




Lecico

ANNUAL REPORT

2025



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Lecico

Lecico is one of the world's largest sanitary ware producers and a significant tile producer in Egypt and Lebanon. With over 56 years in operation, Lecico has developed into a major exporter by producing competitively priced sanitary ware to exacting European quality standards. Today, Lecico is one of the largest suppliers of sanitary ware to Europe and the Middle East.

EXPORTS

% OF REVENUE (2024: 59%)

58%

NET PROFIT

YEAR-ON-YEAR

-73%

SALES

YEAR-ON-YEAR

+17%

GROSS PROFIT

YEAR-ON-YEAR

-5%

2025 HIGHLIGHTS

Sales grew 17% to LE 7,803.7 million (2024: LE 6,644.7 million) on the back of better pricing particularly in sanitary ware and tiles. Average selling prices were up by 19%.

Operating profit dropped 35% to reach LE 742.6 million (2024: LE 1,151.0 million) and the Company's EBIT margin dropped 7.8 percentage points to reach 9.5% (2024: 17.3%).

Net profit dropped 73% to reach LE 244.1 million (2024: LE 890.3 million) and the Company's net margin dropped 10.3 percentage points to reach 3.1% (2024: 13.4%).

Net debt increased by 125% to LE 1,269.6 million (2024: 563.6 million) as the Company began significant investments to upgrade its production facilities and working capital grew with inflation.

Sales grew on the back of better pricing in sanitary ware and brassware

AVERAGE SALES PRICE

+10%

OEM MANUFACTURING

Sales value grew 9% with volumes down 1% and average prices up 10%. Volumes performed better than most European markets despite shrinking in absolute terms. OEM manufacturing accounted for 15% of revenues (2024: 16%).

MARKET HIGHLIGHTS

BUSINESS SPLIT

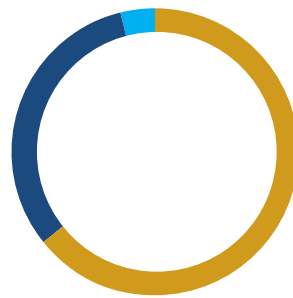
Geographical sales split



- Egypt **40.3%**
- Lebanon **1.9%**
- UK **20.4%**
- Germany **1.8%**
- Rest of Europe **13.3%**
- OEM **14.7%**
- Middle East **2.6%**
- Other **5.0%**

REVENUE SPLIT

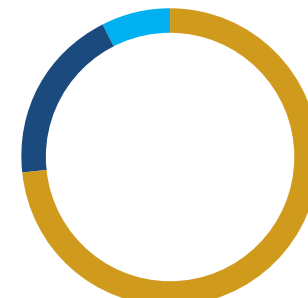
Sanitary ware, Tiles and Brassware



- Sanitary ware **64.3%**
- Tiles **31.9%**
- Brassware **3.8%**

GROSS PROFIT SPLIT

Sanitary ware, Tiles and Brassware



- Sanitary ware **73.4%**
- Tiles **19.2%**
- Brassware **7.4%**

SALES

+7%

UNITED KINGDOM

Sales value grew 7% despite volumes falling 8% with the average selling price increasing by 16%. Overall the UK market was in contraction and Lecico took steps to address profitability of certain lines at the expense of volume in some items. Lecico's UK sales accounted for 20% of revenues (2024: 22%).

SALES

+29%

FRANCE

Sales in France grew 29% with volumes up by 13% as Lecico grew market shares with key customers. Average prices increase by 14% with the devaluation of the Pound. Sales to France accounted for 7% of revenue (2024: 6%).

SALES

+21%

EGYPT

Sales rose 21% with growth in tile volumes and increased average price in all segments. Sanitary ware volumes fell 19% while tile volumes rose 6%. Sanitary ware prices rose 46% while tile prices increased by 22%. Egypt accounted for 40% of revenues (2024: 39%).

SALES

+20%

SOUTH AFRICA

Sales to South Africa increased by 20% as the Company continued to move away from entry-level products. Volumes were down 7% to 107k pieces (2024: 114k) but prices rose 29% reflecting changing mix as well as price hikes. South Africa accounted for 3% of revenues (2024: 3%).

AT A GLANCE

FINANCIAL HIGHLIGHTS



SANITARY WARE SALES VOLUME

Million pieces



TILES SALES VOLUME

Million pieces



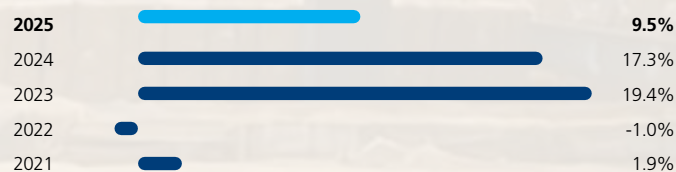
SANITARY WARE EXPORT VOLUME

Million pieces



EBIT MARGIN

%



FIVE YEAR SUMMARY

LE millions	2021	2022	2023	2024	2025	CAGR
Net sales	2,642.2	3,273.8	4,842.9	6,644.7	7,803.7	31%
Gross profit	483.3	598.6	1,488.9	1,875.2	1,784.9	39%
EBIT	49.9	(31.3)	941.1	1,151.0	742.6	96%
Net profit/(loss)	(36.4)	(3.2)	446.3	890.3	244.1	-
Reported EPS	(0.45)	(0.04)	5.75	11.13	3.05	-
Adjusted EPS*	(0.45)	(0.04)	5.75	11.13	3.05	-
Cash and equivalents	177.1	498.0	456.3	352.2	314.0	15%
Total assets	3,424.9	4,695.5	5,455.4	7,747.4	8,537.0	26%
Total debt	863.1	1,285.9	1,397.8	918.8	1,587.5	16%
Net debt	686.0	787.9	941.5	563.6	1,269.6	17%
Total liabilities	1,881.9	2,795.1	3,382.3	3,890.8	4,431.2	24%
Minority interest	35.2	57.3	75.8	122.0	128.0	38%
Shareholders' equity	1,507.9	1,843.1	1,996.9	3,734.6	3,977.8	27%

* EPS adjusted to include treasury shares and historic EPS adjusted retroactively to reflect various bonus issues.

CHAIRMAN'S STATEMENT



Over the year, we continued to invest in upgrading our product lines and production technology.

2025 was a challenging but good year for Lecico with annual profits above the average of the past decade despite a significant squeeze on results compared to the previous year.

From a macro perspective, the year was a challenging one with high inflation and interest rates in Egypt and constrained demand in most of our European markets.

Our sales volumes were largely flat year-on-year with expanded business lines with specific customers in Europe and the US helping to offset shrinking volumes in Egypt and our main European markets.

High inflation in Egypt combined with a strengthening of the Egyptian pound and increases in natural gas and petrol costs drove down our margins and squeezed our profits. Despite these significant headwinds, we still reported double digit EBITDA margins for the year and a strong bottom line.

Over the year, we continued to invest in upgrading our product lines and production technology. In sanitary ware, new product lines are already dramatically changing our sales footprint in Egypt and starting to affect export markets with our sales mix moving towards more mid and high market designs. We are looking to drive this further in 2026 with several new families being introduced and significant investments in our pressure-casting technology to improve efficiency in these products.

In tiles, we grew our more expensive and larger format tiles in 2025, and we will take a major step forward in 2026, expanding our offer with polished porcelain tiles launching in the summer.

These investments in upgrading our offer have already seen a significant rise in investments in 2025 and this will accelerate in 2026 with planned total investments of over LE 650 million.

Despite these developments, the year ahead will be a challenging one with price and cost pressure on margins continuing the trend seen over the course of 2025. We are trying to drive new customer volumes to help offset these pressures on our profitability, but this will remain a challenge in light of global market outlook and the expectation that Egypt will continue to lose competitiveness in 2026 as cost inflation and real interest rates – while expected to fall – will remain significantly above our main consumer and competitor markets.

We are continuing to build a better Lecico, but I expect this will be hard to see in our financials in the year ahead as headwinds obscure our progress. Lecico is entering its 66th year of operations and we have weathered these cycles of margin pressure many times over the years. I have every confidence we will emerge from 2026 a stronger business.

GILBERT GARGOUR
CHAIRMAN

MANAGING DIRECTOR'S STATEMENT

We have rolled out a program to add mechanisation and casting technology improvements to our sanitary ware business and upgraded our tile factory to produce porcelain.



While operationally, 2025 shows a drop in margins and profitability from the year before, this was still a good year for Lecico. Profits and margins are still well above the average of the past decade and comparable to peers in the industry.

This is a big step forward from us as a Company and shows the benefit of discipline put in place for controlling subsidiaries, trading operations and factory efficiency teams.

We knew 2025 would see inflation start to squeeze the gains we made as an exporter from the devaluation of the Pound in 2024. As an Egyptian exporter, we are used to these cycles of currency adjustment boosting profitability usually followed by a few years where the mismatch between inflation and a stable currency eat into those gains as they did in 2025. The key to managing these cycles is how well we maximize margins when the currency moves and how well we keep our costs under control during the squeeze that follows. I am pleased with both in 2025, especially considering that we saw sales volumes in both sanitary ware and brassware drop during the year.

I am also pleased with the steps taken to modernise our production and raise our brand image. Starting in 2025,

we have rolled out a program to add mechanisation and casting technology improvements to our sanitary ware business and upgraded our tile factory to produce porcelain tiles as well, both these investment plans will continue over the coming 3-4 years and start to affect our sales and product offer in 2026.

At the same time, we have spent the last few years modernising our designs and starting in 2025 began to use these new products to raise our brand image and stretch our offer into all market segments. In 2025, sales of these products accounted for over 10% of our sales offer and we succeeded in penetrating most of the luxury retail market in Egypt. Our goal in 2026 is to continue this brand evolution with more marketing spend and to see our UK and South Africa operations also stretch their brand reach upwards.

In 2026, while we expect volumes of sanitary ware to improve on 2025 as we ramp up new customers, but the pressure of cost inflation in Egypt outpacing limited export price increases means we will likely see a further squeeze in our margins and a dip in operating and net profits year-on-year despite the extra volume and revenue.

We will look to economies of scale and efficiency gains to offset this cost inflation, but we will likely not unlock enough efficiency to fully offset these pressures in the year ahead. We are also introducing new products in tiles and sanitary ware that will raise our average prices over the course of the year. We will need to continue to build volumes while looking to macro-economic forces to adjust the Egyptian Pound for competitiveness to see a significant improvement in margins. We will continue to work hard to preserve and build on the strong improvement in our financial results in the year ahead whatever the operating environment.

TAHER GARGOUR
MANAGING DIRECTOR
AND CEO

OPERATIO REVIEW

AVERAGE PRICE (Year-on-year)

+18%

SANITARY WARE

+21%

TILES

-8%

BRASSWARE

NAL

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SANITARY WARE

Export volumes increased by 3% (up 90,600 pieces) and sales in Lebanon increased by 13% (up 5,416 pieces)

Sanitary ware sales volume decreased by 1% to 3.6 million pieces (down 47,210 pieces). Local volumes decreased by 19% (down 143,226 pieces), but export volumes increased by 3% (up 90,600 pieces) and sales in Lebanon increased by 13% (up 5,416 pieces).

Lecico was able to grow exports despite shrinking markets in most of Europe due to a focus on new customers in the OEM and retailer segments offsetting shrinking sales in our key markets. In the local market, Lecico was able to book significant growth in its luxury segment which helped mitigate the overall drop in the market coming from our other segments.

Average sanitary ware prices were up 18% year-on-year to LE 1,378.5 per piece (2024: LE 1,167.8) because of price increases and the impact of the devaluation late in 1Q 2024.

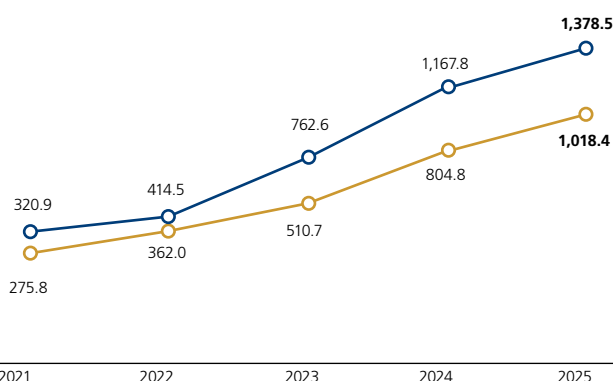
Revenues were up 17% year-on-year at LE 5,014.6 million (2024: LE 4,303.4 million).

Average cost of sales increased by 27% at LE 1,018.4 per piece, production volumes increased by 4% and costs were inflated primarily on the back of significant local inflation and increases done specifically on petrol and natural gas.

Gross profit decreased by 2% to LE 1,309.8 million (2024: LE 1,337.7 million), and the margin down 5 percentage points to 26.1% (2024: 31.1%).

Sanitary ware price and cost LE/pc

- Average sanitary ware price
- Average sanitary ware cost



Sanitary ware exports by volume

000s pieces	2021	2022	2023	2024	2025	CAGR
UK	1,151	1,043	988	920	846	(7.4%)
Germany	74	65	68	120	118	12.4%
Other Europe	340	415	594	560	624	16.4%
Middle East and North Africa	241	211	152	181	212	(3.2%)
Sub-Saharan Africa	466	303	215	138	124	(28.2%)
OEM	1,481	1,413	1,017	951	1,037	(8.5%)
Total exports	3,752	3,450	3,034	2,870	2,960	(5.8%)

Sanitary ware capacity and sales by volume

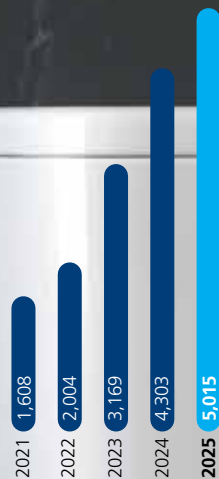
000s pieces	2021	2022	2023	2024	2025	CAGR
Sanitary ware capacity	6,750	6,750	6,750	6,750	6,750	0.0%
Sanitary ware sales volume	5,010	4,836	4,155	3,685	3,638	(7.7%)
Capacity utilisation (%)	74%	72%	62%	55%	54%	
Egypt sales volume	1,224	1,356	1,088	772	629	(15.3%)
Lebanon sales volume	34	30	33	43	48	9.3%
Export sales volume	3,752	3,450	3,034	2,870	2,960	(5.8%)
Exports as a % of total sales (%)	74.9%	71.3%	73.0%	77.9%	81.4%	

Sanitary ware analysis

volumes (000 pcs) LE millions	FY		% 25/24
	2025	2024	
Egypt	629	772	81%
Lebanon	48	43	113%
Export	2,960	2,870	103%
Total volumes	3,638	3,685	99%
Average selling price	1,378.5	1,167.8	118%
Revenue	5,014.6	4,303.4	117%
Cost of sales	3,704.8	2,965.7	125%
Average cost per piece (LE/pc)	1,018.4	804.8	127%
Gross profit	1,309.8	1,337.7	98%
Gross profit margin (%)	26%	31%	(5%)

+17%**REVENUE**-1% in volume
and +18% in ASP

LE million

**-2%****GROSS PROFIT**

LE million

**26.1%****GROSS MARGIN**-5.0 percentage points decrease
in gross margin to reach 26.1%

%



Revenues were up 17% year-on-year at LE 5,014.6 million (2024: LE 4,303.4 million)

TILES

Sales in Egypt increased by 6% (up 1.3 million square meters) and Lebanon sales increased by 46% (up 76,367 square meters)

Tile sales volumes increased by 4% year-on-year (up 914,821 meters) to reach 23 million square meters. Sales in Egypt increased 6% (up 1.3 million square meters) and Lebanon sales increased by 46% (up 76,367 square meters), but export sales decreased by 19% (down 427,073 square meters).

Lecico was able to grow its tile sales volumes despite an overall market squeeze (as seen in sanitary ware and brassware) thanks to a focus on projects and efforts to grow market share in the more luxurious Cairo showrooms where the brand had previously been under-represented. Export volumes suffered as new manufacturers in Libya, Saudi Arabia and Jordan took significant market shares in those markets and increased competition around the region.

Tiles revenues increased by 26% year-on-year at LE 2,488.8 million in 2025 (2024: LE 1,976.5 million).

Average net prices rose 21% to LE 108 per square meter compared to LE 89.4 in the same period last year.

Average costs increased by 26% year-on-year to reach LE 93 per square meter due to the impact of inflation around the devaluation of the Egyptian currency and the increase in fuel and gas prices and other inflationary actions in Egypt. Production volume was 6% greater than 2024.

Gross profit is flat at LE 342.6, but the margin decreased by 3.6 percentage points to 13.8% (2024: 17.3%).

Tiles revenues increased by 26% year-on-year at LE 2,488.8 million in 2025 (2024: LE 1,976.5 million)

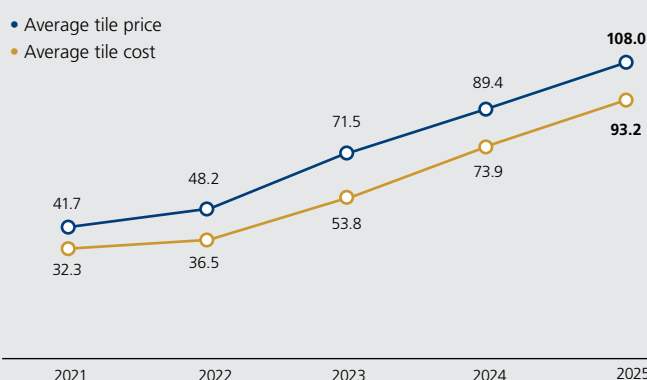
Tile analysis

Volumes (000 sqm) LE millions	FY		%
	2025	2024	
Egypt	21,001	19,736	106%
Lebanon	242	166	146%
Export	1,791	2,218	81%
Total volumes	23,034	22,119	104%
Average selling price	108.0	89.4	121%
Revenue	2,488.8	1,976.5	126%
Cost of sales	(2,146.2)	(1,633.8)	131%
Average cost per sqm (LE/sqm)	93.2	73.9	126%
Gross profit	342.6	342.7	100%
Gross profit margin (%)	14%	17%	(4%)

Tile capacity and sales by volume

000s sqm	2021	2022	2023	2024	2025	CAGR
Tile capacity	24,000	24,000	24,000	24,000	24,000	0.0%
Tile sales volume	21,472	22,494	18,953	22,119	23,034	1.8%
Capacity utilisation (%)	89%	94%	79%	92%	96%	
Egypt sales volume	16,136	19,253	16,219	19,736	21,001	6.8%
Lebanon sales volume	186	288	302	166	242	6.8%
Export sales volume	5,151	2,952	2,432	2,218	1,791	(23.2%)
Exports as a % of total sales (%)	24.0%	13.1%	12.8%	10.0%	7.8%	

Tile price and cost LE/sqm



+26%**REVENUE**+4% in volumes
and +21% in ASP

LE million

**+0%****GROSS PROFIT**

Flat year-on-year

LE million

**13.8%****GROSS MARGIN**-3.6 percentage points
decrease in gross
margin to reach 13.8%
%

BRASSWARE

Average net prices decreased by 8% to reach LE 2,236 per piece

Sales volumes for 2025 decreased by 10% year-on-year (down 15,318 pieces). With a particularly weak demand in the first quarter, this continued the squeeze we saw in 2024 – particularly in the second half - as demand in Egypt fell and competitors began aggressively cutting prices in a fight for market share.

Sarrdesign, Lecico’s luxury brassware brand in Egypt, began to improve its performance over the course of the year through promotional offers as well as the introduction of new lines and product solutions, with volumes and margins improving significantly in the second half of the year as a result.

Average net prices decreased by 8% to reach LE 2,236 per piece as the Company expanded its discounts and promotions to fight for market share and introduced a cheaper mix of products for the market.

Revenues decreased by 18% year-on-year to reach LE 300.4 million (2024: LE 364.8 million).

Brassware’s percentage of total consolidated revenues was 3.8% (2024: 5.5% of sales).

Average cost per piece increased by 10% to LE 1,249 per piece (2024: LE 1,136 per piece) reflecting cost inflation from the devaluation of the pound compared to the same period last year.

Gross profit decreased by 32% to LE 132.6 million (2024: LE 194.9 million) and the margin decreased 9.3 percentage points to 44.1% (2024: 53.4%).

Brassware’s percentage of total consolidated gross profits was 7.4% (2024: 10.4%).

