Second Quarter 2026 Results

Alexandria, 15th August 2026 – Lecico Egypt (Stock symbols: LCSW.CA; LECI EY) announces its consolidated results for the Second quarter 2026.

Highlights

2Q 2026

- Lecico revenue up 30% to LE 2,433.1 million (66.9% from sanitary ware).
- Sanitary ware revenue up 29% to LE 1,627.7 million, sales volumes up 18% to 1.1 million pieces (77.5% exports).
- Tile revenue up 27% to LE 689.5 million, sales volumes up 4% to 5.5 million square meters (7% exports).
- Brassware revenue up 59% to LE 115.9 million, sales volume up 40% to 48,464 pieces.
- EBIT profit up 37% to LE 268.2 million compared to LE 195.1 million in 2Q 2025.
- Net profit of LE 47.6 million compared to net profit of LE 53.1 million in 2Q 2025.

1H 2026

- Lecico revenue up 23% to LE 4,389.9 million (65.5% from sanitary ware).
- Sanitary ware revenue up 24% to LE 2,877.1 million, volumes up 14% to 1.9 million pieces (76.9% exports).
- Tile revenue up 17% to LE 1,309.9 million, volumes up 1% to 10.8 million square meters (7.3% exports).
- Brassware revenues up 64% to LE 202.8 million, sales volume up 50% to 85,854 pieces.
- EBIT profit of LE 417.1 million compared to EBIT profit of LE 412.9 million in the same period last year.
- Net profit of LE 90 million compared to net profit of LE 145.5 million in the same period last year.

Lecico Egypt Chairman, Gilbert Gargour commented, "Despite continued inflationary pressures and regional uncertainty, the Group delivered one of its strongest operating performances of recent years, reflecting improving efficiency, export growth and resilient domestic demand.

"Our underlying operating performance remained strong throughout the quarter, however reported net profit was adversely affected by significant foreign exchange translation losses following the appreciation of the Egyptian Pound.

"This quarter we benefited from improved operational efficiency in sanitary ware and tiles and two local price increases although we suffered from cost increases in raw materials and a stronger currency reducing our average export prices.

"This has certainly been an eventful first half of the year with an unstable international environment and lots of regional instability. I am pleased with our performance this quarter in the face of this volatility.

"The rest of the year will continue to be challenging one with price and cost pressure on margins continuing. Lecico is continuing to develop and improve, but this may be hard to see in our coming financials as headwinds obscure our progress. Lecico has weathered these cycles of margin pressure many times over the years. I have every confidence we will emerge from 2026 a stronger business."

Taher Gargour, Lecico Egypt CEO, added, "The second quarter of 2026 shows strong growth through the operating profit level despite cost inflation and a stronger currency squeezing our export revenues and negatively impacting our bottom line with exchange variance losses.

"Revenue increased by 30% to LE 2,433.1 million, while operating profit (EBIT) increased by 37% to LE 268.2 million, reflecting continued operational momentum despite significant cost inflation. Net profit of LE 47.6 million was broadly in line with the prior year after foreign exchange losses arising from the appreciation of the Egyptian Pound.

"I believe our strong results through the operating line this quarter are a real achievement in the light of these pressures. Underpinning this good result is a strong effort to deliver growth and raise prices from all sides of the Company.

"Our local sales saw a boost from a strong marketing push in Egypt around the launch of our luxury sub-brand with a range of new sanitary ware products launched and new tile and sanitary ware products showcased in advance of their launch in the second half of the year. This brand and product refresh has been a key factor in our strong growth in sales volumes in Egypt. We also pushed through two local prices increases over the quarter with another planned for August.

"Exports reached their highest quarterly level for several years as the team's continued focus on expanding our customer base and growing existing relationships delivered tangible results. This was also significantly impacted by our sanitary ware product refresh with newer models increasingly driving demand.

"Although the global political and economic outlook remains volatile and uncertain, we are hoping to see top line growth in the second half as we continue to roll out new products – including porcelain tiles and several new sanitary ware ranges and colours. We also expect to see continued export growth despite the threats of increased shipping costs and new tariffs in some markets. Whilst we expect cost inflation to remain ahead of price increases in the near term, we will continue to pursue pricing initiatives, operational efficiencies and cost reduction programmes to mitigate the impact wherever possible.

