

Lecico Egypt
(S.A.E.)

Consolidated Interim Financial Statements
for the Financial period Ended March 31, 2025
And Limited Review Report

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(S.A.E.)

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<u>Contents</u>	<u>Page no.</u>
- Independent Auditor's Report on Auditing the consolidated Financial Statements on limited review	--
- Consolidated Statement of Financial Position	1
- Consolidated Statement of Profit or Loss	2
- Consolidated Statement of Comprehensive Income	3
- Consolidated Statement of Changes in Equity	4
- Consolidated statement of Cash Flows	5
- Material accounting policies and notes to the Consolidated Interim Financial Statements	6-58



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Independent Auditors' Report on Review of Consolidated Interim Financial Statements

To the members of the Board of Directors of Lecico Egypt Company (S.A.E.)

Introduction

We have reviewed the accompanying consolidated statement of financial position of Lecico Egypt (S.A.E.) "the Group" as of March 31, 2025, and the related consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the three-month period then ended, and a summary of material accounting policies and other explanatory notes to the consolidated interim financial statements. Management is responsible for the preparation and fair presentation of these consolidated interim financial statements in accordance with EAS 30 Interim Financial Reporting. Our responsibility is to express a conclusion on these consolidated interim financial statements based on our review.

Scope of Review

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

Basis for Qualified conclusion

As disclosed in note (3) of the notes to the consolidated interim financial statements, the Company's management have consolidated the financial information of the Lebanese Ceramic Industries company (subsidiary) for the financial year ended December 31, 2024 and financial period ended March 31, 2025, in the Group's consolidated interim financial statements, based on unaudited/unreviewed financial statements by the subsidiary's auditor.

We did not obtain appropriate sufficient evidence on the financial information of the Lebanese Ceramic Industries company represented in total assets amounted to approximately EGP 272 million as of March 31, 2025 which represents 5% of the Group's total assets, whereas the total liabilities as of March 31, 2025 amounted to approximately EGP 13 million after eliminating the intercompany balances, which represents 0.4% of the Group's total liabilities and total revenue for the financial period ended March 31, 2025 amounted to approximately EGP 33 million which represents 2% of the Group's total revenue and net profit for the financial period ended March 31, 2025 amounted to approximately EGP 2 million in the consolidated interim financial statements because our access to information is restricted by circumstances that cannot be overcome by the group management.

Qualified Conclusion

Except for the effects of probable adjustments, if any, as might have been determined to be necessary if we received the financial information stated in the basis of qualified conclusion above, based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial statements do not present fairly – in all material respects - the consolidated financial position of Lecico Egypt (S.A.E.) and its subsidiaries as of March 31, 2025, and its consolidated financial performance and its consolidated cash flows for the three-month period then ended in accordance with the Egyptian Accounting Standards.

Emphasis of matters

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



Mohamed Hassan Mohamed Youssef
KPMG Hazem Hassan
Capital Market Register No. 400

Alexandria on May 14, 2025

KPMG Hazem Hassan
Public Accountants and consultants

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

	Note No.	March 31, 2025 EGP	December 31, 2024 EGP
Assets			
Non-Current Assets			
Property, plant & equipment	(15)	917 648 069	954 448 251
Projects under construction	(16)	221 550 558	55 825 795
Intangible assets	(17)	29 281 463	29 719 859
Equity-accounted investees	(18)	69 530	20 812
Non-Current Assets		1 168 549 620	1 040 014 717
Current Assets			
Inventories	(19)	2 599 505 753	2 543 351 777
Trade and other receivables	(20)	1 599 602 145	1 443 866 262
Cash and cash equivalents	(22)	354 038 672	352 233 706
Current Assets		4 553 146 570	4 339 451 745
Total Assets		5 721 696 190	5 379 466 462
Equity and liabilities			
Equity for holding company			
Issued and paid up capital	(24-2)	400 000 000	400 000 000
Reserves	(25)	546 719 258	521 803 039
Retained earnings		980 479 124	953 673 055
Equity attributable to holding company		1 927 198 382	1 875 476 094
Non-controlling interests	(24-4)	95 866 965	102 378 027
Total Equity		2 023 065 347	1 977 854 121
Non-Current Liabilities			
Non-current portion of lease Liabilities	(28)	102 354 764	107 706 551
Deferred tax liabilities	(14-2)	18 805 858	18 474 240
Provisions	(29)	9 572 532	9 621 739
Long-term notes payable	(31)	339 877 698	355 887 441
Non-Current Liabilities		470 610 852	491 689 971
Current Liabilities			
Credit facilities	(23)	1 402 073 044	918 482 312
Accrued income tax	(14-5)	323 007 229	280 295 448
Loans	(27)	—	344 005
Current portion of lease Liabilities	(28)	34 086 377	35 443 162
Trade and other payables	(32)	1 299 753 107	1 524 120 813
Provisions	(29)	169 100 234	151 236 630
Current Liabilities		3 228 019 991	2 909 922 370
Total Liabilities		3 698 630 843	3 401 612 341
Total Equity and Liabilities		5 721 696 190	5 379 466 462

- Notes from no (1) to no (42) are an integral part of these consolidated Interim financial statements.
- Independent Auditor's Report on review of consolidated financial statements on limited review "attached"

Finance Director
 Mohamed Hassan



Managing Director
 Taher Gilbert Gargour



Lecico Egypt (S.A.E.)**Consolidated statement of Profit or loss for the financial period**

	Note No.	March 31, 2025 EGP	March 31, 2024 EGP
Net sales	(5)	1 690 562 996	1 388 837 366
Cost of sales	(6)	<u>(1 233 059 903)</u>	<u>(953 074 137)</u>
Gross Profit		457 503 093	435 763 229
Other Income	(7)	8 950 608	52 411 640
Distribution Expenses	(8)	(60 700 619)	(31 265 855)
General and Administrative Expenses	(9)	(132 813 605)	(96 173 498)
Expected credit loss	(10)	(8 670 192)	(3 329 490)
Other Expenses	(11)	<u>(49 738 946)</u>	<u>(35 723 940)</u>
Profit from operating activities		214 530 339	321 682 086
Group's Share from Equity -accounted investees		48 719	--
Net finance income / (expenses)	(12)	<u>(49 818 485)</u>	<u>285 393 803</u>
Profit before tax		164 760 573	607 075 889
Income tax expense	(14-1)	(54 842 255)	(120 683 511)
Net profit for the period		109 918 318	486 392 378
<u>Attributable to:</u>			
Shareholders of the holding company		109 468 232	477 533 848
Non-controlling interests		450 086	8 858 530
Net profit or the period		109 918 318	486 392 378
Basic and diluted earning per share profit for period (EGP/Share)	(13)	1.37	5.96

- Notes from no (1) to no (42) are an integral part of these consolidated Interim financial statements and read with it..

Lecico Egypt (S.A.E.)**Consolidated Statement of Comprehensive Income for the Financial period**

	Note No.	March 31, 2025 EGP	March 31, 2024 EGP
<u>Other Comprehensive Income</u>			
Net profit for the period		109 918 318	486 392 378
<u>Items that may be reclassified subsequently to the consolidated profit or loss statement</u>			
Foreign currency translation differences in subsidiaries		2 253 206	91 369 042
Total comprehensive income		112 171 524	577 761 420
<u>attributable to:</u>			
Shareholders of the holding company		112 889 531	560 590 026
Non-controlling interests		(718 007)	17 171 394
Total other comprehensive income for the period		112 171 524	577 761 420
Basic and diluted earning per share profit for period (EGP/Share)	(13)	1.41	7

- Notes from no (1) to no (42) are an integral part of these consolidated Interim financial statements and read with it.

Lecico Egypt (S.A.E.)

Consolidated Statement of Changes in Equity for the financial period ended March 31, 2025

	Note	Issued & Paid up Capital	Treasury shares	Legal Reserve	Other* Reserves	Share premium Reserve	Reserve for Land Revaluation Surplus	Translation Reserve	Accumulated (Loss) / retained earning	Equity of the holding company	Non-controlling Interests	Total Equity
	No	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP
Balance as of January 1, 2024		400 000 000	(25 388 998)	50 915 481	15 571 032	181 164 374	42 901 149	111 905 501	126 717 292	903 785 831	72 234 011	976 019 842
<u>Comprehensive income</u>												
Other comprehensive income items	(38-2)			–	–	–	–	83 056 178	–	83 056 178	8 312 864	91 369 042
Net profit for the period		–	–	–	–	–	–	–	477 533 848	477 533 848	8 858 530	486 392 378
Total comprehensive income		–	–	–	–	–	–	83 056 178	477 533 848	560 590 026	17 171 394	577 761 420
<u>Shareholder's transactions</u>												
Distributing treasury shares	(24-3)	–	25 388 998	–	–	–	–	–	(25 388 998)	–	–	–
Total transactions with company's shareholders		–	25 388 998	–	–	–	–	–	(25 388 998)	–	–	–
Balance as of March 31, 2024		400 000 000	–	50 915 481	15 571 032	181 164 374	42 901 149	194 961 679	578 862 142	1 464 375 857	89 405 405	1 553 781 262
Balance as of January 1, 2025		400 000 000	–	50 915 481	15 571 032	181 164 374	42 901 149	231 251 003	953 673 055	1 875 476 094	102 378 027	1 977 854 121
<u>Other Comprehensive income</u>												
Foreign currency translation differences	(25)	–	–	–	–	–	–	3 421 299	–	3 421 299	(1 168 093)	2 253 206
Net profit for the period		–	–	–	–	–	–	–	109 468 232	109 468 232	450 086	109 918 318
Total comprehensive income		–	–	–	–	–	–	3 421 299	109 468 232	112 899 531	(718 007)	112 171 524
<u>Shareholder's transactions</u>												
Transferred to legal reserve		–	–	21 494 920	–	–	–	–	(21 494 920)	–	–	–
Dividends		–	–	–	–	–	–	–	(61 167 243)	(61 176 243)	(5 793 055)	(66 960 298)
Total transactions with company's shareholders		–	–	21 494 920	–	–	–	–	(82 662 163)	(61 176 243)	(5 793 055)	(66 960 298)
Balance as of March 31, 2025		400 000 000	–	72 410 401	15 571 032	181 164 374	42 901 149	234 672 302	980 497 124	1 927 198 382	95 866 965	2 023 065 347

▪ Notes from no (1) to no (42) are an integral part of these consolidated interim financial statements.

