

**SAUDI PAPER MANUFACTURING COMPANY**  
(A SAUDI JOINT STOCK COMPANY)

**CONDENSED CONSOLIDATED INTERIM FINANCIAL  
STATEMENTS (Unaudited)**  
**FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2023**  
**WITH INDEPENDENT AUDITOR'S REVIEW REPORT**

**SAUDI PAPER MANUFACTURING COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**  
**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Unaudited)**  
**FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2023**

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

### TO THE SHAREHOLDERS OF SAUDI PAPER MANUFACTURING COMPANY (A SAUDI JOINT STOCK COMPANY)

#### INTRODUCTION

We have reviewed the accompanying consolidated interim statement of financial position of Saudi Paper Manufacturing Company (the "Company"), a Saudi joint stock Company and its subsidiaries (collectively referred to as the "Group") as of March 31, 2023, the related consolidated interim statement of profit or loss and other comprehensive income, statement of changes in equity and cash flows for the three months period then ended and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with International Accounting Standard No. 34, "Interim Financial Reporting" ("IAS-34") as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.


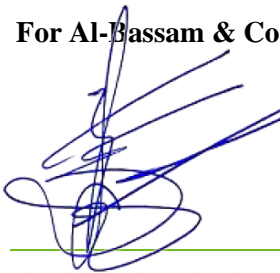
#### SCOPE OF REVIEW

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 condensed consolidated interim financial statements 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 as 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 condensed consolidated interim financial statements are not prepared, in all material respects, in accordance with "IAS 34" as endorsed in the Kingdom of Saudi Arabia.

For Al-Bassam & Co.



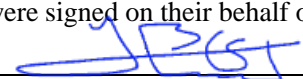
Ibrahim Ahmed Al Bassam  
Certified Public Accountant  
License No. 337  
Khobar: 2 Dhul Qadah 1444H  
Corresponding to: May 22, 2023

**SAUDI PAPER MANUFACTURING COMPANY**  
(A SAUDI JOINT STOCK COMPANY)  
**CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION**  
**AS OF MARCH 31, 2023**

	Note	March 31, 2023 (Un-audited) SR	December 31, 2022 (Audited) SR
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	4, 12	573,602,759	567,962,634
Right of use assets	4	10,427,685	11,600,915
Intangible assets		24,335,571	24,421,136
Investment in an associate		22,878,541	25,120,051
<b>Total non-current assets</b>		<b>631,244,556</b>	629,104,736
<b>Current assets</b>			
Inventories		84,412,884	114,740,894
Trade receivables	5	181,810,480	158,533,533
Advances, prepayments and other assets		103,544,752	40,347,234
Cash and cash equivalents		48,339,713	115,383,116
<b>Total current assets</b>		<b>418,107,829</b>	429,004,777
<b>TOTAL ASSETS</b>		<b>1,049,352,385</b>	1,058,109,513
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	1	337,000,000	337,000,000
Statutory reserve	11	8,046,938	8,046,938
Translation reserve		(6,008,799)	(6,106,593)
Other reserves		(1,434,127)	(1,434,127)
Retained earnings		72,363,269	63,816,007
<b>Equity attributable to the shareholders of the Company</b>		<b>409,967,281</b>	401,322,225
Non-controlling interest		1,066,446	978,022
<b>Total equity</b>		<b>411,033,727</b>	402,300,247
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Medium and long term loans	6	247,958,831	261,031,603
Employees' end of service benefits		24,046,223	23,174,062
Lease liabilities – non current portion		6,595,317	7,955,352
<b>Total non-current liabilities</b>		<b>278,600,371</b>	292,161,017
<b>Current liabilities</b>			
Short-term loans	6	132,211,857	148,907,553
Medium and long term loans – current portion	6	86,566,204	81,490,819
Trade payables		71,740,204	74,204,911
Accrued expenses and other liabilities		48,916,051	39,644,552
Provision for zakat	12	16,214,990	15,143,728
Lease liabilities – current portion		4,068,981	4,256,686
<b>Total current liabilities</b>		<b>359,718,287</b>	363,648,249
<b>Total liabilities</b>		<b>638,318,658</b>	655,809,266
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,049,352,385</b>	1,058,109,513

These condensed consolidated interim financial statements were approved and authorized for issue by the Board of Directors, on behalf of shareholders and were signed on their behalf on May 21, 2023.

