Lecico

Lecico Egypt (S.A.E)
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Mr. / Head of Disclosure Sector in the Egyptian Stock Exchange

After Greetings,

According to the standalone financial results of Lecico Egypt S.A.E. for the period ending June 30, 2026, the company achieved a net profit of EGP 119,703,757 million, up from EGP 78,052,067 million in the prior-year period. This profit growth was driven primarily by:

1- 66% increase in gross profit, amounting to EGP 197 million.

2- 87% increase in operating profit, amounting to EGP 155 million.

* These H1 2026 results highlight Lecico Egypt's enhanced profitability following the successful merger of Lecico Ceramics Industries, International Ceramics, and European Ceramics on March 31, 2026.

Best Regards,

Lecico Egypt
Mohamed Aly Mohamed Hassan
Finance Director
Investor Relations Officer

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LECICO EGYPT (S.A.E.)

Separate Interim Financial Statements

for the Financial Period Ended

June 30, 2026, and Auditor's Report
on Review of Separate Interim Financial Statements

شركة ليسيكو مصر
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LECICO EGYPT (S.A.E.)

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Auditors' Report on Review of Separate Interim Financial Statements

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

Introduction

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

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

Management is responsible for the preparation and fair presentation of these separate interim financial statements in accordance with EAS 30 "Interim Financial Reporting". Our responsibility is to express a conclusion on these separate 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 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 separate interim financial statements.

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Basis for Qualified Conclusion

According to indicators described in detail in notes (15) and (31-1) to the separate interim financial statements, the Company's investment in Lebanese Ceramic Industries company (a subsidiary company) amounting to approximately EGP 71.3 million as of June 30, 2026, representing 1.2% of the Company's total assets, and balance due from the subsidiary company amounting to EGP 171 million as of June 30, 2026, representing 2.8% of the Company's total assets. The Company did not prepare impairment study for investment and its balance due from subsidiary company. Consequently, we were not able to obtain assurance on the valuation of these balances as of June 30,2026.

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

Qualified Conclusion

Based on our review, except for the possible effects of such adjustments, if any, as might have been determined to be necessary if we have obtained with what is described in the Basis of Qualified Conclusion above, nothing has come to our attention that causes us to believe that the accompanying June 30, 2026, separate 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.) in accordance with the Egyptian Accounting Standards including the requirements of EAS 30 "Interim Financial Reporting".

Emphasis of matter

Without considering the following as an additional qualification on our conclusion mentioned above, as detailed in Note (1) and Note (34) of the notes to the separate interim financial statements, Company's Extraordinary General Assembly approved the merger of certain group companies into Lecico Egypt Company. The merger was duly registered in the Commercial Register on March 31, 2026.

KPMG Hazem Hassan

Alexandria on August 15, 2026

Hany Abdelrahman Mostafa Selim
Capital Market Register No. 397

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KPMG Hazem Hassan
Public Accountants and consultants

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

	Note No.	June 30, 2026 EGP	December 31, 2025 EGP
Assets			
Non-Current Assets			
Property, plant & equipment	(13)	923 223 765	347 496 722
Intangible assets	(14)	528 063	731 217
Projects under construction	(15)	92 692 532	3 161 729
Investment in subsidiaries and other investment	(16)	397 588 041	629 249 279
Total Non-Current Assets		**1 414 032 401**	**980 638 947**
Current Assets			
Inventory	(18)	2 646 311 188	922 371 416
Trade and other receivables	(19)	1 481 262 313	958 604 878
Due from related parties	(31-1)	320 426 562	478 104 039
Investment with fv through profit or loss	(20)	10 671 417	--
Cash and cash equivalents	(21)	276 571 968	181 147 258
Current Assets		**4 735 243 448**	**2 540 227 591**
Total Assets		**6 149 275 849**	**3 520 866 538**
Equity and Liabilities			
Equity			
Issued and paid-up capital	(27-2)	200 000 000	400 000 000
Reserves	(27-3)	510 416 243	302 826 660
Retained earnings		1 530 487 753	527 951 239
Total Equity		**2 240 903 996**	**1 230 777 899**
Non-Current Liabilities			
Deferred tax liabilities	(17-3)	55 942 972	7 599 159
Notes payable	(25)	179 364 954	107 028 751
Total Non-Current Liabilities		**235 307 926**	**114 627 910**
Current Liabilities			
Credit facilities	(22)	2 063 451 813	715 326 477
Trade and other payables	(23)	1 336 611 776	511 018 977
Due to related parties	(31-2)	45 348 008	741 278 197
Accrued income tax	(17-4)	34 969 791	69 344 343
Provisions	(24)	192 682 539	138 492 735
Total Current Liabilities		**3 673 063 927**	**2 175 460 729**
Total Liabilities		**3 908 371 853**	**2 290 088 639**
Total Equity and Liabilities		**6 149 275 849**	**3 520 866 538**

- Notes from No (1) to No (35) are an integral part of these separate financial statements and are to be read together
- Auditor's Report on review of separate financial statements "attached"

Finance Director | **Managing Director**

Mohamed Hassan | Taher Gilbert Gargour

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Lecico Egypt (S.A.E.)

Separate statement of Profit or loss for the financial period ended at

	Note No.	2026 From January 1, To June 30, EGP	2026 From April 1, To June 30, EGP	2025 From January 1, To June 30, EGP	2025 From April 1, To June 30, EGP
Net sales	(3)	2 996 490 947	2 005 475 696	1 617 134 526	860 858 224
Cost of sales	(4)	(2 498 930 135)	(1 679 692 124)	(1 316 610 837)	(696 314 674)
Gross Profit		**497 560 812**	**325 783 572**	**300 523 689**	**164 543 550**
Other Income	(5)	42 452 981	14 418 123	27 943 569	3 184 425
Selling and distribution Expenses	(6)	(66 897 049)	(43 435 246)	(36 048 168)	(19 383 554)
General and Administrative Expenses	(7)	(106 671 752)	(58 770 168)	(79 631 689)	(42 146 132)
Reversal / Expected credit (loss)	(8)	(13 133 565)	1 529 040	(15 375 883)	(9 375 883)
Other Expenses	(9)	(20 724 511)	(17 901 434)	(19 450 928)	(11 546 757)
Profit from operating activities		**332 586 916**	**221 623 887**	**177 960 590**	**85 275 649**
Finance income	(10-2)	1 099 642	426 848	12 487 405	5 968 745
Finance expenses	(10-1)	(151 871 039)	(146 767 984)	(85 170 290)	(50 538 561)
Income from Investments	(11)	7 656 417	7 434 015	13 970 000	13 970 000
Profit before income tax		**189 471 936**	**82 716 766**	**119 247 705**	54 675 833
Income tax expense	(17-1)	(69 768 171)	(35 476 125)	(41 195 641)	(19 491 175)
Net profit for the period		**119 703 765**	**47 240 641**	**78 052 064**	**35 184 658**
Basic and diluted earnings per share profit for period (EGP/Share)	(12)	**1.18**	**0.52**	**0.84**	**0.37**

- Notes from no (1) to no (35) are an integral part of these separate Interim financial statements to be read together.

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Separate Statement of Comprehensive Income for the Financial period ended at

	2026		2025	
	From January 1, To June 30, EGP	**From April 1, To June 30, EGP**	**From January 1, To June 30, EGP**	**From April 1, To June 30, EGP**
Net profit for the period	119 703 765	47 240 641	78 052 064	35 184 658
Other Comprehensive Income	--	--	--	--
Total other comprehensive income for the period	**119 703 765**	**47 240 641**	**78 052 064**	**35 184 658**

- The notes from no. (1) to no (35) are an integral part of these separate interim financial statements to be read together.

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Separate Statement of Changes in Equity for the financial period ended June 30, 2026

	Note No	Issued & Paid up Capital EGP	Legal Reserve EGP	Capital Increase Reserve EGP	Other Reserves EGP	Share premium Reserve EGP	Land Revaluation Surplus EGP	Merger Reserve EGP	Retained earning/ (loss) EGP	Total EGP
Balance as of January 1, 2025		**400 000 000**	**50 915 481**	**4 000 000**	**1 571 486**	**181 943 608**	**42 901 149**	--	**392 226 334**	**1 073 558 058**
Shareholder's transactions										
Transferred to legal reserve	(27-3)	--	21 494 936	--	--	--	--	--	(21 494 936)	--
Employees' dividends		--	--	--	--	--	--	--	(25 729 135)	(25 729 135)
Total Shareholder's transactions		--	**21 494 936**	--	--	--	--		**(47 224 071)**	**(25 729 135)**
Other Comprehensive income										
Net profit for the period		--	--	--	--	--	--		78 052 064	78 052 064
Total comprehensive income		--	--	--	--	--	--	--	**78 052 064**	**78 052 064**
Balance as of June 30, 2025		**400 000 000**	**72 410 417**	**4 000 000**	**1 571 486**	**181 943 608**	**42 901 149**	--	**423 054 327**	**1 125 880 987**
Balance as of December 31, 2022	(34)	**400 000 000**	**50 915 481**	**4 000 000**	**1 571 486**	**181 943 608**	**42 901 149**	--	**(201 212 750)**	**480 118 974**
Net profit for the year 2023		--	--	--	--	--	--	--	188 929 355	188 929 355
Net profit for the year 2024		--	--	--	--	--	--	--	429 898 727	429 898 727
Treasury stocks distribution for the year 2024		--	--	--	--	--	--	--	(25 388 998)	(25 388 998)
Net profit for the year 2025		--	--	--	--	--	--	--	182 948 976	182 948 976
Transferred to legal reserve 2025		--	21 494 936	--	--	--	--	--	(21 494 936)	--
Employees' dividends 2025		--	--	--	--	--	--	--	(25 729 135)	(25 729 135)
Balance as of January 1, 2026 (Before merger)		**400 000 000**	**72 410 417**	**4 000 000**	**1 571 486**	**181 943 608**	**42 901 149**	--	**527 951 239**	**1 230 777 899**
Merge adjustments										
Closing net equity of merged companies on merger date	(34)	--	--	--	--	--	--	--	325 530 331	325 530 331
Net equity of merged companies for the period 31/12/2022 and up to the date of deregistration from the Commercial Register	(34)	--	--	--	--	--	--	--	874 770 130	874 770 130
Cost of investment in merged companies		--	--	--	--	--	--	--	(236 751 731)	(236 751 731)
Net GAFI eliminations		(177 202 770)	--	--	--	--	--	177 202 770	--	--
Transferred from Merging company's net assets to reserves according to GAFI's decision	(27-2)	(22 797 230)	--	--	--	--	--	22 797 230	--	--
Transferred to legal reserve		--	7 589 583	--	--	--	--	--	(7 589 583)	--
Employees' dividends for 2026		--	--	--	--	--	--	--	(73 126 398)	(73 126 398)
		200 000 000	**80 000 000**	**4 000 000**	**1 571 486**	**181 943 608**	**42 901 149**	**200 000 000**	**1 410 783 988**	**2 121 200 231**
Other Comprehensive income										
Net profit for the period		--	--	--	--	--	--	--	119 703 765	119 703 765
Total comprehensive income		--	--	--	--	--	--	--	119 703 765	119 703 765
Balance as of June 30, 2026		**200 000 000**	**80 000 000**	**4 000 000**	**1 571 486**	**181 943 608**	**42 901 149**	**200 000 000**	**1 530 487 753**	**2 240 903 996**

- The notes from no. (1) to no. (35) are an integral part of these separate interim financial statements to be read together.

