

Mr. / Head of Disclosure Sector in the Egyptian Stock Exchange

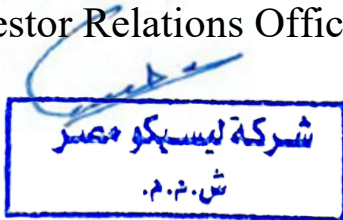
After Greetings,

Referring to the consolidated financial results (in accordance with Egyptian standards) of Lecico Egypt S.A.E. for the financial year ended March 2026, the company reported a net profit of LE 62,963,630 compared to a net profit in the last year of LE 109,468,232. The reasons for the decrease in profits in the financial period ended March 2026 are detailed as follows:

- Gross profit decreased by EGP 42.7 million compared to the same period of the previous year.
- General and administrative expenses increased by EGP 25.4 million compared to the same period of the previous year.

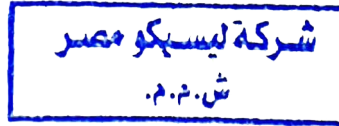
Best Regards,

Lecico Egypt
Mohamed Aly Mohamed Hassan
Finance Director
Investor Relations Officer



Lecico Egypt
(S.A.E.)

Consolidated Interim Financial Statements
for the Financial period Ended March 31, 2026
And Limited Review Report



Lecico Egypt
(S.A.E.)

Consolidated Interim Financial Statements
for the Financial period Ended March 31, 2026
And Limited Review Report

<u>Contents</u>	<u>Page no.</u>
- Independent Auditor's Report	--
- Consolidated Statement of Financial Position	1
- Consolidated Statement of Profit or Loss	2
- Consolidated Statement of Comprehensive Income	3
- Consolidated Statement of Changes in Equity	4
- Consolidated Statement of Cash Flows	5
- Material Accounting Policies and Notes to the Consolidated Financial Statements	6-59

شركة ليسيكو مصر
ش.م.م.



Hazem Hassan

Public Accountants & Consultants

12, Noh Effendi St., from Sultan Hussein St.,
El Pharaana
Alexandria

Telephone: (203) 485 32 51 / 485 32 52
Telefax : (203) 485 32 50
E-mail : alex@kpmg.com

Independent 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 statements of Lecico Egypt (S.A.E.) and its subsidiaries "the Group" as of March 31, 2026, which comprises:

- the consolidated statement of financial position as of March 31, 2026.
- the consolidated statement of profit or loss for the three-month period ended March 31, 2026.
- the consolidated statements comprehensive income for the three-month period ended March 31, 2026.
- the consolidated statement of changes in equity for the three-month period ended March 31, 2026.
- the consolidated statement of cash flows for the three-month period ended March 31, 2026.
- notes to the 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 Egyptian Accounting Standards including the requirements of EAS 30 "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 three-month period ended March 31, 2026, This consolidation was based on financial statements of the subsidiary that were neither audited nor reviewed by its auditor.

شركة ليسيكو مصر
ش.م.م.

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 March 31, 2026, the subsidiary's financial information include total assets of approximately EGP 308 million, representing %4 of the Group's total assets; total liabilities of approximately EGP 21 million (after eliminating the intercompany balances), representing %0.5 of the Group's total liabilities; total revenues for the financial period ended March 31, 2026, of approximately EGP 23 million, representing %1 of the Group's total revenues; and net loss for the financial period ended March 31, 2026, of approximately EGP 3,6 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 March 31, 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 the Egyptian Accounting Standards including the requirements of EAS 30 "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, the Board of Directors of Lecico Egypt (the holding company) held a meeting on September 17, 2024, and approved the decision of the committee formed by the General Authority for Investment and Free Zones, which was approved on July 24, 2024. This decision grants permission for the merger of Lecico Egypt (an Egyptian Joint Stock Company) (the merging company) with Lecico Ceramic Industries (Egyptian Joint Stock Company) (merged company), International Ceramics Company (Egyptian Joint Stock Company) (merged company) and European Ceramics Company (Egyptian Joint Stock Company) (merged company). The merger will be based on the book values according to the financial statements of the merging company and the merged companies as of December 31, 2022, which were taken as the basis for the merger. On October 29, 2024, the Financial Regulatory Authority (FRA) approved the publication of the disclosure report, On June 17, 2025, Extraordinary General Meeting (EGM) for Lecico Egypt (the merging company) approved the merger decision, On June 23, 2025 the extraordinary general meeting of the merged companies approved the decision of merge and this was recorded in the Commercial Register on 31 March 2026.

شركة ليسيكو مصر
ش.م.م.

Alexandria on May 24, 2026

KPMG Hazem Hassan

Hany Abdelrahman Mostafa Selim
Capital Market Register No. 397

KPMG Hazem Hassan
Public Accountants and Consultants

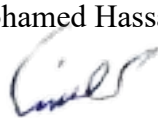
11

Lecico Egypt (S.A.E.)
Consolidated statement of Financial Position as at

	Note	March 31, 2026 EGP	December 31, 2025 EGP
	No.		
Assets			
Non-Current Assets			
Property, plant & equipment	(15)	1 225 016 198	1 218 132 587
Projects under construction	(16)	91 871 831	72 204 179
Intangible assets	(17)	26 980 781	25 139 638
Equity-accounted investees	(18)	69 248	81 997
Non-Current Assets		1 343 938 058	1 315 558 401
Current Assets			
Inventories	(19)	3 171 277 775	2 880 321 793
Trade and other receivables	(20)	1 875 468 493	1 659 292 035
Investments FVTPL	(21)	10 222 402	
Cash and cash equivalents	(22)	511 575 901	313 950 137
Current Assets		5 568 544 571	4 853 563 965
Total Assets		6 912 482 629	6 169 122 366
Equity and Liabilities			
Equity for Holding Company			
Issued and paid-up capital	(24-2)	200 000 000	400 000 000
Reserves	(25)	773 650 979	542 462 200
Retained earnings		1 228 567 763	1 247 034 918
Equity attributable to holding company		2 202 218 742	2 189 497 118
Non-controlling interest	(24-3)	122 853 726	111 602 563
Total Equity		2 325 072 468	2 301 099 681
Non-Current Liabilities			
Non-current portion of lease Liabilities	(28)	112 305 403	111 403 877
Deferred tax liabilities	(14-2)	42 654 298	25 033 029
Long-term notes payable	(31)	207 125 742	236 859 693
Non-Current Liabilities		362 085 443	373 296 599
Current Liabilities			
Credit facilities	(23)	2 145 426 823	1 587 533 130
Accrued income tax	(14-5)	170 932 059	147 720 552
Current portion of lease Liabilities	(28)	43 983 176	40 232 181
Trade and other payables	(32)	1 612 367 813	1 459 099 244
Provisions	(29)	252 614 847	260 140 979
Current Liabilities		4 225 324 718	3 494 726 086
Total Liabilities		4 587 410 161	3 868 022 685
Total Equity and Liabilities		6 912 482 629	6 169 122 366

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

Finance Director
Mohamed Hassan



شركة ليسيكو مصر
ش.م.م.

Managing Director
Jaher Gilbert Gargour



Lecico Egypt (S.A.E.)**Consolidated statement of profit or loss for the financial period ended March 31, 2026****According to Egyptian Accounting standards (EAS)**

	Note No.	March 31, 2026 EGP	March 31, 2025 EGP
Net sales	(5)	1 956 799 892	1 690 562 996
Cost of sales	(6)	<u>(1 542 034 331)</u>	<u>(1 233 059 903)</u>
Gross Profit		414 765 561	457 503 093
Other Income	(7)	11 725 566	8 950 608
Selling and Distribution Expenses	(8)	(63 594 957)	(60 700 619)
General and Administrative Expenses	(9)	(151 011 740)	(132 813 605)
Expected credit loss	(10)	(10 891 873)	(8 670 192)
Other Expenses	(11)	<u>(31 544 877)</u>	<u>(29 486 241)</u>
Profit from operating activities		169 447 680	234 783 044
Group's Share from investment at fair value through profit or loss		(12 748)	48 719
Net finance expenses	(12)	<u>(35 309 659)</u>	<u>(70 071 190)</u>
Profit before tax		134 125 273	164 760 573
Income tax expense	(14-1)	<u>(66 178 533)</u>	<u>(54 842 255)</u>
Net profit for the period		67 946 740	109 918 318
Attributable to:			
Shareholders of the holding company		62 963 630	109 468 232
Non-controlling interests		<u>4 983 110</u>	<u>450 086</u>
Net profit for the period		67 946 740	109 918 318
Basic and diluted earnings per share (EGP/Share)	(13)	0.85	1.37

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

شركة ليسيكو مصر
ش.م.م.

Lecico Egypt (S.A.E.)

Consolidated Statement of Comprehensive Income for the Financial period

	March 31, 2026 <u>EGP</u>	March 31, 2025 <u>EGP</u>
Net profit for the period	67 946 740	109 918 318
<u>Other Comprehensive Income items:</u>		
<u>Items that may be reclassified subsequently to profit or loss statement</u>		
Foreign currency translation differences in subsidiaries	30 175 789	2 253 206
Total comprehensive income for the period	98 122 529	112 171 524
<u>attributable to:</u>		
Shareholders of the holding company	86 562 826	112 889 531
Non-controlling interests	11 559 703	(718 007)
Total other comprehensive income for the period	98 122 529	112 171 524

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

شركة ليسيكو مصر
ش.م.م.

