Originally issued in Arabic

Lecico Egypt
(S.A.E.)
According to (IFRS) According Standard

Consolidated Interim Financial Statements
for the Financial period Ended June 30, 2026
And Limited Review Report

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Auditors' Report on Review of Consolidated Interim Financial Statements

To: The Members of the Board of Directors of Lecico Egypt Company (S.A.E.)

Introduction

We have reviewed the accompanying consolidated interim financial statement of Lecico Egypt (S.A.E.) ("the Company") and its subsidiaries "the Group" as of June 30, 2026, which comprises:

- Consolidated statement of financial position as of June 30, 2026;
- Consolidated statements of profit or loss for the three-month and six-month periods ended June 30, 2026;
- Consolidated statements comprehensive income for the three-month and six-month periods ended June 30, 2026.
- Consolidated statement of changes in equity for the six-month period ended June 30, 2026.
- Consolidated statement of cash flows for the six-month period ended June 30, 2026.
- Notes to the consolidated interim financial statements, comprising material accounting policies and other explanatory information.

Management is responsible for the preparation and fair presentation of these consolidated interim financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) including the requirements of IAS 34, "Interim Financial Reporting". Our responsibility is to express a conclusion on these consolidated interim financial statements based on our review.

Scope of Review

Except for what will be discussed in the Basis of Qualified Conclusion paragraph, we conducted our review in accordance with the Egyptian Standard on Review Engagements 2410, *"Review of Interim Financial Statements Performed by the Independent Auditor of the Entity"*. A review of consolidated interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Egyptian Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on these consolidated interim financial statements.

Basis for Qualified conclusion

As disclosed in note (3) to the consolidated interim financial statements, the Group's management has included the financial information of the Lebanese Ceramic Industries Company (a subsidiary) in the Group's consolidated interim financial statements for the financial year ended December 31, 2025, and the six-month period ended June 30, 2026, this consolidation was based on financial statements of the subsidiary that were neither audited nor reviewed 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 June 30, 2026, the subsidiary's financial information include total assets of approximately EGP 924 million, representing 10% of the Group's total assets; total liabilities of approximately EGP 20 million (after eliminating the intercompany balances), representing 0.4% of the Group's total liabilities; total revenues for the financial period ended June 30,2026, of approximately EGP 53 million, representing 1% of the Group's total revenues; and net loss for the financial period ended June 30,2026, of approximately EGP 7 million.

On February 28, 2026, we issued our audit report with a qualified opinion on the Group's consolidated financial statements for the financial year ended December 31, 2025, for the same reason mentioned above.

Qualified Conclusion

Based on our review, except for the possible effects of such adjustments, if any, as might have been determined to be necessary if we have obtained with what is described in the Basis of Qualified Conclusion above, nothing has come to our attention that causes us to believe that the accompanying June 30, 2026, consolidated interim financial statements do not present fairly – in all material respects - the financial position, financial performance and cash flows of Lecico Egypt (S.A.E.) and its subsidiaries in accordance with IFRS Accounting Standards including the requirements of IAS 34, 'Interim Financial Reporting'.

Emphasis of matters

Without considering the following as an additional qualification to our conclusion mentioned above, as detailed in note (41) to the consolidated interim financial statements, Company's Extraordinary General Assembly approved the merger of certain group companies into Lecico Egypt Company. The merger was duly registered in the Commercial Register on March 31, 2026.

Other Matters

Our report is prepared for the management's internal use only and should not be used for any other purposes.

KPMG Hazem Hassan

Alexandria on August 15, 2026

Hany Abdelrahman Mostafa Selim
Capital Market Register No. 397

KPMG Hazem Hassan
Public Accountants and consultants

Lecico Egypt (S.A.E.)
Consolidated statement of Financial Position as at
According to International Financial Reporting Standards (IFRS)

	Note No.	June 30, 2026 EGP	December 31, 2025 EGP
Assets			
Non-Current Assets			
Property, plant & equipment	(15)	3 520 685 693	3 586 044 267
Projects under construction	(16)	148 032 834	72 204 179
Intangible assets	(17)	25 170 010	25 139 638
Equity-accounted investees	(18)	83 417	81 997
Non-Current Assets		**3 693 971 954**	**3 683 470 081**
Current Assets			
Inventories	(19)	3 331 407 279	2 880 321 793
Trade and other receivables	(20)	2 127 150 345	1 659 292 035
Investments with FVTPL	(21)	10 671 417	--
Cash and cash equivalents	(22)	390 123 643	313 950 137
Current Assets		**5 859 352 684**	**4 853 563 965**
Total Assets		**9 553 324 638**	**8 537 034 046**
Equity and Labilities			
Equity for Holding Company			
Issued and paid-up capital	(24-2)	200 000 000	400 000 000
Reserves	(25)	2 626 454 579	2 414 837 399
Retained earnings		1 245 414 142	1 162 995 099
Equity attributable to holding company		**4 071 868 721**	**3 977 832 498**
Non-controlling interest	(24-3)	137 682 544	127 973 731
Total Equity		**4 209 551 265**	**4 105 806 229**
Non-Current Liabilities			
Non-current portion of lease Liabilities	(28)	92 884 677	111 403 877
Long-term notes payable	(31)	179 364 955	236 859 693
Deferred tax liabilities	(14-2)	552 997 561	526 949 846
Non-Current Liabilities		**825 247 193**	**875 213 416**
Current Liabilities			
Credit facilities	(23)	2 447 831 505	1 587 533 130
Accrued income tax	(14-5)	56 082 811	147 720 552
Current portion of lease Liabilities	(28)	39 374 537	40 232 181
Trade and other payables	(32)	1 737 066 098	1 520 387 559
Provisions	(29)	238 171 229	260 140 979
Current Liabilities		**4 518 526 180**	**3 556 014 401**
Total Liabilities		**5 343 773 373**	**4 431 227 817**
Total Equity and Liabilities		**9 553 324 638**	**8 537 034 046**

- Notes from No (1) to No (41) are an integral part of these consolidated interim financial statements and are to be read there with.
- Auditor's Report on review of consolidated financial statements "attached"

Finance Director	**Managing Director**
Mohamed Hassan	Taher Gilbert Gargour

Lecico Egypt (S.A.E.)
Consolidated statement of profit or loss for the financial period ended June 30, 2026
According to International Financial Reporting Standards (IFRS)

		2026		2025	
	Note No.	**From January 1, To June 30, EGP**	**From April 1, To June 30, EGP**	**From January 1, To June 30, EGP**	**From April 1, To June 30, EGP**
Net sales	(5)	4 389 870 846	2 433 070 954	3 568 108 320	1 877 545 324
Cost of sales	(6)	(3 471 987 147)	(1 910 600 486)	(2 678 671 119)	(1 428 548 400)
Gross Profit		**917 883 699**	**522 470 468**	**889 437 201**	**448 996 924**
Other Income	(7)	17 847 424	10 121 858	17 423 800	8 473 192
Selling and distribution Expenses	(8)	(145 475 515)	(81 880 558)	(130 064 153)	(69 363 534)
General and Administrative Expenses	(9)	(326 825 119)	(174 570 749)	(275 636 950)	(142 823 345)
Reversed\(Expected) credit loss	(10)	7 608 777	18 500 650	(16 298 300)	(7 628 108)
Other Expenses	(11)	(53 967 440)	(26 422 563)	(71 995 341)	(42 509 100)
Profit from operating activities		**417 071 826**	**268 219 106**	**412 866 257**	**195 146 029**
Group's Share from Equity - accounted investees		815 836	828 584	57 001	8 282
Net finance expenses	(12)	(194 766 732)	(159 457 073)	(157 315 196)	(87 244 006)
Profit before tax		**223 120 930**	**109 590 617**	**255 608 062**	**107 910 305**
Income tax expense	(14-1)	(121 077 141)	(54 898 608)	(107 599 329)	(52 757 074)
Net profit for the period		**102 043 789**	**54 692 009**	**148 008 733**	**55 153 231**
Attributable to:					
Shareholders of the holding company		90 008 626	47 639 956	145 500 850	53 072 222
Non-controlling interests		12 035 163	7 052 053	2 507 883	2 081 009
Net profit for the period		**102 043 789**	**54 692 009**	**148 008 733**	**55 153 231**
Basic and diluted earnings per share profit for period (EGP/Share)	**(13)**	**1.13**	**0.60**	**1.8**	**0.66**

- Notes from No (1) to No (41) are an integral part of these consolidated interim financial statements and are to be read there with.

