KTC
KHYBER TOBACCO COMPANY

CORPORATE BRIEFING SESSION

Financial Year 2026

Audited results for the year ended 30 June 2026

27 November 2026 · 2:30 pm · Nowshera Road, Mardan and online



AGENDA

Today’s session

01 Company overview and FY2026 highlights

02 Operations, markets and material developments

03 Audited results: profit or loss, financial position, cash flows and key notes

04 Priorities, outlook and questions

CHIEF EXECUTIVE
Mrs. Sameera Irfan

CHIEF FINANCIAL OFFICER
Mr. Muhammad Ahsan Maqbool Ranjha

COMPANY SECRETARY
Mr. Amin Ullah

COMPANY OVERVIEW

Khyber Tobacco at a glance

1954
Incorporated; listed on the Pakistan Stock Exchange

9,288m
Cigarettes a year: installed production capacity

279,844
Square feet of production facilities, Nowshera Road, Mardan

496
Employees at year end (2025: 575)

What we make

- Cigarettes: Gold Street International, Gold Street Classic and Pine Passion SKY, licensed by KT&G Corporation, Korea
- Re-dried and cut tobacco, sold locally and exported

How we are governed

- Board of seven: six non-executive (two independent) and one executive; two women directors
- Separate Chairman (Mr. Rahat Ullah) and Chief Executive
- Auditors: Yousuf Adil, Chartered Accountants

FY2026 HIGHLIGHTS

The year in six numbers

NET REVENUE

Rs 9,326m

Down 5.7% from Rs 9,891m

GROSS PROFIT

Rs 131m

Margin 1.4% (2025: Rs 1,775m, 17.9%)

LOSS AFTER TAX

Rs (1,021)m

2025: profit of Rs 275m

LOSS PER SHARE

Rs (147.45)

2025: earnings of Rs 39.67

EXPORT SALES

Rs 6,372m

68.3% of net revenue (2025: Rs 7,234m)

PAID TO THE EXCHEQUER

Rs 8.79bn

Excise duty, sales tax and other levies

No dividend has been recommended for FY2026. Figures in Pakistani rupees; brackets show losses.

OPERATIONS

Production fell; tobacco sales volumes rose

Product	Measure	2026	2025	Change
Re-dried tobacco	Production, kg	5,097,082	9,733,836	−47.6%
	Sales, kg	4,159,845	3,913,630	+6.3%
Cut tobacco	Production, kg	1,586,135	1,879,201	−15.6%
	Sales, kg	607,850	382,970	+58.7%
Cigarettes	Production, m sticks	933.82	1,522.00	−38.6%
	Sales, m sticks	1,031.24	1,446.80	−28.7%

10%

of the 9,288 million-stick cigarette capacity was used. Note 33.1 cites lower market demand.

+58.7%

rise in cut tobacco sales volume, to 607,850 kg

Source: Directors’ Report; Note 33 to the financial statements

EXPORT MARKETS

Europe grew as Asia and Africa fell

Gross sales	2026	2025
Asia	**Rs 4,008m**	Rs 4,801m
Europe	**Rs 2,080m**	Rs 1,315m
South America	**Rs 252m**	Nil
North America	**Rs 33m**	Rs 348m
Africa	**Nil**	Rs 770m
Total exports	**Rs 6,372m**	Rs 7,234m

Rs 8,199m

Gross tobacco sales, down 30.4% (2025: Rs 11,783m)

Rs 7,616m

Gross cigarette sales, up 1.8% (2025: Rs 7,484m)

Source: Note 23.1 to the financial statements (gross revenue by market and product)

MATERIAL DEVELOPMENTS

What changed during the year

KT&G licence

Pine Passion SKY is made under licence from KT&G Corporation, Korea. Royalty is accrued provisionally until the definitive agreement is signed.

Asset revaluation

Property, plant and equipment was revalued, adding a Rs 1,094m surplus. PP&E rose 30.9% to Rs 3,584m.

Plant and quality

Upgrades in primary production, cigarette making and packing to lift re-dried tobacco and cigarette quality.

Track & Trace

Full compliance with the Track & Trace system, which the Government is extending to other tobacco and nicotine products.

Sponsor funding

Sponsors lent a further Rs 111m and Rs 60m was repaid, leaving Rs 1,114m outstanding at year end.

Capital spending

Additions to fixed assets were held to Rs 46m (2025: Rs 200m) to conserve cash.