  
Khalid Walid Abo Hana  
Chief Financial Officer

  
Yousseri Abdel Hamid Abdel  
Aziz El Bishry  
Chief Executive Officer

  
Abdullah Abdul Rahman  
Al-Kharashi  
Chairman

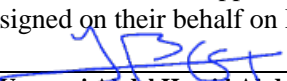
The accompanying notes form an integral part of these condensed consolidated interim financial statements.

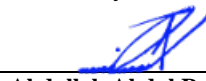
**SAUDI PAPER MANUFACTURING COMPANY**  
(A SAUDI JOINT STOCK COMPANY)  
**CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2023**

	Note	Three months period ended	
		March 31, 2023	March 31, 2022
		(Un-audited)	(Un-audited)
		SR	SR
Revenue	8	217,279,867	194,695,752
Cost of revenue		(165,103,276)	(146,196,987)
<b>Gross profit</b>		<b>52,176,591</b>	<b>48,498,765</b>
General and administrative expenses		(13,558,518)	(13,637,884)
Selling and distribution expenses		(18,467,707)	(16,045,416)
Allowance for impairment of trade receivables	5	(1,455,940)	(318,034)
Share in profit of an associate		878,490	777,000
Other income		598,307	720,577
Other expenses		(47,345)	(29,185)
<b>Profit before finance charges and zakat</b>		<b>20,123,878</b>	<b>19,965,823</b>
Finance charges	6, 8	(10,400,539)	(6,000,382)
<b>Profit before zakat</b>		<b>9,723,339</b>	<b>13,965,441</b>
Zakat		(1,071,262)	(632,398)
<b>Net profit for the period</b>		<b>8,652,077</b>	<b>13,333,043</b>
<b><u>Other comprehensive income (loss)</u></b>			
<i>Items that may be reclassified to profit or loss</i>			
Exchange differences on translation of foreign operations		81,403	(168,523)
<b>Other comprehensive income (loss) for the period</b>		<b>81,403</b>	<b>(168,523)</b>
<b>Total comprehensive income for the period</b>		<b>8,733,480</b>	<b>13,164,520</b>
<b>Net profit attributable to:</b>			
Shareholders of the Company		8,547,262	13,297,689
Non-controlling interest		104,815	35,354
<b>Net profit for the period</b>		<b>8,652,077</b>	<b>13,333,043</b>
<b>Total comprehensive income attributable to:</b>			
Shareholders of the Company		8,645,056	13,097,129
Non-controlling interest		88,424	67,391
<b>Total comprehensive income for the period</b>		<b>8,733,480</b>	<b>13,164,520</b>
<b>Earnings per share (SR) attributable to shareholders of the company</b>			
Basic and diluted earnings per share	9	0.25	0.48

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Chief Financial Officer

  
Yousseri Abdel Hamid Abdel  
Aziz El Bishry  
Chief Executive Officer

  
Abdullah Abdul Rahman  
Al-Kharashi  
Chairman

The accompanying notes form an integral part of these condensed consolidated interim financial statements.

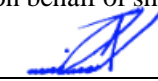
**SAUDI PAPER MANUFACTURING COMPANY**  
(A SAUDI JOINT STOCK COMPANY)  
**CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY**  
**FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2023**

