

**EASTERN COMPANY (S.A.E)**

**STANDALONE FINANCIAL STATEMENTS**  
**TOGETHER WITH AUDITOR'S REPORT**  
**FOR THE FINANCIAL YEAR ENDED JUNE 30, 2025**

**Mostafa Shawki**

153 Mohamed Farid Street, Banque Misr Tower

P.O. Box 2095, Cairo 11518, Egypt

Tel: (+20) 2 23917299

[mshawki@forvismazars.com](mailto:mshawki@forvismazars.com)

[www.forvismazars.com/eg](http://www.forvismazars.com/eg)



*Translation of Auditor's Report*  
*Originally Issued in Arabic*

**Auditor's Report**

**To : The Shareholders of Eastern Company (S.A.E)**

**Report on the Financial Statements**

We have audited the accompanying standalone financial statements of Eastern Company (S.A.E), which comprise the standalone statement of financial position as of June 30, 2025, the standalone statements of income, comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

**Management's Responsibility for the Financial Statements**

These standalone financial statements are the responsibility of the company's management. Management is responsible for the preparation and fair presentation of these standalone financial statements in accordance with the Egyptian Accounting Standards and the prevailing Egyptian laws. This responsibility includes designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the standalone financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these standalone financial statements based on our audit. We conducted our audit in accordance with the Egyptian Standards on Auditing and the prevailing Egyptian laws. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the standalone financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the standalone financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the standalone financial statements to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the standalone financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.



**Opinion**

In our opinion, the standalone financial statements referred to above give a true and fair view, in all material respects, of standalone the financial position of **Eastern Company (S.A.E)** as of June 30, 2025, and of its financial performance and its standalone cash flows for the year ended in accordance with Egyptian Accounting Standards and the prevailing Egyptian laws and regulations.

**Explanatory paragraph****Without qualifying our opinion:**

As indicated in note No. (15), the investments at amortized cost amounted 20.66 million EGP represent 5% from profit as a reserve was deducted previously according to law (203) for the year 1991. The company management officially request from the National Investment Bank to refund the investments at amortized cost balance, and according to the General Assembly of the Advisory Opinion and Legislative Department the arrangement of the refund process is subject to issuance of a legislation.

As stated in the Board of Directors No. (22) held on December 16, 2024, which approved the conclusion of framework agreements with banks (Mashreq Bank - Citi Bank) related to cover the foreign exchange risk to be hedged against potential exchange rate fluctuations during the upcoming period.

As indicated in Note No. (11), and given that the financial year of United Tobacco Company (UTC) (S.A.E) ends on December 31 of each year, the company's management relied on an unaudited financial position as of June 30, 2025, to recognize and measure the equity method used in the investments of the associate companies of United Tobacco Company (UTC) (S.A.E). This financial position was prepared for the use of the investor.

**Report on legal and other regularity requirement**

The company maintains its accounting records as required by the law and the company legal, which agree with the accompanying financial statements. The company is in the process of upgrading and automating its accounting and costing system. The management conducted the inventory physical count according to normal practices and under its responsibility.

The Creditors and other credit balance note no. (32) include an amount of 468 thousand EGP dividends payable not settled until the date of financial statements issuance which contradicts with article (44) of the law no. (159) for the year 1981 and its amendments.

Cairo, October 20, 2025

Auditor  
Dr. Ahmed Shawki

Mazars Mostafa Shawki



**EASTERN COMPANY (S.A.E)**  
**STANDALONE STATEMENT OF FINANCIAL POSITION**  
**AS OF June 30, 2025**

(Amounts expressed in Thousands of Egyptian Pounds)

	<u>Notes</u>	<u>30/06/2025</u>	<u>30/06/2024</u>
<b><u>ASSETS</u></b>			
<b><u>Non - Current Assets</u></b>			
Fixed assets (Net)	(8)	3 656 134	4 005 200
Projects under construction (Net)	(9)	232 409	295 492
Investment's property (Net)	(10)	126 371	127 215
investments in associates	(11)	1 053 094	780 225
Payments on account of investment	(12)	10 000	--
Intangible assets (Net)	(13)	15 199	20 041
Financial assets at fair value through OCI	(14)	754 477	1 768 650
Financial investments at amortized cost	(15)	20 668	20 668
Right of use assets (Net)	(16)	237 195	209 313
Other assets	(17)	12 302	12 378
Deferred tax assets	(28)	302 605	--
<b>Total Non- Current Assets</b>		<b>6 420 454</b>	<b>7 239 182</b>
<b><u>Current assets</u></b>			
Inventory (Net)	(18)	33 884 649	4 944 277
Accounts and notes receivables (Net)	(19)	203 028	205 527
Due from Related Parties (Net)	(20)	846 461	51 710
Debtors and other debit balances (Net)	(21)	1 289 442	1 710 612
Accounts payables - advance payments	(22)	760 955	100 593
Financial assets at fair value through P&L	(23)	9 848	12 710 525
Cash and cash equivalent (Net)	(24)	181 078	5 902 490
<b>Total Current Assets</b>		<b>37 175 461</b>	<b>25 625 734</b>
<b>Total Assets</b>		<b>43 595 915</b>	<b>32 864 916</b>
<b><u>Equity</u></b>			
Issued and paid-up capital	(25)	3 000 000	3 000 000
Reserves	(26)	3 952 986	3 614 149
Retained earnings	(27)	9 751 410	9 554 967
<b>Total equity</b>		<b>16 704 396</b>	<b>16 169 116</b>
<b><u>Non - Current Liabilities</u></b>			
Deferred tax liabilities	(28)	--	396 627
Employees benefits delegation	(29)	365 088	339 394
<b>Total non-current liabilities</b>		<b>365 088</b>	<b>736 021</b>
<b><u>Current Liabilities</u></b>			
Provisions	(30)	3 152 079	940 694
Banks overdraft	(24)	11 443 652	970 522
Accounts and notes payables	(31)	2 773 756	1 979 371
Creditors and other credit balances	(32)	7 822 637	10 639 227
Account receivables - advance payments	(33)	78 231	54 381
Lease Liability	(34)	36 607	--
Employees benefits delegation	(29)	40 077	42 755
Income tax payable		1 179 392	1 332 829
<b>Total current liabilities</b>		<b>26 526 431</b>	<b>15 959 779</b>
<b>Total liabilities</b>		<b>26 891 519</b>	<b>16 695 800</b>
<b>Total of equity and liabilities</b>		<b>43 595 915</b>	<b>32 864 916</b>

- The accompanying notes (from No. 1 to No. 51) are an integral part of these financial statements and read therewith.

(Mrs. / Neveen Ali)  
Head Of financial sector



(Mr./ Tamer Mosli)  
Chief financial officer



(Mr./ Hany Aman)  
Managing Director and Chief  
Executive Officer





*Translation of Financial Statements*  
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**EASTERN COMPANY (S.A.E)**  
**STANDALONE INCOME STATEMENT**  
**FROM 1/7/2024 TO 30/06/2025**

(Amounts expressed in Thousands of Egyptian Pounds)

	<u>Notes</u>	<u>30/06/2025</u>	<u>30/06/2024</u>
Net Sales	(35)	37 381 841	20 446 562
Cost of goods sold	(36)	(25 346 858)	(11 233 904)
<b>Gross profit</b>		<b>12 034 983</b>	<b>9 212 658</b>
Other revenue	(37)	2 245 371	642 275
Sales and distribution expenses	(38)	(682 740)	(519 458)
General and administrative expenses	(39)	(871 884)	(980 211)
Other expenses	(40)	(2 873 151)	(187 015)
<b>Operating activities</b>		<b>9 852 579</b>	<b>8 168 249</b>
Net financing cost / income	(41)	(850 654)	225 247
Other financial investments revenue	(42)	1 848 721	2 318 595
Income from investments in associates	(11)	1 227 817	756 225
<b>Profit before tax</b>		<b>12 078 463</b>	<b>11 468 316</b>
Income tax expenses	(43)	(2 367 808)	(2 286 835)
<b>Profit from continued operations</b>		<b>9 710 655</b>	<b>9 181 481</b>
Profit from Discontinued operations		--	--
<b>Net Profit for the year</b>		<b>9 710 655</b>	<b>9 181 481</b>
<b>Earnings per share (Pound/Share)</b>	(44)	<b>2.89</b>	<b>3.43</b>

- The accompanying notes (from No. 1 to No. 51) are an integral part of these financial statements and read therewith.

(Mrs. / Neveen Ali)  
Head Of financial sector



(Mr./ Tamer Mosli)  
Chief financial officer



(Mr./ Hany Aman)  
Managing Director and Chief  
Executive Officer



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**EASTERN COMPANY (S.A.E)**  
**STANDALONE STATEMENT OF COMPREHENSIVE INCOME**  
**FROM 1/7/2024 TO 30/06/2025**

(Amounts expressed in Thousands of Egyptian Pounds)

	<u>30/06/2025</u>	<u>30/06/2024</u>
Net profit of the year	9 710 655	9 181 481
<b><u>Other Comprehensive Income</u></b>		
Revaluation of Financial assets at fair value through Profit/losses	51 014	266 872
Actuarial gains (losses) on defined benefit plans	(9 358)	9 456
<b><u>Less</u></b>		
Other comprehensive income tax	(11 478)	(60 046)
<b>Total other Comprehensive Income of the period after deducting tax</b>	<u>30 178</u>	<u>216 282</u>
<b>Total Comprehensive Income of the period</b>	<u>9 740 833</u>	<u>9 397 763</u>

- The accompanying notes (from No. 1 to No. 51) are an integral part of these financial statements and read therewith.

(Mrs. / Neveen Ali)  
Head Of financial sector



(Mr./ Tamer Mosli)  
Chief financial officer



(Mr./ Hany Aman)  
Managing Director and Chief  
Executive Officer



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**EASTERN COMPANY (S.A.E)**  
**STANDALONE STATEMENT OF CHANGES IN OWNER'S EQUITY**  
**FROM 1/7/2024 TO 30/06/2025**  
(Amounts expressed in Thousands of Egyptian Pounds)

	Issued and paid-up capital	Legal reserve	Statutory reserve	Capital reserve	Other reserves	Reserve of revaluation of financial investment	Reserve for remeasurement of differences of employee benefits	Total reserves	Retained earnings	Total equity
<b>Balance as of July 1/2023</b>	2 230 000	1 205 504	1 673 498	580 717	982 015	(258 660)	-	4 183 074	9 703 325	16 116 399
Adjustment of expenses and revenues from previous years	-	-	-	-	-	-	-	-	22 560	22 560
Reversal of expected credit losses	-	-	-	-	(15 432)	-	-	(15 432)	-	(15 432)
Transferred to share capital from reserves	770 000	-	(770 000)	-	-	-	-	(770 000)	-	-
<b>Dividends:</b>										
Transferred to reserves from dividends for 2022/2023	-	-	-	225	-	-	-	225	(225)	-
distribution to shareholders	-	-	-	-	-	-	-	-	(8 362 500)	(8 362 500)
Employees distribution	-	-	-	-	-	-	-	-	(931 389)	(931 389)
Board of directors' reward	-	-	-	-	-	-	-	-	(20 000)	(20 000)
Youth and sports distribution	-	-	-	-	-	-	-	-	(38 285)	(38 285)
<b>Other comprehensive income items</b>										
Net profit for the year from 01/07/2023 till 30/6/2024	-	-	-	-	-	-	-	-	9 181 481	9 181 481
Comprehensive income items	-	-	-	-	-	206 826	-	216 282	-	216 282
<b>Balance as of 30/06/2024</b>	3 000 000	1 205 504	903 498	580 942	966 583	(51 834)	9 456	3 614 149	9 554 967	16 169 116
<b>Balance as of 1/7/2024</b>	3 000 000	1 205 504	903 498	580 942	966 583	(51 834)	9 456	3 614 149	9 554 967	16 169 116
Adjustment of expenses and revenues of previous years	-	-	-	-	-	-	-	-	(126 946)	(126 946)
Expected credit losses	-	-	-	-	(755)	-	-	(755)	-	(755)
<b>Dividends:</b>										
Transfer of reserves of dividends 2023/2024	-	294 496	-	14 918	-	-	-	309 414	(309 414)	-
distribution to shareholders	-	-	-	-	-	-	-	-	(8 100 000)	(8 100 000)
Employees distribution	-	-	-	-	-	-	-	-	(903 194)	(903 194)
Board of directors' reward	-	-	-	-	-	-	-	-	(28 750)	(28 750)
Youth and sports contribution	-	-	-	-	-	-	-	-	(45 908)	(45 908)
<b>Other comprehensive income items</b>										
Net profit for the year from 01/07/2024 to 30/6/2025	-	-	-	-	-	-	-	-	9 710 655	9 710 655
Other Comprehensive income items	-	-	-	-	-	39 536	(9 358)	30 178	-	30 178
<b>Balance as of 30/06/2025</b>	3 000 000	1 500 000	903 498	595 860	965 828	(12 298)	98	3 952 986	9 751 410	16 704 396

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(Mrs. / Neveen Ali)  
Head Of financial sector

(Mr./ Tamer Mosli)  
Chief financial officer

(Mr./ Hany Aman)  
Managing Director and Chief Executive Officer



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**EASTERN COMPANY (S.A.E)**  
**STANDALONE STATEMENT OF CASH FLOW**  
**FROM 1/7/2024 TO 30/06/2025**  
(Amounts expressed in Thousands of Egyptian Pounds)

Total	Subtotal	Notes no.	Item	As of 30/06/2024
	105 144 879		<b><u>First: Cash flows from operating activities</u></b>	
	(51 097 527)		Cash sales and receivables collection	62 370 893
	(2 017 523)		Cash purchases and payments to suppliers	(8 919 612)
	2 429 310		Paid salaries	(1 873 628)
	291 280		Operating income for others and other revenues	2 345 506
	(884 047)		Collected credit interest	176 621
	(77 473 665)		Paid interest	(35 224)
	--		Paid tax and fees	(43 143 851)
	9 387		Export subsidy / Grants and Subsidies	1 856
	(47 456)		Collected insurance claims	(6 184)
			Other payments	(35 399)
(23 645 362)			(1) Net Cash flows from operating activities	10 880 978
	(31 427)		<b><u>Second: Cash flows from investment activities</u></b>	
			Payment for purchasing fixed assets (projects under construction)	(180 930)
	796 757		Receivables from sale of fixed assets	14 919
	(9 000)		Investments in Subsidiaries Under Establishment	--
	880 214		Investment in associates	--
	(62 782 654)		Purchase treasury bills	(84 290 356)
	(1 360 000)		Purchase investment in securities	(2 484 001)
	76 319 166		Selling Treasury Bills	78 304 425
	899 507		Selling Bonds	1 436 446
	178 926		Selling Dollar Bonds	554 474
	1 635 703		Selling investment in Securities	6 771 847
	--		Gain from Selling investment in Securities	53 691
16 527 192			(2) Net Cash flows from investment activities	180 515
	(9 031 508)		<b><u>Third: Cash flows from financing activities</u></b>	
			Dividends paid	(9 111 433)
(9 031 508)			(3) Net Cash flows from finance activities	(9 111 433)
(50 584)			(4) foreign currency exchange differences losses and gain	55 356
(16 200 262)			Net cash from 1/7/2024 to 30/06/2025	(2 005 416)
4 937 868			Cash balance as of 1/7/2024	2 932 452
(11 262 394)		45	Cash and cash equivalent at the end of the year 30/06/2025	4 937 868

- The accompanying notes (from No. 1 to No. 51) are an integral part of these financial statements and read therewith.