Lecico Egypt (S.A.E.)
Consolidated Statement of Cash Flows for the financial year ended March 31, 2025

	Note No.	March 31, 2025 EGP	March 31, 2024 EGP
<u>Cash Flow from Operating Activities</u>			
Net profit for the period before tax		164 760 573	607 075 889
<u>Adjusted by the following:</u>			
Property, plant and equipment depreciation	(15)	56 500 004	39 426 629
Intangible assets amortization	(17)	1 194 618	655 989
Net income from investment fair value through profit or loss	(12)	--	(149 513 068)
Finance interest expenses on lease contracts	(12),(28)	1 549 797	1 334 200
finance expenses	(12)	59 713 766	68 136 917
Interest Income	(12)	(416 077)	(805 903)
Foreign currency translation differences	(12)	(11 029 001)	121 687 314
		<u>272 273 680</u>	<u>687 997 967</u>
Change in inventories	(19)	(57 258 352)	(293 966 912)
Change in trade, notes and other receivables	(20)	(155 807 220)	(263 362 136)
Change in trade, notes and other payables	(32)	(293 452 536)	317 359 671
Change in provisions	(29)	17 863 604	12 324 503
		<u>(216 380 824)</u>	<u>460 353 093</u>
Proceeds from Interest Income	(12)	416 077	805 903
Interest expenses paid		(1 549 797)	(1 334 200)
Finance interest expenses paid on lease contracts		(59 713 766)	(68 136 917)
Income Tax paid		(11 798 856)	(6 233 176)
Net cash (used in) / provided from operating activities	(14)	<u>(289 027 166)</u>	<u>385 454 703</u>
<u>Cash Flow from Investing Activities</u>			
Payments for acquisition of PPE & PUC	(15),(16)	(182 200 793)	(64 112 433)
Payments for acquisition of intangible assets	(17)	(39 814)	(210 867)
Net cash (used in) investing activities		<u>(182 240 607)</u>	<u>(64 323 300)</u>
<u>Cash Flow from Financing Activities</u>			
Payments of loans	(27)	(342 476)	(9 473 877)
Payments of lease liabilities	(28-1)	(10 175 517)	(5 916 483)
Payments for acquisition financial security	(21)	--	(156 483 911)
Proceeds from financial securities	(21)	--	305 996 979
Net Proceeds/ (payment of)banks credit facilities	(23)	483 590 732	(188 950 920)
Net cash provided from/ (used in) financing activities		<u>473 072 739</u>	<u>(54 828 212)</u>
Net change in cash and cash equivalents during the period		<u>1 804 966</u>	<u>266 303 191</u>
Cash and cash equivalents at the beginning of the period	(22)	<u>352 233 706</u>	<u>456 269 505</u>
Restricted time deposits		<u>(505 800)</u>	<u>(472 200)</u>
Cash and cash equivalent at the end of the period	(22)	<u>353 532 872</u>	<u>722 100 496</u>

- The notes from no. (1) to no. (42) are an integral part of these consolidated interim financial statements and read with it.
- The value of transactions that represent non-cash transaction have been excluded as shown in note no.(30)

Lecico Egypt (S.A.E.)

Notes to the Consolidated interim Financial Statements for the financial period ended March 31, 2025

1- Background for holding company and subsidiaries

These consolidated financial statements of Lecico Egypt company for the financial period ended March 31,2025 comprise of the holding company (S.A.E) and its subsidiaries (together referred to as the “Group” and individually as “Group entities”)

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

1-2 Lecico Egypt (The holding Company)

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

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

1-3 The company is listed on the official list of the Egyptian Exchange.

1-4 Subsidiaries

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

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

1-5 The financial year for the holding company and the group companies starts at the first of January and ends at December 31 of every year

1-6 The purpose of activities of the subsidiaries companies is manufacturing the production of all ceramic products including the manufacturing and production of Sanitary ware and all kinds of tiles and also selling and distribution and consulting and financial investments.

Lecico Egypt (S.A.E.)

Notes to the Consolidated interim Financial Statements for the financial period ended March 31, 2025

2- Basis of preparation of accounting for consolidated financial statements

2-1 Accounting framework for preparing consolidated financial statements

The consolidated financial statements have been prepared in accordance with Egyptian Accounting Standards (EAS)

- Material accounting policies applied policies are disclosed in note no (38)
- The consolidated financial statements have been prepared in accordance with the historical cost principle, except for financial assets and financial liabilities which are measured at fair value or at amortized cost
- The accompanying consolidated financial were authorized for issuance by the board of directors on May 13, 2025.

2-2 Basis of measurement

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

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

2-3 Functional and presentation currency

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

2-4 Use of Estimates and Judgments

- In preparing the consolidated financial statements Egyptian accounting Standards (EAS), management has made judgments, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses and the accompanying disclosures, and the disclosure of contingent liabilities. These estimates and assumptions are based on past experience and various factors. Actual results may differ from these estimates.
Actual results may differ from these estimates and the uncertainty about these assumptions and estimates could result in outcomes that require 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.

A- Judgments

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

- Revenue recognition

Revenue is recognized as detailed in the accounting policies applied.

Lecico Egypt (S.A.E.)

Notes to the Consolidated interim Financial Statements for the financial period ended March 31, 2025

- **Investments in associates and enterprises jointly venture:**

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

- **Lease contracts classification.**

In the process of classifying properties, management has made various judgements. Judgement is needed to determine whether a property qualifies as an investment property, property, plant and equipment and/or property held for sale. The Company develops criteria in order to exercise that judgement consistently in accordance with the definitions of investment property, property, plant and equipment and property held for sale. In making its judgement, management considered the detailed criteria and related guidance for the classification of properties as set out in EAS 49 and the intended usage of property as determined by management.

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

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

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

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

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

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

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

Lecico Egypt (S.A.E.)

Notes to the Consolidated interim Financial Statements for the financial period ended March 31, 2025

B- Assumptions and estimation uncertainties

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

Provisions and contingent liabilities

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

Calculation of expected credit loss

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

Estimation of net realizable value for inventory

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

Lecico Egypt (S.A.E.)

Notes to the Consolidated interim Financial Statements for the financial period ended March 31, 2025

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 year reviews the useful lives on an annual basis, at least, and the depreciation method to ensure that the method and years of depreciation are consistent with the expected pattern of economic benefits of the assets.

Impairment of property, plant and equipment and projects under construction

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

2-5 Measurement of fair values

A certain number of the Company's accounting policies and disclosures require measurement of fair values, for both financial and non-financial assets and liabilities. Accreditation is measured in the fair value of assets and liabilities mainly on available market data, and the data that is relied upon in the evaluation is classified according to the following hierarchy:

- **Level 1:** quoted prices (unadjusted) in active markets for identical assets or liabilities.
- **Level 2:** inputs of the quoted prices included in level (1) that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- **Level 3:** inputs for the asset or liability that are not based on observable market data (unobservable inputs).
- The Company recognizes transfers between levels of the fair value hierarchy at the end of the financial year during which the change has occurred.
- Further information about the assumptions made in measuring fair values is included in the following notes:
 - Property, plants and equipment (Note 15)
 - Financial instruments (Note 36)

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

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

On preparing the accompanying consolidated financial statements on March 31 , 2025 the Group management relied on unaudited financial statements for Lecico for ceramic Lebanon consolidated financial statements prepared by the management of the company.

Lecico Egypt (S.A.E.)

Notes to the Consolidated interim Financial Statements for the financial period ended March 31, 2025

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

<u>Financial position statement as of</u>	Lebanese ceramics industries EGP (unaudited) March 31, 2025	Lebanese ceramics industries EGP (unaudited) December 31, 2024
<u>Assets</u>		
Non-current assets	112 969 002	113 549 705
Current assets	159 317 556	166 944 638
Total assets	272 286 558	280 494 343
<u>Equity</u>		
Issued & paid up capital	10 974 654	10 974 654
Reserves	3 658 218	3 658 218
Accumulated (losses)	(67 078 455)	(68 799 061)
Foreign entities translation differences	151 408 652	151 441 006
Total Equity	98 963 069	97 274 817
<u>Liabilities</u>		
Non-current liabilities	9 572 532	9 621 739
Current liabilities	4 252 058	8 733 718
Current liabilities-Lecico Egypt	159 498 899	164 864 069
Total liabilities	173 323 489	183 219 526
Total Equity and liabilities	272 286 558	280 494 343
<u>Profit or loss statement for the financial period ended</u>	March 31, 2025 EGP (unaudited)	March 31, 2024 EGP (unaudited)
Sales	33 593 745	15 351 042
Cost of sales	(25 108 762)	(10 844 344)
Gross profit	8 484 983	4 506 698
Operating expenses	(6 208 820)	(20 220 785)
Net finance (expenses)\income	(90 493)	(1 296 250)
Net (loss) for the period	2 185 670	(17 010 337)

Lecico Egypt (S.A.E.)