"We will look to economies of scale and efficiency gains to offset this cost inflation, but we will likely not unlock enough to fully offset these pressures this year. We will continue to work hard to preserve and build on our financial results in the coming quarters.

Lecico Revenue and Profitability

Profit and loss statement highlights	2Q		%	1H		%
(LE m)	2026	2025	26/25	2026	2025	26/25
Sanitary ware	1,627.7	1,259.8	129%	2,877.1	2,324.5	124%
Tiles	689.5	544.8	127%	1,309.9	1,119.9	117%
Brassware	115.9	72.9	159%	202.8	123.7	164%
Sales	**2,433.1**	**1,877.5**	**130%**	**4,389.9**	**3,568.1**	**123%**
Sanitary ware/sales (%)	66.9%	67.1%	(0.2%)	65.5%	65.1%	0.4%
Cost of sales	(1,910.6)	(1,428.5)	134%	(3,472.0)	(2,678.7)	130%
Cost of sales/sales (%)	(78.5%)	(76.1%)	2.4%	(79.1%)	(75.1%)	4.0%
Gross profit	**522.5**	**449.0**	**116%**	**917.9**	**889.4**	**103%**
Gross profit margin (%)	21.5%	23.9%	(2.4%)	20.9%	24.9%	(4.0%)
Distribution and administration (D&A)	(256.5)	(212.2)	121%	(472.3)	(405.7)	116%
D&A/sales (%)	(10.5%)	(11.3%)	(0.8%)	(10.8%)	(11.4%)	(0.6%)
Net other operating income/ (expense)	2.2	(41.7)	-	(28.5)	(70.9)	40%
Net other operating income/ (expense) sales (%)	0.1%	(2.2%)	-	(0.6%)	(2.0%)	(1.3%)
EBIT	**268.2**	**195.1**	**137%**	**417.1**	**412.9**	**101%**
EBIT margin (%)	11.0%	10.4%	0.6%	9.5%	11.6%	(2.1%)
Net profit	**47.6**	**53.1**	**90%**	**90.0**	**145.5**	**62%**
Net profit margin (%)	2.0%	2.8%	(0.9%)	2.1%	4.1%	(2.0%)

2Q 2026: Strong operations growth offset by exchange losses on strengthening pound

Lecico's second quarter results show strong top-line growth driving better results in operations despite a deterioration in margins year-on-year because of cost inflation and increased volatility in the region and internationally. The Egyptian Pound appreciated significantly in the quarter driving negative exchange variances which diluted the bottom-line despite operational profit growth.

Revenues for the second quarter increased by 30% year-on-year to reach LE 2,433.1 million (2Q 2025: LE 1,877.5 million) with higher pricing in all segments. Local revenues were up 48% year-on-year to reach LE 1,084.8 million (2Q 2025: LE 734.5 million) and export revenues were up 18% year-on-year to reach LE 1,348.2 million (2Q 2025: LE 1,143.1 million).

Quarter-on-quarter revenues increased 24% with higher sales volumes (1Q 2026: LE 1,956.8 million). Local revenues increased 20% to LE 1,084.8 million (1Q 2026: LE 904.3 million) and exports increased 28% to LE 1,348.2 million (1Q 2026: LE 1,052.5 million).

Lecico's cost of goods sold increased by 34% year-on-year to LE 1,910.6 million (2Q 2025: LE 1,428.5 million) as a result of inflation in both Egyptian and imported costs. Quarter-on-quarter Lecico's cost of goods sold increased 22% (1Q 2026: LE 1,561.4 million).

Lecico's gross profit for the second quarter increased 16% year-on-year to LE 522.5 million (2Q 2025: LE 449 million) although Lecico's gross profit margin decreased 2.4 percentage points to 21.5% compared to 23.9% in the same period last year.

Quarter-on-quarter gross profit increased by 32% (1Q 2026: LE 395.4 million) and gross profit margin increased 1.3 percentage points to 21.5% compared to 20.2% in the 1Q 2026.