(Mr./ Haitham Talaat)  
Head of current account and financing sector

*Haitham*

(Mr./ Tamer Mosli)  
Chief financial officer

*Tamer Mosli*

(Mr./ Hany Aman)  
Managing Director and Chief Executive Officer

*Hany Aman*



**Eastern Company (S.A.E)**  
**Standalone Statement Of Suggested Dividends**  
**For The Financial Year Ended June 30,2025**

(Amount Expressed In Thousands Of Egyptian Pounds)

	Notes	30/06/2025	30/06/2024
Net Profit After Tax		9 710 655	9 181 481
Adding / Retained earning		40 755	373 486
<b>Net profit for distribution</b>		<b>9 751 410</b>	<b>9 554 967</b>
<b><u>Deduct:</u></b>			
Legal reserve		0	294 496
Capital reserve		0	14 918
<b>Distributable profit after reserves</b>		<b>9 751 410</b>	<b>9 245 553</b>
Employee Dividends		955 000	903 194
First Distribution of Capital To Shareholders		150 000	150 000
		<b>(1 105 000)</b>	<b>(1 053 194)</b>
<b>Balance</b>		<b>8 646 410</b>	<b>8 192 359</b>
<b><u>Deduct:</u></b>			
Board of directors reward		45 000	28 750
Secound Distribution to Shareholders		8 400 000	7 950 000
Youth and sports contribution		48 554	45 908
		<b>(8 493 554)</b>	<b>(8 024 658)</b>
<b>Retained earning To Next Year</b>		<b>152 856</b>	<b>167 701</b>

\* The accompanying notes ( from No. 1 to No. 51 ) are an integral part of these financial statements and read therewith.



Mrs. Niveen Ali  
Head of Financial sector



Mr. Tamer Mosli  
Chief Financial Officer



Mr. Hany Aman  
Chief Executive Officer and Managing Director

**DISCLOSURES SUPPLEMENTING THE SEPARATE FINANCIAL STATEMENTS**  
**AS OF 30/06/2025**

**1. ABOUT THE COMPANY**

**Company's commercial name:**

Eastern Company (S.A.E).

**Establish date and location:**

- The Company was established on 12/07/1920 in Giza city - the Arab Republic of Egypt.
- The Company was registered in the Commercial Register under No. 6069.
- The Company is located at the sixth industrial zone - Oasis Road plots numbers 1 (87 to 98) - Fifth zone - 6<sup>th</sup> of October City-Giza.

**Purpose**

- The Company main activities are manufacturing and trading of Tobacco leaf, its products and modern smoking alternatives and accessories/ practicing any investment, financial, commercial, industrial, agricultural or service activities (except all relevant provisions of the capital market according to the Law no. 95 for the year of 1992 with the commitment of the company to adjust its situation in accordance with the provisions of the Law No. 120 for the year of 1982.
- Real estate Ownership and Construction, purchasing and dividing lands for the purposes of utilization, rental or sale, import, export, and commercial agencies.
- Establish, participate in establishing, purchasing of companies, contribute to them even if these entities are practicing its activities or part of it inside or outside the Arab Republic of Egypt, to develop or achieve any of its goals in accordance with the provisions of the laws, regulations and current decisions. Taking into consideration issuing the necessary licenses to practice these activities. The Company may participate or cooperate in any way with other companies which have similar or non-similar activities.

**Main shareholders**

- Global Investment Holding Company owns 30% of the company's shares and The Holding Company for Chemical Industries owns 20.95% of the company's shares on 30/06/2025.

**Trading Shares on the Stock Exchange Market:**

- The Company's nominal shares are traded in the Egyptian Stock Exchange market.

**Company duration:**

- The Company's duration is Fifty years starting from 2/6/2019 till 1/6/2069 as from the date of registration in the commercial register.

**Date of issuing the financial statements:**

- The financial statements have been approved by the board of directors on October 20, 2025.

**Financial year covered by the statements:**

- From 01/07/2024 till 30/06/2025

**NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025**

(Amounts expressed in Thousands of Egyptian Pounds unless otherwise stated)

- The Extraordinary General Assembly held on 02/06/2019 decided to approve the regularization of the company's situation and approve its transition from the provisions of Law No. 203 of 1991 regarding public business sector companies to the provisions of the Joint Stock Companies Law No. 159 of 1981 and its executive regulations in light of the decrease in the percentage of ownership of the Holding Company for Chemical Industries from 51% in the company's capital shares.
- Approving the new Articles of association which were prepared in accordance with Corporate Law no. 159 for the year 1981 and its executive regulation as it was presented to the General Assembly.
- Private Placement percentage was 95% from the total shares offered with number of 96 187 500 shares, the share price was 17 EGP per share with total amount of EGP 1 635 187 500.
- The Public Placement percentage was 5% from the total offered shares with number of 5 062 500 shares, the share price was 17 EGP per share with total amount of EGP 86 062 500.
- IPO has been covered by the total amount of EGP 1 721 250 000.
- On 02/06/2019 the Shares Percentage of the Holding Company for Chemical Industries decreased from 55% to 50.50% in the company's capital.
- At 16/08/2022 The Capital decreasing has been approved from 2 250 000 thousand pound to 2 230 000 by the financial regulatory authority so that percentage of the Holding Company for Chemical Industries is 50.95% (after execution of treasury stocks).
- The Company General Assembly was held on May 26, 2022, and decided the following:
  1. Approval of Amendment Agreement No. (1) of the agreement of the founders of the United Tobacco Company in preparation for a contribution of 24% in the capital of the United Tobacco Company.
  2. Approval of the main agreement regulating relations between the United Tobacco Company (under incorporation) and the Eastern Company "Eastern Company".
  3. Approval of a lease contract for a plot of land and buildings designated to produce Philip Morris products with the United Tobacco Company.
  4. Approval of a lease contract for the production lines used in the production of Philip Morris products with a promise to sell with the United Tobacco Company.
  5. Approval of the rental and leaseback of the machines owned by Philip Morris Company and intended to produce Philip Morris products.
  6. Approval of a contract to manufacture a limited amount of Philip Morris tobacco products.
  7. Approval of the printing contract with the United Tobacco Company
- The Extra Ordinary General Assembly was held on May 26, 2022, and decided the following:
- Approval of the amendment of the company's address in the industrial and commercial register and the amendment of Article (4) related to that, as well as approval of the amendment of Articles (7) and (21) regarding the amendment of the name of the Chemical Industries Company to become the Holding for Chemical Industries (SAE).
- On November 16, 2023, the Chemical Industries Holding Company (CHEC) completed a sale of 669,000,000 shares of Eastern Company, representing 30% of its total shares. The sale was to Global Investment Holding Company through the large-volume transactions platform at a price of EGP 24.52 per share, for a total value of EGP 16,403,880,000. Based on this, the company



## **NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025**

(Amounts expressed in Thousands of Egyptian Pounds unless otherwise stated)

held its ordinary/extra - ordinary general assembly on December 21, 2023, to approve the following resolutions:

- First: Approval of the recompositing of the board of directors in accordance with the provisions of proportional representation.
- Second: Approval of amending Article (7) of the article on investment regarding the shareholder structure.
- Third: Approval of the amendment of Article (21) of the company's article of investment regarding the composition of the board.
- The Extraordinary General Assembly held on 04/03/2024 to approve the increase of the issued capital from 2 billion and 230 million Egyptian pounds to 3 billion Egyptian pounds, as well as to approve the increase of the issued capital from 3 billion Egyptian pounds to 15 billion Egyptian pounds.

### **2- BASIS OF PREPARING FINANCIAL STATEMENT:**

#### **2/1 Accounting Standards:**

- The standalone financial statements were prepared in accordance with Egyptian accounting standards and considering the relevant Egyptian laws and regulations. The company has an associate company, which is United Company.
- The company has accounted for investments in associate companies in its financial statements in accordance with the relevant Egyptian accounting standards, which were amended in June 2024. The amendments introduced the option to apply the equity method for investments in subsidiaries, associates, and joint ventures. The company opted for early adoption of this approach, resulting in no discrepancies between its standalone and consolidated financial statements. As a result, the company issued standalone financial statements that are identical to its consolidated financial statements.

#### **2/2 Basis of Measurement:**

- The stand-alone financial statements have been prepared in accordance with the historical cost methods except for financial investments at fair value through other comprehensive income which was measured at fair value at preparation date of financial statements.
- The stand-alone financial statements are based on the company continuity.
- The stand-alone financial statements have been prepared according to the accrual basis except the cash flow which is prepared according to the cash basis.
- The cash flows statements have been prepared according to direct method.

#### **2/3 Functional and presentation currency:**

- The company's standalone financial statements presented in Thousand Egyptian Pound, while the transaction currency is the Egyptian Pound.

#### **2/4 Use of Estimates and Judgment:**

- The financial statements have been prepared in accordance with the Egyptian Accounting Standards, and this requires the use of estimates and assumptions that affect the values of assets and liabilities and the disclosure of potential liabilities, as well as on revenues and expenditures. Although these estimates are based on the best information available to management on current conditions and events, the results are they may differ from these estimates, and changes in the accounting estimate are included in the period in which this change occurred and in any future periods affected.

**2/5 The information about applying the accounting policies which have a huge impact on the recorded amounts in the financial statements which is shown according to the following policies:**

- ❖ Disclosure NO. (3-8) Lease contracts      - Disclosure NO. (3-17) Revenue recognition.

**The following are the main items that the company applied estimation and judgments:**

- Estimation of the ages of fixed assets.
- Provisions.
- Deferred tax assets.
- Deferred tax liabilities.

**2/6 Fair value measurement:**

2. The fair value for financial instruments is determined based on either the market value or similar financial instrument at the date of the financial statements without deducting any future selling costs.
3. The financial assets' value is determined based on the current purchase prices of these assets, while the financial liabilities' value is determined based on the current prices which can settle these liabilities.
4. In case of an active market for determining the fair value of financial instruments, fair value is estimated using different valuation methods considering recent transaction prices, guided by the fair value of other fundamentally similar instruments, the use of discounted cash flow method or any other valuation method resulting in reliable values.
5. When using the discounted cash flow (DCF) method for valuation, future cash flows are estimated based on management's best estimates. The discount rate used is determined in light of the prevailing market rate at the financial statement date for financial instruments that are similar in nature and terms.

**3- SIGNIFICANT ACCOUNTING POLICIES:**

- The Significant Accounting Policies applied on a consistent basis throughout the presented financial periods in these financial statements.

**3/1 Foreign Currencies translation:**

- The company's functional and reporting currency is the Egyptian pound.
- Foreign currency transactions are recorded in the accounts based on the exchange rates prevailing in the free foreign exchange market during the financial period. Any differences arising between the exchange rate at the date of use and the rate at the date of acquisition are included in other credit accounts. The balances of foreign currencies included in monetary assets and liabilities are re-evaluated based on the exchange rates prevailing in the free foreign exchange market at the financial statement date, and the resulting exchange differences are recognized in the income statement.

**3/2 Fixed Assets:**

**3/2/1 Initial recognition**

Items of property plant and equipment are stated at cost and presented in the statement of financial position net of accumulated depreciation and accumulated impairment losses as of the reporting date.

**NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025**

(Amounts expressed in Thousands of Egyptian Pounds unless otherwise stated)

The cost of PPE is determined by capital expenses connected directly to purchase an asset which includes the cost of the self-manufactured assets, cost of the materials and direct wages, and any other costs incurred by the company, so the fixed asset is ready to use.

**3/2/2 Subsequent Measurement:**

- The company recognizes the cost incurred to replace a part of a fixed asset within the book value of the asset on the date that the cost is incurred, and the book value of the replaced parts is derecognized.
- The depreciable amount of the fixed asset, which is the cost of the asset minus its residual value, is depreciated on a straight-line basis over the useful life of each type of fixed asset. Depreciation is charged to profit and loss.
- Land is not depreciated. **Below is a statement of the estimated useful life for each type of fixed asset: -**

<b><u>Estimated useful live</u></b>	<b><u>Estimated useful lives (year)</u></b>
Buildings	25-50
Machines	10
Vehicles	5-8
Tools	5
Furniture	4-10

**3/3 Projects under construction:**

- Projects under construction are recognized initially at cost. The cost includes all expenditure directly attributable to bringing the asset to the working conditions for its intended use. Projects under construction are transferred to the fixed assets at cost when they are completed and are available for the purpose for which they were acquired.

**3/4 Investments property:**

- A non-temporary decrease has been applied that will be loaded to the income statement, and real estate investments are represented in land and real estate retained to achieve rent or increase in their value or both, and real estate investments were initially measured at cost and were later measured at cost minus the combined depreciation and impairment losses, and depreciation expense and impairment losses are recorded with profits or losses.
- Investment property is depreciated according to the straight-line method, over the estimated productive life of each item of investment property. Land is not depreciated, and the useful life of properties is estimated at 2% to 3.75%.
- Profits or losses from disposing are calculated as the difference between the net proceeds from disposal of the property and the net book value which charged to income statement.

**3/5 Investments in associate:**

- The company has recognized the initial investments in associate companies at cost in the independent financial statements in accordance with the relevant Egyptian accounting standards.
- The company has recognized its share of profits in associate companies in the independent financial statements within the profits and losses according to the amendments to the Egyptian Accounting Standards applied in March 2024.
- The company recognizes distributions of profits from its investments in associate companies when it is entitled to receive the distributions.



**3/6 Investments:**

**3/6/1 Financial assets at fair value through other comprehensive income:**

- Financial investments at fair value through comprehensive income are measured later at fair value through the statement of comprehensive income. Interest income is calculated at amortized cost using the effective interest method, and foreign exchange gains and losses are included in profit or loss. Upon exclusion, the accumulated profits, and losses in the statement of comprehensive income are reclassified as profit and losses.

**3/6/2 financial assets at amortized cost:**

- Investments in government bonds are valued at acquisition cost and the return on these investments is recognized under the income from investment item in the income statement.

**3/6/3 Financial assets at fair value through profits and losses:**

- Treasury bills are measured at cost through profits and losses, and investment funds are measured at fair value through profits and losses.

