

**EASTERN COMPANY S.A.E.**

**SEPARATE INTERIM  
FINANCIAL STATEMENTS AND  
A LIMITED REVIEW REPORT THEREON**

**AT 30 SEPTEMBER 2025**

Eastern Company S.A.E.

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**SEPARATE INTERIM FINANCIAL STATEMENTS**

At 30 September 2025

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*Translation of Limited Review Report  
originally issued in Arabic*

## **LIMITED REVIEW REPORT ON THE SEPARATE INTERIM FINANCIAL STATEMENTS**

**TO THE BOARD OF DIRECTORS OF  
EASTERN COMPANY - S.A.E.**

### ***Introduction***

We have carried out a limited review of the accompanying separate interim statement of financial position of Eastern Company - S.A.E. as at 30 September 2025 and the related separate interim statements of income, other comprehensive income, 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 fair presentation of these separate interim financial statements in accordance with Egyptian Accounting Standards. Our responsibility is limited to expressing a conclusion on these separate interim financial statements based on our limited review.

### ***Scope of the Limited Review***

We conducted our limited review in accordance with Egyptian Standard on Limited Review Engagements No. 2410, "Limited Review of interim Financial Statements Performed by the Independent Auditor of the Entity". A limited review of separate interim financial statements consist of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other limited review procedures. A limited review is substantially less in scope than an audit conducted in accordance with Egyptian Standards on Auditing and consequently we are unable 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 on these separate interim financial statements.

The separate financial statements for the financial year ended 30 June 2025 have been audited by another auditor, who issued an unqualified audit report on 21 October 2025.

### ***Conclusion***

Based on our limited review, nothing has come to our attention that causes us to believe that the accompanying separate interim financial statements do not present fairly in all material respects, the separate interim financial position of Eastern Company - S.A.E. as at 30 September 2025, and of its separate interim financial performance and its separate cash flows for the three months period then ended in accordance with Egyptian Accounting Standards.





***Emphasis of Matter***

As detailed in Note (51) to the accompanying separate interim financial statements, which states that, the Extraordinary General Meeting held on 13 November 2025, resolved the following:

- Amendment of the Company's fiscal year to start on 1<sup>st</sup> January and end on 31<sup>st</sup> December each year, and accordingly amendment of Article No. 54 of the Company's Articles of Association to reflect such change.
- Preparation of Financial Statements for the period from 1 July 2025 to 31 December 2025 (the "Transitional Period"), as required by Article No. 186 of the Executive Regulations of Law No. 159 of 1981.



**Mohanad T. Khaled**

Fellow of ACCA

Fellow of ESAA

RAA No. 22444

FRA No. 375

Cairo, 28 December 2025

Eastern Company S.A.E.

**SEPARATE INTERIM STATEMENT OF FINANCIAL POSITION**

At 30 September 2025

**"Amounts are presented in thousand Egyptian Pounds unless otherwise stated"**

	<i>Note</i>	30/9/2025	30/6/2025
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment (Net)	(4)	3,552,729	3,656,134
Projects under constructions	(5)	360,517	232,409
Investments property (Net)	(6)	126,160	126,371
Investments in associates	(7)	598,953	1,053,094
Investments in subsidiaries	(8)	240	-
Payments on account of investment		-	10,000
Intangible assets (Net)	(9)	12,881	15,199
Financial investments at fair value through OCI	(10)	731,014	754,477
Financial investments at amortized cost	(11)	20,668	20,668
Right of use assets (Net)	(12)	235,151	237,195
Other assets	(13)	12,284	12,302
Deferred tax assets	(25-1)	317,897	302,605
<b>Total non-current assets</b>		<b>5,968,494</b>	<b>6,420,454</b>
<b>CURRENT ASSETS</b>			
Inventory (Net)	(14)	30,829,651	33,884,649
Trade Receivables and Notes Receivable (Net)	(15)	418,603	203,028
Due from related parties (Net)	(16)	798,385	846,461
Debtors and other debit balances (Net)	(17)	1,017,345	1,289,442
Accounts payables- advance payments	(18)	606,891	760,955
Financial investments at fair value through P&L	(19)	2,020,029	9,848
Cash and cash equivalent (Net)	(20)	450,137	181,078
<b>Total current assets</b>		<b>36,141,041</b>	<b>37,175,461</b>
<b>Total Assets</b>		<b>42,109,535</b>	<b>43,595,915</b>
<b>EQUITY AND LIABILITIES</b>			
Issued and Paid-up capital	(22)	3,000,000	3,000,000
Reserves	(23)	3,955,580	3,952,986
Retained earnings	(24)	11,903,447	9,751,410
<b>Total Equity</b>		<b>18,859,027</b>	<b>16,704,396</b>
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
End-of-Service Benefit Obligations	(26)	365,088	365,088
<b>Total non-current liabilities</b>		<b>365,088</b>	<b>365,088</b>
<b>CURRENT LIABILITIES</b>			
Provisions	(27)	3,063,590	3,152,079
Banks overdraft	(21)	6,580,282	11,443,652
Trade Payables and Notes Payable	(28)	1,017,939	2,773,756
Creditors and other credit balances	(29)	10,299,458	7,822,637
Account receivables – advance payments	(30)	33,911	78,231
Lease Liabilities	(31)	36,607	36,607
End-of-Service Benefit Obligations	(26)	39,649	40,077
Income tax payable		1,813,984	1,179,392
<b>Total current liabilities</b>		<b>22,885,420</b>	<b>26,526,431</b>
<b>Total liabilities</b>		<b>23,250,508</b>	<b>26,891,519</b>
<b>Total Equity and Liabilities</b>		<b>42,109,535</b>	<b>43,595,915</b>

- Limited Review Report "attached"
- The accompanying notes From No (1) to No (51) form an integral part of these separate interim financial statements and read therewith.

**Mrs. Neveen Ali**

Head of financial sector



**Mr. Tamer Mosli**

Chief financial officer



**Mr. Hany Aman**

Managing Director and Chief  
executive officer



Eastern Company S.A.E.

**SEPARATE INTERIM STATEMENT OF INCOME (PROFIT OR LOSS)**

For the period ended 30 September 2025

**"Amounts are presented in thousand Egyptian Pounds unless otherwise stated"**

	<i>Note</i>	<i>30/9/2025</i>	<i>30/9/2024</i>
Net sales	(32)	10,632,879	8,125,393
Cost of sales	(33)	(6,676,842)	(5,725,028)
<b>Gross profit</b>		<u>3,956,037</u>	<u>2,400,365</u>
Other income	(34)	74,515	104,278
Selling and distribution expenses	(35)	(232,909)	(161,271)
General and administrative expenses	(36)	(324,248)	(126,008)
Other expenses	(37)	(85,502)	(916,637)
<b>Operating activities</b>		<u>3,387,893</u>	<u>1,300,727</u>
Net financing cost / income	(38)	(533,716)	126,424
Other financial investments income	(39)	<u>11,587</u>	<u>923,471</u>
<b>Profit before tax</b>		<u>2,865,764</u>	<u>2,350,622</u>
Income tax	(25-2)	(713,727)	(525,817)
<b>Profit from continued operations</b>		<u>2,152,037</u>	<u>1,824,805</u>
<b>Earnings per share for the period</b>	(40)	<u>0.63</u>	<u>0.53</u>

- The accompanying notes From No (1) to No (51) form an integral part of these separate interim financial statements and read therewith.

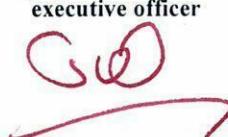
**Mrs. Neveen Ali**  
Head of financial sector



**Mr. Tamer Mosli**  
Chief financial officer



**Mr. Hany Aman**  
Managing Director and Chief  
executive officer



Eastern Company S.A.E.

**SEPARATE INTERIM STATEMENT OF OTHER COMPREHENSIVE INCOME**

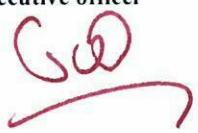
For the period ended 30 September 2025

**"Amounts are presented in thousand Egyptian Pounds unless otherwise stated"**

**30/9/2025      30/9/2024**

Net profit for the period	2,152,037	1,824,805
<b>Items of other comprehensive income</b>		
Gains on revaluation of investments at fair value through OCI	3,346	29,597
<b>Deduct</b>		
Tax on items of other comprehensive income	(752)	(6,659)
<b>Total other comprehensive income for the period after tax</b>	<b>2,594</b>	<b>22,938</b>
<b>Total other comprehensive income</b>	<b>2,154,631</b>	<b>1,847,743</b>

- The accompanying notes From No (1) to No (51) form an integral part of these separate interim financial statements and read therewith.

<b>Mrs. Neveen Ali</b> Head of financial sector 	<b>Mr. Tamer Mosli</b> Chief financial officer 	<b>Mr. Hany Aman</b> Managing Director and Chief executive officer 
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**SEPARATE INTERIM STATEMENT OF CHANGES IN EQUITY**

For the period ended 30 September 2025

"Amounts are presented in thousand Egyptian Pounds unless otherwise stated"

<b>Description</b>	<b>Issued and Paid- up capital</b>	<b>Legal reserve</b>	<b>Statutory reserve</b>	<b>Capital reserves</b>	<b>Other reserves</b>	<b>Reserve of revaluation of financial investments</b>	<b>Employee Benefits Plans</b>	<b>Total reserves</b>	<b>Retained earnings</b>	<b>Total equity</b>
Balance at 1 July 2024	3,000,000	1,205,504	903,498	580,942	966,583	(51,834)	9,456	3,614,149	9,554,967	16,169,116
Adjustment of expenses and revenues from previous years	-	-	-	-	-	-	-	-	(5,052)	(5,052)
Dividends:										
Transferred to reserves from dividends for 2023/2024	-	294,496	-	14,918	-	-	-	309,414	(309,414)	-
Dividends to shareholders	-	-	-	-	-	-	-	-	(8,100,000)	(8,100,000)
Employees dividends	-	-	-	-	-	-	-	-	(903,194)	(903,194)
Board of director's reward	-	-	-	-	-	-	-	-	(28,750)	(28,750)
Youth and sports distributions	-	-	-	-	-	-	-	-	(45,908)	(45,908)
Net profit for period from 1 July 2024 to 30 Sep 2024	-	-	-	-	-	-	-	-	1,824,805	1,824,805
Comprehensive income items										
<b>Balance at 30 Sep 2024</b>	<b><u>3,000,000</u></b>	<b><u>1,500,000</u></b>	<b><u>903,498</u></b>	<b><u>595,860</u></b>	<b><u>966,583</u></b>	<b><u>(28,896)</u></b>	<b><u>9,456</u></b>	<b><u>3,946,501</u></b>	<b><u>1,987,454</u></b>	<b><u>8,933,955</u></b>
Balance at 1 July 2025	3,000,000	1,500,000	903,498	595,860	965,828	(12,298)	98	3,952,986	9,751,410	16,704,396
Net profit for period from 1 July 2025 to 30 Sep 2025	-	-	-	-	-	-	-	-	2,152,037	2,152,037
Comprehensive income items									2,594	2,594
<b>Balance at 30 Sep 2025</b>	<b><u>3,000,000</u></b>	<b><u>1,500,000</u></b>	<b><u>903,498</u></b>	<b><u>595,860</u></b>	<b><u>965,828</u></b>	<b><u>(9,704)</u></b>	<b><u>98</u></b>	<b><u>3,955,580</u></b>	<b><u>11,903,447</u></b>	<b><u>18,859,027</u></b>

- The accompanying notes From No (1) to No (51) form an integral part of these separate interim financial statements and read therewith.

Mrs. Neveen Ali Mr. Tamer Mosli Mr. Hany Aman  
 Head of financial sector Chief financial officer Managing Director and Chief  
  
  


Eastern Company S.A.E.

**SEPARATE INTERIM STATEMENT OF CASH FLOWS**

For the period ended 30 September 2025

**"Amounts are presented in thousand Egyptian Pounds unless otherwise stated"**

<i>30/9/2025</i>	<i>Subtotal</i>	<i>Notes</i>	<i>Item</i>	<i>30/9/2024</i>
			<b>First: Cash flows from operating activities</b>	
28,921,511			Cash sales and receivables collection	23,609,250
(4,720,134)			Cash purchases and payments to suppliers	(6,380,212)
(383,161)			Paid salaries	(401,570)
			Provision for Early Retirement Obligations	
			Operating Revenue for Third Parties and Other	
219,979			Income	670,675
8,049			Interest Received	133,891
(552,641)			Paid interest	(5,015)
(16,679,093)			Paid tax and fees	(20,955,362)
1,266			Export subsidy / grants and subsidies	-
409			Collected insurance claims	31
(9,901)			Other payments	(21,604)
<u>6,806,284</u>			<b>Net Cash flows from operating activities</b>	<u>(3,349,916)</u>
			<b>Second: Cash flows from investing activities</b>	
			Payments for Acquisition of Property, Plant and	
			Equipment (Projects Under Construction)	(99,203)
(45,425)			Investments in associates	669,490
385,853			Purchase of treasury bills	(24,354,526)
(2,004,260)			Purchase of Investments in Investment Funds	(350,000)
-			Sale of Treasury Bills	24,712,724
-			Sale of Egyptian bonds	899,507
-			Sale of Investments in Investment Funds	240,771
<u>(1,663,832)</u>			<b>Net Cash flows from investing activities</b>	<u>1,718,763</u>
			<b>Third: Cash flows from financing activities</b>	
			Dividends paid	(12,210)
(23,851)			<b>Net Cash flows from financing activities</b>	<u>(12,210)</u>
<u>(23,851)</u>			<b>Foreign Exchange Gains and Losses</b>	<u>(4,473)</u>
13,828			<b>Net Cash from 1/7/2025 to 30/9/2025</b>	<u>(1,647,836)</u>
5,132,429			Cash balance at 1/7/2025	<u>4,937,867</u>
(11,262,394)				<u>3,290,031</u>
<u>(6,129,965)</u>	<u>28,921,511</u>	<u>(41)</u>	Cash balance at 30/9/2025	

- The accompanying notes From No (1) to No (51) form an integral part of these separate interim financial statements and read therewith.