Lecico Egypt (S.A.E.)

Consolidated Statement of Comprehensive Income for the financial period ended June 30, 2026

According to International Financial Reporting Standards (IFRS)

	2026		2025	
	From January 1, To June 30, EGP	**From April 1, To June 30, EGP**	**From January 1, To June 30, EGP**	**From April 1, To June 30, EGP**
Net profit for the period	102 043 789	54 692 009	148 008 733	55 153 231
Other Comprehensive Income				
Items that may be reclassified subsequently to profit or loss statement				
Foreign currency translation differences of Subsidiaries	4 716 247	(25 459 542)	8 968 016	6 714 810
Total other comprehensive income for the period	**106 760 036**	**29 232 467**	**156 976 749**	**61 868 041**
Total comprehensive income attributable to:				
Shareholders of the holding company	94 036 223	28 068 357	150 660 057	54 810 130
Non-controlling interests	12 723 813	1 164 110	6 316 692	7 057 911
Total other comprehensive income for the period	**106 760 036**	**29 232 467**	**156 976 749**	**61 868 041**

- Notes from No (1) to No (41) are an integral part of these consolidated financial statements and are to be read there with.

Lecico Egypt (S.A.E.)
Consolidated Statement of Changes in Equity for the financial period ended June 30, 2026
According to International Financial Reporting Standards (IFRS)

	Note No	Issued & Paid up Capital EGP	Legal Reserve EGP	Other Reserves EGP	Share premium Reserve EGP	Reserve for Land Revaluation Surplus EGP	Translation Reserve EGP	Merge EGP	Retained earning EGP	Equity of the holding company EGP	Non-controlling Interests EGP	Total Equity EGP
Balance as of January 1, 2025		**400 000 000**	**50 915 481**	**15 571 032**	**181 164 374**	**1 915 276 349**	**231 251 002**	--	**940 414 138**	**3 734 592 376**	**122 018 569**	**3 856 610 945**
Transfer to legal reserve		–	21 494 936	–	–	–	–	--	(21 494 936)	–	--	--
Other Comprehensive income												
Net profit for the period		–	–	–	–	–	–	--	145 500 850	145 500 850	2 507 883	148 008 733
Translation differences	(38-2)	–	–	–	–	–	5 159 207	--	–	5 159 207	3 808 809	8 968 016
Total comprehensive income		–	–	–	–	–	**5 159 207**	--	**145 500 850**	**150 660 057**	**6 316 692**	**156 976 749**
Dividends to NCI		–	–	–	–	–	–	--	–	--	(6 030 000)	(6 030 000)
Balance as of June 30, 2025		**400 000 000**	**72 410 417**	**15 571 032**	**181 164 374**	**1 915 276 349**	**236 410 209**	--	**1 064 420 052**	**3 885 252 433**	**122 305 261**	**4 007 557 694**
Balance as of January 1, 2026		**400 000 000**	**72 410 417**	**15 571 032**	**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**
Transfer to legal reserve		--	7 589 583	--	--	--	--	--	(7 589 583)			
Net disposals of GAFI	(41)	(177 202 770)	--	--	--	--	--	177 202 770	--	--	--	--
Transfer to reserves according to resolution of GAFI	(41)	(22 797 230)	--	--	--	--	--	22 797 230	--	--	--	--
Other Comprehensive income												
Net profit for the period		--	--	--	--	--	--	--	90 008 626	90 008 626	12 035 163	102 043 789
Translation differences	(38-2)	--	--	--	--	--	4 027 597	--	--	4 027 597	688 650	4 716 247
Total comprehensive income		–	--	--	--	--	**4 027 597**	–	**90 008 626**	**94 036 223**	**12 723 813**	**106 760 036**
Dividends to NCI		--	--	--	--	--	--	--	--	--	(3 015 000)	(3 015 000)
Balance as of June 30, 2026		**200 000 000**	**80 000 000**	**15 571 032**	**181 164 374**	**1 915 276 349**	**234 442 824**	**200 000 000**	**1 245 414 142**	**4 071 868 721**	**137 682 544**	**4 209 551 265**

- Notes from No (1) to No (41) are an integral part of these interim consolidated financial statements and are to be read there with.

Lecico Egypt (S.A.E.)
Consolidated Statement of Cash Flows for the financial period ended June 30, 2026
According to International Financial Reporting Standards (IFRS)

		For the period ended June 30,	
	Note	**2026**	**2025**
Cash Flow from Operating Activities	**No.**	**EGP**	**EGP**
Net profit for the period before tax		223 120 930	255 608 062
Adjusted by the following:			
Property, plant and equipment depreciation	(15)	143 054 648	111 833 200
Intangible assets amortization	(17)	2 330 209	2 441 885
Interest expenses on lease contracts	(12),(28)	3 745 431	3 573 008
Finance expenses	(12)	165 441 927	145 027 942
Income from investments with FVTPL	(12),(21)	(671 417)	--
Interest Income	(12)	(102 096)	(1 796 452)
Foreign currency translation differences	(12)	(7 167 676)	(31 853 583)
Profit generated from operations		**529 751 956**	**484 834 062**
Change in inventories	(19)	(457 738 606)	(189 037 460)
Change in trade, notes and other receivables	(20)	(469 286 328)	(370 527 437)
Change in trade, notes and other payables	(32)	159 447 070	(203 786 589)
Change in provisions	(29)	(21 969 750)	37 597 445
		(259 795 658)	**(240 919 979)**
Proceeds from Interest Income	(12)	102 096	1 796 452
Interest expenses paid	(12)	(165 441 927)	(145 027 942)
Interest expenses paid on lease contracts	(12)،(28)	(3 745 431)	(3 573 008)
Income Tax paid	(14)	(185 968 657)	(297 837 920)
Net cash (used in) operating activities		**(614 849 577)**	**(685 562 397)**
Cash Flow from Investing Activities			
Payments for acquisition of PPE & PUC	(15),(16)	(149 333 621)	(257 442 798)
Payments for acquisition of intangible assets	(17)	(1 973 494)	(40 854)
Payments for acquisition of financial securities	(21)	(10 000 000)	--
Proceeds of selling of PPE		3 062 035	--
Cash (used in) investing activities		**(158 245 080)**	**(257 483 652)**
Cash Flow from Financing Activities			
Payments of loans	(27)	--	(342 476)
Payments of lease liabilities	(28)	(11 030 212)	(20 625 059)
Net Proceeds from banks credit facilities	(23)	860 298 375	965 716 196
Net cash provided from financing activities		**849 268 163**	**944 748 661**
Net change in cash during the period		**76 173 506**	**1 702 612**
Cash and cash equivalents at the beginning of the period	(22)	**313 950 137**	**352 233 706**
Restricted time deposits	(22)	(492 300)	(496 000)
Cash and cash equivalents at the end of the period	(22)	**389 631 343**	**353 440 318**

- Notes from No (1) to No (41) are an integral part of these consolidated interim financial statements and are to be read there with.
- the values of assets and liabilities that don't represent a change in cash as shown in note No. (30)

1- Background for holding company and subsidiaries

These consolidated financial statements of Lecico Egypt company for the financial period ended June 30, 2026, comprise of the holding company and its subsidiaries (together referred to as the "Group" and individually as "Group entities"

1-1 The headquarters of the holding company is located at khorshed in Alexandria, and Mr./ Taher Gargour is a 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 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.

On September 17, 2024,the Board of Directors of Lecico Egypt (the holding company) approved the decision of the committee formed by GAFI and ratified on July 24, 2024, authorizing the merger of Lecico Egypt (an Egyptian joint-stock company) as the merging company with Lecico for Ceramic Industries (an Egyptian joint-stock company) as a merged company; International Ceramic Company (an Egyptian joint-stock company) as a merged company; and European Ceramic Company (an Egyptian joint-stock company) as a merged company.
The merger was executed at book values in accordance with the financial statements of the merging company and the merged companies as of December 31, 2022, which were adopted as the basis for the merger.
On October 29, 2024, the Financial Regulatory Authority approved the publication of the disclosure report. On June 17, 2025, the Extraordinary General Assembly of Lecico Egypt (the merging company) approved the merger resolution. On June 23, 2025, the Extraordinary General Assemblies of the merged companies approved the merger resolution, and the merger was officially recorded in the Commercial Register on March 31, 2026.

