EASTERN COMPANY - S.A.E.

SEPARATE INTERIM FINANCIAL STATEMENTS AND THE LIMITED REVIEW REPORT THEREON

AT 31 MARCH 2026

Contents

Tel: +202 3303 0701
Fax: +202 3303 2228
www.bdo.com.eg

BDO Khaled & Co.,
1, Wadi El Nile St.
Mohandessin, Giza
Cairo, Egypt
P.O.Box :110 /12655

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 31 March 2026 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 to express 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 consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other 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 interim financial statements of the company for the financial period ended 31 March 2025 have been reviewed by another auditor, who issued an unqualified conclusion on those separate interim financial statements in his limited review report dated 28 May 2025.

Basis for Qualified Conclusion

We have requested but not received by the Company's management the interim financial statements of United Tobacco Company (an associate company), and the limited review report thereon as at 31 March 2026, as the investee company had not yet completed the preparation of its financial statements till the date of issuance of these separate interim financial statements.

Also, the investment in the associate is measured using the equity method in the separate interim financial statements, in accordance with the requirements of Egyptian Accounting Standard No. (18), "Investments in Associates". We were not able to perform any alternative procedures that would enable us to verify the validity and measurement of the investment in the associate as at 31 March 2026. We have issued a qualified audit report on the separate transitional interim financial statements for the transitional financial period from 1 July 2025 to 31 December 2025 in this regard.

Qualified Conclusion

Except for the effects of any possible adjustments which might have been necessary if we had obtained the information referred to in the Basis for Qualified Conclusion paragraph above, and based on our limited review, nothing has come to our attention that causes us to believe that the accompanying separate interim financial statements referred to above do not present fairly, in all material respects, the separate interim financial position of Eastern Company – S.A.E. as at 31 March 2026, and its separate financial performance and its separate interim cash flows for the three-month period then ended, in accordance with Egyptian Accounting Standards.

Emphasis of Matter

Without modifying our conclusion, we draw attention to Note No. (49) to the accompanying separate interim financial statements, which indicates that the current geopolitical developments in the region, along with the associated instability, may lead to global inflationary pressures. The company's management is monitoring these developments and assessing their potential impact on the company's operations. As of the date of issuance of these separate interim financial statements, no material direct effects on the financial position or results of operations have been identified. However, given the uncertainty surrounding these events, it is not currently possible to accurately determine any potential impacts that may arise in subsequent periods.

BDO Khaled & Co.
BDO
Public Accountants & Advisors

Mohanad T. Khaled
Fellow of ACCA
Fellow of ESAA
RAA No. 22444
FRA No. 375

Cairo, 16 June 2026

Eastern Company - S.A.E.

SEPARATE INTERIM STATEMENT OF FINANCIAL POSITION

At 31 March 2026

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

	Note	31/3/2026	31/12/2025
ASSETS			
NON-CURRENT ASSETS			
Fixed assets (Net)	(4)	3,457,473	3,515,166
Projects under constructions	(5)	224,915	200,241
Investments property (Net)	(6)	125,737	125,948
Investments in associates	(7)	1,073,046	1,073,046
Investments in subsidiaries	(8)	240	240
Intangible assets (Net)	(9)	136,278	147,488
Financial investments at amortized cost	(10)	20,668	20,668
Right of use assets (Net)	(11)	226,558	230,496
Other assets	(12)	12,246	12,265
Total non-current assets		5,277,161	5,325,558
CURRENT ASSETS			
Inventory (Net)	(13)	21,346,098	25,536,490
Trade Receivables and Notes Receivable (Net)	(14)	217,750	76,125
Due from related parties (Net)	(15)	890,201	872,088
Debtors and other debit balances (Net)	(16)	953,605	1,078,103
Accounts payables- advance payments	(17)	317,824	192,905
Financial investments at fair value through P&L	(18)	2,083,320	18,497,457
Cash and cash equivalent (Net)	(19)	1,212,358	712,825
Total current assets		27,021,156	46,965,993
Total Assets		32,298,317	52,291,551
EQUITY AND LIABILITIES			
EQUITY			
Issued and Paid-up capital	(21)	3,000,000	3,000,000
Reserves	(22)	4,047,156	4,047,156
Retained earnings	(23)	7,454,900	6,201,589
Total Equity		14,502,056	13,248,745
NON-CURRENT LIABILITIES			
Deferred tax liabilities	(24-2)	139,971	272,339
End-of-Service Benefit Obligations	(25)	297,376	297,376
Total non-current liabilities		437,347	569,715
CURRENT LIABILITIES			
Provisions	(26)	985,858	555,449
Banks overdraft	(20)	7,908,019	22,992,313
Trade Payables and Notes Payable	(27)	504,058	938,262
Creditors and other credit balances	(28)	7,286,486	13,360,066
Account receivables – advance payments	(29)	59,099	15,432
Lease Liabilities	(30)	34,443	34,989
End-of-Service Benefit Obligations	(25)	25,930	39,941
Income tax payable	(24-1)	555,021	536,639
Total current liabilities		17,358,914	38,473,091
Total liabilities		17,796,261	39,042,806
Total Equity and Liabilities		32,298,317	52,291,551

Limited Review Report on the Interim Separate Financial Statements (Attached)

Head of Financial Sector	**Chief Financial Officer**	**Managing Director and Chief Executive Officer**
Mrs. Neveen Ali	**Mr. Tamer Mosli**	**Mr. Hany Aman**

The accompanying notes (1–51) are an integral part of these interim separate financial statements.

Eastern Company - S.A.E.

