

# Lecico

ANNUAL REPORT  
2024



# SANITARY WARE

p08

# TILES

p12

# BRASSWARE

p16

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# Lecico

Lecico is one of the world's largest sanitary ware producers and a significant tile producer in Egypt and Lebanon. With over 56 years in operation, Lecico has developed into a major exporter by producing competitively priced sanitary ware to exacting European quality standards. Today, Lecico is one of the largest suppliers of sanitary ware to Europe and the Middle East.

## EXPORTS

% OF REVENUE (2023: 58%)

**59%**

## SALES

YEAR-ON-YEAR

**+37%**

## NET PROFIT

YEAR-ON-YEAR

**+99%**

## GROSS PROFIT

YEAR-ON-YEAR

**+26%**

# 2024 HIGHLIGHTS

## 2024 saw growth in sales across all regions

Sales grew by 37% to LE 6,644.7 million (2023: LE 4,842.9 million) as the strong price increases and the impact of the devaluation drove up average prices. Average selling prices were up by 46%.

Operating profit grew by 22% to reach LE 1,151.0 million (2023: LE 941.1 million), but the Company's EBIT margin dropped by 2.1 percentage points to reach 17.3% (2023: 19.4%).

Net profit grew by 99% to reach LE 890.3 million (2023: LE 446.3 million) and the Company's net margin grew by 4.2 percentage points to reach 13.4% (2023: 9.2%).

Net debt reduced by 40% to LE 563.6 million (2023: LE 941.5 million) thanks to the strong cash flow generated from operations and devaluation.

### AVERAGE SALES PRICE

**+59%**

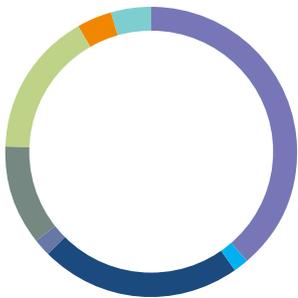
### OEM MANUFACTURING

Sales value grew 60% with volume up 1% and average prices up 59% as Lecico benefitted from the Pound's devaluation. OEM manufacturing accounted for 16% of revenues (2023: 14%).

# MARKET HIGHLIGHTS

## BUSINESS SPLIT

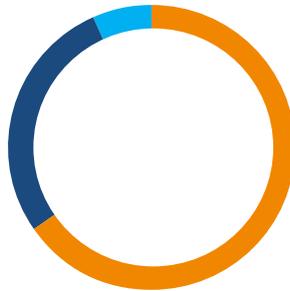
Geographical sales split



- Egypt **38.8%**
- Lebanon **1.6%**
- UK **22.4%**
- Germany **1.9%**
- Rest of Europe **11.2%**
- OEM **15.9%**
- Middle East **3.9%**
- Other **4.4%**

## REVENUE SPLIT

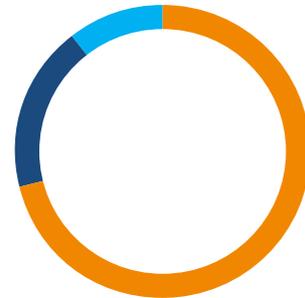
Sanitary ware, Tiles and Brassware



- Sanitary ware **64.8%**
- Tiles **29.7%**
- Brassware **5.5%**

## GROSS PROFIT SPLIT

Sanitary ware, Tiles and Brassware



- Sanitary ware **71.3%**
- Tiles **18.3%**
- Brassware **10.4%**

### SALES

**+41%**

#### UNITED KINGDOM

Sales value grew 41% despite volumes falling 7% with the average selling price increasing 52%. Lecico gained market share in the UK with growing contract sales and strong offer to the trade. Lecico's UK sales accounted for 22% of revenues (2023: 22%).

### SALES

**+19%**

#### FRANCE

Sales in France grew 19% with volumes down 20% despite growing market shares with key customers. Average prices increase 48% with the devaluation of the Pound. Sales to France accounted for 6% of revenue (2023: 7%).

### SALES

**+32%**

#### EGYPT

Sales rose 32% with growth in tile volumes and increased average price in all segments. Sanitary ware volumes fell 29% while tile volumes rose 22%. Sanitary ware prices rose 36% while tile prices increased 26%. Egypt accounted for 39% of revenues (2023: 40%).

### AVERAGE SALES PRICE

**+97%**

#### SOUTH AFRICA

Sales to South Africa increased by 23% as the Company continued to move away from entry-level products. Volumes were down 38% to 114k pieces (2023: 183k) but prices rose 97% reflecting changing mix as well as price hikes and the impact of devaluation. South Africa accounted for 3% of revenues (2023: 4%).

# FINANCIAL HIGHLIGHTS



## SANITARY WARE SALES VOLUME

Million pieces



## TILES SALES VOLUME

Million pieces



## SANITARY WARE EXPORT VOLUME

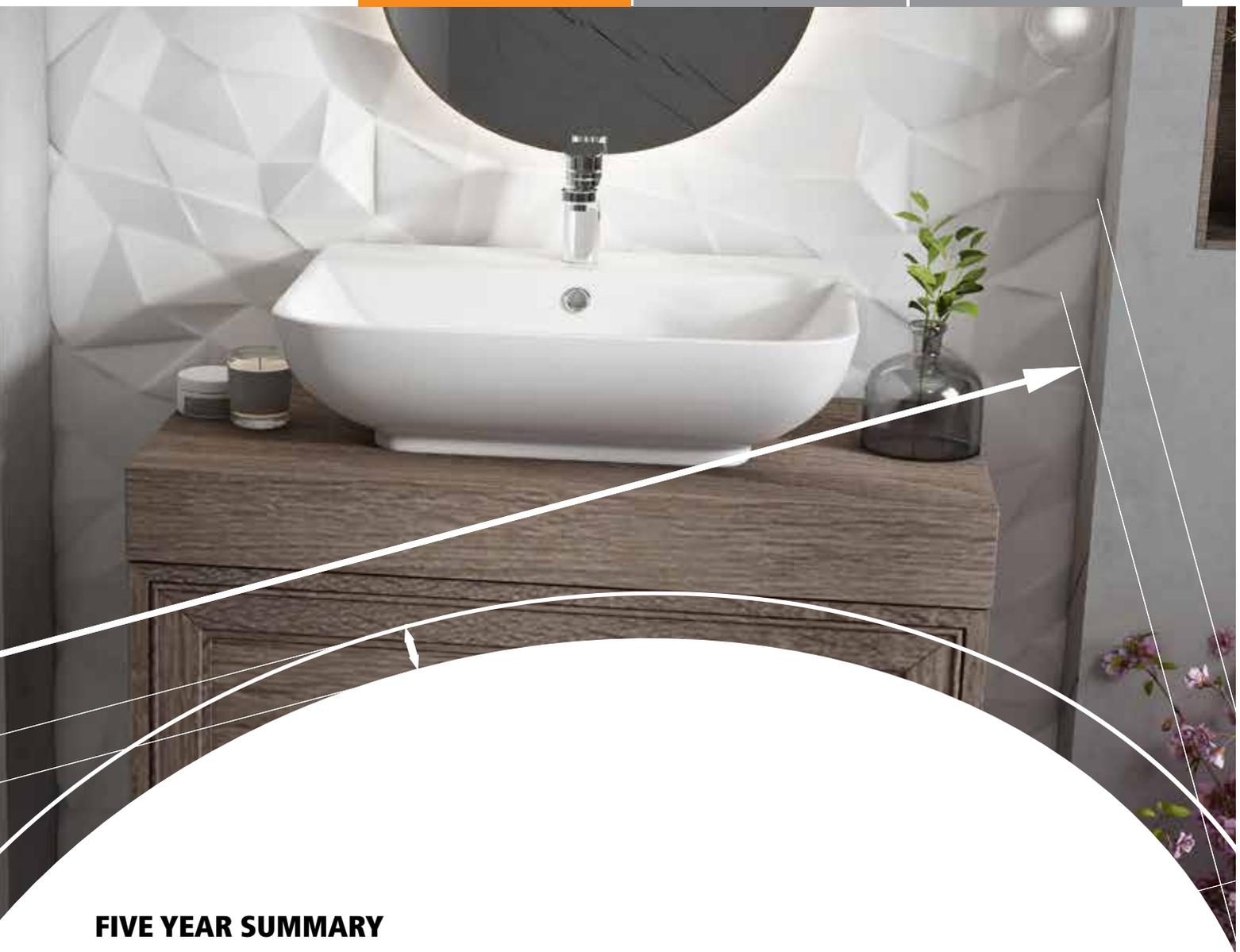
Million pieces



## EBIT MARGIN

%





## FIVE YEAR SUMMARY

LE millions	2020	2021	2022	2023	2024	CAGR
Net sales	2,055.2	2,642.2	3,273.8	4,842.9	<b>6,644.7</b>	34%
Gross profit	229.2	483.3	598.6	1,488.9	<b>1,875.2</b>	69%
EBIT	(132.5)	49.9	(31.3)	941.1	<b>1,151.0</b>	-
Net profit/(loss)	(220.6)	(36.4)	(3.2)	446.3	<b>890.3</b>	-
Reported EPS	(2.76)	(0.45)	(0.04)	5.75	<b>11.13</b>	-
Adjusted EPS*	(2.76)	(0.45)	(0.04)	5.75	<b>11.13</b>	-
Cash and equivalents	119.4	177.1	498.0	456.3	<b>352.2</b>	31%
Total assets	3,252.9	3,424.9	4,695.5	5,455.4	<b>7,747.4</b>	24%
Total debt	769.6	863.1	1,285.9	1,397.8	<b>918.8</b>	5%
Net debt	650.2	686.0	787.9	941.5	<b>563.6</b>	(4%)
Total liabilities	1,686.8	1,881.9	2,795.1	3,382.3	<b>3,890.8</b>	23%
Minority interest	30.0	35.2	57.3	75.8	<b>122.0</b>	42%
Shareholders' equity	1,536.1	1,507.9	1,843.1	1,996.9	<b>3,734.6</b>	25%

\* EPS adjusted to include treasury shares and historic EPS adjusted retroactively to reflect various bonus issues.

# CHAIRMAN'S STATEMENT



I am pleased to report an outstanding performance for 2024, with a strong devaluation in March helping boost our export business and an aggressive pricing strategy in the local market to try and absorb the impact of high inflation and interest rates in Egypt.

Strong revenue growth on the back of higher prices and gains on devaluation drove good growth in our top line and profits despite drops. Weakening sales volumes in sanware and brassware – particularly in Egypt – did negatively affect our margins compounding the cost inflation seen in Egypt over the year.

I am also pleased to report strong cash generation over the course of the year which allowed us to reduce our net debt by 41% over the course of the year despite significant investments in upgrading our manufacturing equipment. This relatively low gearing puts us in a good position to absorb our investment plans in the year ahead while we continue to weather further pressure on demand in most of our markets as the year starts.

We are hopeful that we will see demand pick up later in 2025 with falling inflation and interest rates predicted for Egypt and our European markets. We are also looking for good growth from the roll-out of new products next year including

several new sanitary ware ranges, large format porcelain tiles and new bath and shower solutions for our brassware.

In terms of markets, we have a plan for growth of sales footprint in the UK, France and the US in addition to organic growth from new models, current marketing strategies and market recoveries.

We are also expecting record efficiency rates in our factories with low scrap and repair rates in sanitary ware and improving tile productivity.

All of this should help us deliver another strong year despite the pressures of the slowing in demand and the relative strengthening of the EGP against the Sterling and Euro towards the end of 2024.

I want to thank all shareholders for their faith and interest in our Company and I am pleased to report the best annual results ever for Lecico for 2024 and I look forward to an excellent – if challenging – 2025 together.

**GILBERT GARGOUR**  
CHAIRMAN

## Outstanding performance for 2024

# MANAGING DIRECTOR'S STATEMENT



**In 2024, we continued our roll out of updated product ranges and invested in new pressure cast machines and a porcelain tile line that should come on stream in 2025.**

2024 was another banner year for Lecico with exogenous forces (high inflation and devaluation in Egypt), giving a strong push to the work we have been doing inside the Company to improve our product ranges, make our team structure leaner, and improve our production efficiency.

As a result, we saw good growth across our P&L despite demand shrinking in all our major markets and high inflation in Egypt eating into our margins year-on-year.

In 2024, we continued our roll out of updated product ranges and invested in new pressure cast machines and a porcelain tile line that should come on stream in 2025. Over the coming four years, we have an ambitious investment program that is expected to see Lecico invest over USD 30m to move up to 20% of our casting into High Pressure technology, expand our offer of tile sizes and finishes and upgrade our modelling technology as well as a host of other investments.

Considering these potential investments, it was critical to improve our cash flows and debt position in advance of this spending, which is why I am very pleased with the progress done in 2024. We were able to cut our net debt position by 41% or LE 384.6 million over the course of the year. This brought our debt-to-equity ratio down from 0.43x at the end of 2023 to 0.15x by the end of this year. Hopefully, from this improved debt position, we will be able to fund most of our investment plans from our own cash flow.

This combination of higher prices, improved cost base and efficiency and strong cash flows, all combined to deliver our highest profit values in the past decade at all points on the profit and loss statement. As we look ahead to 2025, I am optimistic that we can continue to deliver strong results despite the headwinds of Egypt's economic challenges and the continued slowdown of markets in Europe. We do hope that these headwinds will turn over the course of the year as falling inflation and interest rates see investment in housing pick up in

Egypt and across Europe after a couple of difficult years. Whatever the challenges, Lecico will work hard to preserve and build on the strong improvement in our financial results delivered in 2024.

**TAHER GARGOUR**  
MANAGING DIRECTOR  
AND CEO

# SANITARY WARE

SALES VOLUME DECREASED  
BY 11% TO 3.7 MILLION PIECES  
(DOWN 470,212 PIECES)

# +36%

## REVENUE

-11% in volume and +53% in ASP

### Revenue

LE million



# +32%

## GROSS PROFIT

### Gross profit

LE million



# 31.1%

## GROSS MARGIN

-0.9 percentage points decrease in gross margin to reach 31.1%

### Gross margin

%



SANITARY WARE CONTINUED

Sanitary ware sales volume decreased by 11% to 3.7 million pieces (down 470,212 pieces). Egyptian volumes decreased by 29% (down 315,843 pieces), export volumes decreased by 5% (down 164,568 pieces), but sales in Lebanon increased by 31% (up 10,199 pieces). Exports increased to 78% of volume compared to 73% in 2023.

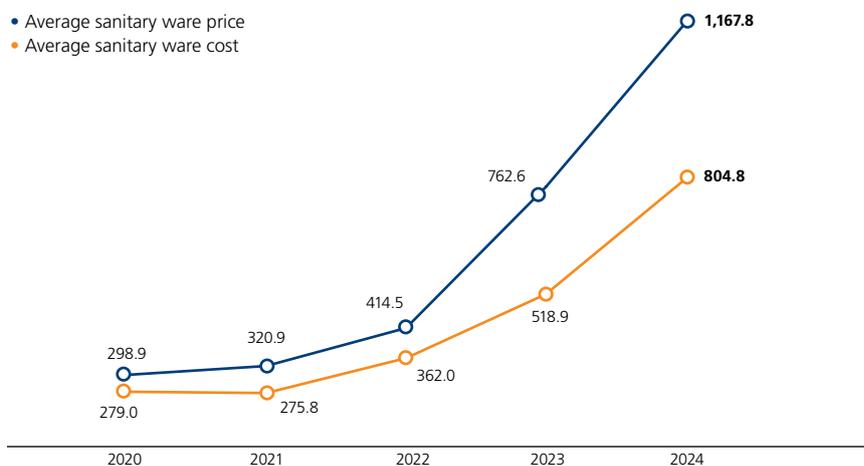
Average sanitary ware prices were up 53% year-on-year to LE 1,167.8 per piece (FY 2023: LE 762.6) because of price increases and the devaluation of the Egyptian Pound.

Revenues were up 36% year-on-year at LE 4,303.4 million (FY 2023: LE 3,168.7 million).

Average cost of sales increased 55% at LE 804.8 per piece, as production was reduced by 15% reducing economies of scale and costs were inflated primarily on the back of significant inflation locally and the impact of devaluation on imported costs.

Gross profit increased 32% to LE 1,337.7 million (FY 2023: LE 1,012.5 million), but the margin down 0.9 percentage points to 31.1% (FY 2023: 32%). It should be noted that in 2024, Lecico changed its reporting to move goods transportation from D&A to Cost of Goods Sold (COGs). Although operating profit is unchanged, this added LE 182.2 million to COGs compared to LE 105 million in 2023.