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Lecico Egypt (S.A.E.)

Separate Statements of Cash Flows for the financial Period Ended June 30, 2026

		The financial Period Ended	
Cash Flow from Operating Activities	**Note No.**	**June 30, 2026 EGP**	**June 30, 2025 EGP**
Net profit for the period before tax		189 471 936	119 247 705
Adjusted by the following:			
Property, plant and equipment depreciation and intangible asset amortization	(13)، (14)	80 941 555	38 512 053
Unrecognized net foreign currencies exchange differences		18 003 398	(10 934 425)
Impairment of investment in subsidiaries	(16)	(4 615 914)	--
Investment revenues		(7 656 427)	(13 970 000)
Interest (Income)	(10-2)	(1 099 642)	(1 257 114)
Interest expenses	(10-1)	114 526 235	66 714 026
		389 571 141	**198 312 248**
Change in inventory	(18)	(834 941 562)	(114 254 756)
Change in trade, notes and other receivables and due from related parties	(19)،(31-1)	884 732 504	(206 684 424)
Change in trade, notes and other payables and due to related parties	(23)،(31-2)	(507 435 139)	(109 367 465)
Employees dividends Paid		(71 309 812)	(20 978 041)
Change in provisions	(24)	(48 809 221)	(8 295 921)
		(188 192 089)	**(261 268 359)**
Interest of bank credit facilities paid		(111 946 331)	(64 619 266)
Income Tax paid		(151 911 863)	(114 102 952)
Net cash (used in) operating activities		**(452 050 283)**	**(439 990 577)**
Cash Flow from Investing Activities			
Payments for acquisition of PPE & additions of PUC	(13),(15)	(79 476 564)	(34 691 979)
Credit Interest received	(10-2)	1 099 642	1 257 114
Net cash (used in) investing activities		**(78 376 922)**	**(33 434 868)**
Cash Flow from Financing Activities			
Net received from banks credit facilities	(22)	595 433 552	459 238 664
Payments for acquisition financial securities	(20)	(10 000 000)	--
Net change in restricted time deposited	(21)	(24 600)	--
Net cash provided from financing activities		**585 408 952**	**459 238 664**
Net changes in cash and cash equivalents of the period		54 981 747	(14 186 781)
The effect of foreign currencies exchange rate on cash and cash equivalents		(3 106 541)	19 114 044
Received from merged companies due to merge		43 533 904	--
Cash and cash equivalents at the beginning of the period	(21)	183 648 454	225 064 456
Cash and cash equivalent at the end of the period	(21)	**279 057 564**	**229 991 719**

The notes from no. (1) to no. (35) are an integral part of these separate interim financial statements to be read together.

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1. Background and activities

Legal entity

- Lecico Egypt (S.A.E.) "the company" was established on November 1st, 1975 according to the resolution of the Ministry of Economics and Economic Co-operation number 142 of 1975. The company is subject to law number 72 of 2017 which superseded law No. 8 of 1997.
- The Company's duration is 75 year starting from the date of registration in the Commercial registry on November 10, 1975 till 9 November 2050 .
- The registered office of the Company is in the Khorshid district in Alexandria, Egypt.
- The company is listed on the Egyptian stock exchange.
- Mr. Gilbert Gargour is the Company's Chairman, and Mr. Taher Gilbert Gargour is the Managing Director.
- The company's fiscal year begins on the first of January and ends on the 31st of December of each year.
- The main Shareholder of the company is Intage Holding Limited.

Merging:

- 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.

Company purpose

- Manufacture and production of all ceramic industries, including the manufacture and production of sanitary ware, all types of tiles and manufacture of porcelain and manufacturing for other.

- The company may have an interest or participate in any way with the authorities that carry out business similar to its business or that may cooperate with it to achieve its purpose in Egypt or abroad, and it may also merge with the previous authorities, buy them or join them, in accordance with law and its executive regulations.

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2. The basis for preparing the separate interim Financial Statements.

a. Compliance with accounting standards and laws

- The separate interim financial statements have been prepared in accordance with the Egyptian accounting standards and the relevant Egyptian laws and regulations.

- Egyptian accounting standards require referring to international financial standards for events and transactions that are not covered by an issued accounting standard or legal requirements
that clarify how to treat them.

- The Company's standalone financial statements were approved by the Board of Directors on 15 August 2026.

- Details of the Company's Material accounting policies are included in Note (33).

b. Functional and presentation currency

- The separate interim financial statements are presented in Egyptian Pounds (EGP) which is the company's functional currency unless otherwise indicated in the interim financial statements or the accompanying notes.

c. Basis of measurement

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

- Financial assets and liabilities recognized at fair value through profits or losses.
- Financial assets and liabilities recognized at fair value through other comprehensive income.
- Financial assets and liabilities recognised at amortized cost.

For presentation purposes, the current and non-current classification was applied in the separate statement of financial position, Expenses in the separate statement of profit or loss were analyzed by function, and the separate statement of cash flows was prepared using the indirect method.

d. Use of Estimates and Judgments

In preparing the separate interim financial statements in accordance with Egyptian Accounting Standards (EAS), management has made judgments, estimates and assumptions that affect the application of the Company'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 experience and various factors. Actual results may differ from these estimates and the uncertainty about these assumptions and estimates could result in outcomes that require a 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.

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e. Judgments

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

- **Revenue recognition**

  Revenue is recognized as detailed in the accounting policies applied.

- **Equity-accounted investees and associates Companies:**

  Determining whether the Company has significant influence over Companies and investees or joint control. Management reviews its assumptions and prudent assessments, including those used in judging the extent to which the firm has absolute or joint control or significant influence over its investee companies, whenever a significant event or significant change occurs to the terms of its contractual agreements.

- **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 2, EAS 49, and EAS 10, 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.

  The company cannot easily determine the implicit interest rate in the lease contract, and therefore it uses the incremental borrowing rate to measure the lease liabilities. The incremental borrowing rate is the interest rate that the company must pay in order to borrow the necessary financing over a similar term and with a similar guarantee to obtain an asset of the same value as the "right of use" asset in a similar economic environment. Therefore, the incremental borrowing rate reflects what the company has to pay, which requires an estimate when published rates are not available or when they need to be adjusted to reflect the terms and conditions of the lease.

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

  Income taxes, whether current or deferred, are determined the Company in accordance with the tax law requirements.

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The Company's profit is subject to income tax, which requires the use 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 Company record current tax liability according to its' best estimate about the taxable treatment of that transactions and the possibility of incurring of additional tax charges that may result from the tax inspection. And when a difference arises 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.

f. **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 Company bases its assumptions and estimates on parameters available when the separate 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 Company.

Such changes are reflected in the assumptions when they occur.

- **Measurement of expected credit loss**

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

Impairment of non-financial assets

On the date of preparing the separate financial statements, the company evaluates the asset if there is an indication that the asset is impaired. If there is an indication of that, the company evaluates the recoverable amount of the asset. The recoverable amount of the asset is the fair value of the asset less selling costs or its value in use. Whichever is higher, when assessing the value in use, the estimated future cash flows of the asset are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

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When determining the fair value less costs to sell, recent market transactions are taken into account. If the recoverable amount of an asset is estimated to be less than its carrying amount, the separate carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognized directly in the standalone profit or loss statement.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the carrying amount does not exceed the carrying amount that would have been determined had no impairment loss existed for the carriage amount of asset in prior years, A reversal of an impairment loss is recognized immediately in the standalone statement of profit or loss.

- **The useful life of fixed assets and intangible assets**

  The company's management determines the estimated useful life of fixed assets 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 yearly 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.

- **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.

- **Provisions and contingent liabilities**

  Management assess events and circumstances that might led to a commitment on the Company's side from performing its normal economic activities, management uses in this primary estimates and assumptions to judge the extend on which the provision's recognition conditions have been met at the financial statement date, and analyze information to assume whether past events lead to current liability against the Company and estimate the future cash outflows and timing to settle this obligation, in addition, selecting the method which enable the management to measure the value of the commitment reliably.

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g. Fair *value measurement*

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 :

- Investment with fair value through profit or loss.
- Financial instruments (Note No. 25)

h. The consolidated interim Financial Statements

The Company has subsidiaries and according to the Egyptian Accounting Standards No. (42) "consolidated financial statements" and Article 188 of the executive regulations for Companies' law No. 159 of 1981, the Company is preparing consolidated financial statements for the Group which should be used as a reference to understand the financial position, financial performance and cash flows for the group as a whole.

3- Sales

Revenue recognition at a point of time

	Note No.	2026 From January 1 To June 30 EGP	2026 From April 1 To June 30 EGP	2025 From January 1 To June 30 EGP	2025 From April 1 To June 30 EGP
Local sales		1 374 248 937	914 321 941	672 231 414	330 120 966
Export sales		1 622 242 010	1 091 153 755	944 903 112	530 737 258
		2 996 490 947	**2 005 475 696**	**1 617 134 526**	**860 858 224**

4- Cost of sales

	Note No.	2026 From January 1 To June 30 EGP	2026 From April 1 To June 30 EGP	2025 From January 1 To June 30 EGP	2025 From April 1 To June 30 EGP
Raw materials and consumables		1 358 729 287	793 796 631	879 770 069	461 125 613
Salaries and wages		393 091 744	294 535 276	157 439 324	77 072 957
Energy expense		496 893 745	360 901 162	221 667 800	111 668 300
Depreciation	(13)	78 906 044	57 678 167	36 743 645	18 369 343
Change in finished goods and work in process inventory	(18)	(121 093 672)	(36 680 447)	(91 463 033)	(27 608 496)
Levy, freight and clearing fees		144 078 451	93 827 703	58 132 699	28 440 896
Other		148 324 536	115 633 632	54 320 332	27 246 060
		2 498 930 135	**1 679 692 124**	**1 316 610 837**	**696 314 674**

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5- Other Income

	Note No.	2026 From January 1 To June 30 EGP	2026 From April 1 To June 30 EGP	2025 From January 1 To June 30 EGP	2025 From April 1 To June 30 EGP
Reversal of expired provision	(24)	29 400 000	7 890 000	22 000 000	--
Reversal of impairment in investment	(16)	4 615 914	--	--	--
Scrap and other revenues		8 437 067	6 528 123	5 943 569	3 184 425
		42 452 981	**14 418 123**	**27 943 569**	**3 184 425**

6- Selling and distribution expense

	Note No.	2026 From January 1 To June 30 EGP	2026 From April 1 To June 30 EGP	2025 From January 1 To June 30 EGP	2025 From April 1 To June 30 EGP
Exhibition expenses		5 125 600	3 975 511	8 446 053	4 301 686
Advertising Expenses		9 575 922	5 661 679	100 320	100 320
Marketing and distribution services	(31)	45 422 776	30 552 305	26 457 288	14 860 644
Other		6 772 751	3 245 751	1 044 507	120 904
		66 897 049	**43 435 246**	**36 048 168**	**19 383 554**