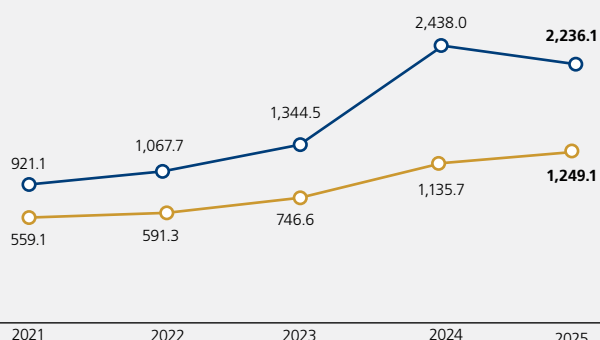
Revenues decreased by 18% year-on-year to reach LE 300.4 million (2024: LE 364.8 million)

Brassware analysis

Volume (000's pieces) LE millions	FY		%
	2025	2024	
Egypt	133,983	149,233	90%
Export	335	403	83%
Total volumes	134,318	149,636	90%
Exports/total sales volume (%)	0.2%	0.3%	(0.0%)
Revenue (LE m)	300.4	364.8	82%
Average selling price (LE/pc)	2236.1	2438.0	92%
Average cost per piece (LE/pc)	1249.1	1135.7	110%
Cost of sales	(167.8)	(169.9)	99%
Gross profit	132.6	194.9	68%
Gross profit margin (%)	44.1%	53.4%	(9.3%)

Brassware price and cost LE/pc

- Average brassware price
- Average brassware cost



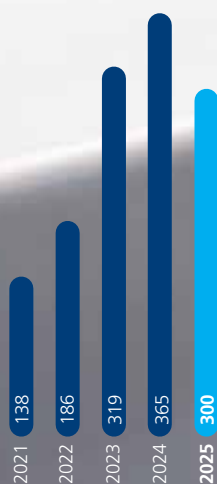


-18%

REVENUE

-10% in volumes and -8% in ASP

LE million



-32%

GROSS PROFIT

LE million



44.1%

GROSS MARGIN

-9.3 percentage points increase in gross margin to reach 44.1%

%



FINANCIAL OVERVIEW

Lecico revenues for 2025 increased by 17% year-on-year to LE 7,803.7 million (2024: LE 6,644.7 million)

FY 2025: Cost inflation and absence of unusual gains squeezed profitability

Lecico revenues for 2025 increased by 17% year-on-year to LE 7,803.7 million (2024: LE 6,644.7 million) despite a drop in volumes in two of Lecico's three product segments due to pricing-led increases in sales in the local market and improved mix and product offers in sanitary ware.

Lecico's cost of goods sold was up 26% year-on-year to LE 6,018.8 million (2024: LE 4,769.5 million) as inflation in Egypt outpaced the Company's ability to raise prices in a year where Egypt's currency was largely stable and most export markets saw price pressure on shrinking markets.

Gross profit decreased by 5% to reach LE 1,784.9 million (2024: LE 1,875.2 million) because of a 5.3 percentage point drop in the Company's gross profit margin to 22.9% (2024: 28.2%).

In absolute terms, distribution and administration (D&A) expenses increased by 26% to LE 830 million (2024: LE 660.2 million) and proportional D&A expenses were up by 0.7 percentage points to 10.6% (2024: 9.9%).

Lecico reported LE 212.3 million in net other operating expenses compared to net other operating expenses of LE 64.1 million in 2024. In 2025, the present value of notes payable resulted in a loss of LE 85 million, while in 2024, it resulted in a gain of LE 41.9 million. This significant change in other operating expenses from present value adjustment gains to losses began late in 4Q 2024 and will continue until these specific payables are fully paid in 2027.

Lecico's EBIT profit for 2025 decreased by 35% year-on-year to LE 742.6 million (2024: LE 1,151.0 million) due to cost inflation and the LE 126.9 million change in other operating expense charges mentioned. Lecico's EBIT margin decreased by 7.8 percentage points to 9.5% compared to 17.3% in the last year.

During 2025, Lecico reported LE 281 million in net financing expenses compared to LE 79.9 million net financing income in the last year. The net finance income reported in 2024 was due to LE 149.5 million from swapping excess foreign currency into Egyptian Pounds through GDRs and exceptional exchange gains in Egypt of LE 212 million following the devaluation of the Pound in March. These exceptional gains linked to the devaluation of the pound in the same period distort comparisons of core operations and bottom-line results.

Lecico reported net tax charge of LE 202.4 million versus a tax charge of LE 312.5 million in the last year.

Lecico's net profit for 2025 decreased by 73% year-on-year to LE 244.1 million (2024: LE 890.3 million), in large part due to the LE 361.5 million in exceptional profits last year around the devaluation seen at the end of 1Q 2024 in addition to the squeeze on operating margins from cost inflation in Egypt over the same period outpacing the Company's ability to raise prices in its export markets. Lecico's net margin decreased 10.3 percentage points to 3.1% compared to 13.4% in the last year.



Sanitary ware

Sanitary ware sales volume decreased by 1% to 3.6 million pieces (down 47,210 pieces). Local volumes decreased by 19% (down 143,226 pieces), but export volumes increased by 3% (up 90,600 pieces) and sales in Lebanon increased by 13% (up 5,416 pieces).

Average sanitary ware prices were up 18% year-on-year to LE 1,378.5 per piece (2024: LE 1,167.8) because of price increases and the impact of the devaluation late in 1Q 2024.

Revenues were up 17% year-on-year at LE 5,014.6 million (2024: LE 4,303.4 million).

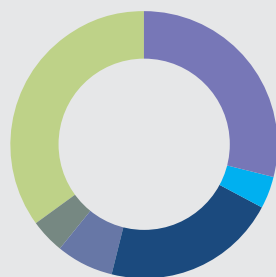
Average cost of sales increased by 27% at LE 1,018.4 per piece, production volumes increased by 4% and costs were inflated primarily on the back of significant local inflation and increases done specifically on petrol and natural gas.

Gross profit decreased by 2% to LE 1,309.8 million (2024: LE 1,337.7 million), and the margin down 5 percentage points to 26.1% (2024: 31.1%).

EXPORTS BY DESTINATION

Sanitary ware

000 pieces	2025	% of total	2024	% of total	% 25/24
UK	846.1	29%	920.1	32%	92%
Germany	117.9	4%	119.6	4%	99%
Other Europe	624.2	21%	559.6	19%	112%
Middle East and North Africa	211.5	7%	181.1	6%	117%
Sub-Saharan Africa	123.8	4%	137.9	5%	90%
OEM	1,036.6	35%	951.4	33%	109%
Total exports	2,960.3	100%	2,869.7	100%	103%



- UK **29%**
- Germany **4%**
- Rest of Europe **21%**
- Middle East and North Africa **7%**
- Sub-Saharan Africa **4%**
- OEM **35%**

Tiles

Tile sales volumes increased by 4% year-on-year (up 914,821 meters) to reach 23 million square meters. Sales in Egypt increased 6% (up 1.3 million square meters) and Lebanon sales increased by 46% (up 76,367 square meters), but export sales decreased by 19% (down 427,073 square meters).

Tiles revenues increased by 26% year-on-year at LE 2,488.8 million in 2025 (2024: LE 1,976.5 million).

Average net prices rose 21% to LE 108 per square meter compared to LE 89.4 in the same period last year.

Average costs increased by 26% year-on-year to reach LE 93 per square meter due to the impact of inflation around the devaluation of the Egyptian currency and the increase in fuel and gas prices and other inflationary actions in Egypt. Production volume was 6% greater than 2024.

Gross profit is flat at LE 342.6, but the margin decreased by 3.6 percentage points to 13.8% (2024: 17.3%).

Brassware

Sales volumes for 2025 decreased by 10% year-on-year (down 15,318 pieces) with a particularly weak demand in the first quarter.

Average net prices decreased 8% to reach LE 2,236 per piece as the Company expanded its discounts and promotions to fight for market share and introduced a cheaper mix of products for the market.

Revenues decreased 18% year-on-year to reach LE 300.4 million (2024: LE 364.8 million).

Brassware's percentage of total consolidated revenues was 3.8% (2024: 5.5% of sales).

Average cost per piece increased 10% to LE 1,249 per piece (2024: LE 1,136 per piece) reflecting cost inflation from the devaluation of the pound compared to the same period last year.

Gross profit decreased 32% to LE 132.6 million (2024: LE 194.9 million) and the margin decreased 9.3 percentage points to 44.1% (2024: 53.4%).

Brassware's percentage of total consolidated gross profits was 7.4% (2024: 10.4%).

FINANCIAL OVERVIEW CONTINUED

Lecico revenues for the year increased by 17% year-on-year to LE 7,803.7

Financial position

The value of Lecico's non-current assets increased by 8% at the end of December 2025, to reach LE 3,683.5 million (2024: LE 3,407.9 million).

Total Equity increased 7% at the end of December 2025, to reach LE 3,977.8 million (2024: LE 3,734.6 million).

The value of Lecico's current assets increased by 12% at the end of December 2025, to reach LE 4,853.6 million (2024: LE 4,339.5 million).

Total liabilities increased by 14% to reach LE 4,431.2 million (2024: LE 3,890.8 million) due to increased banks borrowings following a change in payment terms with a large customer and cash outflows around new investments in production improvements so far this year.

Gross debt increased by 73% or LE 668.7 million to reach LE 1,587.5 million compared to LE 918.8 million at the end of 2024 on the back of significant capital investments of LE 517 million in 2025 and cash outflows mentioned.

Net debt increased by 125% or LE 706 million to reach LE 1,269.6 million compared to LE 563.6 million at the end of 2024.

Net debt to equity at the end of December 2025 reached 0.32x compared to 0.15x at the end of 2024.

Working capital increased by 32% or LE 706.3 million to reach LE 2,904.5 million compared to LE 2,198.2 million at the end of 2024.

Recent developments and outlook

Outlook for 2026: The pace of rate cuts and economic recovery in Europe and Egypt have been slower than expected due to sticky inflation and confusion around international trade. Demand has not recovered as fast as expected and the consensus on the speed and magnitude of recovery seems to be less certain.

Egypt is seeing a sharp reduction in inflation from around 30% annually in the last two years to around 13% currently, but interest rates have been slower to fall limiting the benefit on spending and financing. All of this should improve in the coming quarters, but it seems likely to be a longer recovery than previous consensus suggested.

Lecico is also facing a squeeze in profitability due to increases in diesel fuel and natural gas in 4Q 2025. The government increased natural gas prices by USD 1/MBTU, a 21% increase from mid-September. The government also announced a 13% increase in Diesel fuel from early October. Diesel affects transport costs and is a critical cost component in most local raw materials as well as staff and finished goods transport.

Lecico is also expecting to see a drop in export prices following the strengthening of the Pound.

All these factors have put pressure on Lecico's margins in 4Q 2025 and will continue into 2026, with limited scope to raise prices outside of Egypt to offset these pressures.

Against this pressure, Lecico is securing some very significant opportunities to build new sales channels in the US and Asia, which are expected to drive sanitary ware in 2026. Lecico will also launch new tile products and continue to build up its luxury sanitary ware offer to better target all market segments in its key markets.

However, year-on-year, 2026 will see pressure on profitability from the higher energy costs and strengthening of the Egyptian pound seen in the second half of 2025.

Lecico will try to use opportunistic price increases and increased volumes and efficiencies to try and offset the drop in margins. The Company hopes it will be able to lock in extra sanitary ware volumes and improve performance to offset these pressures.

Lecico Lebanon update: In 1Q 2023, Lecico Lebanon management has switched to hyper-inflation accounting using IAS 21 and IAS 29. 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.

Management is working towards formalising this hyper-inflation accounting with its auditors which may lead to adjustments or restatements. 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. This should also lead to the removal of all the qualifications to Lecico Egypt's consolidated accounts that stem from hyper-inflation accounting and following IAS 21 and IAS 29.

Profit and loss statement highlights

LE m	FY		%	FY			2021-25 CAGR%
	2025	2024		25/24	2023	2022	
Sanitary ware	5014.6	4303.4	117%	3168.7	2004.5	1607.8	33%
Tiles	2488.8	1976.5	126%	1354.8	1083.6	896.3	29%
Brassware	300.4	364.8	82%	319.4	185.7	138.1	21%
Net sales	7,803.7	6,644.7	117%	4,842.9	3,273.8	2,642.2	31%
Sanitary ware/net sales (%)	64.3%	64.8%	(0.5%)	65.4%	61.2%	60.9%	
Cost of sales	(6018.8)	(4769.5)	126%	(3208.8)	(2675.2)	(2158.9)	29%
Cost of sales/net sales (%)	(77.1%)	(71.8%)	(5.3%)	(66.3%)	(81.7%)	(81.7%)	
Gross profit	1,784.9	1,875.2	95%	1,634.1	598.6	483.3	39%
Gross profit margin (%)	22.9%	28.2%	(5.3%)	33.7%	18.3%	18.3%	
Distribution and administration (D&A)	(830.0)	(660.2)	126%	(648.2)	(465.3)	(377.1)	22%
D&A/net sales (%)	(10.6%)	(9.9%)	(0.7%)	(13.4%)	(14.2%)	(14.3%)	
Net other operating income (expense)	(212.3)	(64.1)	331%	(44.8)	(164.6)	(56.3)	39%
Net other operating income/net sales (%)	(2.7%)	(1.0%)	(2%)	(0.9%)	(5.0%)	(2.1%)	
EBIT	742.6	1,151.0	65%	941.1	(31.3)	49.9	96%
EBIT margin (%)	9.5%	17.3%	(7.8%)	19.4%	(1.0%)	1.9%	
Net profit	244.1	890.3	27%	446.3	(3.2)	(36.4)	-
Net profit margin (%)	3.1%	13.4%	(10.3%)	9.2%	-	-	

Sanitary ware segmental analysis

LE m	FY		%	FY			21-25 CAGR%
	2025	2024		25/24	2023	2022	
Sanitary ware volumes (000 pcs)							
Egypt	629	772	81%	1,088	1,356	1,224	(15%)
Lebanon	48	43	113%	33	30	34	9%
Export	2,960	2,870	103%	3,034	3,450	3,752	(6%)
Total sanitary ware volumes	3,638	3,685	99%	4,155	4,836	5,010	(8%)
Exports/total sales volume (%)	81.4%	77.9%	3.5%	73.0%	71.3%	74.9%	
Sanitary ware revenue	5,014.6	4,303.4	1.2	3,168.7	2,004.5	1,607.8	33%
Average selling price (LE/pc)	1378.5	1167.8	118%	763	415	321	44%
Average cost per piece (LE/pc)	1018.4	804.8	127%	511	362	276	39%
Sanitary ware cost of sales	(3704.8)	(2965.7)	125%	(2122.0)	(1750.8)	(1381.5)	28%
Sanitary ware gross profit	1,309.8	1,337.7	98%	1,046.7	253.7	226.3	55%
Sanitary ware gross profit margin (%)	26.1%	31.1%	(5.0%)	33.0%	12.7%	14.1%	

Tile segmental analysis

LE m	FY		%	FY			21-25 CAGR%
	2025	2024		25/24	2023	2022	
Tile volumes (000 sqm)							
Egypt	21,001	19,736	106%	16,219	19,253	16,136	7%
Lebanon	242	166	146%	302	288	186	7%
Export	1,791	2,218	81%	2,432	2,952	5,151	(23%)
Total tile volumes	23,034	22,119	104%	18,953	22,494	21,472	2%
Exports/total sales volume (%)	7.8%	10.0%	(2.3%)	12.8%	13.1%	24.0%	
Tile revenue	2,488.8	1,976.5	126%	1,354.9	1,083.6	896.3	29%
Average selling price (LE/sqm)	108.0	89.4	121%	71.5	48.2	41.7	27%
Average cost per piece (LE/sqm)	93.2	73.9	126%	53.8	36.5	32.3	30%
Tile cost of sales	(2146.2)	(1633.8)	131%	(1020.1)	(821.5)	(693.6)	33%
Tile gross profit	342.6	342.7	100%	334.8	262.0	202.7	14%
Tile gross profit margin (%)	13.8%	17.3%	(3.6%)	24.7%	24.2%	22.6%	

SUSTAINABILITY

A photograph of a worker in a light blue t-shirt with the 'Lecico' logo on the back, walking away from the camera down a factory aisle. The aisle is lined with rows of white plastic chairs. The lighting is warm and industrial, with overhead lights visible. The worker is wearing a yellow lanyard around his neck.

At Lecico, our commitment to a sustainable future is rooted in a fundamental responsibility toward both the planet and the people. This core belief drives our strategic efforts to align operational excellence with environmental stewardship and social equity.

A structured materiality was conducted in alignment with **GRI 3: Material Topics**, this process engaged a diverse group of stakeholders: including customers, suppliers, and NGOs, to identify and prioritise the issues most critical to our business and the environment.

Amongst several sustainability initiatives, in 2024, Lecico has put all its efforts toward our inaugural ESG Report, a comprehensive disclosure providing our stakeholders with transparent insight into our impact and our long-term sustainability roadmap. This report was prepared in accordance with **Global Reporting Initiative (GRI) Standards**.

Our Material Topics and strategic focus:



1. Environmental Stewardship

Our environmental strategy is built on the principle of operational efficiency, focusing on decarbonisation and resource efficiency.

- **Resource efficiency:** Outlining improvements throughout the years through a series of targeted capital projects, we have achieved significant reductions in energy consumption. We have further established robust short-term and long-term reduction targets to ensure continued progress.
- **Carbon strategy:** Lecico launched its Carbon Footprint Measurement Program during the same year. By collecting emissions data and partnering with expert consultants, we have established a detailed carbon baseline. This baseline will serve as the foundation for our carbon reduction roadmap and upcoming Sustainability projects.



2. Social Responsibility: Investing in People

The report reflected Lecico's dedication to fostering a safe, inclusive, and empowering workplace.

- **Health, safety, and development:** We maintain rigorous occupational health and safety protocols to protect our employees. Furthermore, we invest in comprehensive training programs designed to enhance technical skills and professional growth.
- **Diversity and inclusion:** We are committed to fostering a diverse workforce and ensuring gender equity. This includes active initiatives to support women in the industry and a steadfast commitment to maintaining a zero-pay gap between men and women across all operations.



3. Governance & Business Ethics

The report reflected Lecico's sustainability framework and commitment to strong corporate governance principles, establishing and promoting sound business ethics, asserting Values, Standards, transparency, and accountability across all operations.

- **Accountability:** We have introduced comprehensive policies to ensure transparency and accountability across our global operations. This includes robust monitoring systems to ensure compliance and proactive risk management frameworks to mitigate potential operational and ESG-related risks.
- **Innovation:** Our governance model extends to promoting digital responsibility and fostering a culture of innovation that aligns with our sustainability goals.

Benchmarking and recognition "EcoVadis"

Lecico continues to measure its progress against international benchmarks to drive continuous improvement.

In 2023, Lecico joined EcoVadis, a leading global sustainability rating platform and within two years has rapidly improved its performance achieving a **score of 45**, earning both the **Fast Moving** and **Commitment badges**. We remain dedicated to advancing our sustainable strategies to further improve this score in the coming cycles.

Climate Disclosure: Demonstrating our commitment to transparent climate governance, we have commenced reporting under the **Task Force on Climate-Related Financial Disclosures (TCFD)** framework to the Egyptian Exchange (EGX).

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ECOVADIS BENCHMARKING SCORE

SUSTAINABILITY SOCIAL RESPONSIBILITY

As one of Egypt's leading manufacturers, Lecico considers Corporate Social Responsibility (CSR) an integral part of its operations and an important contributor to its reputation.

The Board regularly considers the significance of social, environmental, and ethical matters. The measures covered in this report are monitored and reviewed to continually improve performance.

Training and development

1,243 employees in the Quality Control, Planning, Export, HR, Cost Control, Sales, Finance, Marketing, Purchasing Departments, and IT have received soft skills and technical training done internally and externally.

Sixteen students from the Faculty of Engineering, the Faculty of Science, the Faculty of Commerce, and the Workers' University have been trained as interns across different departments in our factories.

2,550 workers have been trained internally for COC, anti-bribery and anti-corruption, sustainability, and labour rights. Those training sessions were held in groups in the open-air areas of our factories.

200 workers took the literacy exam on the Company's premises and passed it successfully.

In 2025, Lecico introduced an innovative soft skills development training program designed specifically for our white-collar employees. This comprehensive initiative aims to enhance essential competencies such as communication, situational leadership, and time management. Employees participate in quarterly training sessions to ensure ongoing growth and mastery of these vital skills. The program will be continuously refined to encompass the full spectrum of selected soft skills, reinforcing our commitment to employee development and organisational excellence.

Lecico placed a strong emphasis on cybersecurity in 2025, providing comprehensive online training and assessments to all its employees in response to evolving global risks and security threats.

The Company also focused on keeping employees up to date with advancements in artificial intelligence, encouraging the use of AI tools to improve work efficiency. The company started a training campaign on core AI applications. This training was delivered to all company managers, with plans to roll it out to all employees in 2026 and to introduce more advanced, specialised programs.

Lecico delivered a comprehensive training program on the new Labor Law to over 300 employees in managerial and supervisory roles, ensuring full clarity of the legal duties and rights as per the new labour law mandates across the organisation.

Employee communications

Several communication channels exist, including briefing meetings, worker boards, and notice boards.

To further improve two-way communication, the Company has a Workers' Follow-Up Committee representing staff from all departments and factories that meets regularly with the Executive Board. Half the members were replaced by newly elected members from different company departments.