Lecico Egypt (S.A.E.)

Consolidated Statement of Changes in Equity for the financial period ended March 31, 2026

		Issued & Paid up Capital	Legal Reserve	Other* Reserves	Share premium Reserve	Reserve for Land Revaluation Surplus	Translation Reserve	Merge Reserve	Retained earnings	Equity of the holding company	Non- controlling Interests	Total Equity
	Note No	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP
Balance as of January 1, 2025		400 000 000	50 915 481	15 571 032	181 164 374	42 901 149	231 251 003	---	953 673 055	1 875 476 094	102 378 027	1 977 854 121
Other Comprehensive income												
Translation differences	(25)	--	--	--	--	--	3 421 299	---	--	3 421 299	(1 168 093)	2 253 206
Net profit for the period		--	---	--	--	--	--	---	109 468 232	109 468 232	450 086	109 918 318
Total comprehensive income		--	---	--	--	--	3 421 299	---	109 468 232	112 899 531	(718 007)	112 171 524
Shareholder's transactions												
Distributing treasury shares	(24-3)	--	21 494 920	--	--	--	---	---	(21 494 920)	--	--	--
Dividends to shareholder's		--	---	--	--	--	---	---	(61 167 243)	(61 176 243)	(5 793 055)	(66 960 298)
Total shareholder's transactions		--	21 494 920	--	--	--	---	---	(82 662 163)	(61 176 243)	(5 793 055)	(66 960 298)
Balance as of March 31, 2025		400 000 000	72 410 401	15 571 032	181 164 374	42 901 149	234 672 302	---	980 479 124	1 927 198 382	95 866 965	2 023 065 347
Balance as of January 1, 2026		400 000 000	72 410 417	15 571 032	181 164 374	42 901 149	230 415 228		1 247 034 918	2 189 497 118	111 602 563	2 301 099 681
Other Comprehensive income												
Transfer to legal reserve		--	7 589 583	---	---	---	---	---	(7 589 583)	--	--	--
Net disposals of GAFI		(177 202 770)	---	---	---	---	---	177 202 770	--	--	--	--
Transfer to reserves according to resolution of GAFI		(22 797 230)	---	---	---	---	---	22 797 230	--	--	--	--
Translation differences	(25)	--	---	---	---	---	23 599 196	---	---	23 599 196	6 576 593	30 175 789
Net profit for the period		--	---	---	---	---	---	---	62 963 630	62 963 630	4 983 110	67 946 740
Total comprehensive income		(200 000 000)	7 589 583	--	--	--	23 599 196	200 000 000	55 374 047	86 562 826	11 559 703	98 122 529
Shareholder's transactions												
Dividends to shareholder's		--	---	---	---	---	---	---	(73 841 202)	(73 841 202)	(308 540)	(74 149 742)
Total comprehensive income		--	---	---	---	---	---	---	(73 841 202)	(73 841 202)	(308 540)	(74 149 742)
Balance as of March 31, 2026		200 000 000	80 000 000	15 571 032	181 164 374	42 901 149	254 014 424	200 000 000	1 228 567 763	2 202 218 742	122 853 726	2 325 072 468

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

شركة ليسيكو مصر
ش.م.م.

Lecico Egypt (S.A.E.)
Consolidated Statement of Cash Flows for the financial period ended March 31,2026

	Note No.	March 31, 2026 EGP	March 31, 2025 EGP
<u>Cash Flow from Operating Activities</u>			
Net profit for the period before tax		134 125 273	164 760 573
<u>Adjusted by the following:</u>			
Property, plant and equipment depreciation	(15)	70 599 255	56 500 004
Intangible assets amortization	(17)	1 129 285	1 194 618
Revenue from investment at FVTPL	(12),(21)	(222 402)	--
Finance interest expenses on lease contracts	(12),(28)	2 414 644	1 549 797
Finance expenses	(12)	75 139 644	59 713 766
Interest Income	(12)	(979 645)	(416 077)
Foreign currency translation differences	(12)	(58 607 159)	(11 029 001)
Profit generated from operations		223 598 895	272 273 680
Change in inventories	(19)	(320 468 540)	(57 258 352)
Change in trade, notes and other receivables	(20)	(218 075 105)	(155 807 220)
Change in trade, notes and other payables	(32)	151 305 153	(293 452 536)
Change in provisions	(29)	(7 526 132)	17 863 604
		(171 165 729)	(216 380 824)
Proceeds from Interest Income	(12)	979 645	416 077
Finance interest expenses paid on lease contracts	(12),(28)	(2 414 644)	(1 549 797)
Interest expenses paid	(12)	(75 139 644)	(59 713 766)
Income Tax paid	(14)	(25 345 758)	(11 798 856)
Net cash (used in) / provided from operating activities		(273 086 130)	(289 027 166)
<u>Cash Flow from Investing Activities</u>			
Payments for acquisition of PPE & PUC	(15),(16)	(68 590 327)	(182 200 793)
Payments for acquisition of intangible assets	(17)	--	(39 814)
Payments for acquisition of financial securities	(21)	(10 000 000)	--
Net cash (used in) from investing activities		(78 590 327)	(182 240 607)
<u>Cash Flow from Financing Activities</u>			
Payment of loans	(27)	--	(342 476)
Payment of lease liabilities	(28-1)	(8 591 472)	(10 175 517)
Net Proceeds from banks credit facilities		557 893 693	483 590 732
Net cash provided from/ (used in) financing activities		549 302 221	473 072 739
Net change in cash during the period		197 625 764	1 804 966
Cash and cash equivalents at the beginning of the period	(22)	313 950 137	352 233 706
Restricted time deposits	(22)	(1 766 840)	(505 800)
Cash and cash equivalents at the end of the period	(22)	509 809 061	353 532 872

- Notes from No (1) to No (41) are an integral part of these consolidated 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)

شركة ليسيكو مصر
ش.م.م

Lecico Egypt (S.A.E.)

Notes to the Consolidated financial statements for the financial period ended March 31, 2026

1- Background for holding company and subsidiaries

These consolidated financial statements of Lecico Egypt company for the financial period ended March 31, 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 managing director.

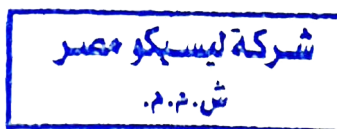
1-2 Lecico Egypt (The holding Company)

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

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

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.



Lecico Egypt (S.A.E.)

Notes to the Consolidated financial statements for the financial period ended March 31, 2026

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:

	<u>Country of Incorporation</u>	<u>Ownership Interest (direct and indirect)</u>	
		<u>March 31, 2026</u> %	<u>December 31, 2025</u> %
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- <u>Lecico UK (Ltd)</u>	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 of 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 the Egyptian accounting standard (EAS)
- Material accounting policies applied policies are disclosed in note no (38)
- The accompanying consolidated financial statements were authorized for issuance by the board of directors on May 24,2026.

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

2-3 Functional and presentation currency

The consolidated 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.

شركة ليسيكو مصر
ش.م.م.

Lecico Egypt (S.A.E.)

Notes to the Consolidated financial statements for the financial period ended March 31, 2026

2-4 Use of Estimates and Judgments

- In preparing the consolidated financial statements Egyptian Accounting Standards (EAS), 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.
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 EAS 49 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

شركة ليسيكو مصر
ش.م.م.

Lecico Egypt (S.A.E.)

Notes to the Consolidated financial statements for the financial period ended March 31, 2026

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

شركة ليسيكو مصر
ش.م.م.

Lecico Egypt (S.A.E.)

Notes to the Consolidated financial statements for the financial period ended March 31, 2026

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 and equipment and intangible assets

The company's management determines the estimated useful life of property, plant and equipment and intangible assets for the purpose of calculating depreciation and amortization, this estimate is made after taking into account the expected use of the asset or actual obsolescence, the management year 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.

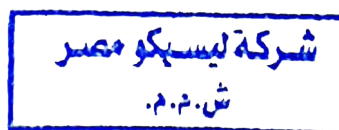
Impairment of property, plant and equipment and projects under construction

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 carried out to determine the recoverable amount which considers the fair value of the property under consideration. The fair value of Properties classified under property, plant and equipment is determined by an independent expert.

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)



Lecico Egypt (S.A.E.)

Notes to the Consolidated financial statements for the financial period ended March 31, 2026

3- The separate financial statements of Lebanon ceramic industries for (Subsidiary Company) for the financial year ended December 31, 2025

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 December 31, 2025. The company applied IAS No. (29) "Financial reporting in hyperinflationary Economies"

On preparing the accompanying consolidated financial statements on March 31, 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 financial period ended March 31, 2026 and December 31, 2025 after translation to the Egyptian pound (before elimination entries).

