First Quarter 2023 Results

Alexandria, 16th May 2023 – Lecico Egypt (Stock symbols: LCSW.CA; LECI EY) announces its consolidated results for the first quarter 2023.

Highlights

1Q 2023

- Lecico revenue up 63% to LE 1,216.7 million (64.8% from sanitary ware).
- Sanitary ware revenue up 83% to LE 788 million, volumes down 15% to 1.1 million (71.6% exports).
- Tile revenue up 37% to LE 358.3 million, volumes down 5% to 5.6 million square meters (10.5% exports).
- Brassware revenue up 33% to LE 70.5 million, sales volume down 20% to 51,396 pieces.
- EBIT profit of LE 306.4 million compared to EBIT profit of LE 30.6 million in 1Q 2022.
- Net profit of LE 89 million compared to net profit of LE 29.3 million in 1Q 2022.

Lecico Egypt Chairman, Gilbert Gargour commented, "I am pleased to report a very strong first quarter for 2023 where the devaluation of the Egyptian Pound and local and export price increases led to a significant increase in our profitability and margins.

"Lecico has been working hard for years against the significant headwinds of a strengthening currency and high inflation that squeezed our export-led business year after year.

"Over those years Lecico has become leaner and smarter doing more with less and learning to unlock the value in our fixed assets and working capital. We have improved processes, restructured our international subsidiaries and built efficiency gains through local expertise."

"I am very proud to see the fruits of this hard from all the team and management bear fruit in this improved operating environment and I look forward to seeing that continue in the months ahead. I thank you for your continued interest and support of Lecico."

Taher Gargour, Lecico Egypt CEO, added, "The main driver of the strong improvement in results this quarter came from the devaluation coupled with price increases.

"Revenue for the quarter was up 63% year-on-year up 28% on last quarter despite lower sales volumes due to the impact of the devaluation combined with price increases and mix changes.

"This quarter, we have switched reporting in Lebanon to match IAS standards for hyperinflation using the official Sayrafa rate, which means that our gross and operating margins in Lebanon are much closer aligned to the market rate we actually operate with, and Lebanon's official exchange rate is not distorting our consolidated results in the same way it did in 2022. This should improve our gross and operating margins by a couple of percentage points at least over 2022. So far, this is only a management accounting exercise. We have discussed the P&L and balance sheet changes in 1Q 2023 with our consultants and auditors in

Lebanon and we believe they are largely accurate and more meaningful than using official exchange rates. However, in order to finalize audited hyperinflation accounts, we are now reviewing 1Q 2023 and past years accounts with our auditor in Lebanon and we expect some restatement of 2022 results will likely be necessary to meet all IAS accounting standards for hyperinflation accounting.

“Gross profit for the quarter was up 231% year-on-year and up 156% on last quarter with margins effectively doubling to reach 41% for the quarter. As the Chairman mentioned, we believe this margin level will fall as cost inflation catches up with the price inflation coming from the devaluation, but I believe we have done enough to raise core prices and improve productivity that margins should remain significantly higher than last year even as costs catch up with us.

“Demand in the quarter was below the average seen last year in volume terms with inflation affecting consumption in Egypt and our export business feeling some pressure from slowing markets in Europe and the Middle East. The second quarter will see similar pressure with Ramadan and extended Eid vacations significantly lowering sales in April. We remain optimistic that we will deliver sales volume growth over 2022 despite these challenges as we expand sales with some key OEM customers and better penetrate markets in Europe in the year ahead.

“While our restatement of Lebanon on Sayrafa rates has given us an improved and more accurate picture of operational profits at a group level, we did incur some additional provisions and exchange losses as a result this quarter as the rate changed in Lebanon. A large part is due to the historic balance Lecico Lebanon owes Lecico Egypt in dollars needing to be restated as exchange rates changed. We are looking to swap this inter-company receivable for land in Lebanon once the government strikes in Lebanon ease.

“Despite this, I am pleased to a strong improvement in operating profits and a healthy bottom line for the quarter. As expected, the significant devaluation of the Egyptian Pound in the fourth quarter of 2022 and the first quarter of 2023 put us in a good position to build on the strong improvement seen in 2022. Without the obscuring effect of too many exceptional items and with Lebanon accounts now closer matching operational reality, this should be a good year for Lecico.