Employment policy

Lecico's policy is to provide equal opportunities to all existing employees and anyone seeking to join. The Company is committed to the fair and equitable treatment of all its employees and specifically prohibits discrimination based on race, religion, sex, nationality, or ethnic origin.

Employment opportunities are available to disabled persons according to their abilities and aptitudes on equal terms with other employees. If an employee becomes disabled during employment, the Company makes every effort to enable them to continue employment, with re-training for alternative work where necessary.

The Company operates several employee pension schemes across its business, including a retirement fund. It has recently offered a tailored partial-contribution Private Health Insurance plan to its administrative staff and an Accident Policy for all the group employees. In 2025, Lecico contributed over LE 23,403,241 million in pension contributions, accident and medical insurance, and aids support for its staff.

Holidays and Pilgrimages

Lecico recognises the importance of a good work/life balance for its staff and offers several programs to help them make the most of their time outside of work. These programs include organising and subsidising day trips and week-long holidays for them and their families in the summer; partially funding their staff's Haj and Omra pilgrimages; and giving salary bonuses to the staff during Ramadan and other key holidays.

In 2025, these programs (pilgrimages/childbirth/death/marriage) included 15,119 subsidised holiday days enjoyed by staff and a total expense of LE 4,720,980.

1,243

employees received soft skills
and technical training

15,119

subsidised holiday days in 2025

Community

Lecico believes it is responsible for contributing to the community by donating goods, funds, and time to charitable organisations and investing in the neighbourhoods around its factories. The Company also supports its staff and their families in the event of a medical emergency on a charitable basis.

The total value of the Company's donations in 2025 is LE 596,910, with much of the sum used to fund social and humanitarian causes, including contributions to the reconstruction effort at Beirut port and donations to schools in Egypt. The Company's policy is not to make political donations; accordingly, no political donations were made in 2025. An anti-bribery and anti-corruption policy was also initiated and implemented during the year.

SUSTAINABILITY ENVIRONMENT AND HEALTH & SAFETY

Lecico is committed to developing its business responsibly, protecting the health and safety of its employees, addressing evolving environmental issues, and ensuring compliance with applicable legal requirements.

In addition to the applied HSE systems, Lecico developed a system for protecting radioactive materials used in production this year. This was done through:

- Installing new machinery to regularly take the necessary measures related to these materials.
- Maintaining regular examinations every 6 months for our employees exposed to these materials.

Lecico has well-developed environmental, packaging, and waste reduction policies that are communicated to all employees, who are encouraged to participate in achieving the Company's goals. Recycling packing materials like plastic hoods and multi-use hoods significantly reduced our packaging material's footprint.

All Lecico's factories in Egypt are certified for ISO 9001 (Quality Management Systems), ISO 14001 (Environmental), and ISO 45001:2018 (Health and Safety). ISO 14001 is an internationally accepted certification for an effective environmental management system (EMS). The standard addresses the delicate balance between maintaining profitability and reducing environmental impact. ISO 18001 is an internationally recognised occupational health and safety management system certification. It was developed by a selection of trade bodies, international standards, and certification bodies to be compatible with ISO 9001 and ISO 14001 and to assist companies in meeting their health and safety obligations efficiently.

Lecico's Health and Safety System complies with all applicable Egyptian Occupational Health and Safety laws. It is audited annually by the Bureau of Health and Safety and the Egyptian Environmental Affairs Agency (EEAA) as follows:

- Labour Law Number 14 (2025) that states the legislations of Occupational Health and Safety and Securing Work Environment Subsidiary Clause which covers laws number 202 to 231 concerning definition and application, work site, construction and licenses, requirements of work environments, social and health care, OH&S inspection, planning of OH&S systems and securing work sites, and research and development systems and consultation.
- Law Number 453 (1954) related to Licensing for industrial and commercial organisations and amended by Law No. 68 (2016).
- Law Number 79 (1975) related to Social Security and Law Number 135 (2010) about Social Insurance and Pensions.
- Environmental Law Number 4 (1994) regarding environmental protection amended by Environmental Law Number 9 (2009) and Environmental Law Number 105 (2015).

- The Ministerial Executive Regulations Number 338 (1995) was amended by Ministerial decision Number 1095 (2011), Ministerial decision Number 964 (2015), Ministerial Decision Number 544 (2016), Ministerial Decision Number 618 (2017), and lately Ministerial Decision Number 1963 (2017).

In 2025, the Company was audited and successfully passed all its recurring external audits, including:

- Factory and Product audit to meet French national standards (NF).
- Factory and Product audit to meet Dutch national standards (KIWA).
- Factory and Product audit to meet Swedish national standards (NORDTEST).
- Factory and product audit to meet Spanish national standards (AENOR).
- Factory and product audit to meet American national standards (IAPMO).

In 2019, our customers started to apply COC Audit (Code of Conduct- Audit) to complete the chain of complying with labour rights and ethical and environmental guidelines. Accordingly, Lecico will use the same measures with its internal and external suppliers, as follows:

- SQP (Supplier Qualification Program) audit to cover Risk Management, Site Facilities Management, Personal Training and Competency, and Improved Transparency and Trust between Buyer and Supplier.
- WCA (Workplace Conditions Assessment) audit to cover "Child/forced labour, Discrimination, Discipline, harassment/Abuse, and freedom of association.
- SMETA's four-pillar audit covers labour, Environmental, Health and safety, and business ethics. Lecico passed this audit and took a best practice award for the last section of the business.

We started Ecovadis membership in 2023, a leading sustainability rating platform in 2021. We are continuously working to improve our performance and aim to achieve a score of 55% by the end of 2025.

We have also started to issue Environmental, Social, and Governance (ESG) & Task Force on Climate-Related Financial Disclosures (TCFD) Reports to the Egyptian Exchange (EGX).

In late 2024, we started actively taking steps to measure and reduce our carbon footprint. We have begun collecting data to calculate our emissions and are seeking consultations to establish a comprehensive carbon footprint assessment. This information will be used to develop a roadmap for carbon reduction activities, with the goal of issuing a sustainability report by the end of 2025.

ENVIRONMENTAL POLICY

All Lecico companies seek to:

- Minimise the use of all materials, supplies, and energy and use renewable or recyclable materials wherever possible.
- Minimise the quantity of waste produced in all aspects of our business.
- Adopt an environmentally sound transportation policy.
- Communicate our environmental policy to all staff and encourage them to participate in achieving our goals.
- Supply and promote, wherever possible, products that contribute to energy conservation and do not damage the environment.
- Ensure that the Company continues to meet present and future environmental standards and legislation.
- A project to transfer exothermic heat from the kiln is ongoing. This heat will be used in dryers, reducing the effect of high temperatures in the work environment to comply with environmental legal requirements.

PACKAGING AND WASTE REDUCTION POLICY

All Lecico companies seek to:

- Purchase recycled and recyclable packaging where practicable, including pallets and cartons.
- Return reusable pallets to suppliers and recover used pallets from customers.
- Reuse packaging opened at the branch level for internal transfers and deliveries.
- Actively take part in recycling and reclamation schemes.
- Embrace electronic communication within its businesses, aiming for a significant reduction in internal paperwork throughout the Company.
- Ensure that the Company continues to meet present and future environmental standards and legislation.
- View copies of our quality certificates and environmental reports on our website.

BOARD OF DIRECTORS



MR. GILBERT GARGOUR
Chairman

Board Member: 1981 – present **Age: 83**
Nationality: Lebanese and British

A Director since 1981, he has served as Chairman since 1997. He is a citizen of Lebanon and the United Kingdom and holds an MBA from Harvard University. He is a co-owner of Intage and is the brother of Mr. Toufick Gargour and Mr Alain Gargour, both of whom are Lecico Directors and co-owners of Intage.



MR. ALAIN GARGOUR
Non-Executive Director

Board Member: 1997 – present **Age: 73**
Nationality: Lebanese and British

Involved with Lecico since 1978, he has been a Director of the Company since 1997. He is a citizen of both Lebanon and the United Kingdom and holds an MBA from the University of Chicago. He is also the CEO and member of the board of Gargour Holdings S.A. He is a Director of Intage.



MR. ELIE BAROUDI
Non-Executive Director and
Audit Committee Chairman

Board Member: 2003 – present **Age: 80**
Nationality: Lebanese and American

A Director since 2003, he served as Managing Director of the company from September 2002 to June 2012. Prior to joining Lecico, he worked at American Express Bank for 22 years and served in various positions including Executive Director and Region Head for North and South East Asia (1991 to 1996), and Managing Director of American Express's Egyptian joint venture bank, Egyptian American Bank (1986 to 1990).



MR. TAHER GARGOUR
CEO and Managing Director

Board Member: 2008 – present **Age: 56**
Nationality: Lebanese and American

Taher joined Lecico in January 2005 and was appointed a Director in 2008 and Managing Director in July 2012. He is a citizen of Lebanon and the United States and holds an MA from SAIS-Johns Hopkins. Prior to joining Lecico, he worked for seven years in the EMEA research department of HSBC Securities, covering Egyptian equities and rising to head the EMEA research team. Taher Gargour is the son of Chairman and co-owner of Lecico Egypt, Mr. Gilbert Gargour.



MR. TOUFICK GARGOUR
Non-Executive Director

Board Member: 1974 – present **Age: 84**
Nationality: Lebanese

A Director of the Company since 1974, he holds an IEP from INSEAD. In addition to being a Director at Lecico Egypt, he has been a Director of Lecico Lebanon (1969-2018) and is a Director and co-owner of Intage. He served as the General Manager and as a Director of T. Gargour & Fils SAL (1968-1996) and Uniceramic Lebanon (1973-2000).



MR. MOHAMED HASSAN
Executive Director

Board Member: 2013 – present **Age: 62**
Nationality: Egyptian

A Director since 2014, he is a citizen of Egypt with B.Sc. in Accounting from Alexandria University and an MBA from Arab Academy for Science, Technology & Maritime Transport. He joined Lecico in 1990 and has served as Financial Manager from 2000 to 2013 when he was promoted to Finance Director and asked to join the board.



DR. RAINER SIMON
Non-Executive Director and
Audit Committee Member

Board Member: 2011 – present

Age: 75

Nationality: German

A Director since 2011, he is a German citizen and holds a Doctorate of Economics from Saint Gallen (Switzerland). Dr. Simon is the owner of BirchCourt GmbH since 2005 and previously held senior positions at Continental AG, Keiper-Recaro GmbH and has been executive director of Grohe AG. Between 2002 and 2005 he was CEO and member of the Board of Sanitec AG and served as a board member of Lecico Egypt representing Sanitec. He served on multiple international Boards and is presently independent director and member of the audit committee at Hindware Ltd. Gurgaon, India.



MS. MENATALLAH SADEK
Independent Director and
Audit Committee Member

Board Member: 2021 – present

Age: 45

Nationality: Egyptian

Menatallah's career encompasses more than two decades of working in leading roles in Egypt and Europe. Her last role was co-founder and CEO of H.A Utilities (HAU), as well as MD of Lightsource BP JV co in Egypt. She is currently acting as Independent Senior Advisor to African Infrastructure Investment Managers (AIIM), and a board member in various companies and funds including Al Futtaim Group, Industrial Development Group (IDG), Blnk Finance, and Azimut to mention a few. She is a CFA Charterholder and was a founding member of the CFA Societies of Sweden and Egypt, where she was also a board member.



MR. KARIM ZAHRAH
Independent Director and
Audit Committee Member

Board Member: 2019 – present

Age: 41

Nationality: Egyptian

Karim is a partner at Compass Capital, one of Egypt's leading private equity firms. He led Zahran Market until it partnered with Ezdehar in 2023. Before he spearheaded the supermarket chain turnaround, he was a Deputy Manager at Groupe Seb's Iberica office in Barcelona. Karim started his career in banking at HSBC. He joined Compass Capital as a founding partner in 2012 where he led the Asset Management team and consequently headed the Beltone brokerage in the United States.

Karim currently serves on the board of directors in Compass Capital, Zahran Group, Rameda Pharmaceuticals, Bonyan for Real Estate, Alex Scan and Meem Autism foundation. Karim earned his bachelor's degrees in economics and finance at Boston University.



MR. COLIN J SYKES
Independent Director and
Audit Committee Member

Board Member: 2019 – present

Age: 66

Nationality: British

Colin has over 35 years of broad skill set international executive experience gained with several prestigious brands across a range of industries. He is now leveraging that in a non-executive capacity and is immensely passionate about developing and implementing strategies that strengthen and grow businesses. He holds an MBA from Fuqua School of Business, Duke University USA and is a Chartered Accountant at both the England and Wales and South Africa Institutes.



FINANCIAL STATEMENTS



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AUDITOR'S REPORT TO THE SHAREHOLDERS OF LECICO EGYPT (S.A.E.)

To the shareholders of Lecico Egypt Company (S.A.E.)

Report on the Consolidated Financial Statements

We have audited the Consolidated Financial Statements of Lecico Egypt Company (S.A.E.) and its subsidiaries ("the Group"), which comprise the consolidated statements of financial position as at December 31, 2025, and the consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, comprising material accounting policies and other explanatory information.

Management's responsibility for the Consolidated Financial Statements

These consolidated financial statements are the responsibility of the Group's management. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) and in the light of the prevailing Egyptian laws and regulations. Management responsibility includes, designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; management responsibility also includes 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 consolidated financial statements based on our audit. Except for the matters described in the Basis for Qualified Opinion section below, we conducted our audit in accordance with the Egyptian Standards on Auditing and in the light of the prevailing Egyptian laws. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated financial statements in order 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 consolidated 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 consolidated financial statements.

Basis for qualified opinion

As disclosed in note (3) to the consolidated financial statements, the Group's management has included the financial information of the Lebanese Ceramic Industries company (subsidiary) for the financial year ended December 31, 2025, in the Group's consolidated financial statements, based on financial information not audited by its auditor.

We were unable to obtain sufficient and appropriate evidence regarding the financial information of Lebanese Ceramic Industries company, due to our access to information is restricted by circumstances that cannot be overcome by the Group's management.

As of December 31, 2025, the subsidiary's financial information include total assets of approximately EGP 901 million representing 11% of the Group's total assets, total liabilities of approximately EGP 18 million (after eliminating the intercompany balances), representing 0.4% of the Group's total liabilities, total revenue for the financial year ended December 31, 2025, of approximately EGP 146 million representing 2% of the Group's total revenue and net profit for the financial year ended December 31, 2025 of approximately EGP 6 million.

On March 2, 2025, we issued our audit report with a qualified opinion on the Group's consolidated financial statements for the financial year ended December 31, 2024, for the same reason mentioned above.

Qualified opinion

Except for the possible effect of such adjustments, if any, as might have been determined to be necessary if we obtained with what is described in the Basis for Qualified Opinion section above, in our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2025 and of its consolidated financial performance and consolidated cash flows for the year then ended in accordance with the IFRS Accounting Standards and in the light of the prevailing Egyptian laws and regulations relating to the preparation of these consolidated financial statements.

Emphasis of matters

Without considering further qualification to our opinion mentioned above, as detailed in Note (41) of the notes to the consolidated financial statements, the Board of Directors of Lecico Egypt (the Holding Company) held a meeting on September 17, 2024, and approved the decision of the committee formed by the General Authority for Investment and Free Zones, which was approved on July 24, 2024. This decision grants permission for the merger of Lecico Egypt (an Egyptian Joint Stock Company) (the merging company) with Lecico Ceramic Industries (Egyptian Joint Stock Company) (merged company), International Ceramics Company (Egyptian Joint Stock Company) (merged company) and European Ceramics Company (Egyptian Joint Stock Company) (merged company). The merger will be based on the book values according to the financial statements of the merging company and the merged companies as of December 31, 2022, which were taken as the basis for the merger. On October 29, 2024, the Financial Regulatory Authority (FRA) approved the publication of the disclosure report.

On June 17, 2025 Extraordinary General Meeting (EGM) for Lecico Egypt (the merging company) approved the merger decision. On June 23, 2025 the Extraordinary General Meeting of the merged companies approved the decision of merge and administrative and executive procedures for the merger process are being undertaken.

Other matters

Our report is prepared for the Group's management internal use only and should not be used in other purpose.

KPMG Hazem Hassan
Public Accountants & Consultants
Mohamed Hassan Mohamed Youssef
Capital Market Register No. 400
Alexandria on February 28, 2026



CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2025

According to International Financial Reporting Standards (IFRS)

	Note	31/12/2025 LE	31/12/2024 LE
Assets			
Non-current assets			
Property, plant and equipment	(15)	3,586,044,267	3,322,359,931
Projects under construction	(16)	72,204,179	55,825,795
Intangible assets	(17)	25,139,638	29,719,859
Equity-accounted investees	(18)	81,997	20,812
Non-current assets		3,683,470,081	3,407,926,397
Current assets			
Inventories	(19)	2,880,321,793	2,543,351,777
Trade and other receivables	(20)	1,659,292,035	1,443,866,262
Cash and cash equivalents	(22)	313,950,137	352,233,706
Current assets		4,853,563,965	4,339,451,745
Total assets		8,537,034,046	7,747,378,142
Equity and liabilities			
Equity for Holding Company			
Issued and paid-up capital	(24-2)	400,000,000	400,000,000
Reserves	(25)	2,414,837,399	2,394,178,238
Retained earnings		1,162,995,099	940,414,138
Equity attributable to Holding Company		3,977,832,498	3,734,592,376
Non-controlling interest	(24-4)	127,973,731	122,018,569
Total equity		4,105,806,229	3,856,610,945
Non-current liabilities			
Non-current portion of lease liabilities	(28)	111,403,877	107,706,551
Long-term notes payable	(31)	236,859,693	355,887,441
Deferred tax liabilities	(14-2)	526,949,846	520,391,057
Non-current liabilities		875,213,416	983,985,049
Current liabilities			
Credit facilities	(23)	1,587,533,130	918,482,312
Accrued income tax	(14-5)	147,720,552	280,295,448
Loans	(27)	–	344,005
Current portion of lease liabilities	(28)	40,232,181	35,443,162
Trade and other payables	(32)	1,520,387,559	1,511,358,852
Provisions	(29)	260,140,979	160,858,369
Current liabilities		3,556,014,401	2,906,782,148
Total liabilities		4,431,227,817	3,890,767,197
Total equity and liabilities		8,537,034,046	7,747,378,142

Notes from (1) to (41) are an integral part of these consolidated financial statements.
Independent Auditor's Report on review of consolidated financial statements attached.

Finance Director
Mohamed Hassan

Managing Director
Taher Gilbert Gargour

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED DECEMBER 31, 2025

According to International Financial Reporting Standards (IFRS)

	Note	31/12/2025 LE	31/12/2024 LE
Net sales	(5)	7,803,673,428	6,644,687,614
Cost of sales	(6)	(6,018,779,563)	(4,769,452,651)
Gross profit		1,784,893,865	1,875,234,963
Other income	(7)	58,612,243	75,002,554
Selling and distribution expenses	(8)	(273,908,092)	(192,001,610)
General and administrative expenses	(9)	(556,079,542)	(468,172,074)
Expected credit loss	(10)	(2,543,977)	(7,810,108)
Other expenses	(11)	(268,406,131)	(131,302,409)
Profit from operating activities		742,568,366	1,150,951,316
Group's share from investments at fair value through profit or loss		61,185	995,630
Net finance (expenses)/income	(12)	(280,960,084)	79,939,224
Profit before tax		461,669,467	1,231,886,170
Income tax expense	(14-1)	(202,372,323)	(312,496,115)
Net profit for the year		259,297,144	919,390,055
Profit/(loss) attributable to:			
Shareholders of the Holding Company		244,075,897	890,332,908
Non-controlling interests		15,221,247	29,057,147
Net profit for the year		259,297,144	919,390,055
Basic and diluted earnings per share (EGP/share)	(13)	3.05	11.12

Notes (1) to (41) are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2025

According to International Financial Reporting Standards (IFRS)

	Note	31/12/2025 LE	31/12/2024 LE
Net profit for the year		259,297,144	919,390,055
Other comprehensive income items			
Items that may be reclassified to profit or loss statement			
Foreign currency translation differences in subsidiaries		(4,071,861)	122,976,107
Total comprehensive income attributable to			
Land revaluation surplus		–	956,239,279
Deferred tax on land revaluation surplus		–	(215,153,838)
Total other comprehensive (loss)/income items		(4,071,861)	864,061,548
Total comprehensive income		255,225,283	1,783,451,603
Total comprehensive income attributable to:			
Shareholders of the Holding Company		243,240,121	1,737,699,803
Non-controlling interests		11,985,162	45,751,800
Total comprehensive income for the year		255,225,283	1,783,451,603

Notes (1) to (41) are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2025

According to International Financial Reporting Standards (IFRS)

	Note	Issued and paid up capital LE	Treasury shares LE	Legal Reserve LE	Other* Reserves LE
Balance as of January 1, 2024		400,000,000	(25,388,998)	50,915,481	15,571,032
Other comprehensive income					
Translation differences	(38-2)	–	–	–	–
Land evaluation surplus	(25)	–	–	–	–
Net profit for the period		–	–	–	–
Total comprehensive income		–	–	–	–
Shareholder's transactions					
Distributing treasury shares	(24-3)	–	25,388,998	–	–
Balance as of December 31, 2024		400,000,000	–	50,915,481	15,571,032
Balance as of January 1, 2025		400,000,000	–	50,915,481	15,571,032
Transfer to legal reserve		–	–	21,494,936	–
Other comprehensive income					
Translation differences	(38-2)	–	–	–	–
Net profit for the period		–	–	–	–
Total comprehensive income		–	–	–	–
Dividends to non-controlling interest		–	–	–	–
Balance as of December 31, 2025		400,000,000	–	72,410,417	15,571,032

Notes (1) to (41) are an integral part of these consolidated financial statements.