**Mrs. Neveen Ali**

Head of financial sector



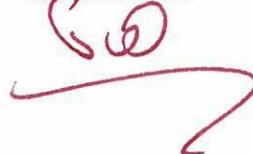
**Mr. Tamer Mosli**

Chief financial officer



**Mr. Hany Aman**

Managing Director and Chief  
executive officer



**“Amounts are presented in thousand Egyptian pounds unless otherwise stated”**

## **1. INTRODUCTION**

### **1-1 Company Background**

- Eastern Company S.A.E – was established in the Arab Republic of Egypt and was registered in the Commercial Register under No. 6069 on 2 June 2019
- The Extraordinary General Assembly held on 2 June 2019 resolved to approve the regularization of the Company’s status and its transition from the provisions of Law No. 203 of 1991 governing Public Business Sector Companies to the provisions of the Companies Law No. 159 of 1981 and its Executive Regulations, in light of the decrease in the ownership percentage of the Holding Company for Chemical Industries to less than 51% of the Company’s share capital and also approved the Company’s new Articles of Association, prepared in accordance with the provisions of Companies Law No. 159 of 1981 and its Executive Regulations, as presented to the General Assembly.
- **The Company’s head office:** is located at: the Sixth Industrial Zone – Al Wahat Road, Plots Nos. 1 (87 to 98), the Fifth and Sixth Zones, 6th of October City, Giza.
- **The Company’s duration:** is fifty years, commencing from the date of its re-registration in the Commercial Register on 2 June 2019 and ending on 1 June 2069.

### **1-2 The Company’s purpose**

- The principal activity of the Company is the management of wholesale and retail trading activities.
- The Company operates in the manufacture and trade of tobacco and its products, as well as modern smoking alternatives and their accessories. The Company may also engage in any investment, financial, commercial, industrial, agricultural, or service activities (excluding activities subject to the provisions of the Capital Market Law in accordance with Law No. 95 of 1992), with the Company being committed to regularizing its status in accordance with the provisions of Law No. 120 of 1982.
- Real state ownership and construction, purchasing and dividing lands for the purpose of utilization, rental or sale, import, export, and commercial agencies.
- Establish, participate in the establishment of, acquire, or contribute to companies, whether inside or outside the Arab Republic of Egypt, that carry out any of the Company’s purposes or that may assist in achieving or developing any of its objectives, without prejudice to the provisions of applicable laws, regulations, and resolutions and subject to obtaining the necessary licenses to conduct such activities. The Company may also, in any manner, participate with companies and other entities engaged in activities similar to its own or that may assist it in achieving its objectives in Egypt or abroad. Furthermore, the Company may merge with, acquire, or be merged into such companies in accordance with the provisions of the law.

### **1-3 The Company’s Fiscal year**

- The Company’s fiscal year commencing on 1 July and ending on 30 June of each year.
- The period covered by the separate interim financial statements is from 1 July 2025 to 30 September 2025.
- On 13 November 2025, the Extraordinary General Assembly of the Company resolved to amend the Company’s fiscal year to commence on 1 January and end on 31 December of each year, in accordance with the provisions of Article 186 of the Executive Regulations of Law No. 159 of 1981 (Note 51).

"Amounts are presented in thousand Egyptian Pounds unless otherwise stated".

## **1. INTRODUCTION – Continued**

### **1-4 Financial Statements Issuance**

- The issuance of the separate interim financial statements for the period from 1 July 2025 to 30 September 2025 has been approved by the Board of Directors through a circular resolution dated 25 December 2025.

### **1-5 Major Shareholders and Stock Exchange Market**

- As of 30 September 2025, Global Investment Holding Company had acquired 30% and the Holding Company for Chemical Industries owns 20.95% of the Company's shares.
- The Company's nominal shares are traded in the Egyptian Stock Exchange Market

## **2. BASIS OF PREPARING FINANCIAL STATEMENTS**

### **2-1 Compliance with Accounting Standards and Laws**

- The separate interim financial statements have been prepared in accordance with Egyptian Accounting Standards and in light of the relevant Egyptian laws and regulations.

### **2-2 Basis of measurement**

The separate interim financial statements have been prepared on the historical cost basis, except for the following:

- Financial assets and liabilities measured at fair value through profit or loss.
- Financial assets and liabilities measured at fair value through other comprehensive income
- Financial assets and liabilities measured at amortized cost.
- The separate interim financial statements have been prepared on a going concern basis.

### **2-3 Functional and presentation currency**

- The currency used in presenting the separate interim financial statements is the Egyptian Pound (EGP), which represents the Company's functional currency.

### **2-4 Use of Estimates and Judgments**

- The preparation of the separate interim financial statements in accordance with Egyptian Accounting Standards requires management to make judgments, estimates, and assumptions that affect the application of policies and the reported amounts of assets, liabilities, revenue, expenses, accompanying disclosures, and disclosure of contingent liabilities. These estimates and assumptions are based on past experience and various other factors. Actual results may differ from these estimates, and uncertainty regarding these assumptions and estimates may lead to outcomes that require a material adjustment to the carrying amounts of the affected assets or liabilities in future periods.
- These estimates and assumptions are reviewed on an ongoing basis, and any differences in accounting estimates are recognized in the period/year in which the estimates are revised. If such differences affect both the period/year of revision and future years, they are recognized in the period/year of revision and in the future periods/years.
- The following are the key items for which estimates, assumptions, and professional judgment are used:
  - Useful lives of property, plant and equipment, intangible assets, and investment property.
  - Provisions and contingent liabilities.
  - Expected credit losses.

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## **2. BASIS OF PREPARING FINANCIAL STATEMENTS - *Continued***

### **■ Fair Value Measurement**

A number of the Company's accounting policies and disclosures require the measurement of the fair value of financial and non-financial assets and liabilities.

Fair value measurements are primarily based on available market data, and the inputs used in the valuation are classified according to the following hierarchy:

- **Level 1:** Unadjusted quoted prices in active markets for identical assets or liabilities.
- **Level 2:** Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (such as prices) or indirectly (derived from prices).
- **Level 3:** Inputs for the asset or liability that are not based on observable market data (unobservable inputs).
- The Company recognizes transfers between levels of the fair value hierarchy at the end of the period/year in which the change occurs.

Further information on the assumptions applied in measuring fair value is provided below:

- Financial instruments

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

The Company applies the following accounting policies consistently throughout the financial periods presented in the financial statements.

### **3-1 Translation of transactions in foreign currencies**

- Foreign currency transactions are translated at the exchange rate prevailing on the transaction dates.
- Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date.
- Assets and liabilities measured at fair value in foreign currencies are translated using the exchange rate at the date the fair value is determined.
- Non-monetary assets and liabilities measured at historical cost in foreign currencies are translated at the exchange rate on the transaction date.
- In general, foreign exchange differences are recognized in profit or loss, except for exchange differences arising from the translation of items recognized in other comprehensive income (OCI):
  - Financial investments at fair value through other comprehensive income (FVOCI), except for impairment, where foreign exchange differences in OCI are reclassified to profit or loss.
  - Financial liabilities designated as hedging instruments to hedge the foreign currency risk of a net investment in a foreign operation, provided the hedge is effective.
  - Hedging instruments used for cash flow risk, provided the hedge is effective.

### **3-2 Property, Plant and Equipment**

#### **3-2-1 Initial Recognition and Measurement**

- Items of property, plant and equipment are presented in the financial statements at historical cost, less accumulated depreciation and accumulated impairment losses.
- The cost of property, plant and equipment is determined based on capital expenditures directly attributable to the acquisition of the asset, and includes the cost of self-constructed assets, raw materials, direct labor, and any other costs incurred by the Company to bring the asset to its intended use. Significant components of property, plant and equipment are recognized separately when their useful lives differ.
- Gains and losses arising from the derecognition of property, plant and equipment are recognized in profit or loss.

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *Continued***

**3-2-2 Subsequent Expenditures**

- Subsequent expenditures are capitalized on the asset if it is expected to generate future economic benefits for the Company.
- The Company recognizes within the carrying amount of a fixed asset the cost incurred to replace a part of that asset at the date the cost is incurred, and the carrying amount of the replaced parts is derecognized.

**3-2-3 Depreciation**

- The straight-line method of depreciation is used, whereby the asset's value is reduced to its residual value over its estimated useful life, and depreciation is charged to profit or loss. Land is not depreciated.
- The estimated useful lives for each class of property, plant and equipment are as follows:

<i>Asset</i>	<i>Estimated useful life (year)</i>
Buildings	25-50
Machines	10
Vehicles	5-8
Tools	5
Furniture	4-10

- The depreciation method, useful lives, and residual values of property, plant and equipment are reviewed at the end of each financial year and adjusted if required.

**3-3 Investment in property**

- Investment properties comprise land and buildings held to earn rental income, appreciate in value, or both. Investment properties are initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment losses, with depreciation and impairment losses recognized in profit or loss.
- Investment properties are depreciated using the straight-line method over the estimated useful lives of each class of investment property. Land is not depreciated.
- The estimated depreciation rates for investment properties are as follows:

<i>Asset</i>	<i>Depreciation percentage</i>
Buildings	2% to 3.75%

- Gains or losses arising from the derecognition of investment properties (calculated as the difference between the net disposal proceeds and the carrying amount of the investment property) are recognized in profit or loss.

"Amounts are presented in thousand Egyptian Pounds unless otherwise stated".

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *Continued***

**3-4 Intangible assets and other assets**

- Intangible assets, such as computer software, licenses, and others, are initially measured at cost, which includes all costs necessary to acquire the asset, provided that such cost does not exceed the fair value of the asset (or similar assets) at the acquisition date.
- Intangible assets with a determinable useful life are subsequently measured at cost less accumulated amortization and accumulated impairment losses.
- Management amortizes intangible assets using the straight-line method according to the following rates:

Asset	Amortization Rate
Other assets	10%
HR Program	25%
Microsoft Program	25%

**3-5 Impairment**

**3-5-1 non-derivative financial assets**

**Financial Instruments and Contract assets**

The Company recognizes loss provisions for expected credit losses for:

- Financial assets measured at amortized cost.
- Investments in debt instruments measured at fair value through other comprehensive income
- Contract assets.
- The Company measures the loss provisions at an amount equal to the expected credit losses over the lifetime of the financial asset, except for the following, which are measured at an amount equal to the 12-month expected credit losses:
- Debt instruments that have been determined to have low credit risk at the reporting date.
- Other debt instruments and bank balances for which there has not been a significant increase in credit risk since initial recognition.
- Trade receivables and contract assets are always measured at an amount equal to the lifetime expected credit losses.
- When assessing whether the credit risk of a financial asset has significantly increased since initial recognition and when estimating expected credit losses, the Company considers reasonable and supportable relevant information available without undue cost or effort, including both quantitative and qualitative information, based on the Company's historical experience and known credit assessment, including forward-looking information.
- The Company assumes that the credit risk of a financial asset has significantly increased if it is past due for more than 30 days.
- A financial asset is considered to be in default when:
- It is unlikely that the borrower will pay its credit obligations to the Company in full, without recourse by the Company to actions such as realizing collateral, if any or
- The financial asset is past due for more than 90 days.
- Debt instruments are considered to have low credit risk when their credit risk rating is equivalent to the globally defined concept of "investment grade."

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *Continued***

- Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the financial instrument.
- 12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within 12 months after the reporting date, or a shorter period if the instrument's expected life is less than 12 months.
- The maximum period considered when estimating expected credit losses is the maximum contractual period during which the Company is exposed to credit risk.

**Measurement of Expected Credit Losses**

- Expected credit losses represent a probability-weighted estimate of credit losses. The present value of all shortfalls in cash flows (the difference between the cash flows due to the entity under the contract and the cash flows the Company expects to receive) is measured.
- Expected credit losses are discounted using the effective interest rate of the financial asset.

**Credit-Impaired Financial Assets**

- At each reporting date, the Company assesses whether financial assets measured at amortized cost and debt instruments measured at fair value through other comprehensive income (FVOCI) are credit-impaired. A financial asset is considered credit-impaired when one or more events have occurred that have a detrimental impact on the estimated future cash flows of the financial asset.
- **Indicators of credit impairment in financial assets include observable data, such as:**
  - Significant financial difficulty of the borrower or issuer.
  - Breach of contract, such as default or being more than 90 days past due.
  - Restructuring of a loan or advance by the Group on terms that the Group would not otherwise consider, and the borrower is likely to enter bankruptcy or another financial reorganization.
  - Disappearance of an active market for the financial instrument due to financial difficulties.

**Presentation of Expected Credit Loss Provision in the Statement of Financial Position**

- The loss provision for financial assets measured at amortized cost is deducted from the total carrying amount of the assets.
- For debt securities measured at fair value through other comprehensive income (FVOCI), the loss provision is recognized in profit or loss and recognized in other comprehensive income (OCI).

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

#### **Write-off of Financial Assets**

- The carrying amount of a financial asset is written off when the Company has no reasonable expectation of recovering the asset in full or in part. For individual customers, the Company's policy is to write off the full carrying amount when the financial asset is more than 90 days past due, based on historical experience in recovering similar assets. For corporate customers, the Company assesses individually the timing and amount of the write-off based on whether there is a reasonable expectation of recovery. The Company does not expect to recover significant amounts; however, financial assets that have been written off may still be subject to enforcement activities to comply with the Company's procedures for recovering amounts due

#### **3-5-2 Non-financial assets**

- The carrying amounts of the Company's non-financial assets, other than inventory and deferred tax assets, are reviewed at the reporting date to identify any indicators of impairment. The recoverable amount of an asset is estimated when there is any indication of impairment.
- The recoverable amount is estimated at each reporting date for intangible assets with indefinite useful lives or assets not yet available for use.
- An impairment loss is recognized when the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its recoverable amount. A CGU is the smallest identifiable group of assets that generates cash inflows largely independent of the cash inflows from other assets or groups of assets. Impairment losses are recognized in profit or loss and other comprehensive income (OCI).
- The recoverable amount of an asset or CGU is the higher of its value in use or fair value less costs of disposal. Future cash flows expected to be generated are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.
- The effect of impairment losses on goodwill is not reversed. Impairment losses recognized in prior periods for other assets are reviewed at each reporting date to determine whether there is any indication that the loss has decreased or no longer exists.
- An impairment loss is reversed if there has been a change in the estimates used to determine the asset's recoverable amount.
- Impairment losses are reversed to the extent that the carrying amount of the asset does not exceed the recoverable amount that would have been determined, net of depreciation, had no impairment loss been recognized.