“As we look ahead to the rest of 2023, our margins should reduce as the year goes on with high inflation in Egypt affecting local costs and the devaluation affects affecting the costs of our materials in the coming months as older imported materials are replaced with new stock. Nonetheless, we aim to maintain a significant improvement in average margins over last year as we benefit in our export business from the devaluation and in production from continued gains in efficiency and economies of scale.

“We remain conscious of the risks to global and Egyptian demand, and we have seen a slow start to both this year and a significant further drop in sales around Ramadan holidays in April. We are working to offset any potential drop in demand with new products, new customers and better penetration in our key markets. I thank you for your continued interest and support of Lecico.”

“We will also be focusing on inventory control and cash management in the coming quarters as our inventories and debts have grown in the last few quarters as we secured extra stocks to offset the risks of supply in Egypt and for certain key raw materials and our balance sheet began to inflate on the back of the devaluation of the Pound requiring more debt.

“Lecico is in the middle of a very volatile trading period, but we are working hard to preserve this strong improvement in our financial results seen this quarter in the face of these uncertainties as the year progresses.”

Lecico Revenue and Profitability

Profit and loss statement highlights	1Q		%
(LE m)	2023	2022	23/22
Sanitary ware	788.0	430.6	183%
Tiles	358.3	262.1	137%
Brassware	70.5	52.9	133%
Sales	**1,216.7**	**745.5**	**163%**
Sanitary ware/sales (%)	64.8%	57.8%	7.0%
Cost of sales	(716.3)	(593.2)	121%
Cost of sales/sales (%)	(58.9%)	(79.6%)	(20.7%)
Gross profit	**500.5**	**152.3**	**329%**
Gross profit margin (%)	41.1%	20.4%	20.7%
Distribution and administration (D&A)	(149.8)	(97.2)	154%
D&A/sales (%)	(12.3%)	(13.0%)	(0.7%)
Net other operating income/ (expense)	(44.3)	(24.5)	181%
Net other operating income/ (expense) sales (%)	(3.6%)	(3.3%)	0.4%
EBIT	**306.4**	**30.6**	**1002%**
EBIT margin (%)	25.2%	4.1%	21.1%
Net profit (loss)	**89.0**	**29.3**	**304%**
Net profit margin (%)	7.3%	3.9%	3.4%

1Q 2023: Devaluation drives strong recovery and LE 89m net profit

Lecico reported a net profit of LE 89 million for the quarter as sanitary ware exports results benefitted from a strong devaluation and all segments saw local prices increases that covered the initial impact of inflation. All key profit lines showed a strong improvement on core operations.

The switch to reporting Lebanon on the “Sayrafa” exchange rate and using hyper-inflation accounting treatment in line with IAS 21 and 29 also improved operating profit as COGs and overheads are now much closer to the real black market exchange rate on which the country and our subsidiary operate.

Lecico revenues for the first quarter increased by 63% year-on-year to reach LE 1,216.7 million (1Q 2022: LE 745.5 million) with higher prices driving up revenues in all segments. Local revenues were up 42% year-on-year to reach LE 528.1 million (1Q 2022: LE 371.3 million) and export revenues were up 84% year-on-year to reach LE 688.7 million (1Q 2022: LE 374.2 million).

Quarter-on-Quarter revenues increased by 28% (4Q 2022: LE 950.4 million). Local revenues increased 15% quarter-on-quarter to reach LE 528.1 million (4Q 2022: LE 460 million) and exports increased 40% quarter-on-quarter to reach LE 688.7 million (4Q 2022: LE 490.4 million) despite lower volumes in both tiles and sanitary ware.

Lecico’s cost of goods sold increased by 21% year-on-year to LE 716.3 million (1Q 2022: LE 593.2 million).

Quarter-on-Quarter Lecico’s cost of goods sold decreased by 5% (4Q 2022: LE 753.2 million) with lower sales volumes offsetting cost inflation.

Lecico’s gross profit for the first quarter increased 229% year-on-year to LE 500.5 million (1Q 2022: LE 152.3 million) primarily on the back of price increases and devaluation driving a strong improvement in all segments. Lecico’s gross profit margin increased 20.7 percentage points to 41.1% compared to 20.4% in the same period last year. Management estimates that approximately 2 percentage points of this improvement also come from the switch of Lecico Lebanon to hyper-inflation accounting.

Quarter-on-quarter gross profit increased by 154% (4Q 2022: LE 197.2 million) and Lecico’s gross margin increased 20.4 percentage points (4Q 2022: 20.7%).