	Equity attributable to the shareholders of the Company						Non-controlling interest SR	Total equity SR
	Share capital SR	Statutory reserve SR	Translation reserve SR	Other reserves SR	Retained earnings SR	Total SR		
As at January 1, 2022 (audited)	192,000,000	3,357,444	(6,803,818)	(764,453)	24,771,851	212,561,024	1,024,586	213,585,610
Net profit for the period	-	-	-	-	13,297,689	13,297,689	35,354	13,333,043
Other comprehensive (loss) income for the period	-	-	(200,560)	-	-	(200,560)	32,037	(168,523)
Total comprehensive (loss) income for the period	-	-	(200,560)	-	13,297,689	13,097,129	67,391	13,164,520
As at March 31, 2022 (un-audited)	192,000,000	3,357,444	(7,004,378)	(764,453)	38,069,540	225,658,153	1,091,977	226,750,130
As at January 1, 2023 - (audited)	337,000,000	8,046,938	(6,106,593)	(1,434,127)	63,816,007	401,322,225	978,022	402,300,247
Net profit for the period	-	-	-	-	8,547,262	8,547,262	104,815	8,652,077
Other comprehensive income (loss) for the period	-	-	97,794	-	-	97,794	(16,391)	81,403
Total comprehensive income for the period	-	-	97,794	-	8,547,262	8,645,056	88,424	8,733,480
As at March 31, 2023 (un-audited)	337,000,000	8,046,938	(6,008,799)	(1,434,127)	72,363,269	409,967,281	1,066,446	411,033,727

These condensed consolidated interim financial statements were approved and authorized for issue by the Board of Directors, on behalf of shareholders and were signed on their behalf on May 21, 2023.

  
Khalid Walid Abo Hana  
Chief Financial Officer

  
Youssef Abdel Hamid Abdel  
Aziz El Bishry  
Chief Executive Officer

  
Abdullah Abdul Rahman  
Al-Kharashi  
Chairman

The accompanying notes form an integral part of these condensed consolidated interim financial statements.

**SAUDI PAPER MANUFACTURING COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**  
**CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS**  
**FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2023**

	<b>Three months period ended</b>	
	<b>March 31, 2023</b> <b>(Un-audited)</b> <b>SR</b>	<b>March 31, 2022</b> <b>(Un-audited)</b> <b>SR</b>
<b>Cash flow from operating activities</b>		
Net profit for the period	8,652,077	13,333,043
<i>Adjustments for:</i>		
Depreciation of property, plant and equipment	12,106,266	11,970,153
Depreciation of right of use assets	1,173,230	1,152,451
Finance charges	10,400,539	6,000,382
Allowance for impairment of trade receivables	1,455,940	318,034
Provision for employees' end of service benefits	1,119,533	1,173,627
Share in profit of an associate	(878,490)	(777,000)
Zakat expense	1,071,262	632,398
Amortization of intangible assets	310,565	482,497
	<b>35,410,922</b>	<b>34,285,585</b>
<i>Changes in operating assets and liabilities:</i>		
Trade receivables	(24,732,887)	(27,279,750)
Inventories	30,328,010	32,943,951
Advances, prepayments and other assets	(62,998,702)	26,175,774
Short term deposits	-	34,000,000
Trade payables	456,477	5,205,279
Accrued expenses and other liabilities	9,271,499	15,041,350
Cash (used in) generated from operations	(12,264,681)	120,372,189
Finance charges paid	(6,533,134)	(4,554,638)
Employees' end of service benefits paid	(247,372)	(881,374)
<b>Net cash (used in) generated from operating activities</b>	<b>(19,045,187)</b>	<b>114,936,177</b>
<b>Cash flow from investing activities</b>		
Additions to property, plant and equipment	(17,873,908)	(4,414,961)
Additions to intangible assets	(225,000)	-
<b>Net cash used in investing activities</b>	<b>(18,098,908)</b>	<b>(4,414,961)</b>
<b>Cash flow from financing activities</b>		
Repayment of medium and long term loans	(11,220,530)	(13,531,029)
Change in short term loans, net	(17,180,809)	(40,759,530)
Lease payments	(1,706,889)	(1,754,369)
<b>Net cash used in financing activities</b>	<b>(30,108,228)</b>	<b>(56,044,928)</b>
<b>Net change in cash and cash equivalents</b>	<b>(67,252,323)</b>	<b>54,476,288</b>
Cash and cash equivalents at the beginning of the period	115,383,116	43,068,386
Effect of exchange rate fluctuations	208,920	(381,090)
<b>Cash and cash equivalents at the end of the period</b>	<b>48,339,713</b>	<b>97,163,584</b>

**Cash flow supplemental information**

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These condensed consolidated interim financial statements were approved and authorized for issue by the Board of Directors, on behalf of shareholders and were signed on their behalf on May 21, 2023.



