FIRST QUARTER REPORT

Condensed Interim Financial Statements

(Un-audited) for the quarter ended

September 30, 2026

KHYBER TOBACCO COMPANY

Contents

03	Corporate Information
04	Directors' Review
07	Directors' Review (Urdu)
09	Condensed Interim Statement of Financial Position
10	Condensed Interim Statement of Profit or Loss
11	Condensed Interim Statement of Comprehensive Income
12	Condensed Interim Statement of Changes in Equity
13	Condensed Interim Statement of Cash Flows
14	Notes to the Condensed Interim Financial Statements

Corporate Information

BOARD OF DIRECTORS

Mr. Rahat Ullah	Chairman / Non-Executive Director
Mrs. Samera Irfan	Chief Executive / Executive Director
Barrister Shahzad Javed Panni	Independent Director
Mrs. Sonia Farooq	Independent Director
Mr. Pir Waris Shah	Non-Executive Director
Mr. Zia Ur Rehman	Non-Executive Director
Mr. Khalil Ur Rehman	Non-Executive Director

AUDIT COMMITTEE

Barrister Shahzad Javed Panni	Chairman
Mr. Khalil Ur Rehman	Member
Mr. Rahat Ullah	Member
Mr. Zia Ur Rehman	Secretary

HUMAN RESOURCE & REMUNERATION COMMITTEE

Mrs. Sonia Farooq	Chairperson
Mr. Pir Waris Shah	Member
Mr. Zia Ur Rehman	Secretary

CHIEF EXECUTIVE

Mrs. Samera Irfan

COMPANY SECRETARY

Mr. Amin Ullah

EXTERNAL AUDITORS

Yousuf Adil
Chartered Accountants

INTERNAL AUDITORS

Shahid Ahmad & Co.
Chartered Accountants

BANKERS

National Bank of Pakistan
MCB Bank Limited
Askari Bank Limited
Habib Metropolitan Bank Limited
Habib Bank Limited
The Bank of Punjab
Samba Bank Limited
Bank Alfalah Limited
The Bank of Khyber

SHARE REGISTRAR

CDC Share Registrar Services Limited
CDC House, 99-B, Block B, S.M.C.H.S.
Main Shahrah-e-Faisal, Karachi

REGISTERED OFFICE & FACTORY

Khyber Tobacco Company Limited
Nowshera Road, Mardan, Khyber Pakhtunkhwa
Tel: +92-937-844668, 844639 · Fax: +92-937-843329
info@khybertobacco.com

Directors' Review

The Board of Directors is pleased to present the un-audited financial results of the Company for the quarter ended September 30, 2026. The quarter marked a strong start to the financial year: net sales nearly doubled and profit after tax rose almost five-fold over the same quarter last year, led by higher leaf tobacco exports.

3,026
Net sales, Rs m
+91% year on year

29.0%
Gross margin
(Q1 FY26: 16.7%)

181
Profit after tax, Rs m
(Q1 FY26: 37)

26.13
Earnings per share, Rs
(Q1 FY26: 5.34)

FINANCIAL RESULTS

Financial highlights Rs. in million	Jul–Sep 2026	Jul–Sep 2025	Change
Turnover – gross	**4,970.45**	3,003.55	**65%**
Turnover – net	**3,026.40**	1,581.64	**91%**
Cost of sales	**2,149.52**	1,318.17	**63%**
Gross profit	**876.88**	263.46	**233%**
Profit before taxation	**479.25**	39.12	**1,125%**
Profit for the period	**180.89**	36.97	**389%**

ECONOMIC AND BUSINESS PERFORMANCE REVIEW

Macroeconomic context

Pakistan's economy grew by 3.65% in FY 2025-26, according to the updated estimates of the National Accounts Committee. The first quarter of FY 2026-27, however, brought renewed pressure. Higher energy and food prices, linked largely to the conflict in the Middle East, pushed headline inflation to 11.1% in August and 10.3% in September 2026, well above the State Bank of Pakistan's medium-term target of 5–7%. The State Bank held the policy rate at 11.5% during the quarter and raised it to 12% on October 26, 2026, which will keep financing costs elevated in the near term. The State Bank projects GDP growth of 3.5–4.5% for FY 2026-27.

