,982,075
Other current liabilities		**6,084,726**	3,870,539
Zakat payable	11	**24,247,626**	19,910,229
TOTAL CURRENT LIABILITIES		**629,652,857**	655,753,445
TOTAL LIABILITIES		**1,019,337,553**	958,566,909
TOTAL EQUITY AND LIABILITIES		**2,624,755,442**	2,558,600,261

Group Executive Vice President - Finance

Group Chief Executive Officer

Chairman of the Board

The accompanying notes from 1 to 21 form an integral part of these interim condensed consolidated financial statements.

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

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

For the three-month period ended 31 March 2025

(Expressed in Saudi Riyals unless otherwise stated)

	Notes	*Three-month period ended 31 March* 2025 (Unaudited)	2024 (Unaudited) Restated (note 19
Revenue	4	**259,090,078**	243,452,946
Cost of revenue		**(225,143,395)**	(219,775,825)
GROSS PROFIT		**33,946,683**	23,677,121
Selling and distribution expenses		**(4,946,156)**	(5,574,771)
General and administrative expenses		**(20,586,423)**	(28,735,452)
Reversal (Impairment) of losses on financial assets		**3,899,773**	(680,187)
Other operating income, net		**916,800**	77,827
OPERATING PROFIT / (LOSS)		**13,230,677**	(11,235,462)
Finance costs		**(9,855,005)**	(8,387,338)
Finance income	9	**6,258,762**	7,044,942
PROFIT / (LOSS) BEFORE ZAKAT		**9,634,434**	(12,577,858)
Zakat expense	11.2	**(4,337,397)**	(6,135,819)
PROFIT / (LOSS) FOR THE PERIOD		**5,297,037**	(18,713,677)
Attributable to:			
Equity holders of the parent		**5,331,352**	(18,360,167)
Non-controlling interests		**(34,315)**	(353,510)
		5,297,037	(18,713,677)
OTHER COMPREHENSIVE INCOME			
Items not to be reclassified to statement of profit or loss in subsequent periods:			
Actuarial gain on re-measurement of employee benefit obligations		-	-
TOTAL COMPREHENSIVE INCOME/ (LOSS) FOR THE PERIOD		**5,297,037**	(18,713,677)
Attributable to:			
Equity holders of the parent		**5,331,352**	(18,360,167)
Non-controlling interests		**(34,315)**	(353,510)
		5,297,037	(18,713,677)
EARNING/ (LOSS) PER SHARE:			
Earning (loss) per share attributable to ordinary equity holders of the Parent (SR)			
- Basic and diluted	15	**0.06**	(0.21)

Group Executive Vice President - Finance | Group Chief Executive Officer | Chairman of the Board

The accompanying notes from 1 to 21 form an integral part of these interim condensed consolidated financial statements.

MIDDLE EAST COMPANY FOR MANUFACTURING AND PRODUCING PAPER (A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the three-month period ended 31 March 2025
(Expressed in Saudi Riyals unless otherwise stated)

	Attributable to equity holders of the Parent							
	Share capital	*Share premium*	*Statutory reserve*	*Reserve for employees' share-based payments*	*Retained earnings*	*Total*	*Non-controlling interests*	*Total equity*
At 31 December 2023 (Audited)	666,666,660	-	135,278,852	10,500,000	261,845,302	1,074,290,814	(6,087,404)	1,068,203,410
Loss for the period	-	-	-	-	(18,360,167)	(18,360,167)	(353,510)	(18,713,677)
Other comprehensive income for the period	-	-	-	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	-	(18,360,167)	(18,360,167)	(353,510)	(18,713,677)
Issue of share capital (note 13)	199,999,990	419,999,979	-	-	-	619,999,969	-	619,999,969
Addition to share-based payments	-	-	-	609,750	-	609,750	-	609,750
Settlement of share-based payments (note 12)	-	-	-	(10,500,000)	-	(10,500,000)	-	(10,500,000)
At 31 March 2024 (Unaudited)	866,666,650	419,999,979	135,278,852	609,750	243,485,135	1,666,040,366	(6,440,914)	1,659,599,452
At 31 December 2024 (Audited)	**866,666,650**	**419,999,979**	**135,278,852**	-	**184,282,212**	**1,606,227,693**	**(6,194,341)**	**1,600,033,352**
Profit/ (loss) for the period	-	-	-	-	5,331,352	5,331,352	(34,315)	5,297,037
Other comprehensive income / (loss) for the period	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	5,331,352	5,331,352	(34,315)	5,297,037
Addition to share-based payments	-	-	-	87,500	-	87,500	-	87,500
At 31 March 2025 (Unaudited)	**866,666,650**	**419,999,979**	**135,278,852**	**87,500**	**189,613,564**	**1,611,646,545**	**(6,228,656)**	**1,605,417,889**

Group Executive Vice President - Finance

Group Chief Executive Officer

Chairman of the Board

The accompanying notes from 1 to 21 form an integral part of these interim condensed consolidated financial statements.