Share premium Reserves LE	Reserve for Land Revaluation Surplus LE	Transition Reserve LE	Accumulated (loss)/gain LE	Equity of the Holding Company LE	Non-controlling interest LE	Total Equity LE
181,164,374	1,187,254,955	111,905,501	75,470,228	1,996,892,573	76,266,769	2,073,159,342
–	–	119,345,501	–	119,345,501	3,630,606	122,976,107
	728,021,394	–	–	728,021,394	13,064,047	741,085,441
–	–	–	890,332,908	890,332,908	29,057,147	919,390,055
–	728,021,394	119,345,501	890,332,908	1,737,699,803	45,751,800	1,783,451,603
–	–	–	(25,388,998)	–	–	–
181,164,374	1,915,276,349	231,251,002	940,414,138	3,734,592,376	122,018,569	3,856,610,945
181,164,374	1,915,276,349	231,251,002	940,414,138	3,734,592,376	122,018,569	3,856,610,945
–	–	–	(21,494,936)	–	–	–
–	–	(835,775)	–	(835,775)	(3,236,085)	(4,071,860)
–	–	–	244,075,897	244,075,897	15,221,247	259,297,144
–	–	(835,775)	244,075,897	243,240,122	11,985,162	255,225,284
–	–	–	–	–	(6,030,000)	(6,030,000)
181,164,374	1,915,276,349	230,415,227	1,162,995,099	3,977,832,498	127,973,731	4,105,806,229

CONSOLIDATED STATEMENT OF CASH FLOW

For the year ended December 31, 2025

According to International Financial Reporting Standards (IFRS)

	Note	31/12/2025 LE	31/12/2024 LE
Cash flow from operating activities			
Net profit for the year before tax		461,669,467	1,231,886,170
Adjusted by the following:			
Property, plant and equipment depreciation	(15)	233,400,485	174,973,858
Intangible assets amortisation	(17)	4,811,254	4,068,150
Finance interest expenses on lease contracts	(12),(28)	8,555,207	7,771,959
Finance expenses	(12)	289,960,833	274,103,085
Income from investment fair value through profit or loss	(12),(21)	–	(153,805,960)
Interest income	(12)	(1,107,554)	(6,870,943)
Foreign currency translation differences	(12)	(16,448,402)	(201,137,365)
Profit generated from operations		980,841,290	1,330,988,954
Change in inventories	(19)	(349,585,390)	(1,025,028,742)
Change in trade, notes and other receivables	(20)	(214,556,017)	(268,498,817)
Change in trade, notes and other payables	(32)	(86,161,175)	940,390,869
Change in provisions	(29)	99,282,610	35,602,919
		429,821,318	1,013,455,183
Proceeds from interest income	(12)	1,107,554	6,870,943
Interest expenses paid	(12),(28)	(289,960,833)	(274,103,085)
Finance interest expenses paid on lease contracts	(12)	(8,555,207)	(7,771,959)
Income tax paid	(14)	(328,388,430)	(201,360,248)
Net cash (used in)/provided from operating activities		(195,975,598)	537,090,834
Cash flow from investing activities			
Payments for acquisition of PPE and PUC	(15),(16)	(466,761,824)	(284,959,352)
Payments for acquisition of intangible assets	(17)	–	(6,188,729)
Payments for acquisition financial securities	(21)	–	(598,962,241)
Proceeds from financial securities	(21)	–	752,768,201
Cash (used in) investing activities		(466,761,824)	(137,342,121)
Cash flow from financing activities			
Payments of loans	(27)	(344,005)	(10,475,629)
Payments of lease liabilities	(28)	(44,252,960)	(24,307,947)
Net proceeds from/(paid to) banks credit facilities	(23)	669,050,818	(469,000,936)
Net cash provided from/(used in) financing activities		624,453,853	(503,784,512)
Net change in cash during the year		(38,283,569)	(104,035,799)
Cash and cash equivalents at the beginning of the year	(22)	352,233,706	456,269,505
Restricted time deposits	(22)	(1,697,640)	–
Cash and cash equivalents at the end of the year	(22)	312,252,497	352,233,706

Notes (1) to (41) are an integral part of these consolidated financial statements.

The values of assets and liabilities that don't represent a change in cash as shown in note No. (30).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

1. Background for Holding Company and subsidiaries

These consolidated financial statements of Lecico Egypt Company for the financial period ended December 31, 2025 comprise of the Holding Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities").

1.1 The Headquarter

The headquarters of the Holding Company is located at Khorshed in Alexandria, and Mr. Taher Gargour is the Managing Director.

1.2 Lecico Egypt (the Holding Company)

Lecico Egypt (S.A.E.) was established on November 1, 1975 according to the resolution of Ministry of Economics and Economic Co-operation number 142 of 1975. The Company is subject to the Investment Law no. 72 of 2017 that superseded law no. 8 of 1997. The Holding Company's purpose is the production of all ceramic products including the production of sanitary ware and all kinds of tiles in addition to capital lease transactions.

The duration of the Company is 75 years starting from November 10, 1975 till November 9, 2050.

1.3

The Company is listed on the official list of the Egyptian Exchange.

1.4 Subsidiaries

The following is a list of the subsidiaries comprising the consolidated financial statements together with the respective percentage owned by the Holding Company:

	Country of Incorporation	Ownership Interest 31/12/2025 %	Ownership Interest 31/12/2024 %
1 Lecico for Ceramics Industries (S.A.E.)	Egypt	99.99	99.99
2 TGF for Consulting and Trading (S.A.E.)	Egypt	99.83	99.83
3 Lecico for Financial Investments (S.A.E.)	Egypt	99.33	99.33
4 The Lebanese Ceramics Industries (S.A.L.)	Lebanon	94.77	94.77
5 International Ceramics (S.A.E.)	Egypt	99.97	99.97
6 Lecico for Trading and Distribution of Ceramics (S.A.E.)	Egypt	100	100
7 European Ceramics (S.A.E.)	Egypt	99.97	99.97
8 Sarrguemines (S.A.E)	Egypt	99.85	99.85
9 Burg Armaturen Fabrik - Sarrdesign (S.A.E.)	Egypt	69.85	69.85
10 Lecico UK (Ltd)	United Kingdom	100	100
10.1 Lecico PLC	United Kingdom	100	100
10.2 Lecico South Africa	South Africa	51	51
10.3 Lecico Poland	Poland	91	91

1.5

The financial year for the Holding Company and the Group companies starts at the first of January and ends at December 31 of every year.

1.6

The activities of the subsidiary companies is manufacturing the production of all ceramic products including the manufacturing and production of Sanitary ware and all kinds of tiles and also selling, distribution, consulting and financial investments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended December 31, 2025

2. Basis of preparation of consolidated financial statements

2.1 Accounting framework for preparing consolidated financial statements

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and their interpretations adopted by the International Accounting Standards Board (IASB) for internal use by management.

- The Holding Company prepared another consolidated financial statement in accordance with the Egyptian accounting standard.
- Material accounting policies applied are disclosed in note no (38).
- The accompanying consolidated financials were authorised for issuance by the board of directors on February 28, 2026.

2.2 Basis of measurement

The consolidated interim financial statements have been prepared on historical cost basis except for the following:

- Financial assets and liabilities recognised at fair values through profits or losses.
- Financial assets and liabilities recognised at fair values through other comprehensive income.
- Financial assets and liabilities that are stated at fair value and amortised cost.

2.3 Functional and presentation currency

The consolidated interim financial statements are presented in Egyptian pounds (EGP) which is the Company's functional currency and all data is presented in Egyptian pounds (EGP) unless otherwise indicated in the consolidated financial statements or in the note disclosures.

2.4 Use of estimates and judgments

- In preparing the consolidated financial statements International Financial Reporting Standards (IFRS), management has made judgments, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses and the accompanying disclosures, and the disclosure of contingent liabilities. These estimates and assumptions are based on past experience and various factors.
- Actual results may differ from these estimates and the uncertainty about these assumptions and estimates could result in outcomes that require material adjustment to the carrying amount of assets or liabilities affected in future years.
- The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year or in the year of the revision and future years if the revision affects both current and future years.

A. Judgments

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the consolidated financial statements is included in the following notes:

Revenue recognition

Revenue is recognised as detailed in the accounting policies applied.

Investments in associates and enterprises joint ventures

Determining whether the Group has significant influence over companies and investees.

Lease contracts classification

In the process of classifying properties, management has made various judgements. Judgement is needed to determine whether a property qualifies as an investment property, property, plant and equipment and/or property held for sale. The Company develops criteria in order to exercise that judgement consistently in accordance with the definitions of investment property, property, plant and equipment and property held for sale. In making its judgement, management considered the detailed criteria and related guidance for the classification of properties as set out in IFRS 16 and the intended usage of property as determined by management.

Incremental Borrowing Rates (IBRs) applied in right of use calculation

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate. The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of asset leased.

Recognition of current and deferred tax assets and liabilities and their measurement

Income taxes, whether current or deferred, are determined by each subsidiary of the Group in accordance with the tax law requirements of each country in which the subsidiary of the Group operates.

The Group's profit is subject to income tax, which requires using of significant estimates to determine the total income tax liability. As determining the final tax liability for some transactions could be difficult during the year, the Group record current tax liability according to its' best estimate about the taxable treatment of that transactions and the possibility of incurring of additional tax charges that may result from the tax inspection. And when a difference arising between the final tax liability and what is being recorded, such difference is recorded as income tax expense and current tax liability in the current year and to be considered as change in accounting estimates.

For recognition of deferred tax assets, management uses assumptions about the availability of sufficient taxable profits allowing use of recognised tax assets in the future. Management also uses assumptions related to determination of the applicable tax rate at the financial statements date at which deferred tax assets and liabilities are expected to be settled in the future.

This process requires the use of multiple and complex estimates in estimating and determining the taxable pool and temporary deductible taxable differences resulting from the difference between the accounting basis and the tax basis for some assets and liabilities. In addition to estimating the extent to use deferred tax assets arising from carry forward tax losses, in the light of making estimates of future taxable profits and future plans for each of the activities of the subsidiaries of the Group.

B. Assumptions and estimation uncertainties

The key assumptions concerning the future, and other key sources of estimating uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below. The Group bases its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Provisions and contingent liabilities

Provisions are recognised when the Company has obligations arising (legal or implied) from past events and the settlement of obligations is probable and their value can be measured in a reliable way. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the date of the financial statements, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. In the event that some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the amount due is recognised as an asset if it is certain that the amount will be recovered and the value of the amount due can be measured reliably.

Calculation of loss allowance

The Company assesses the impairment of its financial assets based on the expected credit loss ("ECL") model. Under the ECL model, the Company accounts for expected credit losses and changes in those expected credit losses at the end of each reporting year to reflect changes in credit risk since initial recognition of the financial assets. The Company measures the loss allowance at an amount equal to the lifetime ECL for its financial instruments. When measuring ECL, the Company uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, considering cash flows from collateral and integral credit enhancements. Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions, and expectations of future conditions.

Estimation of net realisable value for inventory

Inventory is stated at the lower of cost or net realisable value ("NRV"). NRV is assessed with reference to sales prices at the end of the reporting year. NRV is determined by the Company having taken suitable external advice and in the light of recent market transactions, where available.

NRV for completed units available for sale is assessed by reference to market conditions and prices existing at the reporting date and is determined by the Company, based on comparable transactions identified by the Company for properties in the same market.

The useful life of property, plant and equipment and intangible assets

The Company's management determines the estimated useful life of property, plant and equipment and intangible assets for the purpose of calculating depreciation and amortisation, this estimate is made after taking into account the expected use of the asset or actual obsolescence, the management annually reviews the useful lives on an annual basis, at least, and the depreciation method to ensure that the method and years of depreciation are consistent with the expected pattern of economic benefits of the assets.

Impairment of property, plant and equipment and projects under construction

Properties classified under property, plant and equipment and projects under construction are assessed for impairment when there is an indication that those assets have suffered an impairment loss. An impairment review is being carried out to determine the recoverable amount which considers the fair value of the property under consideration. The fair value of property, plant and equipment is determined by an independent expert.

The Group Management decided to apply revelation model according to international standard no. 16 (property, plant and equipment) to land owned to group companies note (38-10).

2.5 Measurement of fair values

A certain number of the Company's accounting policies and disclosures require measurement of fair values, for both financial and non-financial assets and liabilities.

Accreditation is measured in the fair value of assets and liabilities mainly on available market data, and the data that is relied upon in the evaluation is classified according to the following hierarchy:

- **Level 1:** quoted prices (unadjusted) in active markets for identical assets or liabilities.
- **Level 2:** inputs of the quoted prices included in level (1) that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended December 31, 2025

2.5 Measurement of fair values continued

- **Level 3:** inputs for the asset or liability that are not based on observable market data (unobservable inputs).
 - The Company recognises transfers between levels of the fair value hierarchy at the end of the financial year during which the change has occurred.
 - Further information about the assumptions made in measuring fair values is included in the following notes:
 - Property, plants and equipment (Note 15).
 - Financial instruments (Note 36).

3. The separate financial statements of Lebanese Ceramic Industries (a subsidiary company) for the financial year ended December 31, 2025

Since 2019, Lebanon has faced unstable political conditions, which have had the greatest impact on its economy and the banking sector. This has resulted in the general decline of economic activity during the year, which may have a significant influence on the valuation of the Lebanese subsidiary's assets and liabilities, as a result of the inability of carrying out its activity in the future. In light of the previously mentioned conditions and their consequences on commercial activity in Lebanon, generally, the Lebanese subsidiary's auditor was not able to quantify the effect of such conditions on the values of assets and liabilities included in its individual financial statements as at December 31, 2025. The company applied IAS No. (29) 'financial reports in hyper inflation economy'.

On preparing the accompanying consolidated financial statements on December 31, 2025 the Group management relied on unaudited financial statements for Lebanese Ceramic Industries' consolidated financial statements prepared by the management of the company.

The following is a summary of the financial information of the subsidiary, which was included in the consolidated financial statements on December 31, 2025 and December 31, 2024 after translation to the Egyptian pound (before elimination entries).

Lebanese Ceramics Industries	(Unaudited)	(unaudited)
Financial position statement as of December 31	31/12/2025	31/12/2024
	LE	LE
Assets		
Non-current assets	742,320,457	749,400,563
Current assets	158,961,727	166,944,638
Total assets	901,282,184	916,345,201
Equity		
Issued and paid up capital	10,974,654	10,974,654
Reserves	639,509,076	639,509,076
Accumulated (losses)	(63,311,024)	(68,799,061)
Foreign entities translation differences	145,639,915	151,441,006
Total Equity	732,812,621	733,125,675
Liabilities		
Non-current liabilities	–	9,621,739
Current liabilities	17,867,226	8,733,718
Current liabilities – Lecico Egypt (Parent Company)	150,602,337	164,864,069
Total liabilities	168,469,563	183,219,526
Total Equity and liabilities	901,282,184	916,345,201
Profit or loss statement for the financial year ended December 31		
Sales	146,262,638	102,728,196
Cost of sales	(105,550,453)	(74,356,243)
Gross profit	40,712,185	28,371,953
Operating expenses	(35,572,126)	(38,058,669)
Net finance income/(expenses)	813,043	(779,642)
Net income/(loss) for year	5,953,102	(10,466,358)

4. Segmental information

Segments are identified according to the method used internally to present financial reports to management.

A segment is a group of related assets and operations that are characterised by risks and benefits that differ from those associated with other Segments or within a single economic environment that are characterised by risks and benefits that are distinct from those associated with Segments operating in a different economic environment.

The Company has three operating segments, which represent segments for which financial reports are submitted to senior management. The following is a statement of the operations of each segment for which reports are issued:

1. Sanitary ware segment
2. Tile segment
3. Brassware segment

The Group's assets, liabilities and results of operations as of and for the year ended December 31, 2025 and December 31, 2024 by sanitary ware, tile and brassware segments are detailed below:

	Sanitary ware segment LE	Tile segment LE	Brassware segment LE	Total LE
December 31, 2025				
Assets	4,235,232,297	4,171,151,921	130,649,828	8,537,034,046
Liabilities	2,142,647,792	2,110,228,849	178,351,176	4,431,227,817
Sales	5,014,550,630	2,488,770,044	300,352,754	7,803,673,428
Cost of sales	–	–	–	(6,018,779,563)
Gross profit	–	–	–	1,784,893,865
Other income	–	–	–	58,612,243
Distribution expenses	–	–	–	(273,908,092)
Administrative expenses	–	–	–	(556,079,542)
Expected credit loss	–	–	–	(2,543,977)
Other expenses	–	–	–	(268,406,131)
Results from operating activities	–	–	–	742,568,366
Investment income	–	–	–	61,185
Finance income	–	–	–	17,555,956
Finance expenses	–	–	–	(298,516,040)
Profit before tax	–	–	–	461,669,467
Current income tax expense	–	–	–	(202,372,323)
Net profit for the year	–	–	–	259,297,144

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended December 31, 2025

4. Segmental information continued

	Sanitary ware segment LE	Tile segment LE	Brassware segment LE	Total LE
December 31, 2024				
Assets	3,878,201,727	3,785,898,288	83,278,127	7,747,378,142
Liabilities	1,884,567,908	1,840,190,570	166,008,719	3,890,767,197
Sales	4,303,384,491	1,976,494,702	364,808,421	6,644,687,614
Cost of sales	–	–	–	(4,769,452,651)
Gross profit	–	–	–	1,875,234,963
Other income	–	–	–	75,002,554
Distribution expenses	–	–	–	(192,001,610)
Administrative expenses	–	–	–	(468,172,074)
Expected credit loss	–	–	–	(7,810,108)
Other expenses	–	–	–	(131,302,409)
Results from operating activities	–	–	–	1,150,951,316
Investment income	–	–	–	995,630
Finance income	–	–	–	(281,875,044)
Finance expenses	–	–	–	361,814,268
Profit before tax	–	–	–	1,231,886,170
Current income tax expense	–	–	–	(312,496,115)
Net profit for the year	–	–	–	919,390,055

The Group operates in the principal geographical areas of Egypt, Lebanon, and other.