In absolute terms, distribution and administration (D&A) expenses increased by 54% to LE 149.8 million (1Q 2022: LE 97.2 million), but proportional D&A expenses were down by 0.7 percentage points to 12.3% (1Q 2022: 13%).

Quarter-on-quarter distribution and administration (D&A) expenses increased by 15% (4Q 2022: LE 129.8 million), but proportional D&A expenses were down by 1.3 percentage points (4Q 2022: 13.7%). Management estimates that proportional D&A expenses were reduced 2 percentage points quarter-on-quarter due to the switch of Lecico Lebanon to hyper-inflation accounting however the devaluation saw some increase in other subsidiaries

Lecico reported LE 44.3 million in net other operating expenses compared to net other operating expenses of LE 24.5 million in the same period last year. The increase of net other operating expenses in the first quarter of 2023 due to LE 44 million provisions taken against inventory in Lebanon.

Quarter-on-quarter Lecico reported LE 44.3 million in net other operating expenses compared to net other operating income of LE 2.2 million in 4Q 2022.

Lecico EBIT profit of rose LE 275.8 million to LE 306.4 million (1Q 2022: LE 30.6 million) and Lecico’s EBIT margin increased 21 percentage points to 25% (1Q 2022: 4%).

Quarter-on-quarter Lecico’s EBIT profit rose by LE 236.8 million (4Q 2022: LE 69.6 million) and the EBIT margin increased 18 percentage points (4Q 2022: 7.3%).

Lecico reported LE 129.3 million in net financing expenses compared to net financing income of LE 22 million in the same period last year. This increase in financing expense came from an LE 104 million exchange variance loss in Lebanon from applying hyperinflation (IAS 21 and 29) due the widening gap between official and functional exchange rates in Lebanon affecting the relative value of the outstanding balance Lecico Lebanon owes Lecico Egypt.

Quarter-on-quarter Lecico reported LE 129.3 million in net financing expense compared to net financing expense of LE 14.1 million in 4Q 2022.

Lecico reported net tax charge of LE 86.5 million in the first quarter versus tax charge LE 19.2 million in the same period last year.

Lecico’s net profit grew 204% to reach LE 89 million (1Q 2022: LE 29.3 million) with the margin improving by 3.4 percentage points to reach 7.3% (1Q 2022: 3.9%).

Quarter-on-Quarter, Lecico’s net profit grew 136% (4Q 2022: LE 37.7 million) with the margin improving 3.3 percentage (4Q 2022: 4%).

Segmental analysis

Sanitary ware

1Q: Sanitary ware sales volumes decreased by 15% (down 191,699 pieces). Local sales volumes decreased by 18% (down 68,162 pieces) and export sales volumes decreased by 13% (down 119,861 pieces) and Lebanon sales volumes decreased by 34% (down 3,685 pieces).

Quarter-on-quarter total sales volumes decreased by 11% (down 135,278 pieces). Local volumes decreased 24% (down 95,648 pieces) and export sales decreased by 5% (down 41,171 pieces), but sales in Lebanon increased 28% (up 1,542 pieces).

Average sanitary ware prices increased by 115% year-on-year at LE 713.5 per piece (1Q 2022: LE 332.2) following a series of price increases over the course of the year plus the impact of the significant devaluation on export prices. Quarter-on-quarter average prices increased by 55% (4Q 2022: LE 460.8).

Revenues were up 83% year-on-year at LE 788 million (1Q 2022: LE 430.6 million). Quarter-on-quarter revenues were up 38% (4Q 2022: LE 571.2 million).

Average cost of sales per piece increased by 39% year-on-year at LE 396 per piece due to significant inflation globally and locally particularly following the devaluation in the Egyptian Pound.

Quarter-on-quarter, the average cost of sales increased by 3% (4Q 2022: LE 383.1 per piece) with production up 9%.

Gross profit increased 470% to LE 350.7 million (1Q 2022: LE 61.5 million) and the margin was up 30.5 percentage points to 44.8% (1Q 2022: 14.3%).

Quarter-on-quarter gross profit increased by 264% (4Q 2022: LE 96.3 million) and the gross margin increased by 27.9 percentage points (4Q 2022: 16.9%).