SEPARATE INTERIM STATEMENT OF INCOME (PROFIT OR LOSS)

For the financial period ended 31 March 2026

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

	Note	31/3/2026	31/03/2025
Net sales	(31)	8,525,894	8,896,984
Cost of sales	(32)	(5,657,812)	(6,048,997)
Gross profit		2,868,082	2,847,987
Other income	(33)	27,106	75,313
Selling and distribution expenses	(34)	(215,054)	(154,759)
General and administrative expenses	(35)	(331,334)	(78,741)
Other expenses	(36)	(39,277)	(54,703)
Provision expenses	(26)	(509,380)	(397,579)
Expected credit losses	(43)	(6,114)	-
Operating activities		1,794,029	2,237,518
Net financing cost / income	(37)	(579,096)	(274,685)
Other financial investments income	(38)	479,190	144,302
Profit before tax		1,694,123	2,107,135
Income tax	(24-1)	(440,812)	(480,353)
Profit from continued operations		1,253,311	1,626,782
Earnings per share for the period	(39)	0.33	0.46

Head of Financial Sector	**Chief Financial Officer**	**Managing Director and Chief Executive Officer**
Mrs. Neveen Ali	**Mr. Tamer Mosli**	**Mr. Hany Aman**

The accompanying notes (1–51) are an integral part of these interim separate financial statements.

Eastern Company - S.A.E.

SEPARATE INTERIM STATEMENT OF OTHER COMPREHENSIVE INCOME

For the financial period ended 31 March 2026

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

	31/3/2026	31/03/2025
Net profit for the period	1,253,311	1,626,782
Items of Other comprehensive income		
Gains on revaluation of investments at fair value through OCI	-	3,512
Actuarial gains (losses) from defined benefit plans for employees	-	-
Deduct		
Tax on items of other comprehensive income	-	(790)
Other comprehensive income for the period, net of tax	-	2,722
Total other comprehensive income for the period	1,253,311	1,629,504

Head of Financial Sector	Chief Financial Officer	Managing Director and Chief Executive Officer
Mrs. Neveen Ali	Mr. Tamer Mosli	Mr. Hany Aman

The accompanying notes (1–51) are an integral part of these interim separate financial statements.

SEPARATE INTERIM STATEMENT OF CHANGES IN EQUITY

For the financial period ended 31 March 2026

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

Description	*Issued and Paid-up Capital*	*Legal Reserve*	*Statutory Reserve*	*Capital Reserve*	*Other Reserves*	*Financial Investments Revaluation Reserve*	*Remeasurement of Employee Benefits Reserve*	*Total Reserves*	*Retained Earnings*	*Total Equity*
Balance as of 1/1/2025	3,000,000	1,500,000	903,498	595,860	967,094	(25,771)	9,456	3,950,137	5,542,262	12,492,399
Adjustment of Prior Years' Expenses and Revenues	-	-	-	-	-	-	-	-	(115,324)	(115,324)
Net Profit for the period from 1/1/2025 to 31/3/2025	-	-	-	-	-	-	-	-	1,626,782	1,626,782
Comprehensive Income Items	-	-	-	-	-	2,722	-	2,722	-	2,722
Balance as of 31/3/2025	3,000,000	1,500,000	903,498	595,860	967,094	(23,049)	9,456	3,952,859	7,053,720	14,006,579
Balance as of 1/1/2026	3,000,000	1,500,000	903,498	595,860	960,857	-	86,941	4,047,156	6,201,589	13,248,745
Net Profit for the period from 1/1/2026 to 31/3/2026	-	-	-	-	-	-	-	-	1,253,311	1,253,311
Balance as of 31/3/2026	3,000,000	1,500,000	903,498	595,860	960,857	-	86,941	4,047,156	7,454,900	14,502,056

Head of Financial Sector
Mrs. Neveen Ali

Chief Financial Officer
Mr. Tamer Mosli

Managing Director and Chief Executive Officer
Mr. Hany Aman

The accompanying notes (1–51) are an integral part of these interim separate financial statements.

Eastern Company - S.A.E.

SEPARATE INTERIM STATEMENT OF CASH FLOWS

For the financial period ended 31 March 2026

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

Item	*Note*	*31/3/2026* *Sub-total* *L.E.*	*31/3/2026* *Total* *L.E.*	*31/03/2025* *L.E.*
First: Cash flows from operating activities				
Cash sales and receivables collection		23,083,618		24,711,319
Cash purchases and payments to suppliers		(1,555,890)		(18,008,359)
Paid salaries		(595,073)		(904,240)
Provision for Early Retirement Obligations		(41,865)		-
Operating Revenue for Third Parties and Other Income		848,594		115,756
Interest Received		31,770		41,806
Paid interest		(630,061)		(241,257)
Paid tax and fees		(17,660,188)		(12,449,061)
Export subsidy / grants and subsidies		-		1,402
Collected insurance claims		(408)		2,946
Other payments		1,472		(1,147)
Net Cash flows from operating activities			3,481,969	(6,730,835)
Second: Cash flows from investing activities				
Payments for Acquisition of Fixed assets (Projects Under Construction)		(59,014)		(32,409)
Proceeds from sale of fixed assets				1,907
Purchase of treasury bills		-		(11,338,687)
Sale of treasury bills		16,142,552		8,793,929
Sale of investments in investment certificates				743,216
Net Cash flows from investing activities			16,083,538	(1,832,044)
Third: Cash flows from financing activities				
Dividends paid		(4,068,566)		(12,604)
Net Cash flows from financing activities			(4,068,566)	(12,604)
Foreign Exchange Gains and Losses			87,500	(8,801)
Net cash movement from 1 January 2026 to 31 March 2026			15,584,441	(8,584,284)
Cash balance as at 1 January 2026	40		(22,275,438)	1,895,281
Cash balance as at 31 March 2026	40		(6,690,997)	(6,689,003)

Head of Financial Sector	**Chief Financial Officer**	**Managing Director and Chief Executive Officer**
Mrs. Neveen Ali	**Mr. Tamer Mosli**	**Mr. Hany Aman**

The accompanying notes (1–51) are an integral part of these interim separate financial statements.

"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

- 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 Which begins on 1 July and ends on 30 June of each year

"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 financial period ended 31 March 2026 has been approved by the Board of Directors on 11 June 2026.

1-5 Major Shareholders and Stock Exchange Market

- Global Investment Holding Company owns 30%, and the Holding Company for Chemical Industries owns 20.95% of the Company's shares as of 31 March 2026.

- 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 fixed assets , intangible assets, and investment property.
  - Provisions and contingent liabilities.
  - Expected credit losses.