Company performance highlights

The first quarter of the financial year coincides with the leaf tobacco procurement season. During the quarter the Company purchased 5.85 million kg of green leaf tobacco at an average price of Rs. 722 per kg, increased local cigarette production to 32,117 cartons (Q1 FY 2025-26: 13,075 cartons) and exported 2.98 million kg of leaf tobacco (Q1 FY 2025-26: 0.82 million kg).

FINANCIAL PERFORMANCE

The Company delivered a significant improvement in its financial results.

Sales performance

Net sales increased by 91% to Rs. 3,026.40 million from Rs. 1,581.64 million in the corresponding quarter last year. Export sales doubled to Rs. 2,410.90 million (Q1 FY 2025-26: Rs. 1,206.12 million) on higher leaf tobacco export volumes, while net local sales rose by 64% to Rs. 615.51 million on the back of a 41% increase in local cigarette sales volume. Management continues to expand the Company's domestic market presence by onboarding new customers and strengthening relationships with the existing client base.

Profitability

- Profit before tax: Rs. 479.25 million (vs. Rs. 39.12 million in PY)
- Profit after tax: Rs. 180.89 million (vs. Rs. 36.97 million in PY)
- Earnings per share: Rs. 26.13 (vs. Rs. 5.34 in PY)

The Company's profitability improved substantially during the quarter. Gross margin rose to 29.0% from 16.7% in the same quarter last year, as higher sales volumes improved the absorption of fixed production costs and raw material consumption fell as a share of net sales.

Profit before tax increased to Rs. 479.25 million from Rs. 39.12 million. This was achieved despite an increase in finance cost to Rs. 146.82 million (Q1 FY 2025-26: Rs. 59.32 million), mainly markup on loans from sponsors, and higher selling and distribution costs of Rs. 92.87 million linked to the growth in exports.

The taxation charge for the quarter was Rs. 298.36 million, comprising current tax of Rs. 170.13 million and deferred tax of Rs. 128.23 million. As a result, profit after tax was Rs. 180.89 million, compared with Rs. 36.97 million in the same quarter last year.

Consequently, earnings per share rose to Rs. 26.13 from Rs. 5.34 last year, reflecting the stronger operating performance and a corresponding improvement in shareholder returns.

Overall, the results reflect a strong start to the financial year. Sustaining export volumes, maintaining cost discipline and reducing the cost of financing will remain the key priorities for the remaining quarters.

OUTLOOK

With inflation and interest rates rising again, the Company expects input and financing costs to remain elevated in the near term. The Company remains well-positioned to build on the first quarter's performance while maintaining its focus on operational excellence and market diversification. Management continues to implement measures to sustain this momentum and create long-term value for all stakeholders.

FUTURE OUTLOOK

The Company remains cautiously optimistic and is well-positioned to navigate challenges related to input costs, financing costs and market conditions:

- Continued focus on cost optimization and operational efficiency.
- Strategic investments in technology and infrastructure to drive productivity.
- Exploring new markets and opportunities for growth both nationally and internationally.
- Strengthening relationships with customers, suppliers, and other stakeholders.

ACKNOWLEDGEMENTS

On behalf of the Board, we would like to express our gratitude to our shareholders, customers, business partners, and employees for their unwavering support and dedication. It is their collective efforts that have enabled the Company to make a strong start to the financial year. We remain committed to creating long-term value for all our stakeholders and look forward to building on this momentum in the coming quarters.

COMPOSITION OF THE BOARD

The total number of directors is seven: five male and two female.