The Group's assets, liabilities and results of operations as of and for the year ended December 31, 2025 and December 31, 2024 by geographical areas are detailed below:

	Egypt LE	Lebanon LE	Others LE	Total LE
December 31, 2025				
Assets	7,377,812,124	901,282,184	757,939,738	8,537,034,046
Liabilities	3,648,940,303	168,469,563	613,817,951	4,431,227,817
Sales	5,985,096,968	146,262,638	1,672,313,822	7,803,673,428
Cost of sales	–	–	–	(6,018,779,56)
Gross profit	–	–	–	1,784,893,865
Other income	–	–	–	58,612,243
Distribution expenses	–	–	–	(273,908,092)
Administrative expenses	–	–	–	(556,079,542)
Expected credit loss	–	–	–	(2,543,977)
Other Expenses	–	–	–	(268,406,131)
Results from operating activities	–	–	–	742,568,366
Investment income	–	–	–	61,185
Finance income	–	–	–	17,555,956
Finance expenses	–	–	–	(298,516,040)
Profit before tax	–	–	–	461,669,467
Current income tax expense	–	–	–	(202,372,323)
Net profit for the year	–	–	–	259,297,144

	Egypt LE	Lebanon LE	Others LE	Total LE
December 31, 2024				
Assets	6,054,167,604	916,345,201	776,865,337	7,747,378,142
Liabilities	3,106,143,737	183,219,526	601,403,934	3,890,767,197
Sales	5,701,939,671	102,728,196	840,019,747	6,644,687,614
Cost of sales	–	–	–	(4,769,452,651)
Gross profit	–	–	–	1,875,234,963
Other income	–	–	–	75,002,554
Distribution expenses	–	–	–	(192,001,610)
Administrative expenses	–	–	–	(468,172,074)
Expected credit loss	–	–	–	(7,810,108)
Other expenses	–	–	–	(131,302,409)
Results from operating activities	–	–	–	1,150,951,316
Investment income	–	–	–	995,630
Finance income	–	–	–	(281,875,044)
Finance expenses	–	–	–	361,814,268
Profit before tax	–	–	–	1,231,886,170
Current income tax expense	–	–	–	(312,496,115)
Net profit for the year	–	–	–	919,390,055

5. Sales

5.1 Revenue classification according to products

	31/12/2025 LE	31/12/2024 LE
Revenue recognised at a point in time		
Sanitary ware	5,014,550,630	4,303,384,491
Tile	2,488,770,044	1,976,494,702
Brass ware	300,352,754	364,808,421
	7,803,673,428	6,644,687,614

5.2 Revenue classification according to main geographic regions

	31/12/2025 LE	31/12/2024 LE
Revenue recognised at a point in time		
Inside Egypt	6,692,083,695	5,701,939,671
Outside Egypt	1,111,589,733	942,747,943
	7,803,673,428	6,644,687,614

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended December 31, 2025

6. Cost of sales

	Note	31/12/2025 LE	31/12/2024 LE
Raw materials and consumables		3,721,301,268	2,985,144,598
Energy expense		1,073,213,567	870,259,512
Depreciation	(15)	176,237,914	127,482,721
Employees dividends		94,451,605	75,434,206
Change in inventory		358,180,896	80,582,933
Write down in inventory	(19)	3,846,085	22,741,315
Other		591,548,228	607,807,366
		6,018,779,563	4,769,452,651

7. Other income

		31/12/2025 LE	31/12/2024 LE
Scrap sales		33,457,860	25,410,627
Other income		1,366,870	2,127,675
Discounting long-term notes receivables and payables to its present value		–	41,843,387
Export revenue subsidies		23,787,513	5,620,865
		58,612,243	75,002,554

8. Selling and distribution expense

	Note	31/12/2025 LE	31/12/2024 LE
Salaries and wages		39,450,434	33,157,347
Exhibition expenses		22,077,606	41,725,583
Marketing and advertising expenses		98,075,689	104,127,450
Marketing and distributing services	(33-2)	100,301,418	–
Depreciation selling and distribution	(15)	1,898,232	2,018,713
Other		12,104,713	10,972,517
		273,908,092	192,001,610

9. General and administrative expense

	Note	31/12/2025 LE	31/12/2024 LE
Administrative salaries		284,667,678	221,534,075
Transportation expenses		45,782,213	45,768,806
Audit and consultation fees		34,773,317	29,080,937
Computers and networks		53,763,516	51,757,096
Taxes and contribution health insurance		33,301,902	36,023,064
Depreciation	(15)	55,264,339	45,472,424
Telephone and post expenses		4,060,652	4,687,886
Intangible assets amortisation	(17)	4,811,254	4,068,150
Other		39,654,671	29,779,636
		556,079,542	468,172,074

10. Expected credit loss

	Note	31/12/2025 LE	31/12/2024 LE
Expected credit loss in trades and notes receivables	(20)	1,543,977	4,832,212
Expected credit loss in cash and cash equivalent	(22)	1,000,000	2,977,896
		2,543,977	7,810,108

11. Other expenses

	Note	31/12/2025 LE	31/12/2024 LE
Formed claims provision	(29)	110,541,592	76,502,438
Miscellaneous expenses		59,651,833	42,570,437
Remuneration of the board of directors	(33-4)	13,249,957	12,229,534
Discounting long-term notes receivable and notes payable to its present value		84,962,749	–
		268,406,131	131,302,409

12 Net finance expenses/(income)

	Note	31/12/2025 LE	31/12/2024 LE
Interest expenses		289,960,833	274,103,085
Finance expenses on lease contracts		8,555,207	7,771,959
Total finance expense		298,516,040	281,875,044
Less:			
Finance income			
Interest income		1,107,554	6,870,943
Income from investment fair value through profit or loss*		–	153,805,960
Foreign currency exchange differences		16,448,402	201,137,365
Total finance income		17,555,956	361,814,268
Net finance expenses/(income)		280,960,084	(79,939,224)

* Investment gain is represented as the net income from investment in securities at Egyptian exchange stock.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended December 31, 2025

13 Basic and diluted earning per share in profit

13.1 Basic and diluted earnings per share in profit according to profit or loss

The earnings per share in profit (basic and diluted) was calculated for the financial year ended as follows:

	31/12/2025 LE	31/12/2024 LE
Net profit/(loss) for the year attributable to the Holding Company's shareholders	244,075,897	890,332,908
The number of outstanding shares during the year (share)	80,000,000	80,000,000
Basic and diluted earning per share in profit/(loss) for the year (LE/share)	3.05	11.12

14 Income tax

14.1 Income tax charged to profit or loss consolidated statement

	31/12/2025 LE	31/12/2024 LE
Income tax for the year	194,416,534	318,708,222
Deferred income tax expense	6,558,789	(6,910,607)
Dividends tax	1,397,000	698,500
	202,372,323	312,496,115

14.2 Recognised deferred tax assets and liabilities

	Financial statement		Profit or loss statement	
	31/12/2025 LE	31/12/2024 LE	31/12/2025 LE	31/12/2024 LE
Property, plant and equipment (liability)	530,270,430	523,897,355	6,373,075	(7,104,104)
Inventory (asset)	(3,320,584)	(3,506,298)	185,714	193,497
Deferred tax for the year (liability)	526,949,846	520,391,057	6,558,789	(6,910,607)

No liability has been recognised with respect to temporary differences associated with undistributed profits of certain subsidiaries as the Group is able to control the timing of such distributions and the Holding Company will merge with some subsidiaries as detailed at note no. (41) and it is likely that such differences will not be reversed in the future.

Deferred tax liabilities have not been recognised concerning temporary differences in the undistributed dividends of certain subsidiaries based on the following:

- For the undistributed dividends of companies subject to distribution tax in Egypt, the Holding Company's management controls the timing of these distributions. The expected policy to be applied is to retain most of the distributable profits for reinvestment.
- Accordingly, the Group's policy, in accordance with International Accounting Standard No. 12 (Income Taxes), is to recognise deferred tax related to profits expected to be distributed, limited to the distribution tax on the amounts planned to be distributed by the Holding Company in the coming years.

14.3 Reconciliation of effective tax rate

	31/12/2025 LE	31/12/2024 LE
Net Profit before tax	461,669,467	1,231,886,170
Tax rate	22.5%	22.5%
Income tax calculated based on the accounting profit	103,875,630	277,174,388
Effect of provisions and ECL	99,956,827	86,686,426
Investment financing cost	351,776,253	164,203,160
Non-deductible tax expenses	(13,970,000)	(160,790,960)
Exemption (investments income)	899,432,547	1,321,984,796
Tax base	202,372,323	297,446,579
Income tax expense	202,372,323	297,446,579
Income tax independent tax base	–	15,049,536
Total income tax expense	202,372,323	312,496,115
Effective tax rate	43.8%	25.4%

14.4 Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items:

	31/12/2025 LE	31/12/2024 LE
Impairment of trade and notes receivables	30,185,476	30,033,777
Provisions	58,531,720	36,193,133
Impairment of equity-accounted investees	1,580,539	1,580,539
Total	90,297,735	67,807,449

14.5 Accrued income tax

	31/12/2025 LE	31/12/2024 LE
Current income tax	194,416,534	318,708,222
Tax authority – previous years	4,178,346	448,565
Tax authority – withholding tax	(50,874,328)	(38,861,339)
Total	147,720,552	280,295,448

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended December 31, 2025

15. Property, plant and equipment

	Land LE	Buildings LE	Leasehold improvements LE
Cost			
As of 01/01/2025	2,495,629,786	474,851,856	41,742,874
Translation differences	(39)	(6,036,257)	216,224
Additions during the year	–	18,956,902	1,966,547
Disposals during the year	–	(37,280)	(103,857)
As of 31/12/2025	2,495,629,747	487,735,221	43,821,788
Accumulated depreciation			
As of 01/01/2025	–	339,590,332	31,316,945
Translation differences	–	(3,960,994)	141,223
Depreciation of the year	–	14,521,016	2,722,781
Disposals accumulated depreciation during the year	–	21,656	(103,857)
As of 31/12/2025	–	350,172,010	34,077,092
Net book value			
As of 31/12/2025	2,495,629,747	137,563,211	9,744,696
As of 31/12/2024	2,495,629,786	135,261,524	10,425,929
Fully depreciated assets and still working	–	80,959,965	4,919,670

- The land and buildings include properties at a cost of EGP 1.8 million and EGP 6.5 million respectively which were purchased by the group with an unregistered initial contract.
- The right of use assets category is represented in the present value of right of use assets arisen from lease contracts for a number of outlets in different governorates inside Egypt. In addition to lease contracts formed by subsidiaries in United Kingdom and South Africa.

Depreciation expense has been charged as follow:

	Note	31/12/2025 LE	31/12/2024 LE
Cost of sales	(6)	176,237,914	127 482 721
General and administrative expense	(9)	55,264,339	45 472 424
Selling and distribution expense	(8)	1,898,232	2 018 713
Total		233 400 485	174,973,858

Machinery and equipment LE	Vehicles LE	Tools LE	Furniture, office equipment and computers LE	Rights-of-use assets LE	Total LE
2,170,141,149	170,499,825	248,624,397	67,059,161	280,419,680	5,948,968,728
(45,345,078)	(3,696,415)	(4,091,219)	(1,544,740)	3,057,046	(57,440,478)
400,161,895	10,117,537	4,391,162	14,789,397	52,306,834	502,690,274
(66,278,948)	(418,946)	–	–	(33,053,889)	(99,892,920)
2,458,679,018	176,502,001	248,924,340	80,303,818	302,729,671	6,294,325,604
1,719,989,541	127,493,708	201,844,002	55,341,451	151,032,818	2,626,608,797
(43,980,189)	(3,808,414)	(1,807,342)	(1,491,409)	912,388	(53,994,737)
157,385,652	13,265,484	3,857,304	3,877,968	37,770,280	233,400,485
(66,278,948)	(418,946)	–	–	(30,953,113)	(97,733,208)
1,767,116,056	136,531,832	203,893,964	57,728,010	158,762,373	2,708,281,337
691,562,962	39,970,169	45,030,376	22,575,808	143,967,298	3,586,044,267
450,151,608	43,006,117	46,780,395	11,717,710	129,386,862	3,322,359,931
821,047,021	44,693,943	169,115,230	26,681,469	–	1,147,547,298

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended December 31, 2025

15. Property, plant and equipment continued

	Land LE	Buildings LE	Leasehold improvements LE
Cost			
As of 01/01/2024	1,539,390,290	415,478,227	28,431,957
Translation differences	217	52,839,348	13,586,690
Land revaluation surplus	956,239,279	–	–
Additions during the year	–	6,534,281	919,421
Disposals during the year	–	–	(1,195,194)
As of 31/12/2024	2,495,629,786	474,851,856	41,742,874
Accumulated depreciation			
As of 01/01/2024	–	288,982,309	18,383,675
Translation differences	–	36,018,116	11,383,229
Depreciation of the year	–	14,589,907	2,745,235
Disposals accumulated depreciation	–	–	(1,195,194)
As of 31/12/2024	–	339,590,332	31,316,945
Net book value			
As of 31/12/2024	2,495,629,786	135,261,524	10,425,929
As of 31/12/2023	1,539,390,290	126,495,918	10,048,282
Fully depreciated assets and still working	–	58,420,616	4,361,931

The Groups management decided to adopt the revaluation model as per International Accounting Standard No. 16 'Property, Plant and Equipment' in respect to the land owned by the Holding Company and its subsidiaries, Note No. (38-10):

During year 2024 the lands of the group have been revalued because of the decrease of their fair value, and this resulted in increase in land values in the amount of EGP 956,239,279 which is recognised in comprehensive income statement and consolidated equity reserves and non-controlling interest.

The Group uses valuation reports from the independent valuation expert appointed by management to assess the Fair Value of the Group's lands. The valuation expert relied on the 'Sales comparison method' which depends on recent sales transactions for similar lands.

Machinery and equipment LE	Vehicles LE	Tools LE	Furniture, office equipment and computers LE	Rights-of-use assets LE	Total LE
1,710,065,398	108,493,435	218,403,499	51,274,650	166,821,122	4,238,358,578
281,059,155	29,433,494	25,747,577	9,721,631	109,613,520	522,001,632
–	–	–	–	–	956,239,279
223,905,383	34,211,532	4,473,321	6,067,507	3,985,038	280,096,483
(44,888,787)	(1,638,636)	–	(4,627)	–	(47,727,244)
2,170,141,149	170,499,825	248,624,397	67,059,161	280,419,680	5,948,968,728
1,373,731,657	93,831,206	185,306,664	43,966,185	76,533,946	2,080,735,642
279,538,729	28,493,382	11,374,041	9,384,489	42,434,555	418,626,541
111,607,942	6,807,756	5,163,297	1,995,404	32,064,317	174,973,858
(44,888,787)	(1,638,636)	–	(4,627)	–	(47,727,244)
1,719,989,541	127,493,708	201,844,002	55,341,451	151,032,818	2,626,608,797
450,151,608	43,006,117	46,780,395	11,717,710	129,386,862	3,322,359,931
336,333,741	14,662,229	33,096,835	7,308,465	90,287,176	2,157,622,936
795,365,926	44,432,443	159,069,087	25,946,830	–	1,087,596,833

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended December 31, 2025

16. Projects under construction

	31/12/2025 LE	31/12/2024 LE
Machinery and buildings under installation*	32,466,352	45,004,938
Advance payments for acquisition of property, plant and equipment**	39,737,827	10,820,857
	72,204,179	55,825,795

* Machinery and buildings under installation represents the value of improvements in the production capacity of machines, equipment and buildings of the sanitary ware, tiles and frit factories in the Group's companies.

** It represents the value of purchasing new office in 5th Settlement in Cairo.

As showing project under construction movement:

	31/12/2025 LE	31/12/2024 LE
Balance at the beginning of the year	55,825,795	46,977,888
Addition during the year	189,234,137	139,179,073
Transferred to fixed asset	(172,855,753)	(130,331,166)
Balance at the end of the year	72,204,179	55,825,795

17. Intangible assets

The amount is represented in the value of the costs of developing computer programs indicated as follows:

	Note	31/12/2025 LE	31/12/2024 LE
Cost			
At the beginning of the year		130,534,621	84,809,496
Translation differences		695,422	39,536,396
Additions		–	6,188,729
At the end of the year		131,230,043	130,534,621
Amortisation and impairment losses			
Balance at the beginning of the year		100,814,762	67,392,717
Translation differences		464,389	29,353,895
Amortisation of year	(9)	4,811,254	4,068,150
Balance as at the end of the year		106,090,405	100,814,762
Carrying amount at the end of the year		25,139,638	29,719,859

18. Investments

18.1 Equity-accounted investees

	Ownership %	31/12/2025 LE	31/12/2024 LE
Murex Industries and Trading (S.A.L.)	20%	6,924,716	6,924,716
Other investments		99,900	99,900
		7,024,616	7,024,616
Less:			
Impairment of investment		(7,024,616)	(7,024,616)
		–	–

Investment at Murex industries and trading (S.A.L.) has been fully impaired.

19. Inventory

	31/12/2025 LE	31/12/2024 LE
Raw materials, consumables and spare parts	986,800,984	930,801,243
Work in progress	234,482,915	151,683,065
Finished goods	1,746,172,579	1,470,791,533
	2,967,456,478	2,553,275,841
Less:		
Inventory impairment	(223,356,653)	(233,004,121)
	2,744,099,825	2,320,271,720
Goods in transit	136,221,968	223,080,057
	2,880,321,793	2,543,351,777

The movement of the impairment of inventory through the year is as follows:

	31/12/2025 LE	31/12/2024 LE
Balance as at 1/1/2025	233,004,121	131,618,734
Formed during the year	3,846,085	22,741,315
Translation differences	(13,493,553)	78,644,072
Balance as at 31/12/2025	223,356,653	233,004,121

20. Trade and other receivables

	31/12/2025 LE	31/12/2024 LE
Trade receivables	1,273,679,742	1,005,680,581
Notes receivables	81,076,964	147,948,612
Other debtors	51,412,192	56,940,288
Social insurance	939,737	939,737
Suppliers – debit balances	1,164,659	9,739,377
Tax authority – withholding tax	19,834	19,834
Tax authority – VAT	250,650,252	208,402,521
Other debit balances	101,488,637	107,604,559
Prepaid expenses	33,017,691	40,074,205
	1,793,449,708	1,577,349,714
Less:		
Expected credit loss in trade and other receivables	(134,157,673)	(133,483,452)
	1,659,292,035	1,443,866,262

The movement of the impairment in trade and other receivables during the year is as follows:

	Note	31/12/2025 LE	31/12/2024 LE
Balance as at 1/1/2025		133,483,452	123,177,540
Formed during the year	(10)	1,543,977	4,832,212
Translation differences		(869,756)	5,473,700
Balance as at 31/12/2025		134,157,673	133,483,452

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For the year ended December 31, 2025

21. Investment with fair value through profit or loss

	Note	31/12/2025 LE	31/12/2024 LE
Cost of purchase during the year		–	598,962,241
Deduct:			
Revenues from selling investment during the year		–	(752,768,201)
Add:			
Gain on selling investment during the year	(12)	–	153,805,960
		–	–

22. Cash and cash equivalents

	Note	31/12/2025 LE	31/12/2024 LE
Banks – current accounts		299,254,960	303,625,126
Cash on hand		11,440,101	7,243,294
Banks time deposit for		7,232,972	44,343,182
		317,928,033	355,211,602
Deduct:			
Expected credit loss**		(3,977,896)	(2,977,896)
		313,950,137	352,233,706
Deduct:			
Restricted time deposits*		(1,697,640)	–
Cash and cash equivalents according to cash flow statement		312,252,497	352,233,706

* Restricted time deposits represent deposits that have been pledged against letters of guarantee.

** Expected credit loss movement.

	Note	31/12/2025 LE	31/12/2024 LE
Balance as at 1/1/2025		2,977,896	–
Provided during the year	(10)	1,000,000	2,977,896
Balance as at 31/12/2025		3,977,896	2,977,896

23. Credit facilities

	December 31, 2025		
	Total facilities LE	Utilised LE	Unutilised LE
Lecico Egypt S.A.E.	1,281,250,000	715,326,477	565,923,523
Lecico for Ceramics S.A.E.	521,250,000	164,778,710	356,471,290
European Ceramics S.A.E.	476,250,000	196,632,869	279,617,131
International Ceramics S.A.E.	451,250,000	189,520,251	261,729,749
Burg Armaturen Fabrik S.A.E.	208,000,000	113,127,738	94,872,262
Lecico for trading and distribution of ceramics	15,000,000	9,396,384	5,603,616
UK group	315,906,483	198,750,701	117,155,782
The Lebanese Ceramics Industries (S.A.L.)	81,039,000	–	81,039,000
Net book value on December 31, 2025	3,349,945,483	1,587,533,130	1,762,412,353

	December 31, 2024		
	Total facilities LE	Utilised LE	Unutilised LE
Lecico Egypt S.A.E	1,165,000,000	349,700,853	815,299,147
Lecico for Ceramics S.A.E	390,000,000	71,724,824	318,275,176
European Ceramics S.A.E	345,000,000	89,668,055	255,331,945
International Ceramics S.A.E	320,000,000	89,670,994	230,329,006
Burg Armaturen Fabrik S.A.E	182,500,000	102,248,411	80,251,589
Lecico for trading and distribution of ceramics	15,000,000	9,408,000	5,592,000
UK group	301,953,909	206,061,175	95,892,734
The Lebanese Ceramics Industries (S.A.L)	86,428,000	–	86,428,000
Net book value on December 31,2024	2,805,881,909	918,482,312	1,887,399,597

The credit facilities granted by banks to the Group's companies consist of short-term facilities provided at variable interest rates equal to the Secured Overnight Financing Rate (SOFR), plus the bank's profit margin, to finance working capital requirements, letters of credit, and letters of guarantee.

24. Share capital

24.1 Authorised capital

The authorised capital of Lecico Egypt was determined to be EGP 500 million distributed over 100 million shares with nominal value of EGP 5 per share.

24.2 Issued and paid up capital

The issued and paid up capital was determined by an amount of EGP 400 million, distributed over 80 million nominal cash share. The nominal value of each share of EGP 5 is fully paid.

The holders of ordinary shares are entitled to receive dividends as declared from one time to next and are entitled to one vote per share at the Company's shareholders meetings. All shares rank equally with regards to the Holding Company's residual assets.

The main shareholder is Intage Holding Limited.

The Company's capital structure consists of:

Investor	%	Number of Shares	Balance LE
Intage Holding Limited and its related group	46.4	37,140,045	185,700,225
AL OAYAN SAUDI investment company	19.9	15,915,058	79,575,290
Others	33.7	26,944,897	134,724,485
	100	80,000,000	400,000,000

24.3 Treasury shares

on April 2 2023, the Holding Company purchased 3,200,000 shares of the Company's shares at a price of 7.9 pounds per share through the capital market in the year from March 22, 2023, to March 28, 2023, which represents 4% of the Company's capital based on the Board of Directors' decision on March 18, 2023 regarding the purchase of treasury shares in support of the share price in the market.

General Assembly meeting held on December 11, 2023 decided to approve the distribution of all previously purchased treasury shares to the Company's shareholders as stock dividends, as a percentage of one share to 24 share and the distribution done by January 12, 2024.