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 (direct and indirect) June 30, 2026 %	December 31, 2025 %
1-	Lecico for Ceramics Industries (S.A.E.)	Egypt	--	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
6-	Lecico for Trading and Distribution of Ceramics (S.A.E.)	Egypt	100	100
7-	European Ceramics (S.A.E)	Egypt	--	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 S. A	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 every year

1-6 The activities of the subsidiaries 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.

2- Basis of preparation of accounting for 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 its 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 policies are disclosed in note no (38)
- The accompanying consolidated financial were authorized for issuance by the board of directors August 15, 2026.

2-2 Basis of measurement

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

- Financial assets and liabilities recognized at fair values through profits or losses.
- Financial assets and liabilities recognized at fair values through other comprehensive income.
- Financial assets and liabilities that are stated at fair value and amortized cost.
- Land revaluation recognized at fair values.

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 are 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 interim 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 recognized 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 recognized in the consolidated financial statements is included in the following notes:

- **Revenue recognition**

  Revenue is recognized as detailed in the accounting policies applied.
- **Investments in associates and enterprises jointly venture:**

  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 recognized 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 estimation 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 recognized 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 recognized 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 recognized 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 expected credit loss

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 realizable value for inventory

Inventory is stated at the lower of cost or net realizable 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 & equipment and intangible assets

The company's management determines the estimated useful life of Property, plant & equipment and intangible assets for the purpose of calculating depreciation and amortization, 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 Accounting 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).
- **Level 3:** inputs for the asset or liability that are not based on observable market data (unobservable inputs).

- The Company recognizes 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, Plant and Equipment (Note 15)
- Financial instruments (Note 36)

3- The separate financial statements of Lebanese for ceramic industries (Subsidiary Company) for the financial period ended June 30, 2026

Since 2019, Lebanon faced unstable Political conditions, which had the greatest impact on its economy and the banking sector that resulted in general decline in the economic activity during the year. These may have significant influence on the valuation of the Lebanese subsidiary's assets and liabilities resulting from carrying out its activity in the future. In the 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 June 30, 2026. The company applied IAS No. (29) " Financial reporting in hyperinflationary Economies"

On preparing the accompanying consolidated financial statements on June 30, 2026, the Group management relied on unaudited financial statements for Lecico for ceramic Lebanon 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 June 30, 2026, and June 30, 2025 after translation to the Egyptian pound (before elimination entries).

Financial position statement as of	**Lebanese Ceramics Industries EGP (Unreviewed) June 30, 2026**	**Lebanese Ceramics Industries EGP (Unaudited) December 31, 2025**
Assets		
Non-current assets	745 804 673	742 320 457
Current assets	178 148 973	158 961 727
Total assets	**923 953 646**	**901 282 184**
Equity		
Issued & paid up capital	10 974 654	10 974 654
Reserves	639 509 076	639 509 076
accumulated (losses)	(70 909 241)	(63 311 024)
Foreign entities translation differences	149 425 981	145 639 915
Total Equity	**729 000 470**	**732 812 621**
Liabilities		
Current liabilities	20 403 273	17 867 226
Current liabilities-Lecico Egypt	174 549 903	150 602 337
Total liabilities	**194 953 176**	**168 469 563**
Total Equity and liabilities	**923 953 646**	**901 282 184**

Profit or loss statement for the financial period	**June 30, 2026 EGP (Unreviewed)**	**June 30, 2025 EGP (Unreviewed)**
Sales	53 526 708	76 667 122
Cost of sales	(47 389 675)	(54 906 751)
Gross profit	**6 137 033**	**21 760 371**
Operating expenses	(14 568 586)	(16 617 237)
Net finance income / (expenses)	1 298 400	(90 493)
Net (loss) / income for period	**(7 133 153)**	**5 052 641**

4- Segment Information

- Segments are identified according to the method used internally to present financial reports to senior management.
- A Segment is a group of related assets and operations that are characterized by risks and benefits that differ from those associated with other Segments or within a single economic environment that are characterized by risks and benefits that are distinct from those associated with Segments operating in a different economic environment.
- The company has (3) 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 period ended June 30, 2026, and June 30, 2025 by Sanitary Ware, Tile, Brassware segments are detailed below:

June 30, 2026	**Sanitary Ware Segment EGP**	**Tile Segment EGP**	**Brass ware Segment EGP**	**Total EGP**
Assets	4 827 152 138	4 581 137 793	145 034 707	**9 553 324 638**
Liabilities	2 700 128 808	2 562 517 561	81 127 004	**5 343 773 373**
sales	2 218 136 119	1 968 892 542	202 842 185	**4 389 870 846**
Cost of sales	--	--	--	**(3 471 987 147)**
Gross Profit	--	--	--	**917 883 699**
Other Income	--	--	--	**21 847 424**
Distribution Expenses	--	--	--	**(145 475 515)**
Administrative Expenses	--	--	--	**(326 825 119)**
Expected Credit Loss	--	--	--	**7 608 777**
Other Expenses	--	--	--	**(57 967 440)**
Results from operating activities	--	--	--	**417 071 826**
Investment income	--	--	--	**815 836**
Finance expenses	--	--	--	**(7 941 189)**
Finance income	--	--	--	**202 707 921**
Profit before tax	--	--	--	**223 120 930**
Current income tax expense	--	--	--	**(121 077 141)**
Net profit for the period	--	--	--	**102 043 789**
June 30,2025				
Assets	4 104 690 528	4 279 431 079	101 832 089	**8 485 953 696**
Liabilities	2 083 057 971	2 173 199 639	222 138 392	**4 478 396 002**
sales	2 324 527 528	1 119 868 573	123 712 219	**3 568 108 320**
Cost of sales	--	--	--	**(2 678 671 119)**
Gross Profit	--	--	--	**889 437 201**
Other Income	--	--	--	**17 423 800**
Distribution Expenses	--	--	--	**(130 064 153)**
Administrative Expenses	--	--	--	**(275 636 950)**
Expected Credit Loss	--	--	--	**(16 298 300)**
Other Expenses	--	--	--	**(71 995 341)**
Results from operating activities	--	--	--	**412 866 257**
Investment income	--	--	--	**57 001**
Finance income	--	--	--	**190 965 231**
Finance expenses	--	--	--	**(33 650 035)**
Profit before tax	--	--	--	**255 608 062**
Current income tax expense	--	--	--	**(107 599 329)**
Net profit for the period	--	--	--	**148 008 733**

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- The Group operates in the principal geographical areas of the Egypt, Lebanon, and other.
- The Group's assets, liabilities and results of operations as of and for the period ended June 30, 2026, and June 30, 2025, by geographical areas are detailed below:

June 30, 2026	Egypt EGP	Lebanon EGP	Others EGP	Total EGP
Assets	8 484 336 755	**923 953 646**	145 034 707	**9 553 324 638**
Liabilities	5 067 693 193	**194 953 176**	81 127 004	**5 343 773 373**
sales	3 196 363 841	**53 526 708**	1 139 980 297	**4 389 870 846**
Cost of sales	--	--	--	**(3 471 987 147)**
Gross Profit	--	--	--	**917 883 699**
Other Income	--	--	--	**21 847 424**
Distribution Expenses	--	--	--	**(145 475 515)**
Administrative Expenses	--	--	--	**(326 825 119)**
Expected Credit Loss	--	--	--	**7 608 777**
Other Expenses	--	--	--	**(57 967 440)**
Results from operating activities	--	--	--	**417 071 826**
Investment income	--	--	--	**815 836**
Finance expenses	--	--	--	**(7 941 189)**
Finance income	--	--	--	**202 707 921**
Profit before tax	--	--	--	**223 120 930**
Current income tax expense	--	--	--	**(121 077 141)**
Net profit for the period	--	--	--	**102 043 789**
June 30, 2025				
Assets	6 664 786 094	920 793 095	900 374 507	**8 485 953 696**
Liabilities	3 562 406 666	183 985 267	732 004 069	**4 478 396 002**
sales	3 018 745 477	76 667 122	472 695 721	**3 568 108 320**
Cost of sales	--	--	--	**(2 678 671 119)**
Gross Profit	--	--	--	**889 437 201**
Other Income	--	--	--	**17 423 800**
Distribution Expenses	--	--	--	**(130 064 153)**
Administrative Expenses	--	--	--	**(275 636 950)**
Expected Credit Loss	--	--	--	**(16 298 300)**
Other Expenses	--	--	--	**(71 995 341)**
Results from operating activities	--	--	--	**412 866 257**
Investment income	--	--	--	**57 001**
Finance income	--	--	--	**190 965 231**
Finance expenses	--	--	--	**(33 650 035)**
Profit before tax	--	--	--	**255 608 062**
Current income tax expense	--	--	--	**(107 599 329)**
Net profit for the period	--	--	--	**148 008 733**