<u>Financial position statement as of</u>	Lebanese Ceramics Industries EGP (Unreviewed) March 31, 2026	Lebanese Ceramics Industries EGP (Unaudited) December 31, 2025
<u>Assets</u>		
Non-current assets	121 925 224	106 469 599
Current assets	185 834 923	158 961 727
Total assets	307 760 147	265 431 326
<u>Equity</u>		
Issued & paid up capital	10 974 654	10 974 654
Reserves	3 658 218	3 658 218
Accumulated (losses)	(67 407 548)	(63 311 024)
Foreign entities translation differences	159 638 603	145 639 915
Total Equity	106 863 927	96 961 763
<u>Liabilities</u>		
Current liabilities	21 190 959	17 867 226
Current liabilities-Lecico Egypt	179 705 261	150 602 337
Total liabilities	200 896 220	168 469 563
Total Equity and liabilities	307 760 147	265 431 326
<u>Profit or loss statement for the financial period ended</u>	March 31, 2026 EGP (unreviewed)	March 31, 2025 EGP (unreviewed)
Sales	23 342 233	33 593 745
Cost of sales	(21 154 829)	(25 108 762)
Gross profit	2 187 404	8 484 983
Operating expenses	(5 837 303)	(6 208 820)
Net finance income / (expenses)	18 441	(90 493)
Net (loss) / income for period	(3 631 458)	2 185 670

شركة ليسيكو مصر
ش.م.م.

Lecico Egypt (S.A.E.)

Notes to the Consolidated financial statements for the financial period ended March 31, 2026

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 years ended March 31, 2026, March 31, 2025, and December 31, 2025 by Sanitary Ware, Tile, Brassware segments are detailed below:

March 31, 2026	Sanitary Ware Segment	Tile Segment	Brass ware Segment	Total
	EGP	EGP	EGP	EGP
Assets	3 153 394 643	3 618 196 763	140 891 223	6 912 482 629
Liabilities	2 193 450 385	2 201 291 084	192 668 692	4 587 410 161
sales	1 249 444 186	620 399 441	86 956 265	1 956 799 892
Cost of sales	--	--	--	(1 542 034 331)
Gross Profit	--	--	--	414 765 561
Other Income	--	--	--	11 725 566
Distribution Expenses	--	--	--	(63 594 957)
Administrative Expenses	--	--	--	(151 011 740)
Expected Credit Loss	--	--	--	(10 891 873)
Other Expenses	--	--	--	(31 544 877)
Results from operating activities	--	--	--	169 447 680
Investment income	--	--	--	(12 748)
Finance income	--	--	--	59 809 206
Finance expenses	--	--	--	(95 118 865)
Profit before tax	--	--	--	134 125 273
Current income tax expense	--	--	--	(66 178 533)
Net profit for period	--	--	--	67 946 740
March 31, 2025				
Assets	2 889 796 076	3 014 908 797	264 417 493	6 169 122 366
Liabilities	1 807 421 619	1 882 249 890	178 351 176	3 868 022 685
sales	5 014 550 630	2 488 770 044	300 352 754	7 803 673 428
Cost of sales	--	--	--	(5 924 327 958)
Gross Profit	--	--	--	1 879 345 470
Other Income	--	--	--	58 612 243
Distribution Expenses	--	--	--	(273 908 092)
Administrative Expenses	--	--	--	(553 485 554)
Expected Credit Loss	--	--	--	(2 543 977)
Other Expenses	--	--	--	(268 406 131)
Results from operating activities	--	--	--	839 613 959
Investment income	--	--	--	61 185
Finance income	--	--	--	17 555 956
Finance expenses	--	--	--	(298 516 040)
Profit before tax	--	--	--	558 715 060
Current income tax expense	--	--	--	(202 372 323)
Net profit for period	--	--	--	356 342 737

Lecico Egypt (S.A.E.)

Notes to the Consolidated financial statements for the financial period ended March 31, 2026

- 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 years ended March 31, 2026, and December 31, 2025, by geographical areas are detailed below:

March 31, 2026

	Egypt EGP	Lebanon EGP	Others EGP	Total EGP
Assets	5 687 983 818	307 760 147	916 738 664	6 912 482 629
Liabilities	3 638 132 010	200 896 220	748 381 931	4 587 410 161
sales	1 521 495 832	23 342 233	411 961 827	1 956 799 892
Cost of sales	--	--	--	(1 542 034 331)
Gross Profit	--	--	--	414 765 561
Other Income	--	--	--	11 725 566
Distribution Expenses	--	--	--	(63 594 957)
Administrative Expenses	--	--	--	(151 011 740)
Expected Credit Loss	--	--	--	(10 891 873)
Other Expenses	--	--	--	(31 544 877)
Results from operating activities	--	--	--	169 447 680
Investment income	--	--	--	(12 748)
Finance income	--	--	--	59 809 206
Finance expenses	--	--	--	(95 118 865)
Profit before tax	--	--	--	134 125 273
Current income tax expense	--	--	--	(66 178 533)
Net profit for period	--	--	--	67 946 740

March 31, 2025

Assets	5 145 751 310	265 431 326	757 939 730	6 169 122 366
Liabilities	3 521 201 946	168 469 563	178 351 176	3 868 022 685
sales	6 692 083 695	146 262 638	965 327 095	7 803 673 428
Cost of sales	--	--	--	(5 924 327 958)
Gross Profit	--	--	--	1 879 345 470
Other Income	--	--	--	58 612 243
Distribution Expenses	--	--	--	(273 908 092)
Administrative Expenses	--	--	--	(553 485 554)
Expected Credit Loss	--	--	--	(2 543 977)
Other Expenses	--	--	--	(268 406 131)
Results from operating activities	--	--	--	839 613 959
Investment income	--	--	--	61 185
Finance income	--	--	--	17 555 956
Finance expenses	--	--	--	(298 516 040)
Profit before tax	--	--	--	558 715 060
Current income tax expense	--	--	--	(202 372 323)
Net profit for period	--	--	--	356 342 737

شركة ليسيكو مصر
ش.م.م.

Lecico Egypt (S.A.E.)

Notes to the Consolidated financial statements for the financial period ended March 31, 2026

5- Sales

Revenue recognition at a point in time

5.1. Revenue classification according to products

	Note No.	March 31, 2026 EGP	March 31, 2025 EGP
Sanitary Ware sales		1 249 444 186	1 064 683 754
Tile sales		620 399 441	575 083 006
Brass ware sales		86 956 265	50 796 236
		1 956 799 892	1 690 562 996

5-2 Revenue classification according to main geographic regions

Inside Egypt	1 492 495 832	1 419 086 783
Outside Egypt	464 304 060	271 476 213
	1 956 799 892	1 690 562 996

6- Cost of sales

Raw materials and consumables		996 516 882	800 084 350
Energy expense		296 671 163	238 242 959
Industrial depreciation	(15)	54 767 312	42 762 721
Change in finished goods and work under process inventory		(197 276 302)	(46 999 699)
Other		391 355 276	198 969 572
		1 542 034 331	1 233 059 903

7- Other Income

Scrap Sales	6 880 022	8 620 733
Other income	845 544	329 875
Reversed provision	4 000 000	--
	11 725 566	8 950 608

8- Selling and distribution expense

Salaries and wages		9 159 757	8 697 294
Exhibition expenses		21 453 236	19 267 867
Marketing and advertising expenses		8 989 956	5 263 989
Marketing and distribution services	(33-2)	20 348 599	20 552 013
Depreciation selling and distribution	(15)	482 237	497 422
Other		3 161 172	6 422 034
		63 594 957	60 700 619

شركة ليسيكو مصر
ش.م.م.

Lecico Egypt (S.A.E.)

Notes to the Consolidated financial statements for the financial period ended March 31, 2026

9- General and Administrative Expenses

	Note No.	March 31, 2026 EGP	March 31, 2025 EGP
Administrative salaries		78 932 791	67 508 684
Transportation expenses		10 587 282	12 272 248
Audit and consultation fees			13 368 526
Computers and networks		12 837 704	11 775 358
Taxes and contribution health insurance		9 779 219	6 830 196
Depreciation	(15)	15 349 706	13 239 861
Telephone and post expenses		1 200 646	1 295 781
Amortization of intangible assets	(17)	1 129 285	1 194 618
Other		7 826 581	9 304 857
		151 011 740	132 813 605

10- Expected Credit Loss

		March 31, 2026 EGP	March 31, 2025 EGP
Expected credit loss in Trades and other receivables	(20)	10 891 873	7 670 192
Expected credit loss in cash and cash equivalent	(22)	--	1 000 000
		10 891 873	8 670 192

11- Other Expenses

Formed claims provision	(29)	24 535 000	19 365 000
Miscellaneous expenses		3 711 593	6 720 002
Remuneration of the board of directors	(33-4)	3 298 284	3 401 239
		31 544 877	29 486 241

12- Net Finance Expenses

Finance Interest Finance Expense

Interest expenses	75 139 644	59 713 766
Finance expenses on lease contracts	2 414 644	1 549 797
Discounting notes payable for its present value	17 564 577	20 252 705
Total finance expense	95 118 865	81 516 268
Less:		
<u>Finance Income</u>		
Interest Income	(979 645)	(416 077)
Income from investments by FVTPL	(222 402)	--
Foreign currency exchange differences	(58 607 159)	(11 029 001)
Total finance income	(59 809 206)	(11 445 078)
Net finance expenses	35 309 659	70 071 190

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

شركة ليسيكو مصر
ش.م.م.

