



Middle East Paper Company
شركة الشرق الأوسط لصناعة وإنتاج الورق

EARNINGS RELEASE

FY 2025

Middle East Paper Company, MEPCO, returned to profitability and posted a Total Net Income (Attributable to Shareholder of the Issue) figure of SAR 23.4m for 2025, compared to a net loss of SAR 77.3m in the same period last year.

Key Highlights

Total Revenue amounted to SAR 1,061m, slightly down from SAR 1,065m the previous year, a decrease of less than 1%.

Operating Profit increased 186%, reaching SAR 45.0m, up from an operating loss of SAR 52.5m in 2024.

Net Income (Attributable to Shareholders of the Issue) reached SAR23.4m, a 130% increase from the SAR 77.3m loss witnessed in 2024.

Total Comprehensive Income (Attributable to Shareholders of the Issue) amounted to SAR 21.9m, an increase of 128% from the SAR 77.6m loss posted in the period of 2024

Jeddah, Saudi Arabia | 31 March 2026

MEPCO successfully executed a major financial turnaround in 2025, swinging from a substantial net loss of SAR 77.3m in the prior year to a significant net profit attributable to the equity holders, which amounted to SAR 23.4m. However, the revenue stayed flat at SAR 1,061m, slightly down from SAR 1,065m in 2024, while the gross margins improved from 10% in 2024 to 13% in 2025. 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 52.5m to a profit of SAR 45.0m. The resulting Basic and Diluted Earnings Per Share (EPS) stood at SAR 0.27 for the period, compared to a loss per share of (SAR 0.89) in 2024.

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

With a proud history spanning more than two decades, MEPCO continues to play a leading role in advancing Saudi Arabia's circular economy. The Company remains closely aligned with the Kingdom's Vision 2030 and the Saudi Green Initiative, reinforcing its commitment to environmental responsibility and sustainable growth within the paper and recycled waste sectors.

The year represented an important turning point for the Company as we successfully returned to profitability. This achievement reflects the resilience of our business model and the effectiveness of the operational and financial measures implemented across the organization. During the year, we strengthened our focus on operational excellence and cost optimization, supported by the restructuring of our executive management team. The newly appointed leadership has been tasked with driving operational efficiencies, advancing our sustainability initiatives, and supporting the Group's long-term growth strategy. Their efforts, combined with disciplined cost management and improved operational performance, contributed significantly to the positive results achieved this year.

Looking ahead, the Board remains confident in the Company's strategic direction and its ability to build on the progress made. Our priorities will continue to center on enhancing operational efficiency, optimizing our product portfolio, and executing our expansion projects with discipline to support sustainable value for our esteemed shareholders.

Faisal Haddawi, Chief Executive Officer of the Middle East Paper Company, commented:

The year 2025 marked a decisive step forward for the Company as we transitioned from a challenging period to a return to profitability. This turnaround was driven by a comprehensive program of cost rationalization and operational optimization implemented across the organization. Our teams focused on improving production efficiency, controlling overheads, and strengthening working capital management. Key initiatives included a significant reduction in slow-moving and obsolete inventories, disciplined management of employee-related expenses, and optimization of production overheads and direct material costs. These measures supported margin improvement while maintaining stable sales volumes across our core segments, with tissue paper recording modest growth that helped offset softer demand in containerboard and industrial paper.

At the same time, we maintained a disciplined approach to capital allocation while continuing to invest in projects that will strengthen the Company's long-term growth prospects. Total assets increased to SAR 2,668.3m, supported by additions to property, plant and equipment and capital work in progress. This includes continued investment in Paper Mill PM-5 and the expansion of tissue production capacity through TM-6, both financed largely through internal resources. It is worth noting TM-6 is on-track to complete by the end of 2026.

Looking ahead, our focus remains on building on the operational momentum achieved in 2025 while executing our expansion projects with discipline. We remain committed to improving efficiency, strengthening our market position, and delivering sustainable value to our shareholders.