In absolute terms, distribution and administration (D&A) expenses increased by 21% to LE 256.5 million (2Q 2025: LE 212.2 million), but proportional D&A expenses were down by 0.8 percentage points to 10.5% (2Q 2025: 11.3%).

Quarter-on-quarter distribution and administration (D&A) expenses increased 19% (1Q 2026: LE 215.8 million), but proportional D&A expenses were down by 0.5 percentage points to 10.5% (1Q 2026: 11%).

Lecico reported LE 2.2 million in net other operating income compared to a net other operating expense of LE 41.7 million in the same period last year. This is primarily due to reduced provisions for operational risks (customer and inventory) and tax risks.

Quarter-on-quarter Lecico reported an LE 32.9 million improvement in net other operating expenses (1Q 2026: LE 30.7m net other operating expense).

Lecico's EBIT profit for the second quarter increased 37% year-on-year to LE 268.2 million (2Q 2025: LE 195.1 million). Lecico's EBIT margin increased by 0.6 percentage points to 11% compared to 10.4% in the same period last year.

Quarter-on-quarter Lecico's EBIT profit increased 80% (1Q 2026: LE 148.9 million) and the margin increased 3.4 percentage points (1Q 2026: 7.6%).

Lecico reported LE 159.5 million in net financing expenses compared to net financing expenses of LE 87.2 million in the same period last year. The increase in financing expenses is primarily due to exchange loss of LE 51.4 million compared to exchange gain of LE 20.8 in the same period last year.

Lecico reported a net tax charge of LE 54.9 million in the second quarter versus tax charge LE 52.8 million in the same period last year and LE 66.2 million in the previous quarter.

Lecico reported net profit of LE 47.6 million in the second quarter compared to net profit of LE 53.1 million in the same period last year. Lecico's Net Profit margin decreased 0.9 percentage points to 2.0% (2Q 2025: 2.8%). Quarter-on-quarter Lecico's net profit increased 12% (1Q 2026: LE 42.4 million), but net profit margin decreased 0.2 percentage points to 2.0% compared to 2.2% in the last quarter.

1H 2026: Top line growth drives improvement in operating profits despite margins drop

Lecico revenues for the first half increased by 23% year-on-year to LE 4,389.9 million (1H 2025: LE 3,568.1 million) due to price and volume growth in all segments.

Lecico's cost of goods sold was up 30% year-on-year to LE 3,472 million (1H 2025: LE 2,678.7 million) as strong cost inflation hit both imported and Egyptian costs.

Gross profit increased by 3.2% to reach LE 917.9 million (1H 2025: LE 889.4 million), but the Company's gross profit margin was down 4 percentage points to 20.9% compared to 24.9% in the same period last year.

In absolute terms, distribution and administration (D&A) expenses increased by 16% to LE 472.3 million (1H 2025: LE 405.7 million), but proportional D&A expenses were down by 0.6 percentage points to 10.8% (1H 2025: 11.4%).

Lecico reported LE 28.5 million in net other operating expenses compared to LE 70.9 million in the same period last year. The sharp decline is primarily due to two factors: a LE 15.5 million drop in new provisions compared to 1H 2025, and an LE 25.6 million in provision reversals (versus LE 1.9 million in 1H 2025).

Lecico's EBIT profit for the first half slightly increased by 1% year-on-year to LE 417.1 million (1H 2025: LE 412.9 million). Lecico's EBIT margin decreased 2.1 percentage points to 9.5% compared to 11.6% in the same period last year.

During the first half, Lecico reported LE 194.8 million in net financing expenses compared to LE 157.3 million net financing expenses in the same period last year. This increase was primarily driven by a drop in foreign exchange gains, which fell to LE 7.2 million from LE 31.9 million in the same period last year

Lecico reported net tax charge of LE 121.1 million versus a tax charge of LE 107.6 million in the same period last year.

Lecico's net profit for the first half decreased 38% year-on-year to LE 90 million (1H 2025: LE 145.5 million).

Segmental analysis

Sanitary ware

2Q: Sanitary ware sales volumes increased by 18% (up 159,300 pieces). Local sales volumes increased by 37% (up 61.339 pieces), export sales volumes increased by 13% (up 95,221 pieces) and Lebanon sales volumes increased by 29% (up 2,740 pieces).