Notes to the Consolidated interim Financial Statements for the financial period ended March 31, 2025

4- Segment Information

- Segments are identified according to the method used internally to present financial reports to senior management.
- A Segment is a group of related assets and operations that are characterized by risks and benefits that differ from those associated with other Segments or within a single economic environment that are characterized by risks and benefits that are distinct from those associated with Segments operating in a different economic environment.
- The company has (3) operating Segments, which represent Segments for which financial reports are submitted to senior management. The following is a statement of the operations of each Segment for which reports are issued:
 1. Sanitary Ware Segment.
 2. Tile Segment.
 3. Brassware Segment.

The Group's assets, liabilities and results of operations as of and for the periods ended March 31, 2025 and December 31, 2024 by Sanitary Ware, Tile, Brassware segments are detailed below:

<u>March 31, 2025</u>	Sanitary Ware	Tile Segment	Brass ware	Total
	Segment	Segment	Segment	Segment
	EGP	EGP	EGP	EGP
Assets	2 693 056 675	2 817 284 161	211 355 354	5 721 696 190
Liabilities	1 688 160 153	1 763 092 558	247 378 132	3 698 630 843
Revenues	1 064 683 753	575 083 006	50 796 237	1 690 562 996
Net profit attributable to shareholders of the holding Company	75 268 035	33 461 662	738 535	109 468 232
<u>December 31, 2024</u>				
Assets	2 838 402 773	2 351 501 940	189 561 749	5 379 466 462
Liabilities	1 762 120 144	1 469 612 798	169 879 399	3 401 612 341
Revenues	4 303 384 491	1 976 494 702	364 808 421	6 644 687 614
Net (loss)/Profit attributable to shareholders of the holding Company	590 495 813	294 790 203	64 308 271	949 594 287

Lecico Egypt (S.A.E.)

Notes to the Consolidated interim Financial Statements for the financial period ended March 31, 2025

- The Group operates in the principal geographical areas of the Egypt, Lebanon, and other.
- The Group's assets, liabilities and results of operations as of and for the periods ended March 31, 2025, and December 31, 2024, by geographical areas are detailed below:

March 31, 2025

	<u>Egypt</u>	<u>Lebanon</u>	<u>Others</u>	<u>Total</u>
	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>
Assets	4 567 461 500	310 524 357	843 710 333	5 721 696 190
Liabilities	2 854 963 754	173 323 488	670 343 601	3 698 630 843
Revenues	1 419 086 783	24 432 026	247 044 187	1 690 562 996
Net profit/ (loss) attributable to shareholders of the holding Company	<u>112 757 970</u>	<u>1 961 174</u>	<u>(5 250 912)</u>	<u>109 468 232</u>

December 31, 2024

Assets	4 283 752 699	318 848 407	776 865 356	5 379 466 462
Liabilities	2 613 118 200	183 219 525	605 274 616	3 401 612 341
Revenues	5 734 380 212	70 287 655	840 019 747	6 644 687 614
Net profit / (loss) attributable to shareholders of the holding Company	<u>1 021 597 746</u>	<u>(27 409 709)</u>	<u>(44 593 750)</u>	<u>949 594 287</u>

Lecico Egypt (S.A.E.)

Notes to the Consolidated interim Financial Statements for the financial period ended March 31, 2025

5- Sales

Revenue recognition at a point of time

	Note No.	For the period ended at	
		31/3/2025	31/3/2024
		EGP	EGP
Sanitary Ware sales		1 064 683 754	900 730 277
Tile sales		575 083 006	381 367 065
Brass ware sales		50 796 236	106 740 024
		1 690 562 996	1 388 837 366

6- Cost of sales

Raw materials and consumables		800 084 350	613 837 764
Energy expense		238 242 959	175 096 019
Depreciation	(15)	42 762 721	29 210 035
Employees' share in profit		--	3 728 348
Change in finished goods and under process		(46 999 699)	7 010 322
Write down in inventory	(19)	--	19 958 660
Other		198 969 571	104 232 989
		1 233 059 903	953 074 137

7- Other Income

Other income		329 875	926 444
Scrap Sales		8 620 733	8 576 630
Discounting long-term notes receivables and payables to its present value		--	42 908 566
		8 950 608	52 411 640

8- Selling and distribution expense

Salaries and wages		8 697 294	2 699 620
Exhibition expenses		19 267 867	20 148 835
Marketing and advertising expenses		25 816 002	5 510 993
Depreciation selling and distribution	(15)	497 422	515 862
Other		6 422 034	2 390 545
		60 700 619	31 265 855

9- General and administrative expenses

Administrative salaries		67 508 684	54 359 857
Transportation expenses		12 272 248	7 683 939
Audit and consultation fees		9 392 002	8 160 452
Computers and networks		11 775 358	5 472 896
Taxes and contribution health insurance		6 830 196	3 908 494
Depreciation	(15)	13 239 861	9 700 732
Telephone and post expenses		1 295 781	1 315 609
Amortization of intangible assets		1 194 618	655 989
Other		9 304 857	4 915 530
		132 813 605	96 173 498

10- Expected credit loss

Expected credit loss in Trades and notes receivables	(20)	7 670 192	3 329 490
Expected credit loss in cash and cash equivalent	(22)	1 000 000	--
		8 670 192	3 329 490

Lecico Egypt (S.A.E.)

Notes to the Consolidated interim Financial Statements for the financial period ended March 31, 2025

11- Other Expenses

	Note No.	For the period ended 31/3/2025 EGP	31/3/2024 EGP
Formed claims provision	(28)	19 365 000	14 353 600
Miscellaneous expenses		6 720 002	18 900 802
Remuneration of the holding company's board of directors	(33-3)	3 401 239	2 459 668
Discounting long term notes receivable and notes payable to its present value		20 252 705	9 870
		49 738 946	35 723 940

12- Net Finance expenses / (income)

Finance interest finance Expense

Finance expenses	59 713 766	68 136 917
Finance interest expenses on lease contract	1 549 797	1 334 200
Total finance expense	61 263 563	69 471 117

Less:

Finance Income

Interest Income	(416 077)	(805 903)
Income from investment fair value through profit or loss*	--	(149 513 068)
Net Foreign currency exchange differences	(11 029 001)	(204 545 949)
Total finance income	(11 445 078)	(354 864 920)
Net finance (income)/expenses	49 818 485	(285 393 803)

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

13- Basic and diluted earning per share in profit

13-1 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:

	<u>March 31,2025</u>	<u>March 31,2024</u>
Net profit for the year attributable to the holding company's shareholders (EGP)	109 468 232	477 533 848
The number of outstanding shares during the period (share)*	80 000 000	80 000 000
Basic and diluted earning per share in profit for the period (EGP/share)	1.37	5.96

13-2 Basic and diluted earning per share in profit according to Comprehensive Income

	<u>March 31,2025</u>	<u>March 31,2024</u>
Net profit for the year attributable to the holding company's shareholders (EGP)	112 889 531	560 590 026
The number of outstanding shares during the period (share)*	80 000 000	80 000 000
Basic and diluted earning per share in profit for the period (EGP/share)	1.41	7

Lecico Egypt (S.A.E.)

Notes to the Consolidated interim Financial Statements for the financial period ended March 31, 2025

14- Income tax

14.1. Income tax charged to profit or loss consolidated statement

	March 31,2025	March 31,2024
	EGP	EGP
Current Income tax for the year	54 510 637	126 196 184
Deferred income tax	331 618	(5 512 673)
	54 842 255	120 683 511

14.2. Recognized deferred tax (assets) and liabilities

	Financial statement		Profit or loss statement	
	31/3/2025	31/12/2024	31/3/2025	31/12/2024
<i>In Egyptian Pound</i>				
Property, plant and Equipment (liability)	22 345 876	21 980 538	365 338	(7 104 104)
Inventory (Asset)	(3 540 018)	(3 506 298)	(33 720)	193 497
Deferred Tax for the period / Year	18 805 858	18 474 240	331 618	(6 910 607)

No liability has been recognized with respect to temporary differences associated with undistributed profits of certain subsidiaries as the Group is able to control the timing of such distributions and it is likely that such differences will not be reversed in the future.

14.3. Reconciliation of effective tax rate

	31/3/2025	31/12/2024
	EGP	EGP
Net Profit before tax	147 697 757	1 291 980 976
Tax rate	22.5%	22.5%
Income tax calculated based on the accounting Profit	33 231 995	290 695 720
Effect of provisions and ECL	3 588 310	86 686 426
Investment financing cost	--	698 500
Non deductible tax exepnses	92 457 290	103 409 854
Exemption (investments income)/non deduct able tax expenses	--	(160 790 960)
Tax base	22.5% 243 743 357	22.5% 1 321 984 796
Income tax exepnse	54 842 255	297 446 579
Income tax (investment profit)	--	15 049 536
Total Income tax exepnse	54 842 255	312 496 115
Effective Tax Rate	%37,1	24.2%

Lecico Egypt (S.A.E.)

Notes to the Consolidated interim Financial Statements for the financial period ended March 31, 2025

14.4. Unrecognized deferred tax assets

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

	31/3/2025	31/3/2024
	<u>EGP</u>	<u>EGP</u>
Impairment of trade and notes receivables	30 168 519	29 472 189
Provisions	40 201 372	30 703 803
Impairment of equity-accounted investees	22 475	1 580 539
Total	<u>70 392 366</u>	<u>61 756 531</u>

- Deferred tax assets have not been recognized in respect of these items as conditions for the tax deduction are not met, or the lack of appropriate level of assurance that these assets can be benefited from in the future.

Deferred tax liabilities for undistributed dividends

have not been recognized concerning temporary differences in the undistributed dividends of certain subsidiaries based on the following:

- For the undistributed dividends of companies subject to distribution tax in Egypt, the holding company's management controls the timing of these distributions. The expected policy to be applied is to retain most of the distributable profits for reinvestment.
- Accordingly, the group's policy, in accordance with Egyptian Accounting Standard No. 24 Income Taxes, is to recognize deferred tax related to profits expected to be distributed, limited to the distribution tax on the amounts planned to be distributed by the holding company in the coming years.