7- General and administrative expenses

	Note No.	2026 From January 1 To June 30 EGP	2026 From April 1 To June 30 EGP	2025 From January 1 To June 30 EGP	2025 From April 1 To June 30 EGP
Administrative salaries		45 232 033	25 254 029	30 830 554	15 482 169
Vehicles and Transportation expenses		10 430 825	6 108 583	9 683 243	5 052 143
Telephone and post expenses		1 770 687	769 263	2 064 169	851 498
Professional and consultation fees		20 674 958	11 794 235	12 599 081	7 192 365
Computer, networking and maintenance expenses		9 892 221	6 049 064	6 697 044	4 134 814
Taxes, fees and contribution health insurance		13 674 928	7 928 973	9 584 787	5 334 223
Admin Depreciation	(13)	1 832 357	946 839	1 564 306	802 972
Amortization of intangible assets	(14)	203 154	101 103	204 102	102 051
Other		2 960 589	(181 921)	6 404 403	3 193 897
		106 671 752	**58 770 168**	**79 631 689**	**42 146 132**

8- Expected credit loss

	Note No.	2026 From January 1 To June 30 EGP	2026 From April 1 To June 30 EGP	2025 From January 1 To June 30 EGP	2025 From April 1 To June 30 EGP
Expected credit loss on trade and other receivables / (reversal) of Ecl	(19)	13 133 565	(1 529 040)	15 375 883	9 375 883
		13 133 565	**(1 529 040)**	**15 375 883**	**9 375 883**

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9- Other Expenses

	Note No.	2026 From January 1 To June 30 EGP	2026 From April 1 To June 30 EGP	2025 From January 1 To June 30 EGP	2025 From April 1 To June 30 EGP
Formed claims provision	(24)	3 000 000	1 500 000	15 845 000	8 215 000
Board of directors allowances		3 507 411	3 492 411	30 000	15 000
Other expenses		14 217 100	12 909 023	3 575 928	3 316 757
		20 724 511	**17 901 434**	**19 450 928**	**11 546 757**

10- Finance expenses / income

10-1 Finance Expense

	2026 From January 1 To June 30 EGP	2026 From April 1 To June 30 EGP	2025 From January 1 To June 30 EGP	2025 From April 1 To June 30 EGP
interest expenses -credit facilities	114 526 235	79 294 163	66 714 026	40 666 745
Net foreign currencies exchange differences	12 942 090	51 517 836	--	--
Discounting notes payable to it's a present value	24 402 714	15 955 985	18 456 264	9 871 816
Total finance expense	**151 871 039**	**146 767 984**	**85 170 290**	**50 538 561**

10-2 Finance Income

	2026 From January 1 To June 30 EGP	2026 From April 1 To June 30 EGP	2025 From January 1 To June 30 EGP	2025 From April 1 To June 30 EGP
Interest Income	1 099 642	426 848	1 257 114	1 118 776
Net Foreign currency exchange differences	--	--	11 230 291	4 849 969
Total finance income	**1 099 642**	**426 848**	**12 487 405**	**5 968 745**

11- Income from investments

	Note No.	2026 From January 1 To June 30 EGP	2026 From April 1 To June 30 EGP	2025 From January 1 To June 30 EGP	2025 From April 1 To June 30 EGP
Income from investment at fair value through profit or loss	(20)	671 417	449 015	--	--
Income from dividends – burg Armaturen Fabrik- subsidiary		6 985 000	6 985 000	13 970 000	13 970 000
		7 656 417	**7 434 015**	**13 970 000**	**13 970 000**

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12- Basic and diluted earning per share in profit

Basic and diluted earning per share in profit according to profit or loss

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

	2026		**2025**	
	From January 1 To June 30 EGP	**From April 1 To June 30 EGP**	**From January 1 To June 30 EGP**	**From April 1 To June 30 EGP**
Net profit for the period (EGP)	119 703 765	47 240 641	78 052 064	35 184 658
Less:				
Employees' Dividends (estimated EGP)	(25 298 664)	(5 244 510)	(10 634 326)	(5 244 510)
	94 405 101	**41 996 131**	**67 417 738**	**29 940 148**
Weighted average-Number of shares during the period (share)*	80 000 000	80 000 000	80 000 000	80 000 000
Basic and diluted earnings per share in profit for the period (EGP/share)	**1.18**	**0.52**	**0.84**	**0.37**

- Earnings per share were calculated on the assumption that no dividends were distributed.

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13- Property, plant and equipment

Cost	Land* EGP	Buildings and constructions EGP	Machinery & Equipment EGP	Vehicles EGP	Tools EGP	Furniture, Office Equipment EGP	Computers EGP	Total EGP
As of 01/01/2026	**112 743 016**	**140 960 553**	**708 021 675**	**36 882 368**	**115 576 835**	**18 178 111**	**25 755 284**	**1 158 117 842**
Merge Adjustments**	34 738 551	224 912 291	1 063 449 594	56 005 211	70 363 989	5 707 829	3 143 497	1 458 320 962
Additions during the period	--	--	3 890 900	494 956	9 381 933	1 105 916	3 266 899	18 140 604
As of 30/6/2026	**147 481 567**	**365 872 844**	**1 775 362 169**	**93 382 535**	**195 322 757**	**24 991 856**	**32 165 680**	**2 634 579 408**
Accumulated Depreciation								
As of 01/01/2026	--	**92 934 899**	**552 727 051**	**28 793 461**	**109 857 816**	**10 970 070**	**15 337 823**	**810 621 120**
Merge Adjustments**	--	157 792 582	557 870 240	32 761 766	65 530 427	3 224 195	2 816 912	819 996 122
Depreciation of the period	--	4 226 034	68 605 514	3 549 756	2 087 824	575 028	1 694 245	80 738 401
As of 30/6/2026	**--**	**254 953 515**	**1 179 202 805**	**65 104 983**	**177 476 067**	**14 769 293**	**19 848 980**	**1 711 355 643**
Carrying amounts								
As of 30/6/2026	**147 481 567**	**110 919 329**	**596 159 364**	**28 277 552**	**17 846 690**	**10 222 563**	**12 316 700**	**923 223 765**
As of 31/12/2025	**112 743 016**	**48 025 654**	**155 294 624**	**8 088 907**	**5 719 019**	**7 208 041**	**10 417 461**	**347 496 722**
Fully depreciated assets and still working	**--**	**80 946 555**	**814 163 905**	**40 271 937**	**168 201 422**	**11 366 857**	**13 502 574**	**1 128 453 250**

Land and buildings include properties with the cost of EGP 1.8 million and EGP 6.5 million, respectively, acquired by the group under preliminary unregistered contracts.

Depreciation expense has been charged to profit or loss as follow:

	Note No	30/6/2026 EGP	30/6/2025 EGP
Cost of sales	(4)	78 906 044	36 743 645
General and administrative expense	(7)	1 832 357	1 564 306
		80 738 401	**38 307 951**

**The balance of merger – related adjustments represents the value of standalone property, plant and equipment transferred from the merged companies to the absorbing company in accordance with the resolution issued by the general authority for investment and free zones dated July 24, 2024 – Notes (1), (34)

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Property, plant and equipment (Continued)

Cost	Land EGP	Buildings and constructions EGP	Machinery & Equipment EGP	Vehicles EGP	Tools EGP	Furniture, Office Equipment EGP	Computers EGP	Total EGP
As of 01/01/2025	**112 743 016**	**140 960 553**	**667 352 041**	**37 136 368**	**112 839 905**	**15 171 647**	**16 291 498**	**1 102 495 028**
Additions during the period	--	--	1 159 826	--	503 168	1 410 236	6 095 695	9 168 925
Disposals for the period	--	--	--	(254 000)	--	--	--	(254 000)
As of 30/6/2025	**112 743 016**	**140 960 553**	**668 511 867**	**36 882 368**	**113 343 073**	**16 581 883**	**22 387 193**	**1 111 409 953**
Accumulated Depreciation								
As of 01/01/2025	**--**	**88 050 618**	**513 090 520**	**26 372 865**	**107 933 391**	**10 151 072**	**12 936 909**	**758 535 375**
Depreciation of the period	--	2 487 074	32 013 903	1 337 298	1 004 916	366 238	1 098 522	38 307 951
Accumulated depreciation for disposals	--	--	--	(254 000)	--	--	--	(254 000)
As of 30/6/2025	**--**	**90 537 692**	**545 104 423**	**27 456 163**	**108 938 307**	**10 517 310**	**14 035 431**	**796 589 326**
Carrying amounts								
As of 30/6/2025	**112 743 016**	**50 422 861**	**123 407 444**	**9 426 205**	**4 404 766**	**6 064 573**	**8 351 762**	**314 820 627**
As of 31/12/2024	**112 743 016**	**52 909 935**	**154 261 521**	**10 763 503**	**4 906 514**	**5 020 575**	**3 354 589**	**343 959 653**
Fully depreciated assets and still working	**--**	**32 353 629**	**411 129 356**	**23 509 531**	**102 793 523**	**8 885 865**	**10 555 429**	**589 227 333**

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* The balance of the land is represented in the following:

	June 30, 2026 EGP	December 31, 2025 EGP
Khorshid land in Alexandria	45 096 000	45 096 000
Maadi land	1 311 000	1 311 000
El awaid land	8 628 751	8 628 751
Burg elarab	34 738 551	--
Lebanon land	57 707 265	57 707 265
	147 481 567	**112 743 016**

- Property, plant and equipment include land and buildings that are purchased with preliminary contracts and unregistered in the company's name as follows:

	June 30, 2026 EGP	December 31, 2025 EGP
land	10 959 606	10 959 606
Buildings	6 513 000	6 513 000
	17 472 606	**17 472 606**

14- Intangible Assets

	Note No.	June 30, 2026 EGP	June 30, 2025 EGP
Cost			
At the beginning of the period		**6 878 231**	**6 878 231**
Merge adjustments		33 450	--
At the end of the period		**6 911 681**	**6 878 231**
Less:			
Accumulated Amortization			
Balance at the beginning of the period		**6 147 014**	**5 738 810**
Merge adjustments		33 450	--
Amortization charge of period	(7)	203 154	**204 102**
Balance as at the end of the period		**6 383 618**	**5 942 912**
Carrying Amount at the end of the period		**528 063**	**935 319**

15- Projects under construction

	June 30, 2026 EGP	December 31, 2025 EGP
Machinery and buildings under installation and other*	89 392 522	3 161 729
Advance for acquiring fixed assets	3 300 010	--
	92 692 532	**3 161 729**

* The item of machinery, equipment, building under installation and other represent installations specific to the company's factories.

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The following is the movement of projects under implementation during the Period/year: -

	Note No.	June 30, 2026 EGP	June 30, 2025 EGP
Balance at the beg. of the period		**3 161 729**	**4 965 642**
Merge adjustments	(34)	28 194 843	--
Addition during the period		61 335 960	26 183 058
Transferred to fixed assets during the period		--	(660 000)
Balance at the end of the period/ year		**92 692 532**	**30 488 700**

Information related to the value of capital commitments for the acquisition of fixed assets is presented in Note (29).