Income Statement Summary

by value in (SAR)

	12 Month Period ended		YoY Change
	31-Dec		
	2025	2024	
Revenue	1,060,527,264	1,065,255,961	0%
Cost of revenue	-926,909,015	-957,629,091	-3%
GROSS PROFIT	133,618,249	107,626,870	24%
Selling and distribution expenses	-17,023,930	-21,831,983	-22%
General and administrative expenses	-88,642,054	-119,013,437	-26%
Reversal/(impairment) losses on financial assets	4,095,504	-5,541,311	-174%
Write-off for property, plant and equipment	-	-16,543,432	100%
Write-off for capital work in progress	-	-1,860,000	100%
Other operating income/(expenses) – net	12,919,390	4,630,622	179%
OPERATING PROFIT / (LOSS)	44,967,159	-52,532,671	186%
Finance costs	-35,758,263	-36,181,033	-1%
Finance income	26,430,531	30,813,689	-14%
PROFIT / (LOSS) BEFORE ZAKAT	35,639,427	-57,900,015	162%
Zakat expense	-13,435,907	-19,567,985	-31%
PROFIT / (LOSS) FOR THE YEAR	22,203,520	-77,468,000	-129%
Attributable to:			
Equity holders of the parent	23,410,074	-77,326,129	130%
Non-controlling interests	-1,206,554	-141,871	750%
	22,203,520	-77,468,000	129%
OTHER COMPREHENSIVE INCOME / (LOSS):			
<i>Items that will not be reclassified to statement of profit or loss in subsequent period):</i>			
Re-measurement gain /(loss) on employee defined benefits obligations	-1,498,084	-202,027	642%
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE YEAR	20,705,436	-77,670,027	127%
Attributable to:			
Equity holders of the parent	21,941,456	-77,563,090	128%
Non-controlling interests	-1,236,020	-106,937	1056%
	20,705,436	-77,670,027	127%
EARNINGS / (LOSS) PER SHARE:			
Basic and diluted, earnings/(loss) per share attributable to ordinary equity holders of the parent (SR)	0.27	-0.89	130%

MEPCO demonstrated resilience and financial prudence, specifically with regards to cost management and efficiencies across the organization, to successfully turn the company around to profitability. The Group's revenues remained stable at SAR 1,060.5m in 2025, compared to SAR 1,065.3m in 2024, Revenue remained broadly stable at SAR 1,060.5m in 2025, compared to SAR 1,065.3m in 2024, due to a slight decline in sales volumes, which was partially offset by improved selling prices, whilst Cost of Revenue decreased 3%, ending 2025 at SAR 926.9m, down from SAR 957.6m in 2024. These improvements contributed to a 24% increase in Gross Profit, reaching SAR 133.6m at the end of 2025, up from SAR 107.6m in 2024.

Operating Profit stood at SAR 45.0m in 2025 compared to a loss of SAR 52.5m in 2024. This was a result of higher gross profit on back of improved cost efficiencies along with reduction in overhead expenses. Selling and Distribution expenses also declined by 22%, primarily due to a 21% reduction in salaries and related benefits, partially offset by a 26% increase in credit insurance costs. In tandem, General and Administrative expenses fell by 26%, reflecting a 36% decrease in salaries and benefits and a 62% reduction in penalties and legal claims, offset by IT expenses which rose by 58%. Additionally, the absence of write-offs in 2025 for property, plant and equipment and capital work in progress, together with SAR4.1m in reversal of losses on financial assets in 2025, further strengthened the result. Overall, Net Profit Attributable to Equity Holders of the Parent amounted to SAR 23.4m in 2025, a 130% increase on the SAR 77.3m loss from 2024. This was driven by a 31% reduction in Zakat Expenses, which stood at SAR 13.4m compared to SAR 19.6m the previous year, and a 1% reduction in Finance Costs, which were SAR 35.8m in 2025, compared to SAR 36.2m in 2024. These were offset by a 14% reduction in Finance Income, from SAR 30.8m in 2024, to SAR 26.4m in 2025, and an increase in Loss Attributable to Non-Controlling Interests, which increased to SAR 1.2m from SAR 0.1m in 2024. Earnings per share accordingly improved to SAR 0.27 in 2025, compared to a loss per share of SAR 0.89 in 2024.

The Group's continued focus on cost rationalization, despite stable top-line figures were the drivers for this return to profitability, specifically with regards to slow moving and obsolete inventories which reduced from SAR 34.2m to SAR 2.7m, along with reduced employees' costs which dropped to SAR 67.3m in 2025, down from SAR 78.2m the previous year, in addition to a reduction in Production Overheads and Direct Material Costs.