14.5. Accrued income tax

	31/3/2025	31/12/2024
	<u>EGP</u>	<u>EGP</u>
Current income tax	54 510 637	318 708 222
Tax authority- previous years	280 295 448	448 565
Tax authority-withholding tax	(11 798 856)	(38 861 339)
	<u>323 007 229</u>	<u>280 295 448</u>

Lecico Egypt (S.A.E.)

Note to the Consolidated Financial Statements for the financial period ended March 31, 2025

15- Property, plant and equipment

Cost	Land EGP	Buildings EGP	Leasehold Improvements EGP	Machinery & Equipment EGP	Vehicles EGP	Tools EGP	Furniture, Office Equipment & Computers EGP	Rights - of use assets EGP	Total EGP
As of 01/01/2025	127 718 088	474 851 856	41 742 874	2 170 141 167	170 499 825	248 624 397	67 059 161	280 419 680	3 581 057 048
Translation differences	(5)	371 526	947 402	(3 210 089)	7 750	(335 557)	(126 698)	6 682 321	4 336 650
Additions during the period	--	113 168	644 985	2 929 196	6 555 000	448 199	5 785 482	--	16 476 030
As of 31/3/2025	127 718 083	475 336 550	43 335 261	2 169 860 274	177 062 575	248 737 039	72 717 945	287 102 001	3 601 869 728
Accumulated Depreciation									
As of 01/01/2025	--	339 590 332	31 316 945	1 719 989 541	127 493 708	201 844 002	55 341 451	151 032 818	2 626 608 797
Translation differences	--	322 111	702 063	(3 318 039)	(83 255)	(148 236)	(122 324)	3 760 538	1 112 858
Depreciation of the period	--	3 741 295	651 936	37 661 840	3 178 659	1 070 670	824 531	9 371 073	56 500 004
As of 31/3/2025	--	343 653 738	32 670 944	1 754 33 342	130 589 112	202 766 436	56 043 658	164 164 429	2 684 221 659
Net book value									
As of 31/3/2025	127 718 083	131 682 812	10 664 317	415 526 932	46 473 463	45 970 603	16 674 287	122 937 572	917 648 069
As of 31/12/2024	127 718 088	135 261 524	10 425 929	450 151 626	43 006 117	46 780 395	11 717 710	129 386 862	954 448 251
Fully depreciated assets and still working	--	61 274 804	4 919 670	796 142 811	43 318 108	162 139 621	25 165 594	--	1 092 960 608

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

Depreciation expense has been charged as follow:

	Note No	31/3/2025 EGP	31/3/2024 EGP
Cost of sales	(6)	42 762 721	29 210 035
General and administrative expense	(9)	13 239 861	9 700 732
Selling and distribution expense	(8)	497 422	515 862
		56 500 004	39 426 629

Lecico Egypt (S.A.E.)

Note to the Consolidated Financial Statements for the financial period ended March 31, 2025

Property, plant and equipment (Continued)

Cost	Land EGP	Buildings EGP	Leasehold Improvements EGP	Machinery & Equipment EGP	Vehicles EGP	Tools EGP	Furniture, Office Equipment & Computers EGP	Rights -of use assets EGP	Total EGP
As of 01/01/2024	127 717 872	415 478 227	28 431 957	1 710 065 398	108 493 435	218 403 499	58 222 026	166 821 122	2 833 633 536
Translation differences	177	42 280 134	11 291 763	245 213 508	22 795 630	21 075 585	7 957 606	76 014 939	426 629 342
Additions during the period	--	205 873	10 584	3 952 596	7 622 801	1 661 781	1 137 471	2 031 897	16 623 003
Disposals during the period	--	--	--	(1 969 871)	(813 608)	--	--	--	(2 783 479)
As of 31/3/2024	127 718 049	457 964 234	39 734 304	1 957 261 631	138 098 258	241 140 865	67 317 103	244 867 958	3 274 102 402
<u>Accumulated Depreciation</u>									
As of 01/01/2024	--	288 982 309	18 383 675	1 373 731 657	93 831 206	185 306 664	49 365 936	76 533 946	2 086 135 393
Translation differences	--	28 624 302	6 498 991	230 106 193	21 985 202	9 310 378	7 682 872	36 118 261	340 326 199
Depreciation of the period	--	3 503 251	499 643	26 561 487	1 246 195	1 385 726	522 716	5 707 611	39 426 629
Disposals accumulated depreciation	--	--	--	(1 969 871)	(813 608)	--	--	--	(2 783 479)
As of 31/3/2024	--	321 109 862	25 382 309	1 628 429 466	116 248 995	196 002 768	57 571 524	118 359 818	2 463 104 742
<u>Net book value</u>									
As of 31/3/2024	127 718 049	136 854 372	14 351 995	328 832 165	21 849 263	45 138 097	9 745 579	126 508 140	810 997 660
As of 31/12/2023	127 717 872	126 495 918	10 048 282	336 333 741	14 662 229	33 096 835	8 856 090	90 287 176	747 498 143
Fully depreciated assets and still working	--	68 098 739	13 362 711	789 599 002	46 489 891	147 358 672	31 067 811	--	1 095 976 826

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Lecico Egypt (S.A.E.)

Notes to the Consolidated Financial Statements for the financial period ended March 31, 2025**16- Projects under construction**

	March 31, 2025 EGP	December 31, 2024 EGP
Machinery and buildings under installation*	195 402 552	45 004 938
Advance payments for acquisition of property, plant and equipment**	26 148 006	10 820 857
	<u>221 550 558</u>	<u>55 825 795</u>

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

**it represents the value of purchasing new office in 5th settlement in cairo.

As showing project under construction movement:

	March 31, 2025 EGP	December 31, 2024 EGP
Balance at the beg. of the period/ year	55 825 795	46 977 888
Addition during the period /year	166 384 763	139 179 073
Transferred to fixed assets	(660 000)	(130 331 166)
Balance at the end of the period/ year	<u>221 550 558</u>	<u>55 825 795</u>

17- Intangible Assets

<u>Cost</u>	<u>Note No.</u>	March 31, 2025 EGP	December 31, 2024 EGP
At the beginning of the period/ year		130 534 621	84 809 496
Translation differences		2 833 797	39 536 396
Additions		39 814	6 188 729
At the end of the period/ year		<u>133 408 232</u>	<u>130 534 621</u>
<u>Amortization & Impairment Losses</u>			
Balance at the beginning of the period/ year		100 814 762	67 392 717
Translation differences		2 117 389	29 353 895
Amortization of period /year	(11)	1 194 618	4 068 150
Balance as at the end of the period/ year		<u>104 126 769</u>	<u>100 814 762</u>
Carrying Amount at the end of the period/ year		<u>29 281 463</u>	<u>29 719 859</u>

18- Equity-Accounted investees

	Ownership %	March 31, 2025 EGP	December 31, 2024 EGP
Murex Industries and Trading (S.A.L.)	20%	6 924 716	6 924 716
Other Investments		69 530	120 712
		<u>6 994 246</u>	<u>7 045 428</u>
<u>(Less):-</u>			
Impairment of investment		(6 924 716)	(7 024 616)
		<u>69 530</u>	<u>20 812</u>

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

Lecico Egypt (S.A.E.)

Notes to the Consolidated Financial Statements for the financial period ended March 31, 2025**19- Inventories**

	March 31, 2025 EGP	December 31, 2024 EGP
Raw materials, consumables and spare parts	915 165 693	930 801 243
Work in progress	149 488 227	151 683 065
Finished goods	1 631 757 520	1 470 791 533
	<u>2 696 411 440</u>	<u>2 553 275 841</u>
Less:		
Inventory impairment	(231 899 745)	(233 004 121)
	<u>2 464 511 695</u>	<u>2 320 271 720</u>
Goods In transit	134 994 058	223 080 057
	<u>2 599 505 753</u>	<u>2 543 351 777</u>

The movement of inventory impairment during the period is as follows:

	March 31, 2025 EGP	December 31, 2024 EGP
Balance at beginning	233 004 121	131 618 734
Formed during the period/ year	--	22 741 315
Translation Differences	(1 104 376)	78 644 072
Balance at ending	<u>231 899 745</u>	<u>233 004 121</u>

20- Trade and other receivables

	March 31, 2025 EGP	December 31, 2024 EGP
Trade Receivables	1 198 453 849	1 005 680 581
Notes Receivables	97 959 485	147 948 612
Other Debtors	74 202 397	56 940 288
Social insurance	939 737	939 737
Suppliers – debit balances	608 695	9 739 377
Tax authority – withholding tax	19 834	19 834
Tax authority – VAT	203 806 035	208 402 521
Other debit balances	107 322 302	107 604 559
Prepaid expenses	45 458 842	40 074 205
Accrued expenses	4 913 276	--
	<u>1 733 684 452</u>	<u>1 577 349 714</u>
Less:		
Expected credit loss in trade and notes Receivables	(134 082 307)	(133 483 452)
	<u>1 599 602 145</u>	<u>1 443 866 262</u>

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

	March 31, 2025 EGP	December 31, 2024 EGP
Balance as at 1/1/2025	133 483 452	123 177 540
Formed during the period/ year	7 670 192	4 832 212
Translation Differences	(71 337)	5 473 700
Closed balances	(7 000 000)	--
Balance as 31/3/2025	<u>134 082 307</u>	<u>133 483 452</u>

Lecico Egypt (S.A.E.)