16- Investment in subsidiaries & Other investment

Company	Notes	Country	Ownership %	Total investments EGP	Impairment On investments EGP	Reversal of Impairment on investments EGP	Net investments 30/6/2026 EGP	Net investments 31/12/2025 EGP
Lecico for ceramics industries*	(34)	Egypt	99.99	--	--	--	--	126 297 152
International ceramics *	(34)	Egypt	99.97	--	--	--	--	59 995 000
European ceramics *	(34)	Egypt	99.97	--	--	--	--	49 985 000
Lecico (UK) Ltd		UK	100	303 103 607	--	--	303 103 607	303 103 607
Lebanese ceramics industries co.		Lebanon	94.77	71 269 000	--	--	71 269 000	71 269 000
Burg armaturen Fabric		Egypt	69.85	6 985 000	--	--	6 985 000	6 985 000
Sarreguemines		Egypt	99.85	9 985 000	(4 615 914)	4 615 914	9 985 000	5 369 086
Lecico for trading and distribution ceramics		Egypt	70.00	8 400 000	(8 400 000)	--	--	--
T.G.F for consulting and trading		Egypt	99.83	5 990 000	(2 743 492)	--	3 246 508	3 246 508
Lecico for financial investments		Egypt	99.33	2 980 000	--	--	2 980 000	2 980 000
Total investment in subsidiaries				**408 712 607**	**(15 759 406)**	**4 615 914**	**397 569 115**	**629 230 353**
Other investment								
Aracemco				18 926	--	--	18 926	18 926
Total investment				**408 731 533**	**(15 759 406)**	**4 615 914**	**397 588 041**	**629 249 279**

on June 17, 2025, the Extraordinary General Assembly of Lecico Egypt (an Egyptian joint-stock company) as the merging company approved the merger of both Lecico Ceramics Industries S.A.E (Merged Company), International Ceramic S.A.E (Merged Company) and European Ceramic Company S.A.E (Merged Company) into Lecico Egypt S.A.E and the merger was duly recorded in the Commercial Register on March 31, 2026.

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1- The management of Lecico Egypt assessed the need to form an impairment in the value of investments on March 31, 2026, so it prepared a study for the impairment in the value of the investment in Lecico (UK) Ltd (a subsidiary) amounting to EGP 303 million based on the expected future plan for Lecico (UK) Ltd (a subsidiary) in which it adopts achieving profits and positive results which will reflect positively on the operational and financial indicators in the coming years for the subsidiaries.

The following table illustrates the methods used to assess the fair value of an investment :

Company	**Method**	**Important inputs that cannot be obeserved**
Lecico limited UK	Discounted cash flows to equity	Growth Rate 4.4% Discount Rate 10%

2- The group's management decided to make a comprehensive restructuring plan for Lecico Lebanon (one of the group's subsidiaries) during 2019, in light of the negative results and flows achieved by the aforementioned company during the previous years. The restructuring plan for the subsidiary company includes restructuring its financial and operational aspects, making a fundamental change in production, as well as a comprehensive examination of the company's assets and its current value. At the present time, it is not possible to estimate the impact of the final outcome of the subsidiary company's restructuring plan after the recent events that the State of Lebanon is going through, as Lebanon is facing unstable political conditions due to the ongoing war, which had a great impact on its economy and the banking sector, which led to a decline in economic activity in general during the period, that may have a fundamental impact to evaluate the company's assets and liabilities resulting from its future activities.

17- Income tax

17-1 Income tax expense charged to statement of profit or loss

	2026		**2025**	
	From January 1 To June 30 EGP	**From April 1 To June 30 EGP**	**From January 1 To June 30 EGP**	**From April 1 To June 30 EGP**
Current Income tax expense	67 737 236	34 393 846	40 248 800	20 994 167
Deferred income tax	1 332 435	383 779	946 841	(1 502 992)
Dividends tax	698 500	698 500	--	--
	69 768 171	**35 476 125**	**41 195 641**	**19 491 175**

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17-2 Reconciliation of effective tax rate

	30/6/2026 EGP	30/6/2025 EGP
Net Profit before tax	**189 471 936**	**119 247 705**
Tax rate	%22,5	22.5%
Expected Income tax calculated based on the accounting Profit	**42 631 185**	**26 830 734**
Non-deductible tax expenses	52 221 956	22 560 631
provisions and ECL	(21 762 104)	9 220 883
Differences of foreign currency exchange	12 942 095	--
Depreciation of fixed assets	52 804 163	13 606 252
Discounting of notes payables /receivables to its present value	24 402 714	18 456 264
Tax base	**310 080 760**	183 091 738
Income tax according to statement of profit or loss	**69 768 171**	**41 195 641**
Effective Tax Rate	**36.8%**	**34.5%**

17-3 Deferred tax assets and liabilities

a- Recognized deferred tax liabilities movement.

In Egyptian Pound	Financial statement 30/6/2026	31/12/2025	Merger – Related adjustment	Profit or loss statement 30/6/2026	30/6/2025
Property, plant and Equipment (liability)	(55 942 972)	(7 599 159)	(47 011 378)	332 435 1	946 841
Deferred Tax for the period / Year	**(55 942 972)**	**(7 599 159)**	**(47 011 378)**	**332 435 1**	**946 841**

b- Unrecognized deferred tax assets

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

	June 30, 2026 EGP	December 31, 2025 EGP
Provisions	43 353 571	31 160 865
Expected credit loss in trades and other receivables	19 861 448	18 481 396
Impairment losses in inventory	3 515 091	2 572 194
Expected credit loss on cash and cash equivalents	670 027	670 027
Foreign currency exchange differences	2 911 971	--
Expected credit loss on due from related parties	1 085 804	1 085 804
Total	**71 397 912**	**53 970 286**

The deferred tax assets related to net Impairment value on provisions, the impairment in the value of debtors and other debit balances, the impairment in the inventory and Carried forward tax losses have not been recognized due to the conditions of tax deduction have not been met the lack of a appropriate degree to ensure the existence of sufficient future tax profits through which to benefit from these assets.

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17-4 Accrued income tax

	Note No.	June 30, 2026 EGP	December 31, 2025 EGP
Current income tax		67 737 236	89 179 363
Accrued income tax- balance brought forward from previous years		--	830 333
Tax authority-withholding tax		(103 441 551)	(20 665 353)
Accrued income tax for the merged companies (Merge adjustments)	(34)	70 674 106	--
		34 969 791	**69 344 343**

18- Inventories

	June 30, 2026 EGP	December 31, 2025 EGP
Raw materials	361 985 854	130 842 970
Consumables and spare parts	986 507 649	267 005 478
Work in progress	209 208 243	84 490 569
Finished goods	853 414 788	370 208 363
	2 411 116 534	**852 547 380**
Less:		
Write down of inventory	(15 622 628)	(11 431 973)
	2 395 493 906	**841 115 407**
Goods In transit	250 817 282	81 256 009
	2 646 311 188	**922 371 416**

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

	June 30, 2026 EGP	December 31, 2025 EGP
Balance at beginning of the period / year	**11 431 973**	**9 656 745**
Merge adjustments	4 190 655	--
Inventory write down during the period/ year	--	1 775 228
Balance at ending of the period / year	**15 622 628**	**11 431 973**

19- Trade and other receivables

	June 30, 2026 EGP	December 31, 2025 EGP
Trade Receivables	1 038 607 630	837 424 039
Notes Receivables	13 486 335	12 994 762
Other trade receivables	115 026 266	18 163 231
Prepaid expenses	29 033 145	4 853 132
Deposits held for others	103 210 626	68 941 650
Tax authority – VAT	270 171 415	98 367 603
	1 569 535 417	**1 040 744 417**
Less:		
Expected credit loss in trade and other notes Receivables	(88 273 104)	(82 139 539)
	1 481 262 313	**958 604 878**

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

	June 30, 2026 EGP	December 31, 2025 EGP
Balance at beginning of the period / year	**75 139 539**	**74 833 545**
Formed expected credit loss during the period/ year	13 133 565	7 305 994
Balance at ending of the period / year	**88 273 104**	**82 139 539**

20- Financial investments at fair value through profit or loss

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

The fund Units consist of 9 360 317 units purchased at a price of EGP 1.06834 per unit on February 15, 2026, with an annual return of 19.53%. The unit price reached EGP 1.14 on June 30, 2026, achieving a return of EGP 671 417 during the period – Note No. (11).

21- Cash and cash equivalent

	June 30, 2026 EGP	December 31, 2025 EGP
Banks - Current Accounts	234 758 345	172 976 853
Time deposits	32 845 322	476 700
Cash on hand	11 946 197	10 671 601
	279 549 864	**184 125 154**
Less:-		
Expected credit loss in cash and cash equivalents	(2 977 896)	(2 977 896)
	276 571 968	**181 147 258**
Less:-		
Restricted time deposits*	(492 300)	(476 700)
Cash and cash equivalents in the statement of cash flow statement	**279 057 564**	**183 648 454**

Expected credit loss movement

	June 30, 2026	December 31, 2025
Beginning balance during period / year	**2 977 896**	**2 977 896**
Formed balance during period / year	--	--
Ending balance during period / year	**2 977 896**	**2 977 896**

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* Time deposit balance represents a fixed deposit of USD 10,000 placed with the Arab African international Bank

22- Banks credit facilities

Bank credit facilities represents credit facilities and the total authorized facility limit of overdrafts is EGP 2 825 000 000 as of June 30, 2026 (December 31, 2025: EGP 1 281 250 000) while unutilized facilities amount is EGP 761 548 187 as of June 30, 2026 (December 31, 2025: EGP 565 923 523).

	Utilized from Credit facilities	
	June 30, 2026 EGP	**December 31, 2025 EGP**
Commercial international bank	198 681 666	72 240 615
Qatar national alahli bank	74 973 474	80 228 070
Arab African international bank	603 405 613	76 552 020
Attijari Wafa Bank	129 584 958	8 502 454
Abu Dhabi Islamic Bank- Mudarbah	639 823 693	347 489 886
Al Ahli Bank of Kuwait	--	19 833 184
National Bank of Egypt	416 982 409	110 456 949
Misr Bank-Europe	--	23 299
	2 063 451 813	**715 326 477**

The credit facilities granted by banks to the Company 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.

23- Trade and other payables

	June 30, 2026 EGP	December 31, 2025 EGP
Trade payable	770 946 329	321 904 730
Notes payable	259 889 406	106 171 295
Other trade payable	21 864 518	7 234 955
Accrued expenses	206 118 921	63 309 317
Social insurance authority and tax authority	27 356 797	7 779 616
Dividends payable	50 435 805	4 619 064
	1 336 611 776	**511 018 977**

24- Provisions

	Note No.	June 30, 2026 EGP	December 31, 2025 EGP
Balance at beginning of the period / year		138 492 735	96 658 091
Formed provisions during the period/year		3 000 000	44 245 000
Used provisions during the period/year		(22 409 221)	(2 410 356)
Reversal of expired provision		(29 400 000)	--
Merge adjustments	(34)	102 999 025	--
Balance at ending of the period / year		**192 682 539**	**138 492 735**

- Provisions represent the value of claims for obligations that are not specified in timing or amount in relation to the company's activities. The management reviews these provisions annually and adjusts the amount of the provision according to the latest update, discussions and agreements with those parties. The formed provisions are charged to the standalone statement of profit or loss

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- The Company did not disclose all of the information required in accordance with revised Egyptian Accounting Standard as the management assumes that the disclosure of such information would seriously affect the final settlement of those potential claims.