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For the year ended December 31, 2025

24.4 Non-controlling interests

Non-controlling interests balance at December 31, 2025, represents the interest shares in subsidiaries' equity as follows:

Company	%	Non-controlling interest Profit/loss for the year LE	Dividends to shareholder's LE	Foreign currency LE	Balance as of 31/12/2025 LE	Balance as of 31/12/2024 LE
Lecico for ceramics	0.0045	10,917	–	–	69,436	58,519
International ceramics	0.0333	(14,617)	–	–	199,207	213,824
European ceramics	0.0300	(10,216)	–	–	231,112	241,328
Burg Armaturen Fabrik	30.1500	12,699,634	(6,030,000)	–	91,962,382	85,292,748
Sarreguemines	0.1500	13,684	–	–	52,885	39,201
Lecico for financial investments	0.6667	(621)	–	–	19,954	20,575
Lebanese Ceramics Industries Co.	5.2300	311,347	–	(1,025,261)	3,883,753	4,597,667
Lecico South Africa	49	2,514,068	–	1,430,340)	35,878,409	34,794,681
Lecico CEE	9	(302,949)	–	(780,484)	(4,323,407)	(3,239,974)
		15,221,247	(6,030,000)	(3,236,085)	127,973,731	122,018,569

As follows:

Summary of financial statements of Burg Armaturen Fabrik, Lecico (UK) Ltd, fully owned by Lecico Egypt and controlling Lecico South Africa and Lecico Poland and Lebanese Ceramics Industries Co. as at December 31, 2025

	Burg Armaturen Fabrik (audited) LE	Lecico (UK) Ltd (audited) LE	Lebanese Ceramics Industries Co. (unaudited) LE
Non-current assets	56,359,347	185,599,122	742,320,457
Current assets	410,856,218	572,340,607	158,961,727
Total assets	467,215,565	757,939,729	901,282,184
Equity	288,864,389	164,403,468	732,812,621
Current liabilities	176,321,918	495,229,587	168,469,563
Non-current liabilities	2,029,258	98,306,674	–
Total equity and liabilities	467,215,565	757,939,729	901,282,184
Total sales	315,306,925	1,672,313,822	146,262,638
Net profit/(loss) of the year	42,121,507	(33,452,918)	5,953,102

25. Reserves

	Legal reserve LE	Other reserves* LE	Share premium reserve LE	Reserve for land revaluation surplus** LE	Translation reserve LE	Total LE
Balance at January 1, 2024	50,915,481	15,571,032	181,164,374	1,187,254,955	111,905,501	1,546,811,343
Translation differences for foreign entities	–	–	–	–	119,345,501	119,345,501
Land revaluation surplus	–	–	–	939,382,445	–	939,382,445
Deferred tax on land revaluation surplus	–	–	–	(211,361,051)	–	(211,361,051)
Balance at December 31, 2024	50,915,481	15,571,032	181,164,374	1,915,276,349	231,251,002	2,394,178,238
Balance at January 1, 2025	50,915,481	15,571,032	181,164,374	1,915,276,349	231,251,002	2,394,178,238
Transferred to legal reserve (note no. 26)	21,464,936	–	–	–	–	21,494,936
Translation differences for foreign entities	–	–	–	–	(835,775)	(835,775)
Balance at December 31, 2025	72,410,417	15,571,032	181,164,374	1,915,276,349	230,415,227	2,414,837,399

* Other reserves include the Holding Company's share of the premium (LE 9.9 Million) received by Lecico for Ceramics Industries (subsidiary) for admitting a new shareholder through an increase in capital, such amount is not distributable according to local laws and regulations.

** Land revaluation surplus is represented in the adjusted value of the Holding Company's land in Khorshid and Abou-Quir that was revalued to reflect its fair value at the date of revaluation in the year 1997. The revaluation result was included in the revaluation surplus in the shareholders' equity and is not distributable or transferable to capital.

During the year 2024, Lecico Egypt revaluated the Group's lands at the amount of EGP 956,239,279 by independent experts to reflect their fair-value, and the share of Holding Company amounted to EGP 939,382,445 (Note 15).

26. Legal reserve

According to the companies' law of Lecico Egypt and the Company's statutes, the Company is required to set aside 5% of the annual net profit to form a legal reserve. The transfer to legal reserve ceases once the reserve reaches 20% of the issued share capital based on Company's statutes. The reserve is undistributable, however, it can be used to increase the share capital or offset losses. If the reserve falls below the defined level (20% of the issued share capital) then the Company is required to resume setting aside 5% of the annual profit until it reaches 20% of the issued share capital.

27. Loans

	Balance on January 1, 2025 LE	Repayments of loan during the year LE	Foreign currency translation differences LE	Balance on December 31, 2025 LE	Instalments due within one year LE	Balance of long-term loan December 31, 2025 LE
31 December 2025						
The Outstanding balance of loan granted from HSBC Bank for Lecico -UK (Lecico plc) with an amount of GBP 100 thousand and will be paid over 60 monthly instalments each instalment with an amount of GBP 1786.92 the variable interest rate is equal 2.62% starting from April 2020 till March 2025.	344,005	(344,005)	–	–	–	–
Balance on December 31, 2025	344,005	(344,005)	–	–	–	–

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For the year ended December 31, 2025

27. Loans and borrowings continued

	Balance on January 1, 2024 LE	Repayments of loan during the year LE	Foreign currency translation differences LE	Balance on December 31, 2024 LE	Instalments due within one year LE	Balance of long-term loans December 31, 2024 LE
31 December 2024						
The outstanding balance of loan granted from the CIB to the Holding Company amounted to USD 2.7 million with variable interest rate 4%. Above SOFR rate The loan will be repaid over 18 quarterly consecutive instalments each amounting USD 300 000 starting from September 2019 till March 2024.	9,267,000	(9,267,000)	–	–	–	–
The Outstanding balance of loan granted from HSBC Bank for Lecico -UK (Lecico plc) with an amount of GBP 100 thousand and will be paid over 60 monthly instalments each instalment with an amount of GBP 1786.92 the variable interest rate is equal 2.62% starting from April 2020 till March 2025.	1,056,343	(1,208,926)	496,588	344,005	(344,005)	–
Balance on December 31, 2024	10,323,343	(10,475,926)	496,588	344,005	(344,005)	–

28. Lease liability

	31/12/2025 LE	31/12/2024 LE
Present value of unpaid lease payments at the commencement date	151,636,058	143,149,713
Less:		
Instalments due within one year.	(40,232,181)	(35,443,162)
Non-current portion of financial lease liability	111,403,877	107,706,551

28.1 Lease liability movement

	31/12/2025 LE	31/12/2024 LE
Beginning balance of the year	143,149,713	108,779,664
Additions during the year	52,306,834	3,985,038
Add/(deduct)		
Finance interest	8,555,207	7,771,959
Payments during the year (principle)	(44,252,960)	(24,307,947)
Payments during the year (interest)	(8,555,207)	(7,771,959)
Foreign currency exchange differences	432,471	54,692,958
Ending balances of the year	151,636,058	143,149,713
Deduct		
Current portion of lease liabilities represented in due instalments during the next financial year	(40,232,181)	(35,443,162)
Non-current portion of lease liabilities	111,403,877	107,706,551

28.2 Summary of due dates – lease payments due during the following years:

	Due within one year LE	From 2-3 years LE	From 4-5 years LE	Total LE
December 31, 2025	49,390,389	128,768,324	1,868,059	180,026,772
December 31, 2024	40,244,544	69,063,920	47,320,997	156,629,461

The Company measured lease liability by discounting lease payment by using incremental borrowing rate, discounting the minimum future lease payment, by using effective interest rate of 4.8% annually to its present value being the Company's incremental borrowing rate.

29. Provisions

	Balance as at 1/1/2025 LE	Translation differences LE	Formed provisions LE	Provisions Utilised LE	Balance as at 31/12/2025 LE
Provision disclosed in the current liabilities					
Legal provision	1,000,000	–	–	–	1,000,000
Tax provision	128,801,527	–	87,085,000	(10,449,727)	205,437,800
Claims provision	31,056,842	(809,255)	23,456,592	–	53,704,179
Total	160,858,369	(809,255)	110,541,592	(10,449,727)	260,140,979

The provision is formed for existing claims related to the Company's transactions with other parties. The Company's management reviews the provisions yearly and makes any external amendments if needed according to the latest agreements and negotiations with those parties.

30. Changes in assets and liabilities at cash flow statement

For the purpose of preparing the consolidated statement of cash flows, the following have been excluded from the values of assets and liabilities that don't represent a change in cash as referred to above:

	Note	31/12/2025 LE	31/12/2024 LE
Right-of-use assets	(15)	52,306,834	3,856,994
Lease liabilities	(28)	(52,306,834)	(3,856,994)

31. Notes payables

	31/12/2025 LE	31/12/2024 LE
Nominal value of long-term notes payable	329,230,199	533,220,696
Discount on notes payable to its present value*	(92,370,506)	(177,333,255)
Present value of long-term notes payables	236,859,693	355,887,441

* The discounting of long-term notes payable is computed using the effective interest rate of the Holding Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended December 31, 2025

32. Trade and other payables

	Note	31/12/2025 LE	31/12/2024 LE
Trade payable		784,047,510	755,900,722
Notes payable		274,612,753	199,666,459
Due to related parties	(33-2)	32,978,511	2,621,570
Social insurance authority and tax authority		44,047,843	31,648,826
Accrued expenses		271,433,372	215,662,921
Sundry creditors		16,923,572	237,861,548
Value added tax authority – current account		29,214,908	36,746,038
Dividends payable		389,929	389,929
Employees' profit share from certain group companies		66,739,161	30,860,839
		1,520,387,559	1,511,358,852

33. Related parties

Related parties consist of shareholders, key management personnel, directors and companies that are directly or indirectly controlled or affected by shareholders, directors or key management personnel.

In the ordinary course of business the group deals with different related parties.

Transactions are entered with related parties in accordance to the terms and conditions approved by Group's management or its board of directors.

33.1 Due from related parties

	Nature of relationship	Nature of transaction	Volume of transaction	31/12/2025 LE	31/12/2024 LE
El-Khaleeg for Trading and Investment	Associate	Current	–	300,100	300,100
Total due from related parties				300,100	300,100
Less:					
Impairment for balance of 'El-Khaleeg for Trading and Investment'				(300,100)	(300,100)
Net due from related parties				–	–

33.2 Due to related parties

	Nature of relationship	Nature of transaction	Volume of transaction	31/12/2025 LE	31/12/2024 LE
Murex Industries and Trading (S.A.L)	Associate	Current	(578,919)	47,122	626,041
Ceramics Management services Ltd (CMS)*	Associate	Technical consulting	100,301,418	32,931,389	1,995,529
				32,978,511	2,621,570

* Some members of the Board of Directors and shareholders of the Holding Company are investors in the Company.

33.3 Transactions with members of the Board of Directors of the Holding Company

The statement of consolidated profit or loss for the financial period ending December 31, 2025, was charged with the allowances of the members of the Board of Directors of the Holding Company and executive managers included in 'other expenses' Note no. (11).

33.4 Top management members

The senior management is represented by the Board of Directors and the main managers of the Company, and the salaries and benefits paid to senior management during the financial period amounted:

	31/12/2025 LE	31/12/2024 LE
Remuneration and allowances of members of the Board of Directors, attendance of committees	13,249,957	12,229,534
	13,249,957	12,229,534
Salaries and benefits	36,374,060	31,778,221
	36,374,060	31,778,221

34. Contingent liabilities

The contingent liabilities represent the value of the letters of guarantee and letters of credit issued by the Holding Company and subsidiaries' banks in favor of others existing at the end of the year stated as follows:

Currency	31/12/2025	31/12/2024
Letter of guarantee		
EGP	28,925,376	18,816,729
EURO	–	4,000,000

35. Capital commitment

The capital commitments for purchasing inventory outstanding as at December 31, 2025 amounted to EGP 94,747,200 (compared to capital commitments as at December 31, 2024 amounted to EGP 49,745,877).

36. Financial instruments

This illustration provides information on the Company's financial instruments, including:

- An overview of all financial instruments held by the Company.
- Specific information on each type of financial instrument.
- Information on determining the fair value of instruments, including uncertain judgments and estimates.

The Company's main financial instruments include term deposits and financial investments in financial assets at fair value through profits or losses. The main purpose of these financial instruments is to increase financing for the Company's operations. The Company has many other financial instruments such as customers and suppliers that arise directly from operations.

The main risks arising from the Company's operations are foreign exchange risk and credit risk.

Financial assets

All financial assets owned by the Company are measured at amortised cost using the effective interest rate method and as a result book values are a reasonable approximation of fair value, except for financial investments measured at fair value.

Financial liabilities

All financial liabilities owned by the Company are measured at amortised cost using the effective interest rate method and as a result the book amounts are a reasonable approximation of fair value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended December 31, 2025

36. Financial instruments continued

	Note	31/12/2025 LE	31/12/2024 LE
Financial assets with amortisation cost			
Banks current accounts and time deposits	(22)	295,277,064	300,647,230
Trade and notes receivable and other debit balances	(20)	1,373,499,862	1,184,690,588
		1,668,776,926	1,485,337,818
Financial liabilities			
Trade and notes payables and other credit balances	(32)	1,651,005,990	1,796,229,859
Lease liabilities	(28)	151,636,058	143,149,713
Credit facilities	(23)	1,587,533,130	918,482,312
Loans	(27)	–	344,005
Due to related parties	(33)	32,978,511	2,621,570
		3,423,153,689	2,860,827,459

All assets and financial liabilities are classified and measured at amortised cost, and the fair value of all financial instruments does not differ materially from their book value.

For the purpose of disclosure of financial instruments, non-financial assets amounting to EGP 285,792,173 (December 31, 2024: EGP 296,169,183) have been excluded from other debit balances it was also excluded non-financial liabilities amount EGP 73,262,751 (December 31, 2024: 71,016,434) have been excluded from other debit balances.

36.1 Financial risk management

Company is exposed to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk
- Currency risk
- Interest rate risk
- Other market price risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, as well as the Company management of capital. Further quantitative disclosures are included throughout these separate financial statements.

The Board of Directors of the Parent Company has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board also identifies and analyses the risks faced by the Company, sets appropriate risk limits and controls, and monitors risks and adherence to limits.

The Company aims to develop a disciplined and constructive control environment through which all employees understand their roles and obligations.

A. Credit risk

The Company is exposed to credit risk as a result of the counterparty's failure to fulfil its contractual obligations when due, in respect of the following:

- Trade receivables
- Debtors and other debit balances
- Due from related parties
- Current account and cash on hand

Credit risk is the risk that a company will suffer financial loss as a result of the failure of the client or counterparty of a financial instrument to fulfil its contractual obligations, arising mainly from customers. The book value of financial assets represents the maximum credit risk.

The Company's exposure to credit risk is mainly influenced by the individual characteristics of each client. However, management also takes into account factors that may affect the credit risk of its customer base, including the risk of default associated with the industry and the sector in which customers operate.

For clients, the Company has established a credit policy according to which each new client is individually analysed according to solvency before submitting the entity's standard payment and delivery terms and conditions, and includes a review of financial statements, information about the business and in some cases bank references. Each customer is assigned a credit limit and reviewed annually.

When monitoring customer credit risk, clients are grouped according to their credit characteristics, history of dealing with the Company and the presence of previous financial difficulties.

B. Liquidity risk

Liquidity risk is the risk that the Company will not fulfill its obligations according to the contractual term with third parties. The Company's approach to liquidity management is to ensure – whenever possible – that it has sufficient liquidity to meet its obligations on their maturity date in normal and critical circumstances without incurring unacceptable losses or damaging the Company's reputation.

The ultimate responsibility for liquidity risk management lies with senior management who have developed an appropriate liquidity risk management framework to manage the Company's short, medium and long-term funding and manage liquidity requirements.

The Group manages liquidity risk by maintaining adequate reserves, banking facilities, and standby borrowing facilities, by continuously monitoring expected and actual cash flows, and by matching asset maturity dates and financial obligations.

Management forecasts cash flows and monitors successive forecasts of the Company's liquidity requirements to ensure that it has sufficient cash to meet its operational needs while always maintaining sufficient amount of committed and undrawn credit facilities so that the Company does not violate borrowing limits or undertakings (if any) on any of its borrowing facilities. This forecast considers the Company's debt financing plans and compliance with internal rate targets.

C. Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments.

The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimising the return.

D. Foreign currency risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to a change in the foreign exchange rates.

The Company is exposed to foreign currency risk on purchases from foreign suppliers and loans denominated in foreign currency. The currencies giving rise to this risk are primarily US Dollar, Euro, Sterling Pound and South African Rand.

The following table displays the impact of an acceptable possible change in the exchange rates of the US dollar, the euro, the British pound and the South African rand. With all other variables remaining constant, the impact on the Company's profits before taxation is due to changes in the value of monetary assets and liabilities. Changes in the exchange rates of all other foreign currencies are considered immaterial.

E. Interest rate risk

The Group adopts a policy to limit the Company's exposure to interest risk, therefore the Company's management evaluates the available alternatives for finance and negotiates with banks to obtain the best available interest rates and credit conditions. Borrowing contracts are presented to the Board of Directors. The finance position and finance cost are periodically evaluated by the Company's management. The Company does not enter into hedging contracts for interest rates.

F. Other market price risk

Equity price risk arises from available-for-sale equity securities and the management of the Company monitors the mix of equity securities in its investment portfolio based on market indices and the objective valuation of the financial statements related to these shares.

Material investments within the portfolio are managed on an individual basis and all buying and sell decisions are approved by the Company's Board of Directors.

The primary goal of the Company's investment strategy is to maximise investment returns.

In accordance with this strategy certain investments are designated as held for trading because their performance is actively monitored, and they are managed on a fair value basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended December 31, 2025

36.1 Financial risk management continued

Exposure to credit risk

The carrying amount of financial assets represents the maximum exposure to credit risk as follows:

	Note	31/12/2025 LE	31/12/2024 LE
Banks current accounts	(22)	295,277,064	300,647,230
Trade and notes receivables and other debit balances	(20)	1,373,499,862	1,184,690,588
		1,668,776,926	1,485,337,818

Exposure to Liquidity risk

The following are the contractual terms of financial liabilities:

	Less than 1 year LE	2-3 Years LE	3-4 Years or more LE	Contractual amount LE	Carrying Amount LE
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Contractual maturities of financial liabilities as of December 31, 2025

Trade and other credit balances	1,139,533,544	–	–	1,139,533,544	1,139,533,544
Banks credit facilities and loans	1,587,533,130	–	–	1,587,533,130	1,587,533,130
Notes payables	274,612,753	329,230,199	–	603,842,952	514,472,446
Lease liabilities	49,390,389	128,768,324	1,868,059	180,026,772	151,636,058
Total	3,051,069,816	457,998,523	1,868,059	3,510,936,398	3,390,175,178

Contractual maturities of financial liabilities as of December 31, 2024

Trade and other credit balances	1,240,675,959	–	–	1,240,675,959	1,240,675,959
Banks credit facilities and loans	918,826,317	–	–	918,826,317	918,826,317
Notes payables	199,666,459	533,220,699	–	732,887,158	555,553,900
Lease liabilities	40,244,544	69,063,920	47,320,997	156,629,461	143,149,713
Total	2,399,413,279	602,284,619	47,320,997	3,049,018,895	2,858,205,889

Exposure to currency risk

The Group's foreign currency assets and liabilities as of December 31, 2025 amounted to the equivalent of EGP 898,366,144 and EGP 484,208,741 respectively. The amounts in foreign currencies that put the Company at risk as of December 31, 2025, are as follows:

December 31, 2025	USD	EUR	GBP	ZAR	Total EGP
Cash and cash equivalents	1,627,309	1,040,869	675,679	–	179,217,698
Trade receivables	5,312,909	6,617,156	1,144,996	7,597,112	719,148,446
Total assets in currency	6,940,218	7,658,025	1,820,675	7,597,112	898,366,144
Bank credit facilities	(4,455,521)	(2,934,752)	(1,674,798)	–	(484,208,410)
Total liabilities in currency	(4,455,521)	(2,934,752)	(1,674,798)	–	(484,208,410)
Exposure Surplus	2,484,697	4,723,273	145,877	7,597,112	414,157,734
Equivalent in EGP	118,448,490	264,550,523	9,358,009	21,803,712	414,157,734

December 31, 2024	USD	EUR	GBP	ZAR	Total EGP
Cash and cash equivalents	1,080,119	2,344,224	436,495	–	213,824,447
Trade receivables	4,376,079	4,270,774	1,087,141	4,297,584	542,242,358
Total assets in currency	5,456,198	6,614,998	1,523,636	4,297,584	756,066,805
Bank credit facilities	(1,389,617)	(448,805)	(60,447)	–	(99,598,195)
Note payable and other payables	(307,637)	(4,256,433)	(492,715)	–	(285,065,653)
Total liabilities in currency	(1,697,254)	(4,705,238)	(553,162)	–	(384,663,848)
Exposure surplus	3,758,944	1,909,760	970,474	4,297,584	371,402,957
Equivalent in EGP	191,104,713	101,064,499	61,858,013	11,646,452	371,402,957

	December 31, 2025 surplus	December 31, 2024 surplus
USD	2,484,697	3,758,944
Euro	4,723,273	1,909,760
GBP	145,877	970,474
South African Rand	7,597,112	4,297,584

As follow exchange rates used during the year

	Averaging rates used during the year		Closing rates used during the year	
	31/12/2025 LE	31/12/2024 LE	31/12/2025 LE	31/12/2024 LE
USD	49.36	45.59	47.67	50.84
Euro	55.29	49.24	56.01	52.92
GBP	64.85	58.35	64.15	63.74
South African Rand	2.75	2.50	2.87	2.71

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended December 31, 2025

36.1 Financial risk management continued

Sensitivity analysis

A reasonably possible strengthening/(weakening) of 5% other currencies exchange rate against Egyptian pound as of December 31, 2025, would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

as of December 31, 2025	Profit or loss increase	Profit or loss decrease
USD	5,922,275	(5,922,275)
Euro	13,227,526	(13,227,526)
GBP	467,900	(467,900)
South African Rand	1,090,185	(1,090,185)

A reasonably possible strengthening/(weakening) of 5% other currencies exchange rate against Egyptian pound as of December 31, 2024, would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

as of December 31, 2024	Profit or loss increase	Profit or loss decrease
USD	9,555,235	(9,555,235)
Euro	5,339,688	(5,339,688)
GBP	3,092,900	(3,092,900)
South African Rand	582,322	(582,322)

Interest rate risk

At the date of the consolidated financial statements, the interest rate profile of the Company's financial instruments was as follows:

	Carrying amount	
	31/12/2025 LE	31/12/2024 LE
Financial instruments with a fixed rate		
Lease liabilities	151,636,058	143,149,713
	151,636,058	143,149,713
Financial instruments with a variable rate		
Banks credit facilities and loans	1,587,533,130	918,826,317
	1,587,533,130	918,826,317

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. The Company does not designate derivatives (interest rate swaps) as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the separate financial statements date would not affect the statement of profit or loss.