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the three-month period ended 31 March 2025

(Expressed in Saudi Riyals unless otherwise stated)

	Note	*2025 (Unaudited)*	*2024 (Unaudited)*
OPERATING ACTIVITIES			
Profit / (loss) before zakat		**9,634,434**	(12,577,858)
Adjustments to reconcile profit/(loss) before zakat to net cash flows:			
Depreciation of property, plant and equipment	5	**30,466,545**	26,579,931
Amortization of intangible assets		**1,094,387**	16,818
Gain on property, plant and equipment disposal		**-**	(162,416)
(Reversal)/charge of allowance for impairment of trade receivables		**(3,899,773)**	680,187
Charge of allowance for slow moving inventories		**750,000**	750,000
Employee benefits provision		**1,473,182**	2,268,722
Employees share-based payments expense		**87,500**	609,750
Finance costs		**9,855,005**	8,387,338
Finance income	9	**(6,258,762)**	(7,044,942)
		43,202,518	19,507,530
Working capital changes:			
Decrease / (increase) in inventories		**20,098,976**	(18,112,313)
Decrease / (increase) in trade receivables		**7,901,006**	(11,872,697)
Increase in prepayments and other receivables		**(1,254,641)**	(4,285,985)
(Increase) / decrease in other current assets		**(28,596,986)**	12,448,315
Decrease in capital project advances		**-**	732,579
(Decrease) / increase in trade and other payables		**(16,033,687)**	25,097,145
Increase / (decrease) in other current liabilities		**2,214,187**	(2,159,489)
Cash from operations		**27,531,373**	21,355,085
Finance costs paid		**(5,372,536)**	(10,713,639)
Finance income received		**6,010,966**	195,041
Employee benefits paid		**(2,299,403)**	(1,135,986)
Net cash flows from operating activities		**25,870,400**	9,700,501
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	5	**(2,424,181)**	(5,972,870)
Purchase of intangible assets		**(53,000)**	-
Additions to capital work in progress	6	**(94,556,884)**	(15,952,742)
Proceeds from disposal of property, plant and equipment		**-**	162,431
Net cash flows used in investing activities		**(97,034,065)**	(21,763,181)
FINANCING ACTIVITIES			
Proceeds from issue of shares	13	**-**	619,999,969
Net change in short-term borrowings	10	**(16,060,561)**	31,737,106
Proceeds from long-term borrowings	10	**94,218,841**	30,000,000
Repayments of long-term borrowings	10	**(33,433,990)**	(26,733,993)
Payment of principal portion of lease liabilities	7	**(3,551,024)**	(993,833)
Net cash flows from financing activities		**41,173,266**	654,009,249
Net (decrease)/increase in cash and cash equivalents		**(29,990,399)**	641,946,569
Cash and cash equivalents at the beginning of the period	9	**610,683,119**	56,549,393
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	9	**580,692,720**	698,495,962

Group Executive Vice President - Finance	Group Chief Executive Officer	Chairman of the Board

The accompanying notes from 1 to 21 form an integral part of these interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

For the three-month period ended 31 March 2025

(Expressed in Saudi Riyals unless otherwise stated)

	2025 (Unaudited)	*2024 (Unaudited)*
SUPPLEMENTARY NON-CASH INFORMATION		
Finance charges capitalized in capital work in progress	**1,177,055**	1,708,691
Amortization of deferred finance charges	**625,424**	(1,743,778)
Transfers of capital work in progress to property, plant and equipment	**(562,932)**	-
Interest income receivable	**247,796**	-
Non-cash addition in right to use assets	**24,246,178**	-
Discounted interest on lease liabilities	-	249,036
Transaction costs related to issue of share capital (note 13)	-	10,500,000

Group Executive Vice President - Finance	Group Chief Executive Officer	Chairman of the Board

(Expressed in Saudi Riyals unless otherwise stated)

1 CORPORATE INFORMATION

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

The Company obtained its Unified No 7001404602 on 3 Rajab 1421H, corresponding to 30 September 2000. During the year 2012, the legal status of the Company converted from a limited liability company into a Saudi Closed Joint Stock Company. The Ministry of Commerce approved the conversion of the Company to a Saudi Closed Joint Stock Company by Ministerial Decision No. 44 dated 14 Safar 1433H (corresponding to 8 January 2012). The Company was converted to Saudi Joint Stock Company on 14 Rajab 1436H (3 May 2015). The Company's office is located at Jeddah, P.O. Box 22523, Jeddah 6272, As-Sororyah Distt, Kingdom of Saudi Arabia.