Category	Names
Independent Directors	1) Barrister Shahzad Javed Panni 2) Mrs. Sonia Farooq
Executive Director	1) Mrs. Samera Irfan
Non-Executive Directors	1) Mr. Rahat Ullah (Chairman) 2) Mr. Zia Ur Rehman 3) Mr. Khalil Ur Rehman 4) Mr. Pir Waris Shah
Female Directors	1) Mrs. Samera Irfan 2) Mrs. Sonia Farooq

On behalf of the Board



Mrs. Samera Irfan
Chief Executive Officer



Mr. Rahat Ullah
Chairman

Mardan · October 30, 2026

ڈائریکٹرز کا جائزہ

بورڈ آف ڈائریکٹرز 30 ستمبر 2026 کو ختم ہونے والی سہ ماہی کے لیے کمپنی کے غیر آڈٹ شدہ مالیاتی نتائج پیش کرتے ہوئے خوشی محسوس کرتا ہے۔ یہ سہ ماہی مالی سال کا ایک مضبوط آغاز ثابت ہوئی: گزشتہ سال کی اسی سہ ماہی کے مقابلے میں خالص فروخت تقریباً دوگنی ہو گئی اور بعد از ٹیکس منافع تقریباً پانچ گنا بڑھ گیا، جس کی بنیادی وجہ تمباکو کی برآمدات میں اضافہ ہے۔

مالیاتی نتائج

مالیاتی جھلکیاں روپے ملین میں	جولائی تا ستمبر 2026	جولائی تا ستمبر 2025	تبدیلی
مجموعی فروخت	**4,970.45**	3,003.55	**65%**
خالص فروخت	**3,026.40**	1,581.64	**91%**
لاگتِ فروخت	**2,149.52**	1,318.17	**63%**
مجموعی منافع	**876.88**	263.46	**233%**
قبل از ٹیکس منافع	**479.25**	39.12	**1,125%**
مدت کا منافع	**180.89**	36.97	**389%**

معاشی اور کاروباری کارکردگی کا جائزہ

معاشی صورتحال

نیشنل اکاؤنٹس کمیٹی کے تازہ ترین تخمینوں کے مطابق مالی سال 26-2025 میں پاکستان کی معیشت میں 3.65 فیصد اضافہ ہوا۔ تاہم مالی سال 27-2026 کی پہلی سہ ماہی میں معیشت پر دوبارہ دباؤ دیکھنے میں آیا۔ مشرقِ وسطیٰ کے تنازع سے منسلک توانائی اور خوراک کی بڑھتی ہوئی قیمتوں کے باعث افراطِ زر اگست میں 11.1 فیصد اور ستمبر 2026 میں 10.3 فیصد رہا، جو اسٹیٹ بینک آف پاکستان کے 5 تا 7 فیصد کے درمیانی مدت کے ہدف سے کہیں زیادہ ہے۔ اسٹیٹ بینک نے سہ ماہی کے دوران پالیسی ریٹ 11.5 فیصد پر برقرار رکھا اور 26 اکتوبر 2026 کو اسے بڑھا کر 12 فیصد کر دیا، جس کے باعث قریبی مدت میں مالیاتی لاگت بلند رہے گی۔ اسٹیٹ بینک نے مالی سال 27-2026 کے لیے جی ڈی پی کی شرحِ نمو 3.5 تا 4.5 فیصد رہنے کا اندازہ لگایا ہے۔

کمپنی کی کارکردگی کی جھلکیاں

مالی سال کی پہلی سہ ماہی تمباکو کی خریداری کے سیزن پر مشتمل ہوتی ہے۔ اس سہ ماہی کے دوران کمپنی نے 722 روپے فی کلوگرام کی اوسط قیمت پر 5.85 ملین کلوگرام سبز تمباکو خریدا، مقامی سگریٹ کی پیداوار بڑھا کر 32,117 کارٹن کر دی (گزشتہ سال کی پہلی سہ ماہی: 13,075 کارٹن) اور 2.98 ملین کلوگرام تمباکو برآمد کیا (گزشتہ سال کی پہلی سہ ماہی: 0.82 ملین کلوگرام)۔