25- Long Term Notes Payable

The long term notes payable represent the present value of the notes payable issued in favor of vendors of company , with due dates more than one period from the reporting date, discounted at average effective interest rate of the company 20.11 %.

	June 30, 2026 EGP	December 31, 2025 EGP
Face value of long term notes payables	238 214 900	148 116 713
Deduct:		
Discounting on long term notes payables to its present value	(58 849 946)	(41 087 962)
Present value of long term notes payable	**179 364 954**	**107 028 751**

26- Objectives and policies for risk management of financial instruments

This note presents 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 about determining the fair value of the instruments, including judgments and estimation uncertainties.

The Company's main financial instruments include term deposits and financial investments
in financial assets at fair value through profit or loss. The main purpose of these financial instruments is to raise financing for the company's operations. The Company has many other
financial instruments such as customers and suppliers which 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.

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The company has the following financial instruments:

Financial Assets	Note No.	June 30, 2026 EGP	December 31, 2025 EGP
At amortization cost			
Banks current accounts and time deposits	(21)	264 625 771	170 475 657
Trade, notes and other receivables	(19)	1 182 057 753	855 384 143
Due from related parties	(31-1)	320 426 562	478 104 039
		1 767 110 086	**1 503 963 839**
Financial liabilities			
Banks credit facilities	(22)	2 063 451 813	715 326 477
Trade , Notes and other payables	(25),(23)	1 488 619 924	610 268 112
Due to related parties	(31-2)	45 348 008	741 278 197
		3 597 419 745	**2 066 872 786**

All financial assets and liabilities have been classified and measured at amortized cost, and the fair value of all financial instruments does not differ materially from their book value, except for financial assets that are measured at fair value.
For the purpose of disclosure of financial instruments, non-financial assets amounting to EGP 299 204 560 June 30,2026 (December 31 2025: EGP 98,607,585) have been excluded from other debit balances it was also excluded non-financial liabilities amount EGP 27 356 797 (December 31, 2025: EGP 7,779,616) have been excluded from other credit balances.

26-1 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.

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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
- Employees' accruals
- Cash in banks and on hand

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

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

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

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.

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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 and expenses or the value of its holdings of financial instruments.
The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimizing the return.

D- Foreign currency risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to a change in the foreign exchange rates.
The Company is exposed to foreign currency risk on purchases from foreign suppliers and loans denominated in foreign currency. The currencies giving rise to this risk are primarily US Dollar, Euro, Sterling Pound and South African Rand.
The following table displays the impact of an acceptable possible change in the exchange rates of the US dollar, the euro, the British pound and the South African rand. With all other variables remaining constant, the impact on the company's profits before taxation is due to changes in the value of monetary assets and liabilities. Changes in the exchange rates of all other foreign currencies are considered immaterial.

E- Interest rate risk

The 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 periodically evaluated by the Company's management. The Company does not enter into hedging contracts for interest rates.

F- Other market price risk

- The company is exposed to risks associated with the pricing of goods from service providers.

- Selling prices exhibit limited volatility

- To manage price risks, the company constantly monitor supply and demand treads in the market to determine the optimal time to enter service agreements.

- The company's management continuously monitors the fluctuations in the prices of key services.

Credit risk

The carrying amount of financial assets represents the maximum exposure to credit risk, the maximum exposure to credit risk at the date of separate financial position as follows:

	Note No.	June 30, 2026 EGP	December 31, 2025 EGP
Bank current accounts and Time deposits	(21)	264 625 771	170 475 657
Trade, notes and other receivables	(19)	1 182 057 753	855 384 143
Investment with fv through profit or loss	(20)	10 671 417	--
Due from related parties	(31-1)	320 426 562	478 104 039
		1 777 781 503	**1 503 963 839**

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Liquidity risk

This clarification provides the contractual terms for financial obligations

contractual obligation for financial liabilities at June 30, 2026	Contractual amount EGP	Carrying amount EGP	Less than year EGP	2-3 years EGP	3-4 or more years EGP
Banks Credit facilities and overdraft	2 063 451 813	2 063 451 813	2 063 451 813	--	--
Trade and Notes payable and other short term credit balance	1 309 254 970	1 309 254 970	1 309 254 970	--	--
Long term notes payable	238 214 900	179 364 954	--	94 852 840	143 362 060
Due to related parties	45 348 008	45 348 008	45 348 008	--	--
Total	**3 656 269 691**	**3 597 419 745**	**3 418 054 791**	**94 852 840**	**143 362 060**

contractual obligation for financial liabilities at December 31, 2025	Contractual amount EGP	Carrying amount EGP	Less than year EGP	2-3 years EGP	3-4 or more EGP
Banks Credit facilities and overdraft	715 326 477	715 326 477	715 326 477	--	--
Trade and Notes payable and other short term credit balance	503 239 361	503 239 361	503 239 361	--	--
Long term notes payable	173 513 300	107 028 751	--	81 938 897	91 574 403
Due to related parties	741 278 197	741 278 197	741 278 197	--	--
Total	**2 133 357 335**	**2 066 872 786**	**1 959 844 035**	**81 938 897**	**91 574 403**

Exposure to currency risk

The value of assets and liabilities in foreign currency at the date of the statement of financial position equivalent to EGP 1,364,343,084 and EGP 999,427,194 (2025: EGP 1,052,409,056 and EGP 423,290,547) respectively. The amounts in foreign currencies that expose the company to risk on June 30, 2026 are represented in the following, as shown in detail. Balances in foreign currencies, net at the date of the financial position:

Foreign currency	30/6/2026 Surplus / (Deficit)	31/12/2025 Surplus
US Dollar	785 782	4 248 345
Euro	5 709 737	6 028 345
Sterling Pound	(232 981)	1 046 744
Rand (South Africa)	6 993 669	7 597 112

The following is the average exchange rates during the period / year :

	Average exchange rate during the Period / year		closing rate at the interim Financial Statements date	
	30/6/2026	31/12/2025	30/6/2026	31/12/2025
US Dollar	50.72	47.50	49,23	47.67
Euro	59.16	56.24	56,12	56.01
Sterling Pound	68.24	64.55	65,15	64.15
Rand (South Africa)	3.08	2.94	3	2.87

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Sensitivity Analysis

A reasonably possible strengthening (weakening) of 5% other currencies exchange rate against Egyptian pound As of June 30, 2026, would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

	Profit or Loss	
	Increase	**(Decrease)**
US Dollar	1 934 202	(1 934 202)
Euro	16 021 522	(16 021 522)
Sterling Pound	(758 935)	758 935
Rand (South Africa)	1 049 050	(1 049 050)

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

	Profit or Loss	
	Increase	**(Decrease)**
US Dollar	1 012 930	(1 012 930)
Euro	16 882 380	(16 882 380)
Sterling Pound	3 357 431	(3 357 431)
Rand (South Africa)	1 090 185	(1 090 185)

Interest rate risk

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

Financial instruments with fixed interest rate	**June 30, 2026 EGP**	**December 31, 2025 EGP**
Financial assets – time deposit	32 845 322	476 700
Financial liabilities -Notes payable	179 364 954	107 028 751
Financial instruments with variable interest rate		
Financial assets – bank current accounts	234 758 345	172 976 853
Financial liabilities -credit facilities	2 063 451 813	715 326 477

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 separate statement of profit or loss.

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On Thursday April 25, 2025 the Central Bank of Egypt decided in its meeting to decrease the overnight rates by 725 basis points till December25, 2025 , Accordingly, the overnight deposit and lending rates, as well as the Central Bank's main operation rate, were reduced to 20%, 21%, and 20.5% respectively. The credit and discount rate was also lowered by 725 basis points to reach 20.5%.

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.

Measurement of Expected Credit Losses for trade receivables

The company assigns each exposure a credit risk rating based on the data identified to predict loss risks (including, but not limited to, external ratings and management accounts). A simplified approach has been used in measuring credit risk for customer and receivables items by categorizing customers into groups with similar characteristics, determining the historical period used to calculate the loss rate, which ranges from two to five years, and establishing the loss rate based on historical data while considering expected changes in macroeconomic indicators (such as growth rate, inflation rate, and unemployment rate). These rates are then multiplied by numerical factors to reflect the differences between economic conditions during the years in which the historical data was collected and current conditions.

The following table represents information about credit risk & credit loss for trade receivables and other debit balance :

	30/6/2026			31/12/2025		
Trade and note receivables	**Expected credit loss rate**	**Book value**	**Loss value**	**Expected credit loss rate**	**Book value**	**Loss value**
Not due	--	864 400 900	--	--	723 394 547	--
0-90 days	%13	103 312 060	13 144 010	%6.59	44 413 698	2 925 646
91-180 days	%44	14 590 461	6 473 866	%33.34	3 008 662	1 003 115
181-270 days	%62	1 503 286	931 985	%55.74	2 346 601	1 308 044
271-360 days	%69	1 836 344	1 272 329	%50.88	898 885	457 336
More than 360 days	%100	66 450 914	66 450 914	%100	76 445 398	76 445 398
Total		**1 052 093 965**	**88 273 104**		**850 507 791**	**82 139 539**

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Category	Company's definition of category	Basic for expected credit loss provision.
Performing	Other receivables have a low risk of default and a strong capacity to meet contractual cash flows.	12 month expected losses. Where the expected lifetime of an asset is less than 12 months, expected losses are measures at its expected lifetime.
Under performing	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	Repayment are 120 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

- "Fair value" is the price that will be received for the sale of an asset or paid for the transfer of an obligation in a structured transaction between market participants on the date of measurement in the asset or, in its absence, in the most advantageous market that the Company has access on that date. The fair value of liabilities reflects the risk of non-performance.
- A number of accounting policies and disclosures require a company to measure the fair values of both financial and non-financial assets and liabilities.
- The company has consistent practices regarding the measurement of fair values. Management is fully responsible for overseeing all significant fair value measurements, including the third fair value level.
- Management regularly reviews significant unnoteworthy inputs and evaluation adjustments. If third party information is used, such as broker quotes or pricing services. To measure fair value, management evaluates evidence obtained from third parties to support the conclusion that these valuations meet the requirements of 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.

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The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period 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.

27- Share capital and reserves

27-1 Authorized capital

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

27-2 Issued and paid up capital

The issued capital was determined and to be EGP 400 million (four hundred million Egyptian pounds) divided to 80 million shares (eighty million shares) nominal share with par value of EGP 5 (five Egyptian pounds) per share fully paid.