#### **3-6 Financial instruments**

##### **3-6-1 Initial Recognition and Measurement**

- Trade receivables and issued debt securities are initially recognized at inception. All other financial assets and liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument.

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *Continued***

- A financial asset is initially measured at fair value plus, in the case of an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issuance, unless the trade receivable has no significant financing component. Trade receivables without a significant financing component are initially measured at the transaction price.

**3-6-2 Classification and subsequent measurement**

**Financial assets**

- At initial recognition, a financial asset is classified and measured at amortized cost, fair value through other comprehensive income (FVOCI) – debt instruments, FVOCI – equity instruments, or fair value through profit or loss (FVTPL).
- Financial assets are not reclassified after initial recognition, except when the Group changes its business model for managing financial assets. In such a case, all affected financial assets are reclassified at the first day of the next reporting period following the change in the business model.
- A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated at FVTPL:
  - The asset is held within a business model whose objective is to collect contractual cash flows.
  - The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- Debt instruments are measured at FVOCI if they meet the following conditions and are not previously designated at FVTPL:
  - The asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.
  - The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- At initial recognition of equity instruments not held for trading, the Group may irrevocably elect to present subsequent changes in fair value of these investments in other comprehensive income (OCI), So this selection is made for each investment separately
- All financial assets that are not measured at amortized cost or at FVOCI as described above are measured at FVTPL, including all derivative financial assets.
- At initial recognition, the Company may make an irrevocable election to designate and measure a financial asset at FVTPL and OCI if it significantly reduces an accounting mismatch that would otherwise arise.

**Financial Assets – Business Model Classification**

- The Company assesses the business model objective for holding a financial asset at the portfolio level, as this best reflects the way the business is managed and provides information to management. The information considered includes:

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- The policies and objectives established for the portfolio and their operation in practice. This includes whether management's strategy focuses on collecting contractual interest income, maintaining a certain interest rate profile, matching the duration of financial assets with any related liabilities or outflows, or achieving cash flows through selling assets, as well as how portfolio performance is evaluated and reported to management, the risks affecting the business model and the financial assets held within it, and how these risks are managed.
- How activity managers are compensated, whether compensation is based on the fair value of the assets under management or the contractual cash flows collected.
- The frequency, volume, and timing of sales of financial assets in prior periods, the reasons for such sales, and expectations regarding future sales activity.
- Transfers of financial assets to third parties in transactions that are not eligible for derecognition are not considered sales for this purpose, in line with the Company's continuing recognition of the assets.
- Financial assets held for trading or managed and whose performance is evaluated on a fair value basis are measured at fair value through profit or loss (FVTPL).
- Financial assets are assessed to determine whether the contractual cash flows are solely payments of principal and interest (SPPI). For this assessment, "principal" is defined as the fair value of the financial asset at initial recognition. "Interest" is defined as consideration for the time value of money, credit risk associated with the principal outstanding over a specific period, and other basic lending risks and costs (such as liquidity risk and administrative costs), as well as a reasonable profit margin.
- When assessing whether contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes evaluating whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows so that it does not meet this criterion. In making this assessment, the Company considers:
  - Emergency events that may change the amount or timing of cash flows.
  - Terms that may adjust the contractual coupon rate, including features of a variable rate.
  - Advance payment, extension features and conditions that limit the Group's claim to cash flows from specific assets, for example the special characteristics of the right of irreversibility.
  - A financial asset meets the SPPI characteristic if the prepayment amount largely represents unpaid amounts of principal and interest on the outstanding principal, which may include reasonable compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to the contractual amount, the characteristic permits or requires prepayment amounts largely equal to the contractual nominal amount plus accrued contractual interest (but unpaid) (which may also include reasonable compensation for early termination), in accordance with this Standard, if the fair value of the prepayment feature is not significant at initial recognition.

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *Continued***

**Financial Assets – Subsequent Measurement and Profit or Loss**

Financial Assets Measured at Fair Value Through Profit or Loss (FVTPL)	Financial assets measured at fair value through profit or loss are subsequently measured at fair value, with changes in fair value, including any interest or dividend income, recognized in profit or loss.
Financial Assets Measured at Amortized Cost	These assets are subsequently measured at amortized cost using the effective interest method. The carrying amount is reduced by any expected credit losses. Interest income, foreign exchange gains and losses, and impairment losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss
Investments in Equity Instruments Measured at Fair Value Through Other Comprehensive Income (FVOCI)	Equity instruments measured at FVOCI are subsequently measured at fair value. Dividend income is recognized in profit or loss unless it clearly represents a recovery of part of the investment cost. Other net gains or losses are recognized in other comprehensive income (OCI) and are never reclassified to profit or loss.
Debt Instruments Measured at Fair Value Through Other Comprehensive Income (FVOCI)	Debt instruments measured at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses, and impairment losses are recognized in profit or loss. Other net gains or losses are recognized in OCI. Upon derecognition, accumulated gains or losses in OCI are reclassified to profit or loss. .

**Financial Liabilities –Classification, Subsequent Measurement, and Gains or Losses**

Financial liabilities are classified as measured at amortized cost or at fair value through profit or loss (FVTPL). A financial liability is classified at FVTPL if it is held for trading, is a derivative, or is designated as such at initial recognition. Financial liabilities measured at FVTPL are subsequently measured at fair value, and any net gains or losses, including interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains or losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

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### **3-6-3 Derecognition**

#### **Financial assets**

- The Company derecognizes a financial asset when the contractual rights to receive cash flows from the financial asset expire, or when it transfers the contractual rights to receive the cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Derecognition also occurs if the Company neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset, and the Group does not retain control.
- The Company may enter into transactions in which recognized assets are transferred from its statement of financial position, but the Company retains substantially all the risks and rewards of the transferred assets. In such cases, the transferred assets are not derecognized.

#### **Financial liabilities**

- The Company derecognizes a financial liability when it is ends, either through settlement, cancellation, or expiry of the contractual term. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In such cases, a new financial liability is recognized at fair value based on the modified terms.
- Upon derecognition of a financial liability, the difference between the carrying amount settled and the consideration paid (including any non-cash assets transferred or liabilities incurred) is recognized in profit or loss.

### **3-6-4 Offsetting**

An offsetting is made between the financial asset and the financial liability and the net amount is shown in the statement of financial position when, and only when, binding legal rights are present and when they are settled on a net basis or when assets are realized and liabilities are settled at the same time.

### **3-7 Investment in subsidiaries**

Subsidiaries are entities in which the investing company has the ability to control its financial and operational policies, presumably by owning more than half of the voting rights of the investing company.

Investments in subsidiaries have been proven - at the time of their acquisition - at the cost of their acquisition, and in the event of a loss of decrease in the recoverable value of any investment from its book value "Impairment", the book value of this investment is adjusted by the value of the loss of decrease in value and charged to the list of profits or losses for each investment separately.

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *Continued***

**3-8 Investment in associate**

- A sister company is an entity in which the company has influential influence. Influential influence is the ability to participate in financial and operational decision-making. Influential influence is assumed to exist starting from 20% or more of the company's invested capital up to 49%.
- The company recognizes dividends on its investments in sister companies when it is issued the right to receive those dividends.
- The company has proven investments in sister companies in its financial statements in accordance with the relevant Egyptian accounting standards, amended in March 2024 by adding the option to use the equity method in accounting for investments in sister companies with joint control, and the company has implemented it early in this regard.

**3-9 Other investments**

**3-9-1 Financial Investments at Fair Value Through Other Comprehensive Income (FVOCI)**

- Financial investments available for sale are subsequently measured at fair value through the comprehensive income statement, and interest income calculated at depreciated cost using the effective interest method and foreign exchange profits and losses are calculated in profit or loss. Upon exclusion, the accumulated profits and losses in the comprehensive income statement are reclassified into profits and losses.

**3-9-2 Financial Investments at Amortized Cost**

- These investments mainly comprise government bonds, which are measured at cost, with income recognized through the statement of profit or loss.

**3-9-3 Financial Investments at Fair Value Through Profit or Loss (FVTPL)**

- Treasury bills and investment funds are measured at fair value through profit or loss.

**3-10 Finance lease**

**Lease Contracts**

The standard specifies the principles related to the recognition, measurement, presentation, and disclosure of lease contracts. The objective is to ensure that lessees and lessors provide relevant information that faithfully represents these transactions or provides a basis for financial statement users to assess the impact of lease contracts on an entity's financial position, financial performance, and cash flows. When a contract is created, it is assessed whether the contract contains a lease. A contract is, or contains, a lease if it conveys the right to use a specified asset for a period of time in exchange for consideration.

The lease term is determined as the non-cancellable period of the lease, together with:

- (a) Periods covered by an extension option if the lessee is reasonably certain to exercise that option.
- (b) Periods covered by a termination option if the lessee is reasonably certain not to exercise that option.

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### **Leases in which the Company is the Lessee**

At the commencement date of the lease, a "right-of-use" asset and a lease liability are recognized. However, the Company may choose not to apply this requirement for short-term leases or leases in which the underlying asset is of low value. In such cases, lease payments are recognized as an expense on a straight-line basis over the lease term or another systematic basis if that better represents the pattern of benefits derived by the lessee.

#### **Initial Measurement of the Right-of-Use Asset**

The cost of the right-of-use asset comprises:

- (a) The initial measurement of the lease liability at the present value of unpaid lease payments at that date, discounted using the lease's implicit interest rate if readily determinable; if not, the lessee uses its incremental borrowing rate.
- (b) Any lease payments made on or before the commencement date, less any lease incentives received.
- (c) Any initial direct costs incurred by the lessee.
- (d) An estimate of costs to dismantle, remove, or restore the underlying asset or the site, unless those costs are for inventory production. The lessee incurs obligations for such costs either at the lease commencement date or as a result of using the underlying asset over a period of time.

#### **Subsequent Measurement of the Right-of-Use Asset**

After the lease commencement date, the right-of-use asset is measured using the cost model, where the asset is carried at cost:

- (a) Less accumulated depreciation and any accumulated impairment losses.
- (b) Adjusted for any remeasurement of the lease liability.

#### **Initial Measurement of Lease Liability**

At the commencement date, the lease liability is measured at the present value of unpaid lease payments, discounted using the lease's implicit interest rate if readily determinable. If not readily determinable, the lessee uses its incremental borrowing rate.

#### **Subsequent Measurement of Lease Liability**

After the commencement date, the lease liability is adjusted to reflect:

- (a) increase the carrying amount of the liability to reflect the interest on the rental obligation.
- (b) decrease the carrying amount of the liability to reflect rental payments.
- (c) remeasure the carrying amount of the liability to reflect any revaluation or modifications to the lease or to reflect the fixed lease in its substantially modified form.

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *Continued***

The right-of-use asset and lease liabilities are presented separately from other assets and liabilities in the statement of financial position.

The lease contracts include the lessee's obligation to maintain and ensure the leased asset, and the lease contract does not involve any arrangements for the transfer of ownership at the end of the lease term.

With respect to a contract that contains a lease component together with one or more lease or non-lease components (if any), the consideration in the contract is allocated to each lease component on the basis of the relative standalone price of the lease component and the aggregate standalone price of the non-lease components. As a practical expedient, and within the limits permitted by the Standard, the Company, as a lessee, may elect, by class of underlying asset, not to separate non-lease components from lease components, and accordingly to account for each lease component and any associated non-lease components as a single lease component.

**3-11 Inventory**

- Inventories are measured at cost or net realizable value, whichever is lower. Net realizable value represents the estimated selling price in the ordinary course of business less the estimated costs of completion and selling expenses. Issues from inventory are priced using the weighted average cost method. Cost includes all expenses and costs incurred by the Company to bring the inventory to its present location and condition.
- The Company applies the perpetual inventory system in recording inventory items and issues to production, while the periodic inventory method is applied in recording ending inventory of finished goods and work in progress.
- The inventory of raw tobacco is sufficient for approximately 15 months.
- The inventory of finished goods is sufficient to meet market needs for approximately 11 days.
- Inventory of raw materials includes raw tobacco held in bonded warehouses amounting to approximately EGP 17,284 million, and the related customs duties are paid upon receipt of such inventory from these warehouses.

**3-12 Cash and Cash Equivalents**

- For the purposes of preparing the statement of cash flows, cash and cash equivalents include cash balances with banks and on hand, demand deposits with maturities of not more than three months, as well as bank overdrafts repayable on demand that form an integral part of the Company's cash management system.
- The Company prepares the statement of cash flows using the direct method.

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *Continued***

**3-13 Account receivables, Debtors, and Other Receivables**

- Trade receivables, notes receivable, debtors and other non-interest-bearing receivable balances are recognized at their nominal value, net of amounts expected to be uncollectible, which are estimated when it is unlikely that the full amount will be collected. Trade receivables and debtors are reduced by the amount of bad debts when identified. Other receivable balances are recognized at cost.

**3-14 Suppliers, Creditors, and Accrued Expenses**

- Trade payables, notes payable and creditors are recognized at their nominal value. Liabilities (accruals) are recognized at the amounts to be paid in the future in respect of goods and services received.

**3-15 Revenue Recognition**

- Revenue is measured based on the consideration specified in the contract with the customer, which includes unbilled revenues (contract assets), and excludes amounts collected on behalf of other parties. The Company recognizes revenue when it transfers control of the services to the customer.
- The Company assesses the services promised in the contract with the customer and identifies them as a performance obligation when such services are:
  - a) Distinct services.
  - b) A series of distinct services that are substantially the same and that have the same pattern (each distinct service is satisfied over time and the same method is used to measure progress).