**3/7 Other assets:**

- The other assets are represented in the licenses cost which is expected to generate future economic benefits for the company and the company contributes to establishment of non-owned assets to serve its purposes.
- The other assets are recognized initially at cost after deduction amortization. The cost includes all expenditure directly attributable to bringing the asset to the working conditions for its intended use.
- The amortization percentage for the non-owned assets is 10%, H.R program amortization 25%, and Microsoft program amortization 25%.

**3/8 Lease contracts:**

**1- Determine whether the arrangement contains a lease contract or not.**

- At the inception of an arrangement, the company determines whether the arrangement is or contains a lease.
- At the commencement or upon reassessment of any arrangement that includes a lease, the company separates the payments and other consideration required by the arrangement into those related to the lease and those related to other elements based on their relative fair values.
- If the company concludes that it is a finance lease and that it is not possible to reliably separate the payments, the asset and the liability are recognized at an amount equal to the fair value of the leased asset. Subsequently, the liability is reduced as payments are made, and a finance cost is recognized on the liability using the company's incremental borrowing rate.

**2- Leased assets:**

- Lease contracts for property, plant and equipment that transfer to significant degree to the company all the risks and rewards associated with ownership are classified as financial lease contracts the leased assets are initially measured at an amount equal the fair of the fair value and present value of the minimum lease payments, whichever is less after the initial recognition, the assets are accounted for in accordance with the accounting policy applied to that asset.
- Assets held under other lease contracts are classified as operating lease contracts and are not recognized.

**3- Lease payments:**

- Payments made under operating leases are recognized in profit or loss on straight line basis recognized as an integral part of over the term of the lease.
- Lease incentives received are total leasing expenses, over the term of the lease the minimum rental payments made under financial lease contracts are divided between financing expense and

**NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025**

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reducing outstanding obligations, Financing expenses are charged for each period during the lease, to reach a fixed periodic interest rate on the remaining balance of the obligation.

**3/9 Inventory:**

- Inventory of raw materials and production inputs is valued at cost, with the cost of goods sold being assessed based on the weighted average cost method. Inventory of work-in-progress is valued at cost up to the last stage of production, while finished goods inventory is valued at the lower of cost or net realizable value.
- The company follows a perpetual inventory system for recording items and their usage in operations, while a periodic inventory method is used to account for the ending inventory of both finished and work-in-progress items.
- The inventory of raw tobacco is sufficient for approximately 16,4 months.
- The finished goods inventory is adequate to meet market needs for about 8 days.
- The inventory of raw tobacco in customs warehouses is approximately 18,506 million Egyptian pounds. Customs duties on this inventory are settled upon receipt from these warehouses.

**3/10 Cash and cash equivalents:**

- Cash and cash equivalents are comprised of cash on hands, at banks and time deposits with maturity of three months or less.

**3/11 Provisions:**

- Provisions are recognized when there is an existing or inferred liability as a result of an event in the past and is expected to require an influx of economic benefits that are used to pay that obligation and a reliable estimate of the amount of this obligation can be made and the balance of the provisions on the balance sheet date is reviewed and adjusted when necessary to show the best current estimate of it.

**3/12 Capital:**

- Paid up and issued capital represents the nominal value per share multiplied by the number of shares as of financial statements date.

**3/13 Employees benefits:**

**a. current employee benefits:**

The short-term employee benefits are recognized as expense when providing the related service, the expected payment is recognized as a liability when the Company has a legal or implicit obligation to pay this amount against a service which has been provided by the employee and the obligation can be reliably measured.

**b. Defined subscription benefits:**

The obligations of defined subscription benefits systems are recognized as an expense when the related service is provided. Prepaid contributions are recognized as an asset to the extent that the advance payment leads to a reduction in future payments or a cash refund. The company contributes to the government social insurance system for the benefit of its employees in accordance with the Social Insurance Law. Under this law, employees and employers contribute to the system with a fixed percentage of wages, limited to the company's commitment to the value of its contribution, and the company's contributions are charged with profits or losses according to the accrual basis.

**c. Employee end of service benefits:**

The company recognizes termination benefits as an expense on one of the following two dates, whichever comes first, when the company can no longer cancel the offer of those benefits or when the company recognizes restructuring costs, and when it is not expected that the benefits will be settled in full within

**NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025**  
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12 months. Reviewed after the date of preparation of the financial statements, they must be discounted at a discount rate - before taxes to reflect the time value of money.

**3/14 Reserves:**

- The company's reserves are formed either by law or by the company's by laws in order to strengthen the company's financial position. The reserve is used by the decision of the General Assembly based on the proposal of the Board of Directors regarding what is most in the company's interests.

**3/15 Buy back shares or reissue ordinary shares (Treasury Stock):**

- When repurchasing issued capital shares, the amount paid for the repurchase, including all direct costs related to the buyback, is recognized as a reduction in equity. Repurchased shares are classified as treasury shares and are presented on the balance sheet as a deduction from equity. Upon the sale of treasury shares, the proceeds are recognized as an increase in retained earnings. The company committed to the law in its buying, selling and disposal according to law No. (159) year 1981.

**3/16 Borrowing Cost:**

- Borrowing costs are initially recognized upon receipt of the loans or credit facilities, the current portion are classified as the current liabilities unless the company has the right to reschedule the payment of loans for more than one year after the date of the financial position which will be classified as long-term loan in the long-term liabilities.

**3/17 Revenue:**

**a. The Egyptian accounting standard no. (48)-Revenue from contracts with customers:**

- The Egyptian Accounting Standard No. (48) Revenue from contracts with clients has been applied which replaced the accounting standards no. (11) and no. (8)
- Revenue recognition:

Revenue is recognized based on Five-step model as defined in the Egyptian accounting standard No. (48) as follows:

- **Step (1):** identify contract(s) with customers. A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and specifies the criteria that must be fulfilled in each contract.
- **Step (2):** identify performance obligations in the contract. Performance obligation is a promise in a contract with a customer to transfer to the customer either good or service.
- **Step (3):** Determine the transaction, Price.  
The transaction price is the amount of consideration to which an entity expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.
- **Step (4):** Allocation of transaction price to its performance obligations in the contract for the contracts which have more than performance obligation. The company will allocate the transaction price to each performance obligation to a specific amount in exchange for the contract that the company expects to obtain in exchange for fulfilling each performance obligation.
- **Step (5):** Recognize revenues when the company satisfies the performance obligations.
- **Credit Interest Revenue:**
  - Credit Interests revenue is recognized using the effective interest rate, the revenue of credit interest is recorded in the income statement included in net finance cost/income.



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**3/18 Income tax:**

- The income tax on the profit for the period comprises income tax for the period and deferred tax, and it should be recognized in the income statement, the income tax on the net profit is recognized by using the current tax price rate as of the financial statements date.
- Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates and tax laws that have been enacted by the balance sheet date in addition to the tax differences from prior periods.
- Deferred tax assets are recognized for the entity when there is a proven probability to achieving profit subject to tax in the future, and can get a right of this asset, and the value of the deferred tax assets is reduced by the value of the part from which the expected tax benefit is achieved during the following periods.

**3/19 Accounting for grants and subsidies:**

- The company recognized revenue from the export subsidy (grants and subsidies) in income statements and the donated assets recorded as grants in the fixed assets item and charged the depreciation related to income statement.

**3/20 Dividends:**

Dividends are recognized as Liability in the financial period in which they are declared after the approval by the company's General Assembly.

**3/21 Company profit from sale investments:**

Gains from sale of financial investments are recognized immediately upon receipt of evidence of the transfer of ownership to the buyer, based on the difference between the sale price and their book value on the date of sale.

**3/22 Investment income:**

- Revenues are generated when the company collects dividends from investments when the dividends are approved by the general share of the companies invested.

**3/23 Employees' share profits:**

- Employees' profits share should be paid without exceeding their total annual basic salaries in accordance with the law.

**3/24 Contingent liabilities:**

**Company contingent liabilities**

letters of guarantee relevant to Cairo and Alexandria customs

Letter of credits

**Total**

**Amounts in Thousands of  
Egyptian Pounds**

1 331 307

1 959 786

**3 291 093**

**4- FINANCIAL RISK MANAGEMENT**

**4/1 Credit Risk:**

- The financial instruments risk represents the inability to pay due to liquidity issues of debtors with credit terms and cash and deposit at banks except for cash at safe and financial deposits in case that liquidity is not available to the other party, and therefore its inability to pay these balances and fulfill its agreed obligations. The company management to control credit risk deals with reputable financial institutions with high credit and stable ratings.

**NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025**  
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**4/2 Liquidity Risk:**

- The liquidity risk is the risk that when the company cannot settle its liabilities or financial commitments on due dates, the Company's approach regarding managing liquidity is to ensure that it has a sufficient liquidity to meet its liabilities on its due dates in both normal and critical circumstances without incurring unacceptable losses or damaging the Company's reputation, the company also ensures the cash is available on request to meet the expected operating expenses for an appropriate period of time including the financial obligations and disposal the potential impact of acute and unpredictable conditions such as natural disasters. The company also invests surplus cash — available from daily cash collections — in the best short-term investment opportunities.

**4/3 Market Risk:**

- Market risk is represented in the changes in the market prices such as foreign exchange currencies and interest rates.
- The purpose of managing market risk is managing and controlling the market risk exposure within the acceptable parameters with maximizing revenue.

**(A) The Foreign currencies Risk:**

Foreign currency risk arises from fluctuations in foreign exchange rates, which affect payments and obligations denominated in foreign currencies, as well as the valuation of assets and liabilities in foreign currencies. This type of risk is managed by the company through various policies, including, for example, sourcing from local manufacturers to obtain equipment and machinery for production, consulting, and procurement through agents and suppliers, etc.

**The Foreign currencies balance as of June 30, 2025: (In thousands)**

	<u>Assets</u>	<u>Liabilities</u>	<u>Net value</u>
Dollars	(8 877)	(32 088)	(40 965)
Euro	173	(13 595)	(13 422)
Sterling pound	3	(51)	(48)
Swiss Franc	3	--	3

**(B) Interest rate risk:**

- The Company deals with various banks with interest rates that enable it to reduce the risk of changes in interest rates whether debit interest or credit interest through competition among banks to get the best rates based on the large business size.
- Interest-bearing bank deposits during the financial period referred to as the total deposits in local and foreign currencies.
- The fair values for financial instruments are not materially different from their carrying values at the end of the financial period.

**4/4 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's 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.

**NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025**

(Amounts expressed in Thousands of Egyptian Pounds unless otherwise stated)

- The Board of Directors also monitors the level of shareholder distributions. The company's management monitors the capital structure using the ratio of net liabilities to total capital. Net liabilities represent the total current and non-current liabilities minus cash and cash equivalents, and the total capital represents the total equity of the company as shown in the company's independent financial position in addition to the net liabilities:

	<u>30/06/2025</u>	<u>30/06/2024</u>
<b>Total Liabilities</b>	26 891 519	16 695 800
Deduct: Cash and cash equivalent	(181 078)	(5 902 490)
<b>Net Debt</b>	<b>26 710 441</b>	<b>10 793 310</b>
Total Owner's Equity	16 704 396	16 169 116
<b>Net Debt to Equity Ratio</b>	<b>1.60</b>	<b>0.67</b>

**5- RELATED PARTIES DISCLOSURE:**

- Global Investment Holding Company owns 30% and the Chemical Industries Holding Company owns 20.95% of the company's shares as of June 30, 2025.
- Related parties are treated on the same basis as third parties.
- The company during the period 1/7/2024 till 30/06/2025 has incurred salaries, allowances, and bonuses for members of the high management and the company's board of directors.

**6- FINANCIAL INSTRUMENTS:**

- The company applied the Egyptian Accounting Standard No. (47) financial instruments and considering the way of applying the change in the accounting policies chosen by the company in applying this standard, the differences resulting from the application of this standard referred to "if any" within the Retained earnings and the comparative information included in these financial statements was not modified to reflect the requirements of the new standards.

**6/1 Accounting standard No. (47) - Financial instruments:**

Standard No. (47) contains the main classifications to financial assets:

- Measurement at amortized cost -Fair value through comprehensive income -Fair value through profits and losses ,And the classification of the financial assets under accounting standard no. (47) is based on the business model in which the financial assets management and the characteristics of the contractual cash flow take place.
- The Egyptian accounting standard no. (47) omits the previous items of the Egyptian accounting standard no. (26) from investments held to maturity, loans and receivables and available- for -sale financial assets.
- The Egyptian accounting standard no. (47) Keeps to a large extent the current requirements in the standard no. (26) for measurement and classification the financial liabilities.
- The application of the Egyptian accounting standards no. (47) doesn't have a significant effect on the accounting policies related to the financial liabilities and derivative financial assets.

**6/2 Impairment of financial assets:**

- Egyptian Accounting Standard No. (47) replaces the "incurred loss" model in Egyptian Accounting Standard No. (26) with the "expected credit loss" ECL model. The new impairment model is applied to financial assets measured at amortized cost, contractual assets and investments in debt instruments measured at fair value through Other comprehensive income, but not on investments in equity



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instruments under Egyptian Accounting Standard No. (47), credit losses are recognized earlier than in Egyptian Accounting Standard No. (26), for assets that fall within the scope of the impairment model contained in Egyptian Accounting Standard No. (47) It is expected that impairment losses will increase in general and become more volatile.

- The Company measures the impairment loss to financial management at the amount of the credit loss path expected over the lifetime if the credit risk on that financial department has increased significantly since initial recognition.
- If at the reporting date on a financial instrument the credit risk has not increased significantly since initial recognition, the company must measure the impairment loss for that financial instrument at an amount equal to the 12 months expected credit losses.
- If the company had measured the impairment loss for a financial instrument at an amount equal to the expected credit losses over its life in the previous reporting period, but decided at the financial reporting date that it was no longer met, then the company measures the impairment loss at an amount equal to the expected credit losses over a period of 12 months from the date of the financial instrument.
- The company records the amount of credit losses to a gain or loss in profit and loss, which is required to adjust the impairment loss at the reporting date to the amount that must be recognized in accordance with Standard (47) as a gain or impairment loss.

**6/3 Expected credit losses measurement.**

- It is a probability-weighted estimate of credit losses: the present value of all cash shortfalls was measured (the difference between the cash flows due to the entity in accordance with the contract and cash flows that the company expects to be received).
- Expected credit losses are discounted at the effective interest rate of the financial asset.

**6/4 Expected credit losses provision presentation.**

- Impairment losses for financial assets measured at amortized cost were deducted from the total amount of the assets' book value, either for securities in debt securities that were measured at fair value through other comprehensive income, the impairment losses were charged to profits or losses and recognized in other comprehensive income.