**Khalid Walid Abo Hana**  
Chief Financial Officer



**Yousseri Abdel Hamid Abdel Aziz El Bishry**  
Chief Executive Officer



**Abdullah Abdul Rahman Al-Kharashi**  
Chairman

The accompanying notes form an integral part of these condensed consolidated interim financial statements.

**SAUDI PAPER MANUFACTURING COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2023**

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**1. ORGANIZATION AND PRINCIPAL ACTIVITIES**

Saudi Paper Manufacturing Company (“the Company”) is a Saudi Joint Stock Company registered in the Kingdom of Saudi Arabia under commercial registration number 2050028141 issued in Dammam on Muharram 10, 1415H (June 20, 1994). The Company’s share capital is SR 337 million divided into 33.7 million shares of SR 10 each.

The principal activities of the Company and its subsidiaries (the “Group”), each of which operates under individual commercial registration, are to manufacture tissue paper rolls, convert tissue paper rolls into facial, kitchen and toilet tissue papers and collect, sort, transport and press waste papers.

The Company’s registered office is P.O. Box 2598, Unit number 2, Dammam 34326-7169, the Kingdom of Saudi Arabia.

On October 18, 2021, the Company announced the Board recommendation to increase the share capital of the Company by SR 145 million by way of right issue to support the expansion activities and provide working capital to increase operational capacity and support the future activities. On October 18, 2022, the Company increased its share capital through right issue by SR 145 million by offering 14.5 million shares which were fully subscribed. All the legal formalities related to increase of share capital were completed in 2022.

**1.1 Structure of the group**

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

<b>Subsidiary</b>	<b>Country of incorporation</b>	<b>Effective ownership</b>	
		<b>March 2023</b>	<b>December 2022</b>
Saudi Recycling Company	Saudi Arabia	<b>100%</b>	100%
Saudi Paper Converting Company	Saudi Arabia	<b>100%</b>	100%
Saudi Investment and Industrial Development Company	Saudi Arabia	<b>100%</b>	100%
Al Madar Paper Trading	Morocco	<b>100%</b>	100%
Al Madar Paper Trading	Jordan	<b>100%</b>	100%
Saudi Paper Converting Company Jordan	Jordan	<b>100%</b>	100%
Al Madar Paper	Algeria	<b>100%</b>	100%
Morocco Paper Manufacturing Company	Morocco	<b>100%</b>	100%
Al - Juthoor Paper Tissue Manufacturing Plant	Kuwait	<b>85%</b>	85%

**2. BASIS OF PREPARATION**

**2.1 Statement of compliance**

The condensed consolidated interim financial statements for the three months period ended March 31, 2023 have been prepared in accordance with International Accounting Standard 34 - Interim Financial Reporting (“IAS 34”) as endorsed in the Kingdom of Saudi Arabia. The accompanying condensed consolidated interim financial statements do not include all the information and disclosures required in the annual consolidated financial statements, and hence should be read in conjunction with the Group’s annual consolidated financial statements for the year ended December 31, 2022. In addition, results for the three-month ended March 31, 2023 are not necessarily indicative of the expected results for the full year ending December 31, 2023.



## **2. BASIS OF PREPARATION (Continued)**

### **2.2 Preparation of the condensed consolidated interim financial statements**

These condensed consolidated interim financial statements are prepared under the historical cost convention, except where International Financial Reporting Standards (IFRSs) require other measurement basis. The principal accounting policies adopted in the preparation of these condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended December 31, 2022.

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

### **2.3 Functional and presentation currency**

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

## **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The following is a summary of significant accounting policies applied by the group.