Sanitary ware price and cost LE/pc



**REVENUES WERE UP 36% YEAR-ON-YEAR AT LE 4,303.4 MILLION (FY 2023: LE 3,168.7 MILLION)**

## Sanitary ware analysis

volumes (000 pcs) LE millions	FY		%
	2024	2023	
Egypt	772	1,088	71%
Lebanon	43	33	131%
Export	2,870	3,034	95%
<b>Total volumes</b>	<b>3,685</b>	<b>4,155</b>	<b>89%</b>
Average selling price	1,167.8	762.6	153%
<b>Revenue</b>	<b>4,303.4</b>	<b>3,168.7</b>	<b>136%</b>
Cost of sales	2,965.7	2,156.2	138%
Average cost per piece (LE/pc)	804.8	518.9	155%
<b>Gross profit</b>	<b>1,337.7</b>	<b>1,012.5</b>	<b>132%</b>
Gross profit margin (%)	31%	32%	-0.9%

## Sanitary ware capacity and sales by volume

000s pieces	2020	2021	2022	2023	2024	CAGR
Sanitary ware capacity	6,750	6,750	6,750	6,750	6,750	0.0%
Sanitary ware sales volume	4,010	5,010	4,836	4,155	3,685	(2.1%)
Capacity utilisation (%)	59%	74%	72%	62%	55%	
Egypt sales volume	1,113	1,224	1,356	1,088	772	(8.7%)
Lebanon sales volume	83	34	30	33	43	(15.1%)
Export sales volume	2,815	3,752	3,450	3,034	2,870	(0.5%)
Exports as a % of total sales (%)	70.2%	74.9%	71.3%	73.0%	77.9%	

## Sanitary ware exports by volume

000s pieces	2020	2021	2022	2023	2024	CAGR
UK	981.7	1,150.7	1,042.8	988.1	920.1	(1.6%)
Germany	58.3	73.8	65.3	68.2	119.6	19.7%
Other Europe	406.8	658.6	643.7	839.5	732.0	15.8%
Middle East and North Africa	141.6	241.0	211.0	152.3	181.1	6.4%
Sub-Saharan Africa	275.4	466.0	303.0	214.9	137.9	(15.9%)
OEM	951.3	1,162.2	1,184.0	771.3	779.0	(4.9%)
<b>Total exports</b>	<b>2,815.0</b>	<b>3,752.3</b>	<b>3,449.7</b>	<b>3,034.2</b>	<b>2,869.7</b>	0.5%

**GROSS PROFIT  
INCREASED 32%  
TO LE 1,337.7  
MILLION (FY  
2023: LE 1,012.5  
MILLION)**

## AVERAGE PRICE

Year-on-year

**+53%**

# TILES

**+17%**  
**GROWTH IN  
 TILE VOLUMES  
 IN 2024**

**17%**

### GROSS MARGIN

-7.4 percentage points decrease in gross margin

#### Gross margin %



**+46%**

### REVENUE

+17% in volumes and +25% in ASP

#### Revenue LE million



**+2%**

### GROSS PROFIT

LE 343 m vs. LE 335 m in 2023

#### Gross profit LE million



# TILES CONTINUED

In Egypt, a shift to cheaper tiles in the market overall and Lecico's strong position on projects allowed it to grow tile volumes in 2024 despite a shrinking in overall demand in the market and in exports. Tile sales volumes increased by 17% year-on-year (up 3.2 million square meters) to reach 22 million square meters. Sales in Egypt increased by 22% (up 3.5 million square meters), but export sales decreased by 9% (down 213,856 square meters) and Lebanon sales decreased by 45% (down 136,188 square meters).

Tiles revenues increased by 46% year-on-year at LE 1,976.5 million in 2024 (FY 2023: LE 1,354.8 million).

Average net prices rose by 25% to LE 89.4 per square meter compared to LE 71.5 in the same period last year because of price increases locally and the impact of the devaluation on export prices.

Average costs increased by 37% year-on-year to reach LE 73.9 per square meter due to cost cutting measures in Egypt offsetting the impact of inflation and devaluation. Production volume was 14% greater than last year.

Gross profit increased by 2% to reach LE 342.7 million (FY 2023: LE 334.8 million), but the margin decreased by 7.4 percentage points to 17.3% (FY 2023: 24.7%). It should be noted that in 2024, Lecico changed its reporting to move goods transportation from D&A to COGs. Although operating profit is unchanged, this added LE 69.4m to COGs compared to LE 40 million in 2023.

## Tile capacity and sales by volume

000s sqm	2020	2021	2022	2023	2024	CAGR
Tile capacity	24,000	24,000	24,000	24,000	24,000	0.0%
Tile sales volume	19,781	21,472	22,494	18,953	22,119	2.8%
Capacity utilisation (%)	82%	89%	94%	79%	92%	
Egypt sales volume	14,993	16,136	19,253	16,219	19,736	7.1%
Lebanon sales volume	366	186	288	302	166	(18.0%)
Export sales volume	4,422	5,151	2,952	2,432	2,218	(15.8%)
Exports as a % of total sales (%)	22.4%	24.0%	13.1%	12.8%	10.0%	

## Tile analysis

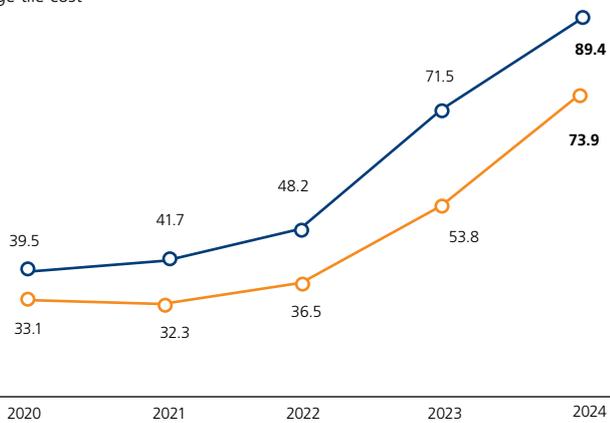
Volumes (000 sqm) LE millions	FY		%
	2024	2023	24/23
Egypt	19,736	16,219	122%
Lebanon	166	302	55%
Export	2,218	2,432	91%
<b>Total volumes</b>	<b>22,119</b>	<b>18,953</b>	<b>117%</b>
Average selling price	89.4	71.5	125%
<b>Revenue</b>	<b>1,976.5</b>	<b>1,354.8</b>	<b>146%</b>
Cost of sales	1,633.8	1,020.1	160%
Average cost per sqm (LE/sqm)	73.9	53.8	137%
<b>Gross profit</b>	<b>342.7</b>	<b>334.8</b>	<b>102%</b>
Gross profit margin (%)	17%	25%	(7.4%)

**AVERAGE PRICE**

Year-on-year

**+25%****Tile price and cost LE/pc**

- Average tile price
- Average tile cost



# BRASSWARE

REVENUES INCREASED BY  
14% YEAR-ON-YEAR TO  
REACH LE 364.8 MILLION  
(FY 2023: LE 319.4 MILLION).

# +14%

## REVENUE

-37% in volumes and +81% in ASP

Revenue LE million



# +38%

## GROSS PROFIT

LE 195.0 million vs. LE 142.0 million in 2023

Gross profit LE million



# +9.1%

## GROSS MARGIN

percentage points increase in gross margin to reach 53.4%

Gross margin %



## BRASSWARE CONTINUED

Sales volumes for 2024 decreased by 37% year-on-year (down 87,956 pieces) with volumes down sharply in the second half of the year as demand in Egypt fell and competitors began aggressively cutting prices in a fight for market share.

Revenues increased by 14% year-on-year to reach LE 364.8 million (FY 2023: LE 319.4 million).

Average net prices increased by 81% to reach LE 2,438 per piece compared to LE 1,344 last year because of price increases locally to pass on the impact of the devaluation on costs.

Brassware's percentage of total consolidated revenues was 5.5% (FY 2023: 6.6% of sales).

Average cost per piece increased by 52% to LE 1,136 per piece (FY 2023: LE 748 per piece) reflecting changing mix and the impact of the devaluation of the Egyptian Pound on brassware costs.

Gross profit increased by 38% to LE 194.9 million (FY 2023: LE 141.7 million) and the margin increased by 9.1 percentage points to 53.4% (FY 2023: 44.3%). It should be noted that in 2024, Lecico changed its reporting to move goods transportation from D&A to COGs. Although operating profit is unchanged, this added LE 0.4m to COGs compared to LE 0.4 million in 2023.

Brassware's percentage of total consolidated gross profits increased to 10.4% (FY 2023: 9.5%).

### Brassware analysis

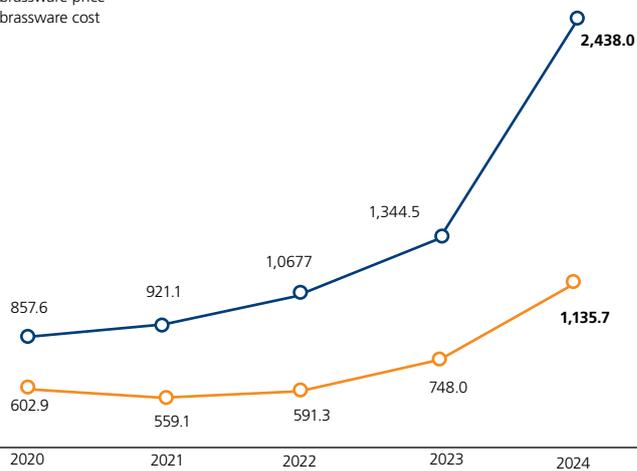
Volume (000's pieces) LE millions	FY		%
	2024	2023	
Egypt	149,233	237,592	63%
Export	403	-	0%
<b>Total volumes</b>	<b>149,636</b>	<b>237,592</b>	<b>63%</b>
Exports/total sales volume (%)	0.3%	0.0%	0.3%
<b>Revenue (LE m)</b>	<b>364.8</b>	<b>319.4</b>	<b>114%</b>
Average selling price (LE/pc)	2,438.0	1,344.5	181%
Average cost per piece (LE/pc)	1,135.7	748.0	152%
Cost of sales	(169.9)	(177.8)	96%
<b>Gross profit</b>	<b>194.9</b>	<b>142.0</b>	<b>137%</b>
Gross profit margin (%)	53.4%	44.3%	9.0%

**AVERAGE PRICE**  
Year-on-year

**+52%**

#### Brassware price and cost LE/pc

- Average brassware price
- Average brassware cost



**BRASSWARE'S  
PERCENTAGE  
OF TOTAL  
CONSOLIDATED  
GROSS PROFITS  
INCREASED TO  
10.4% (FY 2023:  
9.3%).**

# FINANCIAL OVERVIEW

### **FY 2024: A record year driven by strong top line growth on prices**

Lecico revenues for the year increased by 37% year-on-year to LE 6,644.7 million (FY 2023: LE 4,842.9 million), a record number for the Company, as prices increased driven by the impact of the devaluation of the Pound offsetting lower sales volumes in sanitary ware and brassware as demand remains under pressure in most markets.

Lecico's cost of goods sold was up by 42% year-on-year to LE 4,769.5 million (FY 2023: LE 3,354 million).

Gross profit increased by 26% to reach LE 1,875.2 million (FY 2023: LE 1,488.9 million), but the Company's gross profit margin was down 2.5 percentage points to 28.2% compared to 30.7% last year. It should be noted that in 2024, Lecico changed its reporting to move goods transportation costs from D&A expenses to COGs. Lecico's gross margin would have been approximately 4% higher (32%) if that adjustment had not been made.

In absolute terms, distribution and administration (D&A) expenses increased by 31% to LE 660.2 million (FY 2023: LE 503 million), but proportional D&A expenses were down by 0.5 percentage points to 9.9% (FY 2023: 10.4%). D&A expenses would have been approximately 13.7% of sales if Lecico had not moved goods transportation to COGs in 2024.

Lecico reported LE 64.1 million in net other operating expenses compared to net other operating expenses of LE 44.8 million last year.

Lecico's EBIT profit increased by 22% to reach LE 1,151 million (FY 2023: LE 941.1 million). The Company's EBIT margin was down 2.1 percentage points to 17.3% compared to 19.4% for the same period last year.

Lecico reported LE 79.9 million in net financing income compared to LE 254.1 million net financing expenses in the last year. This increase in financing income is due to an exceptional gain of LE 362.5 million in 1Q 2024 due to the devaluation of the Egyptian Pound.

Lecico reported net tax charge of LE 312.5 million versus a tax charge of LE 214 million in the last year.

Lecico's net profit increased by 99% to reach LE 890.3 million (FY 2023: LE 446.3 million). The Company's net margin was up 4.2 percentage points to 13.4% (FY 2023: 9.2%). If we exclude the exceptional gains for LE 362.5 million earlier this year due to the currency, Lecico would have an adjusted net profit of LE 527.8 million with a margin of 8%.

# FINANCIAL OVERVIEW CONTINUED

## Sanitary ware

Sanitary ware sales volume decreased by 11% to 3.7 million pieces (down 470,212 pieces). Egyptian volumes decreased by 29% (down 315,843 pieces), export volumes decreased 5% (down 164,568 pieces), but sales in Lebanon increased by 31% (up 10,199 pieces). Exports increased to 78% of volume compared to 73% in 2023.

Average sanitary ware prices were up 53% year-on-year to LE 1,167.8 per piece (FY 2023: LE 762.6) because of price increases and the devaluation of the Egyptian Pound.

Revenues were up by 36% year-on-year at LE 4,303.4 million (FY 2023: LE 3,168.7 million).

Average cost of sales increased by 55% at LE 804.8 per piece, as production was reduced by 15% reducing economies of scale and costs were inflated primarily on the back of significant inflation locally and the impact of devaluation on imported costs.

Gross profit increased by 32% to LE 1,337.7 million (FY 2023: LE 1,012.5 million), but the margin down 0.9 percentage points to 31.3% (FY 2023: 32%). It should be noted that in 2024, Lecico changed its reporting to move goods transportation from D&A to COGs. Although operating profit is unchanged, this added LE 182.2 million to COGs compared to LE 105 million in 2023.

## Tiles

Tile sales volumes increased by 17% year-on-year (up 3.2 million square meters) to reach 22 million square meters. Sales in Egypt increased by 22% (up 3.5 million square meters), but export sales decreased by 9% (down 213,856 square meters) and Lebanon sales decreased by 45% (down 136,188 square meters).

Tiles revenues increased by 46% year-on-year at LE 1,976.5 million in 2024 (FY 2023: LE 1,354.8 million).

Average net prices rose by 25% to LE 89.4 per square meter compared to LE 71.5 in the same period last year because of price increases locally and the impact of the devaluation on export prices.

Average costs increased by 37% year-on-year to reach LE 73.9 per square meter due to cost cutting measures in Egypt offsetting the impact of inflation and devaluation. Production volume was 14% greater than last year.

Gross profit increased by 2% to reach LE 342.7 million (FY 2023: LE 334.8 million), but the margin decreased by 7.4 percentage points to 17.3% (FY 2023: 24.7%). It should be noted that in 2024, Lecico changed its reporting to move goods transportation from D&A to COGs. Although operating profit is unchanged, this added LE 69.4 million to COGs compared to LE 40 million in 2023.

## Brassware

Sales volumes for 2024 decreased by 37% year-on-year (down 87,956 pieces) with volumes down sharply in the second half of the year as demand in Egypt fell and competitors began aggressively cutting prices in a fight for market share.

Revenues increased by 14% year-on-year to reach LE 364.8 million (FY 2023: LE 319.4 million).

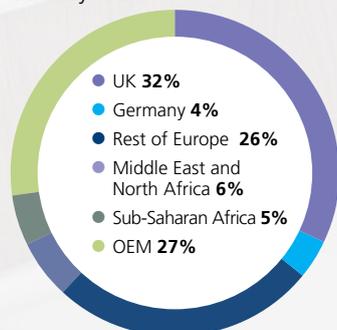
Average net prices increased by 181% to reach LE 2,438 per piece compared to LE 1,344 last year because of price increases locally to pass on the impact of the devaluation on costs.

Average cost per piece increased by 52% to LE 1,136 per piece (FY 2023: LE 748 per piece) reflecting changing mix and the impact of the devaluation of the Egyptian Pound on brassware costs.

Gross profit increased by 38% to LE 194.9 million (FY 2023: LE 141.7 million) and the margin increased by 9.1 percentage points to 53.4% (FY 2023: 44.3%). It should be noted that in 2024, Lecico changed its reporting to move goods transportation from D&A to COGs. Although operating profit is unchanged, this added LE 0.4 million to COGs compared to LE 0.4 million in 2023.