The Company recognizes revenue from contracts with customers based on a five-step model as set out in Egyptian Accounting Standard (48).

**Step 1: Identify the contract(s) with the customer**

A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria that must be met for each contract.

**Step 2: Identify the performance obligations in the contract**

A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

**Step 3: Determine the transaction price**

The transaction price is the amount of consideration that the Company expects to be entitled to in exchange for transferring the goods or services promised to the customer, excluding amounts collected on behalf of other parties.

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *Continued***

**Step 4: Allocate the transaction price to the performance obligations in the contract**

For a contract that includes more than one performance obligation, the Company allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.

**Step 5: Recognize revenue when (or as) the performance obligation is satisfied**

The Company satisfies a performance obligation and recognizes revenue over time if one of the following criteria is met:

- a) The Company's performance does not create an asset with an alternative use to the Company, and the Company has an enforceable right to payment for performance completed to date.
- b) The Company creates or enhances an asset that the customer controls as the asset is created or enhanced
- c) The customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs
- d) For performance obligations, when one of the above conditions is met, revenue is recognized over a period of time that represents the time over which the performance obligation is satisfied

When the Company satisfies a performance obligation by providing the promised services, it recognizes a contract asset for the amount of consideration to which it is entitled from the performance. When the consideration received from the customer exceeds the revenue recognized, this results in advance payments from customers (contract liability).

Revenue is recognized to the extent that it is probable that economic benefits will flow to the Company and that the revenue and related costs can be measured reliably, where appropriate.

**The application of Egyptian Accounting Standard (48) requires management to use the following provisions:**

**Satisfaction of Performance Obligations**

The Company must assess each of its contracts with customers to determine whether performance obligations are satisfied over time or at a point in time in order to determine the appropriate method for recognizing revenue. The Company has determined that, based on the agreements concluded with customers, the Company does not create an asset with an alternative use to the Company and usually has an enforceable right to payment for performance completed to date.

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Under these circumstances, the Company recognizes revenue over time, and if this is not the case, revenue is recognized at a point in time. For the sale of goods, revenue is usually recognized at a point in time.

### **Other matters to be considered**

**Variable consideration:** If the consideration promised in a contract includes a variable amount, the Group shall estimate the amount of consideration to which it will be entitled in exchange for transferring the promised goods or services to the customer. The Group estimates the transaction price for contracts with variable consideration using either the expected value or the most likely amount method, applied consistently throughout the contract and for similar types of contracts.

### **Significant Financing Component**

- The Company must adjust the promised contract consideration for the time value of money if the contract includes a significant financing component.
- Revenue from the performance of services is recognized in the income statement when the service is performed, and no revenue is recognized if there is uncertainty about the recovery of this revenue. The value of revenue is measured at the fair value of the consideration received or receivable by the Company.

#### **3-15-1 Interest Revenue**

Interest revenue is recognized using the effective interest method, and interest revenue is included in the income statement under net finance cost/income.

#### **3-15-2 Gains on Sale of Investments**

Gains on the sale of financial investments are recognized when evidence of transfer of ownership to the buyer is received, based on the difference between the sale price and their carrying amount at the date of sale.

#### **3-16 Provisions**

Provisions are recognized when there is a legal or constructive obligation arising from past events, and it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate of the obligation amount can be made. If there is a significant effect of the time value of money, provisions are measured by discounting future cash flows using a pre-tax discount rate to reflect this effect. Provisions are reviewed at the reporting date and adjusted (if necessary) to reflect the best current estimate.

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *Continued***

**3-17 Treasury bills**

When repurchasing issued capital shares, the amount paid for the repurchase, including all direct costs related to the repurchase, is recognized as a reduction of equity. Repurchased shares are classified as treasury shares and presented as a deduction from equity. Upon the sale or reissuance of treasury shares, no gain is recognized in the income statement or other comprehensive income but is included within equity under "Additional Paid-in Capital – Treasury Shares." If sold at a loss, the loss is charged to "Additional Paid-in Capital – Treasury Shares," and if the loss exceeds the balance of this account, the difference is charged to retained earnings. The Company complies with Law No. (159) of 1981 and its amendments in all sales, purchases, and disposal transactions.

**3-18 Reserves**

Company reserves are established either by law or the Company's Articles of Association to strengthen the Company's financial position and are used by a decision of the General Assembly based on the Board of Directors' proposal when it serves the Company's best interests.

**3-19 Dividends**

- Dividend distributions are recognized as liabilities in the financial period in which they are declared after approval by the Company's ordinary General Assembly.
- Employees' share of dividends is paid up to a maximum of their total annual wages according to the law.

**3-20 Finance Income and Costs**

Finance income and costs include:

- Interest receivable.
- Interest payable.
- Net gain or loss on financial assets measured at fair value through profit or loss.
- Foreign exchange gains or losses on financial assets and liabilities.

Interest receivable and payable are recognized using the effective interest method. Dividend income is recognized in the income statement on the date the Group's right to receive payment is established.

The effective interest rate is the exact rate used to discount expected future cash payments or receipts over the expected life of the financial instrument to:

- The total carrying amounts of the financial asset
- The amortized cost of the financial liability.

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *Continued***

When calculating interest income and expense, the effective interest rate is applied to the total carrying amount of the asset (when the asset is not impaired) or to the amortized cost of the liability. For financial assets that become impaired after initial recognition, interest income is calculated using the effective interest rate on the amortized cost of the financial asset. If the financial asset is no longer impaired, interest income calculation reverts to the gross basis.

**3-21 Employee benefits**

**A. Short-term benefits**

Short-term employee benefits are recognized as an expense when the related service is provided. The expected amount to be paid is recognized as a liability when the Company has a legal or constructive obligation to pay the amount as a result of the employee having rendered past service, and the obligation can be reliably estimated.

**B. Defined contribution plans**

Obligations under defined contribution benefit plans are recognized as an expense when the related service is provided. Prepaid contributions are recognized as an asset to the extent that the prepayment will reduce future payments or be refundable. The Company contributes to the government social insurance system for its employees in accordance with the Social Insurance Law. Employees and employers contribute under this law at a fixed percentage of wages. The Company's obligation is limited to its contribution, and the Company's contributions are recognized in profit or loss on an accrual basis.

**C. Termination benefits**

The Company recognizes termination benefits as an expense at the earlier of the following dates: when the Company can no longer withdraw the offer of those benefits or when the Company recognizes restructuring costs. When it is not expected that the benefits will be settled in full within 12 months after the reporting date, they must be discounted using a pre-tax discount rate to reflect the time value of money.

**3-22 Expenses**

All operating expenses, including administrative and general expenses, are recognized in the income statement in the financial period in which they are incurred on an accrual basis. Interest expenses related to borrowings are recognized in the income statement using the effective interest method.

**a) Rent payments:**

Payments for leases that do not meet the recognition criteria for right-of-use assets are recognized in the income statement on a straight-line basis over the lease term.

**b) Interest expenses:**

Interest expenses are recognized in the income statement on an accrual basis using the effective interest method.

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *Continued***

**3-23 Income tax**

Current tax and deferred tax are recognized as income or expense in the profit or loss for the period, except in cases where the tax arises from a transaction or event that is recognized in the same period or in a different period – outside profit or loss, either in other comprehensive income or directly within equity, or in a business combination.

**3-23-1 Current income tax**

Current taxes for the current and prior periods that have not yet been paid are recognized as a liability. However, if the taxes already paid in the current and prior periods exceed the amount due for those periods, this excess is recognized as an asset. The values of current tax liabilities (assets) for the current and prior periods are measured at the expected amount to be paid or recovered from the tax authority, using the tax rates and tax laws that are enacted or substantively enacted at the end of the reporting period. Dividend distributions are subject to tax as part of the current tax. Offsetting of tax assets and liabilities is not performed unless certain conditions are met.

**3-23-2 Deferred Tax**

Deferred tax is recognized for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is recognized for all temporary differences that are expected to be subject to tax, except for the following:

- The initial recognition of goodwill.
- The initial recognition of an asset or liability in a transaction that:
  - 1) Is not a business combination.
  - 2) Does not affect accounting profit or taxable profit (tax loss).
- Temporary differences related to investments in subsidiaries, associates, and joint ventures to the extent that the timing of the reversal of these temporary differences can be controlled, and it is probable that such differences will not reverse in the foreseeable future.
- A deferred tax asset arising from the carryforward of unused tax losses, unused tax credits, and deductible temporary differences is recognized to the extent that it is probable that future taxable profits will be available against which the deferred tax asset can be utilized. Future taxable profits are determined based on the company's future business plan.
- The position of unrecognized deferred tax assets is reassessed at the end of each reporting period, and previously unrecognized deferred tax assets are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.
- Deferred tax is measured using the tax rates expected to apply when the temporary differences reverse, based on tax rates that are enacted or substantively enacted at the end of the reporting period.

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *Continued***

- When measuring deferred tax at the end of the reporting period, the tax effects of the company's plans to recover or settle the carrying amounts of its assets and liabilities are taken into account.
- Offsetting of deferred tax assets and liabilities is not performed unless certain conditions are met.

**3-24 Accounting for Grants and Subsidies**

The company follows the revenue approach for accounting for export subsidies in the income statement, as well as for accounting for gifted assets. The company recognizes gifted fixed assets as grants under the fixed assets section, with their depreciation charged to the income statement and, correspondingly, the depreciation is recorded as revenue.

**3-25 Basic/Diluted Earnings Per Share**

The basic/diluted earnings per share are calculated by dividing the profit attributable to shareholders for their share in the company's ordinary shares (after deducting the employees' share of profits and the remuneration of the Board of Directors) by the weighted average number of ordinary shares outstanding during the year.

**3-26 Financial Risk Management**

**3-26-1 Credit Risk**

Credit risk represents the risk that one party to a financial instrument will fail to meet its obligations, thereby causing the other party to incur financial losses. This risk arises mainly from other debtors. Credit risk relating to cash and cash equivalents balances – excluding cash on hand – and financial deposits arises from the lack of liquidity at the counterparty, and consequently its inability to repay such balances and meet its agreed obligations due to a shortage of liquidity. To control this risk, the Company deals with financial and banking institutions that have a high and stable creditworthiness rating.

**3-26-2 Liquidity Risk**

Liquidity risk represents the risk that the Company will be unable to meet its obligations when they fall due. The Company's approach to managing liquidity is to ensure that it has sufficient liquidity to meet its obligations as they fall due under both normal and stressed conditions without incurring unacceptable losses or damaging the Company's reputation. The Company also ensures the availability of sufficient cash on demand to meet expected operating expenses for an appropriate period, including servicing financial obligations, excluding the potential impact of extreme circumstances that cannot be reasonably predicted, such as natural disasters. The Company also invests excess cash – available from daily cash collections – in the best short-term investment opportunities.

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *Continued***

**3-26-3 Market Risk**

Market risk represents the risk of changes in market prices such as foreign exchange rates and interest rates. The objective of managing market risk is to manage and control exposure to market risk within acceptable parameters while maximizing returns.

**(a) Foreign Currency Risk:**

Foreign currency risk represents the risk arising from changes in foreign exchange rates, which affect payments and receipts in foreign currencies as well as the valuation of assets and liabilities denominated in foreign currencies. Management addresses this risk through several policies, including, for example, the value of what the Company receives from local manufacturing of spare parts and capital equipment and purchases from agents of suppliers, etc.

Foreign Currency balances as at 30 September 2025

	<i>Assets</i>	<i>liabilities</i>	<i>Net</i>
Dollar	(12,610)	(5,369)	(7,241)
Euro	61	(5,520)	(5,459)
Sterling pound	3	-	3
Swiss franc	3	-	3

**(b) Interest Rate Risk:**

The Company deals with a various of banks at interest rates that enable it to reduce the risks arising from changes in interest rates, whether credit or debit interest, through competition among banks and by obtaining the best rates based on the large volume of transactions.

The interest-bearing bank deposits during the referred financial period represent the total deposits in local currency and foreign currencies. The fair value of financial instruments does not differ materially from their carrying amounts at the end of the financial period.

**3-26-4 Capital Management**

- The Company's policy is to maintain a strong capital base in order to maintain shareholders, creditors and market confidence and to support future development
- The Company's management goal in managing capital is to maintain the company's ability to continue in a way that achieves a return for shareholders and provides benefits to other parties to gain market confidence and support future development.
- The Company's management also aims to maintain the best capital structure, which leads to reduced capital costs
- Management monitors the return on capital to maintain the best capital structure also the board of directors also monitors the level of shareholder distributions.

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

- The Company's management monitors the capital structure using the net liabilities to total capital ratio. Net liabilities represent total current and non-current liabilities less cash and cash equivalents. Total capital represents the Company's total equity as presented in the Company's separate statement of financial position, in addition to net liabilities.

	<u>30/9/2025</u>	<u>30/6/2025</u>
Total liabilities	23,250,508	26,891,519
Less: cash and cash equivalent	(450,137)	(181,078)
<b>Net Debt</b>	<b>22,800,371</b>	<b>26,710,441</b>
Total Owner's equity	18,859,027	16,704,396
<b>Net Debt to Equity Ratio</b>	<b>1,21</b>	<b>1,60</b>

#### 3-27 Related parties

- Related parties comprise the Company's shareholders and the companies in which the Company or the shareholders, directly or indirectly, hold shares that grant them the right to control or exercise significant influence over such companies. Transactions with related parties carried out by the Company in the ordinary course of business are recorded at arm's length in accordance with the terms set by the Board of Directors.
- Global Investment Holding Company owns 30%, and the Holding Company for Chemical Industries owns 20.95% of the Company's shares as at 30 September 2025.
- During the period from 1 July 2025 to 30 September 2025, the Company incurred salaries, allowances, and bonuses for members of senior management.