### **3.1 Basis of consolidation**

These condensed consolidated interim financial statements incorporate the financial statements of the "Group" as detailed in note 1.1. Control is achieved when the Group:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

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

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

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

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

**SAUDI PAPER MANUFACTURING COMPANY**

(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)  
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2023****3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****3.1 Basis of consolidation (Continued)**

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

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

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

**3.2 Changes in significant accounting policies***New standards, Amendments to standards and Interpretations*

There are no new standards issued, however, there are number of amendments to standards which are effective from January 1, 2023 and has been explained in Group’s annual Consolidated Financial Statements, but they do not have a material effect on the Group’s Condensed Consolidated Interim Financial Statements.

**4. PROPERTY, PLANT AND EQUIPMENT AND RIGHT OF USE ASSETS**

The Group acquired property, plant and equipment in three months period ended March 31, 2023 amounting to SR 17.8 million (March 31, 2022: SR 4.4 million). There were no additions in right of use assets during the three months period ended March 31, 2023 (March 31, 2022: nil).

**5. TRADE RECEIVABLES**

		<b>March 31, 2023</b> <b>(Un-audited)</b> <b>SR</b>	December 31, 2022 (Audited) <b>SR</b>
Trade receivables	<b>Note</b>	<u>239,687,575</u>	<u>214,954,688</u>
Allowance for impairment of trade receivables	5.1	<u>(57,877,095)</u>	<u>(56,421,155)</u>
		<b>181,810,480</b>	<b>158,533,533</b>

**5.1 The movement in allowance for impairment of trade receivables is as follows:**

	<b>March 31, 2023</b> <b>(Un-audited)</b> <b>SR</b>	December 31, 2022 (Audited) <b>SR</b>
Opening balance	<u>56,421,155</u>	53,266,883
Allowance for the period /year	<b>1,455,940</b>	8,549,170
Write offs during the period /year	<u>-</u>	<u>(5,394,898)</u>
	<b>57,877,095</b>	<b>56,421,155</b>

**SAUDI PAPER MANUFACTURING COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)**  
**FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2023**

**6. LOANS**

**a) Medium and long-term loans**

		<b>March 31, 2023</b> <b>(Un-audited)</b> <b>SR</b>	December 31, 2022 <b>(Audited)</b> <b>SR</b>
Saudi Industrial Development Fund (“SIDF”) loans	6.1	<b>5,787,032</b>	5,725,031
Commercial bank loans	6.2	<b>328,738,003</b>	336,797,391
		<b>334,525,035</b>	342,522,422
Current maturity of long term loans		<b>(86,566,204)</b>	(81,490,819)
		<b>247,958,831</b>	261,031,603

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

These bank loans are secured against promissory notes amounting to SR 710.6 million (2022: SR 710.6 million).

**6.1 SIDF loans**

These represent loans obtained from SIDF by the Company. The loans do not bear financial charges, however, an upfront fee is charged on the loan and these are secured by mortgaged on property, plant and equipment of the Company equal to the carrying amount of the loan.

The loan agreement includes a right of prepayment option (early repayment), that can be exercised at any time throughout the loan period. As at March 31, 2023, the management has not exercised the prepaid option and has assessed that the requirement to separate the prepayment option (i.e. embedded derivative) from the loan amount is not applicable. This is due to the fact that the economic characteristics and risks of the prepayment option is closely related to the economic characteristics and risks of the loan contract.

**6.2 Commercial bank loans**

The Group has obtained loan facilities from various commercial banks. These loans are mainly denominated in Saudi Riyals which generally bear financial charges based on prevailing market rates. The aggregate maturities of the loans outstanding at March 31, 2023, based on their respective repayment schedules, are spread in 2023 through 2027.

**b) Short term loans**

Short term loans are obtained from various commercial banks and bear financial charges at the prevailing market rates which are based on inter-bank offer rate.

**7. TRANSACTIONS AND BALANCES WITH RELATED PARTIES**

The related parties consist of subsidiaries, affiliates and Board of Directors and key management personnel of the Group. In the ordinary course of business, the Group transacts with its related parties. Such transactions relate to services rendered and received and expenses incurred on behalf of related parties. The transactions are dealt with on mutually agreed terms and the terms and conditions on these transactions are approved by the Group’s management.