**6/5 Contingent assets**

The potential assets represent the compensation values issued in favor of the company according to the following statement:

	<u>Value (in millions)</u>
A judgment was issued in Case No. 9869 of 1994 (total civil) Cairo appeals to compensate the company, and that was during the 10/5/2017 hearing and until this date, the judgment has not been implemented. And the implementation procedures are underway in cooperation with the governor of Cairo.	12
A judgment was issued in Case No. 3650 for the year 2000 Civilians, all of Giza, on December 25, 2019, and to date, the judgment has not been implemented, and the implementation procedures are underway in cooperation with the governor of Giza.	42
<b>Total</b>	<b>54</b>

## **7-TAX POSITION**

### **7/1 Corporate Tax:**

- The company has been finally linked up to the financial year 2014/2015 and the tax has been paid and there are no claims due for previous periods.
- The company has received for 2015/2016 & 2016/2017 & 2017/2018 Form no 19-income tax has been received and challenged within the legal deadlines and is being considered through internal committees.
- The financial years 2018/2019 & 2019/2020 are under inspection, form no 19-income tax has been received and challenged within the legal deadlines.

### **7/2 Stamp Tax:**

- The tax examination for the period from 01/07/2016 to 30/06/2020 has been completed, and Stamp Tax Form (19) was received. An objection was filed within the legal deadlines, and it is currently under review by the internal committees.

### **7/3 Payroll Tax:**

- The final tax settlement has been completed up to the year 2012, and there are no outstanding claims against the company.
- For the years 2013 to 2019, Payroll Tax Form (38) was received. An objection was filed within the legal deadlines, and it is currently under review by the internal committees.
- For the years 2020 to 2022 are currently under examination.

### **7/4 Value Added Tax:**

- The actual examination was carried out until 30/06/2019 and the payment of the due tax in addition to the payment of the additional tax.
- The actual inspection of the company was carried out from 01/07/2019 to 30/06/2021 and the tax due to date was paid and the additional tax claim was received for that period.

### **7/5 Property Tax:**

- The real estate tax due up to 2024 has been paid, and any claims received from the real estate tax directorates for 2025 are paid upon receipt.

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(Amounts expressed in Thousands of Egyptian Pounds unless otherwise stated)

**8-Fixed Assets (Net)**

Fixed assets (net) on 30/06/2025 amounted to 3 656 134 Egyptian pounds. The following is the movement of assets during the year:

<b>Fixed assets statement:</b>	<b>Lands</b>	<b>Buildings</b>	<b>Machines and equipment</b>	<b>Vehicles</b>	<b>Tools</b>	<b>Furniture and office equipment</b>	<b>Spare parts</b>	<b>Total</b>
<b>Cost as of 1/7/2023</b>	198 515	3 553 195	5 981 478	351 724	198 676	872 784	--	11 156 372
Additions during the year	--	--	21 836	1 795	--	34 477	498	58 606
Disposals and transfers during the year	--	--	594 743	6 730	13 591	14 773	--	629 837
<b>Cost as of 30/06/2024</b>	<b>198 515</b>	<b>3 553 195</b>	<b>5 408 571</b>	<b>346 789</b>	<b>185 085</b>	<b>892 488</b>	<b>498</b>	<b>10 585 141</b>
<b>Cost as of 1/7/2024</b>	<b>198 515</b>	<b>3 553 195</b>	<b>5 408 571</b>	<b>346 789</b>	<b>185 085</b>	<b>892 488</b>	<b>498</b>	<b>10 585 141</b>
Additions during the year	--	--	85 132	--	5 912	139 743	--	230 787
Disposals and transfers during the year	12 499	178 305	61 370	4 155	359	61 146	--	317 834
<b>Cost as of 30/06/2025</b>	<b>186 016</b>	<b>3 374 890</b>	<b>5 432 333</b>	<b>342 634</b>	<b>190 638</b>	<b>971 085</b>	<b>498</b>	<b>10 498 094</b>
<b>Accumulated depreciation and impairments:</b>								
<b>Accumulated depreciation as of 1/7/2023</b>	--	1 111 365	4 372 919	325 833	167 394	769 854	--	6 747 365
Additions during the year	--	88 812	311 248	11 301	8 891	42 071	91	462 414
Disposals and transfers during the year	--	--	594 744	6 730	13 591	14 773	--	629 838
<b>Accumulated depreciation and impairment as of 30/06/2024</b>	<b>--</b>	<b>1 200 177</b>	<b>4 089 423</b>	<b>330 404</b>	<b>162 694</b>	<b>797 152</b>	<b>91</b>	<b>6 579 941</b>
<b>Accumulated depreciation as of 1/7/2024</b>	<b>--</b>	<b>1 200 177</b>	<b>4 089 423</b>	<b>330 404</b>	<b>162 694</b>	<b>797 152</b>	<b>91</b>	<b>6 579 941</b>
Additions during the year	--	81 805	305 914	9 222	9 416	44 777	92	451 226
Disposals and transfers during the year	--	65 378	60 922	4 155	359	58 393	--	189 207
<b>Accumulated depreciation and impairment as of 30/06/2025</b>	<b>--</b>	<b>1 216 604</b>	<b>4 334 415</b>	<b>335 471</b>	<b>171 751</b>	<b>783 536</b>	<b>183</b>	<b>6 841 960</b>
<b>Fixed assets as of 30/06/2024</b>	<b>198 515</b>	<b>2 353 018</b>	<b>1 319 148</b>	<b>16 385</b>	<b>22 391</b>	<b>95 336</b>	<b>407</b>	<b>4 005 200</b>
<b>Fixed assets as of 30/06/2025</b>	<b>186 016</b>	<b>2 158 286</b>	<b>1 097 918</b>	<b>7 163</b>	<b>18 887</b>	<b>187 549</b>	<b>315</b>	<b>3 656 134</b>

This also includes No. (49) Insurance - and insurance contracts that cover insurance risks related to fixed assets registered in the company's books.

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An amount of 97 550 thousand pounds related to Al-Zumar site as well as 53 337 thousand pounds for the Man Esterly site as well as 19 797 thousand pounds for the Naiza site was transferred from fixed assets to investments property according to the company's Board of Directors Decision No. 16 of 2020

On 24/11/2019 the company's board of directors decided in its meeting the decision No. 10 for 2019 going through procedures to re-exploit the company's stores and factories of Al-Zumar Street and change its activities to a hospital and tourism services this is in exchange for paying the value of the improvement which amounted 83 930 thousand Egyptian Pounds to be paid in two installments:

- First installment 50% and it was paid upon the issuance of the approval of the Chairman of Giza City Council.
- Second installment the 50% remaining was paid on 1/12/2020.

On 15/02/2020 the company had the approval of the Exceptions Committee of the Housing and Utilities Directorate in Giza was obtained and initial approvals of (water sanitation civil defense traffic electricity) were obtained and the approval to construction of the project was paid and the first installment was paid upon obtaining this approval and on 6/9/2020 The Board of Directors decided in a session No. 16 of 2020 to approve the conversion of all the assets of Al-Zumar site as well as the Man Esterly site from fixed assets to investments property.

\* The fully depreciated property plant and equipment as of June 30, 2025, is 4 277 171 thousand Egyptian Pounds include:

\* Fully depreciated property plant and equipment still in use amounted to 3 272 180 thousand Egyptian Pounds (including machines and equipment amounted to 2 247 925 thousand Egyptian Pounds)

\* Fully carried depreciated fixed assets and others under scrap process amounted to 594 743 thousand Egyptian Pounds.

\* The PP&E are including approximately 39 925 thousand Egyptian Pounds representing net donated assets as following:

<b><u>Donated Assets</u></b>	<b><u>Amounts expressed in Thousands of Egyptian Pounds</u></b>
Production's machinery	38 278
Production Utilities equipment of Services	87
Transportation Vehicles	1
Furniture	1 559
<b>Total</b>	<b>39 925</b>

\* The buildings include a value of 4 million EGP related to Giza buildings and an optimization study is underway The amount of 262 thousand pounds was deducted from the value of the buildings and represents the value of the impairment of the building of the power station in Muharram Bek.

\* The General Assembly held on October 25, 2020, decided to Waiver the company's land in the city of Al-Arish to a sovereign side due to the expiry of the license and the impossibility of using it under the security conditions in the region.

\* The historical cost of assets excluding active and non-classified use assets held for sale is 21 187 thousand pounds with a net book value of approximately 12 880 thousand pounds consisting of two factories menouf and Muharram Bek due to its discontinuation in 2021.

The Ordinary General Assembly of Eastern Company was held on 24 July 2024 to approve the sale of land, buildings, and equipment not utilized in the manufacture of the company's products at the industrial complex in 6th of October City (Factory No. 9), and to authorize the conclusion of related-party and extraordinary contracts to correct the material error in Article (7) of the company's Articles of Association regarding the number of shares

The procedures for the sale of factory (9) are being completed.

**NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED June 30, 2025**  
(Amounts expressed in Thousands of Egyptian Pounds unless otherwise stated)

**Financial Leasing:**

- The Decree of Minister of Investment and International Cooperation No. (69) of 2019 was issued to modify some provisions of the Egyptian Accounting Standards which issued by the Minister of Investment Decree No. 110 of 2015 by replacing the Financial Leasing Standard no. 20 (old one) by a new one numbered (49) covering the Financial Leasing Contracts.
- The financial leasing contracts were treated by the Egyptian Accounting Standard no. (49) according to the Amended Accounting Standards for the year of 2019 This amended standard applied for the leasing contracts which were under the finance leasing law no. 95 for the year of 1995 and its amendments these contracts were treated by the Egyptian Accounting Standard no. (20) which was stating that "the accounting rules and standards related to process of the finance leasing" and the finance leasing contracts which established under the law of organizing the finance leasing and the factoring activities no. 176 for the year of 2018 starting from the beginning of the annual report time period which in the law no. 95 for 1995 was canceled and instead of the law no. (176) for 2018 was issued.
- ❖ A contract was signed with QNB Al-Ahly Company for Financial Leasing to sell and rent some machines with total cost of (398 324 153 Egyptian Pounds) by changing interest rate (average price of corridor + 1.2%) on 28/6/2012 for 6 years in addition to two years as an extra year after that time period the total rental amount should be paid for 72 months.
- ❖ The ownership of these machines will Transfer to the company at the end of the contract with a memorial amount of 1 L.E.
- ❖ The last installment of the lease value of the financial leasing contract was paid with QNB Al-Ahly Financial Leasing Company on 28/06/2020.

**9- PROJECTS UNDER CONSTRUCTION (Net)**

	<b>In thousands</b>	
	<b>30/06/2025</b>	<b>30/06/2024</b>
Investments configuration (Net)	219 397	280 986
Investment expenditure	13 012	14 506
<b>Total</b>	<b>232 409</b>	<b>295 492</b>

**Projects investment configuration:**

	<b>30/06/2025</b>	<b>30/06/2024</b>
Buildings	2 576	1 456
Machines	53 394	25 070
Equipment	--	1 334
Office equipment and installations	165 666	253 126
<b>Total</b>	<b>221 636</b>	<b>280 986</b>
<b>impairment deducted</b>	<b>(2 239)</b>	<b>--</b>
<b>Net Balance</b>	<b>219 397</b>	<b>280 986</b>

**Investments expenditure:**

	<b>30/06/2025</b>	<b>30/06/2024</b>
Advance payments fixed assets	5 663	10 184
LCs of fixed assets	7 349	4 322
<b>Total</b>	<b>13 012</b>	<b>14 506</b>



**NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED June 30, 2025**  
(Amounts expressed in Thousands of Egyptian Pounds unless otherwise stated)

**10- INVESTMENTS PROPERTY (NET)**

The net investments property on 30/06/2025 amounted to 126 371 thousand Egyptian pounds. The following is the movement of property investments during the period:

<b>Cost as of 1/7/2023</b>	<b>179 987</b>
Disposals	1 615
<b>Cost as of 30/06/2024</b>	<b>178 372</b>
<b>Cost as of 1/7/2024</b>	<b>178 372</b>
<b>Cost as of 30/06/2025</b>	<b>178 372</b>
<b>Depreciation</b>	
Accumulated depreciation as of 1/7/2023	51 927
Additions	845
Disposals	1 615
<b>accumulated depreciation as of 30/06/2024</b>	<b>51 157</b>
<b>Accumulated depreciation as of 1/7/2024</b>	<b>51 157</b>
Additions	844
<b>accumulated depreciation at 30/06/2025</b>	<b>52 001</b>
<b>Net book value as of 30/06/2024</b>	<b>127 215</b>
<b>Net book as of 30/06/2025</b>	<b>126 371</b>

**The items of investments property represented as follows:**

Land of Gezer at El Dahab at Al-Bahr Al-Azam Street – Giza	8 894
El Zomor site *	95 935
El Manisterly site *	53 337
El Naiza site	19 797
Al Salum Factory Land – Alexandria	404
Gan Marshan land	5
<b>Total</b>	<b>178 372</b>

- Al-Zumar and Al-Man Esterly sites have been reclassified to investments property according to the approval of Board of Directors meeting no. (16) for 2020, held on September 6, 2020, based on the memorandum presented on September 2, 2020 to convert all the assets of Al-Zumar site as well as the Man Esterly site from fixed assets to investments property it was also approved to convert Naiza factory site to investment property.
- The land owned by the company located at 41 Abu Darda Street, Laban Division, Alexandria Governorate, was announced for sale by public bidding in the closed envelopes system on Thursday, January 30, 2020, with a total value approximately 51 743 thousand pounds, where the payments will be as follows: -
  - Receiving the guaranteed payment amounted to 500 thousand pounds to the company's treasury after the audition has been awarded.
  - The remaining 25% of the guaranteed value must be paid within fifteen days from the date of notification of the award.

**NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED June 30, 2025**  
**(Amounts expressed in Thousands of Egyptian Pounds unless otherwise stated)**

- 25% of the sale value should be paid within 3 months from the date of notification of the award.
- The remaining 50% should be paid for in 12 installments over three years, considering adding an interest equal to the declared lending interest of the central bank as a compensatory interest.
- The preliminary sales contract will be released upon paying 50% of the total sale value, in addition to that the land still belongs to the company's properties.
- ❖ The sale procedures have not been completed due to the failure of one partner to pay their share in the subsequent installment of the initial deposit, reaching the completion of the first 25% of the total sale value. This partner has withdrawn and waived their share, with the remaining partners jointly responsible for settling that partner's dues following the approval of the Board of Directors in session No. 12 for the year 2020 dated 25/6/2020. However, to date, only 14.049 million Egyptian pounds of the land value has been paid, without the other partners completing their 50% share of the sale value. They are committed to paying it within 3 months from the date of notification of the award, until the sale contract is issued and the procedures are completed.
- ❖ On October 16, 2023, the company confiscated the amounts paid by the bidder, considering the contract automatically terminated, due to the bidder's continued failure to pay the sale price and the payments included in the payment program in accordance with the terms of the bid.
- ❖ The company contracted with Diar Al Safwa Office for Engineering Consulting and Real Estate Appraisal regarding the real estate valuation of the company's investment property sites.