مالیاتی کارکردگی

فروخت کی کارکردگی

خالص فروخت گزشتہ سال کی اسی سہ ماہی کے 1,581.64 ملین روپے سے 91 فیصد اضافے کے ساتھ 3,026.40 ملین روپے ہو گئی۔ تمباکو کی برآمدی مقدار میں اضافے کے باعث برآمدی فروخت دوگنی ہو کر 2,410.90 ملین روپے ہو گئی (گزشتہ سال: 1,206.12 ملین روپے)، جبکہ مقامی سگریٹ کی فروخت کی مقدار میں 41 فیصد اضافے کی بدولت خالص مقامی فروخت 64 فیصد بڑھ کر 615.51 ملین روپے ہو گئی۔ انتظامیہ نئے صارفین کو شامل کر کے اور موجودہ صارفین کے ساتھ تعلقات مضبوط بنا کر مقامی مارکیٹ میں کمپنی کی موجودگی بڑھانے کے لیے کوشاں ہے۔

منافع

- قبل از ٹیکس منافع: 479.25 ملین روپے (گزشتہ سال: 39.12 ملین روپے)
- بعد از ٹیکس منافع: 180.89 ملین روپے (گزشتہ سال: 36.97 ملین روپے)
- فی حصص آمدنی: 26.13 روپے (گزشتہ سال: 5.34 روپے)

سہ ماہی کے دوران کمپنی کے منافع میں نمایاں بہتری آئی۔ مجموعی منافع کا مارجن گزشتہ سال کی اسی سہ ماہی کے 16.7 فیصد سے بڑھ کر 29.0 فیصد ہو گیا، کیونکہ فروخت کے زیادہ حجم سے مقررہ پیداواری اخراجات کا بہتر انجذاب ہوا اور خالص فروخت کے تناسب سے خام مال کی کھپت کم ہوئی۔

قبل از ٹیکس منافع 39.12 ملین روپے سے بڑھ کر 479.25 ملین روپے ہو گیا۔ یہ کامیابی مالیاتی لاگت میں 146.82 ملین روپے تک اضافے (گزشتہ سال: 59.32 ملین روپے)، جو بنیادی طور پر اسپانسرز کے قرضوں پر مارک اپ ہے، اور برآمدات میں اضافے سے منسلک 92.87 ملین روپے کے فروخت و ترسیل کے اخراجات کے باوجود حاصل ہوئی۔

سہ ماہی کے لیے ٹیکس کا خرچ 298.36 ملین روپے رہا، جس میں 170.13 ملین روپے کا موجودہ ٹیکس اور 128.23 ملین روپے کا مؤخر ٹیکس شامل ہے۔ نتیجتاً بعد از ٹیکس منافع 180.89 ملین روپے رہا، جو گزشتہ سال کی اسی سہ ماہی میں 36.97 ملین روپے تھا۔ فی حصص آمدنی گزشتہ سال کے 5.34 روپے سے بڑھ کر 26.13 روپے ہو گئی۔

مجموعی طور پر یہ نتائج مالی سال کے مضبوط آغاز کی عکاسی کرتے ہیں۔ برآمدی حجم کو برقرار رکھنا، لاگت پر کنٹرول اور مالیاتی لاگت میں کمی باقی سہ ماہیوں کے لیے کلیدی ترجیحات رہیں گی۔

مستقبل کا منظرنامہ

افراطِ زر اور شرحِ سود میں دوبارہ اضافے کے پیشِ نظر کمپنی توقع رکھتی ہے کہ قریبی مدت میں خام مال اور مالیاتی لاگت بلند رہے گی۔ کمپنی محتاط طور پر پُرامید ہے اور ان چیلنجز سے نمٹنے کے لیے لاگت میں کمی، ٹیکنالوجی میں سرمایہ کاری، نئی منڈیوں کی تلاش اور صارفین، سپلائرز اور دیگر اسٹیک ہولڈرز کے ساتھ تعلقات مضبوط بنانے پر توجہ مرکوز رکھے گی۔