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

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

2 BASIS OF PREPARATION

2.1 Statement of compliance

The interim condensed consolidated financial statements for the three-month period ended 31 March 2025 have been prepared in accordance with International Accounting Standard 34 - Interim Financial Reporting ("IAS 34") as endorsed in the Kingdom of Saudi Arabia as well as other standards and pronouncements that are endorsed by Saudi Organization for Chartered and Professional Accountants ("SOCPA"). The Group has prepared the interim condensed consolidated financial statements on the basis that it will continue to operate as a going concern.

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

2.2 Basis of measurement

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

2.3 Functional and presentation currency

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

2.4 Material accounting judgements, estimates and assumptions

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

2.5 Material accounting policies

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

3 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED BY THE GROUP

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2024, except for the adoption of new standards effective as of 1 January 2025. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. One amendment apply for the first time in 2025, but do not have an impact on the interim condensed consolidated financial statements of the Group.

Lack of exchangeability - Amendments to IAS 21

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

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

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

(Expressed in Saudi Riyals unless otherwise stated)

4 SEGMENT INFORMATION

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

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

The executive management (Chairman of the Board of Directors and top management (Chief Executive Officer (CEO), Chief Operating Officer (COO) and Chief Financial Officer (CFO)) is the Chief Operating Decision Maker ("CODM") and monitor the operation results of its business units separately for the purpose of making decisions about resource allocation and performance assessment.

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

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

The following table presents segment information:

	Manufacturing	*Trading*	*Elimination*	*Total*
Results for the three-month period ended 31 March 2025 (Unaudited)				
Revenues	**252,197,595**	**70,269,837**	**(63,377,354)**	**259,090,078**
External customers	**252,197,595**	**6,892,483**	**-**	**259,090,078**
Segment profit before zakat	**15,837,425**	**(1,535,425)**	**(4,667,566)**	**9,634,434**
Zakat	**4,284,317**	**53,080**	**-**	**4,337,397**
Financial costs	**8,936,031**	**983,842**	**(64,868)**	**9,855,005**
Depreciation and amortization	**27,344,577**	**4,216,355**	**-**	**31,560,932**
Results for the three-month period ended 31 March 2024 (Unaudited)				
Revenues	234,437,172	59,642,925	(50,627,151)	243,452,946
External customers	234,437,172	9,015,774	-	243,452,946
Segment loss before zakat	(14,301,953)	(7,408,356)	9,132,451	(12,577,858)
Zakat	6,135,819	-	-	6,135,819
Financial costs	7,892,426	563,749	(68,837)	8,387,338
Depreciation and amortization	22,853,148	3,743,601	-	26,596,749
As of 31 March 2025 (Unaudited)				
Total assets	**3,207,154,732**	**121,813,344**	**(704,212,634)**	**2,624,755,442**
Total liabilities	**972,700,032**	**231,175,270**	**(184,537,749)**	**1,019,337,553**
As of 31 December 2024 (Audited)				
Total assets	3,125,037,944	127,136,559	(693,574,242)	2,558,600,261
Total liabilities	1,004,639,191	135,123,687	(181,195,969)	958,566,909

(Expressed in Saudi Riyals unless otherwise stated)

4 SEGMENT INFORMATION, (continued)

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

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

31 March 2025	***Manufacturing***	***Trading***	***Total***
Saudi Arabia	**186,399,744**	**6,892,483**	**193,292,227**
Other GCC Countries	**20,951,857**	-	**20,951,857**
Asia	**30,400,378**	-	**30,400,378**
Africa	**6,434,917**	-	**6,434,917**
Europe	**7,273,615**	-	**7,273,615**
Americas	**737,084**	-	**737,084**
	252,197,595	**6,892,483**	**259,090,078**
31 March 2024			
Saudi Arabia	189,256,430	9,015,774	198,272,204
Other GCC Countries	13,751,973	-	13,751,973
Asia	26,658,797	-	26,658,797
Africa	2,838,735	-	2,838,735
Europe	1,763,461	-	1,763,461
Americas	167,776	-	167,776
	234,437,172	9,015,774	243,452,946