Source: Notes 7, 12, 24.4 and the statement of cash flows; Directors' Report

AUDITED RESULTS · PROFIT OR LOSS

Statement of profit or loss

Rs million	2026	2025	Change
Net revenue	9,325.6	9,890.7	–5.7%
Cost of sales	(9,194.4)	(8,115.9)	+13.3%
Gross profit	131.1	1,774.8	–92.6%
Administrative expenses	(348.1)	(362.2)	–3.9%
Selling and distribution expenses	(465.3)	(324.6)	+43.3%
Expected credit loss	(47.4)	(104.4)	–54.6%
Operating (loss) / profit	(729.6)	983.6	n.m.
Other income less other expenses	(29.2)	(240.6)	n.m.
Finance cost	(213.3)	(328.7)	–35.1%
(Loss)/profit before final & revenue tax	(972.1)	414.3	n.m.
Taxation, incl. minimum tax differential	(48.6)	(139.7)	n.m.
(Loss) / profit after tax	(1,020.7)	274.6	n.m.

1.4%

Gross margin (2025: 17.9%)

Rs (147.45)

Loss per share (2025: earnings of Rs 39.67)

Source: Audited statement of profit or loss. n.m. = not meaningful

AUDITED RESULTS · DRIVERS

Gross margin fell from 17.9% to 1.4%

What weighed on results

Rs 46m
NRV stock provision (2025: Rs 28m)

+10.6%
Material consumed, Rs 8,160m; revenue −5.7%

+43.3%
Selling and distribution costs, Rs 465m

What helped

−35.1%
Finance cost, Rs 213m (2025: Rs 329m)

Rs 51m
Other expenses (2025: Rs 261m)

−54.6%
Expected credit loss, Rs 47m (2025: Rs 104m)

Source: Statement of profit or loss; statement of cash flows; Notes 24 and 26

AUDITED RESULTS · FINANCIAL POSITION

A larger balance sheet with tighter liquidity

Assets, Rs million	2026	2025
Property, plant and equipment	3,584.5	2,737.5
Other non-current assets	77.1	119.2
Stock in trade	10,552.4	10,339.5
Trade debts	1,568.6	957.3
Taxes refundable and advance tax	3,621.6	921.9
Cash and bank balances	78.5	1,311.3
Other current assets	257.7	336.6
Total assets	19,740.5	16,723.3

Equity and liabilities	2026	2025
Equity	2,678.2	2,935.3
Trade and other payables	14,601.1	11,705.3
Sponsor loans and markup	1,518.5	1,320.5
Other liabilities	942.6	762.1
Total	19,740.5	16,723.3

Rs (457)m
Working capital (2025: Rs 472m)

0.97×
Current ratio (2025: 1.04×)

Source: Audited statement of financial position

AUDITED RESULTS · CASH FLOWS

Tax and levy payments absorbed operating cash

Rs million	2026	2025
Cash flow before working capital changes	546.6	1,848.2
Working capital changes	1,489.6	240.4
Cash generated from operations	2,036.3	2,088.6
Sales tax and excise duty paid	(2,546.0)	(573.1)
Income tax paid	(428.1)	(446.8)
Tobacco cess paid	(253.4)	(417.3)
Gratuity, finance cost and other payments	(33.7)	(262.9)
Net cash from operating activities	(1,225.0)	388.6
Investing activities	(52.6)	(186.2)
Financing activities	48.5	154.4
Cash and bank balances at year end	78.5	1,311.3

Rs 3.26bn

paid in taxes, levies and other items during the year (2025: Rs 1.70bn)

Rs (1,271)m

Free cash flow after Rs 46m of capital spending (2025: Rs 189m)

Source: Audited statement of cash flows. Year-end cash is after a Rs 3.6m exchange loss.