## EXPORTS BY DESTINATION

Sanitary ware



## Sanitary ware exports by destination

000 pieces	2024	% of total	2023	% of total	% 24/23
UK	920.1	32%	988.1	33%	93%
Germany	119.6	4%	68.2	2%	175%
Other Europe	732.0	26%	839.5	28%	87%
Middle East and North Africa	181.1	6%	152.3	5%	119%
Sub-Saharan Africa	137.9	5%	214.9	7%	64%
OEM	779.0	27%	771.3	25%	101%
<b>Total exports</b>	<b>2,869.7</b>	<b>100%</b>	<b>3,034.2</b>	<b>100%</b>	<b>95%</b>

### Profit and loss statement highlights

LE m	FY		%	FY			2020-24 CAGR%
	2024	2023		24/23	2022	2021	
Sanitary ware	4,303.4	3,168.7	136%	2,004.5	1,607.8	1,198.7	38%
Tiles	1,976.5	1,354.8	146%	1,083.6	896.3	782.3	26%
Brassware	364.8	319.4	114%	185.7	138.1	74.2	49%
<b>Net sales</b>	<b>6,644.7</b>	<b>4,842.9</b>	<b>137%</b>	<b>3,273.8</b>	<b>2,642.2</b>	<b>2,055.2</b>	<b>34%</b>
Sanitary ware/net sales (%)	64.8%	65.4%	(0.7%)	61.2%	60.9%	58.3%	
Cost of sales	(4,769.5)	(3,354)	142%	(2,675.2)	(2,158.9)	(1,826.0)	27%
Cost of sales/net sales (%)	(71.8%)	(69.3%)	(2.5%)	(81.7%)	(81.7%)	(88.8%)	
<b>Gross profit</b>	<b>1,875.2</b>	<b>1,488.9</b>	<b>126%</b>	<b>598.6</b>	<b>483.3</b>	<b>229.2</b>	<b>69%</b>
Gross profit margin (%)	28.2%	30.7%	(2.5%)	18.3%	18.3%	11.2%	
Distribution and administration (D&A)	(660.2)	(503)	131%	(465.3)	(377.1)	(276.6)	24%
D&A/net sales (%)	(9.9%)	(10.4%)	(0.5%)	(14.2%)	(14.3%)	(13.5%)	
Net other operating income (expense)	(64.1)	(44.8)	143%	(164.6)	(56.3)	(85.0)	(7%)
Net other operating income/net sales (%)	(1.0%)	(0.9%)	0%	(5.0%)	(2.1%)	(4.1%)	
<b>EBIT</b>	<b>1,151.0</b>	<b>941.1</b>	<b>122%</b>	<b>-31.3</b>	<b>49.9</b>	<b>-132.5</b>	<b>-</b>
EBIT margin (%)	17.3%	19.4%	(2.1%)	(1.0%)	1.9%	(6.4%)	
<b>Net profit</b>	<b>890.3</b>	<b>446.3</b>	<b>199%</b>	<b>(3.2)</b>	<b>(36.4)</b>	<b>(220.6)</b>	<b>-</b>
Net profit margin (%)	13.4%	9.2%	4.2%	-	-	-	

### Financial position

The value of Lecico's non-current assets increased by 53% at the end of December 2024, to reach LE 3,407.9 million (2023: LE 2,222.4 million).

Total Equity increased by 87% at the end of December 2024, to reach LE 3,734.6 million (2023: LE 1,996.9 million).

The value of Lecico's current assets increased by 34% at the end of December 2024, to reach LE 4,339.5 million (2023: LE 3,233 million) because of the impact of

the devaluation of the Egyptian Pound and continued inflation on both selling and cost prices.

Total liabilities increased by 15% to reach LE 3,890.8 million (2023: LE 3,382.3 million) due to the increase in trade and other payables.

Gross debt decreased by 34% or LE 479 million to reach LE 918.8 million compared to LE 1,397.8 million at the end of 2023.

Net debt decreased by 40% or LE 377.9 million to reach LE 563.6 million compared to LE 941.5 million at the end of 2023.

Net debt to equity at the end of December 2024 reached 0.15x compared to 0.47x at the end of 2023.

Working capital increased by 33% or LE 544.3 million to reach LE 2,198.2 million compared to LE 1,653.8 million at the end of 2023.

FINANCIAL OVERVIEW  
CONTINUED**Sanitary ware segmental analysis**

LE m	FY		%	FY			20-24 CAGR%
	2024	2023		24/23	2022	2021	
Sanitary ware volumes (000 pcs)							
Egypt	772	1,088	71%	1,356	1,224	1,113	(9%)
Lebanon	43	33	131%	30	34	83	(15%)
Export	2,870	3,034	95%	3,450	3,752	2,815	0%
<b>Total sanitary ware volumes</b>	<b>3,685</b>	<b>4,155</b>	<b>89%</b>	<b>4,836</b>	<b>5,010</b>	<b>4,010</b>	<b>(2%)</b>
Exports/total sales volume (%)	77.9%	73.0%	4.9%	71.3%	74.9%	70.2%	
<b>Sanitary ware revenue</b>	<b>4,303.4</b>	<b>3,168.7</b>	<b>136%</b>	<b>2,004.5</b>	<b>1,607.8</b>	<b>1,198.7</b>	<b>38%</b>
Average selling price (LE/pc)	1167.8	762.6	153%	415	321	299	41%
Average cost per piece (LE/pc)	804.8	518.9	155%	362	276	279	30%
Sanitary ware cost of sales	(2,965.7)	(2,156.2)	138%	(1,750.8)	(1,381.5)	(1,118.7)	28%
<b>Sanitary ware gross profit</b>	<b>1,337.7</b>	<b>1012.5</b>	<b>132%</b>	<b>253.7</b>	<b>226.3</b>	<b>80.0</b>	<b>102%</b>
Sanitary ware gross profit margin (%)	31.1%	32%	(0.9%)	12.7%	14.1%	6.7%	

**Tile segmental analysis**

LE m	FY		%	FY			20-24 CAGR%
	2024	2023		24/23	2022	2021	
Tile volumes (000 sqm)							
Egypt	19,736	16,219	122%	19,253	16,136	14,993	7%
Lebanon	166	302	55%	288	186	366	(18%)
Export	2,218	2,432	91%	2,952	5,151	4,422	(16%)
<b>Total tile volumes</b>	<b>22,119</b>	<b>18,953</b>	<b>117%</b>	<b>22,494</b>	<b>21,472</b>	<b>19,781</b>	<b>3%</b>
Exports/total sales volume (%)	10.0%	12.8%	(2.8%)	13.1%	24.0%	22.4%	
<b>Tile revenue</b>	<b>1,976.5</b>	<b>1,354.8</b>	<b>146%</b>	<b>1,083.6</b>	<b>896.3</b>	<b>782.3</b>	<b>26%</b>
Average selling price (LE/sqm)	89.4	71.5	125%	48.2	41.7	39.5	23%
Average cost per piece (LE/sqm)	73.9	53.8	137%	36.5	32.3	33.1	22%
Tile cost of sales	(1,633.8)	(1,020.1)	160%	(821.5)	(693.6)	(655.2)	26%
<b>Tile gross profit</b>	<b>342.7</b>	<b>334.8</b>	<b>102%</b>	<b>262.0</b>	<b>202.7</b>	<b>127.1</b>	<b>28%</b>
Tile gross profit margin (%)	17.3%	24.7%	(7.4%)	24.2%	22.6%	16.2%	

### Recent developments and outlook

**Outlook for 2025:** Lecico expects current demand patterns to continue in early 2025, with inflation and interest rates continuing to limit appetite.

Lecico expects 2025 will see the demand picture improve as the year advances, as lower interest rates help drive a recovery in demand and spending in the Company's export markets and in Egypt.

Inflation will continue to put pressure on margins unless there is a further devaluation of the Egyptian pound, which cannot be expected with any degree of certainty. The Company will look to local price increases, cost savings and tighter management of working capital to absorb this pressure on margins.

**Accounting changes in 2024 moved expenses from Overheads to COGs:** In order to streamline cost and margin analysis and unify treatment of different transport costs, Lecico now reports all transport costs for goods and materials in COGs. The effect of this change is to add about 4% to COGs, reducing the gross margin by about 3 percentage points. A similar value is removed from SG&A, reducing overheads. Our operating profit and margin are not changed by this new treatment. We have restated comparative figures for 2023 for the same treatment.

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

Management is working towards formalising hyper-inflation accounting new treatment with its auditors which may lead to adjustments or restatements when these management accounts are audited. Management understands that this will also lead to some restatement of past years as IAS rules calls for adjustment back to the beginning of hyperinflation in the economy. In due course, this should also lead to the removal of all the qualifications to Lecico Egypt's consolidated accounts that stem from not using hyper-inflation accounting and following IAS 21 and IAS 29. Management intends to continue to update investors on the progress of restructuring on a quarterly basis in the Results Newsletter.

This has meant that despite several years of triple-digit inflation in Lebanon, there is a significant change in asset values and those assets and liabilities held in foreign currency have proportionately increased significantly. It also means that on the P&L, Lebanese costs and overheads are now much lower in EGP reflecting something close to current trading reality.

# CORPORATE SOCIAL RESPONSIBILITY



## As one of Egypt's leading manufacturers, Lecico considers Corporate Social Responsibility (CSR) an integral part of its operations and an important contributor to its reputation.

**The Board regularly considers the significance of social, environmental, and ethical matters. The measures covered in this report are monitored and reviewed to continually improve performance.**

### Training and development

45 employees in the Quality Control, Planning, Export, HR, Cost Control, Sales, Finance, Marketing, and Purchasing Departments have received an internal training entitled "How to Conduct a Successful Interview", done in groups in our meeting room.

Twenty-six students – from the Faculty of Engineering, Faculty of Science, Faculty of Commerce, and Workers' University – have been trained as interns in our factories in different departments.

657 workers have been trained internally for COC, anti-bribery and anti-corruption, sustainability, and labor rights. Those training sessions were held in groups in an open-air area in our factories.

### Employee communications

Several communication channels exist, including briefing meetings, worker boards, and notice boards.

To further improve two-way communication, the Company has a Workers' Follow-Up Committee representing staff from all departments and factories that meets regularly with the Executive Board. Half the members were replaced by newly elected members from different Company departments.

### Employment policy

Lecico's policy is to provide equal opportunities to all existing employees and anyone seeking to join. The Company is committed to the fair and equitable treatment of all its employees and specifically prohibits discrimination based on race, religion, sex, nationality, or ethnic origin.

Employment opportunities are available to disabled persons according to their abilities and aptitudes on equal terms with other employees. If an employee becomes disabled during employment, the Company makes every effort to enable them to continue employment, with re-training for alternative work where necessary.

The Company operates several employee pension schemes across its business, including a retirement fund. It has recently offered a tailored partial-contribution Private Health Insurance plan to its administrative staff and an Accident Policy for all the group employees. In 2024, Lecico contributed over LE 18,164,103 million in pension contributions, accident and medical insurance, and aids support for its staff.

### Holidays and Pilgrimages

Lecico recognises the importance of a good work/life balance for its staff and offers several programs to help them make the most of their time outside of work. These programs include organising and subsidising day trips and week-long holidays for them and their families in the summer; partially funding their staff's Haj and Omra pilgrimages; and giving salary bonuses to the staff during Ramadan and other key holidays.

In 2024, these programs (pilgrimages/ childbirth/death/marriage) included 15,980 subsidised holiday days enjoyed by staff and a total expense of LE 3,934,150.

### Community

Lecico believes it is responsible for contributing to the community by donating goods, funds, and time to charitable organisations and investing in the neighborhoods around its factories. The Company also supports its staff and their families when a medical emergency occurs on a charitable basis.

The total value of the Company's donations in 2024 is LE 1,848,680, with much of the sum used to fund social and humanitarian causes, including joining the reconstruction effort in Beirut port and donations to schools in Egypt. The Company's policy is not to make political donations, and as such, no political donations were made in 2024. An anti-bribery and anti-corruption policy was also initiated and implemented during the year.

# CORPORATE SOCIAL RESPONSIBILITY CONTINUED

## Environment and Health & Safety

Lecico is committed to developing its business responsibly, protecting the health and safety of its employees, addressing evolving environmental issues, and ensuring compliance with applicable legal requirements.

In addition to the applied HSE systems, Lecico developed a system for protecting from radioactive materials used in production this year. This was done through:

- Installing new machinery to regularly take the necessary measures related to these materials.
- Maintaining regular examinations every six months for our employees exposed to these materials.

Lecico has well-developed environmental, packaging, and waste reduction policies that are communicated to all employees, who are encouraged to participate in achieving the Company's goals. Recycling packing materials like plastic hoods and multi-use hoods significantly reduced our packaging material's footprint.

All Lecico's factories in Egypt are certified for ISO 9001 (Quality Management Systems), ISO 14001 (Environmental), and ISO 45001:2018 (Health and Safety). ISO 14001 is an internationally accepted certification for an effective environmental management system (EMS). The standard addresses the delicate balance between maintaining profitability and reducing environmental impact. ISO 18001 is an internationally recognised occupational health and safety management system certification. It was developed by a selection of trade bodies, international standards, and certification bodies to be compatible with ISO 9001 and ISO 14001 and to assist companies in meeting their health and safety obligations efficiently.

Lecico's Health and Safety System complies with all applicable Egyptian Occupational Health and Safety laws. It is audited annually by the Bureau of Health and Safety and the Egyptian Environmental Affairs Agency (EEAA) as follows:

- Labour Law Number 12 (2003) that states the legislations of Occupational Health and Safety and Securing Work Environment Subsidiary Clause which covers laws number 202 to 231 concerning definition and application, work site, construction and licenses, requirements of work environments, social and health care, OH&S inspection, planning of OH&S systems and securing work sites, and research and development systems and consultation.
- Law Number 453 (1954) related to Licensing for industrial and commercial organisations and amended by Law No. 68 (2016).
- Law Number 79 (1975) related to Social Security and Law Number 135 (2010) about Social Insurance and Pensions.
- Environmental Law Number 4 (1994) regarding environmental protection amended by Environmental Law Number 9 (2009) and Environmental Law Number 105 (2015).
- The Ministerial Executive Regulations Number 338 (1995) was amended by Ministerial decision Number 1095 (2011), Ministerial decision Number 964 (2015), Ministerial Decision Number 544 (2016), Ministerial Decision Number 618 (2017), and lately Ministerial Decision Number 1963 (2017).

In 2024, the Company was audited and successfully passed all its recurring external audits, including:

- Factory and Product audit to meet French national standards (NF)
- Factory and Product audit to meet Dutch national standards (KIWA)
- Factory and Product audit to meet Swedish national standards (NORDTEST)
- Factory and product audit to meet Spanish national standards (AENOR)
- Factory and product audit to meet American national standards (IAPMO)

In 2019, our customers started to apply

COC Audit (Code of Conduct- Audit) to complete the chain of complying with labor rights and ethical and environmental guidelines. Accordingly, Lecico will use the same measures with its internal and external suppliers, as follows:

- SQP (Supplier Qualification Program) audit to cover "Risk Management," "Site Facilities Management," "Personal Training and Competency," and Improved Transparency and Trust between Buyer and Supplier.
- WCA (Workplace Conditions Assessment) audit to cover "Child/forced labor, Discrimination, Discipline, harassment/ Abuse, and freedom of association.
- SMETA's four-pillar audit covers labor, Environmental, Health and safety, and business ethics. Lecico passed this audit and took a best practice award for the last section of the business.

We started Ecovadis membership in 2023, a leading sustainability rating platform in 2021. We are continuously working to improve our performance and aim to achieve a score of 55% by the end of 2025.

We have also started to issue Environmental, Social, and Governance (ESG) and Task Force on Climate-Related Financial Disclosures (TCFD) Reports to the Egyptian Exchange (EGX).

In late 2024, we started actively taking steps to measure and reduce our carbon footprint. We have begun collecting data to calculate our emissions and are seeking consultations to establish a comprehensive carbon footprint assessment. This information will be used to develop a roadmap for carbon reduction activities, with the goal of issuing a sustainability report by the end of 2025.

## ENVIRONMENTAL POLICY

### All Lecico companies seek to:

- Minimise the use of all materials, supplies, and energy and use renewable or recyclable materials wherever possible.
- Minimise the quantity of waste produced in all aspects of our business.
- Adopt an environmentally sound transportation policy.
- Communicate our environmental policy to all staff and encourage them to participate in achieving our goals.
- Supply and promote, wherever possible, products that contribute to energy conservation and do not damage the environment.
- Ensure that the Company continues to meet present and future environmental standards and legislation.
- A project to transfer exothermic heat from the kiln is ongoing. This heat will be used in dryers, reducing the effect of high temperatures in the work environment to comply with environmental legal requirements.

## PACKAGING AND WASTE REDUCTION POLICY

### All Lecico companies seek to:

- Purchase recycled and recyclable packaging where practicable, including pallets and cartons.
- Return reusable pallets to suppliers and recover used pallets from customers.
- Reuse packaging opened at the branch level for internal transfers and deliveries.
- Actively take part in recycling and reclamation schemes.
- Embrace electronic communication within its businesses, aiming for a significant reduction in internal paperwork throughout the Company.
- Ensure that the Company continues to meet present and future environmental standards and legislation.
- View copies of our quality certificates and environmental reports on our website.