The Monetary Policy Committee of the Central Bank of Egypt, at its meeting during 2025, decided to reduce the key policy interest rates by 725 basis points, effective from 17 April 2025 until 25 December 2025. Accordingly, the overnight deposit and lending rates, as well as the main operation rate of the Central Bank, decreased to 21.00%, 22.00%, and 21.50%, respectively. The discount rate was also reduced by 725 basis points to 21.50%.

The Monetary Policy Committee of the Central Bank of Egypt, in its meeting held on February 12, 2026, decided to reduce basic interest rates by 100 basis points, bringing the overnight deposit and lending rates and the Central Bank's main currency rate to 19%, 20%, and 19.5%, respectively. It also decided to reduce the credit and discount rate by 100 basis points to 19.5%.

Assessment of expected credit losses

The Group customises each credit risk exposure based on a variety of data that is identified as loss risk statements based on forecasting and expertly applying credit judgment. Credit risk scores are defined using qualitative and quantitative factors that indicate the risk of loss.

Exposure risk for each credit risk category is classified by sector according to industry classification and customer classification and the expected credit loss rate for each sector is calculated based on the status of late payment and actual credit loss experience.

These rates are multiplied by gradient factors to reflect the differences between economic conditions during the year in which historical data was collected, current conditions, and the Company's view of economic conditions over the expected lifespan of customer balances. The Company uses an impairment matrix to measure customers' and notes receivables expected credit losses.

The following table provides information on exposure to credit risk and credit losses from customers, debtors and other debit balances:

	December 31, 2025			December 31, 2024		
	Expected credit loss rate	Net book value LE	Loss amount LE	Expected credit loss rate	Net book value LE	Loss amount LE
Trade and notes receivables						
Non due	–	1,117,004,525	–	–	941,629,011	–
0-90 days past due	16%	111,387,725	17,797,316	18%	67,481,737	11,835,320
91-180 days past due	19%	8,291,190	1,562,48	11%	14,583,901	1,592,043
181-270 days past due	45%	3,608,540	1,639,319	20%	3,941,492	799,773
271-360 days past due	36%	2,050,719	744,623	8%	7,286,062	549,326
More than 360 days past due	100%	112,414,007	112,414,007	100%	118,706,990	118,706,990
Total		1,354,756,706	134,157,673		1,153,629,193	133,483,452

Category	Company's definition of category	Basis for recognition of expected credit loss provision
Performing	Other receivables have a low risk of default and a strong capacity to meet contractual cash flows.	12 month expected losses. Where the expected lifetime of an asset is less than 12 months, expected losses are measured at its expected lifetime.
Underperforming	Other receivables which have a significant increase in credit risk: a significant increase in credit risk is presumed if repayments are 90 days past due.	Lifetime expected losses.
Non-performing	Repayments are 180 days past due.	Lifetime expected losses.
Provision	Repayments are 360 days past due and there is no reasonable expectation of recovery.	Asset is written off.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended December 31, 2025

36.1 Financial risk management continued

Fair value of financial instruments

The fair values of the Company's financial instruments have been estimated to approximate their book value because the financial instruments are short-term in nature and do not carry any interest, except for short-term deposits at prevailing market rates and are expected to be realised at their present book value within twelve months from the date of the financial position.

'Fair value' is the price that will be received for the sale of an asset or paid for the transfer of an obligation in a structured transaction between market participants on the date of measurement in the asset or, in its absence, in the most advantageous market that the Company has access on that date. The fair value of liabilities reflects the risk of non-performance.

A number of accounting policies and disclosures require a company to measure the fair values of both financial and non-financial assets and liabilities.

The Company has consistent practices regarding the measurement of fair values. Management is fully responsible for overseeing all significant fair value measurements, including the third fair value level.

Management regularly reviews significant unnoteworthy inputs and evaluation adjustments. If third party information is used, such as broker quotes or pricing services. To measure fair value, management evaluates evidence obtained from third parties to support the conclusion that these valuations meet the requirements of International Accounting Standards including the level in the fair value hierarchy at which these valuations should be classified.

When measuring the fair value of an asset or liability, evaluators use market data that is as observable as possible. Fair values are classified into different levels in the fair value sequence based on the inputs used in valuation methods as follows:

Level I: Prices listed (unadjusted) in active markets for similar assets or liabilities.

Level II: Inputs other than the prices listed are included in the first level and can be observed for the asset or liability either directly (e.g. prices) or indirectly (i.e. derived from prices).

Level III: Asset or liability inputs that are not based on observable market data (unobserved inputs).

If the inputs used to measure the fair value of an asset or liability fall at different levels of the fair value hierarchy, then the entire fair value measurement is classified at the same level of the fair value hierarchy as the lowest level of input as it is important for the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting year during which the change occurred.

Nominal values minus any estimated credit adjustments to assets and liabilities with a maturity of less than one year are expected to approximate their fair value. The fair values of non-current financial obligations are considered to be close to their book values because they carry interest rates, which are based on market interest rates.

Capital management

For the purpose of managing the Company's capital, the capital includes the issued capital and all other equity reserves of the Company's shareholders. The company manages its own capital structure and makes adjustments to it in light of changes in working conditions as well as to meet future developments of activity. No changes were made in objectives, policies or operations during the year, and the Company is not subject to any external requirements imposed on its own capital.

37. Tax status

The following is the Company's tax status as of December 31, 2025, according to the opinion of the Company's tax administration.

Corporate income tax

- The Company submits tax returns on legal dates in accordance with provisions of the law and pays all tax obligations,
- The final settlement was made, and all tax obligation was paid from inception till 2019, except for part of late charges.
- The Company has been notified of tax examination for the year 2020 to 2022.
- The Company's records were not examined from 2023 to date.

Payroll tax

- The Company submits tax returns on legal dates in accordance with provisions of the law and pays all tax obligations,
- The tax examination was completed, and all tax obligations were paid until 2022, except for late charges.
- The Company's records were not examined from 2023 To date.

Stamp tax

- The final settlement was made, and all tax obligation arisen was paid from inception until 2022.
- The Company's records were not examined from 2023 To date.

Sales tax\value added tax

- The Company submits tax returns on legal dates in accordance with provisions of the law and pays all tax obligations, if any.
- The tax examination was completed, and all tax obligations were paid until 2023, except for late charges.
- The Company's records were not examined from 2024 to date.

Real estate tax

- All tax obligations were paid until 2021.
- A temporary exemption was issued from real estate tax for industrial companies for 3 years, the agreement has been renewed for another 2 years ending on December 31, 2026.
- The Company's management believes the tax provisions are sufficient to cover any potential tax liabilities.
- The Company is committed to providing the master file, the local file, and the report at the country level for each of its commercial and financial transactions to modify the transactions in favor of the Egyptian Tax Authority in accordance with the united Tax Revenue loan Law No. 206 of 2020 and its amendments.

38. Material accounting policies

The Company has consistently applied the following accounting policies to all years presented in these consolidated financial statements in addition to implementing the same accounting policies on all group companies consistently.

38.1. Basis of preparing consolidated financial statements

a. Business combination

The consolidated financial statements include assets, liabilities and results of operations of Lecico Egypt (Holding Company) and all subsidiary companies upon which it has significant control and this control is achieved directly or indirectly by the ability to control the financial and operational policies of subsidiary companies to obtain benefits from its operations, future voting rights in the ability of control are also taken into consideration, the subsidiary companies financial statements are included in the consolidated financial statements from the date of controlling the company to the date of losing this control, a subsidiary company is not included in the consolidated financial statements if the Holding Company loses its control over the financial and operational policies in the subsidiary and basis of preparation of the consolidated financial statements is represented in the following:

- The Holding Company investments in the subsidiary companies are excluded in exchange for addition of subsidiary company's assets and presenting non-controlling interest in the subsidiary companies alongside the owner's equity non-controlling interest item.
- All intercompany balances and transactions are eliminated, unrealised profits or losses and resulted from group transactions are completely excluded taking into consideration that the losses may refer to impairment in the exchanged assets which may require recognition in the consolidated financial statements.
- Presenting share of the non-controlling interest in the subsidiary company in a consolidated account within shareholders equity after shareholder equity and before liabilities in the consolidated financial position and minority interest is also presented in net income for the year after tax in a consolidated account before determining profit of the Holding Company in the consolidated profits or losses statement and it is calculated by what's equal to their share in the Book value of the net assets of the subsidiary company at the date of preparation of consolidated financial statements and the share of minority in profit and loss of subsidiary companies is recorded in a consolidated account in the consolidated profits or losses statement.
- Subsidiary company is not included in the consolidated financial statements when the Holding Company loses its control over financial and operational policies of the subsidiary company for the purpose of benefiting from its operations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended December 31, 2025

38.1. Basis of preparing consolidated financial statements continued

b. Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

c. Non-controlling interests ('NCI')

NCI are measured at their proportionate share of the acquiree's identifiable net assets of the acquiree at the acquisition.

Changes in the Group's interest in its subsidiaries that do not result in a loss of control are accounted for as equity transactions.

d. Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities, and any related NCI and related other comprehensive income with recognition of any gains or loss resulted from loss of control in statement of profit or loss.

Any remaining investment in subsidiaries is recognised with fair value when control is lost.

e. Investments accounted for using the equity method

Investments that are accounted for using the equity method consists of shares in associates and joint ventures. These investments have no rights to the assets and obligations for the assets and liabilities associated with the arrangements.

Associates' companies are the companies over which the group has significant influence to participate in the financial and operating policies decisions but not control or joint arrangement. A joint venture is a joint arrangement whereby the group has joint control and rights to the net assets associated with the arrangement.

Investments in associates and joint ventures are accounted for using the equity method, whereby the initial recognition is recognised at cost including the costs of transaction related to the acquisition. The subsequent measurement in the consolidated financial statement to increase or decrease the book value of the investment by the group shares in profit or losses and other comprehensive income of the investee.

f. Elimination from consolidated financial statements

Intra-group balances and transactions, and any unrealised gains and losses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investments are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, except if the transaction have an indicator for impairment in the transferred asset.

38.2 Foreign currency translation and financial statement for foreign subsidiaries

Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of the group at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined.

Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss.

Except, currency differences arising from translation are recognised in the other comprehensive income items:

- Available for sale in equity instruments (except for impairment in which currency differences are reclassified as other comprehensive income items into profit or losses).
- Financial liabilities that is classified as hedging instrument to hedge net investment in foreign operation risk if hedging coverage is effective.
- Hedging instruments used to risk cash flow as long as hedging is effective.

Financial statement for foreign operations

The assets and liabilities as well as goodwill and fair value adjustments arising on acquisition, are translated into functional currency (EGP) at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into functional currency (EGP) at the exchange rates at the dates of the transactions. Foreign currency differences are recognised in other comprehensive income ('OCI') and accumulated in the translation reserve, except to the extent that the translation difference is allocated to NCI.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to NCI. When the Group disposes of only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

38.3 Revenue recognition

Information about the Company's accounting policies relating to contracts with customers is provided in five steps module as identified in IFRS No. (15):

- Step 1:** Determine the contract (contracts) with customer: A contract is defined as an agreement between two or more parties that meets the rights and obligations based on specified standards which must be met for each contract.
- Step 2:** Determine the performance obligations in contract: Performance obligation is a consideration when the goods and services are delivered.
- Step 3:** Determine the transaction price: Transaction price is the compensation amount that the Company expects to recognise to receive for the transfer of goods or services to customer, except for the collected amounts on behalf of other parties.
- Step 4:** Allocation of the transaction price of the performance obligations in the contract: If the service concession arrangement contains more than one performance obligation, the Company will allocate the transaction price on each performance obligation by an amount that specifies an amount against the contract in which the Company expects to receive in exchange for each performance obligation satisfaction.
- Step 5:** Revenue recognition when the entity satisfies its performance obligations.

The Company satisfies the performance obligation and recognises revenue over time, if one of the following criteria is met:

- a) Company performance does not arise any asset that has an alternative use of the Company and the Company has an enforceable right to pay for completed performance until the date.
- b) The Company arises or improves a customer-controlled asset when the asset has arose or improved.
- c) The customer receives and consumes the benefits of Company performance at the same time as soon as the Company has performed.

For performance obligations, if one of the above conditions is met, revenue is recognised in the year in which the Company satisfies performance obligation.

When the Company satisfies performance obligation by providing the services promised, it creates an asset based on payment for the contract performance obtained, when the amount of the contract received from customer exceeds the amount of the revenue recognised, resulting advance payments from the customer (contractual obligation)

Revenue is recognised to the extent that is potential for the flow of economic benefits to the Company, revenue and costs can be measured reliably, where appropriate.

The application of IFRS No. (15) requires management to use the following judgements:

Satisfaction of performance obligation

The Company should assess all contracts with customers to determine whether performance obligations are satisfied over a year of time or at a point in time in order to determine the appropriate method for revenue recognition. The Company estimated that, and based on the agreement with customers, the Company does not arise asset has alternative use to the Company and usually has an enforceable right to pay it for completed performance to the date.

In these circumstances, the Company recognises revenue over a year of time, and if that is not the case, revenue is recognised at a point in time for the sale of goods, and revenue is usually recognised at a point in time.

Determine the transaction price

The Company has to determine the price of the transaction in its agreement with customers, using this judgement, the Company estimates the impact of any variable contract price on the contract due to discount, fines, any significant financing component in the contract, or any non-cash contract.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended December 31, 2025

38.3 Revenue recognition continued

Control transfer in contracts with customers

If the Group determines the performance obligations satisfaction at a point of time, revenue is recognised when control of related contract's assets are transferred to the customer.

In addition, the application of International Accounting Standard (IAS) No. 15 has resulted in:

Allocation of the transaction price of performance obligation in contracts with customers

The Group elected to apply the input method to allocate the transaction price to performance obligations accordingly that revenue is recognised over a year of time, the Group considers the use of the input method, which requires recognition of revenue based on the Company's efforts to satisfy performance obligations, provides the best reference to the realised revenue. When applying the input method, the Company estimates efforts or inputs to satisfy a performance obligation. In addition to the cost of satisfying a contractual obligation with customers, these estimates include the time spent on service contracts.

Other matters to be considered

Variable consideration if the consideration pledged in a contract includes a variable amount, then the Company shall estimate the amount of the consideration in which it has a right in exchange for transferring the goods or services pledged to the customer, the Company estimates the transaction price on contracts with the variable consideration using the expected value or the most likely amount method. This method is applied consistently throughout the contract and for identical types of contracts.

The significant funding component

The Company shall adjust the amount for the contract pledged for the time value of the cash if the contract has a significant funding component.

Revenue recognition

a. Revenue from the sale of goods

Revenue are recognised when control of the ownership of the goods sold is transferred to the buyer, when ensuring that the value of these goods is recovered and the associated costs are estimated, as well as the return from them in a way that can be trusted, with the inability of management to cause any subsequent impact on the goods sold, and with the possibility of measuring revenue in a form that can be trusted, and in the case of export sales, the transfer of control of the sold goods is determined according to the terms of shipment.

b. Interest revenue

Interest revenue is recognised on an accrual basis, considering the time period and the effective interest rate.

Revenue is measured at the fair value of the consideration received or receivable. Revenue is recognised when it is probable that future economic benefits will flow to the entity and the amount of revenue can be measured reliably. No revenue is recognised if there is uncertainty regarding the recoverability of the consideration or the related costs.

38.4 Employee benefits

Profitability of the employee's share of profit is recognised in the respective year.

38.5 Expenses

The recognition of all operating expenses, including general and administrative expenses charge in the statement of profit or loss in accordance with the accrual basis in the financial year where these expenses were incurred.

38.6 Finance income and finance costs

The group's finance income and finance costs include:

- Interest income
- Interest expense
- Dividend's
- Ineffective hedging recognised in profit or loss

Interest income or expense is recognised using the effective interest method, dividends are recognised in profit or loss on the date of the right to receive the dividends.

38.7 Earnings per share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Holding Company by the weighted average number of ordinary shares outstanding during the year.

38.8 Income tax

The Group decided that interests and fines related to income tax including uncertain tax liabilities, does not meet the definition of income taxes, and are therefore calculated under IFRS standard: contingent liabilities and provisions and contingent assets.

Current and deferred tax are recognised as revenue or expense in the profit or loss for the year except for the cases in which the tax arises from a process or events that is recognised in the same year or in a different year outside the profit or loss whether in the other comprehensive income or directly in equity or business combination.

38.8.1 Current income tax

The current and prior years are recognised as a liability to the extent that it has not yet been settled and as an asset to the extent that the amount already paid exceeds the amount due.

Current tax assets and liabilities are measured at the amount expected to be paid to the taxation authorities using the rate/laws that have been enacted or substantively enacted by the end of financial period. Dividends are taxed as part of the current tax assets and tax liabilities cannot be offset unless certain conditions are met.

38.8.2 Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets on liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- The initial recognition of goodwill.
- And the initial recognition of an asset or liability in a transaction:
 - (1) That is not a business combination.
 - (2) and that affects neither accounting profit nor taxable profit (taxable loss).
- Temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on business plans for individual subsidiaries in the group. Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Offsetting tax assets and liabilities is not made until certain conditions are met.

38.9 Inventories

Inventories are measured at the lower of cost or net realisable value. The cost of inventories is based on the moving average method. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity. The cost of inventory includes purchase costs and other costs incurred by the Company to bring the inventory to its current location and condition and does not include lending costs. The selling value is represented in the expected selling price through normal activity less the estimated cost of completion and selling expenses. Any reduction in the value of inventory is recognised. As an expense resulting from the decrease in the selling value of the inventory in its book value, as well as all other losses of the inventory as an expense in the year in which the decrease or loss occurs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended December 31, 2025

38.10 Property, plant and equipment

38.10.1 Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items of property, plant and equipment. Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

The group management decided to adopt the revaluation model per international accounting standards No.16 'Property, Plant and Equipment' in respect to the land owned by the subsidiaries of the Group.

After recognition as an asset, an item of property, plant and equipment whose fair value can be measured reliably shall be carried at a revalued amount, being its fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations shall be made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting year.

The frequency of revaluations depends upon the changes in fair values of the items of property, plant and equipment being revalued. When the fair value of a revalued asset differs materially from its carrying amount, a further revaluation is required. Some items of property, plant and equipment experience significant and volatile changes in fair value, thus necessitating annual revaluation. Such frequent revaluations are unnecessary for items of property, plant and equipment with only insignificant changes in fair value. Instead, it may be necessary to revalue the item only every three or five years.

If an asset's carrying amount is increased as a result of a revaluation, the increase shall be recognised in other comprehensive income and accumulated in equity under the heading of revaluation surplus. However, the increase shall be recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss statement.

The revaluation surplus included in equity in respect of an item of property, plant and equipment may be transferred directly to retained earnings when the asset is derecognised. This may involve transferring the whole of the surplus when the asset is retired or disposed of. However, some of the surplus may be transferred as the asset is used by an entity. In such a case, the amount of the surplus transferred would be the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost. Transfers from revaluation surplus to retained earnings are not made through profit or loss.