**Key management personnel compensation**

	<b>March 31, 2023</b> <b>(Un-audited)</b> <b>SR</b>	March 31, 2022 <b>(Un-audited)</b> <b>SR</b>
Short-term employees benefits	<b>1,731,213</b>	1,609,526
BOD and related committees remuneration	<b>634,749</b>	636,999
Employees’ end of service benefits	<b>73,922</b>	71,542

Payable balance to key management personnel as of period end amounted to SR 4.66 million (December 31, 2022 SR 4.53 million).

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**7. TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)**

**Other related parties transactions**

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

<b>Related party</b>	<b>Relationship</b>	<b>Nature of transaction</b>	<b>Transaction during the three months period SR</b>	<b>Balance as at March 31, SR</b>
<b>2023:</b>				
East Gas Limited	Associate	Purchase of gas	<b>1,918,955</b>	<b>(198,816)</b>
		Dividend	<b>3,120,000</b>	
<b>2022:</b>				
East Gas Limited	Associate	Purchase of gas	2,037,612	4,552,749

**8. OPERATING SEGMENTS**

**a. Basis for segmentation**

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

The following summary describes the operations of each reportable segment that met the quantitative thresholds for reportable segments in 2023 and 2022.

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

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

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

**b. Information about reportable segments**

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

<b>Three months period ended March 31, 2023 (Un-audited)</b>	<b>Reportable segments</b>		<b>Total SR</b>
	<b>Manufacturing SR</b>	<b>Trading and others SR</b>	
Segment revenue	<b>264,671,676</b>	<b>13,587,262</b>	<b>278,258,938</b>
Intra /inter segment revenue	<b>(55,752,928)</b>	<b>(5,226,143)</b>	<b>(60,979,071)</b>
External revenue	<b>208,918,748</b>	<b>8,361,119</b>	<b>217,279,867</b>
Finance charges	<b>10,058,183</b>	<b>342,356</b>	<b>10,400,539</b>
Depreciation and amortization	<b>13,162,812</b>	<b>427,249</b>	<b>13,590,061</b>
Net profit (loss) before zakat	<b>9,837,010</b>	<b>(113,671)</b>	<b>9,723,339</b>
Segment assets	<b>1,010,843,296</b>	<b>38,509,089</b>	<b>1,049,352,385</b>
Segment liabilities	<b>594,151,445</b>	<b>44,167,213</b>	<b>638,318,658</b>

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**8. OPERATING SEGMENTS (Continued)**

Three months period ended March 31, 2022 (Un-audited)	Reportable segments		
	Manufacturing	Trading and others	Total
	SR	SR	SR
Segment revenue	207,839,075	22,118,586	229,957,661
Intra /inter segment revenue	(32,444,802)	(2,817,107)	(35,261,909)
External revenue	175,394,273	19,301,479	194,695,752
Finance charges	5,658,197	342,185	6,000,382
Depreciation and amortization	13,194,638	410,463	13,605,101
Net profit before zakat	10,179,413	3,786,028	13,965,441

Year ended December 31, 2022 (Audited)	Reportable segments		
	Manufacturing	Trading and others	Total
	SR	SR	SR
Segment assets	1,019,641,386	38,468,127	1,058,109,513
Segment liabilities	609,637,668	46,171,598	655,809,266

**c. Geographic information**

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

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

Three months period ended March 31, 2023	Reportable segments		
	Manufacturing	Trading and others	Total
<b>Revenue</b>			
Saudi Arabia	189,389,113	248,283	189,637,396
GCC countries	13,718,027	-	13,718,027
Other countries	5,811,608	8,112,836	13,924,444
<b>Consolidated revenue</b>	<b>208,918,748</b>	<b>8,361,119</b>	<b>217,279,867</b>