اظہارِ تشکر

بورڈ اپنے حصص یافتگان، صارفین، کاروباری شراکت داروں اور ملازمین کا ان کی مسلسل حمایت اور لگن پر شکریہ ادا کرتا ہے۔ ان کی اجتماعی کوششوں کی بدولت ہی کمپنی مالی سال کا مضبوط آغاز کر سکی۔

بورڈ کی تشکیل

ڈائریکٹرز کی کل تعداد سات ہے: پانچ مرد اور دو خواتین۔

زمرہ	نام
آزاد ڈائریکٹرز	بیرسٹر شہزاد جاوید پنی، مسز سونیا فاروق
ایگزیکٹو ڈائریکٹر	مسز سمیرا عرفان
نان ایگزیکٹو ڈائریکٹرز	جناب راحت اللہ (چیئرمین)، جناب ضیاء الرحمٰن، جناب خلیل الرحمٰن، جناب پیر وارث شاہ
خواتین ڈائریکٹرز	مسز سمیرا عرفان، مسز سونیا فاروق

منجانب بورڈ

مسز سمیرا عرفان
چیف ایگزیکٹو آفیسر

جناب راحت اللہ
چیئرمین

مردان · 30 اکتوبر 2026

Condensed Interim Statement of Financial Position (Un-audited)

AS AT SEPTEMBER 30, 2026

RUPEES

	Note	Sep 30, 2026 Un-audited	Jun 30, 2026 Audited
ASSETS			
Non-current assets			
Property, plant and equipment	5	3,537,584,155	3,584,457,048
Right-of-use asset		36,827,792	49,103,721
Long-term deposits		28,025,410	28,025,410
		3,602,437,357	**3,661,586,179**
Current assets			
Stock in trade		13,449,312,723	10,552,438,144
Stores, spare parts and other inventory		51,866,680	41,341,057
Trade debts		1,449,331,778	1,568,556,311
Advances, prepayments and other receivables		351,939,218	216,384,384
Advance income tax		422,270,742	369,605,906
Taxes refundable		3,058,027,236	3,252,027,236
Cash and bank balances		296,176,217	78,513,177
		19,078,924,594	**16,078,866,215**
Total assets		**22,681,361,951**	**19,740,452,394**
EQUITY AND LIABILITIES			
Share capital and reserves			
Issued, subscribed and paid-up capital		69,226,040	69,226,040
Surplus on revaluation of property, plant and equipment – net of tax		1,005,893,341	1,024,496,275
Unappropriated profit		1,784,010,145	1,584,513,269
		2,859,129,526	**2,678,235,584**
Non-current liabilities			
Employee benefits		217,621,606	210,615,825
Deferred tax liability – net		444,137,067	315,903,030
		661,758,673	**526,518,855**
Current liabilities			
Trade and other payables		16,620,724,962	14,601,096,017
Lease liability – current portion		289,853,943	282,923,710
Loans from directors, sponsors and bank	6	1,413,835,638	1,113,835,638
Accrued markup on loans from sponsors – unsecured		532,716,790	404,625,692
Unclaimed dividend		16,647,518	16,647,518
Provision for taxation		286,694,901	116,569,380
		19,160,473,752	**16,535,697,955**
Total equity and liabilities		**22,681,361,951**	**19,740,452,394**
Contingencies and commitments	7		

The annexed notes 1 to 12 form an integral part of these condensed interim financial statements.