## BOARD OF DIRECTORS



**MR. GILBERT GARGOUR**  
Chairman

**Board Member: 1981 – present** **Age: 82**  
**Nationality: Lebanese and British**

A Director since 1981, he has served as Chairman since 1997. He is a citizen of Lebanon and the United Kingdom and holds an MBA from Harvard University. He is a co-owner of Intage and is the brother of Mr. Toufick Gargour and Mr Alain Gargour, both of whom are Lecico Directors and co-owners of Intage.



**MR. ALAIN GARGOUR**  
Non-Executive Director

**Board Member: 1997 – present** **Age: 72**  
**Nationality: Lebanese and British**

Involved with Lecico since 1978, he has been a Director of the Company since 1997. He is a citizen of both Lebanon and the United Kingdom and holds an MBA from the University of Chicago. He is also the CEO and member of the board of Gargour Holdings S.A. He is a Director of Intage.



**MR. ELIE BAROUDI**  
Non-Executive Director and  
Audit Committee Chairman

**Board Member: 2003 – present** **Age: 79**  
**Nationality: Lebanese and American**

A Director since 2003, he served as Managing Director of the company from September 2002 to June 2012. Prior to joining Lecico, he worked at American Express Bank for 22 years and served in various positions including Executive Director and Region Head for North and South East Asia (1991 to 1996), and Managing Director of American Express's Egyptian joint venture bank, Egyptian American Bank (1986 to 1990).



**MR. TAHER GARGOUR**  
CEO and Managing Director

**Board Member: 2008 – present** **Age: 55**  
**Nationality: Lebanese and American**

Taher joined Lecico in January 2005 and was appointed a Director in 2008 and Managing Director in July 2012. He is a citizen of Lebanon and the United States and holds an MA from SAIS-Johns Hopkins. Prior to joining Lecico, he worked for seven years in the EMEA research department of HSBC Securities, covering Egyptian equities and rising to head the EMEA research team. Taher Gargour is the son of Chairman and co-owner of Lecico Egypt, Mr. Gilbert Gargour.



**MR. TOUFICK GARGOUR**  
Non-Executive Director

**Board Member: 1974 – present** **Age: 83**  
**Nationality: Lebanese**

A Director of the Company since 1974, he holds an IEP from INSEAD. In addition to being a Director at Lecico Egypt, he has been a Director of Lecico Lebanon (1969-2018) and is a Director and co-owner of Intage. He served as the General Manager and as a Director of T. Gargour & Fils SAL (1968-1996) and Uniceramic Lebanon (1973-2000).



**MR. MOHAMED HASSAN**  
Executive Director

**Board Member: 2013 – present** **Age: 61**  
**Nationality: Egyptian**

A Director since 2014, he is a citizen of Egypt with B.Sc. in Accounting from Alexandria University and an MBA from Arab Academy for Science, Technology & Maritime Transport. He joined Lecico in 1990 and has served as Financial Manager from 2000 to 2013 when he was promoted to Finance Director and asked to join the board.



**DR. RAINER SIMON**  
Non-Executive Director and  
Audit Committee Member

**Board Member: 2011 – present**

**Age: 74**

**Nationality: German**

A Director since 2011, he is a German citizen and holds a Doctorate of Economics from Saint Gallen (Switzerland). Dr. Simon is the owner of BirchCourt GmbH since 2005 and previously held senior positions at Continental AG, Keiper-Recaro GmbH and has been executive director of Grohe AG. Between 2002 and 2005 he was CEO and member of the Board of Sanitec AG and served as a board member of Lecico Egypt representing Sanitec. He served on multiple international Boards and is presently independent director and member of the audit committee at Hindware Ltd. Gurgaon, India.



**MS. MENATALLAH SADEK**  
Independent Director and  
Audit Committee Member

**Board Member: 2021 – present**

**Age: 44**

**Nationality: Egyptian**

Menatallah's career encompasses more than two decades of working in leading roles in Egypt and Europe. Her last role was co-founder and CEO of H.A Utilities (HAU), as well as MD of Lightsource BP JV co in Egypt. She is currently acting as Independent Senior Advisor to African Infrastructure Investment Managers (AIIM), and a board member in various companies and funds including Al Futtaim Group, Industrial Development Group (IDG), Blnk Finance, and Azimut to mention a few. She is a CFA Charterholder and was a founding member of the CFA Societies of Sweden and Egypt, where she was also a board member.



**MR. KARIM ZAHRAN**  
Independent Director and  
Audit Committee Member

**Board Member: 2019 – present**

**Age: 40**

**Nationality: Egyptian**

Karim is a partner at Compass Capital, one of Egypt's leading private equity firms. He led Zahran Market until it partnered with Ezdehar in 2023. Before he spearheaded the supermarket chain turnaround, he was a Deputy Manager at Groupe Seb's Iberica office in Barcelona. Karim started his career in banking at HSBC. He joined Compass Capital as a founding partner in 2012 where he led the Asset Management team, and consequently headed the Beltone brokerage in the United States.

Karim currently serves on the board of directors in Compass Capital, Zahran Group, Rameda Pharmaceuticals, Bonyan for Real Estate, Alex Scan and Meem Autism foundation. Karim earned his bachelor's degrees in economics and finance at Boston University.



**MR. COLIN J SYKES**  
Independent Director and  
Audit Committee Member

**Board Member: 2019 – present**

**Age: 65**

**Nationality: British**

Colin has over 35 years of broad skill set international executive experience gained with several prestigious brands across a range of industries. He is now leveraging that in a non-executive capacity and is immensely passionate about developing and implementing strategies that strengthen and grow businesses. He holds an MBA from Fuqua School of Business, Duke University USA and is a Chartered Accountant at both the England and Wales and South Africa Institutes.



# FINANCIAL STATEMENTS



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# AUDITOR'S REPORT TO THE SHAREHOLDERS OF LECICO EGYPT (S.A.E.)

To the shareholders of Lecico Egypt Company (S.A.E.)

## Report on the consolidated financial statements

We have audited the consolidated financial statements of Lecico Egypt Company (S.A.E.) and its subsidiaries ("the Group"), which comprise the consolidated statements of financial position as at December 31, 2024, and the consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, comprising material accounting policies and other explanatory information.

## Management's responsibility for the Consolidated Financial Statements

These consolidated financial statements are the responsibility of the Group's management. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the International Financial Reporting Standards and in the light of the prevailing Egyptian laws. Management responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; management responsibility also includes selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

## Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. Except for the matters described in the Basis for Qualified Opinion paragraph below, we conducted our audit in accordance with the Egyptian Standards on Auditing and in the light of the prevailing Egyptian laws. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

## Basis for qualified opinion

As disclosed in note (3) of the accompanying notes to the consolidated financial statements, the Group's management have consolidated the financial information of the Lebanese Ceramic Industries company (subsidiary) for the financial years ended December 31, 2023, and December 31, 2024, in the Group's consolidated financial statements, based on financial information not audited by the subsidiary's auditor.

We haven't obtain appropriate sufficient evidence on the financial information of the Lebanese Ceramic Industries company represented in total assets of the Lebanese Ceramic Industries company amounted to approximately EGP 916 million as of December 31, 2024, which represents 12% of the Group's total assets, whereas the total liabilities of the Lebanese Ceramic Industries company as of December 31, 2024 amounted to approximately EGP 18 million after eliminating the intercompany balances, which represents 0.5% of the Group's total liabilities and total revenue of the Lebanese Ceramic Industries company for the financial year ended December 31, 2024, amounted to approximately EGP 103 million which represents 2% of the Group's total revenue and net loss for the financial year ended December 31, 2024 amounted to approximately EGP 10 million in the consolidated financial statements, because our access to information is restricted by circumstances that cannot be overcome by the group management.

### Qualified opinion

Expect for the effect of the possible adjustments, if any as might have been determined to be necessary if we received the information stated in the Basis of Qualified Opinion above, in our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Lecico Egypt (S.A.E.) and its subsidiaries, as at December 31, 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the International Financial Reporting Standards and in the light of the prevailing Egyptian laws to the preparation of these consolidated financial statements.

### Emphasis of matters

Without considering further qualification to our opinion mentioned above, as detailed in Note (41) of the notes to the consolidated 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.

### Other matters

Our report is prepared for the management internal use only and should not be used in other purpose.

KPMG Hazem Hassan  
**Public Accountants & Consultants**  
Mohamed Hassan Mohamed Youssef  
Capital Market Register No. 400  
Alexandria on March 2, 2025



# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2024

According to International Financial Reporting Standards (IFRS)

	Note	31/12/2024 LE	31/12/2023 LE
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	(15)	3,322,359,931	2,157,622,936
Projects under construction	(16)	55,825,795	46,977,888
Intangible assets	(17)	29,719,859	17,416,779
Equity-accounted investees	(18)	20,812	20,812
Notes receivable	(19)	–	355,357
<b>Non-current assets</b>		<b>3,407,926,397</b>	<b>2,222,393,772</b>
<b>Current assets</b>			
Inventories	(20)	2,543,351,777	1,596,967,107
Trade and other receivables	(21)	1,443,866,262	1,179,786,142
Cash and cash equivalents	(23)	352,233,706	456,269,505
<b>Current assets</b>		<b>4,339,451,745</b>	<b>3,233,022,754</b>
<b>Total assets</b>		<b>7,747,378,142</b>	<b>5,455,416,526</b>
<b>Equity and liabilities</b>			
<b>Equity for Holding Company</b>			
Issued and paid-up capital	(25-2)	400,000,000	400,000,000
Treasury shares	(25-3)	–	(25,388,998)
Reserves	(26)	2,394,178,238	1,546,811,343
Retained earnings/accumulated (losses)		940,414,138	75,470,228
<b>Equity attributable to Holding Company</b>		<b>3,734,592,376</b>	<b>1,996,892,573</b>
Non-controlling interests	(25-4)	122,018,569	76,266,769
<b>Total equity</b>		<b>3,856,610,945</b>	<b>2,073,159,342</b>
<b>Non-current liabilities</b>			
Loans	(28)	–	164,614
Non-current portion of lease liabilities	(29)	107,706,551	84,977,704
Long-term notes payable	(32)	355,887,441	317,268,128
Provisions	(30)	9,621,739	3,117,762
Deferred tax liabilities	(14-2)	520,391,057	312,147,826
<b>Non-current liabilities</b>		<b>993,606,788</b>	<b>717,676,034</b>
<b>Current liabilities</b>			
Credit facilities	(24)	918,482,312	1,387,483,248
Accrued income tax	(14-5)	280,295,448	151,554,607
Loans	(28)	344,005	10,158,729
Current portion of lease liabilities	(29)	35,443,162	23,801,960
Trade and other payables	(33)	1,511,358,852	972,211,730
Provisions	(30)	151,236,630	119,370,876
<b>Current liabilities</b>		<b>2,897,160,409</b>	<b>2,664,581,150</b>
<b>Total liabilities</b>		<b>3,890,767,197</b>	<b>3,382,257,184</b>
<b>Total equity and liabilities</b>		<b>7,747,378,142</b>	<b>5,455,416,526</b>

Notes from no (1) to no (43) are an integral part of these consolidated financial statements.  
Independent Auditor's Report on review of consolidated financial statements attached.

Finance Director  
**Mohamed Hassan**

Managing Director  
**Taher Gilbert Gargour**

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED DECEMBER 31, 2024

According to International Financial Reporting Standards (IFRS)

	Note	31/12/2024 LE	31/12/2023 LE
Net sales	(5)	6,644,687,614	4,842,931,210
Cost of sales	(6)	(4,769,452,651)	(3,354,035,361)
<b>Gross profit</b>		<b>1,875,234,963</b>	<b>1,488,895,849</b>
Other income	(7)	75,002,554	125,725,491
Distribution expenses	(8)	(192,001,610)	(179,100,118)
General and administrative expenses	(9)	(468,172,074)	(323,895,636)
Impairment in trade and note receivables	(10)	(7,810,108)	(17,025,260)
Other expenses	(11)	(131,302,409)	(153,535,304)
<b>Profit from operating activities</b>		<b>1,150,951,316</b>	<b>941,065,022</b>
Group's Share from equity-accounted investees		995,630	–
Net finance income/(expenses)	(12)	79,939,224	(254,103,950)
<b>Profit before tax</b>		<b>1,231,886,170</b>	<b>686,961,072</b>
Income tax expense	(14-1)	(312,496,115)	(214,041,497)
<b>Net profit for the year</b>		<b>919,390,055</b>	<b>472,919,575</b>
<b>Profit/(loss) attributable to:</b>			
Shareholders of the Holding Company		890,332,908	446,284,054
Non-controlling interests		29,057,147	26,635,521
<b>Net Profit for the year</b>		<b>919,390,055</b>	<b>472,919,575</b>
<b>Basic and diluted earning/loss per share (EGP/share)</b>	(13)	<b>11.12</b>	<b>5.75</b>

Notes (1) to (43) are an integral part of these consolidated financial statements.

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2024

According to International Financial Reporting Standards (IFRS)

	Note	31/12/2024 LE	31/12/2023 LE
<b>Net profit for the year</b>	(5)	<b>919,390,055</b>	<b>472,919,575</b>
<b>Other comprehensive income items</b>			
<b>Items that may be reclassified to profit or loss statement</b>			
Foreign currency translation differences in subsidiaries		122,976,107	(86,111,179)
<b>Items that will not be reclassified to profit or loss statement</b>			
Land revaluation surplus	(15)	956,239,279	–
Income tax related to other comprehensive income items	(14-2)	(215,153,838)	–
<b>Total other comprehensive income for the year after tax</b>		<b>864,061,548</b>	<b>(86,111,179)</b>
<b>Total comprehensive income for the year</b>		<b>1,783,451,603</b>	<b>386,808,396</b>
<b>Total comprehensive income attributable to:</b>			
Shareholders of the Holding Company		1,737,699,803	367,822,549
Non-controlling interests		45,751,800	18,985,847
<b>Total comprehensive income for the year</b>		<b>1,783,451,603</b>	<b>386,808,396</b>

Notes (1) to (43) are an integral part of these consolidated financial statements.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2024

According to International Financial Reporting Standards (IFRS)

	Note	Issued and paid up capital LE	Treasury shares LE	Legal Reserve LE	Other* Reserves LE
<b>Balance as of January 1, 2023</b>		<b>400,000,000</b>	<b>–</b>	<b>50,915,481</b>	<b>15,571,032</b>
<b>Other comprehensive income</b>					
Translation differences	(39-2)	–	–	–	–
Net profit for the year		–	–	–	–
<b>Total comprehensive income</b>		<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Shareholder's transactions</b>					
Purchasing treasury shares	(25-3)	–	(25,388,998)	–	–
<b>Balance as of December 31, 2023</b>		<b>400,000,000</b>	<b>(25,388,998)</b>	<b>50,915,481</b>	<b>15,571,032</b>
<b>Balance as of January 1, 2024</b>		<b>400,000,000</b>	<b>(25,388,998)</b>	<b>50,915,481</b>	<b>15,571,032</b>
<b>Other comprehensive income</b>					
Translation differences	(39-2)	–	–	–	–
Land revaluation surplus	(26)	–	–	–	–
Net profit for the year		–	–	–	–
<b>Total comprehensive income</b>		<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Shareholder's transactions</b>					
Distribution of treasury shares	(25-3)	–	25,388,998	–	–
<b>Balance as of December 31, 2024</b>		<b>400,000,000</b>	<b>–</b>	<b>50,915,481</b>	<b>15,571,032</b>

Notes (1) to (43) are an integral part of these consolidated financial statements.

