



Middle East Paper Company
شركة الشرق الأوسط لصناعة وإنتاج الورق

EARNINGS RELEASE

Q1 2025

Middle East Paper Company, MEPCO, posted a Total Net Income figure of SAR 5.3 Mil profit, for the first quarter of 2025, marking a 128% increase from the same quarter of 2024.

Key Highlights

Total Revenue Increased 6%, reached to SAR 259.1 Mil (Q1 2025), comparing to the same period last year which was SAR 243.5 Mil (Q1 2024).

Gross Profit Increased 43%, reaching SAR 33.9 Mil (Q1 2025), comparing to the same period last year which was SAR 23.7 Mil (Q1 2024).

Net Income Reached SAR 5.3 Mil profit (Q1 2025), a 128% increase comparing to the same period last year which was SAR 18.7 Mil loss (Q1 2024).

Total Comprehensive Income Reached SAR 5.3 Mil profit (Q1 2025), a 128% increase comparing to the same period last year which was SAR 18.7 Mil loss (Q1 2024).

Jeddah, Saudi Arabia | 13th May 2025

Middle East Paper Company, MEPCO, recorded significant year-on-year growth across key drivers, with revenue increasing 6% to reach SAR 259.1 Mil. This rise was as a result of higher selling prices, coupled with a 10% improvement in global prices for paper and tissue, despite a slight decline in quantities sold in comparison to 2024. This rise in revenue helped increase gross profit by 43%, reaching SAR 33.9 Mil, and pushed Net Profit up to SAR 5.3 Mil, a remarkable 128% rise from the SAR 18.7 Mil loss experienced in Q1 of 2024.

Musab Sulaiman Al-Muhaidib, Chairman of the Board of Directors of the Middle East Paper Company, commented:

For over 2 decades, MEPCO has been a pioneering force in the Saudi circular economy. The launch of Saudi Arabia's green initiative, as outlined in Vision 2030, has meant that we readjusted our priorities to ensure the achievement of this as one of our main goals. We continue to pursue our ambition to move towards sustainable business development in the paper and recycled waste sector. The Public Investment Fund's investment in MEPCO in 2024 is testament to the strength in depth of the Company, and the continued growth potential. This will also give us greater opportunities for continued reinvestment in MEPCO to increase production, raise operational efficiency and drive our vision to support environmental sustainability through recyclable products we manufacture, specifically in the paper sector.

The performance witnessed over the 1st quarter of 2025 showed positive signs, with prices continuing to rise, which reflected positively in our top line figures, despite the reduction in quantities sold. This meant that unlike a year ago, we turned our losses around to post a profit for the quarter. We will, of course, look to continue on this upward trajectory, in line with our Company strategy, as we continue through 2025.

We remain steadfast in our commitment to sustainable, long-term growth, maintaining our market leading position, not just in Kingdom, but the wider regions we serve, and ensuring maximum value creation for our stakeholders.

Eng. Faisal Haddawi, Group President of the Middle East Paper Company, commented:

We are pleased to report that MEPCO achieved a total revenue of SAR 259 Mil in the first quarter of 2025, marking a 6% increase compared to the same period last year. This growth was underpinned by strong performance in both the containerboard and tissue paper sectors.

In the containerboard segment, revenue grew by 4%, driven by a notable 31% increase in export revenue, despite a 4% decline in overall volumes. This demonstrates our success in capitalizing on improved market pricing and optimizing our export mix. Local volumes declined by 12%, but we were able to offset this through enhanced pricing and operational efficiency. During the quarter, we managed to absorb a 50% increase in heavy fuel oil (HFO) costs, equivalent to a substantial additional burden on production. Nevertheless, through effective cost-control initiatives and better asset utilization, we successfully preserved profitability within the segment.

Meanwhile, in the tissue paper sector, revenue grew by 19%, supported by a remarkable 507% increase in export sales and a 524% increase in export volumes. The domestic market continues to be our backbone, contributing 88% of the sector's revenue. Locally, we achieved a 4% increase in quantity sold and a 7% improvement in revenue, driven by more favorable pricing and stronger customer demand.

Overall, the first quarter reflects the strength of our strategy and our ability to adapt in the face of cost pressures. By continuing to focus on operational excellence and strategic market positioning, we successfully turned last year's Q1 loss into a net profit, reinforcing our momentum as we progress through 2025.