**11- Investment in Associates**

- Investments in associate represent 24% of the United Company, as the Eastern Company has significant influence over the United Company, as the Eastern Company is represented in the United Company's capital.

The company has recognized its share of profits from associate companies within the profit and loss for the period. Dividend distributions are recognized when the company obtains the right to receive these distributions. The company has recognized profits for eighteen months based on the issued financial statements related to the financial year ended December 2024 and the financial position as of June 2025.

**12- Payment on account of investment**

- The payments under investment account include an amount of 10 000 thousand Egypt Pound as an advance for the establishment of eastern company Distribution Company.

**NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED June 30, 2025**  
(Amounts expressed in Thousands of Egyptian Pounds unless otherwise stated)

**13- INTANGIBLE ASSETS (Net)**

	<u>30/06/2025</u>	<u>30/06/2024</u>
Computers' program and H.R software license update	74 199	66 454
Amortization	(58 032)	(45 445)
Disposals residual values	(619)	(619)
Refunded Sales tax	(349)	(349)
<b>Net</b>	<u><b>15 199</b></u>	<u><b>20 041</b></u>

\* The statement of additions and consumption is as follows: -

Statement	<u>30/06/2025</u>	<u>30/06/2024</u>
Beginning balance	20 041	24 409
Additions	7 745	3 760
Disposals	--	(619)
Amortization	(12 587)	(7 509)
Ending balance	<b>15 199</b>	<b>20 041</b>

- The useful life of the intangible assets has been reassessed by the technicians and estimated at four (4) years.

**14- Financial assets at fair value through OCI**

	<u>30/06/2025</u>	<u>30/06/2024</u>
Investments in bonds	--	900 062
Investments in dollars bonds	761 075	926 200
Fair Value Differential Settlement	(6 598)	(57 612)
<b>NET</b>	<u><b>754 477</b></u>	<u><b>1 768 650</b></u>

The financial investments mentioned and presented in the financial statements represent debt instruments measured at fair value through other comprehensive incomes. These assets are subsequently measured at fair value, and investment income is recognized using the effective interest method. Gains and losses resulting from foreign currency valuation and impairment of these investments are recognized in the income statement, while other gains and losses are recorded in other comprehensive income. Upon disposal, the accumulated gains and losses recorded in other comprehensive income are reclassified to profit and loss., and the fair value of dollar bonds as of 30/06/2025 is 754 477 thousand Egyptian pounds.

- The dollar bonds were evaluated at their book value on June 30, 2025, after deducting the fair value of the dollar bonds according to the Bank of Cairo's prices on June 30, 2025, with the difference being accounted for in the revaluation differences, considering the evaluation based on the Central Bank's prices.

**15- FINANCIAL ASSETS AT AMORTIZED COST**

	<u>30/06/2025</u>	<u>30/06/2024</u>
Deposit in the Central Bank of Egypt invested in government bonds*	20 663	20 663
Investments in other companies shares	5	5
<b>Total</b>	<u><b>20 668</b></u>	<u><b>20 668</b></u>

**NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED June 30, 2025**  
**(Amounts expressed in Thousands of Egyptian Pounds unless otherwise stated)**

\* Cash deposit in the Central Bank of Egypt to be invested in Governmental bonds and National Investment Bank against 5% of the surplus from the prior years of issuing the law no. 203 for the year of 1991 the cash deposit yields a return of 3.5% annually against surplus invested in governmental bonds The company has addressed both the Ministry of Finance and the National Investment Bank to recover these amounts and informed the concerned authorities that depositing these amounts was for a national purpose and was made in accordance with a legislative instrument that regulated the method of depositing this amount and the annual return due from it and that in light of the fatwa of the General Assembly for Fatwa and Legislation of the State Council it is not possible The company may recover the value of these amounts only in accordance with a legislative instrument regulating the process of recovery.

**16- RIGHT OF USE ASSETS (NET)**

	<u>30/06/2025</u>	<u>30/06/2024</u>
Right of use leased assets	544 418	507 561
Accumulated depreciation of right of use leased assets	(307 223)	(298 248)
<b>Net</b>	<b>237 195</b>	<b>209 313</b>

Finance lease contracts have been processed at the company (sale with repurchase) that ended before the issuance of Egyptian Accounting Standard No. 49 which still have a productive life in accordance with the requirements of Annex C of the standard and which are represented in the company's buildings which range in age from 40 to 50 years and which were sold and leased back during the year Financial year 2009 where the date of operation was in the financial year 2007 and these buildings include (the preparation plant building -Workshop building - power station building) and their historical cost is 348 million Egyptian pounds in addition to the previous treatment of usufruct assets and machinery which cost about 159 million Egyptian pounds.

**17- OTHER ASSETS**

	<u>30/06/2025</u>	<u>30/06/2024</u>
The company's contribution to the project of filling improvement and coverage of the El Zomor Canal	302	378
Non-current prepaid expense *	12 000	12 000
<b>Net</b>	<b>12 302</b>	<b>12 378</b>

\* The 12 million pounds represents the value of the non-rolling and prepaid part of the electricity consumption project for the construction of a B.O.T power plant in the industrial complex on October 6th.

**18- INVENTORY (NET)**

	<u>30/06/2025</u>	<u>30/06/2024</u>
Raw materials	3 054 370	690 913
Raw materials (Tobacco leaf) under customs custody	18 506 236	190 604
Fuel inventory	14 901	11 518
Spare parts	1 344 666	751 885
Packaging	9 737 484	1 823 099
Materials and spare parts under process storage	485	543
Production work in process	152 473	128 462
Finished goods	833 016	153 784
Consignment packing materials and spare parts	747	967
Goods by road	269	134 771
Letter of Credit	321 987	1 124 913
<b>Total</b>	<b>33 966 634</b>	<b>5 011 459</b>
Less the write down in inventory *	(81 985)	(67 182)
<b>Net</b>	<b>33 884 649</b>	<b>4 944 277</b>

**NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED June 30, 2025**  
(Amounts expressed in Thousands of Egyptian Pounds unless otherwise stated)

\* Write down in inventory include:

	<u>30/06/2025</u>	<u>30/06/2024</u>
Raw Materials	215	215
Spare parts	48 160	48 160
Packing materials	17 798	17 798
Semi-finished products	92	92
Finished products	15 720	917
<b>Total</b>	<b>81 985</b>	<b>67 182</b>

**19- ACCOUNT AND NOTES RECEIVABLE (NET)**

	<u>30/06/2025</u>	<u>30/06/2024</u>
Trade receivables (foreign production)	183 337	203 677
Foreign Trade receivables	21 865	4 316
<b>Total</b>	<b>205 202</b>	<b>207 993</b>
Deduct: provision of expected credit losses	(2 174)	(2 466)
<b>Net</b>	<b>203 028</b>	<b>205 527</b>

\*Foreign manufacturing customers and joint production customers pay in the following month knowing that the company does not follow the deferred sale system in local sales.

**20- Due From related parties (NET)**

	<u>30/06/2025</u>	<u>30/06/2024</u>
Holding Company	567	1 081
United Tobacco Company	856 051	50 629
<b>Total</b>	<b>856 618</b>	<b>51 710</b>
Deduct: provision of expected credit losses	(10 157)	(--)
<b>Net</b>	<b>846 461</b>	<b>51 710</b>

\* The amount due from related parties includes the following from United Company:-

	<u>30/06/2025</u>	<u>30/06/2024</u>
Proceeds remaining from the sale of the factory	808 200	--
Expenses payable by United Tobacco Company	31 848	25 685
Printing expenses	13 738	22 231
Machine rental	300	--
Spare parts	--	650
Value-added tax (VAT) at 14%	1 965	2 063
<b>Total</b>	<b>856 051</b>	<b>50 629</b>

**21- DEBTORS AND OTHER DEBIT BALANCES (NET)**

	<u>30/06/2025</u>	<u>30/06/2024</u>
Debtor Accounts to governmental Authorities	1 139 595	1 426 111
Accrued revenues	39 492	92 590
Prepaid expenses	56 325	26 572
Other debit balances	91 382	190 657
<b>Total</b>	<b>1 326 794</b>	<b>1 735 930</b>
Less impairment in debtors	(34 706 )	(23 601)
Less provision of expected credit losses (debit balances)	(2 646 )	(1 717 )
<b>Net</b>	<b>1 289 442</b>	<b>1 710 612</b>



**NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED June 30, 2025**  
**(Amounts expressed in Thousands of Egyptian Pounds unless otherwise stated)**

**21/1 Debtor Accounts to governmental Authorities**

	<u>30/06/2025</u>	<u>30/06/2024</u>
VAT tax authority	1 073 139	1 129 289
Custom authority - Public Goods Secretaries	46 794	245 979
*Debit balance for other governmental authorities	19 662	50 843
	<u>1 139 595</u>	<u>1 426 111</u>

\*Debtor accounts with other authorities include the following:

- 4 231 thousand Egyptian pounds pertain to the customs authority for tobacco drawback.
- 2 231 thousand Egyptian pounds pertain to sales tax paid on returned goods
- 1 879 thousand Egyptian pounds pertain to sales tax paid on investment goods.
- 11 221 thousand Egyptian pounds pertain to the Ministry of Finance for imported sales tax.
- 100 thousand Egyptian pounds pertain to current accounts.

**21/2 Accrued Revenues**

	<u>30/06/2025</u>	<u>30/06/2024</u>
Accrued export incentives	1 853	1 476
Securities accrued income	35 837	87 873
Creditor's rent receivable	1 204	2 662
Miscellaneous income accrued	598	579
<b>Total</b>	<u>39 492</u>	<u>92 590</u>

**21/3 debit balances:**

	<u>30/06/2025</u>	<u>30/06/2024</u>
Guarantees for others	15 257	12 027
Employees loans	6 595	10 123
Other debit balances	69 530	168 507
<b>Total</b>	<u>91 382</u>	<u>190 657</u>

**22- TRADE PAYABLES - ADVANCE PAYMENTS**

	<u>30/06/2025</u>	<u>30/06/2024</u>
Public sector suppliers	55 686	39 249
Private sector suppliers	395 197	47 412
Public sector services suppliers	294 694	13 932
Overseas machinery suppliers	15 378	--
<b>Total</b>	<u>760 955</u>	<u>100 593</u>

**23- FINANCIAL ASSETS AT FAIR VALUE THROUGH P&L:**

	<u>30/06/2025</u>	<u>30/06/2024</u>
Treasury bills investments	--	12 462 191
Investment in investment deposits	9 848	248 334
<b>Total</b>	<u>9 848</u>	<u>12 710 525</u>

**NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED June 30, 2025**  
**(Amounts expressed in Thousands of Egyptian Pounds unless otherwise stated)**

- Treasury bills were measured at their present value according to the purchase price on June 30, 2025, after deducting the fair value of the treasury bills according to the Banque du Caire prices on June 30, 2025, with the difference accounted for in the profit and loss of securities.
- Investment funds were measured according to the purchase prices at the dates of acquiring the investment certificates after deducting the closing price on June 30, 2025, according to the prices of various funds with the difference accounted for in the profit and loss of securities.

**24- CASH AND CASH EQUIVALENT (Net)**

	<u>30/06/2025</u>	<u>30/06/2024</u>
Banks current accounts	181 258	2 540 001
Cash on hand	--	5 146
Time deposit / EGP	--	2 500 000
Time deposit / USD	--	863 243
<b>Total</b>	<b><u>181 258</u></b>	<b><u>5 908 390</u></b>
<b><u>Less:</u></b>		
Less provision of expected credit losses (Banks current account)	(180)	(213)
Less provision of expected credit losses (deposits)	--	(5 687)
<b>Net</b>	<b><u>181 078</u></b>	<b><u>5 902 490</u></b>
Banks overdrafts	(11 443 652)	(970 522)
<b>Cash balance 30/06/2025</b>	<b><u>(11 262 574)</u></b>	<b><u>4 931 968</u></b>

**25- ISSUED AND PAID-IN CAPITAL**

- The Authorized Capital amounted to 15 000 million Egyptian Pounds (Fifteen Billion Egyptian Pounds).
- they Paid and Issued Capital amount is 3 000 million Egyptian Pounds (three Billion Egyptian Pounds) divided to 3 000 million Shares with nominal amount of one Egyptian Pound.

**The Capital Structure as of 30/06/2025 as follows:**

<u>Company name</u>	<u>Shares number</u>
Global for holding investment	899 999 999
International Areeg for investment	100 000
The holding company for Chemical industries	628 587 443
Employees associations	156 101 827
Allan gray	193 733 805
Free trading	1 121 476 926
<b>Total</b>	<b><u>3 000 000 000</u></b>

**NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED June 30, 2025**  
**(Amounts expressed in Thousands of Egyptian Pounds unless otherwise stated)**

- ❖ The Extraordinary General Assembly held on 29/05/2018 decided to increase the company's issued and paid-up capital from EGP 1.5 billion to EGP 2.25 billion (an increase of EGP 750 million), distributed over 450 million shares with a nominal value of EGP 5 per share, funded from the legal reserve and other reserves shown in the financial statements for the fiscal year ended 30/06/2017. The Listing Committee approved this increase on 01/08/2018.
- ❖ The nominal value of the Eastern Company's share was split at a ratio of 1:5, making the new nominal value EGP 1 instead of EGP 5, while the company's capital remained at EGP 2.25 billion, now distributed over 2.25 billion shares. Necessary approvals from relevant authorities were obtained based on the Extraordinary General Assembly decisions of Eastern Company held on 29/08/2018.
- ❖ The Employees Shareholders Association of Eastern Company sold 22.1 million shares of Eastern Company, reducing its holding to 116,035,692 shares, representing a 5.21% stake, to meet obligations related to voluntary exits.
- ❖ The Board of Directors, in its meeting on 19/03/2020, decided to buy back treasury shares up to a maximum of 3% of the company's outstanding shares on the stock exchange, with purchases to occur from 23/03/2020 to 22/04/2020, notifying major shareholders to refrain from transactions during this period. The board decided to engage CI Capital and EFG in this process.
- ❖ The Board of Directors, in its meeting on 23/04/2020, approved continuing the treasury share buyback from 28/04/2020 to 27/07/2020 to complete the mentioned 3% target. The Board extended this on 28/07/2020 to allow purchases from 29/07/2020 to 28/10/2020, and again on 24/11/2020 to allow purchases from 25/11/2020 to 24/02/2021 to complete the total amount. As of 30/11/2020, 52,303,418 shares had been bought, representing 2.324% of the company's shares.
- ❖ The number of treasury shares held for more than a year without being sold amounted to 16,372,710 shares that the company could not sell during the notification period ending on 14/09/2021. As of 01/11/2021, 32,303,418 treasury shares had been sold.
- ❖ The Extraordinary General Assembly on 11/11/2021 approved by majority vote to cancel 20 million treasury shares at their nominal value of EGP 20 million, reducing the issued capital to EGP 2,230 million, distributed over 2,230 million shares instead of 2,250 million shares. Articles 6 and 7 of the company's bylaws were amended accordingly. Additionally, the majority approved amending Article 22 of the bylaws to include cumulative voting for electing board members.
- ❖ On 16/8/2022 the regulatory authority approved reducing the paid-up capital
- ❖ On 3/9/2023, an agreement was signed to acquire 30% of the total shares of the Eastern Company (Eastern Company) for the benefit of the Emirati company "Global Investment Holding Limited".
- ❖ Under this agreement, Global Investment Holding Company acquires Ltd. acquired 30% of the total shares of the Eastern Company (Eastern Company) in the amount of 625 million US dollars, equivalent to 19,336,625,000 Egyptian pounds (nineteen billion, three hundred and thirty-six million, six hundred and twenty-five thousand Egyptian pounds), with the buyer by providing an amount of \$150 million
- ❖ Under this agreement, the Chemical Industries Holding Company retains a 20.95% stake in Eastern Company, a strategic firm that contributes to the development of the industry, ensures market stability, and safeguards workers' rights.
- ❖ Under this agreement, there is no effect. On the Eastern Company's 24% share in the United Tobacco Company.
- ❖ The Global Investment Holding Limited deal was executed on 16/11/ 2023.
- ❖ The Ordinary General Assembly held on 4/3/2024 decided the following:

**NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED June 30, 2025**  
**(Amounts expressed in Thousands of Egyptian Pounds unless otherwise stated)**

1. Approval was given to increase the issued capital from EGP 2.230 billion to EGP 3 billion by using EGP 770 million from the statutory reserve (due to its purpose being nullified) for the benefit of existing shareholders at the nominal value per share. Approval was also given to increase the authorized capital from EGP 3 billion to EGP 15 billion. The Board of Directors has mandated implementing this within 60 days of the date of the Extraordinary General Assembly's decision.
  2. Approval was given to amend Articles 6 and 7 of the company's bylaws.
  3. Approval was given to authorize the Board of Directors to take necessary measures to increase the issued capital within the limits of the authorized capital to cover any potential obligations to banks issuing guarantee letters as specified in the facilities agreements, up to USD 200 million, within 24 months from the date of registering the authorized capital increase in the company's commercial registry or by the end of the 22nd month from the date of issuing the guarantee letter(s) by the UAE bank(s), whichever is sooner. This increase will be in Egyptian pounds equivalent to no more than USD 200 million, calculated based on the exchange rate announced by the Central Bank of Egypt on the subscription opening date, with the subscription paid in USD. The purpose of this increase is to cover any liabilities owed by the company to UAE banks issuing the guaranteed letters, valued at USD 200 million, for the benefit of Egyptian public banks granting credit facilities of USD 400 million to the company in case of cashing any part of the mentioned guaranteed letters.
  4. It was approved that the decisions of this Extraordinary General Assembly will not be canceled or amended, as they are issued to ensure the company's operational continuity, increase production rates to meet local market demands, and address the negative impacts of insufficient banking credit facilities to open documentary credits needed for the economic operation of the company's production capacity. This situation led to the growth of the parallel market and a decrease in the company's financial returns and sovereign revenues resulting from its activities.
- ❖ The increase in capital was approved by the Financial Regulatory Authority on 25/03/2024, and the increase was registered in the commercial registry on 15/04/2024. The capital was raised to EGP 3 billion during the period of registration in the commercial registry.
  - ❖ On 22/05/2024, Global Investments Holding Limited, which owns 30% of the capital of the Eastern Company "Eastern Company" and is 100% owned by UK Egypt Investments Holding Limited (a British company), which was 100% owned by Ruby Ventures S.P.C., a UAE company, changed ownership. UK Egypt Investments Holding Limited became 51% owned by Ruby Ventures S.P.C., the UAE company, and 49% by Philip Morris Products S.A., a Swiss company.
  - ❖ As a result, Philip Morris indirectly owns a 14.7% minority stake in the Eastern Company "Eastern Company".
  - ❖ The Eastern Company "Eastern Company" signed an exclusive letter of intent with Philip Morris International to explore potential strategic areas for long-term cooperation in technology, manufacturing, and innovation, including heated tobacco products, in preparation for transitioning to a smoke-free future in Egypt.
  - ❖ On 04-09-2025, the Extraordinary General Assembly of the Shareholders' Union Fund at The Eastern Company resolved to authorize the Union's Board of Directors to sell the Fund.
  - ❖ On 30-09-2025, the sale transaction of the Union's entire shareholding totaling 156,101,827 shares was executed at a price of EGP 40 per share, for a total value of EGP 6,244,073,080 (Egyptian Pounds only).

**NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED June 30, 2025**  
**(Amounts expressed in Thousands of Egyptian Pounds unless otherwise stated)**

**26- RESERVES**

	<b>30/06/2025</b>	<b>30/06/2024</b>
Legal Reserve	1 500 000	1 205 504
Statutory Reserve	903 498	903 498
Capital Reserve	595 860	580 942
Reserve Invested in Government Bonds	20 662	20 662
Profit Appropriation Reserve	940 170	940 170
Financial Investment Revaluation Reserve	(12 298)	(51 834)
Employee Benefits Revaluation Reserve	98	9 456
Expected Credit Loss Reserve for Debt Instruments	4 971	5 726
Other	25	25
<b>Total</b>	<b>3 952 986</b>	<b>3 614 149</b>

- As of June 30, 2025, the balance of the issued and paid-up capital reserves, and retained surplus amounted to EGP 16 704 396 thousand. The following is the movement of the capital accounts, reserves, and retained surplus:

	<b>Balance as of 01/07/2024</b>	<b>Thousand Egyptian Pounds</b>		<b>Balance as of 30/06/2025</b>
		<b>Additions</b>	<b>Exclusions</b>	
Issued and Paid-Up Capital	3 000 000	--	--	3 000 000
Legal Reserve	1 205 504	294 496	--	1 500 000
Statutory Reserve	903 498	--	--	903 498
Capital Reserve	580 942	14 918	--	595 860
Reserve Invested in Government Bonds	20 662	--	--	20 662
Profit Appropriation Reserve	940 170	--	--	940 170
Financial Investment Revaluation Reserve	(51 834)	39 536	--	(12 298)
Expected Credit Loss Reserve for Debt Instruments	5 726	511	(1 266)	4 971
Employee Benefits Revaluation Reserve	9 456	--	(9 358)	98
Other Reserves	25	--	--	25
Retained Earnings	9 554 967	9 710 655	(9 514 212)	9 751 410
<b>Total</b>	<b>16 169 116</b>	<b>10 060 116</b>	<b>(9 524 836)</b>	<b>16 704 396</b>

**The legal reserves:**

according to the corporate law no.159 for 1981 and the company's article was conforming by percentage of 5% from the year net profit and to legal reserve account and based on the suggestion of the Board of Directors it is permissible to suspend part of the profits for the legal reserve account if the legal reserve reaches 50% of the issued capital the legal reserve is not available for distribution to shareholders.

**The Other reserves:** the remaining reserves in the financial statements its formation according to law no. 203 for 1991.



**NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED June 30, 2025**  
(Amounts expressed in Thousands of Egyptian Pounds unless otherwise stated)

**Reserve of revaluation of financial investments:** This account represents the fair value recognition differences for the financial investments available for sale through other comprehensive income.

**Reserve for expected credit losses:** accumulated against expected credit losses for debt instruments with fair value through comprehensive income.

**27- RETAINED EARNINGS**

	<u>30/06/2025</u>	<u>30/06/2024</u>
Retained earnings	9 554 967	9 703 325
Dividends	(9 387 266)	(9 352 399)
Net Profit for the year	9 710 655	9 181 481
Adjustment of expenses and revenues from previous years	(126 946)	22 560
<b>Total</b>	<b>9 751 410</b>	<b>9 554 967</b>

- The General Assembly held on September 26, 2024, decided to distribute the Retained earnings on June 30, 2024 as follows:

- Approval of the proposed profit distribution account of the Board of Directors for the financial year 2023/2024, provided that the dividend per share is (two pounds and seventy piasters), the employees' share is 903,194 thousand Egyptian pounds, and the Board of Directors' bonus is the Board's share in the profits is 28,750 thousand Egyptian pounds.

- The carried-forward profits on June 30, 2025, also include the period from July 1, 2024 to June 30, 2025, amounting to 9 710 655 thousand pounds. The amount charged on carried-forward profits for the financial period from July 1, 2024, to June 30, 2025, amounted to 126 946 thousand pounds, which is a settlement of previous years' expenses and previous years' revenues.

- the company's ordinary general assembly held on September 26, 2024, also decided to:
  1. Ratify the Board of Directors' report on the company's activity and approve the governance report during the financial year ending on June 30, 2024.
  2. Approval of the auditors' report for the financial year ending on June 30, 2024.
  3. Approval of the company's financial statements for the financial year ending on June 30, 2024, which are presented to the General Assembly, as well as the business results shown by the income statement with a net profit after taxes amounted to EGP 9,181,481 thousand.
  4. Discharge of the Chairman and Members of the Board of Directors from liability for their management activities for the financial year ended June 30, 2024.
  5. Approval of the dividend distribution account proposed by the Board of Directors for the financial year 2023/2024, taking into account that the return per share is (two pounds and seventy piasters), provided that the full value of the coupon is paid in two installments The first payment: one pound and seventy piasters within a month from the date of the assembly, The second payment: one pound during the next November, and that the share of the employees is Nine hundred and three million, one hundred and ninety-four thousand Egyptian pounds, provided that the Board of Directors' bonus (the Board's share of the profits) is Twenty-eight million, seven hundred fifty thousand Egyptian pounds
  6. Approval of the remuneration and allowances of the members of the Board of Directors for the year that will end on June 30, 2025, as follows: five thousand pounds for attendance allowance per session, five thousand pounds for transfer allowance.

**NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED June 30, 2025**  
(Amounts expressed in Thousands of Egyptian Pounds unless otherwise stated)

7. Approval of the renewal of the appointment of the company's auditor (Mostafa Shawky MAZARS Office) for the financial year, which will end on June 30 ,2025 and determining his fees to be Six hundred and fifty thousand Egyptian pounds.
8. Approval of the donations spent during the financial year ending on June 30, 2024 and the licenses for the Board of Directors to donate on behalf of the company during the financial year, which will end on June 30, 2025, not exceeding the amount of seventy-five million pounds, provided that the date of the start of the donation will be July 1, 2024 at the beginning of the new year.
9. Approval of netting contracts concluded for the financial year ending June 30, 2024 for Zaki Hashem Legal Consulting Office with a total value of three million Seven hundred and sixty-nine thousand pounds and licensing the conclusion of netting contracts for the financial year 2024/2025.

**28- DEFERRED TAX**

	<u>30/06/2025</u>	<u>30/06/2024</u>
Deferred tax liabilities	(431 524)	(537 635)
Deferred tax assets	734 129	141 008
<b>Net tax liabilities</b>	<b>302 605</b>	<b>(396 627)</b>

- The deferred tax which result from temporary time differences between book value for assets and liabilities according to the account basic and its value according to the tax basic are recognized, the amount of deferred tax was determined according to what expected to achieve or settle values of assets and liabilities by using current tax price on the financial statements date, the deferred tax assets will be recognized when having a strong probability to achieve profits that may be taxed in the future where the assets can be used and the value of deferred tax assets can be decreased by the value of the part which will not achieve any tax benefits through the future years.
- Clearing was performed between the deferred tax assets and deferred tax liabilities.

**29- EMPLOYEE BENEFITS**

- The total liabilities for end-of-service benefits amounted to EGP 405 165 thousand for all permanent employees of the company as of 30/06/2025, according to the valuation provided by the actuarial expert hired by the company.
- The estimated value of end-of-service benefits for employees who left during the financial year 2024/2025, amounting to EGP 40 077 thousand, has been separated and included in current liabilities.
- The company has consulted with the actuarial expert, Mrs. Marwa Hisham Salah El Din Zaki – a member of the American Academy of Actuaries, to update the end-of-service benefit liabilities. The actuarial study concluded that:
- The company pays an end-of-service bonus to employees in the event of termination of their service, whereby the employee is paid a grant of two months' salary for each actual year he spent working for the company, calculated based on the last basic salary on the date of termination of service, with a maximum of 200 thousand Egyptian pounds. This grant is due at the end of the employee service for one of the following reasons:
  - 1- Reaching the legal age of retirement.
  - 2- Early retirement cases for those who are over 55 years old.
  - 3- Partial or total service disability.
  - 4- Case of death during service.

The company will finance the amount of the grant due completely, at the employee end of service.

**NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED June 30, 2025**  
**(Amounts expressed in Thousands of Egyptian Pounds unless otherwise stated)**

- The company's data was reviewed by the actuarial expert to ensure the reasonableness and consistency of the data, based on which actuarial study was conducted, in order to ensure that:
- The absence of any fields that do not contain data or are illogical.
- The reasonableness of the dates of birth and dates of employment by ensuring that the age of the worker at the time of employment and upon evaluation is limited to the age limits accepted by Labor Law.
- The reasonableness of salaries values.

The guidelines and requirements of the study performed according to Egyptian Accounting Standard No. (38) employee benefits, where unbiased actuarial assumptions were used that are consistent with the experience of the Egyptian market, considering the company's actual experience and what is expected in the future.

• **The method used for estimation:**

The Projected unit credit method was used to calculate the following main items:

- Defined benefit obligation, which is the present value of the expected future payments required to settle the obligation resulting from the employee's service in the current and prior periods.
- The current service cost is the increase in the present value of the defined benefit obligations resulting from the employee's service in the current period.
- The interest cost of the obligation is the increase during the year to the present value of the obligation because of the approaching settlement period.

**Actuarial assumptions used in the estimation:**

The study was conducted using the following actuarial bases:

- 1- **Mortality Table Used:** The Double Decrement Table was used, where 120% of the A49/52 mortality table was applied to represent the probabilities of death and disability. A uniform resignation rate of 1.55% was used to represent the probabilities of resignation and contract termination.
- 2- **Discount Rate Used:** 15% per annum.
- 3- **Salary Escalation Rate:** 16%.

**30- PROVISIONS:**

The provisions are composing according to the Egyptian Accounting Standard No. (28).