Lecico Egypt (S.A.E.)

Notes to the Consolidated financial statements for the financial period ended March 31, 2026

13- Basic and diluted earnings per share

13-1 Basic and diluted earnings per share according to profit or loss

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

	March 31, 2026	March 31, 2025
Net profit for the period attributable to the holding company's shareholders (EGP)	67 946 740	109 468 232
The number of outstanding shares during the period (share)	80 000 000	80 000 000
Basic and diluted earnings per share in profit for the period (EGP/share)	0.85	1.37

14- Income tax

14.1. Income tax charged to profit or loss consolidated statement

	March 31, 2026 EGP	March 31, 2025 EGP
Current income tax expense for the year	48 557 265	54 510 637
Dividends tax	17 621 268	331 618
	66 178 533	54 842 255

14.2. Recognized deferred tax assets and liabilities

	Statement of financial position		Profit or loss statement	
	31/3/2026	31/12/2025	31/3/2026	31/3/2025
<i>In Egyptian Pound</i>				
Property, plant and Equipment (liability)	45 919 558	28 353 613	17 565 944	6 373 075
Inventory (Asset)	(3 265 260)	(3 320 584)	55 324	185 714
Deferred Tax for the period / Year	42 654 298	25 033 029	17 621 268	6 558 789

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 will merge with some subsidiaries as detailed at note no. (41) and it is likely that such differences will not be reversed in the future.

شركة ليسيكو مصر
ش.م.م.

Lecico Egypt (S.A.E.)

Notes to the Consolidated financial statements for the financial period ended March 31, 2026

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. The expected policy to be applied is to retain most of the distributable profits for reinvestment.
- Accordingly, the group's policy, in accordance with Egyptian Accounting Standard No. 24 (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

	31/3/2026 EGP	31/3/2025 EGP
Net Profit before tax	134 125 273	147 697 757
Tax rate	%22.5	22.5%
Income tax calculated based on the accounting Profit	30 178 186	33 231 995
Effect of provisions and ECL	31 782 426	3 588 310
Nondeductible tax expenses	49 902 368	92 457 290
Income tax base	215 810 067	243 743 357
Total Income tax expenses	48 557 265	54 842 255
Effective Tax rate	%36.2	%37.1

14.4. Unrecognized deferred tax assets

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

	31/3/2026 EGP	31/3/2025 EGP
Impairment of trade and notes receivables	33 063 343	30 168 519
Provisions	56 838 340	40 201 372
Impairment of equity-accounted investees	1 580 539	22 475
Total	91 482 222	70 392 366

14.5. Accrued income tax

	31/3/2026 EGP	31/3/2025 EGP
Current income tax	48 557 265	194 416 534
Tax authority- previous years	147 563 350	4 178 346
Tax authority-withholding tax	(25 188 556)	(50 874 328)
	170 932 059	147 720 552

شركة ليسيكو مصر
ش.م.م.

Lecico Egypt (S.A.E.)

Note to the Consolidated financial statements for the financial period ended March 31, 2026

15- Property, plant and equipment

	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
Cost									
As of 01/01/2026	127 718 049	487 735 221	43 821 788	2 458 679 036	176 502 001	248 924 340	80 303 818	302 729 671	3 926 413 924
Translation differences	75	18 554 501	4 679 839	101 773 746	9 952 221	8 930 989	3 372 115	35 329 914	182 593 400
Additions during the period	--	417 906	100 639	38 405 158	--	8 194 488	1 804 484	--	48 922 675
Disposals for the period	--	--	--	--	--	--	--	(2 791 970)	(2 791 970)
As of 31/3/2026	127 718 124	506 707 628	48 602 266	2 598 857 940	186 454 222	266 049 817	85 480 417	335 267 615	4 155 138 029
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	--	12 834 992	3 712 658	97 675 736	9 875 539	3 945 366	3 255 694	20 130 206	151 430 191
Depreciation of the period	--	3 503 690	730 527	50 101 628	3 392 704	1 255 340	1 232 106	10 383 260	70 599 255
Disposals accumulated depreciation	--	--	--	--	--	--	--	(188 952)	(188 952)
As of 31/3/2026	--	366 510 692	38 520 277	1 914 893 420	149 800 075	209 094 670	62 215 810	189 086 887	2 930 121 831
Net book value									
As of 31/3/2026	127 718 124	140 196 936	10 081 989	683 964 520	36 654 147	56 955 147	23 264 607	146 180 728	1 225 016 198
As of 31/12/2025	127 718 049	137 563 211	9 744 696	691 562 980	39 970 169	45 030 376	22 575 808	143 967 298	1 218 132 587
Fully depreciated assets and still working	--	80 959 965	4 919 670	821 047 021	44 693 943	169 115 230	26 681 469	--	1 147 417 298

- 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	31/3/2026 EGP	31/3/2025 EGP
Cost of sales	(6)	54 767 312	42 762 721
General and administrative expense	(9)	15 349 706	13 239 861
Selling and distribution expense	(8)	482 237	497 422
		70 599 255	56 500 004

شركة ليسيكو مصر
ش.م.م.

Lecico Egypt (S.A.E.)

Note to the Consolidated financial statements for the financial period ended March 31, 2026

Property, plant and equipment (Continued)

<u>Cost</u>	<u>Land EGP</u>	<u>Buildings EGP</u>	<u>Leasehold Improvements EGP</u>	<u>Machinery & Equipment EGP</u>	<u>Vehicles EGP</u>	<u>Tools EGP</u>	<u>Furniture, Office Equipment & Computers EGP</u>	<u>Rights - of use assets EGP</u>	<u>Total EGP</u>
As of 01/01/2025	127 718 088	474 851 856	41 742 874	2 170 141 167	170 499 825	248 624 397	67 059 161	280 419 680	3 581 057 048
Translation differences	(5)	371 526	947 402	(3 210 089)	7 750	(335 557)	(126 698)	6 682 321	4 336 650
Additions during the period	—	113 168	644 985	2 929 196	6 555 000	448 199	5 785 482	—	16 476 030
As of 31/3/2025	127 718 083	475 336 550	43 335 261	2 169 860 274	177 062 575	248 737 039	72 717 945	287 102 001	3 601 869 728
<u>Accumulated Depreciation</u>									
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	—	322 111	702 063	(3 318 039)	(83 255)	(148 236)	(122 324)	3 760 538	1 112 858
Depreciation of the period	—	3 741 295	651 936	37 661 840	3 178 659	1 070 670	824 531	9 371 073	56 500 004
As of 31/3/2025	—	343 653 738	32 670 944	1 754 333 342	130 589 112	202 766 436	56 043 658	164 164 429	2 684 221 659
<u>Net book value</u>									
As of 31/3/2025	127 718 083	131 682 812	10 664 317	415 526 932	46 473 463	45 970 603	16 674 287	122 937 572	917 648 069
As of 31/12/2024	127 718 088	135 261 524	10 425 929	450 151 626	43 006 117	46 780 395	11 717 710	129 386 862	954 448 251
Fully depreciated assets and still working	—	61 274 804	4 919 670	796 142 811	43 318 108	162 139 621	25 165 594	—	1 092 960 608

شركة ليسيكو مصر
ش.م.م.

Lecico Egypt (S.A.E.)

Notes to the Consolidated Financial Statements for the financial period ended March 31, 2026**16- Projects under construction**

	Note No.	March 31, 2026 EGP	December 31, 2025 EGP
Machinery and buildings under installation*		46 930 183	32 466 352
Advance payments for acquisition of property, plant and equipment**		44 941 648	39 737 827
		91 871 831	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 frite factories in the companies of the group.

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

As showing project under construction movement:

	March 31, 2026 EGP	December 31, 2025 EGP
Balance at the beg. of the period/ year	72 204 179	55 825 795
Addition during the period /year	32 303 256	189 234 137
Transferred to fixed assets	(12 635 604)	(172 855 753)
Balance at the end of the period/ year	91 871 831	72 204 179

17- Intangible Assets

	March 31, 2026 EGP	December 31, 2025 EGP
Cost		
At the beginning of the period/ year	131 230 043	130 534 621
Translation differences	13 789 704	695 422
At the end of the period/ year	145 019 747	131 230 043
Amortization & Impairment Losses		
Balance at the beginning of the period/ year	106 090 405	100 814 762
Translation differences	10 819 276	464 389
Amortization of period /year	(9) 1 129 285	4 811 254
Balance as at the end of the period/ year	118 038 966	106 090 405
Carrying Amount at the end of the period/ year	26 980 781	25 139 638

18- Investments**18-1 Equity-Accounted investees**

	Ownership %	March 31, 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		69 248	81 997
Total investments		69 248	81 997

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

شركة ليسيكو مصر
ش.م.م.

Lecico Egypt (S.A.E.)