Quarter-on-quarter total sales volumes increased by 20% (up 177,488 pieces). Local volumes increased 13% (up 26,153 pieces), sales in Lebanon increased 27% (up 2,650 pieces) and export sales volumes increased 22% (up 148,685 pieces).

Average sanitary ware prices increased by 10% year-on-year at LE 1,537.1 per piece (2Q 2025: LE 1,400.4) following local price increases, mix improvements and the impact of a weakening Egyptian Pound on export prices.

Quarter-on-quarter average selling prices increased 8% (1Q 2026: LE 1,417.5) following local increases done in May and despite a stronger Egyptian Pound impacting export prices.

Revenues were up 29% year-on-year at LE 1,627.7 million (2Q 2025: LE 1,259.8 million). Quarter-on-quarter revenues were up 30% (1Q 2026: LE 1,249.4 million).

Average cost of sales per piece increased by 16% year-on-year at LE 1,148.6 per piece, due to local cost inflation partially offset by increased production. Sanitary ware production increased 15%. Quarter-on-quarter, the average cost of sales per piece increased by 4% (1Q 2026: LE 1,101.4 per piece) despite a 5% increase in production.

Gross profit increased 10% to LE 411.4 million (2Q 2025: LE 372.5 million), but the gross margin was down 4.3 percentage points to 25.3% (2Q 2025: 29.6%).

Quarter-on-quarter gross profit increased by 48% (1Q 2026: LE 278.6 million), and the gross margin increased by 3 percentage points (1Q 2026: 22.3%).

Sanitary ware segmental analysis	2Q		%	1H		%
	2026	2025	26/25	2026	2025	26/25
Sanitary ware volumes (000 pcs)						
Egypt (000 pcs)	226	165	137%	426	285	149%
Lebanon (000 pcs)	12	10	129%	22	21	105%
Export (000 pcs)	821	725	113%	1,493	1,392	107%
Total sanitary ware volumes (000 pcs)	**1,059**	**900**	**118%**	**1,940**	**1,698**	**114%**
Exports/total sales volume (%)	77.5%	80.6%	(3.1%)	76.9%	82.0%	(5.1%)
Sanitary ware revenue (LE m)	**1,627.7**	**1,259.8**	**129%**	**2,877.1**	**2,324.5**	**124%**
Average selling price (LE/pc)	1,537.1	1,400.4	110%	1,482.7	1,368.9	108%
Average cost per piece (LE/pc)	1,148.6	986.4	116%	1,127.1	976.6	115%
Sanitary ware cost of sales	(1,216.3)	(887.4)	137%	(2,187.1)	(1,658.4)	132%
Sanitary ware gross profit	**411.4**	**372.5**	**110%**	**690.0**	**666.2**	**104%**
Sanitary ware gross profit margin (%)	25.3%	29.6%	(4.3%)	24.0%	28.7%	(4.7%)

1H: Sanitary ware sales volume increased by 14% to 1.9 million pieces (up 242,313 pieces). Local volumes increased 49% (up 140,835 pieces), export volumes increased 7% (up 100,440 pieces) and sales in Lebanon increased 5% (up 1,038 pieces).

Average sanitary ware prices were up 8% year-on-year to LE 1,482.7 per piece (1H 2025: LE 1,368.9) because of price increases.

Revenues were up 24% year-on-year at LE 2,877.1 million (1H 2025: LE 2,324.5 million).

Average cost of sales increased 15% at LE 1,127.1 per piece, production increased by 19% as a result of general cost inflation boosted by the disruptions of the war in Iran and the impact of devaluation on imported costs.

Gross profit increased 4% to LE 690 million (1H 2025: LE 666.2 million), but the margin dropped 4.7 percentage points to 24% (1H 2025: 28.7%).

Tiles

2Q: Tile sales volumes increased 4% year-on-year (up 229,478 square meters) to reach 5.5 million square meters. Local sales volumes increased 7% (up 329,018 million square meters), but Lebanon sales volumes decreased 65% (down 57,596 square meters) and export sales decreased 10% (down 41.944 square meters).

Quarter-on-quarter sales volumes increased 2% (up 96,190 square meters). Local volumes increased 2% (up 115,574 square meters), Lebanon volumes increased 4% (up 1,071 square meters), but export volumes decreased 5% (down 20,454 square meters).