Three months period ended March 31, 2022	Reportable segments		
	Manufacturing	Trading and others	Total
<b>Revenue</b>			
Saudi Arabia	159,625,391	3,682,607	163,307,998
GCC countries	12,074,160	542,021	12,616,181
Other countries	3,694,722	15,076,851	18,771,573
<b>Consolidated revenue</b>	<b>175,394,273</b>	<b>19,301,479</b>	<b>194,695,752</b>

**As of period / year end**

	March 31, 2023 (Un-audited)	December 31, 2022 (Audited)
	SR	SR
<b>- Non-current assets</b>		
Saudi Arabia	587,742,034	585,156,075
GCC countries	34,939,472	35,185,075
Other countries	8,563,050	8,763,586
<b>Consolidated non-current assets</b>	<b>631,244,556</b>	<b>629,104,736</b>

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The Group derives its revenue from contracts with customers as follows.

Three months period ended March 31, 2023	Reportable segments		Total
	Manufacturing	Trading and others	
Revenue a point in time	208,918,748	8,361,119	217,279,867
Revenue over time	-	-	-
	<u>208,918,748</u>	<u>8,361,119</u>	<u>217,279,867</u>

Three months period ended March 31, 2022	Reportable segments		Total
	Manufacturing	Trading and others	
Revenue at a point in time	171,981,572	19,301,479	191,283,051
Revenue over time	3,412,701	-	3,412,701
	<u>175,394,273</u>	<u>19,301,479</u>	<u>194,695,752</u>

**9. EARNINGS PER SHARE**

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

Earnings per share are represented as follows:

	March 31, 2023 (Un-audited) SR	March 31, 2022 (Un-audited) SR
Net profit for the period (SAR)	8,547,262	13,297,689
Weighted average number of outstanding shares	33,700,000	27,690,728
Basic/ diluted earnings per share (SR) for the period	0.25	0.48

**10. SUPPLEMENTAL CASHFLOW INFORMATION**

	March 31, 2023 (Un-audited) SR	March 31, 2022 (Un-audited) SR
Dividend from associate adjusted with balance due	3,120,000	-

**11. STATUTORY RESERVE**

Statutory reserve is computed based on results of the whole year. Accordingly, no transfer to statutory reserves is made in the three months period ended March 31, 2023.

**12. CONTINGENCIES AND COMMITMENTS**

- As of March 31, 2023, the Group was contingently liable for letter of credits and bank guarantees issued in the normal course of the business amounting to SR 29.6 million (December 31, 2022: SR 39.25 million) and SR 0.663 million (December 31, 2022: SR 0.646 million) respectively.
- As of March 31, 2023, the Group capital expenditure contracted amounted to SR 176.4 million (Period ended March 31, 2022: SR 67.2 million).

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**12. CONTINGENCIES AND COMMITMENTS (Continued)**

- During the year ended December 31, 2020, the Company has received assessments from Zakat, Tax and Custom Authority (ZATCA) for the years 2014 to 2018 claiming additional liability amounting to SR 36.1 million. In 2020, the Company had filed an objection related to 2014 assessment claim of SR 9.2 million which was settled by SR 0.48 million and accordingly, the company received the final assessment. For the assessments received related to years 2015 to 2018 amounting to SR 26.9 million, the Company has paid SR 1 million and filed an objection against the remaining amount of SR 25.9. In 2021, the objection was rejected by ZATCA, and the Company has appealed against these assessments in Tax Committee for Resolution of Tax Violations and Disputes. During the year ended December 31, 2022, the appeal was rejected by Tax Committee for Resolution of Tax Violations and Disputes. However, the Company has appealed to the Appeal Committee for Tax Violations and Disputes against the decision. The management believes that the provision recognised against aforementioned assessments is adequate and no further provision is required.

**13. SUBSEQUENT EVENT**

Subsequent to the period end, the Company has started commercial production from new paper machine after successful installation and trial production.

**14. APPROVAL OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

These condensed consolidated interim financial statements were approved by the Board of Directors of the Company and authorized for issue on May 21, 2023 corresponding to 1 Dhul Qadah 1444H.