Share premium Reserves LE	Reserve for Land Revaluation Surplus LE	Transition Reserve LE	Accumulated (loss)/gain LE	Equity of the Holding Company LE	Non-controlling interest LE	Total Equity LE
<b>181,164,374</b>	<b>1,187,254,955</b>	<b>190,367,006</b>	<b>(370,813,826)</b>	<b>1,654,459,022</b>	<b>57,280,922</b>	<b>1,711,739,944</b>
		(78,461,505)	–	(78,461,505)	(7,649,674)	(86,111,179)
–	–	–	446,284,054	446,284,054	26,635,521	472,919,575
–	–	<b>(78,461,505)</b>	<b>446,284,054</b>	<b>367,822,549</b>	<b>18,985,847</b>	<b>386,808,396</b>
–	–	–	–	(25,388,998)	–	(25,388,998)
<b>181,164,374</b>	<b>1,187,254,955</b>	<b>111,905,501</b>	<b>75,470,228</b>	<b>1,996,892,573</b>	<b>76,266,769</b>	<b>2,073,159,342</b>
<b>181,164,374</b>	<b>1,187,254,955</b>	<b>111,905,501</b>	<b>75,470,228</b>	<b>1,996,892,573</b>	<b>76,266,769</b>	<b>2,073,159,342</b>
–	–	119,345,501	–	119,345,501	3,630,606	122,976,107
–	728,021,394	–	–	728,021,394	13,064,047	741,085,441
–	–	–	890,332,908	890,332,908	29,057,147	919,390,055
–	<b>728,021,394</b>	<b>119,345,501</b>	<b>890,332,908</b>	<b>1,737,699,803</b>	<b>45,751,800</b>	<b>1,783,451,603</b>
–	–	–	(25,388,998)	–	–	–
<b>181,164,374</b>	<b>1,915,276,349</b>	<b>231,251,002</b>	<b>940,414,138</b>	<b>3,734,592,376</b>	<b>122,018,569</b>	<b>3,856,610,945</b>

# CONSOLIDATED STATEMENT OF CASH FLOW

For the year ended December 31, 2024

According to International Financial Reporting Standards (IFRS)

	Note	31/12/2024 LE	31/12/2023 LE
<b>Cash flow from operating activities</b>			
Net profit for the year before tax		1,231,886,170	686,961,072
<b>Adjusted by the following:</b>			
Property, plant and equipment depreciation	(15)	174,973,858	115,356,260
Intangible assets amortisation	(17)	4,068,150	2,829,328
Finance interest expenses on lease contracts	(12),(29)	7,771,959	5,051,997
finance expenses	(12)	274,103,085	243,747,057
Net income from investment fair value through profit or loss	(12)	(153,805,960)	(29,738,182)
Capital gain	(7)	(15,007)	(2,770,416)
Interest Income	(12)	(6,870,943)	–
Foreign currency translation differences	(12)	(201,137,365)	35,043,078
<b>Profit generated from operations</b>		<b>1,330,973,947</b>	<b>1,056,480,194</b>
Change in inventories	(20)	(1,025,028,742)	(227,186,413)
Change in trade, notes and other receivables	(21)	(268,498,817)	(27,013,309)
Change in trade, notes and other payables	(33)	940,390,869	(440,750,154)
Change in provisions	(30)	35,602,919	65,912,427
		<b>1,013,440,176</b>	<b>427,442,745</b>
Proceeds from Interest Income	(12)	6,870,943	–
Interest expenses paid	(12)	(274,103,085)	(243,747,057)
Finance interest expenses paid on lease contracts		(7,771,959)	(5,051,997)
Income Tax paid		(201,360,248)	(41,393,653)
<b>Net cash available from/(used in) operating activities</b>	(14)	<b>537,075,827</b>	<b>137,250,038</b>
<b>Cash flow from investing activities</b>			
Payments for acquisition of PPE and PUC	(15),(16)	(284,959,352)	(264,410,417)
Payments for acquisition of intangible assets	(17)	(6,188,729)	(3,957,552)
Proceeds from sale of property, plant and equipment	(7)	15,007	3,568,263
<b>Net cash (used in) investing activities</b>		<b>(291,133,074)</b>	<b>(264,799,706)</b>

## CONSOLIDATED STATEMENT OF CASH FLOW CONTINUED

For the year ended December 31, 2024

	Note	31/12/2024 LE	31/12/2023 LE
<b>Cash flow from financing activities</b>			
Payments of loans	(28)	(10,475,629)	(37,744,532)
Payments of lease liabilities	(29)	(24,307,947)	(20,961,125)
Payments for acquisition of treasury shares	(25-3)	–	(25,388,998)
Proceeds from restricted time deposits	(23)	–	30,000,000
Payments for acquisition financial securities	(22)	(598,962,241)	(48,905,131)
Proceeds from financial securities	(22)	752,768,201	78,643,313
Change in banks credit facilities	(24)	(469,000,936)	140,212,126
<b>Net cash (used in)/available from financing activities</b>		<b>(349,978,552)</b>	<b>115,855,653</b>
<b>Net change in cash and cash equivalents during the year</b>		<b>(104,035,799)</b>	<b>(11,694,015)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	(23)	<b>456,269,505</b>	<b>467,963,520</b>
<b>Cash and cash equivalent at the end of the year</b>	(23)	<b>352,233,706</b>	<b>456,269,505</b>

Notes (1) to (43) are an integral part of these consolidated financial statements.

The value of transactions that represent non-cash transaction have been excluded as shown in note no.(31) of the notes to the consolidated financial statements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2024

## 1. Background for Holding Company and subsidiaries

These consolidated financial statements of Lecico Egypt company for the financial year ended December 31, 2024 comprise of the Holding Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities")

### 1.1 The headquarter

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 31/12/2024 %	Ownership Interest 31/12/2023 %
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	80

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.

The purpose of activities of the subsidiary companies is the production of all ceramic products including the manufacturing and production of Sanitary ware and all kinds of tiles and also selling and distribution.

## 2. Basis of preparation of consolidated financial statements

### 2.1 Accounting framework for preparing consolidated financial statements

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and its interpretations adopted by the International Accounting Standards Board (IASB) for internal use by management.

- The Holding Company prepared another consolidated financial statement in accordance with the Egyptian accounting standard.
- Material accounting policies applied policies are disclosed in note no (39)
- The accompanying consolidated financials were authorised for issuance by the board of directors on March 1, 2025.

## 2.2 Basis of measurement

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

- Financial assets and liabilities recognised at fair values through profits or losses.
- Financial assets and liabilities recognised at fair values through other comprehensive income.
- Financial assets and liabilities recognised at amortisation cost.

## 2.3 Functional and presentation currency

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

## 2.4 Use of Estimates and Judgments

In preparing the consolidated interim financial statements according to the International Financial Reporting Standards (IFRS), management has made judgments, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses and the accompanying disclosures, and the disclosure of contingent liabilities. These estimates and assumptions are based on past experience and various factors.

Actual results may differ from these estimates and the uncertainty about these assumptions and estimates could result in outcomes that require 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 recognised 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 periods if the revision affects both current and future periods.

### A. Judgments

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

#### Revenue recognition

Revenue is recognised as detailed in the accounting policies applied.

#### Investments in associates and enterprises jointly venture:

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

#### Lease contracts classification

In the process of classifying properties, management has made various judgements. Judgement is needed to determine whether a property qualifies as an investment property, property, plant and equipment and/or property held for sale. The Company develops criteria in order to exercise that judgement consistently in accordance with the definitions of investment property, property, plant and equipment and property held for sale. In making its judgement, management considered the detailed criteria and related guidance for the classification of properties as set out in IFRS 16 and the intended usage of property as determined by management.

#### Incremental Borrowing Rates (IBRs) applied in right of use calculation

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended December 31, 2024

## 2.4 Use of Estimates and Judgments continued

### 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 recognised tax assets in the future. Management also uses assumptions related to determination of the applicable tax rate at the financial statements date at which deferred tax assets and liabilities are expected to be settled in the future.

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

## B. Assumptions and estimation uncertainties

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

### Provisions and contingent liabilities

Provisions are recognised 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 recognised 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 recognised 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 loss allowance

The Company assesses the impairment of its financial assets based on the expected credit loss ('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 realisable value for inventory

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

## 2.4 Use of Estimates and Judgments continued

### 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 amortisation, this estimate is made after taking into account the expected use of the asset or actual obsolescence, the management periodically reviews the useful lives on an annual basis, at least, and the depreciation method to ensure that the method and periods 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.

The Group Management decided to apply revelation model according to international standard no. 16 (property, plant and equipment) to land owned to group companies note (39-10).

## 2.5 Measurement of fair values

A certain number of the Company's accounting policies and disclosures require measurement of fair values, for both financial and non-financial assets and liabilities.

Accreditation is measured in the fair value of assets and liabilities mainly on available market data, and the data that is relied upon in the evaluation is classified according to the following hierarchy:

- **Level 1:** quoted prices (unadjusted) in active markets for identical assets or liabilities.
- **Level 2:** inputs of the quoted prices included in level (1) that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- **Level 3:** inputs for the asset or liability that are not based on observable market data (unobservable inputs).
  - The Company recognises 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 37)

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended December 31, 2024

### 3. The separate financial statements of Lecico for ceramic Lebanon (Subsidiary Company) for the financial year ended December 31, 2024

Since 2019, Lebanon faced unstable Political conditions, which had the greatest impact on its economy and the banking sector that resulted in general decline in the economic activity during the year. These may have significant influence on the valuation of the Lebanese subsidiary's assets and liabilities resulting from carrying out its activity in the future. In the light of the previously mentioned conditions and their consequences on commercial activity in Lebanon generally, the Lebanese subsidiary's auditor was not able to quantify the effect of such conditions on the values of assets and liabilities included in its individual financial statements as at December 31, 2024. The Company applied IAS No. (29) "financial reports in hyper inflation Economy"

On preparing the accompanying consolidated financial statements on December 31, 2023 and December 31, 2024, the Group management relied on unaudited financial statements for Lecico for ceramic Lebanon consolidated financial statements prepared by the management of the Company.

The following is a summary of the financial information of the subsidiary, which was included in the consolidated financial statements on financial years ended December 31, 2023 and December 31, 2024 after translation to the Egyptian pound (before adjusting entries).

<b>Lebanese Ceramics industries</b>	<b>(Unaudited)</b>	(unaudited)
Financial position statement as of December 31	<b>31/12/2024</b>	31/12/2023
	<b>LE</b>	<b>LE</b>
<b>Assets</b>		
Non-current assets	749,400,563	461,539,630
Current assets	166,944,638	91,508,578
<b>Total assets</b>	<b>916,345,201</b>	<b>553,048,208</b>
<b>Equity</b>		
Issued and paid up capital	10,974,654	10,974,654
Reserves	639,509,076	591,623,086
Accumulated (losses)	(68,799,061)	(58,332,703)
Foreign entities translation differences	151,441,006	(95,203,359)
<b>Total Equity</b>	<b>733,125,675</b>	<b>449,061,678</b>
<b>Liabilities</b>		
Non-current liabilities	9,621,739	3,117,762
Current liabilities	8,733,718	4,576,291
Current liabilities – Lecico Egypt (Parent Company)	164,864,069	96,292,477
<b>Total liabilities</b>	<b>183,219,526</b>	<b>103,986,530</b>
<b>Total Equity and liabilities</b>	<b>916,345,201</b>	<b>553,048,208</b>
<b>Profit or loss statement for the financial year ended December 31</b>		
Sales	102,728,196	95,420,109
Cost of sales	(74,356,243)	(51,699,684)
<b>Gross profit/(loss)</b>	<b>28,371,953</b>	<b>43,720,425</b>
Operating expenses	(38,058,669)	(73,079,997)
Net finance income	(779,642)	9,391,011
<b>Net (loss) for the year</b>	<b>(10,466,358)</b>	<b>(19,968,561)</b>

#### 4. Segmental information

- Segments are identified according to the method used internally to present financial reports to management.
- A Segment is a group of related assets and operations that are characterised by risks and benefits that differ from those associated with other Segments or within a single economic environment that are characterised 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 year ended December 31, 2024 and December 31, 2023 by Sanitary ware, Tile, Brassware segments are detailed below:

	Sanitary ware segment LE	Tile segment LE	Brassware segment LE	Total LE
<b>December 31, 2024</b>				
Assets	3,878,201,727	3,785,898,288	83,278,127	<b>7,747,378,142</b>
Liabilities	1,884,567,908	1,840,190,570	166,008,719	<b>3,890,767,197</b>
Revenues	4,303,384,491	1,976,494,702	364,808,421	<b>6,644,687,614</b>
Net profit attributable to shareholders of the Holding Company	567,951,385	260,853,499	61,528,024	<b>890,332,908</b>
<b>December 31, 2023</b>				
Assets	2,836,318,194	2,561,279,200	57,819,132	<b>5,455,416,526</b>
Liabilities	1,703,366,748	1,539,857,135	139,033,301	<b>3,382,257,184</b>
Revenues	3,168,669,968	1,354,826,130	319,435,112	<b>4,842,931,210</b>
Net profit/(loss) attributable to shareholders of the Holding Company	270,457,377	115,639,282	60,187,395	<b>446,284,054</b>

The Group operates in the principal geographical areas of Egypt, Lebanon, and other.

The Group's assets, liabilities and results of operations as of and for the year ended December 31, 2024 and December 31, 2023 by geographical areas are detailed below:

	Egypt LE	Lebanon LE	Others LE	Total LE
<b>December 31, 2024</b>				
Assets	5,974,984,934	995,527,871	776,865,337	<b>7,747,378,142</b>
Liabilities	3,007,861,228	281,502,035	601,403,934	<b>3,890,767,197</b>
Revenues	5,734,380,212	70,287,655	840,019,747	<b>6,644,687,614</b>
Net profit/(loss) attributable to shareholders of the Holding Company	962,336,367	(27,409,709)	(44,593,750)	<b>890,332,908</b>
<b>December 31, 2023</b>				
Assets	4,397,345,429	553,048,208	505,022,889	<b>5,455,416,526</b>
Liabilities	2,859,026,215	103,986,530	419,244,439	<b>3,382,257,184</b>
Revenues	4,184,711,986	75,801,577	582,417,647	<b>4,842,931,210</b>
Net profit/(loss) attributable to shareholders of the Holding Company	445,796,576	(114,184,067)	114,671,545	<b>446,284,054</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended December 31, 2024

## 5. Sales

	31/12/2024 LE	31/12/2023 LE
<b>Revenue recognised at a point in time</b>		
Sanitary ware	4,303,384,491	3,168,669,968
Tile	1,976,494,702	1,354,826,130
Brass ware	364,808,421	319,435,112
	<b>6,644,687,614</b>	<b>4,842,931,210</b>

## 6. Cost of sales

	Note	31/12/2024 LE	31/12/2023 LE
Raw materials and consumables		2,985 144,598	1,935 947,323
Energy expense		870,259 512	556,896 315
Depreciation	(15)	127,482 721	84,353 442
Employees dividends		75,434 206	86,741 408
Change in inventory		80,582 933	127,125 787
Write down in inventory	(20)	22,741 315	49,575 086
Other		607,807 366	513,396 000
		<b>4,769 452,651</b>	<b>3,354 035,361</b>

## 7. Other income

	31/12/2024 LE	31/12/2023 LE
Scrap sales	25,410,627	25,542,474
Other income	2,112,668	2,484,762
Discounting long-term notes receivables and payables to its present value	41,843,387	84,403,177
Capital gain	15,007	2,770,416
Export revenue subsidies	5,620,865	10,524,662
	<b>75,002,554</b>	<b>125,725,491</b>

## 8. Selling and distribution expense

	Note	31/12/2024 LE	31/12/2023 LE
Salaries and wages		33,157,347	40,033,555
Exhibition expenses		41,725,583	20,185,763
Marketing and advertising expenses		104,127,450	97,859,638
Depreciation selling and distribution	(15)	2,018,713	2,225,991
Other		10,972,517	18,795,171
		<b>192,001,610</b>	<b>179,100,118</b>

**9. General and administrative expense**

	Note	31/12/2024 LE	31/12/2023 LE
Administrative salaries		221,534,075	166,823,075
Transportation expenses		45,768,806	26,261,257
Audit and consultation fees		29,080,937	19,910,346
Computers and networks		51,757,096	24,141,602
Taxes and contribution health insurance		36,023,064	21,666,877
Depreciation	(15)	45,472,424	28,776,827
Telephone and post expenses		4,687,886	3,576,562
Intangible assets amortisation	(17)	4,068,150	2,829,328
Other		29,779,636	29,909,762
		<b>468,172,074</b>	<b>323,895,636</b>

**10. Expected credit loss**

	Note	31/12/2024 LE	31/12/2023 LE
Expected credit loss in trades and notes receivables	(21)	4,832,212	17,025,260
Expected credit loss in cash and cash equivalent	(23)	2,977,896	–
		<b>7,810,108</b>	<b>17,025,260</b>

**11. Other expenses**

	Note	31/12/2024 LE	31/12/2023 LE
Formed claims provision	(30)	76,502,438	81,040,646
Miscellaneous expenses		42,570,437	64,324,879
Remuneration of the Holding Company's board of directors	(34-3)	12,229,534	8,169,779
		<b>131,302,409</b>	<b>153,535,304</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended December 31, 2024

## 12 Net finance expenses/(income)

	Note	31/12/2024 LE	31/12/2023 LE
<b>Finance interest/finance expense</b>			
Finance expenses		274,103,085	243,747,057
Finance interest expenses on lease contract		7,771,959	5,051,997
Net foreign exchange rate differences		–	35,043,078
<b>Total finance expense</b>		<b>281,875,044</b>	<b>283,842,132</b>
<b>Less:</b>			
<b>Finance income</b>			
Interest income		6,870,943	–
Income from investment fair value through profit or loss*	(22)	153,805,960	29,738,182
Net Foreign currency exchange differences		201,137,365	–
<b>Total finance income</b>		<b>361,814,268</b>	<b>29,738,182</b>
<b>Net finance (income)/expenses</b>		<b>(79,939,224)</b>	<b>254,103,950</b>

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

## 13 Basic and diluted earning per share in profit

The earning per share (basic and diluted) was calculated for the financial year ended December 31, 2024 as follows:

	31/12/2024 LE	31/12/2023 LE
Net profit/(loss) for the year attributable to the Holding Company's shareholders	890,332,908	446,284,054
The number of outstanding shares during the year (share)*	80,000,000	80,000,000
<b>Basic and diluted earning per share in profit/(loss) for the year (LE/share)</b>	<b>11.12</b>	<b>5.57</b>

The basic and diluted earnings per share for the comparative year have been restated in the financial statements of the comparative year, based on the weighted average number of shares outstanding during the comparative period, taking into account the Company's purchase of treasury shares in the comparative year. These shares were distributed as free shares during the current year, assuming the Company did not propose any dividend distribution.