Balance Sheet Summary

by value in (SAR)

	12 Month Period ended		YoY Change
	2025	31-Dec 2024	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	1,431,865,458	1,268,700,865	13%
Intangible assets	17,056,251	21,146,421	-19%
TOTAL NON-CURRENT ASSETS	1,448,921,709	1,289,847,286	12%
CURRENT ASSETS			
Inventories	215,492,407	186,367,314	16%
Trade receivables	347,694,427	338,341,685	3%
Prepayments and other receivables	11,503,557	9,211,564	25%
Other current assets	149,290,684	124,149,293	20%
Cash and short-term deposits	495,352,589	610,683,119	-19%
TOTAL CURRENT ASSETS	1,219,333,664	1,268,752,975	-4%
TOTAL ASSETS	2,668,255,373	2,558,600,261	4%
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	341,502,520	184,282,212	85%
Equity attributable to equity holders of the parent	1,628,169,149	1,606,227,693	1%
Non- controlling interests	-7,430,361	-6,194,341	20%
TOTAL EQUITY	1,620,738,788	1,600,033,352	1%
LIABILITIES			
NON-CURRENT LIABILITIES			
Interest-bearing long-term borrowings	257,106,834	251,152,604	2%
Lease liabilities	20,651,883	10,208,662	102%
Employee defined benefits liabilities	38,139,995	41,452,198	-8%
TOTAL NON-CURRENT LIABILITIES	315,898,712	302,813,464	4%
CURRENT LIABILITIES			
Interest-bearing long-term borrowings – current portion	120,009,417	129,759,552	-8%
Interest-bearing short-term borrowings	337,301,909	310,231,050	9%
Trade and other payables	251,545,855	191,982,075	31%
Other current liabilities	9,220,823	3,870,539	138%
Zakat payable	13,539,869	19,910,229	-32%
TOTAL CURRENT LIABILITIES	731,617,873	655,753,445	12%
TOTAL LIABILITIES	1,047,516,585	958,566,909	9%
TOTAL EQUITY AND LIABILITIES	2,668,255,373	2,558,600,261	4%

The financial position of MEPCO as of December 31, 2025, reflects an active phase of strategic investment and growth, with Total Assets rising by 4% to SAR 2,668.3m since year-end 2024. The most significant movement occurred within the asset structure, where Non-Current Assets (NCA) increased by 12% to SAR 1,448.9m, driven by a 13% surge in Property, Plant and Equipment, which reached SAR 1,431.9m. During the same period, additions to capital work in progress more than doubled from SAR 64.2m in 2024 to SAR 225.6m to 2025. The increase was mainly a result of additional capital required for Paper Machine-5 (PM5) (expected to be completed by June 2027) and Tissue machine-6 (TM6) (expected to be completed before End of 2026). This massive spike in CWIP indicates substantial expenditure on future production capacity. This investment was financed primarily through internal resources, leading to a 19% reduction in Cash and short-term deposits, which settled at SAR 495.3m. Total Current Assets declined from SAR 1,268.7m in 2024 to SAR 1,219.3m in 2025.

The Group's financial strength and improved profitability are evident on the financing side of the balance sheet. Total Equity increased by 1% to SAR 1,620.7m, supported by the profit generated during the year. The increase in retained earnings to SAR 341.5m from SAR 184.3m reflected both the net profit realized in 2025 and the transfer of the statutory reserve to retained earnings approved during the year. At the same time, Total Liabilities increased to SAR 1,047.5m from SAR 958.6m, while overall borrowings rose modestly to SAR 714.4m from SAR 691.1m, reflecting the Group's continued investment in major capital projects. A key movement within liabilities was the 31% increase in trade and other payables, which rose to SAR 251.5m from SAR 192.0m, reflecting increased short-term purchasing and operating requirements linked to the Group's expansion activity.

Debt Analysis

by value in (000SAR)

	December 2025	December 2024	Change %
STL	337,302	310,231	9%
MTL*	377,116	380,912	-1%
Total debt	714,418	691,143	3%
Cash Balance	495,353	610,683	-19%
Net debt	219,066	80,460	172%
Equity **	1,620,739	1,600,033	1%
Debt/Equity (x)	0.44	0.43	2%
Net debt/Equity (x)	0.14	0.05	169%

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

** Total Equity including Non-Controlling Interest with value of SR (7.4) 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.

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