Average net prices per square meter increased by 21% year-on-year at LE 126.5 per meter (2Q 2025: LE 104.3) because of price increases locally. Quarter-on-quarter average prices increased by 9% (1Q 2026: LE 115.9).

Tile revenues were up 27% year-on-year at LE 689.5 million (2Q 2025: LE 544.8 million). Quarter-on-quarter revenues were up 11% (1Q 2026: LE 620.4 million).

Average cost of sales per square meter increased by 22% year-on-year to reach LE 115.1 (2Q 2025: LE 94.5 per square meter) due to significant cost inflation locally. Tile production increased 7% compared to the same period last year.

Quarter-on-quarter average costs per square meter increased by 13% (1Q 2026: LE 101.5) despite a 2% drop in production.

Gross profit for the quarter increased 20% to reach LE 61.6 million (2Q 2025: LE 51.6 million). Gross margin decreased by 0.5 percentage points to 9% (2Q 2025: 9.5%).

Quarter-on-quarter gross profit decreased by 20% (1Q 2026: LE 76.7 million) and the margin decreased 3.4 percentage points to 9% (1Q 2026: 12.4%).

Tile segmental analysis	2Q		%	1H		%
	2026	2025	26/25	2026	2025	26/25
Tile volumes (000 sqm)						
Egypt (000 sqm)	5,038	4,709	107%	9,961	9,827	101%
Lebanon (000 sqm)	31	88	35%	61	142	43%
Export (000 sqm)	382	424	90%	785	782	100%
Total tile volumes (000 sqm)	**5,451**	**5,222**	**104%**	**10,807**	**10,751**	**101%**
Exports/total sales volume (%)	7.0%	8.1%	(1.1%)	7.3%	7.3%	(0.0%)
Tile revenue (LE m)	**689.5**	**544.8**	**127%**	**1,309.9**	**1,119.9**	**117%**
Average selling price (LE/sqm)	126.5	104.3	121%	121.2	104.2	116%
Average cost per sqm (LE/sqm)	115.2	94.5	122%	108.4	87.8	123%
Tile cost of sales	(627.9)	(493.2)	127%	(1,171.6)	(944.2)	124%
Tile gross profit	**61.6**	**51.6**	**120%**	**138.4**	**175.6**	**79%**
Tile gross profit margin (%)	8.9%	9.5%	(0.5%)	10.6%	15.7%	(5.1%)

1H: Tile sales volumes increased by 1% year-on-year (up 55,670 meters) to reach 10.8 million square meters. Sales in Egypt increased 1% (up 133,765 square meters) and export sales increased by 0.4% (up 3,445 square meters), but Lebanon sales decreased by 57% (down 81,540 square meters).

Tiles revenues increased 17% year-on-year at LE 1,309.9 million in the first half of 2026 (1H 2025: LE 1,119.9 million). Average net prices rose 16% to LE 121.2 per square meter compared to LE 104.2 in the same period last year.

Average costs increased 23% year-on-year to reach LE 108.4 per square meter. Production volume was 3% greater than the same period in 2025.

Gross profit decreased 21% to reach LE 138.4 million (1H 2025: LE 175.6 million), but the margin decreased by 5.1 percentage points to 10.6% (1H 2025: 15.7%).

Brassware

2Q: Sales volumes for the second quarter of 2026 increased by 40% to reach 48,464 pieces (2Q 2025: 34,580 pieces) rebounding from a very difficult trading period in the same period last year. Quarter-on-quarter sales volumes increased by 30% (1Q 2026: 37,390 pieces).

Average net prices increased 13% to LE 2,391 compared to LE 2,109 in the same period last year. Quarter-on-quarter average prices increased 3% (1Q 2026: LE 2,326).

Revenue for the quarter increased 59% year-on-year to reach LE 115.9 million (2Q 2025: LE 72.9 million). Brassware accounted for 4.8% of the quarter's total revenues, compared to 3.9% in the same period last year. Quarter-on-quarter revenues increased by 33% (1Q 2026: LE 87 million).