Notes to the Consolidated Financial Statements for the financial period ended March 31, 2025**21- Investment with fair value through profit or loss**

	Note <u>No.</u>	March 31, 2025 <u>EGP</u>	December 31, 2024 <u>EGP</u>
Cost of purchase during the period/ year		--	598 962 241
<u>Deduct:</u>			
Revenues from selling investment during the period/ year		--	(752 768 201)
<u>Add:</u>			
Gain on selling investment during the period/ year	(12)	--	153 805 960
		<u>--</u>	<u>--</u>

22- Cash and cash equivalent

Banks - Current Accounts		345 081 829	303 625 126
Cash on hand		10 204 718	7 243 294
Banks-Time-deposit		2 730 021	44 343 182
		<u>358 016 568</u>	<u>355 211 602</u>
<u>Less:-</u>			
Expected credit loss		(3 977 896)	(2 977 896)
		<u>354 038 672</u>	<u>352 233 706</u>
<u>Less:-</u>			
Restricted time deposits		(505 800)	--
Cash and cash equivalents according to cash flow statement		<u>353 532 872</u>	<u>352 233 706</u>
<u>Expected credit loss movement</u>			
Beginning balance during period/ year		2 977 896	--
Provided during the period /year		1 000 000	2 977 896
Ending balance during period / year		<u>3 977 896</u>	<u>2 977 896</u>

23- Credit facilities

	Total facilities <u>EGP</u>	March 31,2025 Utilized <u>EGP</u>	Unutilized <u>EGP</u>
Lecico Egypt S.A.E	1 165 000 000	604 955 499	560 044 501
Lecico for Ceramics S.A.E	390 000 000	130 257 676	259 742 324
European Ceramics S.A.E	345 000 000	102 401 958	242 598 042
International Ceramics S.A.E	320 000 000	157 884 575	162 115 425
Burg Armaturen Fabrik S.A.E	182 500 000	124 700 002	57 799 998
Lecico for trading and distribution of ceramics	15 000 000	9 408 000	5 592 000
UK group	309 865 158	272 465 334	37 399 824
The Lebanese ceramics industries (S.A.L)	86 428 000	--	86 428 000
Net book value on March 31, 2025	<u>2 813 793 158</u>	<u>1 402 073 044</u>	<u>1 411 720 114</u>

Lecico Egypt (S.A.E.)

Notes to the Consolidated Financial Statements for the financial period ended March 31, 2025

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

24- Share capital**24-1 Authorized capital**

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

24-2 Issued and paid up capital

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

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

The company's capital structure consists of:

<u>Investor</u>	<u>Percentage</u>	<u>Number of shares</u>	<u>Balance EGP</u>
	<u>%</u>		
Intag Holding Limited and its related group	45.5	34 907 903	182 000 000
AL OAYAN SAUDI investment company	19.5	15 278 385	76 391 925
Others	35	29 813 712	141 608 075
	<u>100</u>	<u>80 000 000</u>	<u>400 000 000</u>

24-3 Treasury shares

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

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

Lecico Egypt (S.A.E.)

Notes to the Consolidated Financial Statements for the financial period ended March 31, 2025

24-4 Non-controlling interests

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

<u>Company</u>	<u>Percentage</u>	<u>Non- controlling interest</u>			<u>Balance</u>	
		<u>Profit/loss for the year</u>	<u>Dividends to shareholders</u>	<u>Foreign currency</u>	<u>as of 31/3/2025</u>	<u>Balance as of 31/12/2024</u>
		<u>EGP</u>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>
Lecico for ceramics	0.0045	3 116	776	—	60 314	56 421
International ceramics	0.0333	(287)	1 437	—	211 827	210 678
European ceramics	0.0300	(468)	3 985	—	232 511	228 994
Burg armaturen Fabric	30.1500	285 746	(5 799 253)	—	75 925 996	81 439 503
Sarreguemines	0.1500	665	--	—	39 866	39 201
Lecico for financial investments	0.6667	(113)	--	—	20 462	20 575
Lebanese ceramics industries co.	5.2300	106 684	--	(1 713 142)	(12 778 511)	(11 172 051)
Lecico South Africa	49	61 570	--	1 308 445	36 164 697	34 794 681
Lecico CEE	9	(6 827)	--	(763 396)	(4 010 197)	(3 239 975)
		<u>450 086</u>	<u>(5 793 055)</u>	<u>(1 168 093)</u>	<u>95 866 965</u>	<u>102 378 027</u>

As follow Summary of financial statements of burg armaturen fabric,lecico (UK) Ltd "Fully owned by Lecico Egypt and controlling Lecico South Africa and Lecico Poland and Lebanese ceramics industries co. as at March 31, 2025

	<u>Burg Armaturen Fabric</u>	<u>Lecico (UK) Ltd</u>	<u>Lebanese ceramics industries co.</u>
	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>
	<u>(Audited)</u>	<u>(Audited)</u>	<u>(Unaudited)</u>
Non current assets	43 140 020	171 973 037	112 969 002
Current assets	451 928 736	671 737 287	159 317 556
Total assets	495 068 756	843 710 324	272 286 558
Equity	247 690 632	173 366 732	98 963 069
Current liabilities	245 090 266	580 862 757	163 750 957
Non current liabilities	2 287 858	89 480 835	9 572 532
Total equity and liabilities	495 068 756	843 710 324	272 286 558
Total sales	380 549 740	438 695 465	33 593 745
Net profit /(loss) of the period	88 992 771	(5 196 169)	2 185 670

Lecico Egypt (S.A.E.)
Consolidated Financial Statements Notes for the financial year ended March 31, 2025

25- Reserves

	Legal Reserve	Other*	Share	Reserve for	Translation	Total
	EGP	Reserves	premium	Land	Reserve	EGP
	EGP	EGP	Reserve	Revaluation	Reserve	EGP
	EGP	EGP	EGP	Surplus **	EGP	EGP
Balance at January 1, 2024	50 915 481	15 571 032	42 901 150	181 164 374	111 905 500	402 457 537
Translation differences for foreign entities	--	--	--	--	83 056 178	83 056 178
Balance at march 31, 2024	50 915 481	15 571 032	42 901 150	181 164 374	194 961 678	485 513 715
Balance at January 1, 2025	50 915 481	15 571 032	42 901 150	181 164 374	231 251 002	521 803 039
Transferred to legal reserve	21 494 920	--	--	--	--	21 494 920
Translation differences for foreign entities	--	--	--	--	3 421 299	3 421 299
Balance at March 31, 2025	72 410 401	15 571 032	42 901 150	181 164 374	234 672 301	546 719 258

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

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

Lecico Egypt (S.A.E.)
Note to the Consolidated Financial Statements for the financial year ended March 31, 2025

26- Legal Reserve

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

27- Loans

	31 March 2025					Balance of long term loans at March 31, 2025 EGP
	Balance on January 1, 2025 EGP	Repayments of loan during the period EGP	Foreign currency Translation differences EGP	Balance on March 31, 2025 EGP	Instalments due within one year EGP	
The Outstanding balance of loan granted from HSBC Bank for Lecico -UK (Lecico plc) with an amount of GBP 100 thousand and will be paid over 60 monthly installments each installment with an amount of GBP 1786.92 the variable interest rate is equal 2.62% starting from April 2020 till March 2025.	344 005	(342 476)	(1 529)	--	--	--
Balance on March 31, 2025	344 005	(342 476)	(1 529)	--	--	--
	31 December 2024					Balance of long term loans at December 31, 2024 EGP
	Balance on January 1, 2024 EGP	Repayments of loan during the year EGP	Foreign currency Translation differences EGP	Balance on December 31, 2024 EGP	Instalments due within one year EGP	
The outstanding balance of loan granted from the CIB to the holding company amounted to USD 2.7 million with variable interest rate 4%. Above SOFR rate The loan will be repaid over 18 quarterly consecutive installments each amounting USD 300 000 starting from September 2019 till March 2024.	9 267 000	(9 267 000)	--	--	--	--
The Outstanding balance of loan granted from HSBC Bank for Lecico - UK (Lecico plc) with an amount of GBP 100 thousand and will be paid over 60 monthly installments each installment with an amount of GBP 1786.92 the variable interest rate is equal 2.62% starting from April 2020 till March 2025.	1 056 343	(1 208 926)	496 291	344 005	(344 005)	--
Balance on December 31, 2024	10 323 343	(10 475 926)	496 291	344 005	(344 005)	--

Lecico Egypt (S.A.E.)

Note to the Consolidated Financial Statements for the financial period ended March 31, 2025

28- Lease liability

28-1 Lease liability movement

	March 31, 2025 EGP	December 31, 2024 EGP
Present value of liabilities arisen from lease contracts	136 441 141	143 149 713
<u>Less :</u>		
Installments due within one year	<u>(34 086 377)</u>	<u>(35 443 162)</u>
Non current portion of lease liability	<u>102 354 764</u>	<u>107 706 551</u>

Lease liabilities

Opening balance during the period /year	143 149 713	108 779 664
Additions during the period /year	--	3 985 038
<u>Add/(deduct)</u>		
Finance interest	1 549 797	7 771 959
Payments during the year-(principle)	(10 175 517)	(24 307 947)
Payments during the year-(interest)	(1 549 797)	(7 771 959)
Foreign currency exchange differences	3 466 945	54 692 958
Lease liability ending balances during the period /year	<u>136 441 141</u>	<u>143 149 713</u>
<u>Deduct</u>		
Current portion of lease liabilities represented in due installments during the next financial year	(34 086 377)	(35 443 162)
Non-current portion of lease liabilities	<u>102 354 764</u>	<u>107 706 551</u>

28-2 Summary of due dates

lease payments due during the following years:

	<u>Due within one year EGP</u>	<u>From 2-3 years EGP</u>	<u>From 4-5 years EGP</u>	<u>Total EGP</u>
<u>March 31, 2025</u>	39 252 100	69 129 268	41 107 007	149 488 375
<u>December 31, 2024</u>	40 244 544	69 063 920	47 320 997	156 629 461

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

Lecico Egypt (S.A.E.)**Note to the Consolidated Financial Statements for the financial period ended March 31, 2025****29- Provisions**

	Balance as of 1/1/2025 <u>EGP</u>	Translation Differences <u>EGP</u>	Formed Provisions <u>EGP</u>	Provisions Utilized <u>EGP</u>	Balance as of 31/3/2025 <u>EGP</u>
<u>Provisions Disclosed in the Non-Current Liabilities</u>					
Provision claims related to Lebanese ceramics industries company	9 621 739	(49 207)	--	--	9 572 532
	9 621 739	(49 207)	--	--	9 572 532
<u>Provision Disclosed in the Current Liabilities</u>					
Legal Provision	1 000 000	--	--	--	1 000 000
Tax Provision	119 511 075	--	18 170 000	(1 501 396)	136 179 679
Claims Provision	30 725 555	--	1 195 000	--	31 920 555
	151 236 630	--	19 365 000	(1 501 396)	169 100 234
Total	160 858 369	(49 207)	19 365 000	(1 501 396)	178 672 766

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

- The Company did not disclose all of the information required by the accounting standards with those parties as the management assumes that the disclosure of such information would seriously affect the company's negotiations with those parties.