Notes to the Consolidated Financial Statements for the financial period ended March 31, 2026**19- Inventories**

	March 31, 2026 EGP	December 31, 2025 EGP
Raw materials, consumables and spare parts	1 447 505 042	986 800 984
Work in progress	248 809 727	234 482 915
Finished goods	1 534 569 465	1 746 172 579
	3 230 884 234	2 967 456 478
Less:		
Inventory write-down	(252 869 211)	(223 356 653)
	2 978 015 023	2 744 099 825
Goods In transit	193 262 752	136 221 968
	3 171 277 775	2 880 321 793

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

	March 31, 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	29 512 558	(13 493 553)
Balance at ending of the period /year	252 869 211	223 356 653

20- Trade and other receivables

	March 31, 2026 EGP	December 31, 2025 EGP
Trade Receivables	1 327 335 639	1 273 679 742
Notes Receivables	198 194 505	81 076 964
Other Debtors	58 917 832	51 412 192
Social insurance	939 737	939 737
Suppliers – debit balances	3 012 155	1 164 659
Due from related parties (Net)	134 371	--
Tax authority – withholding tax	19 834	19 834
Tax authority – VAT	263 966 709	250 650 252
Deposits with others	114 348 019	101 488 637
Prepaid expenses	55 547 885	33 017 691
	2 022 416 686	1 793 449 708
Less:		
Expected credit loss in trade and notes Receivables	(146 948 193)	(134 157 673)
	1 875 468 493	1 659 292 035

شركة ليسيكو مصر
ش.م.م.

Lecico Egypt (S.A.E.)

Notes to the Consolidated Financial Statements for the financial period ended March 31, 2026**The movement of the expected credit loss in trade and notes receivable during the period is as follows:**

	Note No.	March 31, 2026 EGP	December 31, 2025 EGP
Balance at the beginning		134 157 673	133 483 452
Formed during the period / year	(10)	10 891 873	1 543 977
Translation Differences		1 898 647	(869 756)
Balance at the ending		<u>146 948 193</u>	<u>134 157 673</u>

21- Investment with fair value through profit or loss

		March 31, 2026 EGP	December 31, 2025 EGP
Cost of purchase during the period /year		10 000 000	--
<u>Add:</u>			
Gain from valuation of investment	(12)	222 402	--
		<u>10 222 402</u>	<u>--</u>

22- Cash and cash equivalents

Banks - Current Accounts		446 582 121	299 254 960
Cash on hand		19 842 719	11 440 101
Banks- 3 months Time-deposit		49 128 957	7 232 972
		<u>515 553 797</u>	<u>317 928 033</u>
<u>Deduct:</u>		(3 977 896)	
Expected credit loss**		<u>511 575 901</u>	<u>(3 977 896)</u>
			<u>313 950 137</u>
<u>Deduct:</u>			
Restricted time deposits*		(1 766 840)	(1 697 640)
Cash and cash equivalents according to cash flow statement		<u>509 809 061</u>	<u>312 252 497</u>

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

***Expected credit loss movement**

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

شركة ليسيكو مصر
ش.م.م.

Lecico Egypt (S.A.E.)**Notes to the Consolidated Financial Statements for the financial period ended March 31, 2026****23- Credit facilities**

		March 31, 2026	
	Total facilities	Utilized	Unutilized
	EGP	EGP	EGP
Lecico Egypt S.A.E	1 281 250 000	917 964 734	363 285 266
Lecico for Ceramics S.A.E	521 250 000	210 992 789	310 257 211
European Ceramics S.A.E	476 250 000	239 867 091	236 382 909
International Ceramics S.A.E	451 250 000	332 158 402	119 091 598
Burg Armaturen Fabrik S.A.E	208 000 000	117 011 973	90 988 027
Lecico for trading and distribution of ceramics	15 000 000	9 396 384	5 603 616
UK group	355 942 643	318 035 450	37 907 193
The Lebanese ceramics industries (S.A.L)	92 803 000	—	92 803 000
Balance on March 31, 2026	3 401 745 643	2 145 426 823	1 256 318 820

		December 31, 2025	
	Total facilities	Utilized	Unutilized
	EGP	EGP	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**

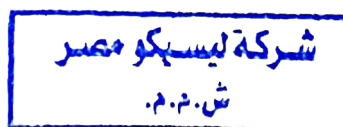
The authorized capital of lecico Egypt was determined to be EGP 500 million distributed over 100 million shares with nominal value of EGP 5 per share.

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



Lecico Egypt (S.A.E.)**Notes to the Consolidated Financial Statements for the financial period ended March 31, 2026**

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:

<u>Investor</u>	<u>Percentage</u> <u>%</u>	<u>Number of</u> <u>shares</u>	<u>Balance</u> <u>EGP</u>
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	24 047 456	60 118 640
	100	80 000 000	200 000 000

24-3 Non-controlling interest

Non-controlling interest balance at March 31, 2026 ,represents the interest shares in subsidiaries' equity as follows:

<u>Company</u>	<u>Percentage</u> <u>%</u>	<u>Non-controlling</u> <u>interest</u> <u>Profit/loss</u> <u>for the period</u> <u>EGP</u>	<u>Dividends to</u> <u>shareholder's</u> <u>EGP</u>	<u>Foreign</u> <u>currency</u> <u>EGP</u>	<u>Balance</u> <u>as of</u> <u>31/3/2026</u> <u>EGP</u>	<u>Balance</u> <u>as of</u> <u>31/12/2025</u> <u>EGP</u>
Lecico for ceramics	%0.0045	771	—	—	68 109	67 338
International ceramics	%0.0333	(15 619)	—	—	180 442	196 061
European ceramics	%0.0300	(812)	—	—	217 966	218 778
Burg armaturen Fabric	%30.1500	4 615 666	(308 540)	—	92 653 207	88 346 081
Sarreguemines	%0.1500	10 855	—	—	63 740	52 885
Lecico for financial investments	%0.6667	(100)	—	—	19 854	19 954
Lebanese ceramics industries co.	%5.2300	(189 925)	—	3 595 708	(5 447 752)	(8 853 535)
Lecico South Africa	%49.000	1 221 405	—	3 443 327	40 543 140	35 878 408
Lecico CEE	9%	(659 131)	—	(462 442)	(2 444 980)	(4 323 407)
		4 983 110	(308 540)	6 576 593	122 853 726	111 602 563

شركة ليسيكو مصر
ش.م.م.

Lecico Egypt (S.A.E.)

Notes to the Consolidated Financial Statements for the financial period ended March 31, 2026

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 Poland
and Lebanese ceramics industries co. as at March 31, 2026

	<u>Burg</u> <u>Armaturen</u> <u>Fabric</u> <u>EGP</u> <u>(Reviewed)</u>	<u>Lecico (UK) Ltd</u> <u>EGP</u> <u>(Reviewed)</u>	<u>Lebanese</u> <u>ceramics</u> <u>industries co.</u> <u>EGP</u> <u>(Unreviewed)</u>
Non current assets	56 342 182	192 731 245	121 925 224
Current assets	439 476 561	724 007 419	185 834 923
Total assets	495 818 743	916 738 664	307 760 147
Equity	303 150 051	168 356 733	106 863 927
Current liabilities	191 031 560	646 044 636	200 896 220
Non current liabilities	1 637 132	102 337 295	--
Total equity and liabilities	495 818 743	916 738 664	307 760 147
Total sales	92 122 955	411 961 827	23 342 233
Net profit /(loss) of the period	15 309 009	7 577 810	(3 631 459)

شركة ليسيكو مصر
ش.م.م.

Lecico Egypt (S.A.E.)

Consolidated Financial Statements Notes for the financial period ended March 31, 2026

25- Reserves

	Legal Reserve EGP	Other* Reserves EGP	Reserve for Land Revaluation Surplus ** EGP	Share premium Reserve EGP	Translation Reserve EGP	Merge Reserve EGP	Total EGP
Balance at January 1, 2025	50 915 481	15 571 032	42 901 150	181 164 374	231 251 002	—	521 803 039
Transferred to legal reserve	21 494 920	—	—	—	—	—	21 494 920
Translation differences for foreign entities	—	—	—	—	3 421 299	—	3 421 299
Balance at March 31, 2025	72 410 401	15 571 032	42 901 150	181 164 374	234 672 301	—	546 719 258
Balance at January 1, 2026	72 410 417	15 571 032	181 164 374	42 901 150	230 415 227	—	542 462 200
Net disposals of 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	—	—	—	—	23 599 196	—	23 599 196
Balance at March 31, 2026	80 000 000	15 571 032	181 164 374	42 901 150	254 014 421	200 000 000	773 650 797

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

** Land revaluation surplus is represented in the adjusted value of the holding Company's land in Khorshid and Abou-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.

شركة ليسيكو مصر
ش.م.م.