Average cost per piece slightly decreased 1% to LE 1,370.4 (2Q 2025: LE 1,386.7 per piece) reflecting changing mix and value engineering offsetting inflation from local costs. Quarter-on-quarter average cost per piece increased by 9% (1Q 2026: LE 1,254.7 per piece).

Gross profit for the quarter increased by 98% year-on-year to reach LE 49.5 million (2Q 2025: LE 25 million) and the gross margin increased by 8.5 percentage points to 42.7% (2Q 2025: 34.2%). Brassware accounted for 9.5% of the quarter's total gross profits compared to 5.6% in the same period last year.

Quarter-on-quarter gross profit increased by 24% (1Q 2026: LE 40 million), but the gross profit margin decreased by 3.4 percentage points (1Q 2026: 46.1%). Brassware accounted for 10.1% of total gross profits in 1Q 2026.

Brassware segmental analysis	2Q		%	1H		%
	2026	2025	26/25	2026	2025	26/25
Brassware volumes (pcs)						
Egypt (pcs)	48,464	34,580	140%	85,854	57,121	150%
Export (pcs)	-	-	0%	-	75	0%
Total brassware volumes (pcs)	**48,464**	**34,580**	**140%**	**85,854**	**57,196**	**150%**
Exports/total sales volume (%)	0.0%	0.0%	0.0%	0.0%	0.1%	(0.1%)
Brassware revenue (LE m)	**115.9**	**72.9**	**159%**	**202.8**	**123.7**	**164%**
Average selling price (LE/pc)	2,391	2,109	113%	2,363	2,163	109%
Average cost per piece (LE/pc)	1,370.4	1,386.7	99%	1,320	1,330	99%
Brassware cost of sales	(66.4)	(48.0)	139%	(113.3)	(76.1)	149%
Brassware ware gross profit	**49.5**	**25.0**	**198%**	**89.5**	**47.7**	**188%**
Brassware gross profit margin (%)	42.7%	34.2%	8.5%	44.1%	38.5%	5.6%

1H: Sales volumes for first half of 2026 increased by 50% year-on-year (up 28,658 pieces). With a particularly weak demand in the first quarter.

Average net prices increased 9% to reach LE 2,363 per piece and revenues increased 64% year-on-year to reach LE 202.8 million (1H 2025: LE 123.7 million).

Brassware's percentage of total consolidated revenues was 4.6% (1H 2025: 3.5% of sales).

Average cost per piece slightly decreased 1% to LE 1,320 per piece (1H 2025: LE 1,330 per piece).

Gross profit increased 88% to LE 89.5 million (1H 2025: LE 47.7 million) and the margin increased 5.6 percentage points to 44.1% (1H 2025: 38.5%).

Brassware's percentage of total consolidated gross profits was 9.7% (1H 2025: 5.4%).

Financial Position

The value of Lecico's non-current assets slightly increased by 0.3% at the end of June 2026, to reach LE 3,694 million (2025: LE 3,683.5 million).

Total Equity increased 2% at the end of June 2026, to reach LE 4,071.9 million (2025: LE 3,977.8 million).

The value of Lecico's current assets increased by 21% at the end of June 2026, to reach LE 5,859.4 million (2025: LE 4,853.6 million).

Total liabilities increased by 21% to reach LE 5,343.8 million (2025: LE 4,431.2 million) due to higher other payables, cash outflows around new investments in production improvements, and the impact of a weaker EGP on the translation of liability balances at the end of the quarter.

Gross debt increased 54% or LE 860.3 million to reach LE 2,447.8 million compared to LE 1,587.5 million at the end of 2025.

Net debt increased 61% or LE 773.5 million to reach LE 2,043.1 million compared to LE 1,269.6 million at the end of 2025.

Net debt to equity at the end of June 2026 reached 0.5x compared to 0.32x at the end of 2025.

Working capital increased 27% or LE 793.5 million to reach LE 3,698 million compared to LE 2,904.5 million at the end of 2025.

Recent developments and outlook

Outlook for 3Q and the rest of 2026: While the Company had expected a slow recovery in Europe and Egypt over the course of 2026 with falling inflation and interest rates, Middle East conflict-related disruption has dramatically changed the operating environment.