30- Non-cash transactions

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

	Note <u>No.</u>	March 31, 2025 <u>EGP</u>	March 31, 2024 <u>EGP</u>
Right of use assets	(15)	--	2 031 893
Lease liabilities	(28)	--	(2 031 893)

31- Notes payables**31-1 Notes payable related to gas used**

	March 31, 2025 <u>EGP</u>	December 31, 2024 <u>EGP</u>
Nominal value of long-term notes payable	496 958 251	533 220 699
Discount on notes payable to its present value*	(157 080 553)	(177 333 258)
Present value of long term notes payables	339 877 698	355 887 441

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

Lecico Egypt (S.A.E.)

Note to the Consolidated Financial Statements for the financial period ended March 31, 2025

32- Trade and other payables

	Note No.	March 31, <u>2025</u> EGP	December 31, <u>2024</u> EGP
Trade payable		614 411 541	755 900 722
Notes payable		217 229 624	199 666 459
Due to related parties	(33-2)	23 375 157	2 621 570
Social insurance authority and tax authority		33 658 746	31 648 826
Accrued expenses		219 180 543	215 662 921
Sundry creditors		94 916 898	237 861 548
Value added tax authority – current account		40 657 602	36 746 038
Dividends payable		389 929	389 929
Employees' Profit share from certain group companies		55 933 067	43 622 800
		<u>1 299 753 107</u>	<u>1 524 120 813</u>

33- Related Parties

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

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

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

33-1 Due from related parties

	Natural relationship	Nature of transaction	Volume of transaction	March 31, <u>2025</u> EGP	December 31, <u>2024</u> EGP
<u>Due from Related Parties</u>					
El-Khaleeg for Trading and Investment	Associate	Current	--	300 100	300 100
Total due from related parties				<u>300 100</u>	<u>300 100</u>
<u>Less:</u>					
Impairment for balance of "El-Khaleeg for Trading and Investment"				(300 100)	(300 100)
Net due from related parties				<u>–</u>	<u>–</u>

33-2 Due to Related Parties

Murex Industries and Trading (S.A.L)	Associate	Current	(150 354)	475 687	626 041
Ceramics Management services Ltd (CMS)*	Associate	Technical consulting	20 903 941	22 899 470	1 995 529
				<u>23 375 157</u>	<u>2 621 570</u>

* Some members of the board of directors and shareholders of the holding company are investors in the company.

33-3 Transactions with members of the Board of Directors of the Holding Company:

The statement of consolidated profit or loss for the financial year ending March 31, 2025, was charged with the allowances of the members of the board of directors of the holding company and executive managers included in "other expenses", in the amount of EGP 3 401 239 (Compared to the amount of EGP 2 459 668 ,for the financial year ending on March 31, 2024,) Note no. (11).

Lecico Egypt (S.A.E.)

Note to the Consolidated Financial Statements for the financial period ended March 31, 2025

33-4 Top management members

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

	March 31, <u>2025</u>	December 31, <u>2024</u>
Remuneration and allowances of members of the Board of Directors, attendance of committees	3 401 239	12 229 534
	<u>3 401 239</u>	<u>12 229 534</u>
	March 31, <u>2025</u>	December 31, <u>2024</u>
Salaries and benefits	29 074 209	31 778 221
	<u>29 074 209</u>	<u>31 778 221</u>

34- Contingent Liabilities

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

	March 31, <u>2025</u>	December 31, <u>2024</u>
<u>Letters of guarantee</u>		
EGP	22 496 066	18 816 729
EURO	--	4 000 000
<u>Letters of Credit</u>		
EGP	63 074 624	74 859 865

35- Capital Commitment

The capital commitments outstanding as at March 31, 2025 amounted to EGP 29 653 103 (compared to capital commitments as at December 31, 2024 amounted to EGP 49 745 877).

36- Financial Instruments

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

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

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

Lecico Egypt (S.A.E.)
Note to the Consolidated Financial Statements for the financial period ended March 31, 2025

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.

		March 31, 2025 EGP	December 31, 2024 EGP
<u>Financial Assets</u>			
<u>At amortization cost</u>			
Banks current accounts and time deposits	(22)	341 103 933	300 647 230
Trade and Notes receivables and other debit balances	(20)	1 348 769 002	1 184 690 588
		<u>1 689 872 935</u>	<u>1 485 337 818</u>
<u>Financial liabilities</u>			
Trade and Notes payables and other credit balances	(32)	1 202 061 602	1 446 652 809
Lease liabilities	(28)	136 441 141	143 149 713
Credit facilities	(23)	1 402 073 044	918 482 312
Loans	(27)	--	344 005
Due to related parties	(33)	23 375 157	2 621 570
		<u>2 763 950 944</u>	<u>2 511 250 409</u>

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

For the purpose of disclosure of financial instruments, non-financial assets amounting to EGP 250 833 143 (December 31, 2024: EGP 259 175 674) have been excluded from other debit balances it was also excluded non-financial liabilities amount EGP 74 316 348 December 31, 2024: 68 394 864) have been excluded from other debit balances.

36-1 Financial Risk Management

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

- 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 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.

Lecico Egypt (S.A.E.)

Note to the Consolidated Financial Statements for the financial period ended March 31, 2025

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

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.

Lecico Egypt (S.A.E.)

Note to the Consolidated Financial Statements for the financial period ended March 31, 2025

C- Market Risk

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

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

D- Foreign currency risk

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

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

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

E- Interest rate risk

The 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 yearically 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 trends 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

Exposure to Credit risk

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

	Note	31/3/2025	31/12/2024
	<u>No.</u>	<u>EGP</u>	<u>EGP</u>
Banks current accounts and time deposits	(22)	341 103 933	300 647 230
Trade and Notes receivables and other debit balances	(20)	1 348 769 002	1 184 690 588
		<u>1 689 872 935</u>	<u>1 485 337 818</u>

Lecico Egypt (S.A.E.)
Note to the Consolidated Financial Statements for the financial period ended March 31, 2025

Exposure to Liquidity risk

The following are the contractual terms of financial liabilities:

Contractual maturities of financial liabilities as of March 31, 2025	Less than 1 year EGP	2- 3 years EGP	3-4 years or more EGP	Contractual amount	Carrying amount EGP
Trade and other credit balances	1 311 692 393	--	--	1 311 692 393	1 311 692 393
Banks credit facilities and loans	918 826 317	--	--	918 826 317	918 826 317
Notes payables	199 217 889	362 336 011	--	554 685 184	555 553 900
Lease liabilities	35 443 162	63 119 289	44 587 240	156 629 461	143 149 713
Total	2 465 179 761	425 455 300	44 587 240	2 941 833 355	2 929 222 323

Contractual maturities of financial liabilities as of December 31, 2024	Less than 1 year EGP	2- 3 years EGP	3-4 years or more EGP	Contractual amount	Carrying amount EGP
Trade and other credit balances	1 082 523 483	--	--	1 082 523 483	1 082 523 483
Banks credit facilities and loans	1 402 073 044	--	--	1 402 073 044	1 402 073 044
Notes payables	217 229 624	496 958 251	--	714 187 875	557 107 322
Lease liabilities	39 252 100	69 129 268	41 107 007	149 488 375	136 441 141
Total	2 741 078 251	566 087 519	41 107 007	3 348 272 777	3 178 144 990

Exposure to currency risk

The Company's foreign currency assets and liabilities as of March 31, 2025 amounted to the equivalent of EGP 1 324 043 341 and EGP 828 630 492 respectively. The amounts in foreign currencies that put the company at risk as of March 31, 2025 are as follows:

Item	<u>March 31, 2025</u>				Total EGP
	USD	EUR	GBP	ZAR	
Cash and Cash Equivalents	1 425 480	1 419 693	1 132 485	--	223 606 670
Trade Receivables	13 041 985	5 201 898	2 155 909	5 791 886	1 100 436 669
Total Assets in Currency	14 467 465	6 621 591	3 288 394	5 791 886	1 324 043 339
Bank Credit Facilities	(11 796 093)	(1 245 158)	(1 331 324)	--	(766 855 865)
Note Payable and Other payables	(307 637)	(256 433)	(492 715)	--	(61 774 627)
Total Liabilities in Currency	(12 103 730)	(1 780 591)	(1 824 039)	--	(828 630 492)
Exposure Surplus	2 363 735	4 841 000	1 464 355	5 791 886	495 412 847
Equivalent in EGP	119 557 716	264 028 140	95 783 466	16 043 525	495 412 847

Lecico Egypt (S.A.E.)
Note to the Consolidated Financial Statements for the financial period ended March 31, 2025