(Expressed in Saudi Riyals unless otherwise stated)

5 PROPERTY, PLANT AND EQUIPMENT

	Land	*Right-of-use-assets (leasehold lands)*	*Right-of-use-assets (leasehold buildings)*	*Buildings and mobile cabinets*	*Machinery and equipment*	*Furniture and office equipment*	*Motor vehicles*	*Total*
Cost								
At 1 January 2025	137,398,877	51,561,623	10,449,001	288,273,283	1,895,152,898	28,758,910	35,263,233	**2,446,857,825**
Additions	-	22,129,971	2,116,207	233,533	541,106	776,542	873,000	**26,670,359**
Transfers from capital work-in-progress	-	-	-	-	557,402	5,530	-	**562,932**
31 March 2025	**137,398,877**	**73,691,594**	**12,565,208**	**288,506,816**	**1,896,251,406**	**29,540,982**	**36,136,233**	**2,474,091,116**
Depreciation								
At 1 January 2025	-	(32,834,669)	(9,168,039)	(92,287,899)	(1,025,244,962)	(18,301,900)	(27,940,515)	**(1,205,777,984)**
Depreciation charge	-	(2,007,853)	(464,692)	(2,912,076)	(23,734,769)	(709,105)	(638,050)	**(30,466,545)**
31 March 2025	-	**(34,842,522)**	**(9,632,731)**	**(95,199,975)**	**(1,048,979,731)**	**(19,011,005)**	**(28,578,565)**	**(1,236,244,529)**
Net book value								
At 31 March 2025 (Unaudited)	**137,398,877**	**38,849,072**	**2,932,477**	**193,306,841**	**847,271,675**	**10,529,977**	**7,557,668**	**1,237,846,587**

(Expressed in Saudi Riyals unless otherwise stated)

5 PROPERTY, PLANT AND EQUIPMENT (continued)

	Land	*Right-of-use-assets (leasehold lands)*	*Right-of-use-assets (leasehold buildings)*	*Buildings and mobile cabinets*	*Machinery and equipment*	*Furniture and office equipment*	*Motor vehicles*	*Total*
Cost								
At 1 January 2024	137,398,877	50,778,480	11,060,531	257,504,457	1,815,336,089	34,486,184	36,476,485	2,343,041,103
Additions	-	-	324,057	1,183,753	18,873,118	3,039,817	1,521,354	24,942,099
Transfers from capital work-in-progress	-	-	-	34,694,969	171,237,414	460,758	-	206,393,141
Disposals	-	-	(152,445)	-	(3,306,941)	(3,825)	(237,266)	(3,700,477)
Write off (refer note 5.1)	-	-	-	(5,109,896)	(106,986,782)	(9,224,024)	(2,497,340)	(123,818,042)
31 December 2024	137,398,877	50,778,480	11,232,143	288,273,283	1,895,152,898	28,758,910	35,263,233	2,446,857,824
Depreciation								
At 1 January 2024	-	(26,231,746)	(7,843,925)	(83,900,434)	(1,033,571,697)	(23,617,657)	(28,330,080)	(1,203,495,539)
Depreciation charge	-	(5,819,661)	(2,107,375)	(11,596,446)	(87,770,349)	(3,509,874)	(2,301,364)	(113,105,069)
Disposals	-	-	-	-	3,306,928	3,824	237,263	3,548,015
Write off (refer note 5.1)	-	-	-	3,208,981	92,790,156	8,821,807	2,453,666	107,274,610
31 December 2024	-	(32,051,407)	(9,951,300)	(92,287,899)	(1,025,244,962)	(18,301,900)	(27,940,515)	(1,205,777,983)
Net book value								
At 31 December 2024 (audited)	137,398,877	18,727,073	1,280,843	195,985,384	869,907,936	10,457,010	7,322,718	1,241,079,841

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

5.2 All land, buildings and mobile cabinets, machinery and equipment, furniture and office equipment relating to the Company are pledged as collateral to Saudi Industrial Development Fund (SIDF) as a first-degree pledge (refer note 10).