## 14 Income tax

### 14.1 Income tax charged to profit or loss consolidated statement

	31/12/2024 LE	31/12/2023 LE
Income tax for the year	318,708,222	201,360,248
Deferred income tax expense	(6,910,607)	12,331,999
Dividends' tax	698,500	349,250
	<b>312,496,115</b>	<b>214,041,497</b>

### 14.2 Recognised deferred tax assets and liabilities

	Financial statement		OCI	Profit or loss statement	
	31/12/2024 LE	31/12/2023 LE	31/12/2024 LE	31/12/2024 LE	31/12/2023 LE
Property, plant and equipment	523,897,355	315,847,621	215,153,838	(7,104,104)	12,406,302
Inventory	(3,506,298)	(3,699,795)	–	193,497	(74,303)
<b>Deferred tax liabilities during the year</b>	<b>520,391,057</b>	<b>312,147,826</b>	<b>215,153,838</b>	<b>(6,910,607)</b>	<b>12,331,999</b>

No liability has been recognised 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

	31/12/2024 LE	31/12/2023 LE
<b>Net Profit before tax</b>	<b>1,231,886,170</b>	<b>686,961,072</b>
Tax rate	22.5%	22.5%
<b>Income tax calculated based on the accounting profit</b>	<b>277,174,388</b>	<b>154,566,241</b>
Effect of provisions and ECL	86,686,426	145,360,812
Investment financing cost	698,500	314,325
Non-deductible tax expenses	163,504,660	121,775,582
Exemption (investments income)	(160,790,960)	(3,143,250)
Tax base	22.5% 1,321,984,796	22.5% 951,295,542
<b>Income tax expense</b>	<b>297,446,579</b>	<b>214,041,497</b>
<b>Income tax (investment profit)</b>	<b>15,049,536</b>	<b>–</b>
<b>Total Income tax expense</b>	<b>312,496,115</b>	<b>214,041,497</b>
<b>Effective tax rate</b>	<b>25.4%</b>	<b>31.15%</b>

### 14.4 Unrecognised deferred tax assets

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

	31/12/2024 LE	31/12/2023 LE
Impairment of trade and notes receivables	30,033,777	27,714,947
Provisions	36,193,133	27,559,943
Impairment of equity-accounted investees	1,580,539	1,580,539
<b>Total</b>	<b>67,807,449</b>	<b>56,855,429</b>

Deferred tax assets have not been recognised 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 recognised 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 recognise 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

	31/12/2024 LE	31/12/2023 LE
Current income tax	318,708,222	201,360,248
Tax authority – previous years	448,565	1,527,603
Tax authority – withholding tax	(38,861,339)	(51,333,244)
<b>Total</b>	<b>280,295,448</b>	<b>151,554,607</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended December 31, 2024

## 15. Property, plant and equipment

	Land LE	Buildings LE	Leasehold improvements LE
<b>Cost</b>			
<b>As of 01/01/2024</b>	<b>1,539,390,290</b>	<b>415,478,227</b>	<b>28,431,957</b>
Translation differences	217	52,839,348	13,586,690
Land revaluation surplus	956,239,279	–	–
Additions during the year	–	6,534,281	919,421
Disposals during the year	–	–	(1,195,194)
<b>As of 31/12/2024</b>	<b>2,495,629,786</b>	<b>474,851,856</b>	<b>41,742,874</b>
<b>Accumulated depreciation</b>			
<b>As of 01/01/2024</b>	–	<b>288,982,309</b>	<b>18,383,675</b>
Translation differences	–	36,018,116	11,383,229
Depreciation of the year	–	14,589,907	2,745,235
Disposals accumulated depreciation during the year	–	–	(1,195,194)
<b>As of 31/12/2024</b>	–	<b>339,590,332</b>	<b>31,316,945</b>
<b>Net book value</b>			
<b>As of 31/12/2024</b>	<b>2,495,629,786</b>	<b>135,261,524</b>	<b>10,425,929</b>
<b>As of 31/12/2023</b>	<b>1,539,390,290</b>	<b>126,495,918</b>	<b>10,048,282</b>
<b>Fully depreciated assets and still working</b>	–	<b>58,420,616</b>	<b>4,361,931</b>

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

### Depreciation expense has been charged as follow:

	Note	31/12/2024 LE	31/12/2023 LE
Cost of sales	(6)	127,482,721	84,353,442
General and administrative expense	(9)	45,472,424	28,776,827
Selling and distribution expense	(8)	2,018,713	2,225,991
<b>Total</b>		<b>174,973,858</b>	<b>115,356,260</b>

Machinery and equipment LE	Vehicles LE	Tools LE	Furniture, office equipment and computers LE	Rights of use assets LE	Total LE
<b>1,710,065,398</b>	<b>108,493,435</b>	<b>218,403,499</b>	<b>51,274,650</b>	<b>166,821,122</b>	<b>4,238,358,578</b>
281,059,155	29,433,494	25,747,577	9,721,631	109,613,520	<b>522,001,632</b>
–	–	–	–	–	<b>956,239,279</b>
223,905,383	34,211,532	4,473,321	6,067,507	3,985,038	<b>280,096,483</b>
(44,888,787)	(1,638,636)	–	(4,627)	–	<b>(47,727,244)</b>
<b>2,170,141,149</b>	<b>170,499,825</b>	<b>248,624,397</b>	<b>67,059,161</b>	<b>280,419,680</b>	<b>5,948,968,728</b>
<b>1,373,731,657</b>	<b>93,831,206</b>	<b>185,306,664</b>	<b>43,966,185</b>	<b>76,533,946</b>	<b>2,080,735,642</b>
279,538,729	28,493,382	11,374,041	9,384,489	42,434,555	<b>418,626,541</b>
111,607,942	6,807,756	5,163,297	1,995,404	32,064,317	<b>174,973,858</b>
(44,888,787)	(1,638,636)	–	(4,627)	–	<b>(47,727,244)</b>
<b>1,719,989,541</b>	<b>127,493,708</b>	<b>201,844,002</b>	<b>55,341,451</b>	<b>151,032,818</b>	<b>2,626,608,797</b>
<b>450,151,608</b>	<b>43,006,117</b>	<b>46,780,395</b>	<b>11,717,710</b>	<b>129,386,862</b>	<b>3,322,359,931</b>
<b>336,333,741</b>	<b>14,662,229</b>	<b>33,096,835</b>	<b>7,308,465</b>	<b>90,287,176</b>	<b>2,157,622,936</b>
<b>795,365,926</b>	<b>44,432,443</b>	<b>159,069,087</b>	<b>25,946,830</b>	–	<b>1,087,596,833</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended December 31, 2024

## 15. Property, plant and equipment continued

	Land LE	Buildings LE	Leasehold improvements LE
<b>Cost</b>			
<b>As of 01/01/2023</b>	<b>1,539,407,928</b>	<b>388,326,251</b>	<b>27,976,987</b>
Translation differences	(17,638)	26,100,958	5,077,615
Additions during the year	–	1,763,494	1,552,486
Disposals during the year	–	(712,476)	(6,175,131)
<b>As of 31/12/2023</b>	<b>1,539,390,290</b>	<b>415,478,227</b>	<b>28,431,957</b>
<b>Accumulated depreciation</b>			
<b>As of 01/01/2023</b>	–	<b>258,025,125</b>	<b>20,053,871</b>
Translation differences	–	17,718,404	2,614,765
Depreciation of the year	–	13,891,936	1,890,170
Disposals accumulated depreciation	–	(653,156)	(6,175,131)
<b>As of 31/12/2023</b>	–	<b>288,982,309</b>	<b>18,383,675</b>
<b>Net book value</b>			
<b>As of 31/12/2023</b>	<b>1,539,390,290</b>	<b>126,495,918</b>	<b>10,048,282</b>
<b>As of 31/12/2021</b>	<b>1,539,407,928</b>	<b>130,301,126</b>	<b>7,923,116</b>
<b>Fully depreciated assets and still working</b>	–	<b>51,425,006</b>	<b>11,162,114</b>

The Group company's management decided to adopt the revaluation model as per International Accounting Standard No. 16 "Property, Plant & Equipment" in respect to the land owned by the Holding Company and its subsidiaries, Note No. (39-10):

During year 2024 the lands of the group have been revaluated because of the decrease of their fair value and this resulted in increase in land values in the amount of EGP 956,239,279 which is recognised in comprehensive income statement and consolidated equity reserves and non-controlling interest.

The group uses valuation reports from the independent valuation expert appointed by management to assess the Fair Value of the group lands. The valuation expert relied on the "Sales comparison method" which depends on recent sales transactions for similar lands.

Machinery and equipment LE	Vehicles LE	Tools LE	Furniture, office equipment and computers LE	Rights of use assets LE	Total LE
<b>1,369,015,587</b>	<b>83,991,751</b>	<b>199,086,643</b>	<b>43,519,244</b>	<b>112,989,192</b>	<b>3,764,313,583</b>
156,398,466	15,469,838	13,863,230	5,234,404	40,557,373	<b>262,684,246</b>
207,405,673	9,717,107	5,453,626	2,521,002	18,117,454	<b>246,530,842</b>
(22,754,328)	(685,261)	–	–	(4,842,897)	<b>(35,170,093)</b>
<b>1,710,065,398</b>	<b>108,493,435</b>	<b>218,403,499</b>	<b>51,274,650</b>	<b>166,821,122</b>	<b>4,238,358,578</b>
<b>1,177,915,595</b>	<b>76,979,604</b>	<b>172,540,173</b>	<b>37,484,134</b>	<b>36,630,367</b>	<b>1,779,628,869</b>
150,511,238	15,243,575	6,123,396	4,997,986	22,913,395	<b>220,122,759</b>
68,059,151	2,298,895	6,643,095	1,484,065	21,088,948	<b>115,356,260</b>
(22,754,327)	(690,868)	–	–	(4,098,764)	<b>(34,372,246)</b>
<b>1,373,731,657</b>	<b>93,831,206</b>	<b>185,306,664</b>	<b>43,966,185</b>	<b>76,533,946</b>	<b>2,080,735,642</b>
<b>336,333,741</b>	<b>14,662,229</b>	<b>33,096,835</b>	<b>7,308,465</b>	<b>90,287,176</b>	<b>2,157,622,936</b>
<b>191,099,992</b>	<b>7,012,147</b>	<b>26,546,470</b>	<b>6,035,110</b>	<b>76,358,825</b>	<b>1,984,684,714</b>
<b>751,693,385</b>	<b>47,107,548</b>	<b>143,495,209</b>	<b>30,962,929</b>	–	<b>1,035,846,191</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended December 31, 2024

## 16. Projects under construction

	31/12/2024 LE	31/12/2023 LE
Machinery and buildings under installation*	45,004,938	25,896,318
Advance payments for acquisition of property, plant and equipment**	10,820,857	21,081,570
	<b>55,825,795</b>	<b>46,977,888</b>

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

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

As showing project under construction movement:

	31/12/2024 LE	31/12/2023 LE
Balance at the beginning of the year	46,977,888	12,066,529
Addition during the year	139,179,073	55,148,058
Transferred to fixed asset	(130,331,166)	(20,236,699)
<b>Balance at the end of the year</b>	<b>55,825,795</b>	<b>46,977,888</b>

## 17. Intangible assets

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

	31/12/2024 LE	31/12/2023 LE
<b>Cost</b>		
<b>At the beginning of the year</b>	<b>84,809,496</b>	<b>65,413,411</b>
Translation differences	39,536,396	14,352,863
Additions	6,188,729	5,043,222
<b>At the end of the year</b>	<b>130,534,621</b>	<b>84,809,496</b>
<b>Amortisation and impairment losses</b>		
<b>Balance at the beginning of the year</b>	<b>67,392,717</b>	<b>53,658,295</b>
Translation differences	29,353,895	10,905,094
Amortisation of year	4,068,150	2,829,328
<b>Balance as at the end of the year</b>	<b>100,814,762</b>	<b>67,392,717</b>
<b>Carrying amount at the end of the year</b>	<b>29,719,859</b>	<b>17,416,779</b>

## 18. Equity-accounted investees

	Ownership %	31/12/2024 LE	31/12/2023 LE
Murex Industries and Trading (S.A.L.)	20%	6,924,716	6,924,716
Other investments		120,712	120,712
		<b>7,045,428</b>	<b>7,045,428</b>
<b>Less:</b>			
Impairment of investment		(7,024,616)	(7,024,616)
		<b>20,812</b>	<b>20,812</b>

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

**19. Long-term notes receivables**

	31/12/2024 LE	31/12/2023 LE
Nominal value of long-term notes receivables	–	500,000
Discounting notes receivables to its present value*	–	(144,643)
<b>Present value of long term notes receivables</b>	<b>–</b>	<b>355,357</b>

\* The long-term notes receivables are discounted to its present value using the effective interest rate.

**20. Inventory**

	31/12/2024 LE	31/12/2023 LE
Raw materials, consumables and spare parts	930,801,243	649,622,248
Work in progress	151,683,065	90,803,638
Finished goods	1,470,791,533	921,315,480
	<b>2,553,275,841</b>	<b>1,661,741,366</b>
<b>Less:</b>		
Inventory impairment	(233,004,121)	(131,618,734)
	<b>2,320,271,720</b>	<b>1,530,122,632</b>
Goods in transit	223,080,057	66,844,475
	<b>2,543,351,777</b>	<b>1,596,967,107</b>

The movement of the impairment of inventory through the year is as follows:

	31/12/2024 LE	31/12/2023 LE
<b>Balance as at 1/1/2024</b>	<b>131,618,734</b>	<b>150,922,058</b>
Formed during the year	22,741,315	49,575,086
Translation differences	78,644,072	(68,878,410)
<b>Balance as 31/12/2024</b>	<b>233,004,121</b>	<b>131,618,734</b>

**21. Trade and other receivables**

	Note	31/12/2024 LE	31/12/2023 LE
Trade receivables		1,005,680,581	880,971,058
Notes receivables		147,948,612	104,189,590
Other debtors		56,940,288	43,924,596
Social insurance		939,737	939,737
Suppliers – debit balances		9,739,377	276,029
Due from related parties – net	(34-1)	–	1,023,185
Tax authority – withholding tax		19,834	23,294
Tax authority – VAT		208,402,521	143,097,237
Other debit balances		107,604,559	112,073,779
Prepaid expenses		40,074,205	16,445,177
		<b>1,577,349,714</b>	<b>1,302,963,682</b>
<b>Less:</b>			
Expected credit loss in trade and other receivables		(133,483,452)	(123,177,540)
		<b>1,443,866,262</b>	<b>1,179,786,142</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended December 31, 2024

## 21. Trade and other receivables continued

The movement of the impairment in trade and other receivables during the year is as follows:

	31/12/2024 LE	31/12/2023 LE
<b>Balance as at 1/1/2024</b>	<b>123,177,540</b>	<b>235,608,729</b>
Formed during the year	4,832,212	17,025,260
Translation differences	5,473,700	(116,674,386)
Bad debits	–	(12,782,063)
<b>Balance as 31/12/2024</b>	<b>133,483,452</b>	<b>123,177,540</b>

## 22. Investment with fair value through profit or loss

	Note	31/12/2024 LE	31/12/2023 LE
Cost of purchase during the year		598,962,241	48,905,131
<b>Deduct:</b>			
Revenues from selling investment during the year		(752,768,201)	(78,643,313)
<b>Add:</b>			
Gain on selling investment during the year	(12)	153,805,960	29,738,182
		–	–

## 23. Cash and cash equivalents

	Note	31/12/2024 LE	31/12/2023 LE
Banks – current accounts		303,625,126	440,120,984
Cash on hand		7,243,294	16,148,521
Time deposit		44,343,182	–
		<b>355,211,602</b>	<b>456,269,505</b>
<b>Less:</b>			
Expected credit loss		(2,977,896)	–
<b>Cash and cash equivalents according to cash flow statement</b>		<b>352,233,706</b>	<b>456,269,505</b>

## 24. Credit facilities

	December 31, 2024		
	Total facilities LE	Utilised LE	Unutilised LE
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
<b>Net book value on December 31, 2024</b>	<b>2,805,881,909</b>	<b>918,482,312</b>	<b>1,887,399,597</b>

## 24 Credit facilities continued

	December 31, 2023		
	Total facilities LE	Utilised LE	Unutilised LE
Lecico Egypt S.A.E	1,015,500,000	642,279,920	373,220,080
Lecico for Ceramics S.A.E	350,000,000	208,864,524	141,135,476
European Ceramics S.A.E	280,000,000	197,501,490	82,498,510
International Ceramics S.A.E	300,000,000	212,681,664	87,318,336
Burg Armaturen Fabrik S.A.E	183,000,000	61,532,517	121,467,483
Lecico for trading and distribution of ceramics	15,000,000	13,482,000	1,518,000
UK group	127,822,500	51,141,133	76,681,367
The Lebanese ceramics industries (S.A.L)	52,513,000	–	52,513,000
<b>Net book value on December 31,2023</b>	<b>2,323,835,500</b>	<b>1,387,483,248</b>	<b>936,352,252</b>

## 25. Share capital

### 25.1 Authorised capital

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

### 25.2 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 time to time 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.