			<i>30/9/2025</i>
<i>Party</i>	<i>Nature of Relationship</i>	<i>Nature of Transaction</i>	<i>Transaction Amount</i>
			<i>(EGP thousand)</i>
United Tobacco Company	Associate company	Sale of assets – printing expenses, maintenance, and others	(47,509)
Holding Company for Chemical Industries	Shareholder	Financial transactions	(567)

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## 4- PROPERTY, PLANT AND EQUIPMENT

	<i>Lands</i>	<i>Buildings</i>	<i>Machines and equipment</i>	<i>Vehicles</i>	<i>Tools</i>	<i>Furniture and office equipment</i>	<i>Spare parts</i>	<i>Low value assets</i>	<i>Total</i>
<b>Cost:</b>									
Cost as of 1 July 2024	198,515	3,553,457	5,903,411	346,789	185,085	892,488	498	-	11,080,243
Additions During the year	-	-	85,132	-	5,912	139,743	-	-	230,787
Disposals during the year	(12,499)	(178,305)	(61,370)	(4,155)	(359)	(61,146)	-	-	(317,834)
Impairment of PPE	-	(262)	-	-	-	-	-	-	(262)
<b>Cost as of 30 June 2025</b>	<b>186,016</b>	<b>3,374,890</b>	<b>5,927,173</b>	<b>342,634</b>	<b>190,638</b>	<b>971,085</b>	<b>498</b>	<b>-</b>	<b>10,992,934</b>
Cost as of 1 July 2025	186,016	3,375,152	5,927,173	342,634	190,638	971,085	498	-	10,993,196
Additions during the period	-	-	-	-	1,193	3,382	-	52	4,627
Disposals during the period	-	-	(96)	(11)	(285)	(13)	-	-	(405)
Impairment of PPE	-	(262)	-	-	-	-	-	-	(262)
<b>Cost as of 30 September 2025</b>	<b>186,016</b>	<b>3,374,890</b>	<b>5,927,077</b>	<b>342,623</b>	<b>191,546</b>	<b>974,454</b>	<b>498</b>	<b>52</b>	<b>10,997,156</b>
<b>Accumulated depreciation:</b>									
Accumulated depreciation as of 1 July 2024	-	1,200,177	4,584,263	330,404	162,694	797,152	91	-	7,074,781
Depreciation for the year	-	81,805	305,914	9,222	9,416	44,777	92	-	451,226
Accumulated Depreciation of Disposals During the Year	-	(65,378)	(60,922)	(4,155)	(359)	(58,393)	-	-	(189,207)
<b>Accumulated depreciation as of 30 June 2025</b>	<b>-</b>	<b>1,216,604</b>	<b>4,829,255</b>	<b>335,471</b>	<b>171,751</b>	<b>783,536</b>	<b>183</b>	<b>-</b>	<b>7,336,800</b>
As of 1July 2025	-	1,216,604	4,829,255	335,471	171,751	783,536	183	-	7,336,800
Depreciation for the year	-	19,066	73,300	1,419	2,316	11,909	23	-	108,033
Accumulated Depreciation of Disposals During the Year	-	-	(96)	(11)	(285)	(14)	-	-	(406)
<b>Accumulated depreciation as of 30 September 2025</b>	<b>-</b>	<b>1,235,670</b>	<b>4,902,459</b>	<b>336,879</b>	<b>173,782</b>	<b>795,431</b>	<b>206</b>	<b>-</b>	<b>7,444,427</b>
<b>Net Book Value:</b>									
<b>As of 30 September 2025</b>	<b>186,016</b>	<b>2,139,220</b>	<b>1,024,618</b>	<b>5,744</b>	<b>17,764</b>	<b>179,023</b>	<b>292</b>	<b>52</b>	<b>3,552,729</b>
<b>As of 30 June 2025</b>	<b>186,016</b>	<b>2,158,286</b>	<b>1,097,918</b>	<b>7,163</b>	<b>18,887</b>	<b>187,549</b>	<b>315</b>	<b>-</b>	<b>3,656,134</b>

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**4- PROPERTY, PLANT AND EQUIPMENT- *Continued***

4.1 The machinery and equipment balance includes mortgaged assets with a cost of EGP 594,743 thousand as at 30 September 2025.

4.2 The cost of fully depreciated assets that are still in use as at 30 September 2025 amounted to EGP 3,272,180 thousand, analyzed as follows:

<b>Net Book Value</b>	<i>Machines and equipment</i>	<i>Total</i>
As at 30 September 2025	<u>3,272,180</u>	<u>3,272,180</u>
As at 30 June 2025	-	-

4.3 Note (46) includes details of insurance coverage, being the insurance policies that cover the insurable risks related to the property, plant and equipment recognized in the Company's books.

4.4 Property, Plant and Equipment include approximately EGP 36,645 thousand representing the net book value of donated assets, detailed as follows:

Production Machinery	35,156
Service and Utility Machinery	<u>81</u>
	<u>35,237</u>
Furniture and Office Equipment	<u>1,408</u>
<b>Total</b>	<b><u>36,645</u></b>

4.5 The Ordinary General Assembly of Eastern Company was held on 24 July 2024 to approve the sale of land, buildings, and equipment that are not utilized in the production of the Company's products at the industrial complex in 6th of October City, referred to as Plant No. 9. The assembly also authorized the execution of exchange and non-routine contracts to correct the clerical error in Article 7 of the Company's Articles of Association regarding the number of shares. The procedures for the sale of Plant No. 9 are currently underway.

4.6 An amount of EGP 97,550 thousand related to the Zomor site, EGP 53,337 thousand related to the Monastirly site, and EGP 19,797 thousand related to the Niaza site (totaling EGP 170,684 thousand) was reclassified from fixed assets to investment properties in accordance with the Company's Board of Directors Resolution No. 16 of 2020.

4.7 In its meeting No. 10 of 2019 held on 24 November 2019, the Company's Board of Directors resolved to proceed with the re-utilization of the warehouses and Zomor plants owned by the Company on Zomor Street, and to change their activity to a hospital and healthcare services for employees and their families. This is in exchange for the payment of improvement costs amounting to EGP 83,930 thousand, which are to be paid in two installments:

- The first installment of 50% has been paid upon the issuance of approval by the Chairman of Giza City.
- The second installment of the remaining 50% was settled on 1 October 2020.

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#### 4. FIXED ASSETS - *Continued*

On 15 February 2020, approval was obtained from the Exceptions Committee at the Directorate of Housing and Utilities in Giza, along with preliminary approvals including water, sanitary drainage, civil defense, traffic, and electricity, as well as the improvement approval for the project. The first installment was paid immediately upon obtaining this approval. On 6 September 2020, the Board of Directors, in its meeting No. 16 of 2020, approved the reclassification of all assets of the Zomor site, as well as the Monastirly site, from fixed assets to investment properties.

4.8 The buildings include an amount of EGP 4 million related to the Giza buildings, for which optimal utilization is currently under study. An amount of EGP 262 thousand was deducted from the carrying value of the buildings, representing the impairment of the power station building in Moharram Bek.

4.9 The Ordinary General Assembly held on 25 October 2020 resolved to waive the Company's land in Arish City in favor of a governmental authority, due to the expiration of the license and the impossibility of its use given the security situation in the area.

4.10 The historical cost of assets excluded from active use (stored assets) amounts to approximately EGP 21,187 thousand, with a net book value of approximately EGP 12,880 thousand. These relate to the Menoufia and Moharram Bek plants due to their suspension in 2021.

4.11 The machinery and equipment balance includes assets added under finance lease agreements. The Company contracted with QNB Al Ahli Leasing Company for the sale and leaseback of certain machinery at a total cost of EGP 398,324,153 with a variable interest rate (average corridor rate + 1.2%) on 28 June 2012 for a period of six years plus a two-year grace period. Thereafter, the lease payments were to be made over 72 months. Ownership of these assets' transfers to the Company at the end of the lease term at a nominal value of one Egyptian Pound. The final lease payment under the finance lease agreement with QNB Al Ahli Leasing Company was settled on 28 June 2020.

#### 5- PROJECTS UNDER CONSTRUCTION

	<u>30/9/2025</u>	<u>30/6/2025</u>
<b><u>Investment Information</u></b>		
Buildings	2,576	2,576
Machinery	166,909	53,394
Furniture and Office Equipment	188,105	165,666
Total Investment in Formation	357,590	221,636
Less: Impairment of Investment in Formation	(2,239)	(2,239)
Net Investment in Formation	355,351	219,397
<b><u>Capital Expenditure:</u></b>		
Advances for the Purchase of Fixed Assets	964	5,663
Letters of Credit for the Purchase of Fixed Assets	4,202	7,349
<b>Total Capital Expenditure</b>	<b>5,166</b>	<b>13,012</b>
<b>Total Projects under Construction</b>	<b>360,517</b>	<b>232,409</b>

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## 6- INVESTMENT PROPERTIES

	<i>Land</i>	<i>Building</i>	<i>Total</i>
Cost as at 1 July 2025	112,817	65,555	178,372
<b>Cost as at 30 September 2025</b>	<b>112,817</b>	<b>65,555</b>	<b>178,372</b>
Accumulated Depreciation as at 1 July 2025	-	52,001	52,001
Depreciation for the Period	-	211	211
<b>Accumulated Depreciation as at 30 September 2025</b>	<b>-</b>	<b>52,212</b>	<b>52,212</b>
<b>Net Investment Property as at 30 September 2025</b>	<b>112,817</b>	<b>13,343</b>	<b>126,160</b>
Cost as at 1 July 2024	112,817	65,555	178,372
<b>Cost as at 30 June 2025</b>	<b>112,817</b>	<b>65,555</b>	<b>178,372</b>
Accumulated Depreciation as at 1 July 2024	-	51,157	51,157
Depreciation for the Period	-	844	844
<b>Accumulated Depreciation as at 30 June 2025</b>	<b>-</b>	<b>52,001</b>	<b>52,001</b>
<b>Net Investment Property as at 30 June 2025</b>	<b>112,817</b>	<b>13,554</b>	<b>126,371</b>

- The income statement does not include any expenses related to investment properties, except for depreciation of investment properties, as no maintenance or other expenses are incurred. Furthermore, no income has been generated from these investment properties up to the date of preparation of the financial statements.

The investment property items are comprised of the following:

Geziret El-Dahab Land on El-Bahr El-Azam Street – Giza	8,894
Sallum Factory Land – Alexandria	404
Jean Marchand Land	5
Zomor Site	95,935
Monastirly Site	53,337
Niaza Site	19,797
<b>Total</b>	<b>178,372</b>

6.1 Al Zomor and Monastirly sites were reclassified based on the Company's Board of Directors meeting No. 16 held on 6 September 2020, which approved the reclassification of assets under the investment property category, based on the memorandum presented on 2 September 2020 regarding the reclassification of all assets of the Zomor and Monastirly sites from fixed assets to investment properties. Approval was also granted to reclassify the Niaza plant site to investment property.

6.2 Company's land located at 41 Abu El-Darda Street, El-Leban District, Alexandria, was offered for sale through a public tender using a sealed bid system on Thursday, 30 January 2020, for a total amount of approximately EGP 51,743 thousand. Payment is to be made as follows:

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**6- INVESTMENT PROPERTIES - *Continued***

- Payment of the initial deposit amounting to EGP 500 thousand to the Company's treasury upon award of the tender.
- Completion of the initial deposit to reach 25% of the sale value within fifteen days from the date of notification of the award.
- Payment of 25% of the sale value within three months from the date of notification of the award.
- Payment of the remaining 50% in 12 equal installments over three years, with interest added equivalent to the Central Bank's announced lending rate on these installments as compensatory interest.
- The preliminary sale contract is to be executed upon payment of 50% of the total sale value; the land remains in the Company's possession.

6.3 The sale procedures were not completed due to the failure of one of the partners to pay their portion of the next installment of the initial deposit, which would have completed the first 25% of the total sale value. This partner withdrew and waived their share, and the remaining partners became jointly liable for the outstanding amounts of that partner, following the approval of the Board of Directors in its meeting No. 12 of 2020 held on 25 June 2020. However, to date, only EGP 14,049 thousand of the land value has been paid, with the remaining 50% from the other partners still outstanding, which was due within three months from the date of notification of the award, in order to execute the sale contract and complete the procedures.

6.4 On 16 October 2023, the Company seized the amounts paid by the successful bidders and considered the contract automatically terminated, due to the continued failure of the bidders to pay the sale price and the installments according to the payment schedule, in accordance with the terms of the tender.

**7- INVESTMENTS IN ASSOCIATES**

	<b>Number of Shares Investee Company</b>	<b>Percentage of Ownership %</b>	<b><u>30/9/2025</u></b>	<b><u>30/6/2025</u></b>
United Tobacco Company (S.A.E.)	24,000	24%	598,953	1,053,094

The investments in associate companies represent 24% of the share capital of United Tobacco Company (S.A.E.), comprising 24,000 thousand shares with a nominal value of EGP 1,000 per share. Eastern Company (Eastern Company) has significant influence over United Tobacco Company, as Eastern Company is represented on the Board of Directors of United Tobacco Company.

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#### 7- INVESTMENTS IN ASSOCIATES - *Continued*

Investments in associate companies are accounted for in the separate financial statements at cost, including the acquisition cost. In the event of an impairment in the value of such investments, the carrying amount is adjusted for the impairment and recognized in the statement of profit or loss for each investment individually. Reversal of impairment losses is recognized in the period in which it occurs, provided that it does not exceed the carrying amount previously reduced.

The Company recognizes its share of profits from associate companies in the current year's profit or loss, while dividend distributions are recognized when the right to receive them arises, which occurs upon the issuance of the financial statements of the investee company.

In the financial year ended 30 June 2025, the Company recognized eighteen months of profits based on financial data from United Tobacco Company, covering the financial year ended 31 December 2024 and the financial period ended 30 June 2025.