Chief Executive



Director



Director

Condensed Interim Statement of Profit or Loss (Un-audited)

FOR THE QUARTER ENDED SEPTEMBER 30, 2026

RUPEES

	Note	Sep 30, 2026 Quarter ended	Sep 30, 2025 Quarter ended
Revenue from contracts with customers – net	8	3,026,402,393	1,581,637,724
Cost of sales	9	(2,149,523,137)	(1,318,174,405)
Gross profit		**876,879,256**	**263,463,319**
Administrative expenses		(145,496,762)	(140,838,644)
Selling and distribution cost		(92,872,830)	(40,224,567)
Impairment loss on financial assets		(12,440,232)	–
Finance cost		(146,817,991)	(59,318,987)
		(397,627,815)	**(240,382,198)**
Other operating income		2,059	16,034,111
Profit before taxation		**479,253,500**	**39,115,232**
Taxation	10	(298,359,558)	(2,143,397)
Profit for the period		**180,893,942**	**36,971,835**
Earnings per share – basic and diluted (Rupees)		26.13	5.34

The annexed notes 1 to 12 form an integral part of these condensed interim financial statements.

Chief Executive	Director	Director

Condensed Interim Statement of Comprehensive Income (Un-audited)

FOR THE QUARTER ENDED SEPTEMBER 30, 2026

RUPEES

	Note	Sep 30, 2026 Quarter ended	Sep 30, 2025 Quarter ended
Profit for the period		180,893,942	36,971,835
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss		–	–
Items that may be reclassified subsequently to profit or loss		–	–
Total comprehensive income for the period		**180,893,942**	**36,971,835**

The annexed notes 1 to 12 form an integral part of these condensed interim financial statements.



Chief Executive



Director



Director

Condensed Interim Statement of Changes in Equity (Un-audited)

FOR THE QUARTER ENDED SEPTEMBER 30, 2026

RUPEES

	Share capital	Revaluation surplus Capital reserve	Unappropriated profit Revenue reserve	Total
Balance as at July 01, 2025	**69,226,040**	**239,962,935**	**2,626,110,412**	**2,935,299,387**
Profit for the quarter	–	–	36,971,835	36,971,835
Other comprehensive income for the quarter	–	–	–	–
Total comprehensive income for the quarter	–	–	**36,971,835**	**36,971,835**
Transfer from revaluation surplus on account of incremental depreciation – net of tax	–	(4,345,564)	4,345,564	–
Balance as at September 30, 2025	**69,226,040**	**235,617,371**	**2,667,427,811**	**2,972,271,222**
Balance as at July 01, 2026	**69,226,040**	**1,024,496,275**	**1,584,513,269**	**2,678,235,584**
Profit for the quarter	–	–	180,893,942	180,893,942
Other comprehensive income for the quarter	–	–	–	–
Total comprehensive income for the quarter	–	–	**180,893,942**	**180,893,942**
Transfer from revaluation surplus on account of incremental depreciation – net of tax	–	(18,602,934)	18,602,934	–
Balance as at September 30, 2026	**69,226,040**	**1,005,893,341**	**1,784,010,145**	**2,859,129,526**

The annexed notes 1 to 12 form an integral part of these condensed interim financial statements.

Chief Executive | Director | Director

Condensed Interim Statement of Cash Flows (Un-audited)