(Expressed in Saudi Riyals unless otherwise stated)

6 CAPITAL WORK IN PROGRESS

	Tissue mill factory (note a below)	*Plant and Machinery (note b below)*	*Paper Machine-5 (PM5) (note c below)*	*Total*
At 1 January 2024 (audited)	62,518,995	108,715,334	-	171,234,329
Additions	15,751,715	32,223,000	19,516,738	67,491,453
Transfers to property, plant and equipment (refer note 5)	(78,270,710)	(128,122,431)	-	(206,393,141)
Reclassification to consumable spare parts	-	(2,851,617)	-	(2,851,617)
Write off during the year	-	(1,860,000)	-	(1,860,000)
31 December 2024 (audited)	-	8,104,286	19,516,738	27,621,024
Additions	**2,711,792**	**73,640**	**92,948,507**	**95,733,939**
Transfers to property, plant and equipment (refer note 5)	-	**(562,932)**	-	**(562,932)**
31 March 2025 (Unaudited)	**2,711,792**	**7,614,994**	**112,465,245**	**122,792,031**

(a) Tissue mill factory

The project of the tissue mill factory ("TM4") amounted to SR 78 million located in King Abdullah Economic City, Rabigh under the wholly owned subsidiary Juthor Paper Manufacturing Company Limited, completed and commenced its production during the year 2024. During the period ended 31 March 2025, the Company started the construction process of the new tissue mill factory ("TM6"), as a new production line with expected value of SR 350 million. As at 31 March 2025, TM6 related costs amounted to SR 2.7 million. TM6 is expected to be completed by the end of 2026.

(b) Plant and Machinery

Capital work in progress as at 31 March 2025 includes costs incurred related to the ongoing projects for plant and machinery related to MEPCO and WASCO amounting to SR 7.6 million (31 December 2024: SR 8.1 million). During the period, certain projects related to improvements and enhancements of the existing product lines amounted of 0.5 million have been fully completed and started in its intended use. The remaining projects related to plant and machinery are expected to be fully completed during the year ending 31 December 2025. During the period ended 31 March 2025, finance costs amounting to Nil were capitalized as part of capital work-in-progress (year ended 31 December 2024: SR 3.3 million). Average capitalization rates that were used range from 5.8%-6.5% for the year ended 31 December 2024.

(c) Paper Machine-5 (PM5)

During the year 2024, the Group started construction process of a new production line ("PM5") under the newly established subsidiary namely "Al-Tadweer Al-Akhdar Industrial Company" with expected total value of SR 1,760 million. As at 31 March 2025, the project related costs were amounting to SR 112.4 million. PM5 is expected to be completed by 30 June 2027. During the period ended 31 March 2025, finance costs amounting to SR 1.1 were capitalized as part of capital work-in-progress (year ended 31 December 2024: Nil). Average capitalization rate used was 6.7% (31 December 2024: Nil)

(Expressed in Saudi Riyals unless otherwise stated)

7 LEASES

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

(a) Set out below are the carrying amounts of right-of-use assets recognized and the movements during the period:

	Leasehold land – included within PP&E (Note 5)	***Leasehold buildings – included within PP&E (Note 5)***	***Total***
As at 1 January 2025 (Audited)	**18,726,954**	**1,280,962**	**20,007,916**
Additions during the period	**22,129,971**	**2,116,207**	**24,246,178**
Depreciation expense	**(2,007,853)**	**(464,692)**	**(2,472,545)**
As at 31 March 2025 (unaudited)	**38,849,072**	**2,932,477**	**41,781,549**
As at 1 January 2024	24,546,615	3,216,725	27,763,340
Additions during the year	-	324,057	324,057
Modification during the year	-	(152,445)	(152,445)
Depreciation expense	(5,819,661)	(2,107,375)	(7,927,036)
As at 31 December 2024	18,726,954	1,280,962	20,007,916

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

	31 March 2025 (Unaudited)	*31 December 2024 (Audited)*
At the beginning of the period / year	**17,786,093**	24,905,561
Additions	**24,246,178**	324,057
Accretion of interest	**928,979**	939,213
Payments	**(4,480,003)**	(8,230,293)
Termination	**-**	(152,445)
At the end of the period / year	**38,481,247**	17,786,093

The scheduled maturities of the lease liabilities are as follows:

As at 31 March 2025	***Principal Amount***	***Interest***	***Net lease liabilities***
Current portion - *included within trade and other payables*	**11,920,883**	**(1,774,363)**	**10,146,520**
Non-current portion	**38,740,693**	**(10,405,966)**	**28,334,727**
	50,661,576	**(12,180,329)**	**38,481,247**

As at 31 December 2024	*Principal amount*	*Interest*	*Net lease liabilities*
Current portion - *included within trade and other payables*	8,144,465	(567,034)	7,577,431
Non-current portion	10,958,226	(749,564)	10,208,662
	19,102,691	(1,316,598)	17,786,093

(Expressed in Saudi Riyals unless otherwise stated)