The movements in investments in associate companies are as follows:

	<u>30/9/2025</u>	<u>30/6/2025</u>
Opening Balance	1,053,094	780,225
<b>Add:</b>		
Share of the Company in the Profit / (Loss) of the Investee Company	-	1,277,871
<b>Less:</b>		
Company's Share of Employee Dividends	(7,957)	-
Administrative Expenses – Custodian	(542)	(346)
Tax on Dividend Distributions	(59,789)	(74,388)
Board of Directors' Remuneration	(38,238)	(20,776)
Dividend Distributions	(347,615)	(859,438)
<b>Closing Balance for the Period / Year</b>	<u>598,953</u>	<u>1,053,094</u>

#### 8- INVESTMENTS IN SUBSIDIARIES

On 11 August 2025, Eastern Company for Distribution (a single shareholder company) was established with a capital of EGP 240,000, divided into 24,000 shares with a nominal value of EGP 10 per share, all fully paid in cash and owned by the founder, Eastern Company (S.A.E.), nationality: Egyptian. The entire capital was deposited at Emirates NBD Bank, General Administration Branch, authorized to receive public subscriptions, as evidenced by the attached certificate. The company is engaged in the trade, distribution, and export of cigarettes, cigars, shisha, and all other tobacco products of all types, including, but not limited to, electronic cigarettes, heated tobacco, and all related devices, supplies, and accessories.

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## 9- INTANGIBLE ASSETS

	<u>30/9/2025</u>	<u>30/6/2025</u>
<b>Cost:</b>		
At the beginning of the period / year	73,231	65,486
Additions during the period / year	-	7,745
At The End period / year	73,231	73,231
<b>Accumulated Amortization:</b>		
At the beginning of the period / year	(58,032)	(45,445)
Amortization for the period / year	(2,318)	(12,587)
At the end of the period / year	(60,350)	(58,032)
Net book value at the end	12,881	15,199

The useful life of intangible assets has been assessed by technical experts and was estimated at four (4) years.

## 10- FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH OCI

	<u>30/9/2025</u>	<u>30/6/2025</u>
Investments in Egyptian Bonds at Present Value	-	900,063
Redemption	-	(900,063)
<b>Egyptian Bonds Balance at Present Value</b>	-	-
Opening Balance – Dollar Bonds at Present Value	761,075	926,200
Amortization of Issue Premium	(2,190)	(19,282)
Valuation of Dollar Bonds	(24,524)	33,084
Redemption	-	(178,927)
<b>Dollar Bonds Balance at Present Value</b>	734,361	761,075
<b>Investments in Bonds Balance</b>	734,361	761,075
Change in Fair Value Differences	(3,347)	(6,598)
<b>Net balance</b>	731,014	754,477

- The fair value of the dollar-denominated bonds as at 30 September 2025 amounted to EGP 731,014 thousand.
- The dollar-denominated bonds were measured at their carrying amount as at 30 September 2025, less the fair value of the dollar-denominated bonds according to Banque du Caire prices on 30 September 2025. These represent debt instruments measured at fair value through other comprehensive income, whereby the assets are subsequently measured at fair value. Gains and losses arising from foreign currency revaluation and impairment of these investments are recognized in the statement of profit or loss, while other gains and losses are recognized in other comprehensive income. Upon disposal, the accumulated gains and losses in other comprehensive income are reclassified to profit or loss.

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## 11- FINANCIAL INVESTMENTS AT AMORTIZED COST

	<u>30/9/2025</u>	<u>30/6/2025</u>
Deposit at the Central Bank against Reserve Invested in Government Bonds (*)	20,663	20,663
Investments in Shares of Other Companies	5	5
	<u>20,668</u>	<u>20,668</u>

(\*) Deposit at the Central Bank against a reserve invested in government bonds and the National Investment Bank, formed at a rate of 5% of the surplus from previous years prior to the issuance of Law No. 203 of 1991, yielding an annual return of 3.5% against the reserve invested in government bonds. The Company has contacted both the Ministry of Finance and the National Investment Bank to recover these amounts and to inform the concerned authorities that the deposit of these amounts was for a national purpose and was made pursuant to a legislative instrument regulating the method of depositing this amount and the annual return due thereon. In light of the opinion issued by the General Assembly for Legal Opinion and Legislation of the State Council, the Company cannot recover the value of these amounts except through a legislative instrument regulating the recovery process.

## 12- RIGHT-OF-USE ASSETS

<b>Cost:</b>	<b>30/9/2025</b>	<b>30/6/2025</b>
At the beginning of the period / year	544,418	507,561
Additions during the period / year	-	36,857
<b>At the end of the period / year</b>	<b>544,418</b>	<b>544,418</b>
<b>Accumulated Depreciation:</b>		
At the beginning of the period / year	(307,223)	(298,248)
Depreciation for the period / year	(2,044)	(8,975)
<b>At the end of the period / year</b>	<b>(309,267)</b>	<b>(307,223)</b>
<b>Net book value at the end of the period / year</b>	<b>235,151</b>	<b>237,195</b>

Finance lease agreements (sale and leaseback) that ended prior to the issuance of Egyptian Accounting Standard No. 49 and still have a remaining useful life have been accounted for in accordance with the requirements of Appendix J of the standard. This includes the Company's buildings, which have useful lives ranging between 40 and 50 years and were sold and leased back during the 2009 financial year, having been put into operation in the 2007 financial year. These buildings include the Preparation Plant building, the Workshops building, and the Power Station building, with a historical cost of EGP 348 million. In addition, the prior treatment of right-of-use assets related to machinery, with a cost of approximately EGP 159 million, has been included.

## 13- OTHER ASSETS

	<u>30/9/2025</u>	<u>30/6/2025</u>
Company's contribution to AL- Zomor Canal Filling, Improvement, and covering project	284	302
Non-current prepaid expenses (*)	12,000	12,000
	<u>12,284</u>	<u>12,302</u>

(\*) Represents EGP 12 million of the non-current portion of prepaid expenses for electricity consumption related to the construction of a power plant under the B.O.T. system at the industrial complex in 6th of October City.

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#### 14- INVENTORY

	<u>30/9/2025</u>	<u>30/6/2025</u>
Raw material at Customs	17,283,603	18,506,236
Packaging materials warehouse	7,969,602	9,737,484
Raw materials inventory	2,558,406	3,054,370
Spare parts and supplies warehouse	1,279,322	1,344,666
Finished goods inventory	1,260,238	833,016
Work-in-progress inventory	306,488	152,473
Letters of credit for the purchase of goods and services	228,836	321,987
Goods in transit	13,051	269
Fuel warehouse	11,686	14,901
Scrap and waste warehouse	404	-
Inventory held by others – packaging materials and spare parts	-	747
Materials and spare parts under construction	-	485
<b>Total</b>	<b>30,911,636</b>	<b>33,966,634</b>
Less: Inventory write-down (*)	(81,985)	(81,985)
	<b>30,829,651</b>	<b>33,884,649</b>

(\*) The inventory write-down is comprised of the following:

	<u>30/9/2025</u>	<u>30/6/2025</u>
Raw Materials Inventory	215	215
Spare Parts and Supplies Warehouse	48,160	48,160
Packaging Materials Warehouse	17,798	17,798
Work-in-Progress Inventory	92	92
Finished Goods Inventory	15,720	15,720
	<b>81,985</b>	<b>81,985</b>

#### 15- Trade Receivables and Notes Receivable

	<u>30/9/2025</u>	<u>30/6/2025</u>
Foreign Manufacturing Customers (*)	387,057	183,337
Foreign Customers	33,720	21,865
<b>Total</b>	<b>420,777</b>	<b>205,202</b>
<b>Less:</b>		
Expected Credit Losses	(2,174)	(2,174)
	<b>418,603</b>	<b>203,028</b>

(\*) Foreign manufacturing customers and joint production customers settle their balances in the following month, noting that the Company does not follow a credit sales system for domestic sales.

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**16- DUE FROM RELATED PARTIES**

	<u>30/9/2025</u>	<u>30/6/2025</u>
Holding Company for Chemical Industries	-	567
United Tobacco Company (S.A.E.) *	808,542	856,051
Total	<u>808,542</u>	<u>856,618</u>
<b>Less:</b>		
Expected Credit Losses	(10,157)	(10,157)
	<u>798,385</u>	<u>846,461</u>

(\*) The balance due from United Tobacco Company is comprised of the following:

	<u>30/9/2025</u>	<u>30/6/2025</u>
Remaining Balance from Factory Sale	808,200	808,200
Accrued Expenses from United Tobacco Company	-	31,848
Printing Expenses	-	13,738
Machinery Rent	300	300
Value Added Tax 14%	42	1,965
	<u>808,542</u>	<u>856,051</u>

**17- DEBTORS AND OTHER DEBIT BALANCES**

	<u>30/9/2025</u>	<u>30/6/2025</u>
Egyptian Tax Authority – Value Added Tax	827,146	1,073,139
Customs Authority – General Goods Deposits	-	46,794
Receivables from Other Authorities and Entities (*)	34,686	19,662
Export Subsidy Receivable	1,531	1,853
Accrued Income from Securities	46,045	35,837
Accrued Lease Income	1,173	1,204
Accrued Miscellaneous Income	607	598
Prepaid Expenses	14,397	56,325
Deposits with Third Parties	15,372	15,257
Employee Advances	3,991	6,595
Receivable Balances	<u>109,749</u>	<u>69,530</u>
	1,054,697	1,326,794
<b>Less:</b>		
Impairment of Receivable Balances	(34,706)	(34,706)
Expected Credit Losses	<u>(2,646)</u>	<u>(2,646)</u>
	<u>1,017,345</u>	<u>1,289,442</u>

(\*) Receivables from other authorities and entities include the following:

	<u>30/9/2025</u>	<u>30/6/2025</u>
Pertaining to Customs Authority – Tobacco Dropback	4,995	4,231
Pertaining to Paid Sales Tax on Returned Goods	2,231	2,231
Pertaining to Paid Sales Tax on Local Investment Goods	17,867	1,879
Pertaining to Ministry of Finance – Imported Sales Tax	9,493	11,221
Current Accounts	100	100
	<u>34,686</u>	<u>19,662</u>

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**18- ACCOUNTS PAYABLES – ADVANCE PAYMENTS**

	<u>30/9/2025</u>	<u>30/6/2025</u>
Local Suppliers	591,513	745,577
Foreign Suppliers	15,378	15,378
	<u>606,891</u>	<u>760,955</u>

**19- FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH P&L**

	<u>30/9/2025</u>	<u>30/6/2025</u>
Treasury Bills (*)	2,008,406	-
Investment certificates	11,623	9,848
	<u>2,020,029</u>	<u>9,848</u>

(\*) Investments in Treasury Bills:

	<u>30/9/2025</u>
Treasury Bills – Nominal Value	2,050,000
Total Interest Payable	(45,740)
Paid from Treasury Bills	2,004,261
Interest Charged to the Statement of Profit or Loss	3,518
Fair Value Valuation	627
Treasury Bills Balance	<u>2,008,406</u>

- The Treasury Bills were valued at present value based on the purchase price as at 30 September 2025, less the fair value of the Treasury Bills according to Banque du Caire prices on 30 September 2025, with the difference recorded in the statement of profit or loss for securities.
- Investment funds were valued based on the purchase prices at the dates of acquiring the investment certificates, less their closing prices as at September 2025 according to the different fund prices, with the difference recorded in the statement of profit or loss for securities.

**20- CASH AND CASH EQUIVALENT**

	<u>30/9/2025</u>	<u>30/6/2025</u>
Banks – Current Accounts	450,317	181,258
<b>Less:</b>		
Expected Credit Losses	(180)	(180)
	<u>450,137</u>	<u>181,078</u>

**21- BANK OVERDRAFT**

	<u>30/9/2025</u>	<u>30/6/2025</u>
Bank Overdraft	<u>6,580,282</u>	<u>11,443,652</u>

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## 22- SHARE CAPITAL

- The authorized capital amounts to EGP 15,000 million (Fifteen Billion Egyptian Pounds).
- The issued and paid-up capital amounts to EGP 3,000 million (Three Billion Egyptian Pounds), divided into 3,000 million shares with a nominal value of EGP 1 per share.
- The following table shows the shareholder structure as at 30 September 2025:

Company Name	Nominal Value	Percentage of Ownership
Global Investment Holding	899,999,999	30%
Al-Areej Global Investment (Related Party)	100,000	0.0033%
Eastern Company Employees' Insurance Fund – Related Party	83,189	0.0028%
Holding Company for Chemical Industries	628,587,443	20.95%
ALLAN GRAY Investment Funds	197,496,621	6.58%
Union of Employee Shareholders (Sale Under Settlement)	156,101,827	5.20%
Free Trading	1,117,630,921	37.25%
<b>Total</b>	<b>3,000,000,000</b>	<b>100%</b>

- The Extraordinary General Assembly held on May 29, 2018, resolved to increase the company's issued and paid-up share capital from EGP 1.5 billion to EGP 2.25 billion (an increase of EGP 750 million), distributed over 450 million shares at a nominal value of EGP 5 per share. The increase was funded from the legal reserve and other reserves presented in the financial statements for the fiscal year ended June 30, 2017. The Listing Committee issued its approval for this increase on August 1, 2018.
- The nominal value of Eastern Company's share was split at a ratio of 1:5, reducing the nominal value from EGP 5 to EGP 1 per share, while maintaining the company's share capital at EGP 2.25 billion. Consequently, the capital is now distributed over 2.25 billion shares. All necessary approvals were obtained from the relevant authorities based on the resolutions of the Extraordinary General Assembly of Eastern Company held on August 29, 2018.
- The Union of Employee Shareholders of Eastern Company sold 22.1 million shares, reducing its holding to 116,035,692 shares, representing 5.21% of the Company's capital, to fulfill obligations related to voluntary exits.
- The Board of Directors, in its meeting held on 19 March 2020, resolved to purchase treasury shares up to a maximum of 3% of the Company's outstanding shares on the stock exchange, with purchases to take place over one month from 23 March 2020 to 22 April 2020, while notifying the main shareholders not to conduct any transactions. The Board also decided to engage CI CAPITAL – EFG for this purpose.
- In its meeting held on 23 April 2020, the Board of Directors approved the continuation of treasury share purchases from 28 April 2020 until 27 July 2020 to complete the aforementioned 3% limit. The Board, in its meeting on 28 July 2020, extended the purchase period to start from 29 July 2020 until 28 October 2020. Furthermore, in its meeting on 24 November 2020, the Board extended the purchase period from 25 November 2020 to 24 February 2021 to complete the total quantity. As of 30 November 2020, 52,303,418 shares had been purchased, representing 2.324% of the Company's shares.