Item	<u>December 31, 2024</u>				
	USD	EUR	GBP	ZAR	Total EGP
Cash and Cash Equivalents	1 080 119	2 344 224	436 495	--	206 791 801
Trade Receivables	4 376 079	4 270 774	1 087 141	4 297 584	529 430 031
Total Assets in Currency	5 456 198	6 614 998	1 523 636	4 297 584	736 221 832
Bank Credit Facilities	(1 389 617)	(448 805)	(60 447)	--	(98 251 747)
Note Payable and Other payables	(307 637)	(4 256 433)	(492 715)	--	(272 296 357)
Total Liabilities in Currency	(1 697 254)	(4 705 238)	(553 162)	--	(370 548 104)
Exposure Surplus	3 758 944	1 909 760	970 474	4 297 584	365 673 728
Equivalent in EGP	191 104 728	101 064 506	61 858 043	11 646 451	365 673 728

	<u>Mach 31,2025</u>	<u>December 31,2024</u>
	<u>Surplus</u>	<u>Surplus</u>
USD	2 363 735	3 758 944
Euro	4 841 000	1 909 760
GBP	1 464 356	970 474
South African Rand	5 791 886	4 297 584

As follow exchange rates used during the period / year

	<u>Averaging rates using</u>		<u>Closing rates at date of</u>	
	<u>during the year</u>		<u>financial statements</u>	
	<u>31/3/2025</u>	<u>31/12/2024</u>	<u>31/3/2025</u>	<u>31/12/2024</u>
USD	50,49	45.59	50,58	50.84
Euro	53,27	49.24	54,54	52.92
GBP	64,01	58.35	65,41	63.74
South African Rand	2,74	2.50	2,77	2.71

Sensitivity Analysis

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

	Profit or Loss	
	Increase	Decrease
US Dollar	9 555 236	(9 555 236)
Euro	5 053 225	(5 053 225)
Sterling Pound	3 092 901	(3 092 901)
Rand (South Africa)	582 323	(582 323)

Lecico Egypt (S.A.E.)**Note to the Consolidated Financial Statements for the financial period ended March 31, 2025**

A reasonably possible strengthening (weakening) of 5% other currencies exchange rate against Egyptian pound as of December 31, 2023, would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

	Profit or Loss	
	Increase	Decrease
US Dollar	5 299 391	(5 299 391)
Euro	9 324 600	(9 324 600)
Sterling Pound	3 869 240	(3 869 240)
Rand (South Africa)	889 672	(889 672)

Interest rate risk

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

	Carrying amount	
	31/3/2025	31/12/2024
	EGP	EGP
<u>Financial instruments with a fixed rate</u>		
Financial assets	--	--
Financial liabilities	136 441 141	143 149 713
	136 441 141	143 149 713
<u>Financial instruments with a variable rate</u>		
Financial liabilities	1 402 073 044	918 826 317
	1 402 073 044	918 826 317

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

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 year in which historical data was collected, current conditions, and the company's view of economic conditions over the expected lifespan of customer balances. The company uses an impairment matrix to measure customers' and notes receivables expected credit losses.

Lecico Egypt (S.A.E.)

Note to the Consolidated Financial Statements for the financial period ended March 31, 2025

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

	March 31, 2025			December 31, 2024		
	<u>Expected credit loss rate</u>	<u>Net book value EGP</u>	<u>Loss amount EGP</u>	<u>Expected credit loss rate</u>	<u>Net book value EGP</u>	<u>Loss amount EGP</u>
Trade and notes receivables						
Non due	--	975 164 102	--	--	941 629 011	--
0-90 days	%5	172 961 030	8 417 860	%18	67 481 737	11 835 320
91-180 days	%23	10 875 180	2 493 290	%11	14 583 901	1 592 043
181-270 days	%11	14 907 829	1 705 594	%20	3 941 492	799 773
271-360 days	%78	4 697 329	3 657 699	%8	7 286 062	549 326
More than 360 days	%100	117 807 864	117 807 864	%100	118 706 990	118 706 990
Total		<u>1 296 413 334</u>	<u>134 082 307</u>		<u>1 153 629 193</u>	<u>133 483 452</u>

<u>Category</u>	<u>Company's definition of category</u>	<u>Basis for recognition of expected credit loss provision</u>
Performing	Other receivables have a low risk of default and a strong capacity to meet contractual cash flows.	12 month expected losses. Where the expected lifetime of an asset is less than 12 months, expected losses are measured at its expected lifetime.
Underperforming	Other receivables which have a significant increase in credit risk: a significant increase in credit risk is presumed if repayments are 90 days past due.	Lifetime expected losses.
Non-performing	Repayments are 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

- The fair values of the Company's financial instruments have been estimated to approximate their book value because the financial instruments are short-term in nature and do not carry any interest, except for short-term deposits at prevailing market rates and are expected to be realized at their present book value within twelve months from the date of the financial position.
- "Fair value" is the price that will be received for the sale of an asset or paid for the transfer of an obligation in a structured transaction between market participants on the date of measurement in the asset or, in its absence, in the most advantageous market that the Company has access on that date. The fair value of liabilities reflects the risk of non-performance.

Lecico Egypt (S.A.E.)

Note to the Consolidated Financial Statements for the financial period ended March 31, 2025

- 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.

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

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

Capital Management

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

37- Tax Status

According to the opinion of the company's tax administration the following is company's tax position as of March 31, 2025.

Lecico Egypt (S.A.E.)

Note to the Consolidated Financial Statements for the financial period ended March 31, 2025

First: Corporate income tax

- The company has obtained a final settlement and paid all tax obligation from inception till 2012.
- The company's records were examined from 2013 till 2015 a committee has been made and the points were referred and agreed to the appeal committee
- From 2016 till 2019 were inspected and work in progress from internal committee
- The company's records were not examined from 2020 till now.

Second: Payroll tax

- The company's records were examined and all the tax obligations till 2022 were paid.
- The company's records were not examined from 2023 Till now.

Third: Stamp tax

- The company has obtained a final settlement and paid all tax obligation from inception till 2022.
- The company's records were not examined from 2023 Till now.

Fourth: Sales tax \ Value added tax

- The company's records were inspected and all the tax obligations till 2023 were paid
- The company's records were not inspected from 2024 till now.

Fifth: Real state tax

- All tax obligations were paid till 2021.
- Atemporary exemption for 3 years from real estate tax for industrial corporates was realeased in January 2022.

The company is obligated to submit the tax file, the local file, and the report for each country separately regarding its commercial and financial transactions to reflect the transactions for the benefit of the Egyptian Tax Authority in accordance with the Unified Tax Procedures Law No. 206 of 2020 and its amendments.

38- Material accounting policies

The Company has consistently applied the following accounting policies to all years presented in these financial statements and this principle is as followed:

38-1 Basis of preparing consolidated financial statements

38-1-1 Business combination

The consolidated financial statements include assets, liabilities and results of operations of Lecico Egypt (Holding Company) and all subsidiary companies upon which it has significant control and this control is achieved directly or indirectly by the ability to control the financial & operational policies of subsidiary companies to obtain benefits from its operations, future voting rights in the ability of control

Lecico Egypt (S.A.E.)

Note to the Consolidated Financial Statements for the financial period ended March 31, 2025

are also taken into consideration, the subsidiary companies financial statements are included in the consolidated financial statements from the date of controlling the company to the date of losing this control, a subsidiary company is not included in the consolidated financial statements if the holding company loses its control over the financial & operational policies in the subsidiary and basis of preparation of the consolidated financial statements is represented in the following:

The Holding company investments in the subsidiary companies are excluded in exchange for addition of subsidiary company's assets and presenting non – controlling interest in the subsidiary companies alongside the owner's equity non – controlling interest item.

All intercompany balances and transactions are eliminated, unrealized profits or losses and resulted from group transactions are completely excluded taking into consideration that the losses may refer to impairment in the exchanged assets which may require recognition in the consolidated financial statements.

Presenting share of the non – controlling interest in the subsidiary company in a consolidated account within shareholders equity after shareholder equity and before liabilities in the consolidated financial position and minority interest is also presented in net income for the year after tax in a consolidated account before determining profit of the holding company in the consolidated profits or losses statement and it is calculated by what's equal to their share in the Book value of the net assets of the subsidiary company at the date of preparation of consolidated financial statements and the share of minority in profit and loss of subsidiary companies is recorded in a consolidated account in the consolidated profits or losses statement.

Subsidiary company is not included in the consolidated financial statements when the holding company loses its control over financial and operational policies of the subsidiary company for the purpose of benefiting from its operations.

38-1-2 Subsidiaries

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

38-1-3 Non-controlling interests (NCI)

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

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

Lecico Egypt (S.A.E.)

Note to the Consolidated Financial Statements for the financial period ended March 31, 2025

38-1-4 Loss of control

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

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

38-1-5 Investments accounted for using the equity method

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

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

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

38-1-6 Elimination from consolidation financial statements

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

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

38-2-1 Foreign currency transactions

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

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

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

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

Lecico Egypt (S.A.E.)

Note to the Consolidated Financial Statements for the financial period ended March 31, 2025

Financial statement for foreign operations

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

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

38-3 Revenue recognition

Information about the Company's accounting policies relating to contracts with customers is provided in five steps module as identified in EAS No. (48):

Step 1: Determine the contract (contracts) with customer: A contract is defined as an agreement between two or more parties that meets the rights and obligations based on specified standards which must be met for each contract.

Step 2: Determine the performance obligations in contract: Performance obligations is a consideration when the goods and services are delivered.

Step 3: Determine the transaction price: Transaction price is the compensation amount that the Company expects to recognize to receive for the transfer of goods or services to customer, except for the collected amounts on behalf of other parties.