• **Movement of provisions:**

	<b><u>Thousand Egyptian Pounds</u></b>			
	<b><u>Balance as of 1/7/2024</u></b>	<b><u>Provided</u></b>	<b><u>No longer Required</u></b>	<b><u>Balance as of 30/06/2025</u></b>
Provision of disputed taxes	923 027	--	(351 211)	571 816
Provision of legal claims	4 701	2 619	(305)	7 015
Provision of early pension	391	2 541 833	(213)	2 542 011
Provision of real estate tax	12 575	--	--	12 575
Provision for contingent liabilities	--	18 662	--	18 662
<b>Total</b>	<b>940 694</b>	<b>2 563 114</b>	<b>(351 729)</b>	<b>3 152 079</b>

- ❖ Provision of early pension: - Formulated to meet early retirement obligations.
- ❖ Disputed tax provision: - a component to meet tax liabilities.

**NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED June 30, 2025**  
(Amounts expressed in Thousands of Egyptian Pounds unless otherwise stated)

- ❖ Provision for legal claims: - The case lists were prepared from the point of view of the company's lawyers considering the expected obligations, and the following policy was adopted according to the probability of gain as follows:

▪ **Formation provision for less than 55%**

percentage	Topic	Thousand Egyptian Pou	Description
50%	Compensation	250	Primary cases
50%	Compensation	1000	primary cases
50%	Compensation	750	Primary cases
50%	Compensation	200	primary cases
50%	Compensation	2000	primary cases
50%	Compensation	100	primary cases
50%	Obligation to pay	348	primary cases
50%	Obligation to pay	800	primary cases
50%	Obligation to pay	200	primary cases
50%	Compensation	37	Appeal cases.
50%	Compensation	250	Appeal cases.
20%	Revocation of Decision and Compensation	1000	Cassations cases
20%	Compensation for Death	80	Cassations cases
		7 015	Total

10. Disclosure is made in the notes to the financial statements, and the details are as follow (56%- 69%):-

percentage	Topic	Thousand Egyptian Pounds	Description
65%	Compensation	3 795	Appeal cases
65%	compensation	6 000	
65%	Obligation to pay the amount	298	Cassations cases
65%	Obligation to pay the amount	3 517	
		13 610	Total

11. From 70% to 100% no provision should be provided or be disclosed.

**31- ACCOUNT AND NOTES PAYABLES**

	30/06/2025	30/06/2024
Trade payables (public sector)	38 681	35 072
Trade payables (private sector)	460 939	231 834
Foreign Trade payables	2 274 136	1 712 465
<b>Total</b>	<b>2 773 756</b>	<b>1 979 371</b>

**NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED June 30, 2025**  
(Amounts expressed in Thousands of Egyptian Pounds unless otherwise stated)

**32- CREDITORS AND OTHER CREDIT BALANCES**

	<u>30/06/2025</u>	<u>30/06/2024</u>
Governmental authorities current account	6 168 446	9 401 090
Dividends payable	468	468
Accrued expenses	672 193	553 693
Other credit balances	981 530	683 976
<b>Total</b>	<b><u>7 822 637</u></b>	<b><u>10 639 227</u></b>

**32/1 Governmental authorities credit accounts**

	<u>30/06/2025</u>	<u>30/06/2024</u>
VAT tax authority*	5 983 929	9 294 921
Mutual Contribution	108 321	61 565
General Tax Authority (salary tax)	21 563	--
General Tax Authority (withheld from others at source)	20 816	17 436
Property Tax Authority	5 818	2 608
National organization for social insurance	27 999	24 560
<b>Total</b>	<b><u>6 168 446</u></b>	<b><u>9 401 090</u></b>

**32/2 Accrued expenses.**

\* 672 193 thousand Egyptian Pounds representing accrued expenses for employees and other.

**32/3 credit balances**

	<u>30/06/2025</u>	<u>30/06/2024</u>
Deposits from others	109 616	87 179
Fixed assets supplies	7 744	6 844
Creditors' amounts deducted from employees	40 571	8 833
Deferred revenue related to gifted fixed assets	83 777	103 019
Amounts set aside for workers - social services**	91 690	123 239
Credit balances	648 132	354 862
<b>Total</b>	<b><u>981 530</u></b>	<b><u>683 976</u></b>

- Credit balances include unearned revenues:  
39 925 thousand EGP for gifted assets  
36 773 thousand EGP for spare parts transferred from British American tobacco.  
7 079 thousand EGP for net packaging from British American

\*\* The amounts withhold for the benefit of social services workers are the value of the remaining profits to be distributed at least 10% of these profits and not more than the total annual wages of the employees where the company was subject to the provisions of Law No. 203 of 1991 where article 33 of that law stipulates that "the employees of the company shall have a share in the profits to be distributed determined by the Association based on the proposal of the Board of Directors at least 10% of these profits.

The amount distributed in cash to employees from the profits shall not exceed the total annual basic and insurable wages. The executive regulations shall determine the method of distributing any surplus over the total annual wages from the profits on services that benefit the employees of the company" When the company was transformed into a joint stock company subject to the provisions of Law No. 159 of 1981, pursuant to the decision of the Ordinary General Assembly dated



**NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED June 30, 2025**  
**(Amounts expressed in Thousands of Egyptian Pounds unless otherwise stated)**

02/06/2019, Article (41) of said Law stipulated the following: "Employees shall be entitled to a share of the profits decided to be distributed, as determined by the General Assembly, at a rate not less than 10% of such profits, and not exceeding the total annual wages of employees. The distribution shall be in accordance with the proposal of the Board of Directors and not less than the legally prescribed percentage. The executive regulations shall specify the method of distributing the portion exceeding the 10% mentioned above on employees and the services that benefit them."

**33- ACCOUNT RECEIVABLES - ADVANCE PAYMENTS**

	<u>30/06/2025</u>	<u>30/06/2024</u>
Receivables - other credit balances	78 192	54 180
Receivables credit balances – scrap	39	201
<b>Total</b>	<b>78 231</b>	<b>54 381</b>

**34- Lease Liability-Right of Use: -**

Lease liabilities – right-of-use contracts amount to EGP 36,607 thousand, representing the remaining obligations of the company, the company has considered the application of the new Lease Law No. (164) of 2025 regarding the provisions related to rental laws and the reorganization of the relationship between lessor and lessee.

**\* Income statement**

The cost of activity revenues includes an amount of 8 975 thousand Egyptian pounds for the depreciation of usufruct assets (for the period from July 1, 2024, to June 30, 2025) and the income statement does not include any expenses related to real estate investments expect for the depreciation of real estate investment as there are no maintenance expenses. Or otherwise, and no income is generated from these investments until the date of preparing the financial statements.

**35- NET SALES**

	<u>30/06/2025</u>	<u>30/06/2024</u>
Net sales of finished goods	35 970 243	19 602 298
Net sales finished goods export	289 658	147 841
Revenue from Services	281	--
Net sales of merchandise purchased for sale	--	4 023
Revenue of operation for other	1 339 482	836 693
Carpentry workshop revenue	--	74
Covered hall revenue	5 376	6 091
<b>Total</b>	<b>37 605 040</b>	<b>20 597 020</b>
<b><u>Less: discount</u></b>	<b>(223 199)</b>	<b>(150 458)</b>
<b>Net</b>	<b>37 381 841</b>	<b>20 446 562</b>

**NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED June 30, 2025**  
(Amounts expressed in Thousands of Egyptian Pounds unless otherwise stated)

**36- COST OF GOODS SOLD**

	<u>30/06/2025</u>	<u>30/06/2024</u>
Raw Materials	23 442 422	9 545 636
Depreciation and amortization	389 225	374 574
Wages	2 159 556	1 682 358
Maintenance	284 887	163 742
Miscellaneous service expenses	145 832	118 471
Insurance expenses	31 679	24 305
Purchases for sale	--	1 958
Loss of decrease in material cost	165	2 138
Reverse decrease in inventory**	22 560	18 433
Change in inventory	(703 243)	(59 313)
shortage - increase differences customs weights	16 797	12 929
Transferred Costs	(493 983)	(686 505)
Others	50 961	35 178
<b>Total</b>	<b>25 346 858</b>	<b>11 233 904</b>

\* The cost of goods sold has been reduced by the value of the write down in inventory as follows :-

	<u>30/06/2025</u>	<u>30/06/2024</u>
Raw Materials	7 621	156
Spare parts materials and equipment	133	1 104
Packing Materials	2	17 001
Finish Good	14 804	172
<b>Total</b>	<b>22 560</b>	<b>18 433</b>

\*\*\* Cost of goods sold includes the cost covered half by 10 576 thousand Egyptian Pound

**37- OTHER Revenue**

	<u>30/06/2025</u>	<u>30/06/2024</u>
Other Miscellaneous Revenues*	262 098	128 088
Profit from Sale of Scrap	75 319	51 045
Credit Rentals	1 691	2 117
Credit Compensation	1 002	2 182
Capital Gains ***	1 460 508	14 919
Profit from Sale of Financial Instruments	61 149	104 378
Provisions that have no purpose	393 849	83 407
Revenue for Leased Assets	--	200 000
Refund of expected credit losses	7 591	16 250
Refund of expected credit losses - Egyptian bonds	--	14 797
Refund of expected credit losses - Dollar bonds	--	981
Grants and Subsidies	3 511	2 916
Profit/Loss from Revaluation of Financial Instruments***	(21 347)	21 195
<b>Total</b>	<b>2 245 371</b>	<b>642 275</b>

\* The miscellaneous revenues include an amount of 13 702 thousand Egyptian Pound relevant to gifted assets

\*\*\* The gains/losses on revaluation of securities are as follows:

**NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED June 30, 2025**  
**(Amounts expressed in Thousands of Egyptian Pounds unless otherwise stated)**

	<u>30/06/2025</u>	<u>30/06/2024</u>
Profits on revaluation securities	149 063	122 964
<u>Losses on revaluation financial securities</u>	<u>(170 410)</u>	<u>(101 770)</u>
<u>Net profit of revaluation of securities</u>	<u>(21 347)</u>	<u>21 194</u>

\*\*\*\*Capital gains include an amount of 1 456 091 thousand pounds specifically for the sale of Factory No. (9) to the United Company UTC.

**38- SALES AND DISTRIBUTION EXPENSES**

	<u>30/06/2025</u>	<u>30/06/2024</u>
Salaries	549 259	400 164
Depreciation and amortization	3 717	4 539
Maintenances	766	1 716
Miscellaneous service expenses	9 173	9 660
Insurance expenses	4 067	4 343
Marketing expenses	--	43 133
Finished goods transfer	70 505	26 223
Other	45 253	29 680
<b>Total</b>	<b><u>682 740</u></b>	<b><u>519 458</u></b>

**39- GENERAL AND ADMINISTRATIVE EXPENSES**

	<u>30/06/2025</u>	<u>30/06/2024</u>
Salaries	240 620	172 207
Depreciation and amortization	24 124	18 540
Maintenances	131	3 215
Miscellaneous service expenses	90 397	84 148
Transferred Expenses	493 983	686 505
Other	22 629	15 596
<b>Total</b>	<b><u>871 884</u></b>	<b><u>980 211</u></b>

**40- OTHER EXPENSES**

	<u>30/06/2025</u>	<u>30/06/2024</u>
Donations and Subsidies to Others	46 458	34 758
Extraordinary Losses	10 817	16 153
Solidarity Contribution- Comprehensive Health Insurance	107 878	61 122
Provision for Early Retirement Obligations	2 541 833	--
Provision for Legal Claims on Wages and Others	2 619	1 265
Provision for End of Service Benefit	58 976	--
Provision for Doubtful Debts	12 858	2 429
Provision for Disputed Taxes	--	43 719
Allowance for Impairment Losses	2 239	--
Provision for Contingent Liabilities	18 662	--
Burdens - expected credit losses *	10 157	4 212
Losses from Exclusion of Fair Value Debt Instruments (Other Comprehensive Income)	556	5 449
Compensation and Fines	60 098	17 908
<b>Total</b>	<b><u>2 873 151</u></b>	<b><u>187 015</u></b>

**NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED June 30, 2025**  
(Amounts expressed in Thousands of Egyptian Pounds unless otherwise stated)

**\*Expected credit loss charges:**

	<u>30/06/2025</u>	<u>30/06/2024</u>
Accounts and notes receivables	--	1 620
Other debit balances	10 157	--
Current bank accounts	--	214
Time deposits	--	2 031
Dollar bonds	--	347
	<u>10 157</u>	<u>4 212</u>

**41- NET FINANCING COST/ REVENUE**

	<u>30/06/2025</u>	<u>30/06/2024</u>
Credit interest	341 400	204 191
Gain on foreign currencies	217 713	445 926
<b>Total finance revenue</b>	<u>559 113</u>	<u>650 117</u>
Debit interest and bank expenses	(937 611)	(60 078)
(Losses) on foreign currencies	(472 156)	(364 792)
<b>Total finance expenses</b>	<u>(1 409 767)</u>	<u>(424 870)</u>
<b>Net financing Revenue</b>	<u>(850 654)</u>	<u>225 247</u>

**42- OTHER FINANCIAL INVESTMENTS REVENUE**

	<u>30/06/2025</u>	<u>30/06/2024</u>
Treasury Bills returns	1 794 071	1 883 549
Bond returns	53 922	219 820
Investment certificates	--	214 498
Government bonds returns	728	728
	<u>1 848 721</u>	<u>2 318 595</u>

**43- TAX EXPENSES**

12. The income tax in the income statement as of 30/06/2025 amounted to 3 078 518 thousand EGP.
13. The deferred tax in income statement as of 30/06/2025 was amounted to 710 710 thousand Egyptian Pounds according to the following:

	<u>Thousand Egyptian Pounds</u>
Deferred tax assets	604 599
Deferred tax liabilities	106 111
<b>Total</b>	<u>710 710</u>

- **The current tax averages 25 .5%**

**NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED June 30, 2025**  
**(Amounts expressed in Thousands of Egyptian Pounds unless otherwise stated)**

**44- EARNINGS PER SHARE**

	<u>Unit</u>	<u>30/06/2025</u>	<u>30/06/2024</u>
Net profit for the year after deducting the dividends for employees Youth and sport Authority and rewards of the Board of Directors Members.	Thousand Egyptian Pounds	8 662 101	8 203 629
Weighted average number of common shares	Thousand shares	3,000,000	2 391 995
Portion per share in net profit	Egyptian Pounds	<u>2.89</u>	<u>3.43</u>

**The Cash Flows Statement:**

**45- CASH AND CASH EQUIVALENT**

- The cash and cash equivalent balance amounted to (11 262 394) thousand Egyptian Pounds are as following:

	<u>30/06/2025</u>	<u>30/06/2024</u>
Bank accounts	181 258	2 540 001
Cash in hand	--	5 146
Time deposits in local currencies	--	2 500 000
Time deposits in foreign currencies	--	863 243
Overdrafts	(11 443 652)	(970 522)
<b>Total</b>	<u><b>(11 262 394)</b></u>	<u><b>4 937 868</b></u>

- The committed credit facilities available for future use amounted to approximately USD 748.2 million.
- The Company has excluded the following financial instruments and assets from the application of expected credit losses recognition and measurement.
- Government debt instruments are denominated in local currency.
- Current Accounts and local currency deposits maturing within one month from the central bank's balance sheet preparation date.
- This is in accordance with the amendments issued on November 28, 2023, related to the Egyptian Accounting Standard No. (47) — Financial Instruments, regarding certain exemptions in applying expected credit loss measurement for credit risk and expected credit losses.