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**22- SHARE CAPITAL - *Continued***

- Treasury shares held for more than one year without disposal amounted to 16,372,710 shares, which could not be sold within the expiration of the sales notification on 14 September 2021. A total of 32,303,418 treasury shares were sold by 1 November 2021.
- The Extraordinary General Assembly held on 11 November 2021 approved, by majority, the cancellation of 20 million treasury shares at nominal value, reducing the issued capital to EGP 2,230 million, divided into 2,230 million shares instead of 2,250 million shares. The Assembly also approved amendments to Articles 6 and 7 of the Company's Articles of Association and, by majority, amended Article 22 to include cumulative voting for the election of Board members.
- The capital reduction was approved by the Financial Regulatory Authority on 16 August 2022.
- On 3 September 2023, an acquisition agreement was signed for 30% of Eastern Company shares in favor of Global Investment Holding Limited, UAE.
  - 1- Under this agreement, Global Investment Holding Limited acquired 30% of Eastern Company shares for USD 625 million, equivalent to EGP 19,336,625,000, with the purchaser providing USD 150 million for the purchase of tobacco materials necessary for production.
  - 2- The Holding Company for Chemical Industries retains a 20.95% stake in Eastern Company, being a strategic shareholder contributing to industry development, market stability, and employee rights.
  - 3- This agreement does not affect Eastern Company's 24% holding in United Tobacco Company.
- The Global Investment Holding Limited transaction was completed on 16 November 2023.
- The Extraordinary General Assembly held on March 4, 2024, resolved to approve an increase in the issued share capital from EGP 2.23 billion to EGP 3 billion by utilizing EGP 770 million from the statutory reserve (due to the absence of its intended purpose) for the benefit of existing shareholders at the nominal value per share. The Assembly also approved increasing the authorized share capital from EGP 3 billion to EGP 15 billion and authorized the Board of Directors to implement these resolutions within a maximum of 60 days from the date of the Extraordinary General Assembly's decision.
- The increase in share capital was approved by the Financial Regulatory Authority on March 25, 2024. The increase was recorded in the Commercial Register on April 15, 2024, and the share capital was raised to EGP 3 billion during the period in which the registration was completed.
- On 22 May 2024, Global Investment Holding Limited, which owns 30% of Eastern Company, and is 100% owned by UK Egypt Holding Limited (UK company), which was formerly 100% owned by Ruby Ventures LLC (UAE), underwent a change in ownership: UK Egypt Holding Limited became 51% owned by Ruby Ventures LLC (UAE) and 49% by Philip Morris Products SA (Switzerland).
- Consequently, Philip Morris holds an indirect minority stake of 14.7% in Eastern Company.
- Eastern Company signed an exclusive letter of intent with Philip Morris International to explore potential long-term strategic cooperation in technology, manufacturing, and innovation, including heated tobacco products, as part of the transition to a smoke-free future in Egypt.

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### 23- RESERVES

	<u>30/9/2025</u>	<u>30/6/2025</u>
Legal Reserve	1,500,000	1,500,000
Statutory Reserve	903,498	903,498
Capital Reserve	595,860	595,860
Reserve Invested in Government Bonds	20,662	20,662
Profit Equalization Reserve	940,170	940,170
Financial Investments Revaluation Reserve	(9,704)	(12,298)
Employees' Benefits Remeasurement Differences Reserve	98	98
Expected Credit Losses Reserve for Debt Instruments	4,971	4,971
Other Reserves	25	25
	<u>3,955,580</u>	<u>3,952,986</u>

#### Legal Reserve:

In accordance with the provisions of Companies Law No. 159 of 1981 and the Company's Articles of Association, 5% of the annual profits is appropriated to form the legal reserve. Such appropriation ceases once the accumulated balance of the legal reserve reaches an amount equivalent to 50% of the Company's issued capital. Should the legal reserve fall below this level, the appropriation shall be resumed.

#### Other Reserves:

The remaining reserves presented in the financial statements have been established in accordance with the provisions of Law No. 203 of 1991.

#### Financial Investments Revaluation Reserve:

This account represents the differences arising from the recognition of the fair value of financial investments available for sale through other comprehensive income.

#### Expected Credit Losses Reserve:

Established against expected credit losses on debt instruments measured at fair value through other comprehensive income.

### 24- RETAINED EARNINGS

	<u>30/9/2025</u>	<u>30/6/2025</u>
Retained Earnings	9,751,410	9,554,967
Distributed from distributable profit	-	(9,387,266)
Profit for the period / year (24-2)	2,152,037	9,710,655
Adjustments on retained earnings during the period/year	-	(126,946)
	<u>11,903,447</u>	<u>9,751,410</u>

**24.1** The General Assembly held on 26 September 2024 approved the distribution of retained earnings as of 30 June 2024, endorsing the proposed dividend distribution by the Board of Directors for the financial year 2023/2024, with a dividend per share of EGP 2.70, allocating EGP 903,194 thousand to employees, and EGP 28,750 thousand as Board of Directors' remuneration (their share of profits).

**24.2** Retained earnings as of 30 September 2025 include the profit for the period from 1 July 2025 to 30 September 2025, amounting to EGP 2,152,037 thousand.

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## 25- TAXES

### 25-1 Deferred Tax Assets / Liabilities

The balance of deferred tax assets and liabilities arising from the tax differences of the assets and liabilities items is as follows:

	<u>30/9/2025</u>	<u>30/6/2025</u>
	<u>Tax Assets</u>	<u>Tax Liabilities</u>
Opening Balance	734,129	(431,524)
Depreciation	-	13,622
Unrealized Debit Foreign Currency Differences	-	-
Unrealized Credit Foreign Currency Differences	-	(5,085)
Provision recognized	1,001	-
Used from Provision	(1,287)	-
Impairment Provision	-	-
Provision for Inventory Write-downs	-	-
Reversal of Unrealized Debit Foreign Currency Differences	(17,774)	-
Reversal of Unrealized Credit Foreign Currency Differences	-	25,108
Provisioned Amount for Losses and Reserves	-	-
Provisioned Amount for End-of-Service Gratuity – Other Comprehensive Income	-	-
Reversal of Reserve	(753)	-
Right-of-Use Assets – Preparation Factory	-	460
Comprehensive Income Tax	-	-
<b>Balance</b>	<b>715,316</b>	<b>(397,419)</b>
<b>Net Deferred Tax Assets / Liabilities</b>	<b>317,897</b>	<b>302,605</b>

### 25-2 INCOME TAX

	<u>30/9/2025</u>	<u>30/6/2025</u>
Income tax expense as per the statement of profit or loss	<u>713,727</u>	<u>3,078,518</u>

## 26- END-OF-SERVICE BENEFIT OBLIGATIONS

	<u>30/9/2025</u>	<u>30/6/2025</u>
Opening Balance of the Period / Year	405,165	382,149
Recognized provision during the Period / Year	-	68,333
Paid during the Period / Year	(428)	(45,318)
<b>404,737</b>	<b>405,165</b>	

The end-of-service benefit obligations have been classified in the statement of financial position as follows:

	<u>30/9/2025</u>	<u>30/6/2025</u>
Current End-of-Service Gratuity Liabilities	39,649	40,077
Non-Current End-of-Service Gratuity Liabilities	365,088	365,088
<b>404,737</b>	<b>405,165</b>	

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**26- END-OF-SERVICE BENEFIT OBLIGATIONS – *Continued***

The Company engaged the actuarial expert, Ms. Marwa Hisham Salah El-Din Zaki – Fellow of the Society of Actuaries in the United States of America – to update the end-of-service gratuity liabilities. The actuarial study concluded the following:

The Company pays end-of-service gratuity to employees upon termination of their service, at a rate of two months' salary for each year of service, calculated based on the last basic salary at the date of service termination, with a maximum limit of EGP 200,000.

The gratuity becomes payable upon the termination of an employee's service for any of the following reasons:

- 1- Reaching the statutory retirement age.
- 2- Early retirement for those over 55 years of age.
- 3- Partial or total disability terminating service.
- 4- Death during service.

The Company bears the full cost of the gratuity payable to the employee upon termination of service.

The Company's data was reviewed by the actuarial expert to ensure its reasonableness and consistency, on the basis of which this actuarial study was conducted, to verify:

- That there are no fields with missing or illogical data.
- The reasonableness of birth dates and employment dates, ensuring that the employee's age at hiring and at the evaluation falls within the acceptable age limits according to labor law.
- The reasonableness of salary amounts.

The study relied on the guidelines and requirements of Egyptian Accounting Standard No. (38), using unbiased actuarial assumptions consistent with the experience of the Egyptian market, taking into account the Company's actual experience and future expectations.

**• Method Used for the Estimation:**

The Projected Unit Credit Method was used to calculate the following main items:

**Present Value of Defined Benefit Obligation (DBO):** The present value of expected future payments required to settle the obligation arising from employee service in current and prior periods.

**Current Service Cost:** The increase in the present value of the defined benefit obligations resulting from employee service in the current period.

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## 26- END-OF-SERVICE BENEFIT OBLIGATIONS – *Continued*

**Interest Cost:** The increase during the year in the present value of the obligation due to the passage of time until settlement of the obligation.

- **Actuarial Assumptions Used in the Estimation:**

The study was conducted using the following actuarial bases:

- **Mortality Table Used:** The Double Decrement Table was applied, using 120% of the A49/52 mortality table to represent probabilities of death and disability, with a uniform resignation rate of 1.55% to represent probabilities of resignation and contract termination.
- **Discount Rate:** 15% per annum.
- **Salary Growth Rate:** 16%.

## 27- PROVISIONS

	<i>Recognized</i> <i>Balance as provision during</i> <i>of 1/7/2025 the Period</i>	<i>Used</i> <i>during the</i> <i>Period</i>	<i>Balance as of</i> <i>30/9/2025</i>
For Early Retirement Liabilities (*)	2,542,011	122	(300) 2,541,833
Disputed Taxes	571,816	-	(87,641) 484,175
Contingent Liabilities	18,662	-	- 18,662
Real Estate Taxes	12,575	-	- 12,575
Legal Claims	7,015	4,325	(4,995) 6,345
	<u>3,152,079</u>	<u>4,447</u>	<u>(92,936)</u> <u>3,063,590</u>

(\*) The balance of the provision relates to the voluntary exit program for the fiscal year 2024/2025, amounting to EGP 2,533 billion, based on the Company's Board of Directors' resolution in its meeting No. (19) held on 7 November 2024. The voluntary exit project was announced on 11 September 2025, and the early retirement procedures are expected to be completed within 12 months, in line with the Company's management plan approved by the Board of Directors.

## 28- TRADE PAYABLES AND NOTES PAYABLE

	<i>30/9/2025</i>	<i>30/6/2025</i>
Local Suppliers	137	499,620
Foreign Suppliers	1,017,802	2,274,136
	<u>1,017,939</u>	<u>2,773,756</u>

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## 29- CREDITORS AND OTHER CREDIT BALANCES

	<u>30/9/2025</u>	<u>30/6/2025</u>
VAT Authority	7,935,448	5,983,929
Social Contribution	135,186	108,321
Income Tax Authority	48,073	21,563
Withholding Tax from Third Parties at Source	13,277	20,816
Real Estate Tax Authority	-	5,818
National Social Insurance Authority – Current	28,007	27,999
Dividend Payables	468	468
Accrued Expenses	781,125	672,193
Insurance for others	111,308	109,616
Newly property, plant and equipment payable	5,859	7,744
Employee Withholdings Payable	50,279	40,571
Deferred Income Related to Donated Assets (*)	80,045	83,777
Amounts Set Aside for Employees – Social Services (**)	83,888	91,690
Credit Balances	<u>1,026,495</u>	<u>648,132</u>
	<u>10,299,458</u>	<u>7,822,637</u>

(\*) The deferred income related to donated assets comprises the following:

	<u>30/9/2025</u>	<u>30/6/2025</u>
Net Donated PPE	36,645	39,925
Spare Parts Transferred from America Tobacco Company	36,321	36,773
Net Packaging Materials Transferred from British American	<u>7,079</u>	<u>7,079</u>
	<u>80,045</u>	<u>83,777</u>

(\*\*) The amounts set aside for employees – social services represent the portion of retained profits determined for distribution, which shall be no less than 10% of such profits and shall not exceed the total annual salaries of the employees. The Company was subject to the provisions of Law No. 203 of 1991, whereby Article 33 of that law stipulates: "Employees of the company shall have a share in the profits determined for distribution, as decided by the General Assembly based on the Board of Directors' proposal, which shall not be less than 10% of such profits.