FOR THE QUARTER ENDED SEPTEMBER 30, 2026

RUPEES

	Note	Sep 30, 2026 Quarter ended	Sep 30, 2025 Quarter ended
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		479,253,500	39,115,232
Adjustments for:			
Depreciation		72,251,809	72,966,950
Provision for staff retirement benefits		11,627,664	14,802,790
Impairment loss on financial assets		12,440,232	–
Finance cost		146,817,991	59,318,987
		243,137,696	**147,088,727**
Cash flows before working capital changes		**722,391,196**	**186,203,959**
Working capital changes: (increase) / decrease in current assets and increase in current liabilities			
Stock in trade		(2,896,874,579)	(5,185,218,832)
Stores, spare parts and loose tools		(10,525,623)	(10,109,249)
Trade debts		119,224,533	(1,429,598,315)
Advances, prepayments and other receivables		(135,554,834)	80,810,633
Taxes refundable		194,000,000	–
Advance income tax		(52,664,836)	(36,916,564)
Trade and other payables		2,019,628,945	5,753,042,615
		(762,766,394)	**(827,989,712)**
Cash used in operations		**(40,375,198)**	**(641,785,753)**
Gratuity paid		(4,621,883)	(3,817,195)
Income tax paid		(29,413,409)	(14,268,395)
Finance cost paid		(550,221)	(352,688)
		(34,585,513)	**(18,438,278)**
Net cash used in operating activities		**(74,960,711)**	**(660,224,031)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment		(7,376,250)	(32,168,972)
Proceeds from disposal of property, plant and equipment		–	(300,000)
Net cash used in investing activities		**(7,376,250)**	**(32,468,972)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Short-term loan obtained		300,000,001	91,000,000
Net cash generated from financing activities		**300,000,001**	**91,000,000**
Net increase / (decrease) in cash and cash equivalents		**217,663,040**	**(601,693,003)**
Cash and cash equivalents at the beginning of the period		78,513,177	1,311,260,839
Cash and cash equivalents at the end of the period		**296,176,217**	**709,567,836**

The annexed notes 1 to 12 form an integral part of these condensed interim financial statements.



Chief Executive



Director



Director

Notes to the Condensed Interim Financial Statements (Un-audited)

FOR THE QUARTER ENDED SEPTEMBER 30, 2026

1 THE COMPANY AND ITS OPERATIONS

Khyber Tobacco Company Limited ("the Company") is a public limited company incorporated in Pakistan on October 15, 1954 under the Companies Act, 1913 (now the Companies Act, 2017) and is listed on the Pakistan Stock Exchange Limited. The Company is engaged in the manufacture and sale of cigarettes and tobacco. The registered office and production plant of the Company are situated at Nowshera Road, Mardan, Khyber Pakhtunkhwa.

2 BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

2.1 These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. These comprise International Accounting Standard (IAS) 34, *Interim Financial Reporting*, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017, and the provisions of and directives issued under the Companies Act, 2017. Where the provisions of and directives issued under the Companies Act, 2017 differ from the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 These condensed interim financial statements do not include all the information and disclosures required in annual financial statements and should be read in conjunction with the audited annual financial statements of the Company for the year ended June 30, 2026. They are un-audited and are being submitted to the shareholders as required by section 237 of the Companies Act, 2017.

2.3 The comparative statement of financial position is extracted from the audited annual financial statements for the year ended June 30, 2026, whereas the comparative statements of profit or loss, comprehensive income, changes in equity and cash flows are extracted from the un-audited condensed interim financial statements for the quarter ended September 30, 2025.

2.4 These condensed interim financial statements have been prepared under the historical cost convention, except for buildings, plant and machinery and furniture and fittings, which are carried at revalued amounts, and employee benefits, which are measured at present value. They are presented in Pakistani Rupees, the Company's functional currency, and figures have been rounded to the nearest rupee.

3 MATERIAL ACCOUNTING POLICIES, ESTIMATES AND JUDGEMENTS

3.1 The accounting policies and methods of computation adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the audited annual financial statements for the year ended June 30, 2026.

3.2 The significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty are the same as those applied to the annual financial statements for the year ended June 30, 2026. Income tax expense for the interim period is recognised on the basis of management's best estimate of the tax rates expected to apply to the full financial year.

3.3 Amendments to accounting and reporting standards that became effective for the Company's accounting period beginning on July 1, 2026 do not have any significant impact on these condensed interim financial statements.

4 SEASONALITY OF OPERATIONS

The Company's leaf tobacco procurement takes place mainly during the first quarter of the financial year. Stock in trade and trade and other payables are therefore seasonally higher at September 30 than at the financial year end.