Lecico Egypt (S.A.E.)**Note to the Consolidated Financial Statements for the financial period ended March 31, 2026****26- Legal Reserve**

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

27- Loans

	March 31, 2026					Balance of long term loans at March 31, 2026 EGP
	Balance on January 1, 2026 EGP	Repayments of loan during the period EGP	Foreign currency Translation differences EGP	Balance on March 31, 2026 EGP	Instalments due within period EGP	
The Outstanding balance of loan granted from HSBC Bank for Lecico - UK (Lecico plc) with an amount of GBP 100 thousand and will be paid over 60 monthly installments each installment with an amount of GBP 1786.92 the variable interest rate is equal 2.62% starting from April 2020 till March 2025.	—	—	—	—	—	--
Balance on March 31, 2026	—	—	—	—	—	--
	31 December 2025					Balance of long term loans at December 31, 2025 EGP
	Balance on January 1, 2025 EGP	Repayments of loan during the year EGP	Foreign currency Translation differences EGP	Balance on December 31, 2025 EGP	Instalments due within one year EGP	
The Outstanding balance of loan granted from HSBC Bank for Lecico -UK (Lecico plc) with an amount of GBP 100 thousand and will be paid over 60 monthly installments each installment with an amount of GBP 1786.92 the variable interest rate is equal 2.62% starting from April 2020 till March 2025.	344 005	(344 005)	--	--	--	--
Balance on December 31, 2025	344 005	(344 005)	—	—	—	--

شركة ليسيكو مصر
ش.م.م.

Lecico Egypt (S.A.E.)**Note to the Consolidated Financial Statements for the financial period ended March 31, 2026****28- Lease liability**

	March 31, 2026 EGP	December 31, 2025 EGP
Present value of liabilities arisen from lease contracts	156 288 579	151 636 058
<u>Less :</u>		
Installments due within one year	(43 983 176)	(40 232 181)
Non current portion of lease liability	<u>112 305 403</u>	<u>111 403 877</u>

28-1 Lease liability movement

Beginning balance of the period / year	151 636 058	143 149 713
Additions during the period / year	--	52 306 834
Disposals during the year	(2 114 857)	--
<u>Add/(deduct)</u>		
Finance interest	2 414 644	8 555 207
Payments during the period/year-(principle)	(8 591 472)	(44 252 960)
Payments during the period/year -(interest)	(2 414 644)	(8 555 207)
Foreign currency exchange differences	15 358 850	432 471
Ending balance of the period / year	<u>156 288 579</u>	<u>151 636 058</u>
<u>Deduct</u>		
Current portion of lease liabilities represented in due installments during the next financial year	(43 983 176)	(40 232 181)
Non-current portion of lease liabilities	<u>112 305 403</u>	<u>111 403 877</u>

28-2 Summary of due dates**lease payments due during the following years:**

	<u>Due within one period EGP</u>	<u>From 2-3 years EGP</u>	<u>From 4-5 years EGP</u>	<u>Total EGP</u>
March 31, 2026	50 069 799	109 154 349	1 545 291	160 769 439
December 31, 2025	49 390 389	128 768 324	1 868 059	180 026 772

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.

شركة ليسيكو مصر
ش.م.م.

Lecico Egypt (S.A.E.)**Note to the Consolidated Financial Statements for the financial period ended March 31, 2026****29- Provisions**

<u>Provision Disclosed in the Current Liabilities</u>	<u>Balance as of 1/1/2026 EGP</u>	<u>Translation Differences EGP</u>	<u>Formed Provisions EGP</u>	<u>Reversed Provisions EGP</u>	<u>Provisions Utilized EGP</u>	<u>Balance as of 31/3/2026 EGP</u>
Legal Provision	1 000 000	--	--	--	--	1 000 000
Tax Provision	205 437 800	--	23 035 000	(4 000 000)	(21 446 965)	203 024 835
Claims Provision	53 704 179	2 179 943	1 500 000	--	(8 794 110)	48 590 012
Total	260 140 979	2 179 943	24 535 000	(4 000 000)	(30 241 075)	252 614 847

The provision is formed for existing claims related to the Company's transactions with other parties. The Company's management reviews the provisions year 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:

	<u>Note No.</u>	<u>March 31, 2026 EGP</u>	<u>December 31, 2025 EGP</u>
Right of use assets	(15)	--	52 306 834
Lease liabilities	(28)	--	(52 306 834)

31- Notes payables

	<u>March 31, 2026 EGP</u>	<u>December 31, 2025 EGP</u>
Nominal value of long-term notes payable	281 931 671	329 230 199
Discount on notes payable to its present value*	(74 805 929)	(92 370 506)
Present value of long term notes payables	207 125 742	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

	<u>Note No.</u>	<u>March 31, 2026 EGP</u>	<u>December 31, 2025 EGP</u>
Trade payable		784 326 554	784 047 510
Notes payable		272 355 062	274 612 753
Due to related parties	(33-2)	29 236 160	32 978 511
Social insurance authority and tax authority		49 798 175	44 047 843
Accrued expenses		333 705 690	271 433 372
Sundry creditors		26 938 680	22 374 418
Value added tax authority – current account		43 297 312	29 214 908
Dividends payable		389 929	389 929
Employees' Profit share from certain group companies		72 320 251	--
		1 612 367 813	1 459 099 244

شركة ليسيكو مصر
ش.م.م.

Lecico Egypt (S.A.E.)**Note to the Consolidated Financial Statements for the financial period ended March 31, 2026****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

	<u>Volume of transaction</u>	<u>Natural relationship</u>	<u>Nature of transaction</u>	<u>March 31, 2026 EGP</u>	<u>December 31, 2025 EGP</u>
Murex Industries and Trading (S.A.L)	87 249	Associate	Current	134 371	--
El-Khaleeg for Trading and Investment	--	Associate	Current	300 100	300 100
Total due from related parties				434 471	300 100
Less:					
Impairment for balance of "El-Khaleeg for Trading and Investment"				(300 100)	(300 100)
Net due from related parties				134 371	--

33-2 Due to Related Parties

Murex Industries and Trading (S.A.L)	(87 249)	Associate	Current	--	47 122
Ceramics Management services Ltd (CMS)*	20 348 599	Affiliate	Technical consulting	29 236 160	32 931 389
				29 236 160	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 December 31, 2025, was charged with the allowances of the members of the board of directors of the holding company and executive managers included in "other expenses" Note no. (11).

33-4 Top management members

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

	<u>March 31, 2026 EGP</u>	<u>December 31, 2025 EGP</u>
Remuneration and allowances of members of the Board of Directors, attendance of committees	3 298 284	13 249 957
	3 298 284	13 249 957
	<u>March 31, 2026 EGP</u>	<u>December 31, 2025 EGP</u>
Salaries and benefits	34 831 243	36 374 060
	34 831 243	36 374 060

شركة ليسيكو مصر
ش.م.م.

Lecico Egypt (S.A.E.)**Note to the Consolidated Financial Statements for the financial period ended March 31, 2026****34- Contingent Liabilities**

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

<u>Letters of guarantee</u>	<u>March 31,</u> <u>2026</u>	<u>December 31,</u> <u>2025</u>
EGP	36 485 969	28 925 376

35- Capital Commitment

The capital commitments for purchasing inventory outstanding as at March 31, 2026 amounted to EGP 223 100 796 (compared to capital commitments as at 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.

	<u>Note</u>	<u>March 31,</u> <u>2026</u> <u>EGP</u>	<u>December 31,</u> <u>2025</u> <u>EGP</u>
<u>Financial Assets</u>	<u>No.</u>		
<u>At amortized cost</u>			
Banks current accounts and time deposits	(22)	491 733 182	302 510 036
Trade and Notes receivables and other debit balances	(20)	1 554 994 328	1 374 664 521
		<u>2 046 727 510</u>	<u>1 677 174 557</u>
<u>Financial liabilities</u>			
Trade and Notes payables and other credit balances	(32)	169 716 908	1 589 717 675
Lease liabilities	(28)	156 288 579	151 636 058
Credit facilities	(23)	2 145 426 823	1 587 533 130
Due to related parties	(33)	29 236 160	32 978 511
		<u>4 028 113 470</u>	<u>3 361 865 374</u>

شركة ليسيكو مصر
ش.م.م.

Lecico Egypt (S.A.E.)

Note to the Consolidated Financial Statements for the financial period ended March 31, 2026

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 323 486 320 (December 31, 2025: EGP 285 792 173) have been excluded from other debit balances it was also excluded non-financial liabilities amount EGP 93 095 487 (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
- Bank current accounts and cash hands

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.

شركة ليسيكو مصر
ش.م.م.

Lecico Egypt (S.A.E.)

Note to the Consolidated Financial Statements for the financial period ended March 31, 2026

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 Company 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.

شركة ليسيكو مصر
ش.م.م

Lecico Egypt (S.A.E.)**Note to the Consolidated Financial Statements for the financial period ended March 31, 2026**

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 Company 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's 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	31/3/2026	31/12/2025
	<u>No.</u>	<u>EGP</u>	<u>EGP</u>
Banks current accounts and time deposits	(22)	491 733 182	302 510 036
Trade and Notes receivables and other debit balances	(20)	1 554 994 328	1 374 664 521
		2 046 727 510	1 677 174 557

شركة ليسيكو مصر
ش.م.م

Lecico Egypt (S.A.E.)