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

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 Fixed assets

3-2-1 Initial Recognition and Measurement

- Items of fixed assets are presented in the financial statements at historical cost, less accumulated depreciation and accumulated impairment losses.
- The cost of fixed assets 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 fixed assets are recognized separately when their useful lives differ.

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

3- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *Continued*

- Gains and losses arising from the derecognition of fixed assets are recognized in profit or loss.

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 fixed assets are as follows:

Asset	*Estimated useful life (year)*
Buildings	25-50
Machines	10
Vehicles	5-8
Tools	5
Furniture	4-10

- The depreciation method, useful lives, and residual values of fixed assets 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:

Asset	*Depreciation percentage*
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

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

3- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *Continued*

- 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."
- 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.

3- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *Continued*

- 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).

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- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *Continued*

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.
- 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.

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

3- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *Continued*

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:
- 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.

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

3- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *Continued*

- 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.

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.

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

3- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *Continued*

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.

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- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *Continued*

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.

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.

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

3- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *Continued*

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.

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:

3- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *Continued*

(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.

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 moving average cost method. Cost includes all expenses and costs incurred by the Company to bring the inventory to its present location and condition.

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

3- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *Continued*

- 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 12.45 months.
- The inventory of finished goods is sufficient to meet market needs for approximately 3 days.
- Inventory of raw materials includes raw tobacco held in bonded warehouses amounting to approximately L.E. 10,874 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.

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).

3- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *Continued*

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.

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

3- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *Continued*

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.

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.

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

3- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *Continued*

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.

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.

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

3- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *Continued*

- 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.

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.

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

3- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *Continued*

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.

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- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *Continued*

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

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.

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.

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

3- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *Continued*

Foreign Currency balances as at 31 March 2026

	Assets	*Liabilities*	*Net*
Dollar	800	(20,125)	(19,325)
Euro	131	(3,260)	(3,129)
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.
- 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 interim statement of financial position, in addition to net liabilities.

	31/3/2026	*31/12/2025*
Total liabilities	17,796,261	39,042,806
Less: cash and cash equivalent	(1,212,358)	(712,825)
Net Debt	16,583,903	38,329,981
Total Owner's equity	14,502,056	13,248,745
Net Debt to Equity Ratio	1.14	2.89

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

3- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *Continued*

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 31 March 2026.
- During the period from 1 January 2026 to 31 March 2026, the Company incurred salaries, allowances, and bonuses for members of senior management.

Party	*Nature of Relationship*	*Nature of Transaction*	*31/3/2026* Transaction Amount (L.E. thousand)
United Tobacco Company	Associate company	Sale of assets – printing expenses, maintenance, and others	(20,326)

3-28 Comparative Figures

Comparative figures have been reclassified, where necessary, to conform with the presentation adopted in the current period.

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

4- FIXED ASSETS

	Lands	*Buildings*	*Machines and equipment*	*Vehicles*	*Tools*	*Furniture and office equipment*	*Spare parts*	*Low value assets*	*Total*
Cost:									
Cost as of 1 July 2025	186,016	3,375,151	6,029,784	342,634	190,638	971,085	498	-	11,095,806
Additions During the year	-	-	84,831	-	1,334	16,582	-	52	102,799
Disposals during the year	-	(31,475)	(96)	(11)	(285)	(14)	-	-	(31,881)
Impairment of PPE	-	(262)	(2,707)	-	-	-	-	-	(2,969)
Cost as of 31 December 2025	186,016	3,343,414	6,111,812	342,623	191,687	987,653	498	52	11,163,755
Cost as of 1 January 2026	186,016	3,343,414	6,111,812	342,623	191,687	987,653	498	52	11,163,755
Additions during the period	-	-	24,331	-	-	16,362	-	9,100	49,793
Cost as of 31 March 2026	186,016	3,343,414	6,136,143	342,623	191,687	1,004,015	498	9,152	11,213,548
Accumulated depreciation:									
Accumulated depreciation as of 1 July 2025	-	1,216,341	4,927,609	335,471	171,751	783,536	183	-	7,434,891
Impairment of PPE of 1 July 2025	-	262	1,550	-	-	-	-	-	1,812
Impairment during period	-	-	2,707	-	-	-	-	-	2,707
Depreciation for the year	-	37,658	150,618	2,769	4,657	23,543	45	-	219,290
Accumulated depreciation on disposals during the year	-	(9,705)	(96)	(11)	(285)	(14)	-	-	(10,111)
Accumulated depreciation as of 31 December 2025	-	1,244,556	5,082,388	338,229	176,123	807,065	228	-	7,648,589
As of 1 January 2026,	-	1,244,294	5,078,131	338,229	176,123	807,065	228	-	7,644,070
Impairment of PPE of 1 January 2026	-	262	4,257	-	-	-	-	-	4,519
Depreciation for the period	-	18,143	73,793	1,095	2,340	12,092	23	-	107,486
Accumulated depreciation as of 31 March 2026	-	1,262,699	5,156,181	339,324	178,463	819,157	251	-	7,756,075
Net Book Value:									
As of 31 March 2026	186,016	2,080,715	979,962	3,299	13,224	184,858	247	9,152	3,457,473
As of 31 December 2025	186,016	2,098,858	1,029,424	4,394	15,564	180,588	270	52	3,515,166

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

4- FIXED ASSETS- *Continued*

4.1 The machinery and equipment balance includes scraped assets with a cost of L.E. 657,899 thousand as at 31 March 2026.

4.2 The cost of fully depreciated assets that are still in use as at 31 March 2026 amounted to L.E. 3,453,737 thousand, analyzed as follows:

	Buildings	*Machines and equipment*	*Vehicles*	*Tools*	*Furniture and office equipment*	*Total*
Net Book Value						
As of 31 March 2026	165,341	2,305,291	259,226	126,613	597,266	3,453,737
As of 31 December 2025	156,273	2,278,810	238,211	126,254	596,489	3,396,037

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

4.4 Fixed assets include approximately L.E. 30,847 thousand representing the net book value of donated assets, detailed as follows:

Production Machinery	29,636
Service and Utility Machinery	69
	29,705
Furniture and Office Equipment	1,142
Total	30,847

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 L.E. 97,550 thousand related to the Zomor site, L.E. 53,337 thousand related to the Monastirly site, and L.E. 19,797 thousand related to the Niaza site (totaling L.E. 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 L.E. 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.