Investor	%	Number of Shares	Balance LE
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
	100	<b>80,000,000</b>	<b>400,000,000</b>

### 25.3 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended December 31, 2024

## 25.4 Non-controlling interests

Non-controlling interests balance at December 31, 2024, represents the interest shares in subsidiaries' equity as follows:

Company	%	Revaluation LE	Foreign currency LE	Profit/loss for the year LE	Balance as of 31/12/2024 LE	Balance as of 31/12/2023 LE
Lecico for ceramics	0.0045	15,744	–	–	58,519	42,775
International ceramics	0.0333	25,151	–	–	213,824	188,673
European ceramics	0.0300	18,302	–	–	241,328	223,026
Burg Armaturen Fabrik	30.1500	26,557,909	–	–	85,292,748	58,734,839
Sarreguemines	0.1500	(23,894)	–	–	39,201	63,095
Lecico for financial investments	0.6667	(163)	–	–	20,575	20,738
Lebanese ceramics industries co.	5.2300	(1,418,260)	*13,064,047	(2,362,886)	4,597,667	(4,685,234)
Lecico South Africa	49	4,280,990	–	7,028,210	34,794,681	23,485,481
Lecico CEE	9	(398,633)	–	(1,034,718)	(3,239,975)	(1,806,624)
		<b>29,057,147</b>	<b>13,064,047</b>	<b>3,630,606</b>	<b>122,018,569</b>	<b>76,266,769</b>

\* Revaluation surplus was added with the effect of deferred tax.

As follows: summary of financial statements of Burg Armaturen Fabrik, Lecico (UK) Ltd, fully owned by Lecico Egypt and controlling Lecico South Africa and Lecico Poland and Lebanese ceramics industries co. as at December 31, 2024

	Burg Armaturen Fabrik (audited) LE	Lecico (UK) Ltd (audited) LE	Lebanese Ceramics Industries Co. (unaudited) LE
Non-current assets	36,620,216	178,379,583	749,400,563
Current assets	396,896,704	598,485,764	166,944,638
<b>Total assets</b>	<b>433,516,920</b>	<b>776,865,347</b>	<b>916,345,201</b>
Equity	268,415,049	175,461,422	733,125,675
Current liabilities	162,481,605	507,187,625	173,597,787
Non-current liabilities	2,620,266	94,216,300	9,621,739
<b>Total equity and liabilities</b>	<b>433,516,920</b>	<b>776,865,347</b>	<b>916,345,201</b>
Total sales	380,549,740	1,485,580,378	102,728,196
Net profit/(loss) of the year	88,992,771	(40,711,393)	(10,466,358)

## 26. Reserves

	Legal reserve LE	Other reserves* LE	Share premium reserve LE	Reserve for land revaluation surplus** LE	Translation reserve LE	Total LE
<b>Balance at January 1, 2023</b>	<b>50,915,481</b>	<b>15,571,032</b>	<b>181,164,374</b>	<b>1,187,254,955</b>	<b>190,367,006</b>	<b>1,625,272,848</b>
Translation differences for foreign entities	–	–	–	–	(78,461,505)	(78,461,505)
<b>Balance at December 31, 2023</b>	<b>50,915,481</b>	<b>15,571,032</b>	<b>181,164,374</b>	<b>1,187,254,955</b>	<b>111,905,501</b>	<b>1,546,811,343</b>
<b>Balance at January 1, 2024</b>	<b>50,915,481</b>	<b>15,571,032</b>	<b>181,164,374</b>	<b>1,187,254,955</b>	<b>111,905,501</b>	<b>1,546,811,343</b>
Translation differences for foreign entities	–	–	–	–	119,345,501	119,345,501
Land revaluation surplus	–	–	–	939,382,445	–	939,382,445
Deferred tax on land revaluation surplus	–	–	–	(211,361,051)	–	(211,361,051)
<b>Balance at December 31, 2024</b>	<b>50,915,481</b>	<b>15,571,032</b>	<b>181,164,374</b>	<b>1,915,276,349</b>	<b>231,251,002</b>	<b>2,394,178,238</b>

\* 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-Quir that was revalued to reflect its fair value at the date of revaluation in the year 1997. The revaluation result was included in the revaluation surplus in the shareholders' equity and is not distributable or transferable to capital.

During quarter three for year 2024, Lecico Egypt revaluated the Group's lands at the amount of EGP 956,239,279 by independent experts to reflect their fair-value, and the share of Holding Company amounted to EGP 939,382,445.(Note 15).

## 27. 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.

## 28. Loans and borrowings

	Balance on January 1, 2024 LE	Repayments of loan during the year LE	Foreign currency translation differences LE	Balance on December 31, 2024 LE	Instalments due within one year LE	Balance of long-term loan December 31, 2024 LE
<b>31 December 2024</b>						
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 instalments 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 instalments each instalment with an amount of GBP 1,786.92 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)	–
<b>Balance on December 31, 2024</b>	<b>10,323,343</b>	<b>(10,475,629)</b>	<b>496,291</b>	<b>344,005</b>	<b>(344,005)</b>	<b>–</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended December 31, 2024

## 28. Loans and borrowings continued

	Balance on January 1, 2023 LE	Repayments of loan during the year LE	Foreign currency translation differences LE	Balance on December 31, 2023 LE	Instalments due within one year LE	Balance of long-term loans December 31, 2023 LE
<b>31 December 2023</b>						
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 instalments each amounting USD 300,000 starting from September 2019 till March 2024.	37,110,000	(36,897,000)	9,054,000	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 instalments each instalment with an amount of GBP 1,786.92 the variable interest rate is equal 2.62% starting from April 2020 till March 2025.	1,469,605	(847,532)	434,270	1,056,343	(891,729)	164,614
<b>Balance on December 31, 2023</b>	<b>38,579,605</b>	<b>(37,744,532)</b>	<b>948,8270</b>	<b>10,323,343</b>	<b>(10,158,729)</b>	<b>164,614</b>

## 29. Lease liability

### 29.1 Lease liability movement

	31/12/2024 LE	31/12/2023 LE
Present value of unpaid lease payments at the commencement date	143,149,713	108,779,664
<b>Less:</b>		
Instalments due within one year.	(35,443,162)	(23,801,960)
<b>Non-current portion of financial lease liability</b>	<b>107,706,551</b>	<b>84,977,704</b>
<b>Lease liabilities</b>		
Opening balance	108,779,664	87,948,453
Additions during the year	3,985,038	18,117,454
Disposals during the year	–	(889,534)
<b>Add/(deduct)</b>		
Finance interest	7,771,959	5,051,997
Payments during the year (principle)	(24,307,947)	(20,961,125)
Payments during the year (interest)	(7,771,959)	(5,051,997)
Foreign currency exchange differences	54,692,958	24,564,416
<b>Lease liability ending balances</b>	<b>143,149,713</b>	<b>108,779,664</b>
<b>Deduct</b>		
Current portion of lease liabilities represented in due instalments during the next financial year	(35,443,162)	(23,801,960)
<b>Non-current portion of lease liabilities</b>	<b>107,706,551</b>	<b>84,977,704</b>

## 29.2 Summary of due dates – lease payments due during the following years:

	Due one year LE	From 2-3 years LE	From 4-5 years LE	Total LE
<b>December 31, 2024</b>	<b>40,244,544</b>	<b>69,063,920</b>	<b>47,320,996</b>	<b>156,629,461</b>
<b>December 31, 2023</b>	<b>26,946,876</b>	<b>42,138,332</b>	<b>41,132,998</b>	<b>110,218,206</b>

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.

## 30. Provisions

	Balance as at 1/1/2024 LE	Translation differences LE	Formed provisions LE	Provisions Utilised LE	Balance as at 31/12/2024 LE
<b>Provision disclosed in the non-current liabilities</b>					
Provision claims related to Lebanese ceramics industries company	3,117,762	2,766,813	3,737,164	–	9,621,739
	<b>3,117,762</b>	<b>2,766,813</b>	<b>3,737,164</b>	<b>–</b>	<b>9,621,739</b>
<b>Provision disclosed in the current liabilities</b>					
Legal provision	1,000,000	–	–	–	1,000,000
Tax provision	91,430,000	–	55,550,000	(27,468,925)	119,511,075
Claims provision	26,940,876	–	17,215,274	(13,430,595)	30,725,555
	<b>119,370,876</b>	<b>–</b>	<b>72,765,274</b>	<b>(40,899,520)</b>	<b>151,236,630</b>
<b>Total</b>	<b>122,488,638</b>	<b>2,766,813</b>	<b>76,502,438</b>	<b>(40,899,520)</b>	<b>160,858,369</b>

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

## 31. Non-cash transactions

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

	Note	31/12/2024 LE	31/12/2023 LE
Right of use assets	(15)	3,985,038	18,117,454
Lease liabilities	(29)	(3,985,038)	(18,117,454)

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended December 31, 2024

## 32. Notes payables

### 32.1 Notes payable related to gas used

	31/12/2024 LE	31/12/2023 LE
Nominal value of long-term notes payable	533,220,699	452,902,642
Discount on notes payable to its present value*	(177,333,258)	(135,634,514)
<b>Present value of long term notes payables</b>	<b>355,887,441</b>	<b>317,268,128</b>

\* The discounting of long-term notes payable is computed using the effective interest rate of the Holding Company.

## 33. Trade and other payables

	Note	31/12/2024 LE	31/12/2023 LE
Trade payable		755,900,722	428,607,928
Notes payable		199,666,459	89,803,690
Due to related parties	(34-2)	2,621,570	861,991
Social insurance authority and tax authority		31,648,826	22,773,512
Accrued expenses		215,662,921	151,198,954
Deposits with others		–	24,701
Sundry creditors		237,861,548	177,167,001
Value added tax authority – current account		36,746,038	31,595,563
Accrued value added tax instalments		389,929	389,929
Dividends payable		30,860,839	69,788,461
Employees' profit share from certain group companies		1,511,358,852	972,211,730
		<b>954,269,904</b>	<b>932,855,672</b>

## 34. 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 with related parties in accordance to the terms and conditions approved by group's management or its board of directors.

### 34.1 Due from related parties

	Nature of Relationship	Nature of Transaction	31/12/2024 LE	31/12/2023 LE
<b>Due from related parties</b>				
Murex Industries and Trading (S.A.L.)	Associate	Sales	–	1,023,185
			<b>–</b>	<b>1,023,185</b>
El-Khaleeg for Trading and Investment	Associate	Current	300,100	300,100
<b>Total due from related parties</b>			<b>300,100</b>	<b>1,323,285</b>
<b>Less:</b>				
Impairment for balance of 'El-Khaleeg for Trading and Investment'			(300,100)	(300,100)
<b>Net due from related parties</b>			<b>–</b>	<b>1,023,185</b>

### 34.2 Due to related parties

Murex Industries and Trading (S.A.L.)		Current	626,041	–
Ceramics Management services Ltd (CMS)*		Tech consulting	1,995,529	861,991
			<b>2,621,570</b>	<b>861,991</b>

\* Some members of the Board of Directors and shareholders of the Holding Company are investors in the company.

### 34.3 Transactions with members of the Board of Directors of the Holding Company

The statement of consolidated profit or loss for the financial year ending December 31, 2024, 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 12,229,534 (Compared to the amount of EGP 8,169,779 ,for the financial year ending on December 31, 2023), Note no. (11).

### 34.4 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:

	31/12/2024 LE	31/12/2023 LE
Remuneration and allowances of members of the Board of Directors, attendance of committees	12,229,534	8,169,779
	<b>12,229,534</b>	<b>8,169,779</b>
Salaries and benefits	31,778,221	22,485,951
	<b>31,778,221</b>	<b>22,485,951</b>

### 35. 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:

Currency	31/12/2024	31/12/2023
<b>Letter of guarantee</b>		
EGP	18,816,729	28,868,540
EURO	4,000,000	4,000,000
<b>Letter of credit</b>		
EGP	74,859,865	46,072,832

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended December 31, 2024

## 36. Capital commitment

The capital commitments outstanding as at December 31, 2024 amounted to EGP 49,745,877 (compared to capital commitments as at December 31, 2023 amounted to EGP 20,463,351).

## 37. Financial instruments

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

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

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

The main risks arising from the Company's operations are foreign exchange risk and credit risk.

### Financial assets

All financial assets owned by the Company are measured at amortised 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 amortised cost using the effective interest rate method and as a result the book amounts are a reasonable approximation of fair value.

	Note	31/12/2024 LE	31/12/2023 LE
<b>Financial assets with amortisation cost</b>			
Banks current accounts and time deposits	(23)	303,625,126	440,120,984
Trade and notes receivables and other debit balances	(21)	1,318,174,040	1,141,159,023
Due from related parties	(21), (34)	–	1,023,185
		<b>1,621,799,166</b>	<b>1,582,303,192</b>
<b>Financial liabilities</b>			
Trade and notes payables and other credit balances	(33)	1,433,893,848	899,038,838
Lease liabilities	(29)	143,149,713	108,779,664
Credit facilities	(24)	918,482,312	1,387,483,248
Loans	(28)	344,005	10,323,343
Due to related parties	(34)	2,621,570	861,991
		<b>2,498,491,448</b>	<b>2,406,487,084</b>

All assets and financial liabilities are classified and measured at amortised 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 259,175,674 (December 31, 2023: EGP 161,804,659) have been excluded from other debit balances, also non-financial liabilities amount EGP 71,016,434 (December 31, 2023: EGP 55,231,066) have been excluded.

### 37.1 Financial risk management

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

- A. Credit risk
- B. Liquidity risk
- C. Market risk
- D. Currency risk
- E. Interest rate risk
- F. Other market price risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, as well as the Company management of capital. Further quantitative disclosures are included throughout these separate financial statements.

The Board of Directors of the Parent Company has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board also identifies and analyses the risks faced by the Company, sets appropriate risk limits and controls, and monitors risks and adherence to limits.

The Company aims to develop a disciplined and constructive control environment through which all employees understand their roles and obligations.

#### A. Credit risk

The Company is exposed to credit risk as a result of the counterparty's failure to fulfil 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 fulfil 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 analysed 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 fulfil its obligations according to the contractual term with third parties. The Company's approach to liquidity management is to ensure – whenever possible – that it has sufficient liquidity to meet its obligations on their maturity date in normal and critical circumstances without incurring unacceptable losses or damaging the Company's reputation.

The ultimate responsibility for liquidity risk management lies with senior management who have developed an appropriate liquidity risk management framework to manage the Company's short, medium and long-term funding and manage liquidity requirements.

The Company manages liquidity risk by maintaining adequate reserves, banking facilities, and standby borrowing facilities, by continuously monitoring expected and actual cash flows, and by matching asset maturity dates and financial obligations.

Management forecasts cash flows and monitors successive forecasts of the Company's liquidity requirements to ensure that it has sufficient cash to meet its operational needs while always maintaining sufficient amount of committed and undrawn credit facilities so that the Company does not violate borrowing limits or undertakings (if any) on any of its borrowing facilities. This forecast considers the Company's debt financing plans and compliance with internal rate targets.

#### C. Market risk

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

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended December 31, 2024

## 37.1 Financial risk management continued

### D. Foreign currency risk

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

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

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

### E. Interest rate risk

The Company adopts a policy to limit the Company's exposure to interest risk, therefore the Company's management evaluates the available alternatives for finance and negotiates with banks to obtain the best available interest rates and credit conditions. Borrowing contracts are presented to the Board of Directors. The finance position and finance cost are periodically evaluated by the Company's management. The Company does not enter into hedging contracts for interest rates.

### F. Other market price risk

Equity price risk arises from available-for-sale equity securities and the management of the Company monitors the mix of equity securities in its investment portfolio based on market indices and the objective valuation of the financial statements related to these shares.

Material investments within the portfolio are managed on an individual basis and all buying and sell decisions are approved by the Company's Board of Directors.