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5- Sales
Revenue recognition at a point in time

5-1 Revenue classification according to products

	Note No.	2026 From January 1 To June 30 EGP	2026 From April 1 To June 30 EGP	2025 From January 1 To June 30 EGP	2025 From April 1 To June 30 EGP
Sanitary Ware sales		2 218 136 119	968 691 933	2 324 527 528	1 259 843 774
Tile sales		1 968 892 542	1 348 493 101	1 119 868 573	544 785 567
Brass ware sales		202 842 185	115 885 920	123 712 219	72 915 983
		4 389 870 846	**2 433 070 954**	**3 568 108 320**	**1 877 545 324**

5-2 Revenue classification according to main geographic regions

Inside Egypt	3 196 363 841	1 703 868 009	3 018 745 477	1 599 658 694
Outside Egypt	1 139 980 297	22 864 173	549 362 843	277 886 630
	4 389 870 846	**2 433 070 954**	**3 568 108 320**	**1 877 545 324**

6- Cost of sales

Raw materials and consumables		2 450 744 115	1 454 227 233	1 688 658 451	888 574 101
Energy expense		658 415 900	361 744 737	487 847 960	249 605 001
Depreciation	(15)	111 718 776	56 951 464	83 372 174	40 609 453
Employees' share in profit		42 991 790	23 639 460	40 946 541	23 883 724
Change in finished goods and work under process inventory		(198 713 529)	(1 437 227)	38 423 814	85 423 513
Other		406 830 095	15 474 819	339 422 179	140 452 608
		3 471 987 147	**1 910 600 486**	**2 678 671 119**	**1 428 548 400**

7- Other Income

Scrap Sales	14 155 185	7 275 163	16 456 350	7 835 617
Other income	3 692 239	2 846 695	967 450	637 575
	17 847 424	**10 121 858**	**17 423 800**	**8 473 192**

8- Selling and distribution expense

Salaries and wages		20 600 262	11 440 505	17 728 560	9 031 266
Exhibition expenses		55 867 323	34 414 087	37 015 870	17 748 003
Marketing and advertising expenses		15 814 303	6 824 347	50 747 333	24 931 331
Marketing and distributing services	(33-2)	45 422 776	25 074 177		
Depreciation selling and distribution	(15)	919 646	437 409	917 990	420 568
Other		6 851 205	3 690 033	23 654 400	17 232 366
		145 475 515	**81 880 558**	**130 064 153**	**69 363 534**

9- General and administrative expenses

	Note No.	2026 From January 1 To June 30 EGP	2026 From April 1 To June 30 EGP	2025 From January 1 To June 30 EGP	2025 From April 1 To June 30 EGP
Administrative salaries		169 990 596	91 057 805	139 624 420	72 115 736
Transportation expenses		24 105 818	13 518 536	23 873 747	11 601 499
Audit and consultation fees		29 264 362	15 895 836	20 555 233	11 163 231
Computers and networks		28 614 111	15 776 407	25 457 088	13 681 730
Taxes and contribution health insurance		18 880 404	9 101 185	15 120 140	8 289 944
Depreciation	(15)	30 416 226	15 066 520	27 543 036	14 303 175
Telephone and post expenses		2 174 162	973 516	2 343 808	1 048 027
Amortization of intangible assets	(17)	2 330 209	1 200 924	2 441 885	1 247 267
Other		21 049 231	11 980 020	18 677 593	9 372 736
		326 825 119	**174 570 749**	**275 636 950**	**142 823 345**

10- Expected credit loss

(Reversed)\Expected credit loss in Trades and other receivables	(20)	(7 608 777)	(18 500 650)	15 298 300	7 628 108
Expected credit loss in cash and cash equivalent	(22)	--	--	1 000 000	--
		(7 608 777)	**(18 500 650)**	**16 298 300**	**7 628 108**

11- Other Expenses

Formed claims provision	(29)	29 285 000	8 750 000	44 154 033	24 789 033
Other expenses		17 891 745	14 180 152	21 062 264	14 342 262
Remuneration of the holding company's board of directors	(33-3)	6 790 695	3 492 411	6 779 044	3 377 805
		53 967 440	**26 422 563**	**71 995 341**	**42 509 100**

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12- Net Finance expenses / (income)

	2026		2025	
	From January 1 To June 30 EGP	From April 1 To June 30 EGP	From January 1 To June 30 EGP	From April 1 To June 30 EGP
Interest expenses	165 441 927	91 257 376	145 027 942	85 314 176
Finance expenses on lease contract	3 745 431	1 330 787	3 573 008	2 023 211
Foreign currency exchange differences	--	51 439 483	--	--
Discounting notes payable for its present value	33 520 563	15 955 986	42 364 281	22 111 576
Total finance expense	**202 707 921**	**159 983 637**	**190 965 231**	**109 448 963**
Less:				
Finance Income				
Interest Income	(102 096)	(77 549)	(1 796 452)	(1 380 375)
Income from investment fair value through profit or loss*	(671 417)	(449 015)	--	--
Foreign currency exchange differences	(7 167 676)	--	(31 853 583)	(20 824 582)
Total finance income	**(7 941 189)**	**(526 564)**	**(33 650 035)**	**(22 204 957)**
Net finance expenses /(income)	**194 766 732**	**159 457 073**	**157 315 196**	**87 244 006**

* Investment gain represented as the net income from investments funds.

13- Basic and diluted earnings 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 period ended as follows:

	2026		2025	
	From January 1 To June 30 EGP	From April 1 To June 30 EGP	From January 1 To June 30 EGP	From April 1 To June 30 EGP
Net profit for the period attributable to the holding company's shareholders (EGP)	90 008 626	47 639 956	145 500 850	53 072 222
The number of outstanding shares during the period (share)*	80 000 000	80 000 000	80 000 000	80 000 000
Basic and diluted earnings per share in profit for the period (EGP/share)	**1.13**	**0.60**	**1.8**	**0.66**

14- Income tax

14.1. Income tax charged to profit or loss consolidated statement

	2026		2025	
	From January 1 To June 30 EGP	From April 1 To June 30 EGP	From January 1 To June 30 EGP	From April 1 To June 30 EGP
Income tax for the period	94 330 916	45 773 651	109 954 841	55 444 204
Deferred income tax (Revenue)	26 047 715	8 426 447	(2 355 512)	(2 687 130)
Dividends tax	698 510	698 510	--	--
	121 077 141	**54 898 608**	**107 599 329**	**52 757 074**

14.2. Recognized deferred tax assets and liabilities

	Statement of financial position		Profit or loss statement	
In Egyptian Pound	30/6/2026	31/12/2025	30/6/2026	30/6/2025
Property, plant and Equipment (liability)	556 189 008	530 270 430	25 918 578	(2 590 504)
Inventory (Asset)	(3 191 447)	(3 320 584)	129 137	234 992
Deferred Tax for the period / year	**552 997 561**	**526 949 846**	**26 047 715**	**(2 355 512)**

No liability has been recognized 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 merged 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 recognized 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.

Accordingly, the group's policy, in accordance with International Accounting Standard No. 12 (Income Taxes), is to recognize 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

	30/6/2026 EGP	30/6/2025 EGP
Net Profit before tax	**223 120 930**	**255 608 062**
Tax rate	22.5%	22.5%
Income tax calculated based on the accounting Profit	**50 202 209**	**57 511 814**
Effect of provisions and ECL	(43 374 707)	34 446 119
Non deductible tax expenses	358 374 404	188 165 059
Tax base	**538 120 627**	478 219 240
Total Income tax expenses	**121 077 141**	**107 599 329**
Effective Tax rate	**54.3%**	**%42.1**

14.4. Unrecognized deferred tax assets

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

	30/6/2026 EGP	31/12/2025 EGP
Impairment of trade and notes receivables	27 394 431	30 185 476
Provisions	53 588 526	58 531 720
Impairment of equity-accounted investees	1 580 539	1 580 539
Total	**82 563 496**	**90 297 735**

14.5. Accrued income tax

Current income tax	94 330 916	194 416 534
Tax authority- previous years	68 376 143	4 178 346
Tax authority-withholding tax	(106 624 248)	(50 874 328)
	56 082 811	**147 720 552**

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15- Property, plant and equipment