Sanitary ware segmental analysis	1Q		%
	2023	2022	23/22
Sanitary ware volumes (000 pcs)			
Egypt (000 pcs)	307	375	82%
Lebanon (000 pcs)	7	11	66%
Export (000 pcs)	791	910	87%
Total sanitary ware volumes (000 pcs)	**1,104**	**1,296**	**85%**
Exports/total sales volume (%)	71.6%	70.2%	1.3%
Sanitary ware revenue (LE m)	**788.0**	**430.6**	**183%**
Average selling price (LE/pc)	713.5	332.2	215%
Average cost per piece (LE/pc)	396.0	284.7	139%
Sanitary ware cost of sales	(437.3)	(369.1)	118%
Sanitary ware gross profit	**350.7**	**61.5**	**570%**
Sanitary ware gross profit margin (%)	44.5%	14.3%	30.2%

Tiles

1Q: Tile sales volumes decreased 5% year-on-year (down 304,179 square meters) to reach 5.6 million square meters. Local sales volumes increased 1% (up 39,692 square meters) and Lebanon sales increased 44% (up 26,273 square meters), but export sales volumes decreased 39% (down 370,144 square meters).

Quarter-on-quarter sales volumes decreased 9% (down 527,138 square meters). Local volumes decreased 5% (down 257,057 square meters), export volumes decreased 35% (down 315,328 square meters), but Lebanon volumes increased 110% (up 45,247 square meters).

Average net prices per square meter increased by 44% year-on-year at LE 63.9 per meter (1Q 2022: LE 44.2) because of a price increases and the impact of the devaluation on export prices. Quarter-on-quarter average prices increased by 19% (4Q 2022: LE 53.6).

Tiles revenues were up 37% year-on-year at LE 358.3 million (1Q 2022: LE 262.1 million). Quarter-on-quarter revenues were up 9% (4Q 2022: LE 329.9 million).

Average costs of sales increased by 37% year-on-year to reach LE 44 per square meter (1Q 2022: LE 32.2 per square meter). Tile production decreased by 4% compared to the same period last year.

Quarter-on-quarter average costs increased by 7% (4Q 2022: LE 41.1). Tile production slightly increased by 0.2% quarter-on-quarter.

Gross profit for the quarter increased 56% to reach LE 110.4 million (1Q 2022: LE 70.8 million). Gross margin increased by 3.8 percentage points to 30.8% (1Q 2022: 27%).

Quarter-on-quarter gross profit increased by 45% (4Q 2022: LE 76.8 million) and the gross margin increased 7.8 percentage point (4Q 2022: 23.3%).

Tile segmental analysis	1Q		%
	2023	2022	23/22
Tile volumes (000 sqm)			
Egypt (000 sqm)	4,952	4,912	101%
Lebanon (000 sqm)	86	60	144%
Export (000 sqm)	591	961	61%
Total tile volumes (000 sqm)	**5,629**	**5,933**	**95%**
Exports/total sales volume (%)	10.5%	16.2%	(5.7%)
Tile revenue (LE m)	**358.3**	**262.1**	**137%**
Average selling price (LE/sqm)	63.6	44.2	144%
Average cost per sqm (LE/sqm)	44.0	32.2	137%
Tile cost of sales	(247.9)	(191.3)	130%
Tile gross profit	**110.4**	**70.8**	**156%**
Tile gross profit margin (%)	30.8%	27.0%	3.8%

Brassware

1Q: Sales volumes for the first quarter of 2023 decreased by 20% to reach 51,396 pieces (1Q 2022: 63,922 pieces). Quarter-on-quarter sales volumes increased by 41% (4Q 2022: 36,455 pieces.

Average net prices increased 66% to LE 1,370.9 compared to LE 827.3 in the same period last year. Quarter-on-quarter average prices were up by 1% (4Q 2022: LE 1,352.6).

Revenue for the quarter increased 33% year-on-year to reach LE 70.5 million (1Q 2022: LE 52.9 million). Brassware accounted for 5.8% of the quarter's revenues, compared to 7.1% in the same period last year. Quarter-on-quarter revenues increased by 43% (4Q 2022: LE 49.3 million).

Average cost per piece increased 18% to LE 604.3 per piece (1Q 2022: LE 514.2 per piece) reflecting changing mix and inflation from local costs and the devaluation. Quarter-on-quarter average cost per piece decreased 13% (4Q 2022: LE 691.2 per piece).