Income Statement Summary

by value in (SAR)

	Three-month period ended		YoY % Change
	31-Mar		
	2025 (Unaudited)	2024 (Unaudited)	
Revenue	259,090,078	243,452,946	6%
Cost of revenue	-225,143,395	-219,775,825	2%
GROSS PROFIT	33,946,683	23,677,121	43%
Selling and distribution expenses	-4,946,156	-5,574,771	-11%
General and administrative expenses	-20,586,423	-28,735,452	-28%
Reversal/(Impairment) of losses on financial assets	3,899,773	-680,187	673%
Other operating income, net	916,800	77,827	1078%
OPERATING PROFIT / (LOSS)	13,230,677	-11,235,462	218%
Finance costs	-9,855,005	-8,387,338	17%
Finance income	6,258,762	7,044,942	-11%
PROFIT / (LOSS) BEFORE ZAKAT	9,634,434	-12,577,858	177%
Zakat expense	-4,337,397	-6,135,819	-29%
PROFIT / (LOSS) FOR THE PERIOD	5,297,037	-18,713,677	128%
Attributable to:			
Equity holders of the parent	5,331,352	-18,360,167	129%
Non-controlling interests	-34,315	-353,510	-90%
	5,297,037	-18,713,677	128%
OTHER COMPREHENSIVE INCOME			
<i>Items not to be reclassified to statement of profit or loss in subsequent periods:</i>			
Actuarial gain on re-measurement of employee benefit obligations	-	-	
TOTAL COMPREHENSIVE INCOME/ (LOSS) FOR THE PERIOD	5,297,037	-18,713,677	128%
Attributable to:			
Equity holders of the parent	5,331,352	-18,360,167	129%
Non-controlling interests	-34,315	-353,510	-90%
	5,297,037	-18,713,677	128%
EARNING/ (LOSS) PER SHARE:			
Earning/(loss) per share attributable to ordinary equity holders of the Parent (SR)			
- Basic and diluted	0.06	-0.21	129%

Gross profit for Q1 2025, increased by 43%, reaching SAR 33.9 Mil in the first quarter of 2025, as compared to SAR 23.7 Mil which accrued the same period last year. This increase was driven by a 6% rise in revenue amounted to SAR 259 Mil, although partially offset by a 2% increase in cost of revenue, which hit SAR 225 Mil.

Operating profit amounted to SAR 13.2 Mil, rising 218% in comparison to the SAR 11.2 Mil loss witnessed in 2024. This was primarily driven by a significant 1,078% increase in other operating income reached SAR 916 K, up from SAR 78 K the previous year, a 673% reversal of losses, and partially driven by a 28% decrease in general and administrative expenses which dropped to SAR 20.6Mil from SAR 28.7Mil, along with an 11% decrease in selling and distribution expenses.

Despite a 17% increase in finance costs, and a reduction in finance income of 11%, MEPCO achieved a 177% increase in Profit before Zakat, reaching SAR 9.6Mil at the end of Q1 2025. A reduction of 29% in Zakat expenses meant that the Company increased Profit for the period by 128%, hitting SR 5.3Mil in comparison to the SAR 18.7Mil loss the previous year.

Balance Sheet Summary

by value in (SAR)

	<u>31-Mar</u> <u>2025</u> <u>(Unaudited)</u>	<u>31-Dec</u> <u>2024</u> <u>(Audited)</u>	<u>%</u> <u>Change</u>
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	1,237,846,587	1,241,079,841	-0.26%
Capital work in progress	122,792,031	27,621,024	344.56%
Intangible assets	20,105,034	21,146,421	-4.92%
TOTAL NON-CURRENT ASSETS	1,380,743,652	1,289,847,286	7.05%
CURRENT ASSETS			
Inventories	165,518,338	186,367,314	-11.19%
Trade receivables	334,340,452	338,341,685	-1.18%
Prepayments and other receivables	10,714,001	9,211,564	16.31%
Other current assets	152,746,279	124,149,293	23.03%
Cash and short-term deposits	580,692,720	610,683,119	-4.91%
TOTAL CURRENT ASSETS	1,244,011,790	1,268,752,975	-1.95%
TOTAL ASSETS	2,624,755,442	2,558,600,261	2.59%
EQUITY AND LIABILITIES			
EQUITY			
Share capital	866,666,650	866,666,650	“-“
Share premium	419,999,979	419,999,979	“-“
Statutory reserve	135,278,852	135,278,852	“-“
Reserve for employees' share-based payments	87,500	-	100%
Retained earnings	189,613,564	184,282,212	2.89%
Equity attributable to equity holders of parent	1,611,646,545	1,606,227,693	0.34%
Non-controlling interests	-6,228,656	-6,194,341	0.55%
TOTAL EQUITY	1,605,417,889	1,600,033,352	0.34%