In the second. quarter, hopes of a resolution of the conflict saw the Egyptian Pound strengthen and oil prices drop from the levels reached in the first quarter. Subsequent instability has seen some of these changes reverse in the third quarter.

The situation remains volatile and uncertain, adding economic and cost inflation risks we had not anticipated at the start of this year.

Lecico believes this will continue to drive (1) a global wave of inflation driven by energy and shipping and (2) Egypt is likely to be better insulated than many due to our closeness to Europe and the fact that about 60% of Egypt's gas needs are domestically generated on fixed price agreements.

So far, Lecico has been able to pass on our cost increases domestically, but we have lost margin in our export business as cost inflation has outstripped pricing, squeezing our overall profitability.

For now, the Company will have to stay informed and stay agile as the situation unfolds but nonetheless expects further margin pressure for the rest of the year which will squeeze profitability.

Lecico Lebanon update: In 1Q 2023, Lecico Lebanon has switched to hyper-inflation accounting using IAS 21 and IAS 29. All assets have been restated in Lebanese Pounds based on the impact of hyper-inflation and the P&L and balance sheet are translated at the "Sayrafa" rate as opposed to the official exchange rate.

Management is working towards formalizing this hyper-inflation accounting with its auditors, which may lead to adjustments or restatements. Management understands that this will also lead to restatement of past years as IAS rules call for adjustment back to the beginning of hyperinflation. This should also lead to the removal of all the qualifications to Lecico Egypt's consolidated accounts that stem from hyper-inflation IAS 21 and IAS 29.

Accounting treatment change: Lecico management and our Auditors agreed upon review that the Present Value charges previously booked in Other Operating Expenses should be more appropriately categorized as Financial Expenses. These Present Value charges relate to a financing arrangement the Company reached to delay payments on key expenses without interest and the theoretical value of those delays. These theoretical values were booked as gains in 2021 through 2024 with balancing expenses in 2025 through March 2027. Starting from 1Q 2026 and with matching restatement in 2025, those charges are now booked in Financial Expenses instead of Other Operating Expenses.

About Lecico

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

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

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

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Forward-looking statements

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

Lecico Egypt Consolidated Income Statement

Income statement	2Q		%	1H		%
(LE m)	2026	2025	26/25	2026	2025	26/25
Sales	**2,433.1**	**1,877.5**	**130%**	**4,389.9**	**3,568.1**	**123%**
Cost of sales	(1,910.6)	(1,428.5)	134%	(3,472.0)	(2,678.7)	130%
Gross profit	**522.5**	**449.0**	**116%**	**917.9**	**889.4**	**103%**
Gross margin (%)	21.5%	23.9%	(2.4%)	20.9%	24.9%	(4.0%)
Distribution expenses	(81.9)	(69.4)	118%	(145.5)	(130.1)	112%
Administrative expenses	(174.6)	(142.8)	122%	(326.8)	(275.6)	119%
Other Operating income	22.2	10.4	215%	40.2	19.3	208%
Other Operating expenses	(20.0)	(52.0)	38%	(68.7)	(90.2)	76%
Operating profit (EBIT)	**268.2**	**195.1**	**137%**	**417.1**	**412.9**	**101%**
Operating (EBIT) margin (%)	11.0%	10.4%	0.6%	9.5%	11.6%	(2.1%)
Investment revenues	0.829	0.01	10005%	0.82	0.06	1431%
Finance income	(50.9)	20.5	-	7.9	32.0	25%
Finance expense	(108.6)	(107.8)	101%	(202.7)	(189.3)	107%
Profit before tax and minority	**109.6**	**107.9**	**102%**	**223.1**	**255.6**	**87%**
margin (%)	4.5%	5.7%	(1.2%)	5.1%	7.2%	(2.1%)
Income tax	(49.2)	(55.2)	89%	(99.7)	(109.6)	91%
Deferred tax	(5.7)	2.5	-	(21.4)	2.0	-
Net profit after tax	**54.7**	**55.2**	**99%**	**102.0**	**148.0**	**69%**
margin (%)	2.2%	2.9%	(0.7%)	2.3%	4.1%	(1.8%)
Minority interest	(7.1)	(2.1)	339%	(12.0)	(2.5)	480%
Net profit	**47.6**	**53.1**	**90%**	**90.0**	**145.5**	**62%**
Net profit margin (%)	2.0%	2.8%	(0.9%)	2.1%	4.1%	(2.0%)

