



Middle East Paper Company
شركة الشرق الأوسط لصناعة وإنتاج الورق

EARNINGS RELEASE

9M 2025

Middle East Paper Company, MEPCO, posted a Total Net Income figure of SAR 24.9m for the first 9 months of 2025, compared to a net loss of SAR 32.8m in the same period last year.

Key Highlights

Total Revenue amounted to SAR 813m, up from SAR 775m the previous year, a 5% increase.

Operational Profit increased 335%, reaching SAR 42.2m, up from a SAR 17.9m loss in the same period of 2024.

Net Income (attributable to the equity holders) hit SAR 24.9m, a 176% increase from the SAR 32.8m loss witnessed in 2024.

Total Comprehensive Income amounted to SAR 25.6m, an increase of 181% from the SAR 31.5m loss posted in the period of 2024

Jeddah, Saudi Arabia | 2nd November 2025

MEPCO successfully executed a major financial turnaround in 9M 2025, swinging from a substantial net loss of SAR 32.8m in the prior year to a significant net profit, which amounted to SAR 24.9m. This was complemented by a 5% increase in total revenue, which rose to SAR 813.2 m from SAR 775.4 m in the prior period, while Gross Profit saw a moderate increase of 3% to SAR 107.4 m (up from SAR 104.3 m). The most significant factor driving bottom line growth was exceptional cost management and the absence of one-off charges. The Group achieved a dramatic swing in Operating Profit, moving from a loss of SAR 17.9 m to a profit of SAR 42.2 m. The resulting Basic and Diluted Earnings Per Share (EPS) stood at SAR 0.29 for the period, compared to a loss per share of (SAR 0.38) in 9M 2024.

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.

The financial results for the first nine months of 2025 mark a powerful resurgence for MEPCO, reflecting the effectiveness of our strategic pivot towards operational excellence and cost optimization. Our successful transition from a net loss to a net profit of SAR 24.9 m demonstrates the inherent resilience and potential of our business model. We are committed to maximizing long-term shareholder value through disciplined financial management and targeted growth. As we continue to execute on our core manufacturing mandate, these results provide a solid foundation for the future, enabling us to sustain our industry leadership within the Kingdom and beyond.

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

Our strong performance in 9M 2025 is a direct result of relentless focus on efficiency and tight control over our cost base. The remarkable swing in our Operating Profit, reaching SAR 42.2 m, and 176% increase in Net Profit which reached SAR 24.9m from the SAR 32.8m loss the previous year, was driven by a significant reduction in General and Administrative Expenses, which decreased from SAR 87.8 m to SAR 64.6 m.

Looking ahead, we are simultaneously strengthening our operational core and investing for strategic capacity growth. The launch of the **new Tissue Mill factory ("TM6")** construction, a significant expansion project valued at SAR 350 m and expected to be completed by the end of 2026, highlights our commitment to securing future market share and diversifying our product portfolio. We remain dedicated to operational prudence and strategic investment to ensure MEPCO's sustained profitable growth.

These impressive figures reflect our commitment to delivering on our strategic goals, highlighted by the fact we have turned a loss in 2024 into profit this year. Even with lower margins, our improvements in operational efficiency across the board, with the reduction in costs, means we are on the right path to maintain our momentum for the rest of 2025, and deliver maximum value to our customers and shareholders.

Income Statement Summary

by value in (SAR)

	Three-month period ended			Nine-month period ended		
	30-Sept		YoY Change	30-Sept		YoY Change
	2025 (unaudited)	2024 Restated (unaudited)		2025 (unaudited)	2024 Restated (unaudited)	
Revenue	278,974,988	276,894,804	1%	813,194,576	775,423,799	5%
Cost of revenue	-242,616,513	-240,121,662	1%	-705,827,979	-671,122,003	5%
GROSS PROFIT	36,358,475	36,773,142	-1%	107,366,597	104,301,796	3%
Selling and distribution expenses	-3,142,657	-5,067,820	-38%	-12,941,395	-16,146,422	-20%
General and administrative expenses	-19,749,485	-30,107,501	-34%	-64,634,700	-87,752,815	-26%
Reversal/(Impairment) of losses on financial assets	1,462,834	171,408	753%	3,981,567	-3,791,580	-205%
Write-off for property, plant and equipment	-	-16,255,573	-100%	-	-16,255,573	-100%
Write-off for capital work in progress	-	-1,860,000	-100%	-	-1,860,000	-100%
Other operating income, net	2,103,054	1,931,989	9%	8,443,080	3,563,462	137%
OPERATING PROFIT/(LOSS)	17,032,221	-14,414,355	-218%	42,215,149	-17,941,132	-335%
Finance costs	-8,266,778	-10,174,872	-19%	-27,201,089	-25,695,078	6%
Finance income	7,835,070	6,370,608	23%	20,125,799	22,234,246	-9%
INCOME/(LOSS) BEFORE ZAKAT	16,600,513	-18,218,619	-191%	35,139,859	-21,401,964	-264%
Zakat expense	-2,645,574	-308,897	756%	-10,840,261	-12,374,974	-12%
INCOME/(LOSS) FOR THE PERIOD	13,954,939	-18,527,516	-175%	24,299,598	-33,776,938	-172%
Attributable to:						
Equity holders of the parent	14,309,487	-18,500,641	-177%	24,866,214	-32,822,276	-176%
Non-controlling interests	-354,548	-26,875	1219%	-566,616	-954,662	-41%

MEPCO's financial performance in 9M 2025 demonstrates a successful and significant financial turnaround. The Group achieved a 5% increase in total Revenue, which rose to SAR 813.2 m from SAR 775.4 m in the prior year, indicating robust sales momentum. Despite managing cost of revenue, the Gross Profit grew moderately by 3% to SAR 107.4 m (up from SAR 104.3 m in 9M 2024). Crucially, the Group executed a complete reversal of its bottom-line performance, recording a strong Net Profit attributable to the equity holders of the parent of SAR 24.9 m, a substantial recovery compared to a net loss of SAR (32.8) m in the prior year period.