8 OTHER CURRENT ASSETS

	Notes	*31 March 2025 (Unaudited)*	*31 December 2024 (Audited)*
Advances to suppliers		**118,869,226**	90,118,559
Advance against land	(a)	**32,330,000**	32,330,000
Advances to employees		**2,420,092**	2,573,773
		153,619,318	125,022,332
Less: Allowance for impairment loss on advances		**(873,039)**	(873,039)
Other assets		**152,746,279**	124,149,293

(a) During 2017, the management paid an amount of SR 32.3 million to acquire a land through public auction and classified it as land under property, plant and equipment account. Accordingly, the Court of appeal ruling of Makkah Region, issued a judgement to transfer this land to the name of Group. However, during 2021, the Company received certain information that the General Prosecution has banned the use and control of the land. During the year ended 31 December 2022, the Board has appointed a consultant to investigate and secure the land's title deed in the name of the Group. The Group's management consulted an external lawyer and is of the view that such a transfer in the name of the Group is a procedural aspect and would be completed soon. During the year 2024, all restrictions related to the former landlord have been cleared out and the procedural aspects for the transfer in the name of the Group are underway and expected to be completed in 2025.

9 CASH AND SHORT-TERM DEPOSITS

	31 March 2025 (Unaudited)	*31 December 2024 (Audited)*
Cash in hand	**1,138,674**	977,015
Cash at bank	**181,894,614**	299,076,353
Short term deposits	**397,659,432**	310,629,751
	580,692,720	610,683,119

Short-term deposits are placed with a local commercial bank with the original term of maturities up to three month and denominated in SR. Short-term deposits yield financial income at prevailing market rates of interest. During the period the Group earned SR 6.3 million on short-term deposits at the rate of return ranging between 5.60% to 6.00%.

At each reporting date, all bank balances are assessed to have low credit risk as they are held with reputable and high credit rating domestic and international banking institutions and there has been no history of default with any of the Group bank balance. Therefore, the probability of default based on forward looking factors and any loss given defaults are negligible.

(Expressed in Saudi Riyals unless otherwise stated)

10 LOANS AND BORROWINGS

(a) Long-term borrowings

	31 March 2025 (Unaudited)	*31 December 2024 (Audited)*
Saudi Industrial Development Fund (SIDF)loans - Principal	**153,300,000**	161,600,000
Accrued finance charges	**1,867,667**	1,058,467
Less: Deferred financial charges	**(6,935,040)**	(7,560,465)
SIDF loans (refer note a)	**148,232,627**	155,098,002
Islamic banking facilities (Tawarruq)	**293,172,021**	224,087,171
Accrued finance charges – Banks	**2,609,374**	1,726,983
Islamic banking facilities (Tawarruq) (refer note b)	**295,781,395**	225,814,154
Long-term borrowings	**444,014,022**	380,912,156
Current portion shown under current liabilities		
Borrowings - gross	**120,878,854**	129,178,854
Accrued finance charges	**4,477,041**	2,785,450
Less: Deferred financial charges	**(2,065,865)**	(2,204,752)
	123,290,030	129,759,552
Long term borrowings shown under non-current liabilities		
Borrowings - gross	**325,593,167**	256,508,317
Less: Deferred financial charges	**(4,869,175)**	(5,355,713)
	320,723,992	251,152,604
Long-term borrowings	**444,014,022**	380,912,156

Reconciliation of cash movement of borrowings	*31 March 2025 (Unaudited)*	*31 December 2024 (Audited)*
Balance at beginning of the year	**380,912,156**	464,761,416
Proceeds during the period/year	**94,218,841**	30,000,000
Repayment of principal instalments	**(33,433,990)**	(113,493,069)
Movement in accrued financial charges	**1,691,591**	(640,492)
Movement in deferred financial charges	**625,424**	284,301
Balance at the end of period /year	**444,014,022**	380,912,156

10 LOANS AND BORROWINGS, (continued)

(a) Long-term borrowings (continued)

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

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

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

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

(ii) During 2022, the Group has also obtained long-term credit facilities (Islamic Finance Tawarruq) from commercial banks amounting to SR 572 million. The Group has utilized of these facilities amounting to SR 198.9 million as of 31 March 2025 (31 December 2024: SR 224.1 million). These loans bear financial charges based on prevailing market rates in Kingdom of Saudi Arabia ("SIBOR"). These loans are repayable up to the year 2027.

During 2024 and 2025, the Group obtained long-term credit facilities (Islamic Finance Tawarruq) from commercial banks amounting to SR 1,380 million for the purpose of the initiation of new production lines i.e. PM5 and TM6. The Group has utilized of these facilities amounting to SR 94 million as of 31 March 2025. These loans bear financial charges based on prevailing market rates in Kingdom of Saudi Arabia ("SIBOR"). The Group has a re-payment grace period of 3 years, accordingly these loans will be repayable starting from 2028.