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

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 L.E. 4 million related to the Giza buildings, for which optimal utilization is currently under study. An amount of L.E. 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 L.E. 21,187 thousand, with a net book value of approximately L.E. 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 L.E. 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.

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

5- PROJECTS UNDER CONSTRUCTION

	31/3/2026	*31/12/2025*
Investment Information		
Buildings	2,576	2,576
Machinery	45,931	47,813
Tools	1,126	-
Furniture and Office Equipment	144,844	119,414
SAP software	31,508	31,508
	225,985	201,311
Total Investment in Formation		
Less: Impairment of Investment in Formation	(2,239)	(2,239)
Net Investment in Formation	223,746	199,072
Capital Expenditure:		
Advances for the Purchase of Fixed assets	1,169	1,169
Total Capital Expenditure	1,169	1,169
Total Projects under Construction	224,915	200,241

6- INVESTMENT PROPERTIES

	Land	*Building*	*Total*
Cost as at 1 January 2026	112,818	65,554	178,372
Cost as at 31 March 2026	112,818	65,554	178,372
Accumulated Depreciation as at 1 January 2026	-	52,423	52,423
Depreciation for the Period	-	212	212
Accumulated Depreciation as at 31 March 2026	-	52,635	52,635
Net Investment Property as at 31 March 2026	112,818	12,919	125,737
Cost as at 1 July 2025	112,818	65,554	178,372
Cost as at 31 December 2025	112,818	65,554	178,372
Accumulated Depreciation as of 1 July 2025	-	52,001	52,001
Depreciation for the Period	-	423	423
Accumulated Depreciation as at 31 December 2025	-	52,424	52,424
Net Investment Property as at 31 December 2025	112,818	13,130	125,948

- 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
Total	178,372

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

6- INVESTMENT PROPERTIES - *Continued*

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-Lebban 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 L.E. 51,743 thousand. Payment is to be made as follows:

- Payment of the initial deposit amounting to L.E. 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 L.E. 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.

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

7- INVESTMENTS IN ASSOCIATES

	Number of Shares Investee Company	*Percentage of Ownership %*	*31/12/2025*	*30/6/2025*
United Tobacco Company (S.A.E.)	24,000	24%	1,073,046	1,073,046

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 L.E. 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.

Investments in associate companies are accounted for in the separate interim 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.
During the financial period ended 31 December 2025, the Company recognized six months' profits based on "unaudited" financial data from United Tobacco Company for the financial period from 1 July 2025 to 31 December 2025.

The movements in investments in associate companies are as follows:

	31/3/2026	*31/12/2025*
Opening Balance	1,073,046	1,053,094
Add:		
Share of the Company in the Profit / (Loss) of the Investee Company	-	474,093
Less:	-	
Company's Share of Employee Dividends	-	(7,957)
Administrative Expenses – Custodian	-	(542)
Tax on Dividend Distributions	-	(59,789)
Board of Directors' Remuneration	-	(38,238)
Dividend Distributions	-	(347,615)
Closing Balance for the Period / Year	1,073,046	1,073,046

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

8- INVESTMENTS IN SUBSIDIARIES

On 11 August 2025, Eastern Company for Distribution (a single shareholder company) was established with a capital of L.E. 240,000, divided into 24,000 shares with a nominal value of L.E. 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.

9- INTANGIBLE ASSETS

	31/3/2026	*31/12/2025*
At the beginning of the period / year	192,802	38,094
Additions during the period / year	-	154,708
At The End period / year	192,802	192,802
Accumulated Amortization:		
At the beginning of the period / year	(45,314)	(22,895)
Amortization for the period / year	(11,210)	(22,419)
At the end of the period / year	(56,524)	(45,314)
Net book value at the end of the period / year	136,278	147,488

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

10- FINANCIAL INVESTMENTS AT AMORTIZED COST

	31/3/2026	*31/12/2025*
Deposit at the Central Bank against Reserve Invested in Government Bonds (*)	20,663	20,663
Investments in Shares of Other Companies	5	5
	20,668	20,668

(*) 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.

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

11- RIGHT-OF-USE ASSETS

	31/3/2026	*31/12/2025*
Cost:		
At the beginning of the period / year	544,418	544,418
Additions during the period / year	-	-
At the end of the period / year	544,418	544,418
Accumulated Depreciation:		
At the beginning of the period / year	(313,922)	(307,223)
Depreciation for the period / year	(3,938)	(6,699)
At the end of the period / year	(317,860)	(313,922)
Net book value at the end of the period / year	226,558	230,496

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 L.E. 348 million. In addition, the prior treatment of right-of-use assets related to machinery, with a cost of approximately L.E. 159 million, has been included.

12- OTHER ASSETS

	31/3/2026	*31/12/2025*
Company's contribution to AL- Zomor Canal Filling, Improvement, and covering project	246	265
Non-current prepaid expenses (*)	12,000	12,000
	12,246	12,265

(*) Represents L.E. 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.

- The Company's Board of Directors, in its meeting held on 30 January 2025, resolved to approve the exit of ECS Energy and Contracting Company's employees from the 6th of October Industrial Complex Power Plant and authorized the Executive Management to take the necessary actions in this regard, in accordance with the contract concluded between the parties, and to implement the employee exit process.

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

13- INVENTORY

	31/3/2026	31/12/2025
Raw material at Customs	10,873,842	14,941,147
Packaging materials warehouse	5,514,560	6,522,691
Raw materials inventory	3,118,885	2,010,465
Spare parts and supplies warehouse	1,092,247	1,210,862
Finished goods inventory	288,752	292,557
Work-in-progress inventory	417,505	358,856
Letters of credit for the purchase of goods and services	78,302	248,188
Goods in transit	11,537	232
Fuel warehouse	10,156	11,664
Scrap and waste warehouse	1,788	1,304
	21,407,574	25,597,966
Less:		
Inventory write-down (*)	(61,476)	(61,476)
	21,346,098	25,536,490

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

	31/3/2026	31/12/2025
Raw Materials Inventory	215	215
Spare Parts and Supplies Warehouse	43,326	43,326
Packaging Materials Warehouse	17,820	17,820
Work-in-Progress Inventory	92	92
Finished Goods Inventory	23	23
	61,476	61,476

14- TRADE RECEIVABLES AND NOTES RECEIVABLE

	31/3/2026	31/12/2025
Foreign Manufacturing Customers (*)	221,956	77,039
Less:		
Expected Credit Losses (Note 43)	(4,206)	(914)
	217,750	76,125

(*) 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.