Cost	Land EGP	Buildings EGP	Leasehold Improvements EGP	Machinery & Equipment EGP	Vehicles EGP	Tools EGP	Furniture, Office Equipment & Computers EGP	Rights – of use assets EGP	Total EGP
As of 01/01/2026	**2 495 629 747**	**487 735 221**	**43 821 788**	**2 458 679 018**	**176 502 001**	**248 924 340**	**80 303 818**	**302 729 671**	**6 294 325 604**
Translation differences	18	3 761 457	517 739	22 819 663	2 368 283	2 013 344	760 188	5 547 391	37 788 083
Additions during the period	--	1 681 449	1 312 758	54 183 006	1 516 886	10 120 134	4 690 733	--	73 504 966
Disposals for the period	--	--	--	(2 325 845)	(4 028 954)	--	--	(2 873 529)	(9 228 328)
As of 30/6/2026	**2 495 629 765**	**493 178 127**	**45 652 285**	**2 533 355 842**	**176 358 216**	**261 057 818**	**85 754 739**	**305 403 533**	**6 396 390 325**
Accumulated Depreciation									
As of 01/01/2026	--	**350 172 010**	**34 077 092**	**1 767 116 056**	**136 531 832**	**203 893 964**	**57 728 010**	**158 762 373**	**2 708 281 337**
Translation differences	--	2 588 737	389 763	21 901 277	2 314 179	889 418	733 942	1 717 624	30 534 940
Depreciation for period	--	7 120 608	1 585 351	101 050 852	6 599 452	2 581 129	2 550 504	21 566 752	143 054 648
Disposals depreciation	--	--	--	(1 162 923)	(3 273 526)	--	--	(1 729 844)	(6 166 293)
As of 30/6/2026	--	**359 881 355**	**36 052 206**	**1 888 905 262**	**142 171 937**	**207 364 511**	**61 012 456**	**180 316 905**	**2 875 704 632**
Net book value									
As of 30/6/2026	**2 495 629 765**	**133 296 772**	**9 600 079**	**644 450 580**	**34 186 279**	**53 693 307**	**24 742 283**	**125 086 628**	**3 520 685 693**
As of 31/12/2025	**2 495 629 747**	**137 563 211**	**9 744 696**	**691 562 962**	**39 970 169**	**45 030 376**	**22 575 808**	**143 967 298**	**3 586 044 267**
Fully depreciated assets and still working	**--**	**80 946 555**	**4 919 670**	**823 439 297**	**44 985 643**	**169 640 271**	**26 951 019**	**--**	**1 150 882 455**

- 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 holding company 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 in Egypt. In addition to lease contracts formed by subsidiaries in United Kingdom and South Africa.

Depreciation expense has been charged as follow:

	Note No	30/6/2026 EGP	30/6/2025 EGP
Cost of sales	(6)	111 718 776	83 372 174
General and administrative expense	(9)	30 416 226	27 543 036
Selling and distribution expense	(8)	919 646	917 990
		143 054 648	**111 833 200**

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Note to the consolidated financial statements for the financial period ended June 30, 2026

According to International Financial Reporting Standard (IFRS)

Property, plant and equipment (Continued)

Cost	**Land EGP**	**Buildings EGP**	**Leasehold Improvements EGP**	**Machinery & Equipment EGP**	**Vehicles EGP**	**Tools EGP**	**Furniture, Office Equipment & Computers EGP**	**Rights – of use assets EGP**	**Total EGP**
As of 01/01/2025	**2 495 629 786**	**474 851 856**	**41 742 874**	**2 170 141 149**	**170 499 825**	**248 624 397**	**67 059 161**	**280 419 680**	**5 948 968 728**
Translation differences	(20)	(358 627)	2 362 615	(16 579 761)	(991 024)	(1 600 351)	(604 252)	16 387 637	(1 383 783)
Additions during the period	--	188 630	760 562	35 555 046	6 637 546	1 088 769	8 521 730	31 887 390	84 639 673
Disposals for the period	--	(37 111)	--	--	(254 000)	--	--	(24 468 249)	(24 759 360)
As of 30/6/2025	**2 495 629 766**	**474 644 748**	**44 866 051**	**2 189 116 434**	**175 892 347**	**248 112 815**	**74 976 639**	**304 226 458**	**6 007 465 258**
Accumulated Depreciation									
As of 01/01/2025	--	**339 590 332**	**31 316 945**	**1 719 989 541**	**127 493 708**	**201 844 002**	**55 341 451**	**151 032 818**	**2 626 608 797**
Translation differences	--	(70 057)	1 768 788	(16 522 584)	(1 151 807)	(706 973)	(583 390)	8 480 522	(8 785 501)
Depreciation of the period	--	7 404 216	1 347 320	75 641 081	6 514 872	2 056 329	1 756 048	17 113 334	111 833 200
Disposals accumulated depreciation		(24 740)	--	--	(254 000)	--	--	(22 377 011)	(22 655 751)
As of 30/6/2025	--	**346 899 751**	**34 433 053**	**1 779 108 038**	**132 602 773**	**203 193 358**	**56 514 109**	**154 249 663**	**2 707 000 745**
Net book value									
As of 30/6/2025	**2 495 629 766**	**127 744 997**	**10 432 998**	**410 008 396**	**43 289 574**	**44 919 457**	**18 462 530**	**149 976 795**	**3 300 464 513**
As of 31/12/2024	**2 495 629 786**	**135 261 524**	**10 425 929**	**450 151 608**	**43 006 117**	**46 780 395**	**11 717 710**	**129 386 862**	**3 322 359 931**
Fully depreciated assets and still working	**--**	**63 887 610**	**4 373 539**	**796 369 526**	**44 631 434**	**164 915 054**	**26 238 534**	**--**	**1 099 415 697**

16- Projects under construction

	June 30, 2026 EGP	December 31, 2025 EGP
Machinery and buildings under installation*	71 186 489	32 466 352
Advance payments for acquisition of PPE**	76 846 345	39 737 827
	148 032 834	**72 204 179**

* Machinery and buildings under installation represent the value of improvements in the production capacity of machines, equipment and buildings of the sanitary, tiles and frit factories in the companies of the group.

**It represents the value of purchasing new office in 5th settlement in Cairo expected to be handed over in 2029..

As showing project under construction movement:

	June 30, 2026 EGP	June 30, 2025 EGP
Balance at the beg. of the period	**72 204 179**	**55 825 795**
Addition during the period	75 828 655	240 510 404
Transferred to PPE	--	(35 819 889)
Balance at the end of the period	**148 032 834**	**260 516 310**

17- Intangible Assets

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

Cost	Note No.	June 30, 2026 EGP	June 30, 2025 EGP
At the beginning of the period		**131 230 043**	**130 534 621**
Translation differences		1 611 355	7 108 640
Addition during the period		1 973 494	40 854
At the end of the period		**134 814 892**	**137 684 115**
Amortization & Impairment Losses			
Balance at the beginning of the period		**106 090 405**	**100 814 762**
Translation differences		1 224 268	5 324 856
Amortization of period	(9)	2 330 209	2 441 885
Balance as at the end of the period		**109 644 882**	**108 581 503**
Carrying Amount at the end of the period		**25 170 010**	**29 102 612**

18- Investments

18-1 Equity-Accounted investees

	Ownership %	June 30, 2026 EGP	December 31, 2025 EGP
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)
		--	--
Other investments		83 417	81 997
Total investments		**83 417**	**81 997**

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

19- Inventories

	June 30, 2026 EGP	December 31, 2025 EGP
Raw materials, consumables and spare parts	1 522 495 112	986 800 984
Work in progress	227 876 778	234 482 915
Finished goods	1 554 065 187	1 746 172 579
	3 304 437 077	**2 967 456 478**
Less:		
Inventory write down	(230 009 773)	(223 356 653)
	3 074 427 304	**2 744 099 825**
Goods In transit	256 979 975	136 221 968
	3 331 407 279	**2 880 321 793**

The movement of inventory write down during the period/year is as follows:

	June 30, 2026 EGP	December 31, 2025 EGP
Balance at beginning of the period /year	**223 356 653**	**233 004 121**
Formed during the period /year	--	3 846 085
Translation Differences	6 653 120	(13 493 553)
Balance at end of the period /year	**230 009 773**	**223 356 653**