If an item of property, plant and equipment is revalued, the entire class of asset to which that asset belong should be revalued.

38.10.2 Subsequent expenditure

Subsequent expenditure is capitalised on the acquisition of an asset only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

38.10.3 Depreciation

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values (using the straight-line method) over their estimated useful lives, and is generally recognised in profit or loss. Land is not depreciated. The estimated useful lives of property, plant and equipment for current period.

Assets	Useful life/years
Buildings	20-40
Leasehold improvements	3
Machinery and equipment	3-16.67
Vehicles	3-10
Tools and supplies	5
Furniture, office equipment and computers	4-12.5

- Leasehold improvements are depreciated over the period of the contract or useful life of the lease whichever is less.
- Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

38.11 Projects under construction

This item represents the amounts spent for constructing or acquiring of property, plant and equipment. Whenever it is completed and ready for its intended use in operations, then, it is transferred to property, plant and equipment. Projects in progress are recorded at cost, and not depreciated until transferred to property, plant and equipment.

38.12 Intangible assets

38.12.1 Goodwill

All business combinations are accounted for by applying the purchase method. Goodwill represents amounts arising on acquisition of subsidiaries. Goodwill is stated at cost less accumulated impairment losses if any. Goodwill is allocated to cash-generating units and is tested annually for impairment.

In respect of acquisitions that have occurred, goodwill represents the difference between the cost of the acquisition and the fair value of the net identifiable assets acquired. Positive goodwill is stated at cost or deemed cost less accumulated impairment losses.

38.12.2 Other intangible assets

Intangible assets and development costs are valued at cost, and amortised over ten years. Lecico Lebanon (a subsidiary) recognises a payment to enter a lease agreement as an intangible asset, this asset has an indefinite legal life, accordingly it is not amortised but is subjected to an annual impairment test.

38.12.3 Amortisation

Amortisation is charged to cost of intangible assets less their estimated residual value using (straight line method) over estimated useful lives of those assets and the amortisation charge is recognised as an expense in profit and loss. Goodwill is not amortised.

38.13 Leased contracts

At the inception of the contract, it is assessed whether the contract is a lease or involves a lease if the contract conveys the right of use specified asset for a year in exchange for consideration.

Lease contract year is determined as the non-cancellable year in the lease agreement along with each of:

- a. The years covered by an extension option of the lease contract if the lessee is reasonably certain of exercising this option.
- b. The years covered by a termination option of the lease contract if the lessee is reasonably certain not to exercise that option.

Initial measurement of the right of use asset:

The cost of the right of use asset is:

- A. The initial measurement amount of the lease obligation, at the present value of the unpaid lease payments at that date. Lease payments are discounted using the interest rate implicit in the lease, if that rate can be easily determined. If this rate cannot be determined, the lessee must use the interest rate on the additional lessee's borrowing.
- B. Any lease payments made on or before the lease commencement date less any lease incentives received.
- C. Any initial direct costs incurred by the lessee.
- D. An estimate of the costs to be incurred by the lessee in disassembling and removing the asset subject to the contract, returning the location where the asset is to the original state or returning the same asset to the required condition in accordance with the terms and conditions of the lease, unless those costs are incurred to produce the inventory. On the date of commencement of the lease or because of the use of the underlying asset within a certain year.

Subsequent measurement of the right of use assets:

After the start date of the lease contract, 'the right of use' asset is measured using the cost model, under the cost model right of use asset is measured at cost:

1. Deduct by any accumulated depreciation and any accumulated impairment losses;
2. Amended by any re-measurement of the lease obligation.

Initial measurement of lease obligation:

At the inception of the lease, the lease liability is measured at the present value of the unpaid lease payments at that date. Lease payments are discounted using the interest rate implicit in the lease if that rate can be easily determined. If this rate cannot be easily determined, the lessee must use the Company's additional borrowing rate as a lessee.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended December 31, 2025

38.13 Leased contracts continued

Subsequent measurement of the lease obligation:

After the start date of the lease, the following are:

1. Increase the book amount of the obligation to reflect the interest on the lease obligation;
2. Reducing the book amount of the obligation to reflect rental payments.
3. Re-measure the book amount of the obligation to reflect any reassessment or adjustment of the lease contract or to reflect the fixed lease payments in its adjusted core.

The principal of the right of use and the obligations of leases are displayed in the financial position list separately from other assets and liabilities.

Leases contracts include the lessee's maintenance and insurance of the leased asset and the lease does not involve any arrangements for the transfer of ownership at the end of the lease year.

For a contract with a rental component with one or more rental components, (if any), the compensation in the contract is allocated to each rental component on the basis of the independent proportional price of the rental component and the total independent price of non-rental components. As a practical means, and within the scope of what the standard allows, the Company as a lessee may choose by the category of the asset in place of the contract not to separate non-rental components from the rental components, and thus account for each rental component and any associated non-rental components as a single rental component.

38.14 Financial instruments

Recognition and initial measurement

Other current assets are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting year following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is to hold assets to collect future cash flows and selling financial asset.
- Its contractual terms give rise on specified dates to cash flows that are solely payments of (principal and interest on the principal amount outstanding).

A debt instrument is measured at FVOCI if it meets both of the following conditions and is not previously designated as at FVTPL:

- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.
- Its contractual terms give rise on specified dates to cash flows that are solely payments of (principal and interest on the principal amount outstanding).

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets – business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The information considered includes:

- The stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- How the performance of the portfolio is evaluated and reported to the Company's management;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- How managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- The frequency, volume and timing of sales of financial assets in prior years, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

Financial assets that are held for trading or are managed (if any) and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets – assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular year of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- Contingent events that would change the amount or timing of cash flows;
- Terms that may adjust the contractual coupon rate, including variable-rate features;
- Prepayment and extension features; and
- Terms that limit the Company's claim to cash flows from specified assets (e.g., non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial assets – subsequent measurement and gains and losses

Financial assets classified at FVTPL	Financial assets at FVTPL are measured at fair value. Changes in the fair value, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended December 31, 2025

38.14 Financial instruments continued

Classification and subsequent measurement continued

Financial liabilities – classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative, or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Derecognition

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expires, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognised in its statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expired. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

Offsetting

Financial assets and financial liabilities are offset, and the net amount presented in the statement of financial position when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Financial derivatives and hedge accounting

The Group holds derivative financial instruments to hedge foreign currency and interest rate risks. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met. Derivatives are initially measured at fair value. Following initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit or loss. The Group classified certain derivatives as hedging instruments to hedge against the variability in cash flows associated with highly probable forecast transactions resulting from changes in foreign currency exchange rates and interest rates and some derivatives and non-derivative financial liabilities as a hedge against foreign exchange risk on a net investment in a foreign operation.

38.15 Share capital

38.15.1 Ordinary shares

Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity. Income tax relating to transaction costs of an equity transaction are accounted for in accordance with IAS 12 'Income tax'.

38.15.2 Repurchase reissue of ordinary shares (treasury stock)

When issued capital share (treasury shares) is repurchased, the amount of consideration paid, including directly attributable costs, is recognised as a change in equity. Repurchased shares are classified as treasury shares and presented as deduction from total equity when selling or reissuing treasury shares, proceeds are recognised as increase in equity, excess and deficit that results from this transaction are presented as premium shares.

38.16 Impairment

38.16.1 Non-derivative financial assets

Financial instruments and contract assets

The Company recognises loss allowances for ECLs on:

- Financial assets measured at amortised cost;
- Debt investments measured at FVOCI; and
- Contract assets.

The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- Debt securities that are determined to have low credit risk at the reporting date;
- Other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition; and
- Loss allowances for trade receivables and lease receivables are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Company considers a financial asset to be in default when:

- The debtor is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as releasing security (if any is held); and
- The financial asset is more than 90 days past due.

The Company considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter year if the expected life of the instrument is less than 12 months).

The maximum year considered when estimating ECLs is the maximum contractual year over which the Company is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended December 31, 2025

38.16.2 Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or being more than 180 days past due;
- The restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- It is probable that the borrower will enter bankruptcy or other financial reorganisation; and
- The disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognised in OCI.

Financial assets at amortised cost (If any)	<p>The Company assessed evidence of impairment for these assets at both an individual asset and a collective level. All individually significant assets are individually assessed for impairment. Those found not to be impaired are then collectively assessed for any impairment that has been incurred but not yet individually identified. Assets that are not individually significant are collectively assessed for impairment. Collective assessment is carried out by comparing together assets with similar risk characteristics.</p> <p>In assessing collective impairment, the Company used historical information on the timing of recoveries and the amount of loss incurred and made an adjustment if current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.</p> <p>An impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.</p>
Equity- accounted investees (If any)	<p>Impairment losses in equity-accounted investees are measured by comparing their carrying amount with the recoverable amount, and the impairment losses are recognised in profit or loss and the impairment loss is reversed when preferential changes occur in the estimates used to determine the recoverable amount.</p>
Financial assets FVOCI (If any)	<p>Impairment losses on Financial assets FVOCI are recognised by reclassifying the losses accumulated in the fair value reserve to profit or loss. The amount reclassified is the difference between the acquisition cost (net of any principal repayment and amortisation) and the current fair value, less any impairment loss previously recognised in profit or loss.</p> <p>If the fair value of an impaired available-for-sale debt security subsequently increases and the increase can be related objectively to an event occurring after the impairment loss was recognised, then the impairment loss is reversed through profit or loss. Impairment losses recognised in profit or loss for an investment in an equity instrument classified as available-for-sale in profit or loss are not reversed.</p>

For investment in equity instrument, objective evidence include significant or continuous impairment and decrease in fair value than cost

38.16.3 Non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories, work in progress, and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment-if any.

For impairment testing, assets are grouped together into the smallest Company of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill – if any – is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised in the previous years.

38.17 Provisions

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

38.18 Export subsidy revenues

Export subsidy revenues are recognised at statement of Profit or loss according to accrual basis, and recorded as other revenue.

38.19 Cash and cash equivalents

Cash and cash equivalent comprises cash balances and call deposits. For the purpose of preparing the cash flow statement, cash and cash equivalents are defined as balances of cash on hand, bank current accounts, notes receivable and time deposits with maturity of less than three months. The Bank overdrafts which are repayable on demand form an integral part of the Company's cash management. Accordingly, bank overdrafts are included as a component of cash and cash equivalents for the purpose of preparing the cash flow statement.

38.20 Borrowing cost

The borrowing cost, represented in interest expenses, is recognised in the income statement under the 'Financing expenses' account in the year in which it occurs.

Those borrowing costs to be considered as parts of a qualified fixed asset that take a substantial year to be prepared for its intended use are capitalised.

38.21 Segment reporting results

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment).

38.22 Consolidated Cashflows Statements

The cash flows statement is prepared according to the indirect method.

39 Hyperinflation

Lebanon Economy was identified as hyperinflationary for years ending on or after September 30, 2020. The International Monetary Fund has not published projections for Lebanon after 2020. The Lebanese Central Administration of Statistics (CAS) has published monthly CPI data through October 1, 2023. Based on the latest data of the Lebanese Central Administration of Statistics (CAS), the consumer price index increased by approximately 162.7% during the first ten months of 2022, taking the 3-year cumulative inflation rate to 2130.3% at the end of October 2023.

Lebanon should be considered hyperinflationary for the annual reporting year ending 31 December 2024.

The group applies an important personal judgment in determining indicators of hyperinflation in the countries where it operates and whether the currency used by its subsidiaries and affiliated companies is that of a hyperinflationary economy.

Multiple characteristics of Lebanon's economic environment are taken into consideration, including but not limited to whether:

- The public prefers to hold their wealth in non-cash assets or in a relatively stable foreign currency.
- Prices are set in a relatively stable foreign currency.
- Selling or purchasing prices account for expected losses in purchasing power during short credit years.
- Interest rates, wages, and prices are linked to a price index.
- The cumulative inflation rate over three years approaches or exceeds 100%.

As a result of management's assessment, the subsidiary in Lebanon, the Lebanese Ceramics Industry Company, has been considered as operating in an economy with hyperinflation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended December 31, 2025

40 The new and amended International Financial Reporting Standards ('IFRS') applied in the consolidated financial statements

The following new and revised IFRS that became effective for annual years beginning on or after January 1, 2025 have been applied in these consolidated financial statements. The application of these IFRS had no material impact on the amounts in the current or previous years.

	Applicable for the period on or after
Lack of Exchangeability – Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates	January 1, 2025
Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures	January 1, 2026
Annual Improvements to IFRS Accounting Standards – Amendments to: IFRS 1 First-time Adoption of International Financial Reporting Standards; IFRS 7 Financial Instruments: Disclosures and its accompanying Guidance on implementing IFRS 7; IFRS 9 Financial Instruments; IFRS 10 Consolidated Financial Statements; and IAS 7 Statement of Cash flows	January 1, 2026
Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7	January 1, 2026
IFRS 18 Presentation and Disclosure in Financial Statements	January 1, 2027
IFRS 19 Subsidiaries without Public Accountability: Disclosures	January 1, 2027
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures*	To be determined

* The management expects that these new standards, interpretations and amendments will be adopted in the consolidated financial statements when they are effective, and the application of these new standards, interpretations and amendments may not have a material impact on the consolidated financial statements in any year initial application.

41 Merge

According to the minutes of the Board of Directors meeting of Lecico Egypt (the Holding Company) held on September 17, 2024, approval was granted for the decision of the committee formed by the General Authority for Investment and Free Zones, which was approved on July 24, 2024. This decision grants permission for the merger of Lecico Egypt (Egyptian Joint Stock Company) (the merging company) with Lecico Ceramic Industries (Egyptian Joint Stock Company) (merged company), International Ceramics Company (Egyptian Joint Stock Company) (merged company) and European Ceramics Company (Egyptian Joint Stock Company) (merged company). This merger will be based on the book values according to the financial statements of the merging company and the merged companies as of December 31, 2022, which were taken as the basis for the merger. The net equity of Lecico Egypt (the merging company) as of December 31, 2022, is set at EGP 222,718,920. The net equity for each of the merged companies is; Lecico Ceramic Industries (merged company) with EGP 34,470, International Ceramics Company (merged company) with EGP 29,720 and European Ceramics Company (merged company) with EGP 14,120.

On October 29, 2024, the Financial Regulatory Authority (FRA) approved the publication of the disclosure report, and procedures are being taken to invite an Extraordinary General Meeting (EGM) for Lecico Egypt (the merging company) to decide on the merger of Lecico Ceramic Industries (merged company), International Ceramics Company (merged company), and European Ceramics Company (merged company) into Lecico Egypt (merging company). This will also involve the transfer of all the rights and obligations of the merged companies to the merging company in connection with the merger, based on the book values of the net equity of the merging and merged companies as shown in the financial statements as of December 31, 2022, which were the basis for the merger according to the valuation committee's report. Furthermore, the merging company will replace the merged companies with all their rights and obligations legally, as the successor of those companies. The authorised capital after the merger will be EGP 200,000,000 (Two Hundred Million Egyptian Pounds), which is the sum of the net equity of the merging company and the merged companies, after allocating EGP 22,797,230 to be transferred to the reserves in the merging company. Additionally, the nominal value of the share after the merger will be changed to EGP 2.5 (Two Egyptian Pounds and Fifty Piastres) instead of EGP 5.0 (Five Egyptian Pounds).

On June 17, 2025, the Extraordinary General Meeting of Lecico Egypt (the merging company) approved the decision to merge Lecico International Industries (merged), and Lecico European Ceramics Company (merged), into Lecico Egypt (the merging company). This includes the transfer of all rights and obligations of the merged companies to the merging company in connection with the merger, based on the book value of the net equity of the merging and merged companies as shown in the financial statements as of December 31, 2022, which were the basis for the merger according to the valuation committee's report.

On June 23, 2025 the extraordinary general meeting of the merged companies approved the decision of the merger, and administrative and executive procedures are currently being taken for the merger process.

IN-DEPTH PROFIT AND LOSS SUMMARY

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Sanitary ware segment											
Sales volume (000s of pieces)	4,835	4,990	5,061	5,321	4,699	4,010	5,010	4,836	4,155	3,685	3,638
Exports as a percentage of total	56.5%	53.2%	61.1%	65.5%	68.1%	70.2%	74.9%	71.3%	73.0%	77.9%	81.4%
Average price (LE/piece)	148.5	167.1	295.8	303.9	301.4	298.9	320.9	414.5	762.6	1,167.8	1,378.5
Sanitary ware revenue	718.2	834.0	1,497.3	1,617.2	1,416.1	1,198.7	1,607.8	2,004.5	3,168.7	4,303.4	5,014.6
Sanitary ware gross profit	112.0	158.4	471.6	380.3	177.6	80.0	226.3	253.7	1,046.5	1,337.7	1,309.8
Sanitary ware gross margin (%)	15.6%	19.0%	31.5%	23.5%	12.5%	6.7%	14.1%	12.7%	33.0%	31.1%	26.1%
Tile segment											
Sales volume (000s of sqm)	25,787	25,237	23,171	25,755	21,611	19,781	21,472	22,494	18,953	22,119	23,034
Exports as a percentage of total	16.0%	11.9%	15.6%	17.9%	26.1%	22.4%	24.0%	13.1%	12.8%	10.0%	7.8%
Average price (LE/sqm)	23.5	23.8	35.9	38.9	39.6	39.5	41.7	48.2	71.5	89.4	108.0
Tile revenue	605.4	599.5	830.7	1002.4	856.4	782.3	896.3	1083.6	1354.9	1,976.5	2,488.8
Tile gross profit	89.1	(28.1)	27.7	61.0	44.7	127.1	202.7	262.0	335.7	342.7	342.6
Tile gross margin (%)	14.7%	–	3.3%	6.1%	5.2%	16.2%	22.6%	24.2%	24.8%	17.3%	13.8%
Consolidated profit and loss											
Net sales	1,370.5	1,496.4	2,406.5	2,705.5	2,349.8	2,055.2	2,642.2	3,273.8	4,842.9	6,644.7	7,803.7
Sanitary ware (% of net sales)	52.4%	55.7%	62.2%	59.8%	60.3%	58.3%	60.9%	61.2%	65.4%	64.8%	64.3%
Gross profit	216.2	153.3	531.9	470.4	251.7	229.2	483.3	598.6	1488.9	1,875.2	1,784.9
Gross margin (%)	15.8%	10.2%	22.1%	17.4%	10.7%	11.2%	18.3%	18.3%	30.7%	28.2%	22.9%
Sanitary ware (% of gross profit)	51.8%	103.3%	88.7%	80.8%	70.5%	34.9%	46.8%	42.4%	70.3%	71.3%	73.4%
Distribution and administrative expense	199.9	204.4	323.7	349.9	325.9	276.6	377.1	465.3	503.0	660.2	830.0
D&A expense/sales (%)	14.6%	13.7%	13.4%	12.9%	13.9%	13.5%	14.3%	14.2%	10.4%	9.9%	10.6%
EBIT	(1.0)	(48.3)	181.9	150.7	(88.2)	(132.5)	49.9	(31.3)	941.1	1,151.0	742.6
EBIT margin (%)	-0.1%	-3.2%	7.6%	5.6%	-3.8%	-6.4%	1.9%	-1.0%	19.4%	17.3%	9.5%
Net financing expense/ income	(67.7)	20.1	(136.2)	(228.1)	(195.0)	(65.5)	(18.9)	107.7	(254.1)	80.9	(280.9)
EBIT/Net financing expense/ Income	0.0	(2.4)	(1.3)	(0.7)	0.5	2.0	(2.6)	(0.3)	(3.7)	14.2	(2.6)
Net profit	(65.1)	(50.1)	37.2	(114.3)	(298.3)	(220.6)	(36.4)	(3.2)	446.3	890.3	244.1
Net margin (%)	-4.8%	-3.3%	1.5%	-4.2%	-12.7%	-10.7%	-1.4%	-0.1%	9.2%	13.4%	3.1%
Reported EPS (LE/share)	(0.81)	(0.63)	0.47	(1.43)	(3.73)	(2.76)	(0.45)	(0.04)	5.75	11.13	3.05
Adjusted EPS* (LE/share)	(0.81)	(0.63)	0.49	(1.49)	(3.73)	(2.76)	(0.45)	(0.04)	5.75	11.13	3.05
Foreign exchange											
Differences – gain(+)/Loss(-)	11.6	121.2	16.3	(8.6)	(183.4)	27.1	25.3	312.1	(35.0)	201.1	16.4
Foreign Exchange (%)	-18%	-242%	44%	7%	61%	-12%	-69%	-9778%	-8%	23%	7%

* EPS adjusted to include treasury shares and historic EPS adjusted retroactively to reflect 2007 results 1:1 bonus issue.

In 2024, Lecico reported all transport costs for goods and materials in COGs. A similar value is deducted from SG&A. Our operating profit and margin remain unaffected by this new treatment. We have restated comparative figures for 2023 to reflect the same.



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