

EARNINGS RELEASE

Q2 2025

Middle East Paper Company, MEPCO, posted a Total Net Income figure of SAR 5.2m, for the second quarter of 2025, marking a 29% increase from the same quarter of 2024.

Key Highlights

Total Revenue amounted to SAR 275.1m, up from SAR 255.1m the previous year, an 8% increase.

Operational Profit increased 55%, reaching SAR12.0m, up from SAR7.7m in the same period of 2024.

Net Income (attributable to the equity holders) hit SAR 5.2m, a 29% increase from the SAR 4.0m witnessed in Q2 2024.

Total Comprehensive Income amounted to SAR 6.0m, an increase of 47% from the SAR4.1m profit posted in the same quarter of 2024

Jeddah, Saudi Arabia | 3rd August 2025

Middle East Paper Company, MEPCO, recorded impressive performance figures across key drivers for both the same quarter of the previous year, and with regards to the period, with revenue increasing 8% when comparing Q2 of 2025 to Q2 of 2024 to reach SAR 275.1m. This rise was driven by higher demand for the company's products, improved average selling prices, and continued stability in the supply chain and production, which contributed to enhanced operational efficiency and stronger sales figures. When comparing the current period to that of last year, revenues grew by 7% to reach SAR 534.2m, compared to SAR 498.5m, mainly due to an increase in sales volume and improved operational and production efficiency, supported by effective resource management and enhanced responsiveness to market needs. Although Gross Profit declined by 15% year-on-year when comparing Q2 of 2025 to that of 2024, dropping from SAR 43.9m to SAR 37.1m, overall, and when comparing the periods, it increased 5% to reach SAR 71.0m, up from SAR 67.5m in 2024. The performance improvements meant Net Income attributable to the equity holders improved 29% when comparing quarters to reach SAR 5.2m, up from the SAR 4.0m in Q2 of 2024, and for the period improved 174% to reach SAR 10.6m from the SAR 14.3m loss in the first half of the previous year.

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

MEPCO remains at the forefront of Saudi Arabia's circular economy, proudly marking over two decades of industry leadership. As we align our strategic priorities with the Kingdom's ambitious Green Initiative and Vision 2030, we remain steadfast in our commitment to environmental sustainability and sustainable business development within the paper and recycled waste sectors.

Our journey continues with renewed vigour following the Public Investment Fund's (PIF) significant investment in MEPCO in 2024, an endorsement of our robust foundations and long-term growth potential. This partnership not only reinforces market confidence in MEPCO but also enables increased reinvestment to expand production capacity, enhance operational efficiency, and accelerate the delivery of innovative, recyclable paper products that support a more sustainable future.

As we close the first half of 2025, MEPCO is seeing marked performance improvements across key operational metrics. Our efforts to optimize efficiency have led to a notable reduction in expenses, helping offset the impact of narrower gross margins. Strong product demand has been a driving force in reversing the losses experienced during 2024, translating into meaningful growth and financial recovery.

Looking ahead, MEPCO remains dedicated to building a resilient, sustainable business—reinforcing our market-leading position both within the Kingdom and across the broader region. We remain committed to generating long-term value for our stakeholders and advancing Saudi Arabia's vision for a greener, more sustainable economy.

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

It is a privilege to present the robust performance MEPCO has delivered, with total revenue for the period reaching SAR 534.2 million, representing a solid year-over-year growth of 7% compared to the first half of 2024. This performance was underpinned by sustained demand across our diversified product portfolio, enhanced operational reliability, and a continued emphasis on disciplined resource management.

Within our core containerboard segment, revenue expanded by 6%, driven by a favorable pricing environment and increased sales volumes. This reflects MEPCO's agility in responding to market dynamics while maintaining cost competitiveness.

These results validate the effectiveness of our strategic roadmap and reaffirm our unwavering commitment to long-term value creation for our shareholders. Through rigorous cost discipline, commercial excellence, and optimized utilization of our operational footprint, MEPCO continues to strengthen its financial position and reinforce its standing as a leading and trusted manufacturer in the regional paper industry.