On October 29, 2024, the Financial Regulatory Authority approved the merger of Lecico for Ceramic Industries (merged company),International Ceramic Company (merged company), and European Ceramic Company (merged company)into Lecico Egypt (the merging company). As a result, the company’s capital was amended from EGP 400 million to EGP 200 million, distributed over 80,000,000 shares, with a nominal value of EGP 2.5 per share after amendment following the merger, while allocating EGP 22,797,230 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:

Shareholder Name	%	No. of Shares
Intage Holding Limited and its related	50 %	40 037 486
Al Olayan Saudi Arabia Investment Limited	19,9 %	15 915 058
Others	30,1 %	24 047 456
Total	**100 %**	**80 000 000**

- The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the company. All shares rank equally with regards to the Company’s residual assets. All rights relating to shares temporarily held by the company (treasury shares) if any are suspended until those shares are reissued.

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Capital management

- The policy of the company's board of directors is to maintain a strong capital to maintain the confidence of investors, creditors and the market, as well as to meet future developments of the activity.

The company's board of directors monitors the return on capital, which the company determines as net profit for the year divided by total equity. The company's board of directors also monitors the level of dividends for shareholders.
There are no changes in the company's capital management strategy during the period.
The company is not subject to any external requirements imposed on its own capital.

27-3 Reserves

	June 30, 2026 EGP	December 31, 2025 EGP
Legal reserves*	80 000 000	72 410 417
Capital increase reserves	4 000 000	4 000 000
Other reserves	1 571 486	1 571 486
Share premium reserve**	181 943 608	181 943 608
Land revaluation surplus***	42 901 149	42 901 149
Merger reserve	200 000 000	--
	510 416 243	**302 826 660**

* ***Legal reserve***

According to the Companies Law and the Company’s statues the Company is required to set aside 5% of the annual net profit to form a legal reserve. The transfer to legal reserve ceases once the reserve reaches 20% of the issued share capital based on company’s statues. The reserve is undistributable; however, it can be used to increase the share capital or offset losses. If the company continuously set aside 5% of the issued share capital till reaches to 20% if, the reserve falls below the defined level (20% of the issued share) .

Legal reserve has been increased with an amount of 7 589 583 EGP from the profit of year 2025 according to the decree of general assembly held on March 31, 2026.

** **Share premium reserve**

The balance of share premium result from issuing shares and GDR from issuing the company at the Egyptian stock exchange and London stock exchange.

*** **Land revaluation surplus**

Land revaluation surplus is represented in the adjusted value of Khorshid & Abou-Quir land that was modified to reevaluate the book value of company’s assets with its market value at the date of revaluation in the year 1997. The revaluation result was included in the revaluation surplus in the shareholders’ equity. That surplus is undistributable or transferable to capital which was closed at Retained earnings.

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28- Treasury shares

On March 18, 2023 the senior management approve to purchase 3,200,000 shares of the company's shares at a price of EGP 7.934 per share through the capital market, which represents 4% of the company's capital issues and traded in stocks exchange market.

On November 11, 2023, the Board of Directors of Lecico Egypt decided to approve the distribution of all previously purchased treasury shares to the company's shareholders as free shares, and legal and administrative measures have been taken for that and excluded on January 12,2024.

29- Capital commitments

There is capital commitments for the company as of June 30,2026 amounted 82,067,990 EGP (December 31,2025 amounted 35,752,500EGP) to purchase inventory and PUC.

30- Contingent liabilities

	30/6/2026 EGP	31/12/2025 EGP
Uncovered portion of letters of guarantee	43 566 097	21 166 299
Letters of credit	141 134 903	32 175 736
	184 701 000	**53 342 035**

31- Related parties

Related parties are represented in the Company' shareholders, board of directors, executive directors and Companies in which they own directly or indirectly shares giving them significant influence over these Companies. The Company made several transactions during the year with related parties and these transactions have been done in accordance with the terms determined by the Company's management and have been approved by the Company's Ordinary General Assembly

A summary of significant transactions concluded during the period at the separate financial position date were as follows:

Company	Nature	Nature transaction	30/6/2026 Transaction amount EGP	30/6/2025 Transaction amount EGP
Lecico PLC	A subsidiary	Sales	251 446 947	169 929 669
Lebanese ceramics industries co.	A subsidiary	Sales	16 093 964	8 082 958
Lecico for trading and distribution ceramics	A subsidiary	Sales	206 001 128	90 049 291
Lecico south Africa	A subsidiary	Sales	40 855 563	14 597 363
Lecico Poland	A subsidiary	Sales	--	2 585 301
Burg armaturen Fabric	A subsidiary	Purchase	23 838 944	3 950 435
Burg armaturen Fabric	A subsidiary	Dividends income from subsidiary	6 985 000	13 970 000
Lecico for ceramics industries	A subsidiary	Sales	25 384 559	16 339 899
Lecico for ceramics industries	A subsidiary	Purchase	279 010 969	356 892 149
Sarreguemines	A subsidiary	Sales	73 750 686	16 755 379
European ceramics	A subsidiary	Sales	20 752 031	9 152 645
European ceramics	A subsidiary	Purchase	328 514 668	7 640 460
International ceramics	A subsidiary	Sales	40 054 400	70 703 400
International ceramics	A subsidiary	Purchase	3 480 847	54 477
Ceramics management and services limited	Related party	Technical consultation	45 422 776	26 457 288

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31-1 Due from related partis

	30/6/2026 EGP	31/12/2025 EGP
Lecico PLC	51 658 642	60 391 683
Lebanese ceramics industries co.	171 284 153	147 311 229
Lecico for trading and distribution ceramics	12 094 703	25 273 109
Lecico south Africa	19 136 346	21 803 712
Lecico Poland	2 382 229	5 741 409
International ceramics	--	46 523 383
Sarreguemines	68 696 285	63 030 991
European ceramics	--	112 854 319
Total due from related partis	**325 252 358**	**482 929 835**
Expected credit loss in related parties	**(4 825 796)**	**(4 825 796)**
Net due from related parties	**320 426 562**	**478 104 039**

31-2 Due to related parties

	30/6/2026 EGP	31/12/2025 EGP
Ceramics management and services limited	29 298 104	15 355 755
Lecico for financial investment	2 716 788	2 747 998
T.G.F for consulting and trading	1 972 557	2 206 226
Burg armaturen Fabric	11 360 559	6 371 243
Lecico for ceramics industries co.	--	714 596 975
Total due to related partis	**45 348 008**	**741 278 197**

31-3 The top management payments:

The top management is represented by the Board of Directors and the main managers of the company. The salaries and benefits that were paid to the senior management during the financial year ended June 30, 2026 amounted to:

31-3-1 Top management / BOD payments

	30/6/2026 EGP	30/6/2025 EGP
Board of Directors Benefits and Allowances	3 507 411	30 000
	3 507 411	**30 000**

31-3-2 Non-Executive management payments

	30/6/2026 EGP	30/6/2025 EGP
Salaries and benefits	39 921 476	58 772 991
	39 921 476	**58 772 991**

32- **Tax statues**

- 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.

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- 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.

The following is the Company's tax status as of March 31, 2026, according to the opinion of the Company's tax administration.

First: <u>Corporate income tax</u>

The company submits tax returns on the legal dates in accordance with the provisions of the law and pays all tax obligations,

- The final settlement was made, and all tax obligation was paid from inception till 2020, expect part of late charges.
- The company's records were not examined from 2021 to Date.

Second: <u>Payroll tax</u>

The company submits tax returns on the legal dates in accordance with the provisions of the law and pays all tax obligations, if any

- The tax examination was completed and all tax obligations were paid until 2022, Expect late charges.
- The company's records were not examined from 2023 to date.

Third: <u>Stamp tax</u>

- 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: <u>Sales tax \ Value added tax</u>

The company submits tax returns on the legal dates in accordance with the provisions of the law and pays all tax obligations, if any.

- The tax examination was completed and all tax obligations were paid from inception till 2023, Expect late charges.
- The company's records were not examined from 2024 to date.

Fifth: <u>Real estate tax</u>

- 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 losed for each of its commercial. and financial transactions to modify the transactions in favor of Egyptian tax authority in accordance with the united tax revenue loan no. 206 of 2020 and its amendments.

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33- Material Accounting Policies

The accounting policies mentioned below have been applied to years presented in the separate financial Statements.

33-1 Foreign currency translation

33-1-1 Foreign currency transactions

- Transactions in foreign currencies are translated at the foreign exchange rate prevailing at the date of the transaction.
- Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at preparing periodic financial statements.
- Assets and liabilities that are measured at fair value in a foreign currency are translated at the exchange rate when the fair value was determined.
- Non - monetary assets and liabilities 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, foreign currency differences arising from the translation of the following items are recognized in OCI:

• Investment available for sale in equity instruments (except impairment, in which case foreign currency differences that have been recognized in OCI are reclassified to profit or loss).
• A financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective.
• Qualifying cash flow hedges to the extent that the hedges are effective.

33-2 Revenue from contracts with Customers

Revenue from contracts with customers is recognized by the company based on five step 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.

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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 delivering the goods and providing the services promised, it creates an asset based on payment for the contract performance obtained, when the amount of the contract received from customer exceeds the amount of the revenue recognized, resulting advance payments from the customer (contractual obligation)

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

The application of Egyptian Accounting Standard 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 year or at a point of 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 year of time, and if that is not the case, revenue is recognized at a point of time for the sale of goods, and revenue is usually recognized at a point of time.

Determine the transaction price.

- The Company must 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 and transfer of control in contracts with customers.

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:

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

The Company selected 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.

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. **Product sales**

Management evaluated the impact of applying the standard by applying the model referred to above and concluded that the current basis for revenue recognition is still appropriate because the only performance obligation is to deliver the quantities sold to its customers , whether domestic or export at the company's warehouses or other specified locations in accordance with the agreements , since according to the agreements concluded with customers , the company transfers control over the quantities sold to customers according to the following :

Local sales : The date of authorization for the goods to leaves the company's gates.
Export Sales : according to shipping term.

The value of revenue is measured by fair value of consideration received or due to the facility. Revenue is realized when there is sufficient economic benefits that will flow to the facility ,and the value of this revenue can be measured accurately No revenue is recognized in the event that not certain that the consideration will be recovered for this or cost associated with it.

b. **Dividends Income**

Dividends income is recognized in the separated statement of profit or loss on the date the Company's right to receive payments is established.

c. **Gain on sale of investments**

The gain on sale of financial investments are recognized when ownership transfers to the buyer, based on the difference between the sale price and it carrying amount at the date of the sale.

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d. Export subsidy revenue

Export subsidy revenue is recognized in the statement of profit or loss on cash basis. And is presented under other income.

33-3 Employees benefits

33-3-1 Short term employee benefit

Short term employee benefit are recognize as an expense when the related service is provided .The amount expected to be paid is recognize as a liability when the company has a legal or implicit obligation to pay this amount and the obligation can be changed to a reliable degree.

33-3-2 Workers' pension system

The company contributes to the governmental social insurance system for the benefit of its employees in accordance with the Social Insurance Law. Employees and employers under this law contribute to the system with a fixed percentage of wages. The company's commitment is limited to the value of its contribution, and the company's contributions are charged to the income statement according to the accrual basis.

33-4 Finance income and finance costs

The Company's finance income and finance costs include:
interest income;
interest expense;
Dividends;
Foreign exchange gain or loss on financial assets and liabilities
Net gain or Losses of hedging contracts for foreign exchange rates;
Interest income or expense is recognized using the effective interest method.
Dividends are recognized in the profit or loss statement at the date of declaration of these dividends.