20- Trade and other receivables

		June 30, 2026 EGP	December 31, 2025 EGP
Trade Receivables		1 486 815 470	1 273 679 742
Notes Receivables		179 454 534	81 076 964
Other Debtors		72 114 874	51 412 192
Social insurance		939 737	939 737
Suppliers – debit balances		9 845 892	1 164 659
Due from related parties (Net)	(33-1)	1 356	--
Tax authority – withholding tax		19 834	19 834
Tax authority – VAT		295 638 257	250 650 252
Deposits with others		149 131 206	101 488 637
Prepaid expenses		54 942 212	33 017 691
		2 248 903 372	**1 793 449 708**
Less:			
Expected credit loss in trade and notes Receivables		(121 753 027)	(134 157 673)
		2 127 150 345	**1 659 292 035**

The movement of the expected credit loss in trade and notes receivable during the period /year is as follows:

	Note No.	June 30, 2026 EGP	December 31, 2025 EGP
Balance at beginning of the period /year		134 157 673	133 483 452
Formed during the period / year	(10)	--	1 543 977
Reversed during the period / year		(7 608 777)	--
Used during the period / year		(5 223 887)	--
Translation Differences		428 018	(869 756)
Balance at end of the period /year		**121 753 027**	**134 157 673**

21- Investment with fair value through profit or loss

		June 30, 2026 EGP	December 31, 2025 EGP
Cost of purchase during the period/ year		10 000 000	--
Add:			
Gain from valuation of investment during the period/ year	(12)	671 417	--
		10 671 417	**--**

- The investments comprise 9,360,317 units purchased at a price of EGP 1.06834 per unit as of 15 February 2026, yielding an annual return of 19.53%. The unit price reached EGP 1.14 as of 30 June 2026, generating a return of EGP 417,671 during the period – Note (12).

22- Cash and cash equivalent

	Note No.	June 30, 2026 EGP	December 31, 2025 EGP
Banks - Current Accounts		336 913 265	299 254 960
Cash on hand		22 644 145	11 440 101
Banks Time-deposit		34 544 129	7 232 972
		394 101 539	**317 928 033**
Deduct:			
Expected credit loss **		(3 977 896)	(3 977 896)
		390 123 643	**313 950 137**
Deduct:			
Restricted time deposits *		(492 300)	(1 697 640)
Cash and cash equivalents according to cash flow statement		**389 631 343**	**312 252 497**

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

****Expected credit loss movement**

	Note No.	June 30, 2026 EGP	December 31, 2025 EGP
Beginning balance during period /year		**3 977 896**	**2 977 896**
Provided during the year	(10)	--	1 000 000
Ending balance during period /year		**3 977 896**	**3 977 896**

23- Credit facilities

		June 30,2026	
	Total facilities EGP	Utilized EGP	Unutilized EGP
Lecico Egypt S.A.E	2 825 000 000	2 063 451 813	761 548 187
Burg Armaturen Fabrik S.A.E	190 000 000	124 890 059	65 109 941
Lecico for trading and distribution of ceramics	15 000 000	8 396 384	6 603 616
UK group	320 830 980	251 093 249	69 737 731
The Lebanese ceramics industries (S.A.L)	83 691 000	--	83 691 000
Balance on June 30,2026	**3 434 521 980**	**2 447 831 505**	**986 690 475**

		December 31,2025	
	Total facilities EGP	Utilized EGP	Unutilized EGP
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
Balance on December 31,2025	**3 349 945 483**	**1 587 533 130**	**1 762 412 353**

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 Authorized capital

The authorized 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 meetings of the company share holders. All shares rank equally with regards to the holding Company's residual assets.
The main shareholder is Intage Holding Limited.

On October 29, 2024, the Financial Regulatory Authority approved the merger of Lecico for Ceramic Industries (merged company),International Ceramic Company (merged company), and European Ceramic Company (merged company)into Lecico Egypt (the merging company). As a result, the company's capital was amended from EGP 400 million to EGP 200 million, distributed over 80 000 000 shares, with a nominal value of EGP 2.5 per share after amendment following the merger, while allocating EGP 22 797 330 to the reserves account of the merging company.

On June 17, 2025, the Extraordinary General Assembly of Lecico Egypt (the merging company) approved the merger resolution. On June 23, 2025, the Extraordinary General Assemblies of the merged companies approved the merger resolution, and the merger was duly recorded in the Commercial Register on March 31, 2026.

The company's capital structure consists of:

Investor	Percentage %	Number of shares	Balance EGP
Intage Holding Limited and its related group	50	40 037 486	100 093 715
AL OAYAN SAUDI investment company	19.9	15 915 058	39 787 645
Others	30.1	24 037 456	60 118 640
	100	**80 000 000**	**200 000 000**

Lecico Egypt (S.A.E.)
Notes to the Consolidated Financial Statements for the financial period ended June 30, 2026
According to International Financial Reporting Standard (IFRS)

24-3 Non-controlling interest

Non-controlling interest balance at June 30, 2026, represents the interest shares in subsidiaries' equity as follows:

Company	Percentage %	Non-controlling interest Profit/loss for the period EGP	Dividends EGP	Foreign Currency EGP	Balance as of 30/6/2026 EGP	Balance as of 31/12/2025 EGP
Lecico for ceramics	%0.0045	—	—	—	—	69 436
International ceramics	%0.0333	—	—	—	—	199 207
European ceramics	%0.0300	—	—	—	—	231 112
Burg Armaturen Fabric	%30.15	11 232 948	(3 015 000)	—	100 180 330	91 962 382
Sarreguemines	%0.1500	13 562	—	—	66 447	52 885
Lecico for Financial Investments	%0.6667	(178)	—	—	19 776	19 954
Lebanese Ceramics Industries co.	%5.2300	(272 202)	—	(473 246)	3 638 060	3 883 753
Lecico South Africa	%49.000	1 713 793	—	1 339 164	38 931 366	35 878 409
Lecico CEE	% 9	(652 759)	—	(177 268)	(5 153 434)	(4 323 407)
		12 035 163	**(3 015 000)**	**688 650**	**137 682 544**	**127 973 731**

As follow Summary of financial statements of burg armaturen fabric,Lecico (UK) Ltd "Fully owned by Lecico Egypt and controlling Lecico South Africa and Lecico CEE and Lebanese ceramics industries co. as of June 30, 2026

	Burg Armaturen Fabric EGP (Reviewed)	Lecico (UK) Ltd EGP (Reviewed)	Lebanese ceramics industries co. EGP (Unreviewed)
Non current assets	70 691 167	167 145 606	745 804 673
Current assets	463 146 467	645 085 976	178 148 973
Total assets	**533 837 634**	**812 231 582**	**923 953 646**
Equity	315 097 918	162 580 408	729 000 470
Current liabilities	217 036 837	563 282 941	194 953 176
Non current liabilities	1 702 879	86 368 233	--
Total equity and liabilities	**533 837 634**	**812 231 582**	**923 953 646**
Total sales	221 257 846	867 852 636	53 526 708
Net profit /(loss) of the period	**37 256 876**	**16 849 186**	**(7 133 153)**

25- Reserves

	Legal Reserve EGP	Other* Reserves EGP	Share premium Reserve EGP	Reserve for Land Revaluation Surplus ** EGP	Translation Reserve EGP	Merge EGP	Total EGP
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**
Balance at January 1, 2026	**72 410 417**	**15 571 032**	**181 164 374**	**1 915 276 349**	**230 415 227**	--	**2 414 837 399**
Net disposals according to GAFI	--	--	--	--	--	177 202 770	177 202 770
Transfer to reserves according to resolution of GAFI	--	--	--	--	--	22 797 230	22 797 230
Transferred to legal reserve (note no. 26)	7 589 583	--	--	--	--	--	7 589 583
Translation differences for foreign entities	--	--	--	--	4 027 597	--	4 027 596
Balance at June 30, 2026	**80 000 000**	**15 571 032**	**181 164 374**	**1 915 276 349**	**234 442 824**	**200 000 000**	**2 626 454 579**

* Other reserves include the holding Company's share of the premium (EGP 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-Qir that was revalued to reflect its fair value at the date of revaluation in the year 1997. The revaluation result was included in the other comprehensive income items 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 956 239 280 EGP by independent experts to reflect their fair-value, and the share of holding company amounted to EGP 939 382 445.

26- Legal Reserve

According to the companies' law of lecico Egypt and the company's statues 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 statues. 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

There was no outstanding balance of the loan as of 30 June 2026 and 31 December 2025, following the payment of EGP 476,342, representing the final installment of the loan granted by HSBC Bank to the subsidiary, Lecico PLC, amounting to GBP 100,000, at an interest rate of 2.62%. The loan was repayable in 60 monthly installments of GBP 1,786.92 each, commencing in April 2020 and ending in March 2025.