Income Statement Summary

by value in (SAR)

	Three-month period ended			Six-month period ended		
	30-Jun		YoY Change	30-Jun		YoY Change
	2025 (unaudited)	2024 Restated (unaudited)		2025 (unaudited)	2024 Restated (unaudited)	
Revenue	275,129,510	255,076,049	8%	534,219,588	498,528,995	7%
Cost of revenue	-238,068,071	-211,218,759	13%	-463,211,466	-431,000,341	7%
GROSS PROFIT	37,061,439	43,857,290	-15%	71,008,122	67,528,654	5%
Selling and distribution expenses	-4,852,582	-5,509,588	-12%	-9,798,738	-11,078,602	-12%
General and administrative expenses	-24,298,793	-28,909,862	-16%	-44,885,215	-57,645,314	-22%
Reversal/(Impairment) of losses on financial assets	-1,381,039	-3,282,801	-58%	2,518,733	-3,962,988	-164%
Other operating income, net	5,423,226	1,553,646	249%	6,340,026	1,631,473	289%
OPERATING PROFIT/(LOSS)	11,952,251	7,708,685	55%	25,182,928	-3,526,777	814%
Finance costs	-9,079,306	-7,132,868	27%	-18,934,311	-15,520,206	22%
Finance income	6,031,967	8,818,696	-32%	12,290,729	15,863,638	-23%
INCOME/(LOSS) BEFORE ZAKAT	8,904,912	9,394,513	-5%	18,539,346	-3,183,345	682%
Zakat expense	-3,857,290	-5,930,258	-35%	-8,194,687	-12,066,077	-32%
INCOME/(LOSS) FOR THE PERIOD	5,047,622	3,464,255	46%	10,344,659	-15,249,422	168%
Attributable to:						
Equity holders of the parent	5,225,375	4,038,532	29%	10,556,727	-14,321,635	174%
Non-controlling interests	-177,753	-574,277	-69%	-212,068	-927,787	77%
	5,047,622	3,464,255	46%	10,344,659	-15,249,422	168%
OTHER COMPREHENSIVE INCOME						
<i>Items not to be reclassified to statements of profit or loss in subsequent periods:</i>						
Actuarial gain on re-measurement of employee benefit obligations	723,351	28,651	2425%	723,351	28,651	2425%
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD	5,770,973	3,492,906	65%	11,068,010	-15,220,771	173%
Attributable to:						
Equity holders of the parent	5,969,554	4,067,161	47%	11,300,906	-14,293,006	179%
Non-controlling interests	-198,581	-574,255	-65%	-232,896	-927,765	-75%
	5,770,973	3,492,906	65%	11,068,010	-15,220,771	173%
EARNINGS/(LOSS) PER SHARE:						
Earnings/(loss) per share attributable to ordinary equity holders of the Parent						
- Basic and diluted	0.06	0.05	20%	0.12	-0.17	171%

When comparing Q2 2025 with the same quarter of 2024, gross profit decreased 15%, down from SAR 43.9m in 2024 to SAR 37.1m, driven by a 13% increase in costs, offset by an 8% increase in revenue, which amounted to SAR 275.1m in 2025. More favorably, however, when looking at the figures for the period, 2025 witnessed a 5% increase in gross profit, with revenue reaching SAR 534.2m, a 7% increase from SAR 498.5m in 2024, offset by costs which increased 7% also, and amounted to SAR 463.2m, up from SAR 431.0m the previous year.

Operating profit witnessed a 55% increase compared to Q2 2024, driven by a significant 249% in other income, which amounted to SAR 5.4m in 2025, compared to SAR 1.5m the previous year, complimented by a 12% reduction in selling and distribution costs, a 16% reduction in general and administrative costs, and a 58% reduction in impairment of losses compared to the same quarter of 2024. When comparing the period with that of the previous year, operating profit increased a substantial 814% from the SAR 3.5m loss in 2024 to hit a SAR 25.1m profit, as a result of a 289% increase in other income which increased from SAR 1.6m in 2024 to SAR 6.3m this year, a 12% reduction in selling and distribution expenses, a 22% reduction in general and administrative costs, and a SAR 2.5m reversal of losses as compared to the SAR 4.0m impairment in 2024.

Whilst income before Zakat reduced 5% for the second quarter of 2025 as a result of a 27% increase in finance costs, and a 32% decrease in finance income, a 35% reduction in Zakat expenses meant MEPCO posted a Net Income figure of SAR 5.0m in Q2 2025, a 46% increase from the SAR 3.5m posted in 2024. When comparing the 1st half of 2025 with that of the previous year, the Company reversed the SAR 15.2m loss in 2024 to post a positive figure of a SAR 10.3m profit, marking a 168% increase year on year, driven by a 32% reduction in Zakat, offset by a 22% increase in finance costs and a 23% reduction in finance income.