33-5 Income tax

The current tax and the deferred tax are recognized as revenue or as an expense in the profits or losses of the year, except in cases where the tax arises from a process or event that is recognized - in the same year or in a different year - outside the profits or losses, whether in other comprehensive income or within equity. direct or business combination.

33-5-1 Current income tax

Current taxes for the current year and previous years that have not yet been paid are recognized as a liability, but if the taxes that have already been paid in the current year and previous years exceed the value due for these years, then this increase is recognized as an asset. The values of current tax liabilities (assets) for the current and prior years are measured at the value expected to be paid to (recovered from) the tax administration, using tax rates (and tax laws) that are in force or about to be issued at the end date of the financial year. Dividends are taxed as part of the current tax. Offsetting tax assets and liabilities is only made when certain conditions are met.

33-5-2 Deferred tax

Deferred tax is recognized for temporary differences between the accounting basis of assets and liabilities and the tax basis of those assets and liabilities. Deferred tax is recognized for all temporary differences expected to be taxable except for the following:
• First recognition of goodwill,
• Initial recognition of the asset or obligation of the process that:
(1) Not a compilation of works.
(2) does not affect the net accounting profit or tax profit (tax loss).

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• Temporary differences associated with investments in subsidiaries, sister companies and shares in joint ventures to the extent that the timing of reversing these temporary differences can be controlled and it is likely that such differences will not be reversed in the foreseeable future.

A deferred tax asset arising from the carrying forward of tax losses, the right to unused tax deduction and temporary deductible differences are recognized when there is a strong possibility of future taxable profits from which that asset can be used. The future tax profit is determined by the company's future business plan. The position of unrecognized deferred tax assets is reassessed at the end of each fiscal period and deferred tax assets that have not previously been recognized are recognized to the extent that it is likely in the future that there will be a tax profit that allows the value of the deferred tax asset to be absorbed. Deferred tax is measured using the tax rates expected to be applied when temporary differences are realized, using tax rates in force or in the process of being issued.
When measuring deferred tax at the end of the financial period, the tax effects of the procedures followed by the company for recovery or payment of the book value of its assets and liabilities are taken into account.
Tax assets and liabilities are not cleared unless certain conditions are met.

33-6 Inventories

Inventories are measured at the lower of cost or net realisable value. The cost of inventories is based on the weighted average method. The cost also includes other expenses incurred by the company to bring the inventory to its location and its current condition.
The net realisable value is determined on the basis of the expected selling price under normal circumstances, minus the estimated costs required to complete the sale.
Any impairment in the value of the inventory caused by a decrease in the net realisable value of the inventory is recognized in its book value, as are all other inventory losses, as an expense in the year in which the decrease or loss occurs.

33-7 Fixed assets and depreciation

33-7-1 Recognition and measurement

Items of fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses.
If significant parts of an item of fixed assets have different useful lives, then they are accounted for as separate items (major components) of fixed assets.
Any gain or loss on disposal of an item of fixed assets is recognised in profit or loss.

33-7-2 Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

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33-7-3 Depreciation

The depreciable value of a fixed asset – which is the cost of the asset – is depreciated according to the straight-line method over the estimated useful life of each type of fixed asset, and depreciation is charged to profits or losses. Land is not depreciated
The estimated useful lives of fixed assets for current and comparative periods are as follows:

Asset	Estimated useful lives (Years)
Buildings and constructions	20 - 40
Machinery and equipment	3-10
Vehicles	5
Tools	5
Furniture & office equipment	10
Computers	5

The methods of useful lives and the estimated value of assets are reviewed on the date of the financial statements.
Improvements in leased assets are depreciated over the term of the contract or its useful life, whichever is less. The depreciation method and useful lives of fixed assets are reviewed at the end of each fiscal period, and modified if necessary.

Profit or loss arising from disposal of property, pland and equipment are determined by comparing the disposal proceeds with carrying amount of the assets and are recognized in the separate statement of profit and loss under other income and expenses.

33-8 Intangible assets

The recognition and initial measurement

of this item represent the cost of acquiring software expected to be used, either through sale or operation. It is recorded at cost less accumulated amortization and impairment losses. Amortization begins once the software is ready for use, based on an estimate made by the management, which is prepared according to expectations regarding the benefits from the sale or operation of the software. This study should be reviewed periodically to verify the future benefit of such software and its potential for sale or operation. Amortization is calculated using the straight-line method if future benefits are confirmed. If there is no certainty regarding the future benefit of these expenses, amortization is calculated over the remaining useful life of the asset.

The amortization expense if recognized in the income statement as it is incurred and allocated to the operating costs benefiting from the software.

The useful life of intangible assets:

Computer Software	5 years

33-9 Projects under construction

All expenditures directly attributable to bringing the asset to a working condition for its intended use are recorded in projects under construction. Whenever the assets are completed and are ready for their intended use, it will be transferred to fixed assets caption. Projects under construction are recorded at cost and it is not depreciated unless it was transferred to fixed assets.

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33-10 Financial instruments

Financial assets

Recognition and initial measurement

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss, 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; FAIR VALUE through other comprehensive income – debt investment; fair value through other comprehensive income – equity investment; or fair value through profit or loss.

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 period 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 fair value through profit or loss:

A debt investment is measured at fair value through other comprehensive income if it meets both of the following conditions and is not designated as at fair value through profit or loss:

- 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 fair value through other comprehensive income as described above are measured at fair value through profit or loss. 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 fair value through other comprehensive income as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

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Financial assets

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

- The stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;

- How the performance of the portfolio is evaluated and reported to the Company's management; and

  The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;

- How managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and

- The frequency, volume and timing of sales of financial assets in prior periods, 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 de-recognition 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 and whose performance is evaluated on a fair value basis are measured at fair value through profit or loss.

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 period 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).

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

Financial assets – Subsequent measurement and gains and losses

Financial assets classified at fair value through profit or loss	Financial assets at fair value through profit or loss 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 de-recognition is recognized in profit or loss.
Equity investments at fair value through other comprehensive income	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 fair value through other comprehensive income	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 de-recognition, 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 either measured at amortized cost or at fair value through profit or loss. A financial liability is classified at fair value through profit or loss if it is designated as held for trading, or if it is a derivative or designated as such upon initial recognition. Financial liabilities measured at fair value through profit or loss recognize gains and losses, including any interest expenses, in the profit or loss statement. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expenses and foreign exchange gains or losses are recognized in profit or loss. Any gain or loss upon derecognition is also recognized in the profit or loss statement.

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Derecognition from Books

Financial Assets

A financial asset is derecognized by the company when the contractual right to receive cash flows from the financial asset has expired, or when it has transferred the contractual right to receive cash flows from the financial asset in a transaction that transfers substantially all the risks and rewards of ownership of the financial asset. Alternatively, if the company has not transferred or retained substantially all the risks and rewards of ownership of the financial asset and has not retained control, the asset is also derecognized.

The company may enter into transactions that involve transferring recognized assets in its statement of financial position, while retaining all or substantially all the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

Financial Liabilities

A financial liability is derecognized when it is extinguished, either through settlement, cancellation, or expiration of the term specified in the contract. The company also derecognizes a financial liability when its terms are modified, and the cash flows of the modified liabilities differ significantly; in this case, a new financial liability is recognized based on the modified terms at fair value.

Upon derecognition of a financial liability, the difference between the carrying amount settled and the consideration paid (including any non-cash assets transferred or liabilities incurred) is recognized in the profit or loss statement.

33-11 Share capital

33-11-1 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”.

33-11-2 Repurchase of share capital (Treasury shares)

When the shares of the issued capital are repurchased, the amount paid for the repurchase, which includes all direct costs related to the repurchase, is recognized as a reduction of equity. Shares repurchased are classified as treasury shares and are shown deducted from equity. When selling or re-issuing treasury shares, the amount collected is recognized as an increase in shareholders' equity, and the surplus or deficit resulting from the transaction is presented within the issuance premium.

33-12 Impairment

Non-derivative financial assets

Financial instruments and assets arising from the contract

The Company recognizes expected credit loss for the following items:

- Financial assets that are measured at amortized cost.
- For investments in debt instruments that are measured at fair value through other comprehensive income.
- Assets arising from the contract.

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The Company measures the loss at an amount equal to the lifetime ECL of the financial asset, except for the following, which are measured at an amount equal to the 12-month ECL:
Debt instruments that are determined to have low credit risk at the reporting date.
Other debt instruments and bank balances in which credit risk (ie the risk of default over the expected life of the financial instrument) has not increased significantly since initial recognition.

Commercial customer losses and assets arising from contracts are always measured at an amount equal to their lifetime expected credit losses.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, 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 analyses, based on the company's historical experience and known credit rating including forward-looking information.
The Company assumes that the credit risk of a financial asset has increased significantly if it has been past due for collection for a period of more than 30 days.

<u>The Company considers a financial asset to be in default when:</u>

- It is unlikely that the Borrower will pay its credit obligations to the Company in full, without recourse on the part of the Company to measures such as liquidation of the collateral (if any); or
- The financial asset according to the terms of payment and the nature of each customer sector separately and in light of the study of expected credit losses prepared by the company.

The Company considers debt instruments to have low credit risk when their credit risk rating is equal to the globally understood definition of "investment grade".
Lifetime expected credit losses are the expected credit losses that result from all possible failure events over the expected life of the financial instrument.
12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12-month period after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).
The maximum period considered when estimating expected credit losses is the maximum contractual period over which the company is exposed to credit risk.

<u>Measure expected credit losses</u>
It is a probability-weighted estimate of credit losses. The present value of all cash shortfalls is measured (ie the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the entity expects to receive).
Expected credit losses are discounted at the effective interest rate of the financial asset.

<u>Credit impaired financial assets</u>
At each reporting date, the company assesses whether financial assets carried at amortized cost and debt instruments measured at fair value through other comprehensive income are credit impaired. A financial asset is considered “credit-impaired” when one or more events occur that have a detrimental effect on the estimated future cash flows of the financial asset.

<u>Evidence indicating credit impairment of financial assets includes observable data:</u>
Significant financial difficulty for the lender or issuer.
a breach of contract such as defaulting on or being more than 120 days past due and a restructuring of a loan or advance by the Company on terms that the Company will not otherwise observe, and the Borrower is likely to enter bankruptcy or other financial reorganization; or the disappearance of an active market for a security because of financial difficulties.

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Display expected credit losses in the statement of financial position

The loss allowance for financial assets that are measured at amortized cost is deducted from the total amount of the carrying amount of the assets.
For debt securities that are measured at fair value through other comprehensive income, the loss allowance is charged to profit or loss and recognized in other comprehensive income.

Debt write-off

The total gross book value of a financial asset is written off when the company has no reasonable expectations of recovering all or part of the financial asset. For individual clients, the Company has a policy of writing off the gross book value when the financial asset is more than two years due based on previous experience in recovering similar assets. For corporate clients, the Company makes an assessment on its own as to the timing and amount of write-offs based on whether there is a reasonable expectation of recovery. The Company does not expect any significant recovery from the amount written off. However, financial assets that have been written off may still be subject to compliance activities in order to comply with the Company's procedures for recovery of amounts owed.