**46- Contractual commitments**

- The contractual commitments relate to the refurbishment and rehabilitation of the cutting unit HC83/1/S3 with the company MADERN – Netherlands, with a value of EUR76,650 As well as the refurbishment and rehabilitation of the cutting unit HC80/2/S3 with the company Marbach – Germany, with a value of EUR 87095.

**47- COMPARATIVE FIGURES**

Certain comparative figures have been reclassified to conform with the presentation of the financial statements for this period.

## **OTHER DATA**

### **48- Fight smoking:**

On 21/6/2007 law no. 154 for the year 2007 issued a modification of some provisions of law no. 52 for the year 1981 about the protection from the damage of smoking which prevents smoking completely in all facilities as health, educational, governmental departments, sports and social clubs, youth centers and all other places that the ministry of health determine. This law state penalties on those responsible for these places and on the smokers.

In addition the company is obliged to print a warning of smoking risk on at least the half of the two sides of the package accompanied with adding other warnings or publishing photos confirm damage of smoking, The company to comply with this law and the decree of minister of health and population no. 443 for the year of 2007, the company endured by additional burden cost as a result of the continuous adjustment in printing cylinders which resulting losses in the publications material related to products.

In addition, the company is obliged to change the photo every six months according to the decision of the Ministry of health.

### **49- Insurance:**

- The company has various insurance policies which cover all potential risks that the company may face such as:

#### **a. Industrial All Risks (L M7) and Political Violence Policy:**

To cover all risks based on LM7 certificate Including machine breakdown, loss of revenue, burglary, theft using violence (coercion), general civil liability, and removal of rubble. public civil responsibility and the removal of rubble. Political violence also covers the dangers of terrorism, vandalism, age-related acts, riots, civil strikes, armed insurrection, revolution, rebellion, military coup, and cost debris removal.

#### **b. Cars Certificate/document:**

Cover all risks of cars facing (comprehensive insurance - compulsory insurance).

#### **c. Transportation Certificate/document:**

Cover risks of transportation sea and air transportation for all production materials and finished goods.

#### **d. Dishonesty Certificate/document:**

Cover the drivers who are working on contractual terms for transporting the company's products.

#### **e. Lifts Certificate/document:**

Cover the civil responsibility result from operation.

#### **f. Cash transfer Certificat/document:**

Covers cash transporter (treasurers - money changers - custodians) for the risk of theft under duress or threat of weapon and violence to the person charged with transporting cash.

**g. Dishonesty Certificate/document:**

Covers cash and in-kind custodians in the company from the material losses that it incurs or its property because of an accident of waste or embezzlement committed by the insured workers.

**h. Life Certificate/document:**

Life insurance for workers to cover the risk of death from any reason.

**i. Personnel accident violence Certificat/document:**

Covers the risks that the company's employees are exposed to over 24 hours because of an accident and the resulting cases (death total and partial disability).

**50- Environmental responsibility:**

In line with the Eastern Company's continuous efforts to achieve environmental protection objectives and safeguard public health, and in compliance with the environmental requirements of Environment Law No. 4 of 1994 and its amendments and executive regulations, the Company has implemented an integrated system to preserve both its internal factory environment and the external environment surrounding its operations. These measures aim to ensure the sustainable alignment of its environmental conditions. Key initiatives include:

- Establishing an integrated industrial complex in the Sixth of October industrial zone to consolidate all current sites, reflecting the Company's commitment to compliance with environmental laws and regulations.
- Using natural gas as a clean energy source to operate boilers and power generation units, thereby reducing environmental pollutants from combustion processes.
- Installing an environmentally friendly incinerator and utilizing the heat generated to produce chilled water through heat exchange, which is then used for air-conditioning in certain factories.
- Controlling soot emissions through cyclones with impermeable soot filters to prevent atmospheric pollution and recycling the soot into pressed soot chips.
- Constructing an industrial wastewater treatment plant at the Sixth of October complex with a capacity of 610 m<sup>3</sup>/day, with environmental approval obtained for expansion to 1,220 m<sup>3</sup>/day. Installation works have been completed, and the second phase is currently under testing prior to commissioning.
- Implementing a central air-conditioning project powered by natural gas to mitigate heat stress. Monitoring confirms that workplace temperatures remain within permissible levels as defined by regulations.
- Establishing a central station for collecting production residues from manufacturing activities. Certain items are sold, while others are recycled into various industries. The Company is also studying the production of compost from unusable soot residues.
- Acquiring environmental measuring devices to monitor pollutants and emissions within the work environment to ensure compliance with the permissible limits set by Law No. 4 of 1994 and its executive regulations. In addition, the National Research Center



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conducts periodic measurements, which are documented in the Company's environmental records. The Company also ensures the continuous supply of personal protective equipment to workers in line with activity requirements.

- Obtaining environmental approval for the expansion of the Fluffy Roots (ESS) plant project with an area of 13,350 m<sup>2</sup> in the Sixth of October complex. The Company has also developed green spaces, windbreaks, and ornamental plants inside the complex, in line with construction and landscaping requirements approved by the Urban Communities Authority, as well as around the eastern boundary of the complex.
- Recovering and reusing contaminated ink thinner through an organic solvent separation unit.

It is noted that the Eastern Company has obtained all required environmental approvals and maintains up-to-date environmental records, certified by leading research and scientific institutions (National Research Center) and reviewed by the Environmental Affairs Agency. The Company remains fully committed to compliance with all applicable environmental laws and regulations.

**51- SIGNIFICANT EVENT**

**New Labor LOW:**

On May 3, 2025, the new Egyptian Labor Law No. 14 of 2025 was issued as a comprehensive legislative amendment aimed at balancing the relationship between employers and employees. It includes regulations such as a maximum of 48 working hours per week, a ban on "Form 6" (used for sudden termination), enhancement of women's labor rights, and regulation of modern work models such as remote work. The law also establishes a clear probation period and organizes employment contracts to ensure greater job security. The law shall come into effect starting from the first day of the month following the lapse of ninety days from the date of its publication and shall be applicable to specialized labor courts starting from the first of the following October.

**Central Bank of Egypt Decisions**

The Monetary Policy Committee of the Central Bank of Egypt, in its meeting held on Thursday, August 28, 2025, decided to cut the overnight deposit rate, the overnight lending rate, and the Central Bank's main operation rate by 200 basis points, to 22.00%, 23.00%, and 22.50%, respectively.

**Capital Commitments**

- Capital commitments represent the value of customs duties payable by the company, which are settled upon the release of raw tobacco from the customs warehouses, in addition to the development resources fee. The total amount of these commitments is EGP 429,136 thousand.
- The Company's Board of Directors, in its meeting held on 30/01/2025, approved the exit of ESC for Energy and Contracting from the power plant at the 6th of October industrial complex, and assigned the executive management to take the necessary actions in this regard, in accordance with the contract signed between the two parties and to implement the exit process.

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**Other Significant Events**

- On 31/10/2024 a deal was executed through the mechanism of large-sized deals on the company's shares for 9 000 000 shares amounted 225 000 000 Egyptian pounds.
- On 4/11/2024 a deal was executed through the mechanism of large-sized deals on the company's shares for 20 000 000 shares amounted 500 000 000 Egyptian pounds.
- On 11/11/2024 a deal was executed through the mechanism of large-sized deals on the company's shares for 35 000 000 shares amounted 875 000 000 Egyptian pounds.
- On 13/11/2024 a deal was executed through the mechanism of large-sized deals on the company's shares for 34 728 761 shares amounted 868 219 025 Egyptian pounds.

**Subsequent Events**

- On September 4, 2025, the Extraordinary General Assembly of the Eastern Company Shareholders' Union Fund resolved to authorize the Union's Board of Directors to proceed with the sale of the Fund.
- On 30-09-2025, the sale transaction of the Union's entire shareholding totaling 156,101,827 shares was executed at a price of EGP 40 per share, for a total value of EGP 6,244,073,080 (Egyptian Pounds only).

**New Issues and Amendments to Egyptian Accounting Standards**

On March 6, 2024, Prime Ministerial Decree No. (636) of 2024 was issued to amend some provisions of the Egyptian Accounting Standards. The following is a summary of the most important of these amendments:

Application date	Potential impact on the financial statements	Summary of the most important amendments	New or reissued standards
It applies to financial periods beginning on or after January 1, 2024, retrospectively, with the cumulative effect of applying the revaluation model initially being recognized by adding it to the revaluation surplus account alongside equity at the beginning of the financial period in which the company first applies this model.	Management is currently assessing the possibility of changing the existing accounting policy by adopting the revaluation model option provided under these standards, and evaluating the potential impact on the financial statements in the event of applying this option.	<p>The standards have been reissued in 2024, resulting in amendments to paragraphs 58- "8" and "26", and the addition of paragraphs from "19A" to "19C", as well as paragraphs "57A" and "57B", and Appendix "D", addressing difficulties in currency exchange between two currencies. Entities are required to apply these amendments from the beginning of annual reporting periods that start on or after January 1, 2024. Early application is permitted, and if an entity applies the amendments early, it must disclose this fact.</p> <p>59-When applying the previous amendments, entities are not allowed to adjust comparative information. Instead:</p> <p>(a) When reporting foreign currency transactions in their functional currency, and there is difficulty in exchanging between the functional currency and the foreign currency (as detailed in paragraphs "D2" to "D11"), the entity must:</p> <p>Translate affected monetary items denominated in foreign currency, and non-monetary items measured at fair value in foreign currency, at the spot exchange rate on the date of initial application; and</p>	Standard No. 13 Amended 2024 "Effects of Changes in Foreign Exchange Rates":

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Application date	Potential impact on the financial statements	Summary of the most important amendments	New or reissued standards
		<p>Recognize any impact of initial application of the amendments as an adjustment to the opening balance of retained earnings on the date of initial application.</p> <p>(b) When the entity uses a presentation currency other than its functional currency or translates the results and financial position of a foreign operation, and there is difficulty in exchanging between the presentation currency and the functional currency (or foreign functional currency) (as detailed in paragraphs "D2" to "D11"), the entity must:</p> <ol style="list-style-type: none"> <li>1. Translate affected assets and liabilities at the spot exchange rate on the date of initial application</li> <li>2. Translate affected equity items at the spot exchange rate on the date of initial application if the entity's functional currency is subject to severe inflation; and</li> <li>3. Recognize any impact of the amendments initially as an adjustment to the cumulative amount of translation differences—accumulated in the equity section—on the date of initial application.</li> </ol>	

Application date	Potential impact on the financial statements	Summary of the most important amendments	New or reissued standards
<p>The amendments related to adding the option to use the fair value model are applied to the financial periods that <b><u>begin on or after January 1 2024</u></b> retrospectively with the cumulative effect of applying the fair value model shown primarily by adding it to the balance of retained earnings or losses carried forward at the beginning of the financial period in which the company applies this model for the first time.</p>	<p>Management is currently considering the possibility of changing the accounting policy followed and using the fair value model option included in the standard and is evaluating the impact on the financial statements in the event of using this option.</p>	<p>This standard was reissued in 2024, allowing the use of the fair value model when measuring the subsequent measurement of real estate investments.</p> <p>80 - The entity applies the amendments to add the option to use the fair value model in accordance with paragraph "30" and paragraphs "33-55" to the financial periods beginning on or after the first of January 2024, and early application is permitted. This must be disclosed.</p> <p>81-The entity must apply the amendments mentioned in Paragraph No. "80" retrospectively in accordance with Egyptian Accounting Standard No. (5) "Accounting Policies, Changes in Accounting Estimates, and Errors," while proving the cumulative effect of applying the value model.</p> <p>The fair value is initially calculated by adding it to the balance of retained earnings or losses at the beginning of the financial period in which the entity applies this model for the first time.</p> <p>82- The entity applies the requirements of paragraph "32B" regarding insurance contracts that include investment contracts with an optional participation feature, at the beginning of the date on which it applies the standard Egyptian Accounting No. (50) "Insurance Contracts" for the first time.</p>	<p>Accounting standard Egyptian Law No. (34) amended 2023 "Real Estate Investment"</p>

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Application date	Potential impact on the financial statements	Summary of the most important amendments	New or reissued standards
This standard is effective for annual reporting periods beginning on or after January 1, 2024. Early application is permitted, and if an entity applies early, this must be disclosed.	applied	<p>This standard was reissued in 2024, and paragraphs "4, 5, 6, 7, 10, and 12" were amended by adding the option of using the equity method to account for investments in subsidiaries, associates, and joint ventures.</p> <p>The entity shall apply the amendments from the beginning of the annual reporting period that begins on or after January 1, 2024. Early application is permitted, and if the entity applies early, it must disclose this.</p> <p>19- The entity shall apply the challenges mentioned in the previous paragraph in accordance with Egyptian Accounting Standard No. (5) "Accounting Policies, Changes in Estimates and Errors" with the retroactive effect of applying the equity method to profits or losses of the period in which the entity first applied this method for the first time as soon as possible without incurring undue cost or time.</p>	Egyptian Accounting Standard No. 17 Revised 2024: Separate Financial Statements

Application date	Potential impact on the financial statements	Summary of the most important amendments	New or reissued standards
The application begins on or after the first of January 2025, and allows early application, and if the facility makes early application, this must be disclosed.	Management is currently studying the possibility of changing the accounting policy followed and using the fair value model option provided in the standard and is evaluating the impact on the financial statements in the event of using this option.	Tradable financial instruments representing a counterparty to greenhouse gas emission reduction units where each "unit" represents a tone of carbon dioxide equivalent emissions and is issued in favor of the emission reduction project developer (owner/non-owner) after approval and verification according to internationally recognized greenhouse gas emission reduction standards and methodologies carried out by verification and validation bodies whether local or international restricted to the list prepared by the authority for this purpose.	Interpretation of Number (2) 2024

On October 23, 2024, Prime Ministerial Decree No. 3527 of 2024 was issued to add a new standard No. (51) Financial Statements in Hyperinflationary Economies to the Egyptian Accounting Standards. This standard requires companies operating in economies facing hyperinflation to adjust their financial statements to reflect the current purchasing power of the functional currency. This standard must be applied when it is officially recognized that the Egyptian economy or the operating economy of the facility is suffering from hyperinflation. This usually occurs when cumulative inflation rates over three years reach or exceed 100%, although other qualitative factors may also be considered.

(Mrs. / Neveen Ali)  
Head Of financial sector

(Mr./ Tamer Mosli)  
Chief financial officer