28- Lease liability

	June 30, 2026 EGP	June 30, 2025 EGP
Present value of liabilities arisen from lease contracts	132 259 214	163 539 814
Less:		
Installments due within one year	(39 374 537)	(38 155 448)
Non-current portion of lease liability	**92 884 677**	**125 384 366**

28-1 Lease liability movement

Beginning balance of the period		**151 636 058**	**143 149 713**
Additions during the period		--	31 887 390
Disposals during the period		(2 196 416)	--
Add/(deduct)			
Finance interest		3 745 431	14 234 678
Payments during the period-(principle)	(12)	(11 030 212)	(20 625 059)
Payments during the period-(interest)		(3 745 431)	(14 234 678)
Foreign currency exchange differences		(6 150 216)	9 127 770
Lease liability ending balances during the period		**132 259 214**	**163 539 814**
Deduct			
Current portion of lease liabilities represented in due installments during the next financial year		(39 374 537)	(38 155 448)
Non-current portion of lease liabilities		**92 884 677**	**125 384 366**

28-2 Summary of due dates

Lease payments due during the following years:

	Due within one year EGP	From 2-3 years EGP	From 4-5 years EGP	Total EGP
June 30, 2026	45 986 866	91 488 856	1 275 764	**138 751 486**
June 30, 2025	43 349 763	97 066 381	35 617 790	**176 033 934**

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 of 1/1/2026 EGP	Translation Differences EGP	Formed Provisions EGP	Provisions Utilized EGP	Balance as of 30/6/2026 EGP
Provision Disclosed in the Current Liabilities					
Legal Provision	1 000 000	--	--	--	1 000 000
Tax Provision	205 437 800	--	26 285 000	(36 202 819)	195 518 981
Claims Provision	53 704 179	491 434	3 000 000	(15 543 365)	41 652 248
Total	**260 140 979**	**491 434**	**29 285 000**	**(51 746 184)**	**238 171 229**

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 No.	June 30, 2026 EGP	June 30, 2025 EGP
Right of use assets	(15)	--	31 887 390
Lease liabilities	(28)	--	(31 887 390)

31- Notes payables

	June 30, 2026 EGP	December 31, 2025 EGP
Nominal value of long-term notes payable	238 214 899	329 230 199
Discount on notes payable to its present value*	(58 849 944)	(92 370 506)
Present value of long term notes payables	**179 364 955**	**236 859 693**

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

32- Trade and other payables

	Note No.	June 30, 2026 EGP	December 31, 2025 EGP
Trade payable		864 112 595	784 047 510
Notes payable		274 430 973	274 612 753
Due to related parties	(33-2)	32 567 480	32 978 511
Social insurance authority and tax authority		45 509 507	44 047 843
Accrued expenses		349 322 294	271 433 372
Sundry creditors		23 450 264	16 923 572
Value added tax authority – current account		61 904 884	29 214 908
Dividends payable		389 929	389 929
Employees' Profit share from certain group companies		85 378 172	66 739 161
		1 737 066 098	**1 520 387 559**

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 into 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

	Natural relationship	Nature of transaction	Volume of transaction	June 30, 2026 EGP	December 31, 2025 EGP
Murex Industries and Trading (S.A.L)	sales Associate	Current	48 478	1 356	--
El-Khaleeg for Trading and Investment	sales Associate	Current	--	300 100	300 100
Total due from related parties				**301 456**	**300 100**
Less:					
Impairment for balance of "El-Khaleeg for Trading and Investment"				(300 100)	(300 100)
Net due from related parties				**1 356**	**--**

33-2 Due to Related Parties

Murex Industries and Trading (S.A.L)	Associate	Current	48 478	--	47 122
Ceramics Management services Ltd (CMS)*	Affiliate	Technical consulting	45 422 776	32 567 480	32 931 389
				32 567 480	**32 978 511**

* 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 June 30, 2026, 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:

	June 30, 2026 EGP	June 30, 2025 EGP
Remuneration and allowances of members of the Board of Directors, attendance of committees	6 790 695	6 779 044
	6 790 695	**6 779 044**
Salaries and benefits	39 921 476	58 772 991
	39 921 476	**58 772 991**

34- Contingent Liabilities

The contingent liabilities represent the value of the letters of guarantee issued by the holding company and subsidiaries' banks in favor of others existing at the end of the period stated as follows:

Letters of guarantee	June 30, 2026	June 30, 2025
EGP	43 566 097	32 491 097

35- Capital Commitment

The capital commitments for purchasing inventory outstanding as at June 30, 2026 amounted to EGP 82 067 990 (on December 31, 2025 amounted to EGP 156 541 078).

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 a company are measured at amortized 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 amortized cost using the effective interest rate method and as a result the book amounts are a reasonable approximation of fair value.

Financial Assets	Note No.	June 30, 2026 EGP	December 31, 2025 EGP
At amortization cost			
Banks current accounts	(22)	332 935 369	295 277 064
Trade and Notes receivables and other debit balances	(20)	1 765 764 413	1 373 499 862
		2 098 699 782	**1 668 776 926**
Financial liabilities			
Trade and Notes payables and other credit balances	(32)	1 743 881 702	1 651 005 990
Lease liabilities	(28)	132 259 214	151 636 058
Credit facilities	(23)	2 447 831 505	1 587 533 130
Due to related parties	(33)	32 567 480	32 978 511
		4 356 539 901	**3 423 153 689**

All assets and financial liabilities are classified and measured at amortized 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 361 385 932 (December 31, 2025: EGP 285 792 173) have been excluded from other debit balances it was also excluded non-financial liabilities amount EGP 107 414 391 December 31, 2025: 73 262 751) have been excluded from other debit balances.

36-1 Financial Risk Management

1- Financial risk management

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

A. Credit risk
B. Liquidity risk
C. Market risk
D. Currency risk
E. Interest rate risk
F. 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 analyzes 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 fulfill 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 fulfill 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 analyzed 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 optimizing 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 annually 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' Board of Directors.
The primary goal of the Company's investment strategy is to maximize 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.

Exposure to Credit risk

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

	Note No.	Juen 30, 2026 EGP	December 31, 2025 EGP
Banks current accounts	(22)	332 935 369	295 277 064
Trade and Notes receivables and other debit balances	(20)	1 765 764 413	1 373 499 862
		2 098 699 782	**1 668 776 926**

Exposure to Liquidity risk

The following are the contractual terms of financial liabilities:

Contractual maturities of financial liabilities as of June 30, 2026	Less than 1 year EGP	2- 3 years EGP	3-4 years or more EGP	Contractual amount EGP	Carrying amount EGP
Trade and other credit balances	1 290 085 774	--	--	1 290 085 774	1 290 085 774
Due to related parties	32 567 480	--	--	32 567 480	32 567 480
Banks credit facilities	2 447 831 505	--	--	2 447 831 505	2 447 831 505
Notes payables	274 430 973	238 214 899	--	512 645 872	453 795 928
Lease liabilities	45 986 866	91 488 856	1 275 764	138 751 486	132 259 214
Total	**4 090 902 598**	**329 703 755**	**1 275 764**	**4 421 882 117**	**4 356 539 901**

Contractual maturities of financial liabilities as of December 31, 2025	Less than 1 year EGP	2- 3 years EGP	3-4 years or more EGP	Contractual amount EGP	Carrying amount EGP
Trade and other credit balances	1 139 533 544	--	--	1 139 533 544	1 139 533 544
Due to related parties	32 978 511	--	--	32 978 511	32 978 511
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	511 472 446
Lease liabilities	49 390 389	128 768 324	1 868 059	180 026 772	151 636 058
Total	**3 084 048 327**	**457 998 523**	**1 868 059**	**3 543 914 909**	**3 423 153 689**

Lecico Egypt (S.A.E.)
Note to the Consolidated Financial Statements for the financial period ended June 30, 2026
According to International Financial Reporting Standard (IFRS)

Exposure to currency risk

The group's foreign currency assets and liabilities as of June 30,2026 amounted to the equivalent of EGP 1 098 433 241 and EGP 719 389 414 respectively. The amounts in foreign currencies that put the company at risk as of June 30, 2026, are as follows:

June 30, 2026

Item	USD	EUR	GBP	ZAR	Total EGP
Cash and Cash Equivalents	2 581 278	2 347 285	697 135	--	304 224 293
Trade Receivables	4 971 944	9 301 313	99 301	6 993 669	794 208 948
Total Assets in Currency	**7 553 222**	**11 648 598**	**796 436**	**6 993 669**	**1 098 433 241**
Bank Credit Facilities	(7 176 776)	(5 328 050)	(1 029 417)	--	(719 389 414)
Total Liabilities in Currency	**(7 176 776)**	**(5 328 050)**	**(1 029 417)**	**--**	**(719 389 414)**
Exposure Surplus/(Deficit)	**376 446**	**6 320 547**	**(232 981)**	**6 993 669**	**379 043 827**
Equivalent in EGP	**18 532 416**	**354 709 113**	**(15 178 707)**	**(20 981 006)**	**379 043 827**

December 31, 2025

Item	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**

	June 30,2026 Surplus/(Deficit)	December 31,2025 Surplus
USD	376 446	2 484 697
Euro	6 320 548	4 723 273
GBP	(232 981)	145 877
South African Rand	6 993 669	7 597 112

As follow exchange rates used during the period

	Averaging rates using during the period		Closing rates at date of financial statements	
	30/6/2026	31/12/2025	30/6/2026	31/12/2025
USD	50,72	49,36	49,23	47,67
Euro	59,16	55,29	56,12	56,01
GBP	68,24	64,85	65,15	64,15
South African Rand	3,08	2,75	3	2,87

Sensitivity Analysis

A reasonably possible strengthening (weakening) of 5% other currencies exchange rate against Egyptian pound As of June 30, 2026, 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.

	Profit or Loss	
	Increase	**Decrease**
US Dollar	926 621	(926 621)
Euro	17 735 457	(17 735 457)
Sterling Pound	15 178 712	(15 178 712)
Rand (South Africa)	1 049 050	(1 049 050)

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.

	Profit or Loss	
	Increase	**Decrease**
US Dollar	5 922 275	(5 922 275)
Euro	13 227 526	(13 227 526)
Sterling Pound	467 900	(467 900)
Rand (South Africa)	1 090 185	(1 090 185)

Interest rate risk

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

	Carrying amount	
	June 30, 2026	**December 31, 2025**
Financial instruments with a fixed rate	**EGP**	**EGP**
Lease liabilities	156 288 579	151 636 058
	156 288 579	**151 636 058**
Financial instruments with a variable rate		
Banks credit facilities and loans	2 145 426 823	1 587 533 130
	2 145 426 823	**1 587 533 130**

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 customizes 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 trade and other receivables:

	June 30, 2026			December 31, 2025		
Trade and notes receivables	**Expected credit loss rate**	**Net book value EGP**	**Loss amount EGP**	**Expected credit loss rate**	**Net book value EGP**	**Loss amount EGP**
Non due	--	1 374 533 156	--	--	1 117 004 525	--
0–90 days	13%	180 141 937	23 056 170	16%	111 387 725	17 797 316
91-180 days	38%	17 088 333	6 516 148	19%	8 291 190	1 562 408
181-270 days	33%	2 879 408	945 829	45%	3 608 540	1 639 319
271-360 days	87%	3 065 253	272 945	36%	2 050 719	744 623
More than 360 days	100%	88 561 935	88 561 935	٪100	112 414 007	112 414 007
Total		**1 666 270 004**	**121 753 027**		**1 354 756 706**	**134 157 673**

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 measures 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

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 realized 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 recognizes 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 period, 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 June 30,2026, according to the opinion of the company's tax administration

First: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.

Second: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

Third: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.

Fourth: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

Fifth: Real state 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 & 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 & 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, unrealized 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.

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 derecognizes 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 recognized 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 recognized 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 consolidation financial statements

Intra-group balances and transactions, and any unrealized gains and losses arising from intra-group transactions, are eliminated. Unrealized gains arising from transactions with equity-accounted investments are eliminated against the investment to the extent of the Group's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, expect 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 recognized in profit or loss.

Except, currency differences arising from translation are recognized 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 recognized in other comprehensive income “OCI” and accumulated in the translation reserve, except to the extent that the translation difference is allocated to non-controlling interest “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 obligations 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 recognize 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 satisfy the performance obligation and recognize 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 arise or improves a customer-controlled asset when the asset is arise 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 recognized 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 recognized, resulting advance payments from the customer (contractual obligation)

Revenue is recognized 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 point 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 recognizes revenue over a point of time, and if that is not the case, revenue is recognized at a point in time for the sale of goods, and revenue is usually recognized at a point in time.

Determine the transaction price

- The group 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.

Control transfer in contracts with customers

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

In addition, the application of International Financial Reporting Standard (IFRS) 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 recognized 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 realized 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 recognized 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 recognized 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 recognized 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 recognized 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 recognized 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 recognized in profit or loss.

Interest income or expense is recognised using the effective interest method, dividends are recognized 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 there for calculated under IFRS standard : contingent liabilities and provisions and contingent assets
Current and deferred tax are recognized 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 recognized 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 is recognized 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 exceed the amount due.

Current tax assets and liabilities are measured at the amount expected to be paid to received from taxation authorities using the rate / laws that have been enacted or substantively enacted by the end of financial year. 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 liabilitiy 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 - 48 -ecognized 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 recognized. 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

38-10 Property, plant & 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 recognized in other comprehensive income and accumulated in equity under the heading of revaluation surplus. However, the increase shall be recognized in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognized 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 derecognized. 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 assets 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 year.

	Useful life /Years
Buildings	20-40
Lease hold improvements	3
Machinery and equipment	3-16.67
Vehicles	3-10
Tools and Supplies	5
Furniture, office equipment & computers	4-12.5

- Leasehold improvements are depreciated over the year of the contract or useful life of the lease whichever is less.
- Depreciation methods, useful lives and residual values are reviewed at the end of each financial period 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 amortized over ten years. Lecico Lebanon (a subsidiary) recognizes a payment to enter a lease agreement as an intangible assets this asset has an indefinite legal life, accordingly it is not amortized but is subjected to an annual impairment test.

38-12-3 Amortization

Amortization 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 amortization charge is recognized as an expense in profit and loss. Goodwill is not amortized.

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.

- **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 recognized when they are originated. All other financial assets and financial liabilities are initially recognized 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: amortized 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 amortized 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 amortized 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 amortized 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 realizing cash flows through the sale of the assets;
How the performance of the portfolio is evaluated and reported to the Company's management; and
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 per 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 recognized in profit or loss.
Financial assets at amortized cost	These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognized 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 recognized 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 recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortized 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 recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

Derecognition

Financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, 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 recognized 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 derecognized.

Financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire. The Company also derecognizes 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 recognized 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 recognized 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 realize 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 recognized 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 recognized 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 recognized 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 group recognizes loss allowances for ECLs on:

- Financial assets measured at amortized cost;
- Debt investments measured at FVOCI.
- 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.
- 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)
- 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.

38-16-2 Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortized 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 reorganization
- 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 amortized 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 recognized in OCI.

Write-off of Financial Assets

The Company derecognizes the gross carrying amount of a financial asset when there is no reasonable expectation of recovering the financial asset, in whole or in part.
For individual customers, the Group has a policy of writing off the gross carrying amount when the financial asset has been outstanding for more than two years, based on past experience of recovering similar financial assets.
For corporate customers, the Company performs an individual assessment of the timing and amount of the write-off based on whether there is a reasonable expectation of recovery.
The Company does not expect any significant recovery from the amounts written off. However, financial assets that have been written off may still be subject to enforcement activities in accordance with the Company's procedures for recovering amounts due.

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 recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized 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 amortization, if no impairment loss had been recognized 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 recognized at statement of Profit or loss according to cash basis, and recorded as other revenues.

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 recognized 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 capitalized.

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 Statement

The cashflows statement is prepared according to the indirect method.

39- Hyperinflation

Lebanon Economics was identified as a 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 2023, 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 period ending 30 June 2026.

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.

40- The new and amended International Financial Reporting Standards applied in the consolidated financial statements

The following new and revised IFRSs that became effective for annual years beginning on or after January 1, 2026 have been applied in these consolidated financial statements. The application of these IFRSs had no material impact on the amounts in the current or previous years.

	Applicable for the year on or after
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 it's 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
IFRS 20 Regulatory Assets and Regulatory Liabilities	January 1, 2029
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 the merged companies is Lecico Ceramic Industries (merged company) with amount of EGP 34,470 and International Ceramics Company (merged company) with amount EGP 29,720 and European Ceramics Company (merged company) with amount 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 com pany), 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 authorized 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 for ceramics Industries (merged), 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 merge and recorded in commercial register on March 31, 2026.