Gross profit for the quarter increased by 97% year-on-year to reach LE 39.4 million (1Q 2022: LE 20 million) and the gross margin increased 18.1 percentage points to 55.9% (1Q 2022: 37.8%). Brassware accounted for 7.9% of the quarter's gross profits compared to 13.1% in the same period last year.

Quarter-on-quarter gross profit increased by 63% (4Q 2022: LE 24.1 million) and the gross margin increased 7 percentage points (4Q 2022: 48.9%). Brassware accounted for 12.2% of gross profits in 4Q 2022.

Brassware segmental analysis	1Q		%
	2023	2022	23/22
Brassware volumes (pcs)			
Egypt (pcs)	51,396	63,922	80%
Export (pcs)	-	0	-
Total brassware volumes (pcs)	**51,396**	**63,922**	**80%**
Exports/total sales volume (%)	0.0%	0.0%	0.0%
Brassware revenue (LE m)	**70.5**	**52.9**	**133%**
Average selling price (LE/pc)	1370.9	827.3	166%
Average cost per piece (LE/pc)	604.3	514.2	118%
Brassware cost of sales	(31.1)	(32.9)	94%
Brassware ware gross profit	**39.4**	**20.0**	**197%**
Brassware gross profit margin (%)	55.9%	37.8%	18.1%

Financial Position

The value of Lecico's non-current assets increased by 2% at the end of March 31, 2023, to reach LE 2,052 million (2022: LE 2,009 million)

Total Equity increased 1% at the end of March 31, 2023, to reach LE 1,868.5 million (2022: LE 1,843.1 million).

The value of Lecico's current assets increased by 10% at the end of March 31, 2023, to reach LE 2,963.3 million (2022: LE 2,686.2 million) as inventories of finished goods and materials increased and their prices also rose because of the devaluation of the Pound and continued inflation.

Total liabilities increased by 11% to reach LE 3,092.3 million (2022: LE 2,795 million) as debt grew and payables rose.

Gross debt increased 12% or LE 148.2 million to reach LE 1,434.1 million compared to LE 1,285.9 million at the end of 2022.

Net debt increased 40% or LE 318.2 million to reach LE 1,106.1 million compared to LE 787.9 million at the end of 2022. In part because of the increase in gross debt but also as the cash held in Lecico Lebanon was restated using IAS 21 and 29 principles and converted at the "Sayrafa" exchange rate.

Net debt to equity at the end of March 2023 reached 0.59x compared to 0.43x at the end of 2022.

Working capital increased 29% or LE 352 million to reach LE 1,565.5 million compared to LE 1,213.6 million at the end of 2022.

Recent developments and outlook

Outlook for 2Q and the rest of 2023: Lecico Egypt's margin has increased significantly the first quarter as the Company saw the devaluation and annual price increases in export drive up sanitary ware profitability and local price increases continue to protect the margin from the corresponding high inflation.

Overall, the Egyptian Pound has weakened 55% against the dollar since October 2022 and the market is expecting further devaluations. Lecico has largely passed on all currency related costs in Egypt and is benefitting from the devaluation in Exports.

These margins will likely decrease over the course of the year as higher input costs replace older stocks currently being used in production and the high inflation in Egypt pushes up local costs. Management will continue to do all it can to pass on further cost increases, but this is getting more problematic in export markets as the global costs spikes that Lecico could pass on in 2022 are now replaced with Egypt-specific cost inflation which has no effect on our competitors in our export markets.

Although margins are expected to fall from their peak in 1Q 2023, the Company expects to maintain a significant improvement in margins over 2022 in the quarters ahead and for the year as a whole.

Lecico's main risks now lie in either the demand side or disruption of our supply chain due to currency constraints in Egypt. However, with economic growth forecasts, energy supply and many other drivers uncertain in most markets the Company is active in, we cannot rule out the risk of further unexpected developments.

There is a concern about demand in Europe in the coming year and Lecico is seeing a reduction in orders from some markets. Management is working to offset this with market share gains in the UK and new customers and product launches in Europe but depending on the size and scale of the slowdown in our markets this could affect our planned sales volumes.

The Company is also seeing increased competition in European markets and China tries to recapture the market share it lost during its Covid lock down and shipping rates have come back to early 2021 levels, reducing the competitive advantage Lecico had over peers from more distant markets.

Regional exports look likely to remain depressed with political issues in Libya and Lebanon and weak sales reported in our other Middle Eastern markets. This part of the business is not expected to show any improvement in the coming quarters.