15- DUE FROM RELATED PARTIES

	31/3/2026	31/12/2025
United Tobacco Company (S.A.E.) *	900,883	881,816
Less:		
Expected credit losses (Note 43)	(10,682)	(9,728)
	890,201	872,088

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

15- DUE FROM RELATED PARTIES - *Continued*

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

	31/3/2026	31/12/2025
Remaining Balance from Factory Sale	869,592	869,592
Accrued Expenses from United Tobacco Company	19,981	12,330
Printing Expenses	10,968	(448)
Machinery Rent	300	300
Value Added Tax 14%	42	42
	900,883	881,816

16- DEBTORS AND OTHER DEBIT BALANCES

	31/3/2026	31/12/2025
Egyptian Tax Authority – Value Added Tax	883,775	1,034,346
Receivables from Other Authorities and Entities (*)	10,453	13,460
Export Subsidy Receivable	1,784	1,784
Accrued Income from Securities	532	354
Accrued Lease Income	1,193	1,240
Accrued Miscellaneous Income	598	717
Deposits with Third Parties	15,494	15,494
Employee Advances	662	1,493
Receivable Balances	76,940	45,788
	991,431	1,114,676
Less:		
Impairment of receivable balances	(34,263)	(34,263)
Expected Credit Losses (Note 43)	(3,563)	(2,310)
	953,605	1,078,103

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

	31/3/2026	31/12/2025
Pertaining to Customs Authority – Tobacco Dropback	5,213	5,213
Pertaining to Paid Sales Tax on Returned Goods	1,655	2,530
Pertaining to Paid Sales Tax on Local Investment Goods	-	1,332
Pertaining to Ministry of Finance – Imported Sales Tax	3,485	4,285
Current Accounts	100	100
	10,453	13,460

17- ACCOUNTS PAYABLES – ADVANCE PAYMENTS

	31/3/2026	31/12/2025
Local suppliers	305,579	180,660
Foreign suppliers	12,245	12,245
	317,824	192,905

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

18- FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH P&L

	31/3/2026	31/12/2025
Treasury Bills (*)	2,072,378	18,485,789
Investment certificates	10,942	11,668
	2,083,320	18,497,457

(*) Investments in Treasury Bills:

	31/3/2026	31/12/2025
Treasury Bills – Nominal Value	2,200,000	19,070,650
Total Interest Payable	(246,265)	(974,363)
Paid from Treasury Bills	1,953,735	18,096,287
Interest Charged to the Statement of Profit or Loss	122,978	372,067
Fair Value Valuation	(4,335)	17,435
Treasury Bills Balance	2,072,378	18,485,789

- The Treasury Bills were valued at present value based on the purchase price as at 31 March 2026, less the fair value of the Treasury Bills according to Banque du Caire prices on 31 March 2026, 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 March 2026 according to the different fund prices, with the difference recorded in the statement of profit or loss for securities.

19- CASH AND CASH EQUIVALENT

	31/3/2026	31/12/2025
Banks – Current Accounts	561,383	120,292
Foreign Currency Time Deposit Bank	655,639	596,582
Expected Credit Losses (Note 43)	(4,664)	(4,049)
	1,212,358	712,825

20- BANK OVERDRAFT

	31/3/2026	31/12/2025
Bank Overdraft	7,908,019	22,992,313

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

21- SHARE CAPITAL

- The authorized capital amounts to L.E. 15,000 million (Fifteen Billion Egyptian Pounds).
- The issued and paid-up capital amounts to L.E. 3,000 million (Three Billion Egyptian Pounds), divided into 3,000 million shares with a nominal value of L.E. 1 per share.
- The following table shows the shareholder structure as at 31 March 2026:

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	114,180	0.00381%
Holding Company for Chemical Industries	628,587,443	20.95%
Allan Gray Investment Funds	177,052,559	5.9%
Fidelity Investments FZC	156,101,827	5.20%
Free Trading	1,138,043,992	37.94289%
	3,000,000,000	100%

- The Extraordinary General Assembly held on May 29, 2018, resolved to increase the company's issued and paid-up share capital from L.E. 1.5 billion to L.E. 2.25 billion (an increase of L.E. 750 million), distributed over 450 million shares at a nominal value of L.E. 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 L.E. 5 to L.E. 1 per share, while maintaining the company's share capital at L.E. 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.

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

21- 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 L.E. 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 L.E. 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 L.E. 2.23 billion to L.E. 3 billion by utilizing L.E. 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 L.E. 3 billion to L.E. 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 L.E. 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.

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

22- RESERVES

	31/3/2026	*31/12/2025*
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
Employees' Benefits Remeasurement Differences Reserve	86,941	86,941
Other Reserves	25	25
	4,047,156	4,047,156

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.

23- RETAINED EARNINGS

	31/3/2026	**31/12/2025**
Retained Earnings	6,201,589	9,751,410
Distributed from distributable profit	-	(9,598,554)
Profit for the period / year	1,253,311	6,048,733
	7,454,900	6,201,589

23.1 The General Assembly, held on 13 November 2025, resolved to approve the proposed profit distribution account by the Board of Directors for the fiscal year 2024/2025, taking into consideration that the dividend per share would be L.E. 2.85, that the employees' share would be L.E. 955 million, and that the Board of Directors' remuneration (the Board's share of profits) would be L.E. 45 million.

23.2 Retained earnings as of 31 December 2025 include the profit for the period from 1 July 2025 to 31 December 2025, amounting to L.E. 6,048,733 thousand.