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

Long-term borrowings under Islamic banking facilities bears average interest rate of 6.57% (2024: 7.25%).

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

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

(b) Short-term borrowings

	31 March 2025 (Unaudited)	*31 December 2024 (Audited)*
Islamic banking facilities (Tawarruq)	**288,907,813**	304,968,375
Accrued financial charges	**8,605,185**	5,262,675
	297,512,998	310,231,050

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

The short-term borrowings under Islamic banking facilities bears average interest rate of 6.1% (31 December 2024: 6.9%).

(Expressed in Saudi Riyals unless otherwise stated)

11 ZAKAT

11.1 Components of zakat base

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

11.2 Provision for zakat

	31 March 2025 (Unaudited)	*31 December 2024 (Audited)*
At the beginning of the period/year	**19,910,229**	9,728,580
Provision for current period/year	**4,337,397**	16,216,680
Provision related to zakat assessment	-	3,351,305
Payments	-	(9,386,336)
At the end of the period/year	**24,247,626**	19,910,229

11.3 Status of assessments

Middle East Company for Manufacturing and Producing Paper("MEPCO")
The zakat assessments of the Parent ("MEPCO") are finalized for the years through 31 December 2022.

Years 2015 to 2018:

During year 2020, ZATCA issued its assessments to MEPCO for the years 2015 to 2018 claiming additional Zakat of SR 30 million, which was objected by the Company, and further escalated to the Tax Violation & Disputes Resolution Committee ("TVDRC"), who decision, issued during year 2024, came partially in favor of the Company, reducing ZATCA's claim by SR 18 million. Accordingly, the Company further escalated its case to the Tax Violation & Disputes Appeal Committee ("TVDAC").

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

Year 2023
During 2024, ZATCA started sending queries which were answered by the Company, no official assessment issued yet.

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

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

The zakat declarations of WASCO till 2024 are currently under review by ZATCA and unrestricted zakat certificates have been obtained till 30 April 2026.

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

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

(Expressed in Saudi Riyals unless otherwise stated)

12 RESERVE FOR EMPLOYEES' SHARE-BASED PAYMENTS

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

13 SHARE CAPITAL AND SHARE PREMIUM

During 2024, the Company's authorized and issued share capital is SR 866.67 million (2023: SR 666.67 million) consists of 86.67 million (2023: 66.67 million) fully paid shares of SR 10 each. In accordance with the share subscription agreement signed between MEPCO and Public Investment Fund (PIF) dated 31 July 2023, MEPCO increased its capital from SR 666,666,660 to SR 866,666,650 with the suspension of pre-emptive rights, by issuing 19,999,999 new ordinary shares (representing 30% of MEPCO's current capital), with a nominal value of SR 10 per share (the "New Shares") after approval of MEPCO's extra-ordinary general assembly on 28 December 2023.

On 04 January 2024, the new share capital has issued, and PIF has paid to MEPCO a subscription amount of SR 31.50 per new share being a total subscription amount of SR 629,999,969. The transaction charges of SR 10 million are deducted upfront from the subscription proceeds and the Company received net amount of SR 619,999,969. After the full subscription of new shares by PIF, its ownership in MEPCO's share capital becomes 23.08% after the capital increased. Management has updated its commercial registration on 07 February 2024.

14 STATUTORY RESERVE

In accordance with the previous Company's By-laws, the Group used to be required to maintain a statutory reserve equal to a maximum of 30% of its share capital. According to the latest update in the companies' law in KSA, the mandatory statutory reserve requirement had been abolished. On 15 Jumada Al-Alkhirah1445H (corresponding to 28 December 2023), the Company's General Assembly approved amending the Company's bylaws to comply with the new Companies' Law, to remove the article of the bylaws related to Company's statutory reserve. Based on that, the Board of Directors recommended to the general assembly to approve the transfer of the entire statutory reserve to retained earnings which amounted of SR 135,278,852 as at December 2023. The Group's Assembly General Meeting didn't issue any resolution to transfer such outstanding statutory reserve up to date.