5 PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets are carried under the revaluation model for buildings, plant and machinery and furniture and fittings. The movement during the period is as follows:

Rupees	Sep 30, 2026 Un-audited
Opening written down value	3,584,457,048
Additions during the period – tools and electrical appliances	7,376,250
Additions to capital work in progress – machinery	5,726,736
Depreciation charged during the period	(59,975,879)
Closing written down value	**3,537,584,155**

6 LOANS FROM DIRECTORS, SPONSORS AND BANK

	Sep 30, 2026 Un-audited	Jun 30, 2026 Audited
Loans from sponsors and directors – unsecured	1,113,835,638	1,113,835,638
Short-term loan – Askari Bank Limited	300,000,000	–
	1,413,835,638	**1,113,835,638**

6.1 Loans from sponsors and directors are unsecured and are payable on demand. Their terms are as disclosed in the audited annual financial statements for the year ended June 30, 2026. Markup accrued on these loans is shown separately in the statement of financial position.

6.2 This represents short-term finance obtained during the quarter from Askari Bank Limited under the working capital facilities renewed in July 2026. It carries markup at three-month KIBOR plus 1.50% per annum and is secured by an exclusive charge over plant and machinery and the personal guarantees of the directors.

7 CONTINGENCIES AND COMMITMENTS

There has been no significant change in the status of contingencies and commitments as disclosed in the audited annual financial statements for the year ended June 30, 2026.

8 REVENUE FROM CONTRACTS WITH CUSTOMERS – NET

	Sep 30, 2026 Quarter ended	Sep 30, 2025 Quarter ended
Gross turnover		
– Local	2,559,554,265	1,797,432,680
– Export	2,410,896,630	1,206,118,298
	4,970,450,895	**3,003,550,978**
Government levies		
– Federal excise duty	1,486,114,000	1,091,840,300
– Sales tax	370,388,066	273,785,732
	1,856,502,066	**1,365,626,032**
Discounts	87,546,436	56,287,222
	3,026,402,393	**1,581,637,724**

9 COST OF SALES

	Sep 30, 2026 Quarter ended	Sep 30, 2025 Quarter ended
Raw and packing material consumed	1,872,808,200	1,015,356,714
Salaries, wages and benefits	73,355,764	31,953,753
Fuel and power	70,902,492	5,684,404
Stores and inventory consumed	12,075,560	5,201,591
Repair and maintenance	319,469	402,727
Rent	14,264,702	3,675,732
Depreciation (including right-of-use asset)	69,744,197	68,122,969
Tobacco loading and unloading	1,537,291	917,906
	2,115,007,675	**1,131,315,796**
Opening work in process	56,710,506	–
Closing work in process	(8,922,905)	(4,487,394)
Cost of goods manufactured	**2,162,795,276**	**1,126,828,402**
Opening finished goods	75,185,282	338,853,829
Closing finished goods	(88,457,421)	(147,507,826)
	2,149,523,137	**1,318,174,405**

10 TAXATION

Rupees	Sep 30, 2026 Quarter ended
Current tax	170,125,521
Deferred tax	128,234,037
	298,359,558

The charge for the comparative quarter ended September 30, 2025 was Rs. 2,143,397.

11 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Related parties comprise directors, sponsors, key management personnel and entities under their control. Remuneration of key management personnel is in accordance with their terms of employment.

	Sep 30, 2026 Un-audited	Jun 30, 2026 Audited
Balances		
Loans from sponsors and directors – unsecured	1,113,835,638	1,113,835,638
Accrued markup on loans from sponsors	532,716,790	404,625,692

During the quarter, markup of Rs. 128,091,098 was charged on loans from sponsors.

12 DATE OF AUTHORISATION FOR ISSUE AND GENERAL

12.1 These condensed interim financial statements were authorised for issue by the Board of Directors of the Company in its meeting held on October 30, 2026.

12.2 Corresponding figures have been re-arranged and re-classified, wherever necessary, for the purpose of better presentation. No significant re-arrangements or re-classifications have been made in these condensed interim financial statements.

12.3 Figures have been rounded off to the nearest rupee unless otherwise stated.

Chief Executive	Director	Director

KTC

KHYBER TOBACCO COMPANY

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