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

24- TAXES

	31/3/2026	31/3/2025
Current income tax (Note 24-1)	573,180	582,985
Deferred income tax (Note 24-2)	(132,368)	(102,632)
Total income tax expense	440,812	480,353

24.1 Reconciliation of Effective Income Tax Rate

	31/3/2026	31/3/2025
Accounting profit before income tax	1,694,123	2,107,135
Income tax at statutory rate (22.5%)	381,177	474,105
Additions:		
Effect of fixed assets	-	(1,913)
Effect of provisions, reserves and depreciation	145,252	115,960
Effect of other expenses and income	37,086	20,152
Deductions:		
Effect of provisions, reserves and depreciation	(26,532)	(11,216)
Effect of capital gains	-	(150,876)
Effect of other expenses and income	(109,423)	108,510
Tax per tax return	427,560	554,722
Treasury bills and bonds tax	145,620	28,263
Total current income tax	573,180	582,985
Deferred income tax	(132,368)	(102,632)
Total income tax expense	440,812	480,353
Effective income tax rate	33.88%	27.67%

The movement in income tax payable presented in the statement of financial position is as follows:

	31/3/2026	31/3/2025
Opening balance	536,639	1,179,392
Add:		
Current income tax for the period	573,180	1,080,189
Less:		
Payments and settlements	-	(1,175,274)
Advance tax payments	(370,608)	(370,608)
Withholding tax payments	(184,190)	(177,060)
Closing balance	555,021	536,639

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

24- TAXES - *Continued*

24-2 Deferred Tax Assets / Liabilities

The movement in deferred tax assets and liabilities during the period is as follows:

	31/3/2026		**31/12/2025**	
	Deferred Tax Assets	***Deferred Tax Liabilities***	***Deferred Tax Assets***	***Deferred Tax Liabilities***
Opening balance	112,030	(384,368)	734,129	(431,524)
Depreciation	-	14,945	-	23,003
Unrealized foreign exchange differences (debit)	12,619	-	387	-
Unrealized foreign exchange differences (credit)	-	-	-	(1,875)
Provisions recognized during the period	2,110	-	2,716	-
Early retirement obligations	112,500	-	3,034	-
Utilization of provisions	(12,672)	-	(576,714)	-
Reversal of unrealized foreign exchange differences (debit)	(387)		(17,774)	-
Reversal of unrealized foreign exchange differences (credit)	-	1,876	-	25,108
Reversal of outstanding unrealized foreign exchange losses (2021–2022)	-	-	(28,645)	-
Comprising provisions, losses and reserves	1,376	-	884	-
Reversal of end-of-service benefit provision (OCI)	-	-	(10,100)	-
Reversal of reserves	-	-	(1,588)	-
Right-of-use asset (manufacturing plant)	-	-	-	920
Deferred tax related to other comprehensive income	-	-	5,700	-
Closing balance	227,576	(367,547)	112,029	(384,368)
Net deferred tax (liability) / asset	(139,971)		(272,339)	

25- END-OF-SERVICE BENEFIT OBLIGATIONS

	31/3/2026	***31/12/2025***
Opening balance of the period / year	337,317	405,165
Recognized provision during the period / year	-	-
Paid during the period / year	(14,011)	(22,959)
Reversal / Addition of other comprehensive income	-	(44,889)
	323,306	337,317

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

	31/3/2026	***31/12/2025***
Current End-of-Service Gratuity Liabilities	25,930	39,941
Non-Current End-of-Service Gratuity Liabilities	297,376	297,376
	323,306	337,317

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

25- 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 L.E. 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.

  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.

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

25- END-OF-SERVICE BENEFIT OBLIGATIONS - *Continued*

- **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%.

26- PROVISIONS

	Balance as of 1/1/2026	*Recognized provision during the Period*	*Used during the Period*	*Balance as of 31/3/2026*
For Early Retirement Liabilities (*)	42,211	500,000	(42,211)	500,000
Disputed Taxes	502,837	-	(36,661)	466,176
Legal Claims	10,401	9,380	(99)	19,682
	555,449	509,380	(78,971)	985,858

(*) The provision for early retirement obligations relating to the voluntary exit program for the financial year 2024/2025 amounted to EGP 2.556 billion, based on the resolution of the Company's Board of Directors at its meeting No. (19) held on 7 November 2024. The voluntary exit project was announced on 11 September 2025, and the actual exit program for employees was implemented during the independent interim financial period ended 31 December 2025. The remaining balance of the provision as at that date amounted to EGP 42.211 million.

The number of employees who submitted applications to participate in the exit program amounted to 6,290 employees out of a total workforce of 7,471 employees. The Company approved the exit of only 2,500 employees in accordance with the terms, criteria and controls established by the Company under the exit project announced to its employees.

The number of employees who had actually exited the Company up to the date of the independent interim financial statements as at 31 December 2025 amounted to 2,459 employees, and the amounts paid to them amounted to approximately EGP 2.513 billion. In this context, the Company confirms that no legal or contractual obligation arises in respect of employees who submitted exit applications that were not approved, as acceptance remains subject to the Company's approval.

During the independent interim financial period ended 31 March 2026, the Company's Board of Directors, at its meeting No. (5) of 2026 held on 24 February 2026, approved the mechanism of the latest voluntary exit program, in light of the Company's intention to continue the exit project and restructure its surplus workforce.

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

26- PROVISIONS - *Continued*

The approved mechanism included accepting the remaining exit applications submitted under the previous exit program, as well as any new applications that may be submitted by employees in the future, provided that the total number of the Company's employees, whether existing or newly recruited, shall not at any time fall below 2,000 employees. This is to ensure the preservation of the required functional distribution and the key competencies necessary for the efficient operation of the Company.

The approved mechanism also included, based on the recommendations presented to the Board, the allocation of estimated amounts to cover the costs of employees' exit over the following financial periods, as follows: EGP 1.5 billion from the results of the financial year ending December 2025, EGP 2 billion from the results of the financial year ending December 2026, and EGP 1 billion from the results of the financial year 2027.