Key ratios

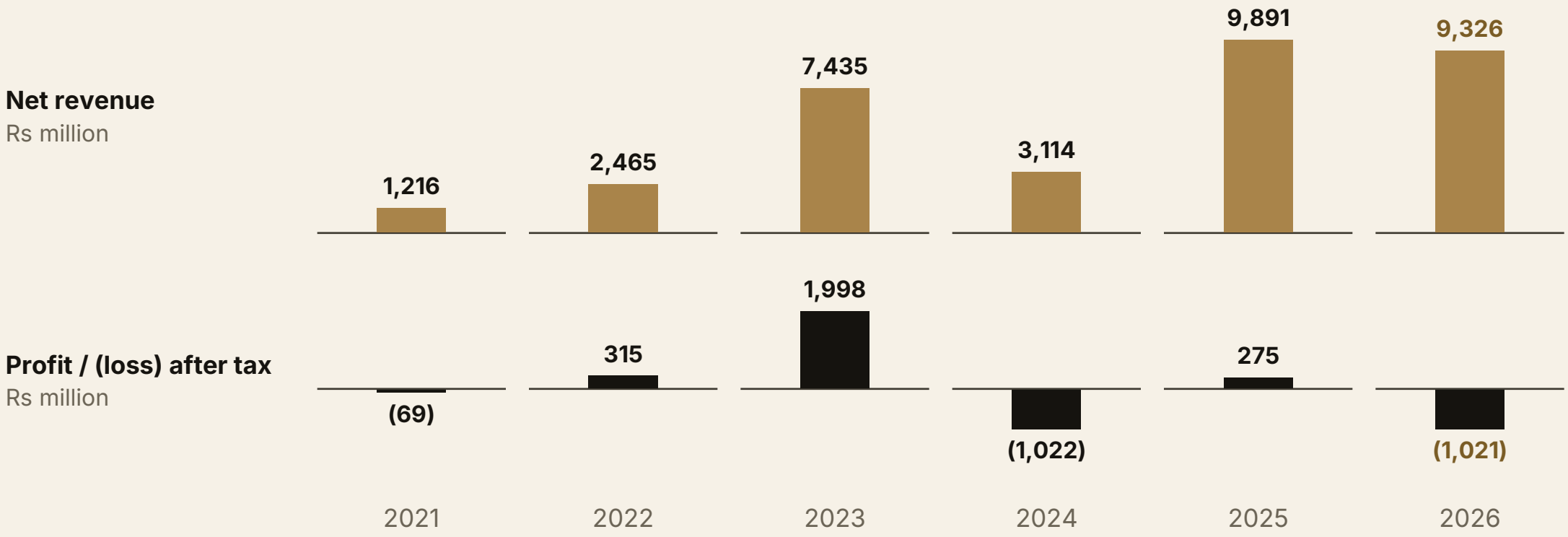
Profitability and returns	2026	2025
Gross profit margin	1.41%	17.94%
Net profit margin	(10.95)%	2.78%
Return on equity	(38.11)%	9.36%
Earnings per share, Rs	(147.45)	39.67
Break-up value per share, Rs	386.88	424.02

Liquidity and efficiency	2026	2025
Current ratio	0.97×	1.04×
Quick ratio	0.33×	0.26×
Debt to equity	6.37×	4.70×
Inventory days	415	374
Receivable days	49	43
Payable days	522	273

Ratios as published in the Annual Report 2026 (Financial Performance). Break-up value per share is equity divided by 6,922,604 shares.

AUDITED RESULTS · SIX-YEAR VIEW

Revenue and results since 2021



Source: Annual Report 2026, Financial Performance of Six Years

AUDITED RESULTS · KEY NOTES

What the auditors and notes highlight

Auditors’ opinion

Unmodified opinion from Yousuf Adil, Chartered Accountants, dated 7 October 2026.

Key audit matters

Revenue recognition, and valuation of stock in trade: Rs 10,552m, 53% of total assets.

Going concern (Note 1.2)

Current liabilities exceed current assets by Rs 457m. The company relies on sponsor loans and is seeking new export customers.

Sponsor loans (Notes 12–13)

Unsecured loans of Rs 1,114m from sponsors, with Rs 405m of markup accrued.

Comprehensive loss

The Rs 1,094m revaluation surplus offset most of the loss: total comprehensive loss was Rs 257m.

Tax matters (Note 14)

Several income tax, sales tax and excise assessments are under appeal at various forums.

Source: Independent auditor’s report; notes to the financial statements

Management priorities

Strengthen liquidity

- Recover Rs 3.25bn of refundable taxes
- Collect Rs 1.57bn of trade debts
- Convert Rs 10.55bn of stock into sales
- Reduce reliance on sponsor loans and trade credit

Grow exports and quality

- Expand tobacco and cigarette exports, led by re-dried tobacco
- Continue upgrades in primary production, cigarette making and packing
- Tackle export challenges: rising costs, non-recommended tobacco varieties and foreign matter in leaf

Forward-looking statements reflect management’s current expectations as set out in the Directors’ Report. They are not forecasts, and actual results may differ.

Source: Directors’ Report (Future Prospects); Cash Flow Analysis

QUESTIONS AND ANSWERS

Thank you

Questions and feedback: www.khybertobacco.com · ktcl.accounts@khybertobacco.com

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