The key driver for this dramatic financial recovery was a sharp focus on operational efficiency and stringent cost management across the organization. The Group achieved a massive swing in its core profitability metric, moving from an Operating Loss of SAR (17.9) m in 9M 2024 to a substantial Operating Profit of SAR 42.2 m in 9M 2025. This was primarily made possible by aggressive reductions in overheads, with General and Administrative (G&A) expenses cut by 26.34% to SAR 64.6 m (down from SAR 87.8 m), and Selling and Distribution (S&D) expenses decreased by 19.85% to SAR 12.9 m (down from SAR 16.1 m). This focus on cost rationalization proved far more impactful than the moderate growth in gross profit.

Further solidifying the shift to profitability was the absence of SAR 18.1 m in onetime write-off for property, plant, and equipment that had negatively impacted the 9M 2024 results.

Balance Sheet Summary

by value in (SAR)

	30-Jun 2025 (Unaudited)	31-Dec 2024 (Audited)	% Change
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	1,196,522,986	1,241,079,841	-4%
Capital work in progress	177,298,198	27,621,024	542%
Intangible assets	18,167,051	21,146,421	-14%
TOTAL NON-CURRENT ASSETS	1,391,988,235	1,289,847,286	8%
CURRENT ASSETS			
Inventories	183,199,687	186,367,314	-2%
Trade receivables	338,196,025	338,341,685	0%
Prepayments and other receivables	11,668,358	9,211,564	27%
Other current assets	137,547,664	124,149,293	11%
Cash and short-term deposits	519,879,203	610,683,119	-15%
TOTAL CURRENT ASSETS	1,190,490,937	1,268,752,975	-6%
TOTAL ASSETS	2,582,479,172	2,558,600,261	1%
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	345,171,457	184,282,212	87%
Equity attributable to equity holders of parent	1,631,838,086	1,606,227,693	2%
Non-controlling interests	-6,781,785	-6,194,341	9%
TOTAL EQUITY	1,625,056,301	1,600,033,352	2%
LIABILITIES			
NON-CURRENT LIABILITIES			
Interest-bearing long-term borrowings	255,373,069	251,152,604	2%
Lease liabilities	21,955,252	10,208,662	115%
Employee defined benefits liabilities	36,592,440	41,452,198	-12%
TOTAL NON-CURRENT LIABILITIES	313,920,761	302,813,464	4%
CURRENT LIABILITIES			
Interest-bearing long-term borrowings – current portion	126,199,577	129,759,552	-3%
Interest-bearing short-term borrowings	265,729,160	310,231,050	-14%
Trade and other payables	232,819,749	191,982,075	21%
Other current liabilities	7,809,401	3,870,539	102%
Zakat payable	10,944,223	19,910,229	-45%
TOTAL CURRENT LIABILITIES	643,502,110	655,753,445	-2%
TOTAL LIABILITIES	957,422,871	958,566,909	0%
TOTAL EQUITY AND LIABILITIES	2,582,479,172	2,558,600,261	1%

The financial position of MEPCO as of September 30, 2025, reflects an active phase of strategic investment and growth, with Total Assets rising by 1% to SAR 2,582.5 m since year-end 2024. The most significant movement occurred within the asset structure, where Non-Current Assets (NCA) increased by 8% to SAR 1,392.0 m, predominantly driven by a 542% surge in Capital Work in Progress (CWIP), which reached SAR 177.3 m. This massive spike in CWIP, consistent with the announced Tissue Mill factory ("TM6") expansion, indicates substantial expenditure on future production capacity. This investment was financed primarily through internal resources, leading to a 15% decrease in Cash and short-term deposits, which settled at SAR 519.9 m and was the main factor behind the 6% decline in total Current Assets to SAR 1,190.5 m.

The Group's financial strength and improved profitability are evident in the financing side of the balance sheet. Total Equity increased by 2% to SAR 1,625.1 m, directly benefiting from the successful earnings performance. This growth is traceable to a dramatic 87% increase in Retained Earnings, which climbed to SAR 345.2 m from SAR 184.3 m at year-end, confirming the net profit realized in the first nine months. Concurrently, Total Liabilities remained effectively flat, demonstrating stability in the Group's debt structure despite major capital investment. A key movement in liabilities was the 21% increase in Trade and other payables to SAR 232.8 m, likely reflecting increased short-term purchasing and operational activities linked to higher revenue and expansion efforts.

Debt Analysis

by value in (000SAR)

	Sep 2025	December 2024	Change %
STL	265,729	310,231	-14%
MTL*	381,573	380,912	0%
Total debt	647,302	691,143	-6%
Cash Balance	519,879	610,683	-15%
Net debt	127,423	80,460	58%
Equity**	1,625,056	1,600,033	2%
Debt/Equity (x)	0.40	0.43	-3%
Net debt/Equity (x)	0.08	0.05	56%

* 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.mep.co.

Investor Relations contact

Email: investors@mep.co

Phone: +966 12 6380111