Such allocations shall be made taking into consideration that they should not result in reducing distributable profits below the targeted or approved comparative levels determined by the Company. In the event that any such allocation has an adverse impact on distributable profits, the amount allocated for the relevant financial year shall be reduced to the extent necessary so as not to affect the expected dividend distributions.

The approved mechanism further included reassessing the number of employees and job functions from time to time in the event of changes in the Company's production capacity.

Based on management's best estimate of the obligations expected to arise from the latest voluntary exit program up to the date of the independent interim financial statements, the Company recognized a provision of EGP 500,000 thousand Egyptian Pounds during the independent interim financial period ended 31 March 2026 to cover the expected obligations relating to the program.

Management will reassess the adequacy of this provision in subsequent financial periods in light of the actual applications accepted, the amounts paid, and any changes in production capacity, operating requirements or the controls approved by the Board of Directors.

27- TRADE PAYABLES AND NOTES PAYABLE

	31/3/2026	*31/12/2025*
Local suppliers	122	-
Foreign suppliers	503,936	938,262
	504,058	938,262

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

28- CREDITORS AND OTHER CREDIT BALANCES

	31/3/2026	31/12/2025
VAT Authority	4,913,725	7,273,909
Social Contribution	83,568	60,851
Tax Authority – Payroll Tax	77,579	59,212
Withholding Tax from Third Parties at Source	16,030	14,315
National Social Insurance Authority – Current	20,422	18,592
Dividend Payables	469	4,050,469
Accrued Expenses	460,247	678,237
Insurance for others	89,916	114,677
Newly fixed assets payable	6,894	5,696
Employee Withholdings Payable	40,989	52,230
Deferred Income Related to Donated Assets (*)	71,972	76,672
Amounts Set Aside for Employees – Social Services (**)	64,906	69,884
Credit Balances	1,439,769	885,322
	7,286,486	13,360,066

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

	31/3/2026	31/12/2025
Net granted PPE	30,847	33,660
Spare Parts Transferred from America Tobacco Company	34,046	35,933
Net Packaging Materials Transferred from British American	7,079	7,079
	71,972	76,672

(**) 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.

29- ACCOUNT RECEIVABLES – ADVANCE PAYMENTS

	31/3/2026	31/12/2025
Account Receivables – Credit Balances	53,927	14,811
Account Receivables – Credit Balances (Scrap)	5,172	621
	59,099	15,432

30- LEASE LIABILITIES

	31/3/2026	31/12/2025
Opening balance for the period / year	34,989	36,607
Add:		
Lease Interest	1,960	2,137
Less:		
Payments of lease liabilities	(2,506)	(3,755)
Closing balance for the period / year	34,443	34,989

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

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

	31/3/2026	*31/12/2025*
Current Lease Liabilities	34,443	34,989

31- SALES

	31/3/2026	*31/3/2025*
Net Sales of Finished Goods	8,313,829	8,587,009
Net Sales of Finished Goods – Export	-	60,119
Operating Revenues for Third Parties	221,145	300,264
Covered Hall Revenues	1,290	1,233
	8,536,264	8,948,625
Less:		
Allowable Discounts	(10,370)	(51,641)
	8,525,894	8,896,984

32- COST OF SALES

	31/3/2026	*31/3/2025*
Raw materials	4,679,518	5,686,872
Depreciation and amortization	104,166	95,332
Salaries and wages	450,101	488,016
Maintenance	238,331	213,253
Miscellaneous service expenses	122,566	40,029
Insurance expenses	60,178	7,275
Inventory write-downs against provision*	-	5,351
Change in inventory	(68,489)	(526,787)
Customs weight differences – increase/decrease	41,962	17,801
Other	29,479	21,855
	5,657,812	6,048,997

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

	31/3/2026	*31/3/2025*
Raw materials	-	5,218
Packaging materials	-	-
Miscellaneous	-	-
Spare parts	-	133
Finished Goods	-	-
	-	5,351

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

33- OTHER INCOME

	31/3/2026	31/3/2025
Other miscellaneous income (*)	5,220	49,882
Gain on sale of scrap	15,463	19,266
Accrued Rent	-	598
Accrued Compensation	18	379
Capital Gains	-	73
Grants and Subsidies	-	736
Cashback government payments	28,902	-
Gains / (Losses) from Revaluation of Securities (**)	(22,497)	4,379
	27,106	75,313

(*) The miscellaneous income includes an amount of L.E. 4,700 thousand related to income from gifted assets.

34- SELLING AND DISTRIBUTION EXPENSES

	31/3/2026	31/3/2025
Salaries and wages	137,322	118,767
Depreciation and Amortization	2,008	856
Maintenance	40	105
Various Service Expenses	17,478	2,479
Insurance Expenses	13,875	1,004
Finished Goods Transportation	35,824	21,513
Others	8,507	10,035
	215,054	154,759

35- GENERAL AND ADMINISTRATIVE EXPENSES

	31/3/2026	31/3/2025
Salaries and wages	128,615	50,590
Depreciation and Amortization	14,282	9,600
Maintenance Expenses	32,186	39
Miscellaneous Service Expenses (*)	70,258	6,422
Other Expenses	85,993	12,090
	331,334	78,741

(*) The total amount payable to the auditor amounted to L.E. 1,395 k, which includes professional fees and additional services, including but not limited to other assurance tasks on governance, as well as certain petty expenses.