The Egyptian market continues to be driven by government-led projects as small contractors and refurbishment remain squeezed between tighter government restrictions on private building work and the squeeze on the consumer of high inflation for most of the past five years. Management believes that it is well positioned in the projects sector and is hopeful that demand remain stable in 2023 despite a squeeze on sources of funding for Egypt.

If demand across Europe is more or less stable and there are no major disruptions to supply chain into Egypt, Lecico should be well positioned to show an improvement in recurring core operations compared to the previous year.

Lecico Lebanon restructuring update: The crisis in Lebanon continues to make the market extremely unpredictable and limits activity. Trading in Lebanon remains limited and strictly on a cash basis with fluctuations based on political sentiment and uncertainty over exchange rates. Since this crisis is now over a year old, year-on-year figures do not show the extent of the drop.

Lecico Lebanon is continuing to survive these challenges with limited sales being enough to keep the company cash flow positive and operational as we wait for the economic situation to improve.

Lebanon's macroeconomic and political outlook remains extremely uncertain. In absence of better visibility, Lecico is expected to trade at current levels in the year ahead; with similar losses but positive cash flow.

Management Accounts switched to hyper-inflation accounting: In 1Q 2023, Lecico Lebanon management has switched to hyper-inflation accounting using IAS 21 and 29 and the "Sayrafa" exchange rate. This means all assets have been restated in Lebanese Pounds based on the impact of hyper-inflation and the P&L and balance sheet are translated at the "Sayrafa" rate as opposed to the official exchange rate. At time of publishing the "Sayrafa" rate was LBP 90,000 to the dollar instead of the official exchange rate which was LBP 1,500 to the dollar in 2022. This has meant that despite several years of triple-digit inflation in Lebanon, there is a significant change in asset values and those assets and liabilities held in foreign currency have proportionately increased significantly. It also means that on the P&L, Lebanese costs and overheads are now much lower in EGP reflecting something close to current trading reality. In 2022, this mismatch was balanced by very high exchange gains in Lebanon as these accounting mismatches had to square with the real earnings. This will not continue in 2023. That said, in 2023, management expect to formalize this new treatment with the auditors which may lead to adjustments or restatements when these management accounts are audited. Management understands that this will also lead to some restatement of past years as IAS rules calls for adjustment back to the beginning of hyperinflation in the economy. In due course, this should also lead to the removal of all the qualifications to Lecico Egypt's consolidated accounts that stem from not using hyper-inflation accounting and following IAS 21 and 29.

Management intends to continue to update investors on the progress of restructuring on a quarterly basis in the Results Newsletter.

About Lecico

Lecico (Stock symbols: LCSW.CA; LECI EY) is a leading producer of export-quality sanitary ware in the Middle East and one of the largest tile producers in Egypt, with over 50 years of experience in the industry and decades of experience as an exporter to developed markets.

Lecico benefits from significant cost advantages in labour, energy and investment costs resulting from its economies of scale and manufacturing base in Egypt. Lecico's marketing strategy is to use its cost advantages to target the mass market with high quality pieces at competitive prices.

Lecico exports over half its sanitary ware production and has a significant presence in the United Kingdom and other European markets. Most of the Company's exports are done under the Lecico brand, although it also produces for a number of leading European brands.

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Forward-looking statements

This release may contain certain "forward-looking statements", relating to the Company's business, which can be identified by the use of forward-looking terminology such as "will", "planned", "expectations", "forecast" or similar expressions, or by discussions of strategy, plans or intentions. Such statements may include descriptions of investments planned or currently under development by the Company and the anticipated impact of these investments. Such statements reflect the current views of the Company with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors could cause the actual results, performance or achievements of the Company to be materially different from any future results that may be expressed or implied by such forward-looking statements.