Note to the Consolidated Financial Statements for the financial period ended March 31, 2026

Exposure to Liquidity risk

Contractual maturities of financial liabilities as of March 31, 2026	EGP			Contractual amount EGP	Carrying amount EGP
	Less than 1 year EGP	2- 3 years EGP	3-4 years or more EGP		
Trade and other credit balances	1 254 650 777	--	--	1 254 650 777	1 254 650 777
Banks credit facilities and loans	2 145 426 823	--	--	2 145 426 823	2 145 426 823
Notes payables	272 355 062	281 931 671	--	554 286 733	479 480 804
Lease liabilities	50 069 799	109 154 349	1 545 291	160 769 439	156 288 579
Total	3 722 502 461	391 086 020	1 545 291	4 115 133 772	4 035 846 983

This foot note provides the contractual conditions for the financial liabilities

Contractual maturities of financial liabilities as of December 31, 2025	EGP			Contractual amount EGP	Carrying amount EGP
	Less than 1 year EGP	2- 3 years EGP	3-4 years or more EGP		
Trade and other credit balances	1 184 486 491	--	--	1 184 486 491	1 184 486 491
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	3 096 022 763	457 998 523	1 868 059	3 555 889 345	3 438 128 125

Exposure to currency risk

The group's foreign currency assets and liabilities as of March 31, 2026 amounted to the equivalent of EGP 898 366 144 and EGP 484 208 410 respectively. The amounts in foreign currencies that put the company at risk as of March 31, 2026, are as follows:

March 31, 2026

Item	USD	EUR	GBP	ZAR	Total EGP
Cash and Cash Equivalents	2 568 193	2 141 347	437 258	--	306 172 145
Trade Receivables	5 220 401	5 963 069	1 286 060	5 793 497	770 370 222
Total Assets in Currency	7 788 594	8 104 416	1 723 318	5 793 497	1 076 542 367
Bank Credit Facilities	(5 783 205)	(3 085 808)	(1 408 131)	--	(611 119 345)
Total Liabilities in Currency	(5 783 205)	(3 085 808)	(1 408 131)	--	(611 119 345)
Exposure Surplus	2 005 389	5 018 608	315 187	5 793 497	465 423 022
Equivalent in EGP	109 474 198	314 917 624	22 781 686	18 249 515	465 423 022

شركة ليسيكو مصر
ش.م.م.

Lecico Egypt (S.A.E.)

Note to the Consolidated Financial Statements for the financial period ended March 31, 2026

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	6 940 217	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 Equivalent in	2 484 697	4 723 273	145 877	7 597 112	414 157 734
	118 448 490	264 550 523	9 358 009	21 803 712	414 157 734

	March 31, 2026	December 31, 2025
	Surplus	Surplus
USD	2 005 389	2 484 697
Euro	5 018 608	4 723 273
GBP	315 187	145 877
South African Rand	5 793 497	7 597 112

As follow exchange rates used during the period

	Averaging rates using during the period		Closing rates at date of financial statements	
	31/3/2026	31/12/2025	31/3/2026	31/12/2025
USD	47.50	49.36	54.59	47.67
Euro	56.24	55.29	62.75	56.01
GBP	64.55	64.85	72.28	64.15
South African Rand	2.94	2.75	3.15	2.87

Sensitivity Analysis

A reasonably possible strengthening (weakening) of 5% other currencies exchange rate against Egyptian pound As of March 31, 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	5 473 709	(5 473 709)
Euro	15 745 883	(15 745 883)
Sterling Pound	1 139 086	(1 139 086)
Rand (South Africa)	912 476	(912 476)

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)

شركة ليسيكو مصر
ش.م.م.

Lecico Egypt (S.A.E.)**Note to the Consolidated Financial Statements for the financial period ended March 31, 2026****Interest rate risk**

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

	<u>Carrying amount</u>	
	31/3/2026	31/12/2025
<u>Financial instruments with a fixed rate</u>	<u>EGP</u>	<u>EGP</u>
Lease liabilities	156 288 579	151 636 058
	156 288 579	151 636 058
<u>Financial instruments with a variable rate</u>		
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 Company 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 period 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.

شركة ليسيكو مصر
ش.م.م.

Lecico Egypt (S.A.E.)

Note to the Consolidated Financial Statements for the financial period ended March 31, 2026

The following table provides information on exposure to credit risk and credit losses from trade and notes receivables:

<u>Trade and notes receivables</u>	March 31, 2026			December 31, 2025		
	<u>Expected credit loss rate</u>	<u>Net book value</u>	<u>Loss amount</u>	<u>Expected credit loss rate</u>	<u>Net book value</u>	<u>Loss amount</u>
		<u>EGP</u>	<u>EGP</u>		<u>EGP</u>	<u>EGP</u>
Non due	--	1 162 871 689	--	--	1 117 004 525	--
0-90 days	12%	234 677 863	28 013 764	16%	111 387 725	17 797 316
91-180 days	16%	8 435 386	1 336 912	19%	8 291 190	1 562 408
181-270 days	65%	3 268 725	2 123 524	45%	3 608 540	1 639 319
271-360 days	68%	2 527 648	1 725 160	36%	2 050 719	744 623
More than 360 days	100%	113 748 833	113 748 833	100%	112 414 007	112 414 007
Total		1 525 530 144	146 948 193		1 354 756 706	134 157 673

<u>Category</u>	<u>Company's definition of category</u>	<u>Basis for recognition of expected credit loss provision</u>
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.

شركة ليسيكو مصر
ش.م.م.

Lecico Egypt (S.A.E.)

Note to the Consolidated Financial Statements for the financial period ended March 31, 2026

- 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 Egyptian 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.

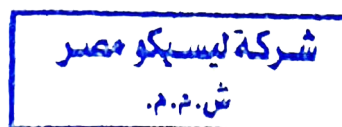
37- Tax Status

The following is the company's tax status as of March 31, 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.



Lecico Egypt (S.A.E.)

Note to the Consolidated Financial Statements for the financial period ended March 31, 2026

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 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

38-1-1 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.

شركة ليسيكو مصر
ش.م.م.

Lecico Egypt (S.A.E.)

Note to the Consolidated Financial Statements for the financial period ended March 31, 2026

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.

38-1-2 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.

38-1-3 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.

38-1-4 Loss of control

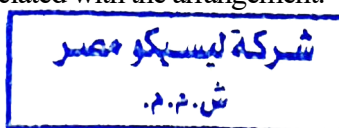
When the Group loses control over a subsidiary, it derecognizes the assets and liabilities, and any related NCI and related other comprehensive income with recognition of any gains or loss resulted from loss of control in statement of profit or loss.

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

38-1-5 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.



Lecico Egypt (S.A.E.)

Note to the Consolidated Financial Statements for the financial period ended March 31, 2026

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.

38-1-6 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, except if the transaction have an indicator for impairment in the transferred asset.

38-2 Foreign currency translation and financial statement for foreign subsidiaries

38-2-1 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.

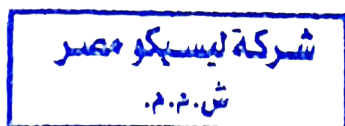
Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognized in profit or loss.

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.

38-2-2 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".



Lecico Egypt (S.A.E.)

Note to the Consolidated Financial Statements for the financial period ended March 31, 2026

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 EAS No. (48):

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)

شركة ليسيكو مصر
ش.م.م.

Lecico Egypt (S.A.E.)

Note to the Consolidated Financial Statements for the financial period ended March 31, 2026

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 EAS No. (48) 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 Company has to determine the price of the transaction in its agreement with customers, using this judgement, the Company estimates the impact of any variable contract price on the contract due to discount, fines, any significant financing component in the contract, or any non-cash contract.

Control transfer in contracts with customers

- If the Company 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 Egyptian Accounting Standard (EAS) No. 48 has resulted in:

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

The Company 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 Company 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.

شركة ليسيكو مصر
ش.م.م.

Lecico Egypt (S.A.E.)

Note to the Consolidated Financial Statements for the financial period ended March 31, 2026

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

38-4-1 pension fund

The holding company and its subsidiaries, Lecico Ceramic Industries and European Ceramics, participate in the end-of-service benefit fund, contributing 3% of annual wages, in addition to 0.5% to 1% of net profit, which is allocated to the fund based on the decision of the General Assembly at its annual meeting upon approving the profit distributions.

The group's policy is to recognize employees' profit share in the period to which it relates.

38-4-2 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

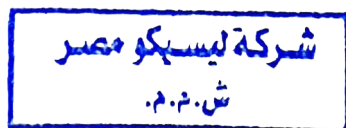
The group's finance income and finance costs include:

- 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.



Lecico Egypt (S.A.E.)

Note to the Consolidated Financial Statements for the financial period ended March 31, 2026

38-8 Income tax

Current tax and deferred tax are recognized as income or expense in profit or loss for the year, except when the tax arises from a transaction or event that is recognized, in the same period or in a different period, outside profit or loss, whether in other comprehensive income or directly in equity or in a business combination.