36- OTHER EXPENSES

	31/3/2026	31/3/2025
Donations and Grants For others	15,000	18,750
Extraordinary Losses	4,144	2,627
Mutual Contribution – Comprehensive Health Insurance	22,716	22,904
Compensations and Penalties	(2,583)	10,422
	39,277	54,703

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

37- FINANCE COST / INCOME

	31/3/2026	*31/3/2025*
Finance Income		
Interest Income	31,770	18,639
Gains on Foreign Currency Revaluation	67,041	60,008
Total Finance Income	98,811	78,647
Finance Cost		
Interest Expense	(635,473)	(254,238)
(Losses) on Foreign Currency Revaluation	(42,434)	(99,094)
Total Finance Cost	(677,907)	(353,332)
Net (costs) / financing income	(579,096)	(274,685)

38- OTHER FINANCIAL INVESTMENT INCOME

	31/3/2026	*31/3/2025*
Treasury Bills Yields	479,009	135,717
Bond Yields	-	7,647
Investment certificate funds	-	757
Government Bonds Yields	181	181
	479,190	144,302

39- EARNINGS PER SHARE (EPS)

	Unit	*31/3/2026*	*31/3/2025*
Net Profit	L.E. '000	1,253,311	1,626,782
Less:			
Employee Dividends	L.E. '000	(242,945)	(225,799)
Board of Directors' Remuneration	L.E. '000	(11,500)	(7,188)
Youth and Sports Authority	L.E. '000	(15,122)	(11,477)
Net	L.E. '000	983,744	1,382,318
Weighted Average Number of Ordinary Shares	Shares	3,000,000	3,000,000
Earnings per Share for the Period		0.33	0.46

40- CASH AND CASH EQUIVALENTS FOR THE PURPOSE OF PREPARING THE STATEMENT OF CASH FLOWS

	31/3/2026	*31/3/2025*
Current Accounts with Banks	561,383	835,833
Term Deposits / Foreign Currencies	655,639	-
	1,217,022	835,833
Less: Bank Overdraft	(7,908,019)	(7,524,836)
Cash and Cash Equivalents	(6,690,997)	(6,689,003)

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

41- CONTINGENT LIABILITIES

Contingent liabilities include obligations under issued letters of guarantee:

	L.E.
Against Issued Letters of Guarantee	1,250,700
Letter of Credits	1,304,541
	2,555,241

42- CONTINGENT ASSETS

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

Description	*Amount in Million EGP*
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
Total	54

43- EXPECTED CREDIT LOSS ALLOWANCE

	Trade Receivables	*Due from Related Parties*	*Other Receivables*	*Cash and Cash Equivalents*	*Total*
Balance at 1 January 2026	914	9,728	2,310	4,049	17,001
Charge for expected credit losses	3,292	954	1,253	615	6,114
Balance at 31 March 2026	4,206	10,682	3,563	4,664	23,115

44- TAX POSITION

- ***Corporate Income Tax***

  - The Company's final tax assessment has been completed up to the fiscal year 2019/2020, the tax due has been paid, and there are no outstanding claims for prior periods.
  - The fiscal years 2020/2021, 2021/2022, and 2022/2023 are currently under tax examination.
  - For the fiscal years 2023/2024 and 2024/2025, the Company submitted its tax returns through the electronic tax system in accordance with the provisions of the applicable laws.

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

44- TAX POSITION – *Continued*

- ***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***

  - The final tax assessment has been completed up to 2012, and there are no outstanding claims against the Company.
  - For the years from 2013 to 2019, the principal tax due for these years has been paid, and the related delay interest/late payment charges are currently being settled.
  - For the years from 2020 to 2022, the principal tax due for these years has been paid, and the related delay interest/late payment charges are currently being settled.

- ***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***

  Claims received from the Real Estate Tax Directorates for the year 2026 have been settled.

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.

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

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.

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

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^3/day, approved for expansion to 1,220 m^3/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^2) 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 L.E. ٢٤٧,٩٣٧k.

On 30/01/2025, the Board approved the disengagement 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

- The current geopolitical developments in the region and the accompanying state of instability may lead to global inflationary pressures. The Company's management is closely monitoring these developments and assessing their potential impact on the Company's activities. As of the date of issuance of these financial statements, no direct material effects on the financial position or results of operations have been identified. However, due to the uncertainty associated with these events, it is not currently possible to determine with precision any potential effects that may arise in subsequent periods.

- 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.

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

49- SIGNIFICANT EVENTS - *Continued*

- On 9 March 2026, the Company's Board of Directors granted its final approval to establish a wholly owned subsidiary, 100% owned by Eastern Company "Eastern Company", in the United Arab Emirates – Dubai, with the objective of facilitating the opening of the financial letters of credit required for sourcing the Company's various needs and supplies. The legal and regulatory procedures required for establishing the subsidiary and obtaining the necessary approvals and licenses from the competent authorities are currently in progress.

- On 4 September 2025, the Extraordinary General Assembly of the Shareholders' Union Fund of Eastern Company authorized the Union's Board of Directors to sell the fund.

- **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 the next 1st of October.

- On 31/10/2024, a block trade of 9,000,000 shares valued at L.E. 225,000,000 was executed.

- On 04/11/2024, a block trade of 20,000,000 shares valued at L.E. 500,000,000 was executed.

- On 11/11/2024, a block trade of 35,000,000 shares valued at L.E. 875,000,000 was executed.

- On 13/11/2024, a block trade of 34,728,761 shares valued at L.E. 868,219,025 was executed.

- On 30 September 2025, the sale of the entire Union shares, totaling 156,101,827 shares at a price of L.E. 40 per share, was executed, amounting to L.E. 6,244,073,080 only.

- The Monetary Policy Committee of the Central Bank of Egypt, in its meeting held on 12 February 2026, decided to reduce the overnight deposit and lending rates and the central bank's main operation rate by 100 basis points (1%), bringing them to 19% for deposits, 20% for lending, and 19.50% for the main operation rate. The credit and discount rate also reduced to 19.50%.

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

50- SUBSEQUENT EVENTS

- Subsequent to the date of the independent interim financial statements, and following the Monetary Policy Committee's decision of the Central Bank of Egypt issued on 12 February 2026 regarding the reduction of key policy rates, the Committee decided, at its meetings held on 2 April 2026 and 21 May 2026, to keep the key policy rates unchanged. Accordingly, the overnight deposit rate remained at 19.00%, the overnight lending rate at 20.00%, and the Central Bank's main operation rate at 19.50%. The credit and discount rate also remained unchanged at 19.50%.

51- COMPARATIVE FIGURES

	Note	*Before Reclassification*	*Reclassification*	*After Reclassification*
Income statement (Profit or Loss)				
Other expenses	(36)	(452,282)	397,579	(54,703)
Provisions Expense	(26)	-	(397,579)	(397,579)

Head of Financial Sector
Mrs. Neveen Ali

Chief Financial Officer
Mr. Tamer Mosli