LIABILITIES**NON-CURRENT LIABILITIES**

Interest-bearing long-term borrowings	320,723,992	251,152,604	27.70%
Lease liabilities	28,334,727	10,208,662	177.56%
Employee defined benefits liabilities	40,625,977	41,452,198	-1.99%
TOTAL NON-CURRENT LIABILITIES	389,684,696	302,813,464	28.69%

CURRENT LIABILITIES

Interest-bearing long-term borrowings – current portion	123,290,030	129,759,552	-4.99%
Interest-bearing short-term borrowings	297,512,998	310,231,050	-4.10%
Trade and other payables	178,517,477	191,982,075	-7.01%
Other current liabilities	6,084,726	3,870,539	57.21%
Zakat payable	24,247,626	19,910,229	21.78%
TOTAL CURRENT LIABILITIES	629,652,857	655,753,445	-3.98%
TOTAL LIABILITIES	1,019,337,553	958,566,909	6.34%
TOTAL EQUITY AND LIABILITIES	2,624,755,442	2,558,600,261	2.59%

At the end of Q1 2025, total assets reached SAR 2.6 Billion, an increase of 2.59% as compared to the end of Q4 of 2024, driven mainly by a significant increase in Capital work in progress which rose to SAR 122.8 Mil from SAR 27.6 Mil the year before, complimented by a 23% increase, equivalent to SAR 28.6 Mil, in other current assets and 16% increase in prepayments and other receivables, partially offset by a reduction in inventories of 11% and a 4.9% reduction in cash and short-term deposits.

Total Equity and Liabilities reached SAR 2.62 Billion, up from SAR 2.56 Billion at the end of the previous quarter, primarily driven by a 6% increase in total liabilities, which reached SAR 1.02 Billion, a 28.7% increase in non-current liabilities which hit SAR 389.7 Mil, partially offset by a 4% decrease in total current liabilities, which amounted to SAR 629.7 Mil, down from SAR 655.8 Mil the year before.

Debt Analysis

By value in (SAR “000”)

	March 2025	December 2024	Change %
STL	297,513	310,231	-4%
MTL*	444,014	380,912	17%
Total debt	741,527	691,143	7%
Cash Balance	580,693	610,683	-5%
Net debt	160,834	80,460	100%
Equity**	1,605,418	1,600,033	0%
Debt/Equity (x)	0.46	0.43	7%
Net debt/Equity (x)	0.10	0.05	100%

* MTL includes Current Portion of Term Loans and net-off Deferred Finance Charges (DFC)

** Total Equity including Non-Controlling Interest with value of SR (6,2) Mil.

About MEPCO

The Middle East Paper Company (MEPCO) is the region's leading vertically integrated paper manufacturer, delivering a comprehensive portfolio of containerboard and specialty paper solutions tailored to the packaging, construction, furniture, and paper core industries. With a steadily expanding global presence across more than 40 countries—including key markets in the Middle East, Africa, South Asia, the Americas, and Europe—MEPCO is positioned as a trusted supplier to a broad international customer base.

Leveraging advanced, resource-efficient manufacturing technologies, MEPCO integrates sustainability into its core operations, achieving measurable environmental and economic impact. Through its wholly owned subsidiaries—WASCO, Estidama, Al-Tadweer, and Juthor—the company maintains secure, regionally sourced raw material streams, strengthening supply chain resilience while contributing to the diversification and advancement of the Saudi economy.

MEPCO is publicly listed on the Saudi Exchange (Tadawul) under the symbol **MEPCO 1202**. To learn more, please visit www.mepco.biz.

Investor Relations contacts

Email: investors@mepco.biz

Phone: +966 12 6380111