Lecico Egypt Consolidated Balance Sheet

Balance Sheet (LE m)	30-Jun-26	31-Dec-25	26/25 (%)
Cash and cash equivalents	400.8	314.0	128%
Inventory	3,331.4	2,880.3	116%
Trades and other receivables	2,127.2	1,659.3	128%
Total current assets	**5,859.4**	**4,853.6**	**121%**
Property, plant & equipment	3,520.7	3,586.0	98%
Intangible assets	25.2	25.1	100%
Projects under construction	148.0	72.2	205%
Investment in subsidiaries & Other investment	0.083	0.082	102%
Total non-current assets	**3,694.0**	**3,683.5**	**100%**
Total assets	**9,553.3**	**8,537.0**	**112%**
Banks credit facilities	2,447.8	1,587.5	154%
Loans due within a year	39.4	40.2	98%
Trade and creditors	1,138.5	1,058.7	108%
Other current payable	654.6	609.4	107%
Provisions	238.2	260.1	92%
Total current liabilities	**4,518.5**	**3,556.0**	**127%**
Non-current portion of lease liabilities	92.9	111.4	83%
Deferred tax liabilities	553.0	526.9	105%
Long term notes payables	179.4	236.9	76%
Total non-current liabilities	**825.2**	**875.2**	**94%**
Total liabilities	**5,343.8**	**4,431.2**	**121%**
Non-controlling interest	**137.7**	**128.0**	**108%**
Share capital	200.0	400.0	50%
Reserves	2,626.5	2,414.8	109%
Retained earnings	1,245.4	1,163.0	107%
Total equity	**4,071.9**	**3,977.8**	**102%**
Total equity, non-controlling interest and liabilities	**9,553.3**	**8,537.0**	**112%**

Lecico Egypt Consolidated Cash Flow

Cash flow statement	1H		%
(LE)	2026	2025	26/25
Cash Flow from operating activities			
Net profit for the period before tax	223.1	255.6	87%
Adjusted by the following:			
Property, plant and equipment depreciation	143.1	111.8	128%
Intangible assets amortization	2.3	2.4	95%
Finance interset expense on leases contract	3.7	3.6	105%
Finance expenses	165.4	145.0	114%
Net income from investment at fair value through profit or loss	(0.7)	0.0	-
Interest Income	(0.1)	(1.8)	6%
Foreign currency translation differences	(7.2)	(31.9)	23%
Profit generated from operations	**529.8**	**484.8**	**109%**
Change in Inventory	(457.7)	(189.0)	242%
Change in trade,notes and other receivables	(469.3)	(370.5)	127%
Change in trade, notes and other payables	159.4	(203.8)	-
Change in provisions	(22.0)	37.6	-
	(259.8)	**(240.9)**	**108%**
Proceeds from interest income	0.1	1.8	6%
Interset expenses paid	(165.4)	(145.0)	114%
Finance interest expenses paid on lease contracts	(3.7)	(3.6)	105%
Income tax paid	(186.0)	(297.8)	62%
Net cash used in operating activities	**(614.8)**	**(685.6)**	**90%**
Cash flow from investing activities			
Payments for acquisition of property, plant & equipment & PUC	(149.3)	(257.4)	58%
Payments for acquisition of intangible assets	(1.97)	(0.04)	-
Payments for acquisition financial securities	(10.0)	0.0	-
Net cash used in investing activities	**(158.2)**	**(257.5)**	**61%**
Cash flow from financing activities			
Payments of loans	0.0	(0.3)	0%
Payment of lease liabilities	(11.0)	(20.6)	53%
Change in banks credit facilities	860.3	965.7	89%
Net cash provided from financing activities	**849.3**	**944.7**	**90%**
Net change in cash and cash equivalents during the period	**76.2**	**1.7**	**4474%**
Cash and cash equivalents at the beginning of the period	**314.0**	**352.2**	**89%**
Restricted time deposits	(0.5)	(0.5)	99%
Cash and cash equivalent at the end of the period	**389.6**	**353.4**	**110%**