## 30- ACCOUNT RECEIVABLES – ADVANCE PAYMENTS

	<u>30/9/2025</u>	<u>30/6/2025</u>
Account Receivables – Credit Balances	19,753	78,192
Account Receivables – Credit Balances (Scrap)	14,158	39
	<u>33,911</u>	<u>78,231</u>

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**31- LEASE LIABILITIES**

	<u>30/9/2025</u>	<u>30/6/2025</u>
Opening Balance for the Period / Year	36,607	-
Add:		
Additions to Lease Liabilities	-	38,361
Lease Interest	-	545
Less:		
Payments of Lease Liabilities	-	(2,299)
Closing Balance for the Period / Year	<u>36,607</u>	<u>36,607</u>

The liability has been classified in the statement of financial position as follows:

	<u>30/9/2025</u>	<u>30/6/2025</u>
Non - Current Lease Liabilities	-	-
Current Lease Liabilities	<u>36,607</u>	<u>36,607</u>
	<u>36,607</u>	<u>36,607</u>

**32- SALES**

	<u>30/9/2025</u>	<u>30/9/2024</u>
Net Sales of Finished Goods	10,263,667	7,804,643
Net Sales of Finished Goods – Export	79,357	77,505
Services Rendered	110	0.0
Operating Revenues for Third Parties	343,165	296,218
Covered Hall Revenues	<u>1,285</u>	<u>943</u>
	<u>10,687,584</u>	<u>8,179,309</u>
<b>Less:</b>		
Allowable Discounts	<u>(54,705)</u>	<u>(53,916)</u>
	<u>10,632,879</u>	<u>8,125,393</u>

**33- COST OF SALES**

	<u>30/9/2025</u>	<u>30/9/2024</u>
Raw materials	6,447,819	5,155,479
Depreciation and amortization	103,172	94,442
Salaries and wages	389,038	550,968
Maintenance	116,237	203,666
Miscellaneous service expenses	41,625	16,976
Insurance expenses	-	7,296
Inventory write-downs	-	165
Inventory write-downs against provision*	184	863
Change in inventory	(528,848)	(328,804)
Customs weight differences – increase/decrease	20,591	2,055
Other	<u>87,024</u>	<u>21,922</u>
	<u>6,676,842</u>	<u>5,725,028</u>

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**33- COST OF SALES - *Continued***

(\*) The cost of sales includes inventory write-downs, detailed as follows:

	<u>30/9/2025</u>	<u>30/9/2024</u>
Raw materials	-	862
Packaging materials	184	1
	<u>184</u>	<u>863</u>

**34- OTHER INCOME**

	<u>30/9/2025</u>	<u>30/9/2024</u>
Other Miscellaneous Income	39,050	38,374
Profit from Sale of Scrap	31,021	18,191
Accrued Rent	75	589
Accrued Compensation	208	218
Capital Gains	815	1,318
Profit from Sale of Securities	-	18,742
Income from Leased Assets	-	50,000
Grants and Subsidies	944	920
Gains / (Losses) from Revaluation of Securities	<u>2,402</u>	<u>(24,074)</u>
	<u>74,515</u>	<u>104,278</u>

(\*) The miscellaneous income includes an amount of EGP 3,731 thousand related to income from gifted assets.

**35- SELLING AND DISTRIBUTION EXPENSES**

	<u>30/9/2025</u>	<u>30/9/2024</u>
Wages	150,472	133,750
Depreciation and Amortization	128	971
Maintenance	115	340
Various Service Expenses	480	1,060
Insurance Expenses	-	1,012
Finished Goods Transportation	35,628	14,697
Others	<u>46,086</u>	<u>9,441</u>
	<u>232,909</u>	<u>161,271</u>

**36- GENERAL AND ADMINISTRATIVE EXPENSES**

	<u>30/9/2025</u>	<u>30/9/2024</u>
Salaries and Wages	208,611	59,169
Depreciation and Amortization	6,901	4,664
Maintenance Expenses	22,017	34
Miscellaneous Service Expenses	39,972	52,185
Other Expenses	<u>46,747</u>	<u>9,956</u>
	<u>324,248</u>	<u>126,008</u>

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**37- OTHER EXPENSES**

	<u>30/9/2025</u>	<u>30/9/2024</u>
Donations and Grants For others	18,750	18,750
Extraordinary Losses	2,179	2,866
Mutual Contribution – Comprehensive Health Insurance	26,866	23,232
Provision for Legal Claims, Employees' Benefits and Other Obligations	4,326	498
Provision for Early Retirement Obligations	-	850,000
Losses on Derecognition of Debt Instruments at Fair Value through Other Comprehensive Income (FVOCI)	-	556
Prior Years' Expenses	3,938	-
Compensations and Penalties	<u>29,443</u>	<u>20,735</u>
	<u>85,502</u>	<u>916,637</u>

**38- FINANCE COST / INCOME**

	<u>30/9/2025</u>	<u>30/9/2024</u>
<b>Finance Income</b>		
Interest Income	8,051	133,890
Gains on Foreign Currency Revaluation	<u>16,848</u>	<u>41,497</u>
<b>Total Finance Income</b>	<u>24,899</u>	<u>175,387</u>
 <b>Finance Costs</b>		
Interest Expense	(556,366)	(13,204)
(Losses) on Foreign Currency Revaluation	<u>(2,249)</u>	<u>(35,759)</u>
<b>Total Finance Costs</b>	<u>(558,615)</u>	<u>(48,963)</u>
<b>Net Finance (Costs) / Finance Income</b>	<u>(533,716)</u>	<u>126,424</u>

**39- OTHER FINANCIAL INVESTMENT INCOME**

	<u>30/9/2025</u>	<u>30/9/2024</u>
Treasury Bills Yields	3,519	914,600
Bond Yields	7,887	8,691
Government Bonds Yields	<u>181</u>	<u>181</u>
	<u>11,587</u>	<u>923,472</u>

**40- EARNINGS PER SHARE (EPS)**

	<u>30/9/2025</u>	<u>30/9/2024</u>
Net Profit	2,152,037	1,824,805
Less:		
Employee Dividends	(238,750)	(225,799)
Board of Directors' Remuneration	(11,250)	(7,188)
Youth and Sports Authority	<u>(12,139)</u>	<u>(11,477)</u>
Net	<u>1,889,898</u>	<u>1,580,341</u>
Weighted Average Number of Ordinary Shares	<u>3,000,000</u>	<u>3,000,000</u>
Earnings per Share for the Period	<u>0.63</u>	<u>0.53</u>

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**41- CASH AND CASH EQUIVALENTS FOR THE PURPOSE OF PREPARING THE STATEMENT OF CASH FLOWS**

	<u>30/9/2025</u>	<u>30/9/2024</u>
Current Accounts with Banks	450,317	3,054,213
Cash on Hand	-	101
Term Deposits / Foreign Currencies	-	235,782
Total	450,317	3,290,096
Less: Bank Overdraft	(6,580,282)	(65)
Cash and Cash Equivalents	<u>(6,129,965)</u>	<u>3,290,031</u>

**42- CONTINGENT LIABILITIES**

42.1 Contingent liabilities include obligations under issued letters of guarantee:

	<b>Egyptian Pound</b>
Against Issued Letters of Guarantee	1,255,075
Letter of Credits	567,771
Total	<u>1,822,846</u>

42.2 On September 11, 2025, the Company's management announced a voluntary exit program amounting to EGP 5.6 billion. A contingent liability of EGP 3.1 billion is expected, and a provision of EGP 2.5 billion has been recognized to cover early retirement obligations, as disclosed in Note (27) to the financial statements. This contingent liability relates to the potential approval by management to initiate a second phase of the voluntary exit program or to limit the program to the amount already approved by the Company's Board of Directors.

**43- CONTINGENT ASSETS**

Contingent assets represent the amounts of compensations receivable by the Company as detailed below:

<b>Description</b>	<b>Amount in Million EGP</b>
Judgment issued in Case No. 9869 of 1994 (Civil – General) Cairo Court of Appeal in favor of the Company on May 10, 2017; the judgment has not yet been executed, and amicable enforcement procedures are underway in coordination with the Governor of Cairo	12
Judgment issued in Case No. 3650 of 2000 (Civil – General) Giza Court on December 25, 2019; the judgment has not yet been executed, and amicable enforcement procedures are underway in coordination with the Governor of Giza	42
<b>Total</b>	<b>54</b>

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#### **44- TAX POSITION**

- ***Corporate Income Tax***

The Company's final assessment was completed up to the fiscal year 2014/2015, taxes were settled, and no outstanding claims exist for prior periods.

Fiscal years 2015/2016, 2016/2017, 2017/2018, 2018/2019, and 2019/2020 have been examined, Form 19 received, objections submitted, finalized by the internal committee, and due taxes have been paid.

- ***Stamp Tax***

Fiscal years from 01/07/2016 to 30/06/2020 have been examined, Form 19 for stamp tax received, objections submitted within statutory deadlines, and under review by internal committees.

- ***Payroll Tax***

Final assessment completed up to 2012; no outstanding claims exist.

Fiscal years 2013 to 2019, Form 38 received, objections submitted within statutory deadlines, finalized by internal committee, and principal taxes for these years have been settled.

Examination of fiscal years 2020 to 2022 is ongoing.

- ***Value Added Tax (VAT)***

Physical examination completed up to 30/06/2019, due taxes settled, including additional VAT.

Physical examination from 01/07/2019 to 30/06/2021 completed; due taxes settled up to date, and additional tax claims for this period received.

- ***Property Tax***

Property taxes settled up to 2024; payments for claims from tax authorities for 2025 are underway.

#### **45- ANTI-SMOKING**

With the issuance of Law No. 154 of 2007 on 21/06/2007 amending certain provisions of Law No. 52 of 1981 regarding the prevention of smoking hazards, smoking is prohibited in all forms across healthcare, educational, government establishments, sports and social clubs, youth centers, and other locations designated by the Minister of Health. The law specifies varying penalties for those responsible for these locations and for individuals who smoke within them. Additionally, the Company is required to occupy at least half of the package front with warning labels and add other warnings or images confirming the hazards of smoking. In compliance with this law and Minister of Health and Population Resolution No. 443 of 2007, the Company bears additional costs due to continuous amendments in printing cylinders and potential wastage in product packaging. The Company is also required to change the image every six months according to the Ministry of Health decision.

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#### **46- INSURANCE**

The Company ensures its assets and properties through various policies covering all potential risks, including:

a. All Risks Industrial Policy (LM7) and Political Violence:

Covers all risks under LM7, including machinery breakdown, loss of revenue, robbery and theft using force, general liability, debris removal; political violence covers terrorism, sabotage, civil unrest, riots, armed rebellion, revolution, coup, and debris removal costs.

b. Supplementary Motor Vehicle Policy:

Covers all risks for the Company's vehicle fleet (comprehensive and compulsory insurance).

c. Transport Policy:

Covers risks of land, sea, and air transport for all production inputs and finished goods.

d. Carrier Fidelity Policy:

Covers drivers of contracted carriers transporting the Company's products.

e. Elevator Policy:

Covers civil liability arising from operation.

f. Cash in Transit Policy:

Covers cash carriers (tellers, cashiers, custodians) against theft by force or armed threat.

g. Fidelity Policy:

Covers custodians against material losses caused by misappropriation or embezzlement by insured employees.

h. Life Insurance Policy:

Covers employees' lives against death from any cause.

i. Personal Accident Policy:

Covers risks faced by employees 24/7 due to accidents, including death, total or partial disability.

#### **47- COMPANY ENVIRONMENTAL RESPONSIBILITY**

In its ongoing efforts to achieve environmental protection and public health objectives, Eastern Company implements environmental compliance measures per Law No. 4 of 1994 and its executive regulations, through internal and surrounding environmental systems, including: Establishment of an integrated industrial complex in 6th of October Industrial Zone encompassing all current sites, demonstrating environmental compliance.

Use of natural gas as a clean energy source for boilers and power generation units to reduce environmental pollutants.

Environmentally friendly incinerator using generated heat for chilled water and partial factory air conditioning.

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**47- COMPANY ENVIRONMENTAL RESPONSIBILITY - *Continued***

Control of fine smoke emissions using cyclones and filters, recycling smoke residues into manufactured chips.

Installation of a wastewater treatment plant (industrial effluent) with capacity 610 m<sup>3</sup>/day, approved for expansion to 1,220 m<sup>3</sup>/day; current trial operations for Phase II.

Centralized gas-based HVAC installation in one factory to mitigate heat load without exceeding legal temperature limits, monitored regularly.

Centralized collection of production residues, some sold, some recycled; study of compost production from unusable dust residues.

Purchase of environmental monitoring equipment to measure workplace pollutants and emissions; periodic measurements approved by the National Research Center.

Approval for expansion of ESS plant (13350 m<sup>2</sup>) in the industrial complex; planting green areas, windbreaks, and ornamental plants as per construction requirements.

Recovery and reuse of contaminated thinners via organic solvent separation machines. Eastern Company holds all environmental approvals and maintains up-to-date environmental records, verified by leading research institutions and the Environmental Affairs Agency, fully complying with all environmental laws and regulations.

**48- CAPITAL COMMITMENTS**

Capital commitments include customs duties payable upon the release of raw tobacco from bonded warehouses and development fees amounting to EGP 395,245 thousand.

On 30/01/2025, the Board approved the divestment of ECS Energy & Contracting from the 6th of October Industrial Complex power plant and authorized executive management to take necessary actions per the contract and divestment process.

**49- SIGNIFICANT EVENTS**

**• New Labor Law**

On 03/05/2025, the new Egyptian Labor Law No. 14 of 2025 was issued, a comprehensive legislative amendment balancing employer-employee relations, regulating working hours (maximum 48 hours/week), prohibiting Form 6, enhancing female worker rights, regulating modern work arrangements including remote work, defining probation periods, and organizing employment contracts to ensure greater job security. Effective from the first month after 90 days of publication; applicable to specialized labor courts from 01/10.

**• Central Bank Decisions**

On 28/08/2025, the Monetary Policy Committee of the Central Bank of Egypt reduced the overnight deposit and lending rates and the main operation rate by 200 basis points to 22.00%, 23.00%, and 22.50%, respectively.

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**50- OTHER SIGNIFICANT EVENTS**

- On 31/10/2024, a block trade of 9,000,000 shares valued at EGP 225,000,000 was executed.
- On 04/11/2024, a block trade of 20,000,000 shares valued at EGP 500,000,000 was executed.
- On 11/11/2024, a block trade of 35,000,000 shares valued at EGP 875,000,000 was executed.
- On 13/11/2024, a block trade of 34,728,761 shares valued at EGP 868,219,025 was executed.

**51- SUBSEQUENT EVENTS**

- On 04/09/2025, the Extraordinary General Assembly of the Shareholders' Union Fund of Eastern Company authorized the Board to sell the fund.
- On 30/09/2025, the sale of all 156,101,827 shares of the Union was completed at EGP 40 per share, totaling EGP 6,244,073,080.00.
- On 13/11/2025, the Extraordinary General Assembly resolved to amend the Company's fiscal year to start on January 1 and end on December 31 each year, in accordance with Article 186 of the Executive Regulations of Law 159 of 1981.