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New opportunities for Eastern Company

In response to the information that has been announced by some press sources and international news agencies regarding tendering a new license to produce cigarettes by the Industrial Development Authority outside the borders of the Eastern Company, it became clear that the Authority had actually issued a conditions brochure for the aforementioned subject, and several companies were invited to enter into this industry, which is inherent right of the authority to issue such operating licenses, and there several conditions to apply for this auction system managed by the industrial development authority, as the competition is always in the consumer benefit, and at the international level it raises Egypt's rating investment grade from the rating investment agencies .

The Board was informed of the details of the study, and what was stated in the brochure of conditions , and one of the conditions of it is to allow the General Assembly of Eastern Company to share with 24% in the capital of the new company without paying its share in the cost of the license, which will achieves a partial replacement For any loss that may be caused to Eastern co. in the event that one of its current clients leaves and obtains the new license, especially in light of the requirement that the new license includes the manufacturing of new electronic cigarettes, which is not present in the current agreements.

It is worth mentioning that one of the conditions of the proposed new license is that the new company does not have the right to produce cigarettes in the same cigarettes price category controlled and manufacturing by Eastern Company, which represents 98% of its total revenues, accordingly this will guarantees that there is no competitive threat from the new company on the Eastern Company's main products.

In the same context, the current board of directors, which assumed responsibility since mid-2019, had formed a group of committees, including the risk committee, its top priority was how to deal with the entry of a new competitor in the cigarette manufacturing sector, and new plans were prepared to deal with This important situation , and also Eastern Company currently studying several important projects that will be announced consecutively, which will have a positive impact on the company's results and strengthen its position as a leading company in its field and ensure its future growth.

A summary of the above; The volume of Eastern Company's business has witnessed unprecedented growth since 2019, whether in terms of production, sales or profits, and that the entry of a new competitor not concerned with the cigarette segment (Cleopatra) will not have a fundamental impact on the volume of Eastern Company's business, the partnership in the new entity will allow Eastern Co. to compete in the segment of new smoking technologies trend. Also, Eastern is preparing a group of important projects that will have a great positive impact.

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