38-9 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

38-9-1 Deferred tax

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

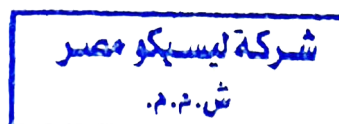
- The initial recognition of goodwill.
- And the initial recognition of an asset or liability in a transaction:
 - (1) That is not a business combination.
 - (2) and that affects neither accounting profit nor taxable profit (taxable loss)
- Temporary differences related to investments in subsidiaries,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

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

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

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

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



Lecico Egypt (S.A.E.)**Note to the Consolidated Financial Statements for the financial period ended March 31, 2026****38-10 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

38-11 Property, plant & equipment**38-11-1 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.

38-11-2 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.

38-11-3 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.

	<u>Useful life /Years</u>
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.

38-12 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.

شركة ليسيكو مصر
ش.م.م.

Lecico Egypt (S.A.E.)

Note to the Consolidated Financial Statements for the financial period ended March 31, 2026

38-13 Intangible assets

38-13-1 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.

38-13-2 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.

38-13-3 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.

38-14 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:

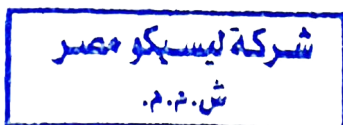
- a. The years covered by an extension option of the lease contract if the lessee is reasonably certain of exercising this option.
- b. The years covered by a termination option of the lease contract if the lessee is reasonably certain not to exercise that option.

As a lessee, the company assesses each lease contract to determine whether it should be classified as an operating lease or a finance lease. A lease is classified as a finance lease when it substantially transfers all the risks and rewards incidental to ownership of the leased asset. Otherwise, it is classified as an operating lease. The classification of a lease as either a finance lease or an operating lease is based on the substance of the transaction rather than the form of the contract.

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.



Lecico Egypt (S.A.E.)

Note to the Consolidated Financial Statements for the financial period ended March 31, 2026

- 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.

38-15 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.

شركة ليسيكو مصر
ش.م.م.

Lecico Egypt (S.A.E.)

Note to the Consolidated Financial Statements for the financial period ended March 31, 2026

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

شركة ليسيكو مصر
ش.م.م.

Lecico Egypt (S.A.E.)

Note to the Consolidated Financial Statements for the financial period ended March 31, 2026

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.

شركة ليسيكو مصر
ش.م.م.

Lecico Egypt (S.A.E.)

Note to the Consolidated Financial Statements for the financial period ended March 31, 2026

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.

شركة ليسيكو مصر
ش.م.م.

Lecico Egypt (S.A.E.)

Note to the Consolidated Financial Statements for the financial period ended March 31, 2026

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.

38-16 Share capital

38-16-1 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 EAS (24) "Income tax".

38-16-2 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.

38-17 Impairment

38-17-1 Non-derivative financial assets

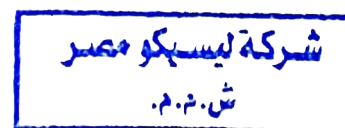
Financial instruments and contract assets

The Company 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.



Lecico Egypt (S.A.E.)

Note to the Consolidated Financial Statements for the financial period ended March 31, 2026

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).

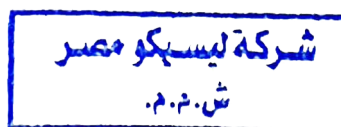
ECLs are discounted at the effective interest rate of the financial asset.

38-17-2 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.



Lecico Egypt (S.A.E.)

Note to the Consolidated Financial Statements for the financial period ended March 31, 2026

38-17-3 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.

38-18 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.

38-19 End of Services Benefit

The holding company and its subsidiaries, Lecico Ceramic Industries and European Ceramics, participate in the end-of-service benefit fund, contributing 3% of annual wages, in addition to 0.5% to 1% of net profit, which is allocated to the fund based on the decision of the General Assembly at its annual meeting upon approving the profit distributions.

The group's policy is to recognize employees' profit share in the period to which it relates.

38-20 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.

Lecico Egypt (S.A.E.)

Note to the Consolidated Financial Statements for the financial period ended March 31, 2026

38-21 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.

38-22 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)

38-23 Consolidated Cashflows Statement

The cashflows statement is prepared according to the indirect method.

38-24 Export Subsidy Revenues

Export subsidy revenues are recognized at statement of Profit or loss according to cash basis and recorded as other revenues.

39- Hyperinflation

Lebanon Economics was identified as a hyperinflationary for years ending on or after December 31, 2020. The International Monetary Fund has not published projections for Lebanon after 2020. The Lebanese Central Administration of Statistics (CAS) has published monthly CPI data through October 1, 2023. Based on the latest data of the Lebanese Central Administration of Statistics (CAS), the consumer price index increased by approximately 162.7% during the first ten months of 2022, taking the 3-year cumulative inflation rate to 2130.3% at the end of October 2023.

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

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

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

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

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

شركة ليسيكو مصر
ش.م.م.

Lecico Egypt (S.A.E.)**Note to the Consolidated Financial Statements for the financial period ended March 31, 2026****40- New Editions and Amendments to Egyptian Accounting Standards:**

On March 3, 2024, Prime Ministerial Decree No. (636) of 2024 was issued to amend certain other provisions of the Egyptian Accounting Standards.

On October 23, 2024, another Prime Ministerial Decree No. (3527) of 2024 was issued, introducing and adding the new Egyptian Accounting Standard No. (51) titled "Financial Statements in Hyperinflationary Economies." Below is a summary of the most important of these amendments:

New or reissued standards	Summary of the most significant amendments	Impact on the financial statements	Effective date
Egyptian Accounting Standard No. (50) "Insurance Contracts".	1-This standard determines the principles of recognition of insurance contracts falling within the scope of this standard, and determines their measurement, presentation, and disclosure. The objective of the standard is to ensure that the Company provides appropriate information that truthfully reflects those contracts. This information provides users of financial statements with the basis for assessing the impact of insurance contracts on the Company's financial position, financial performance, and cash flows. 2-Egyptian Accounting Standard No. (50) replaces and cancels Egyptian Accounting Standard No. 37 "Insurance Contracts". Any reference to Egyptian Accounting Standard No. (37) in other Egyptian Accounting Standards to be replaced by Egyptian Accounting Standard No. (50). 3-The following Egyptian Accounting Standards have been amended to comply with the requirements of the application of Egyptian Accounting Standard No. (50) "Insurance Contracts", as follows: - Egyptian Accounting Standard No. (10) "Fixed Assets". - Egyptian Accounting Standard No. (23) "Intangible Assets". - Egyptian Accounting Standard No. (34) "Investment property".	The Company is currently assessing the impact of applying this new standard on its financial statements.	Egyptian Accounting Standard (EAS) No. 50 must be applied for annual financial periods beginning on or after January 1, 2025. If the Company applies EAS No. 50 earlier, it must disclose that fact.
The new Egyptian Accounting Standard No. (51) "Financial statements in Hyperinflationary Economies. 11	The impact on the financial statements has not yet been determined until the application date is specified.	This standard must be applied to financial statements, including consolidated financial statements for any entity whose functional currency is in an economy classified as hyperinflationary	This standard must be applied to the financial statements of the entity starting from the beginning of the financial period in which the economy is classified as hyperinflationary according to the decision of Egyptian prime minister.

شركة ليسيكو مصر
ش.م.م.

Lecico Egypt (S.A.E.)**Note to the Consolidated Financial Statements for the financial period ended March 31, 2026**

New or reissued standards	Summary of the most significant amendments	Impact on the financial statements	Effective date
Accounting Interpretation No. (2) "Carbon Reduction Certificates"	Carbon Credits Certificates: Are financial instruments subject to trading that represent units for reducing greenhouse gas emissions. Each unit represents one ton of equivalent carbon dioxide emissions and are issued in favor of the reduction project developer (owner/non-owner), after approval and verification in accordance with internationally recognized standards and methodologies for reducing carbon emissions, carried out by verification and certification bodies, whether local or international, registered in the list prepared by the Financial Regulatory Authority "FRA" for this purpose. Companies can use Carbon Credits Certificates to meet voluntary emissions reduction targets to achieve carbon trading or other targets, which are traded on the Voluntary Carbon Market "VCM".	Management is closely monitoring updates to UK and EU regulations. At present, the sanitaryware (ceramic) industry is not within the scope of CBAM. However, there may be consideration for CBAM application in the UK starting in 2027, and their will continue to track .developments closely	The application starts on or after the first of January 2025, early adaptation is allowed.

شركة ليسيكو مصر
ش.م.م.

Lecico Egypt (S.A.E.)

Note to the Consolidated Financial Statements for the financial period ended March 31, 2026

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 company), International Ceramics Company (merged company), and European Ceramics Company (merged company) into Lecico Egypt (merging company). This will also involve the transfer of all the rights and obligations of the merged companies to the merging company in connection with the merger, based on the book values of the net equity of the merging and merged companies as shown in the financial statements as of December 31, 2022, which were the basis for the merger according to the valuation committee's report. Furthermore, the merging company will replace the merged companies with all their rights and obligations legally, as the successor of those companies. The 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 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 merger and administrative and executive procedures for the merger process are currently being undertaken.

شركة ليسيكو مصر
ش.م.م.