15 EARNING/ (LOSS) PER SHARE

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

	Three-month period ended	
	31 March 2025 (Unaudited)	*31 March 2024 (Unaudited)*
Profit / (loss) attributable to equity holders of the Parent Company	**5,331,352**	**(18,360,167)**
Weighted average number of shares	**86,666,666**	**86,666,666**
Basic and diluted earning/(loss) per share (SR per share)	**0.06**	**(0.21)**

16 FAIR VALUE OF ASSETS AND LIABILITIES

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

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

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

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

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

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

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

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

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

17 COMMITMENT, CONTIGENCIES AND LITIGATION

(a) At 31 March 2025, the Group had outstanding letters of credit of SR 532 million (31 December 2024: SR 23 million) and letters of guarantee of SR 1 million (31 December 2024: SR 1 million) that were issued in the normal course of the business.

(b) The capital expenditure contracted by the Group but not incurred till 31 March 2025 was approximately SR 629 million (31 December 2024: SR 16 million).

(c) During the year ended 31 December 2024, a labor case was filed against the Company by a former employee of the Company with additional claim not exceeding SR 19 million. According to the opinion of the Company’s external legal counsel, the management is confident of winning the case and it is expected that the ultimate outcome will not result in any cash outflow other than what has already been settled. During the period ended 31 March 2025, first level of the court dismissed the former employee’s request and the court’s conclusion was in favor of the Company. Accordingly, no provision has been recorded in the interim condensed consolidated financial statements

(d) One of the Group's subsidiaries was previously involved in litigation with the General Authority for Competition, where the Administrative Court of Appeal ruled in its favor. However, the Supreme Administrative Court has overturned this ruling and referred the case back to the Administrative Court of Appeal for a new judgment. Given this development and based on the management assessment and the legal view the management recorded SR 10 million, recognizing the ongoing legal uncertainty and in accordance with International Accounting Standards ("IAS") 37 Provisions, Contingent Liabilities and Contingent Assets.

(Expressed in Saudi Riyals unless otherwise stated)

17 COMMITMENT, CONTIGENCIES AND LITIGATION (Continued)

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

18 RELATED PARTY TRANSACTIONS AND BALANCES

18.1 Key management compensation

Compensation for key management is as follows:

	Three-month period ended	
	31 March 2025 (Unaudited)	*31 March 2024 (Unaudited)*
Short-term benefits	**2,976,564**	3,753,447
Post-employment benefits	**117,770**	665,437
Termination benefits	**104,583**	200,886
	3,198,917	4,619,770

Compensation to key management personnel includes salaries, contributions to post-employment defined benefit plan and employees' share-based payments (refer note 12).

18.2 Related party transaction

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

			Three-month period ended	
Related party	***Description of transaction***	***Relationship***	***31 March 2025 (Unaudited)***	*31 March 2024 (Unaudited)*
Arabian Maize Company for Industry	Purchase of raw material	Company of chairman board of directors	**3,934,035**	5,474,120
Directors	Directors' remuneration	Directors	**1,838,333**	1,498,412

18.3 Related parties' balances

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

	31 March 2025 (Unaudited)	*31 December 2024 (Audited)*
Advances to key management personnel	**85,000**	148,750
Accrued directors' remuneration	**453,333**	1,425,603
Arabian Maize Company for Industry	**(2,697,624)**	(1,381,208)

(Expressed in Saudi Riyals unless otherwise stated)

19 COMPARATIVE FIGURES

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

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

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

b) Management has reassessed the classification of shipping and delivery costs based on the requirements of IFRS 15 'Revenue from contracts with customers. Accordingly, based on the management assessment, the Group has a performance obligation i.e., sale of goods, in addition to a promise to transfer/deliver the goods which shall be classified in cost of sales as it represents costs to fulfil the revenue obligation instead of classified in selling and distribution expenses. Consequentially, prior year shipping and delivery cost amounting to SR 8.8 million has been reclassified from selling and distribution expenses to cost of sales to conform with the current year presentation. Such reclassification changes do not affect previously reported profit or equity. Reclassification in the statement of profit or loss and other comprehensive income for the period ended 31 March 2024 is summarized below:

	As previously reported	*Impact of reclassification*	***As currently reported***
Cost of Sales	210,944,782	8,831,043	**219,775,825**
Gross profit	32,508,164	(8,831,043)	**23,677,121**
Selling and distribution expenses	14,405,814	(8,831,043)	**5,574,771**

20 EVENTS AFTER THE REPORTING PERIOD

There have been no significant subsequent events since the period ended 31 March 2025, which would have a material impact on the financial position of the Group as reflected in these interim condensed consolidated financial statements

21 AUTHORISATION OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

These interim condensed consolidated financial statements were authorized for issue by the Company's Board of Directors on 14 Thul-Qi'dah 1446H (corresponding to 12 May 2025G).