Balance Sheet Summary

by value in (SAR)

	30-Jun 2025 (Unaudited)	31-Dec 2024 (Audited)	% Change
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	1,219,527,909	1,241,079,841	-2%
Capital work in progress	152,341,407	27,621,024	452%
Intangible assets	19,150,534	21,146,421	-9%
TOTAL NON-CURRENT ASSETS	1,391,019,850	1,289,847,286	8%
CURRENT ASSETS			
Inventories	178,788,980	186,367,314	-4%
Trade receivables	341,209,448	338,341,685	1%
Prepayments and other receivables	10,124,569	9,211,564	10%
Other current assets	143,756,263	124,149,293	16%
Cash and short-term deposits	551,485,789	610,683,119	-10%
TOTAL CURRENT ASSETS	1,225,365,049	1,268,752,975	-3%
TOTAL ASSETS	2,616,384,899	2,558,600,261	2%
EQUITY AND LIABILITIES			
EQUITY			
Share capital	866,666,650	866,666,650	0%
Share premium	419,999,979	419,999,979	0%
Statutory reserve	-	135,278,852	-100%
Retained earnings	330,861,970	184,282,212	80%
Equity attributable to equity holders of parent	1,617,528,599	1,606,227,693	1%
Non-controlling interests	-6,427,237	-6,194,341	4%
TOTAL EQUITY	1,611,101,362	1,600,033,352	1%
LIABILITIES			
NON-CURRENT LIABILITIES			
Interest-bearing long-term borrowings	289,079,797	251,152,604	15%
Lease liabilities	25,941,208	10,208,662	154%
Employee defined benefits liabilities	38,664,354	41,452,198	-7%
TOTAL NON-CURRENT LIABILITIES	353,685,359	302,813,464	17%
CURRENT LIABILITIES			
Interest-bearing long-term borrowings – current portion	125,866,824	129,759,552	-3%
Interest-bearing short-term borrowings	268,099,964	310,231,050	-14%
Trade and other payables	241,146,525	191,982,075	26%
Other current liabilities	8,186,215	3,870,539	112%
Zakat payable	8,298,650	19,910,229	-58%
TOTAL CURRENT LIABILITIES	651,598,178	655,753,445	-1%
TOTAL LIABILITIES	1,005,283,537	958,566,909	5%
TOTAL EQUITY AND LIABILITIES	2,616,384,899	2,558,600,261	2%

By the end of the first half of 2025, total assets reached SAR2.6b, an increase of 2% as compared to the end of year of 2024, driven mainly by a significant increase in Capital work in progress which rose to SAR152.3m from SAR27.6m at the end of 2024 which amounted to 452%, complimented by a 16% increase, which reached SAR 143.8m from SAR 124.1m, in other current assets, a 10% increase in prepayments and other receivables. This was partially offset by a reduction in cash and short-term deposits of 10%, a 4% reduction in inventories and a 9% reduction in intangible assets.

Total Equity and Liabilities reached SAR 2.62b, up om SAR 2.56b at the end of the previous quarter, primarily driven by a 5% increase in total liabilities, which reached SAR1.0b, a 17% increase in non-current liabilities which hit SAR 353.7m, partially offset by a 1% decrease in total current liabilities, which amounted to SAR 651.6m, down from SAR 655.8m as of 31st December 2024.

Debt Analysis

	June 2025	December 2024	Change %
STL	268,100	310,231	-14%
MTL*	414,947	380,912	9%
Total debt	683,047	691,143	-1%
Cash Balance	551,486	610,683	-10%
Net debt	131,561	80,460	64%
Equity **	1,611,101	1,600,033	1%
Debt/Equity (x)	0.42	0.43	-1%
Net debt/Equity (x)	0.08	0.05	63%

* 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) M.

About MEPCO

MEPCO is the leading, vertically integrated paper manufacturer in the Middle East, offering a diverse range of containerboard and specialty paper products for the packaging, construction, furniture, and paper core industries worldwide, with a growing global footprint spanning over 40 countries, including across the Middle East, South Asia, the Americas, and Europe.

The company's innovative approach, including energy and water-efficient production, enables it to deliver significant environmental and economic benefits. Through its wholly owned subsidiary, WASCO, MEPCO sources raw materials from across the Kingdom and neighboring countries, ensuring a secure supply while providing measurable value to the Saudi economy.

MEPCO is listed on the Saudi Stock Exchange under Tadawul symbol 'MEPCO'. For more information, visit www.mepco.biz.

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