Lecico Egypt consolidated income statement

Income statement	1Q		%
(LE m)	2023	2022	23/22
Sales	**1,216.7**	**745.5**	**163%**
Cost of sales	(716.3)	(593.2)	121%
Gross profit	**500.5**	**152.3**	**329%**
Gross margin (%)	41.1%	20.4%	20.7%
Distribution expenses	(78.1)	(49.2)	159%
Administrative expenses	(71.7)	(48.1)	149%
Other Operating income	33.3	19.9	168%
Other Operating expenses	(77.7)	(44.4)	175%
Operating profit (EBIT)	**306.4**	**30.6**	**1002%**
Operating (EBIT) margin (%)	25.2%	4.1%	21.1%
Finance income	0.0	38.6	-
Finance expense	(129.3)	(16.6)	777%
Profit before tax and minority (PBTM)	**177.1**	**52.5**	**337%**
PBTM margin (%)	14.6%	7.0%	7.5%
Income tax	(86.3)	(19.7)	437%
Deferred tax	(0.2)	0.5	-
Net profit (loss) after tax (NPAT)	**90.6**	**33.3**	**272%**
NPAT margin (%)	7.4%	4.5%	3.0%
Minority interest	(1.5)	(4.0)	38%
Net profit	**89.0**	**29.3**	**304%**
Net profit margin (%)	7.3%	3.9%	3.4%

Lecico Egypt consolidated balance sheet

Balance Sheet (LE m)	31-Mar-23	31-Dec-22	23/22 (%)
Cash	328.0	498.0	66%
Inventory	1,548.0	1238.2	125%
Receivables	1086.5	949.8	114%
Related parties -debit balances	0.8	0.3	248%
Total current assets	**2,963.3**	**2,686.2**	**110%**
Net fixed assets	2,001.3	1,985.5	101%
Intangible assets	13.3	10.9	122%
Projects in progress	36.5	12.1	302%
Available for sale investments	0.0	0.0	95%
Long-term notes receivable	0.9	0.5	166%
Total non-current assets	**2,052.0**	**2,009.1**	**102%**
Total assets	**5,015.3**	**4,695.3**	**107%**
Banks overdraft	1,395.3	1,247.3	112%
Current portion of long-term liabilities	58.6	46.8	125%
Trade and notes payable	543.4	505.7	107%
Other current payable	525.6	468.3	112%
Related parties -credit balances	0.3	0.0	938%
Provisions	55.6	48.92	114%
Total current liabilities	**2,578.8**	**2,317.0**	**111%**
Long-term loans	0.8	8.2	10%
Other long-term liabilities	85.9	71.5	120%
Provisions	10.1	21.3	47%
Deferred tax	111.4	111.2	100%
Long Term Notes Payables	305.2	265.6	115%
Total non-current liabilities	**513.4**	**477.9**	**107%**
Total liabilities	**3,092.2**	**2,795.0**	**111%**
Minority interest	**54.7**	**57.3**	**95%**
Issued capital	400.0	400.0	100%
Reserves	1,750.2	1,813.9	96%
Retained earnings	(370.8)	(367.6)	101%
Net profit (Loss) for the period / year	89.0	(3.2)	-
Total equity	**1,868.5**	**1,843.1**	**101%**
Total equity, minorities and liabilities	**5,015.3**	**4,695.3**	**107%**

Lecico Egypt consolidated cash flow

Cash flow statement	1Q		%
(LE m)	2023	2022	23/22
Cash Flow from operating activities			
Net Profit for the period before tax	177.1	52.5	337%
Fixed assets depreciation	27.6	34.8	80%
Intangible assets amortization	0.5	0.1	454%
Capital gains (loss)	(1.3)	-	-
Finance interset of Leases	0.8	-	-
Increase (Decrease) in translation reserve	(137.8)	(7.5)	1842%
Gain from operating	**67.0**	**79.9**	**84%**
(Increase) Decrease in Inventory	(374.1)	(40.8)	916%
(Increase) Decrease in Receivables	(20.7)	(110.6)	19%
Increase (Decrease) in Payables	48.3	152.9	32%
Utilized Provisions	9.3	(14.1)	-
Dividends paid	-	1.6	0%
Net cash from operating activities	**(270.2)**	**69.0**	**-**
Cash flow from investing activities			
Additions to fixed assets and projects	(35.4)	(29.7)	119%
Proceeds from sales of fixed assets	1.3	-	-
Net cash (used) from investing activities	**(34.1)**	**(29.7)**	**115%**
Cash flow from financing activities			
Payments for loans & borrowing	(9.3)	(0.1)	9341%
(Payments) from lease obligations	(4.4)	(2.1)	209%
Bank credit facilities	148.0	81.9	181%
Net cash from financing activities	**134.3**	**79.6**	**169%**
Net change in cash & cash equivalent during the year	**(170.0)**	**118.9**	**-**
Cash and cash equivalent at beginning of the period	468.0	132.1	354%
Restricted time deposite	30.0	-	-
Cash and cash equivalent at the end of the period	**328.0**	**251.0**	**131%**