33-13 Non-Financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories, bio logical assets, investment properties, 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.

33-14 Provisions

Provisions are valued at the present value of expected future cash flows discounted at a before tax discount rate that reflects current market assessments of the time value of money and the risks specific to the liability. An increase in the carrying amount of a provision resulting from the use of discounting to create a present value that reflects the passage of time is recognized as a borrowing cost

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33-15 Cash and cash equivalents

Cash and cash equivalents include cash balances and time deposits. For the purposes of preparing the statement of cash flows, cash and cash equivalents are defined as cash balances in the fund, current accounts with banks, term deposits, and treasury bills, which do not exceed three months. Overdraft bank balance, which is paid upon request, is considered part from the company's management of cash

33-16 Dividends

The Company distributes not less than 10% of net profits, after deducting the statutory reserve support, as a share of profits to employees, provided that such amount does not exceed the total annual salaries of employees of the Company. This distribution is made in accordance with the rules proposed by the Board of Directors and approved by the General Assembly, in compliance with the provisions of Companies Law.

Employees' share of profits is recognized as profit distributions within the statement of changes in equity and is recognized as a liability during the financial year in which it was approved by the Company's shareholders.

33-17 Loans

Borrowings are initially recognized at fair value, net of transaction costs incurred. They are subsequently measured at amortized cost, with any difference between the proceeds (net of transaction costs) and recoverable value recognized in profit or loss over the life of the loans using the effective interest method.

33-18 Borrowing cost

Borrowing costs related to the acquisition ,construction or production of a qualifying asset , which require a long period of time to prepare it for use for its intended purposes or for sale, are capitalized as part of the cash of the asset . other borrowing costs are charged as an expense in the year in which they are incurred. Borrowing costs are represented by interest costs and other costs that the company spends to borrow money.

33-19 Investments in subsidiaries

Subsidiary companies are the entities in which the "Company" investor has the ability to control its financial and operating policies of the entity this ability exists by possessing half of the voting power or more in the related subsidiary.

Investments in subsidiaries are stated – when acquired – at its acquisition cost. If a decline in the recoverable amount exists for any investment below the carrying amount "Impairment", the carrying amount of the investment will be adjusted by the amount of such impairment and will be charged to the statement of profit or loss for each investment.

33-20 Basic share in profit or loss

The company offers basic share price for its common stock. Basic share per share is calculated by dividing the profit and loss related to the shareholders for their contribution to the company's ordinary shares by the weighted average number of ordinary shares outstanding during the period for which the interim financial statements are prepared.

33-21 Statement of cash flows

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

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33-22 Lease contracts

1- Determine whether the arrangement contains a rental contract or not

At the inception of the arrangement, the company determines whether the arrangement is or contains a lease.

At inception or on reassessment of an arrangement containing a lease, the Company separates the payments and other consideration required by the arrangement into those of the lease and those of other components on the basis of their relative fair values.

If the company concludes in a finance lease that it is not possible to reliably separate the payments, then the asset and liability are recognized at an amount equal to the fair value of the underlying asset; After that, the obligation is reduced when the payments are made, and the financing cost is recognized, calculated on the obligation, using the company's incremental borrowing rate.

2- Leased assets

Leases of property, plant and equipment that transfer substantially all the risks and rewards of ownership to the Company are classified as finance leases. Leased assets are initially measured at an amount equal to the lower of the fair value of the fair value and the present value of the minimum lease payments. After initial recognition, the assets are accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases are classified as operating leases and are not recognized in the company's statement of financial position.

3- Lease payments

Payments made under operating leases are recognized in profit or loss on a straight-line basis over the lease term. Lease incentives received are recognized as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between finance charges and reduction of outstanding obligations. Finance expenses are charged for each lease year to reach a constant periodic rate of interest on the remaining balance of the liability.

34- The Merge

The Board of Directors of Lecico Egypt (Holding Company), in its meeting held on September 17, 2024, resolved to approve the decision of the committee formed by the General Authority for Investment and Free Zones, approved on July 24, 2024, authorizing the merger of Lecico Egypt (Egyptian Joint Stock Company) (Acquiring Company) with Lecico Ceramics Industries (Egyptian Joint Stock Company) (Acquiring Company), International Ceramics Company (Egyptian Joint Stock Company) (Acquiring Company), and European Ceramics Company (Egyptian Joint Stock Company) (Acquiring Company). The merger will be based on the book values as per the financial statements of the acquiring and acquired companies as of December 31, 2022, which serve 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 (Egyptian Joint Stock Company) (Acquiring Company) approved the merger resolution. On June 23, 2025, the Extraordinary General Assembly of companies approved the merger. The merged companies were approved by the merger decision, and this was recorded in the Commercial Register on March 31, 2026.

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<u>The following are the consolidated financial statements for the merged companies as of the Commercial Register registration date of March 31, 2026.</u>

	Note No.	March 31,2026 EGP
Assets		
Non-Current Assets		
Property, plant & equipment	(13)	638 324 840
Projects under construction		28 194 843
Non-Current Assets		**666 519 683**
Current Assets		
Inventories		888 998 210
Trade and other receivables		140 006 049
Due from related parties		1 163 134 334
Current Tax Assets		21 572 540
Cash and cash equivalents		43 533 904
Current Assets		**2 257 245 037**
Total Assets		**2 923 764 720**
Non-Current Liabilities		
Deferred tax liabilities	(17-3)	47 011 378
Notes payable		116 994 048
Non-Current Liabilities		**164 005 426**
Current Liabilities		
Bank credit facilities		783 018 282
Trade and other payables		592 315 041
Due to related parties		10 452 379
Income tax liability	(17-4)	70 674 106
Provisions	(24)	102 999 025
Current Liabilities		**1 559 458 833**
Total Liabilities		**1 723 464 259**
Net equity for merger companies at March 31,2026		**1 200 300 461**
Distributed as follows:		
Net equity for merger companies after December 31,2022 till the date of deregistration from the commercial registry		**874 770 130**
net equity of the merged companies after taking into account the impact of GAFI adjustments	**(35)**	**325 530 331**

Statement of profit or loss	**March 31,2026 EGP**
sales	1 289 153 508
Cost of sales	(1 246 830 729)
Gross Profit	**42 322 779**
Other Income	3 886 827
Selling and Distribution Expenses	(8 292 730)
General and Administrative Expenses	(3 745 281)
Other Expenses	(23 228 998)
Profit from operating activities	**10 942 597**
Finance Expense	(18 131 876)
loss before tax	**(7 189 279)**
Income tax expense	(25 401 711)
Net loss for the period of the merged companies, recognized with retained earnings at March 31, 2026, of the absorbing company	**(32 590 990)**

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35- General Authority for Investment Settlements

The adjustments to the balances of the Merging company as of December 31, 2022 (the merging date), in accordance with the report issued by the committee formed pursuant to the decree of the Minister of Investment and International Cooperation for the purpose of evaluating net equity, amounted to:

EGP	2022/12/31 Before GAFI adjustments at merger date Lecico Egypt	2022/12/31 Before GAFI adjustments at merger date Lecico for ceramics	2022/12/31 Before GAFI adjustments at merger date International ceramics	2022/12/31 Before GAFI adjustments at merger date European ceramics	2022/12/31 GAFI Adjustments	2022/12/31 After GAFI adjustments at merger date Lecico Egypt	2022/12/31 After GAFI adjustments at merger date Lecico for ceramics	2022/12/31 After GAFI adjustments at merger date International ceramics	2022/12/31 After GAFI adjustments at merger date European ceramics
Non-Current Assets									
Property, plant & equipment	198 528 634	46 825 567	115 873 722	42 279 384	(65 586 179)	132 942 455	46 825 567	115 873 722	42 279 384
Projects under construction	1 835 595	--	22 577	--	--	1 835 595	--	22 577	--
Investment in subsidiaries and other investment	345 356 533	--	--	--	(213 716 624)	131 639 909	--	--	--
Investment in subsidiaries (merged companies)	236 751 731	20 000	10 000	15 000	(236 796 731)	--	--	--	--
Long term notes receivables	541 578	--	--	--	--	541 578	--	--	--
Total Non-Current Assets	**783 014 071**	**46 845 567**	**115 906 299**	**42 294 384**	**(516 099 534)**	**266 959 537**	**46 825 567**	**115 896 299**	**42 279 384**
Current Assets									
Inventories	352 816 114	208 786 359	86 785 249	240 369 332	--	352 816 114	208 786 359	86 785 249	240 369 332
Trade and other receivables	532 396 898	111 220 082	16 502 007	45 508 429	(39 818 518)	515 293 200	88 931 880	16 437 930	45 145 888
Due from related parties	355 819 181	120 935 164	308 521 821	140 328 438	(49 894 283)	306 047 035	120 935 164	308 399 684	140 328 438
Cash and cash equivalents	159 976 028	12 417 365	19 701 235	7 896 211	--	159 976 028	12 417 365	19 701 235	7 896 211
Total Current Assets	**1 401 008 221**	**453 358 970**	**431 510 312**	**434 102 410**	**(89 712 801)**	**1 334 132 377**	**431 070 768**	**431 324 098**	**433 739 869**
	2 184 022 292	**500 204 537**	**547 416 611**	**476 396 794**	**(605 812 335)**	**1 601 091 914**	**477 896 335**	**547 220 397**	**476 019 253**
Non-Current Liabilities									
Loans	7 422 000	--	--	--	--	7 422 000	--	--	--
Deferred tax liabilities	7 139 264	518 811	7 967 549	1 602 217	--	7 139 264	518 811	7 967 549	1 602 217
Provisions	7 702 386	--	--	--	--	7 702 386	--	--	--
Notes payable	123 308 857	31 382 059	80 915 958	30 015 262	--	123 308 857	31 382 059	80 915 958	30 015 262
Total Non-Current Liabilities	**145 572 507**	**31 900 870**	**88 883 507**	**31 617 479**	**--**	**145 572 507**	**31 900 870**	**88 883 507**	**31 617 479**
Current Liabilities									
Bank credit facilities	551 303 949	206 171 242	167 808 279	192 887 747	--	551 303 949	206 171 242	167 808 279	192 887 747
Loans	29 688 000	--	--	--	--	29 688 000	--	--	--
Trade and other payables	933 438 527	142 287 041	115 483 772	125 389 998	39 154 819	933 438 527	142 287 041	122 694 708	157 333 881
Provisions	43 900 335	751 000	31 935 900	1 334 000	--	43 900 335	751 000	31 935 900	1 334 000
Total Current Liabilities	**1 558 330 811**	**349 209 283**	**315 227 951**	**319 611 745**	**39 154 819**	**1 558 330 811**	**349 209 283**	**322 438 887**	**351 555 628**
Total Liabilities	**1 703 903 318**	**381 110 153**	**404 111 458**	**351 229 224**	**39 154 819**	**1 703 903 318**	**381 110 153**	**411 322 394**	**383 173 107**
Net Shareholders' Equity	**480 118 974**	**119 094 384**	**143 305 153**	**125 167 570**	**(644 967 154)**	**(102 811 404)**	**96 786 182**	**135 898 003**	**92 846 146**
						(102 811 404)		**325 530 331**	

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