Step 4: Allocation of the transaction price of the performance obligations in the contract: If the service concession arrangement contains more than one performance obligation, the Company will allocate the transaction price on each performance obligation by an amount that specifies an amount against the contract in which the Company expects to receive in exchange for each performance obligation satisfaction.

Step 5: Revenue recognition when the entity satisfies its performance obligations.

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

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

Lecico Egypt (S.A.E.)

Note to the Consolidated Financial Statements for the financial period ended March 31, 2025

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

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

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

The application of EAS No. (48) requires management to use the following judgements:

Satisfaction of performance obligation

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

Determine the transaction price

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

Control transfer in contracts with customers

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

In addition, the application of Egyptian Accounting Standard (EAS) No. 48 has resulted in:

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

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

Lecico Egypt (S.A.E.)

Note to the Consolidated Financial Statements for the financial period ended March 31, 2025

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.

38-4 Revenue recognition

Revenue from the sale of goods

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

38-4-1 Employee benefits

The holding company and two of its subsidiaries (Lecico Ceramic Industries and European Ceramics) contribute to this fund at a rate of 3% of employees' annual wages, in addition to a contribution ranging from 0.5% to 1% of the net profit for the period. This amount is recognized during the period until approval of the annual distributions by the shareholders at the general assembly.

38-4-2 Profitability of the employee's share of profit is recognized in the respective year.

38-5 Expenses

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

38-6 Finance income and finance costs

The group's finance income and finance costs include:

- Interest income;
- Interest expense;
- Dividend's
- Ineffective hedging recognized in profit or loss.

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

38-7 Earnings per share

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

Lecico Egypt (S.A.E.)

Note to the Consolidated Financial Statements for the financial period ended March 31, 2025

38-8 Income tax

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

38-8-1 Current income tax

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

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

38-8-2 Deferred tax

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

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

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

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

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

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

Lecico Egypt (S.A.E.)

Note to the Consolidated Financial Statements for the financial period ended March 31, 2025

38-9 Inventories

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

38-10 Property, plant & equipment

38-10-1 Recognition and measurement

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

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

38-10-2 Subsequent expenditure

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

38-10-3 Depreciation

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

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

- Leasehold improvements are depreciated over the year of the contract or useful life of the lease whichever is less.

- Depreciation methods, useful lives and residual values are reviewed at the end of each financial year and adjusted if appropriate.

38-11 Projects under construction

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

Lecico Egypt (S.A.E.)

Note to the Consolidated Financial Statements for the financial period ended March 31, 2025

38-12 Intangible assets

38-12-1 Goodwill

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

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

38-12-2 Other Intangible Assets

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

38-12-3 Amortization

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

38-13 Leased contracts

The standard sets out principles related to the recognition, measurement, presentation and disclosure of lease contracts, the aim is to ensure that the lessee and lessor provide relevant information in a way that present fairly the transactions this information provides a basis for users of financial statements to assess the impact of lease contracts on the financial position, financial performance and cash flows of the entity.

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

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

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

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

Lecico Egypt (S.A.E.)

Note to the Consolidated Financial Statements for the financial period ended March 31, 2025

Initial measurement of the right of use asset:

The cost of the right of use asset is:

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

Subsequent measurement of the right of use assets:

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

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

• **Initial measurement of lease obligation:**

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

• **Subsequent measurement of the lease obligation:**

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

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

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

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

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

Lecico Egypt (S.A.E.)

Note to the Consolidated Financial Statements for the financial period ended March 31, 2025

38-14 Financial instruments

Recognition and initial measurement

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

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

Classification and subsequent measurement

Financial assets

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

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

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

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

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

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

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

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

Lecico Egypt (S.A.E.)

Note to the Consolidated Financial Statements for the financial period ended March 31, 2025

Financial assets- Business Model Assessment

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

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

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

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

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

The frequency, volume and timing of sales of financial assets in prior years, the reasons for such sales and expectations about future sales activity.

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

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

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

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

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

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

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

Lecico Egypt (S.A.E.)

Note to the Consolidated Financial Statements for the financial period ended March 31, 2025

Financial assets – Subsequent measurement and gains and losses

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

Financial liabilities – Classification, subsequent measurement and gains and losses

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

Derecognition

Financial assets

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

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

Lecico Egypt (S.A.E.)

Note to the Consolidated Financial Statements for the financial period ended March 31, 2025

Financial liabilities

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

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

Offsetting

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

38-15 Share capital

38-15-1 Ordinary shares

Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity. Income tax relating to transaction costs of an equity transaction are accounted for in accordance with EAS 24 "Income tax".

38-15-2 Repurchase reissue of ordinary shares (treasury stock)

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

38-16 Impairment

38-16-1 Non-derivative financial assets

Financial instruments and contract assets

The Company recognizes loss allowances for ECLs on:

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

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

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

Lecico Egypt (S.A.E.)

Note to the Consolidated Financial Statements for the financial period ended March 31, 2025

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

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

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

- The debtor is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as releasing security (if any is held)
- The financial asset is more than 180 days past due.

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

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

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

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

Measurement of ECLs

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

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

38-16-2 Credit-impaired financial assets

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

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

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

Lecico Egypt (S.A.E.)

Note to the Consolidated Financial Statements for the financial period ended March 31, 2025

38-16-3 Non-financial assets

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

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

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

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

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

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

38-17 Provisions

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

38-18 End of service benefit

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

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

Lecico Egypt (S.A.E.)

Note to the Consolidated Financial Statements for the financial period ended March 31, 2025

38-19 Cash and Cash Equivalents

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

38-20 Borrowing Cost

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

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

38-21 Segment Reporting results

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

38-22 Consolidated Cashflows Statement

The cashflows statement is prepared according to the indirect method.

39- Hyperinflation

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

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

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

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

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

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

Lecico Egypt (S.A.E.)**Note to the Consolidated Financial Statements for the financial period ended March 31, 2025****40- New Editions and Amendments to Egyptian Accounting Standards**

On 3 March 2024, another decision was issued by the Prime Minister No. (636) of 2024 amending some other provisions of the Egyptian accounting standards.

On October 23, 2024, the Prime Minister issued Decision No. 3527 of 2024, which introduces and adds the new Egyptian Accounting Standard No. (51) titled "Financial Statements in Hyperinflationary Economies."

and the following is a summary of the most important of those amendments:

New or reissued standards	Summary of the most significant amendments	Impact on the financial statements	Effective date
<p>Egyptian Accounting Standard No. (50) "Insurance Contracts".</p>	<p>1-This standard determines the principles of recognition of insurance contracts falling within the scope of this standard, and determines their measurement, presentation, and disclosure. The objective of the standard is to ensure that the Company provides appropriate information that truthfully reflects those contracts. This information provides users of financial statements with the basis for assessing the impact of insurance contracts on the Company's financial position, financial performance, and cash flows.</p> <p>2-Egyptian Accounting Standard No. (50) replaces and cancels Egyptian Accounting Standard No. 37 "Insurance Contracts". Any reference to Egyptian Accounting Standard No. (37) in other Egyptian Accounting Standards to be replaced by Egyptian Accounting Standard No. (50).</p> <p>3-The following Egyptian Accounting Standards have been amended to comply with the requirements of the application of Egyptian Accounting Standard No. (50) "Insurance Contracts", as follows:</p> <ul style="list-style-type: none"> - Egyptian Accounting Standard No. (10) "Fixed Assets". - Egyptian Accounting Standard No. (23) "Intangible Assets". - Egyptian Accounting Standard No. (34) "Investment property". 	<p>The management assessed the new amendments and conducted that there would be no expected impact in the financial statements.</p>	<p>Egyptian Accounting Standard No. (50) is effective for annual financial periods starting on or after July 1, 2024, and at amended until 1st of January 2025 and if the Egyptian Accounting Standard No. (50) shall be applied for an earlier period, the Company should disclose that fact.</p>
<p>The new Egyptian Accounting Standard No. (51) "Financial statements in Hyperinflationary Economies. 11</p>	<p>The impact on the financial statements has not yet been determined until the application date is specified.</p>	<p>This standard must be applied to financial statements, including consolidated financial statements for any entity whose functional currency is in an economy classified as hyperinflationary</p>	<p>This standard must be applied to the financial statements of the entity starting from the beginning of the financial period in which the economy is classified as hyperinflationary according to the decision of Egyptian prime minister.</p>

Lecico Egypt (S.A.E.)

Note to the Consolidated Financial Statements for the financial period ended March 31, 2025

New or reissued standards	Summary of the most significant amendments	Impact on the financial statements	Effective date
<p>Accounting Interpretation No. (2) "Carbon Reduction Certificates"</p>	<p>Carbon Credits Certificates: Are financial instruments subject to trading that represent units for reducing greenhouse gas emissions. Each unit represents one ton of equivalent carbon dioxide emissions and are issued in favor of the reduction project developer (owner/non-owner), after approval and verification in accordance with internationally recognized standards and methodologies for reducing carbon emissions, carried out by verification and certification bodies, whether local or international, registered in the list prepared by the Financial Regulatory Authority "FRA" for this purpose. Companies can use Carbon Credits Certificates to meet voluntary emissions reduction targets to achieve carbon trading or other targets, which are traded on the Voluntary Carbon Market "VCM".</p>	<p>The management assessed the new amendments and conducted . That there would be no expected impact on the financial statements.</p>	<p>The application starts on or after the first of January 2025, early adaptation is allowed.</p>

Lecico Egypt (S.A.E.)

Note to the Consolidated Financial Statements for the financial period ended March 31, 2025

41- Merge

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

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

42- Significant events

The Monetary Policy Committee of the Central Bank of Egypt decided, in its meeting on Thursday, April 17, 2025, to reduce key interest rates by 225 basis points, bringing the overnight deposit and lending rates to 25% and 26%, respectively. It also decided to reduce the credit and discount rates by 225 basis points, bringing them to 25.5%.