The primary goal of the Company's investment strategy is to maximise investment returns. Management is assisted by external advisors in this regard.

In accordance with this strategy certain investments are designated as held for trading because their performance is actively monitored, and they are managed on a fair value basis.

### Exposure to credit risk

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

	Note	31/12/2024 LE	31/12/2023 LE
Banks current accounts and time deposits	(23)	303,625,126	440,120,984
Trade and Notes receivables and other debit balances	(21)	1,318,174,040	1,141,159,023
Due from related parties	(21), (34)	–	1,023,185
		<b>1,621,799,166</b>	<b>1,582,303,192</b>

### Exposure to Liquidity risk

The following are the contractual terms of financial liabilities:

	Less than 1 year LE	2-3 Years LE	3-4 Years or more LE	Contractual amount LE	Carrying Amount LE
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### Contractual maturities of financial liabilities as of December 31, 2024

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	199,666,459	355,887,441	–	732,887,158	555,553,900
Lease liabilities	35,443,162	63,119,289	44,587,240	156,629,461	143,149,713
<b>Total</b>	<b>2,465,628,331</b>	<b>419,006,730</b>	<b>44,587,240</b>	<b>3,120,035,329</b>	<b>2,929,222,323</b>

### Contractual maturities of financial liabilities as of December 31, 2023

Trade and other credit balances	882,408,040	–	–	882,408,040	882,408,040
Banks credit facilities and loans	1,397,641,977	164,614	–	1,397,641,977	1,397,806,591
Notes payables	89,803,690	317,268,128	–	504,529,486	407,071,818
Lease liabilities	26,946,876	42,138,332	41,132,998	110,218,206	108,779,664
<b>Total</b>	<b>2,396,800,583</b>	<b>359,571,074</b>	<b>41,132,998</b>	<b>2,894,962,323</b>	<b>2,796,066,113</b>

### Exposure to currency risk

The Company's foreign currency assets and liabilities as of December 31, 2024 amounted to the equivalent of EGP 736,221,832 and EGP 370,548,104 respectively. The amounts in foreign currencies that put the Company at risk as of December 31, 2024 are as follows:

December 31, 2024	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
<b>Total assets in currency</b>	<b>5,456,198</b>	<b>6,614,998</b>	<b>1,523,636</b>	<b>4,297,584</b>	<b>736,221,832</b>
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)
<b>Total liabilities in currency</b>	<b>(1,697,254)</b>	<b>(4,705,238)</b>	<b>(553,162)</b>	<b>–</b>	<b>(370,548,104)</b>
<b>Exposure surplus</b>	<b>3,758,944</b>	<b>1,909,760</b>	<b>970,474</b>	<b>4,297,584</b>	<b>365,673,728</b>
<b>Equivalent in EGP</b>	<b>191,104,728</b>	<b>101,064,506</b>	<b>61,858,043</b>	<b>11,646,452</b>	<b>365,673,728</b>

December 31, 2023	USD	EUR	GBP	ZAR	Total EGP
Cash and cash equivalents	618,492	5,338,932	1,329,145	–	253,438,068
Trade receivables	4,728,233	4,890,936	1,217,389	10,528,658	378,509,378
<b>Total assets in currency</b>	<b>5,346,725</b>	<b>10,229,868</b>	<b>2,546,535</b>	<b>10,528,658</b>	<b>631,947,446</b>
Bank credit facilities	(1,658,141)	(604,929)	(577,248)	–	(94,551,220)
Note payable and other payables	(257,447)	(4,155,964)	(1,710)	–	(149,738,165)
<b>Total liabilities in currency</b>	<b>(1,915,588)</b>	<b>(4,760,893)</b>	<b>(578,958)</b>	<b>–</b>	<b>(244,289,385)</b>
<b>Exposure surplus</b>	<b>3,431,137</b>	<b>5,468,974</b>	<b>1,967,577</b>	<b>10,528,658</b>	<b>387,658,062</b>
<b>Equivalent in EGP</b>	<b>105,987,812</b>	<b>186,492,030</b>	<b>77,384,788</b>	<b>17,793,432</b>	<b>387,658,062</b>

	December 31, 2024 surplus\deficit	December 31, 2023 surplus\deficit
USD	3,758,944	3,431,137
Euro	1,909,760	5,468,974
GBP	970,474	1,967,577
South African Rand	4,297,584	10,528,658

### As follow exchange rates used during the year

	Averaging rates using during the year		Closing rates using during the year	
	31/12/2024 LE	31/12/2023 LE	31/12/2024 LE	31/12/2023 LE
USD	45.59	30.30	50.84	30.89
Euro	49.24	32.73	52.92	34.10
GBP	58.35	37.93	63.74	39.33
South African Rand	2.50	1.65	2.71	1.69

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended December 31, 2024

## 37.1 Financial risk management continued

### 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.

as of December 31, 2024	Profit or loss strengthening	Profit or loss weakening
USD	9,555,236	(9,555,236)
Euro	5,053,225	(5,053,225)
GBP	3,092,901	(3,092,901)
South African Rand	582,323	(582,323)

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.

as of December 31, 2023	Profit or loss Strengthening	Profit or loss Weakening
USD	5,299,391	(5,299,391)
Euro	9,324,600	(9,324,600)
GBP	3,869,240	(3,869,240)
South African Rand	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	
	31/12/2024 LE	31/12/2023 LE
<b>Financial instruments with a fixed rate</b>		
Financial assets	–	355,357
Financial liabilities	143,149,713	108,779,664
	<b>143,149,713</b>	<b>109,135,021</b>
<b>Financial instruments with a variable rate</b>		
Financial liabilities	918,826,317	1,397,806,591
	<b>918,826,317</b>	<b>1,397,806,591</b>

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 customises each credit risk exposure based on a variety of data that is identified as loss risk statements based on forecasting and expertly applying credit judgment. Credit risk scores are defined using qualitative and quantitative factors that indicate the risk of loss. Exposure risk for each credit risk category is classified by sector according to industry classification and customer classification and the expected credit loss rate for each sector is calculated based on the status of late payment and actual credit loss experience.

These rates are multiplied by gradient factors to reflect the differences between economic conditions during the year in which historical data was collected, current conditions, and the Company's view of economic conditions over the expected lifespan of customer balances. The Company uses an impairment matrix to measure customers' and notes receivables expected credit losses.

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

	December 31, 2024			December 31, 2023		
	Expected credit loss rate	Net book value LE	Loss amount LE	Expected credit loss rate	Net book value LE	Loss amount LE
<b>Trade and notes receivables</b>						
Current (not past due)	–	941,629,011	–	–	774,698,851	–
0 - 90 days past due	18%	67,481,737	11,835,320	28%	110,565,701	31,135,357
91 - 180 days past due	11%	14,583,901	1,592,043	24%	5,557,400	1,332,390
181 - 270 days past due	20%	3,941,492	799,773	33%	1,988,161	662,777
271 - 360 days past due	8%	7,286,062	549,326	68%	7,294,679	4,991,159
More than 360 days past due	100%	118,706,990	118,706,990	100%	85,055,857	85,055,857
<b>Total</b>		<b>1,153,629,193</b>	<b>133,483,452</b>		<b>985,160,649</b>	<b>123,177,540</b>

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended December 31, 2024

## 37.1 Financial risk management continued

### Fair value of financial instruments

The fair values of the Company's financial instruments have been estimated to approximate their book value because the financial instruments are short-term in nature and do not carry any interest, except for short-term deposits at prevailing market rates and are expected to be realized at their present book value within twelve months from the date of the financial position.

'Fair value' is the price that will be received for the sale of an asset or paid for the transfer of an obligation in a structured transaction between market participants on the date of measurement in the asset or, in its absence, in the most advantageous market that the Company has access on that date. The fair value of liabilities reflects the risk of non-performance.

A number of accounting policies and disclosures require a company to measure the fair values of both financial and non-financial assets and liabilities.

The Company has consistent practices regarding the measurement of fair values. Management is fully responsible for overseeing all significant fair value measurements, including the third fair value level.

Management regularly reviews significant unnoteworthy inputs and evaluation adjustments. If third party information is used, such as broker quotes or pricing services. To measure fair value, management evaluates evidence obtained from third parties to support the conclusion that these valuations meet the requirements of 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 recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change occurred.

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

### 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.

### 38. Tax status

According to the opinion of the Company's tax administration the following is the Company's tax position as of December 31, 2024.

#### 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.

#### 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.

#### Stamp tax

- The Company has obtained a final settlement and paid all tax obligation from inception till 2020.
- The Company's records were not examined from 2021 till now.

#### Sales tax\value added tax

- The Company's records were inspected and all the tax obligations till 2020 were paid.
- The Company's records were not inspected from 2021 till now.

#### Real estate tax

- All tax obligations were paid till 2021.
- A temporary exemption for 3 years from real estate tax for industrial corporates was released 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.

### 39. Material accounting policies

The Company has consistently applied the following accounting policies to all periods presented in these consolidated financial statements in addition to implementing the same accounting policies on all group companies consistently.

#### 39.1. Basis of preparing consolidated financial statements

##### a. Business combination

The consolidated financial statements include assets, liabilities and results of operations of Lecico Egypt (Holding Company) and all subsidiary companies upon which it has significant control and this control is achieved directly or indirectly by the ability to control the financial and operational policies of subsidiary companies to obtain benefits from its operations, future voting rights in the ability of control are also taken into consideration, the subsidiary companies financial statements are included in the consolidated financial statements from the date of controlling the company to the date of losing this control, a subsidiary company is not included in the consolidated financial statements if the Holding Company loses its control over the financial and 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, unrealised 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended December 31, 2024

## 39.1. Basis of preparing consolidated financial statements continued

### b. Subsidiaries

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

### c. Non-controlling interests ('NCI')

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

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

### d. Loss of control

When the Group loses control over a subsidiary, it derecognises 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 recognised with fair value when control is lost.

### e. Investments accounted for using the equity method

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

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

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

### f. Elimination from consolidated financial statements

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

## 39.2 Foreign currency translation and financial statement for foreign subsidiaries

### Foreign currency transactions

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

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

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

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

### Financial statement for foreign operations

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

### 39.3 Revenue recognition

Information about the Company's accounting policies relating to contracts with customers is provided in five steps module as identified in IFRS No. (15):

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

**Step 2:** Determine the performance obligations in contract: Performance obligation 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 recognise 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 satisfies the performance obligation and recognises 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 arises or improves a customer-controlled asset when the asset has arose or improved.
- c) The customer receives and consumes the benefits of Company performance at the same time as soon as the Company has performed.

For performance obligations, if one of the above conditions is met, revenue is recognised 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 recognised, resulting advance payments from the customer (contractual obligation)

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

The application of IFRS No. (15) requires management to use the following judgements:

#### Satisfaction of performance obligation

The Company should assess all contracts with customers to determine whether performance obligations are satisfied over a year 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 recognises revenue over a year of time, and if that is not the case, revenue is recognised at a point in time for the sale of goods, and revenue is usually recognised 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended December 31, 2024

## 39.3 Revenue recognition continued

### Control transfer in contracts with customers

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

In addition, the application of International Accounting Standard (IAS) No. 15 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 recognised 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 realised revenue. When applying the input method, the Company estimates efforts or inputs to satisfy a performance obligation. In addition to the cost of satisfying a contractual obligation with customers, these estimates include the time spent on service contracts.

### Other matters to be considered

Variable consideration if the consideration pledged in a contract includes a variable amount, then the Company shall estimate the amount of the consideration in which it has a right in exchange for transferring the goods or services pledged to the customer, the Company estimates the transaction price on contracts with the variable consideration using the expected value or the most likely amount method. This method is applied consistently throughout the contract and for identical types of contracts.

### The significant funding component

The Company shall adjust the amount for the contract pledged for the time value of the cash if the contract has a significant funding component.

### Revenue recognition

#### Revenue from the sale of goods

Revenue are recognised 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.

## 39.4 Employee benefits

Profitability of the employee's share of profit is recognised in the respective year.

## 39.5 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.

## 39.6 Finance income and finance costs

### The group's finance income and finance costs include:

- Interest income
- Interest expense
- Dividend's
- Impairment losses for financial assets except trade receivables
- Ineffective hedging recognised in profit or loss

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

### 39.7 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.

### 39.8 Income tax

The group decided that interests and fines related to income tax including uncertain tax liabilities, does not meet the definition of income taxes, and are therefore calculated under IFRS standard: contingent liabilities and provisions and contingent assets.

Current and deferred tax are recognised 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 recognised 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.

#### 39.8.1 Current income tax

The current and prior years are recognised 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 exceeds the amount due.

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

#### 39.8.2 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.

### 39.9 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 recognised. 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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended December 31, 2024

## 39.10 Property, plant & equipment

### 39.10.1 Recognition and measurement

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

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

The group management decided to adopt the revaluation model per international accounting standards No.16 'Property, Plant and Equipment' in respect to the land owned by the subsidiaries of the Group.

After recognition as an asset, an item of property, plant and equipment whose fair value can be measured reliably shall be carried at a revalued amount, being its fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations shall be made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting year.

The frequency of revaluations depends upon the changes in fair values of the items of property, plant and equipment being revalued. When the fair value of a revalued asset differs materially from its carrying amount, a further revaluation is required. Some items of property, plant and equipment experience significant and volatile changes in fair value, thus necessitating annual revaluation. Such frequent revaluations are unnecessary for items of property, plant and equipment with only insignificant changes in fair value. Instead, it may be necessary to revalue the item only every three or five years.

If an asset's carrying amount is increased as a result of a revaluation, the increase shall be recognised in other comprehensive income and accumulated in equity under the heading of revaluation surplus. However, the increase shall be recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss statement.

The revaluation surplus included in equity in respect of an item of property, plant and equipment may be transferred directly to retained earnings when the asset is derecognised. This may involve transferring the whole of the surplus when the asset is retired or disposed of. However, some of the surplus may be transferred as the asset is used by an entity. In such a case, the amount of the surplus transferred would be the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost. Transfers from revaluation surplus to retained earnings are not made through profit or loss.

If an item of property, plant and equipment is revalued, the entire class of asset to which that asset belong should be revalued.

### 39.10.2 Subsequent expenditure

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

### 39.10.3 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 period.

Assets	Useful life/years
Buildings	20-40
Leasehold improvements	3
Machinery and equipment	3-16.67
Vehicles	3-10
Tools and supplies	5
Furniture, office equipment and computers	4-12.5

- Leasehold improvements are depreciated over the period of the contract or useful life of the lease whichever is less.
- Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

## 39.11 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.

## 39.12 Intangible assets

### 39.12.1 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.

### 39.12.2 Other intangible assets

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

### 39.12.3 Amortisation

Amortisation 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 amortisation charge is recognised as an expense in profit and loss. Goodwill is not amortised.

## 39.13 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.

#### 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended December 31, 2024

## 39.13 Leased contracts continued

### 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.

## 39.14 Financial instruments

### Recognition and initial measurement

Other current assets are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised 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: amortised 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 amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

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

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

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

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

All financial assets not classified as measured at amortised 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 amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

### Financial assets – business model assessment

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

- The stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- How the performance of the portfolio is evaluated and reported to the Company's management;
- 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 par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

### Financial assets – subsequent measurement and gains and losses

Financial assets classified at FVTPL	Financial assets at FVTPL are measured at fair value. Changes in the fair value, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised 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 recognised 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 recognised in profit or loss. Other net gains and losses are recognised 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 amortised 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 recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended December 31, 2024

## 39.14 Financial instruments continued

### Derecognition

#### Financial assets

The Company derecognises 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 recognised 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 derecognised.

#### Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expired. The Company also derecognises 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 recognised 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 recognised 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 realise the asset and settle the liability simultaneously.

#### Financial derivatives and hedge accounting

The Group holds derivative financial instruments to hedge foreign currency and interest rate risks. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met. Derivatives are initially measured at fair value. Following initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit or loss. The Group classified certain derivatives as hedging instruments to hedge against the variability in cash flows associated with highly probable forecast transactions resulting from changes in foreign currency exchange rates and interest rates and some derivatives and non-derivative financial liabilities as a hedge against foreign exchange risk on a net investment in a foreign operation.

## 39.15 Share capital

### 39.15.1 Ordinary shares

Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity. Income tax relating to transaction costs of an equity transaction are accounted for in accordance with IAS 12 "Income tax".

### 39.15.2 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 recognised 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 recognised as increase in equity, excess and deficit that results from this transaction are presented as premium shares.

## 39.16 Impairment

### 39.16.1 Non-derivative financial assets

#### Financial instruments and contract assets

The Company recognises loss allowances for ECLs on:

- Financial assets measured at amortised cost;
- Debt investments measured at FVOCI; and
- 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; and
- Loss allowances for trade receivables and lease receivables are always measured at an amount equal to lifetime ECLs.

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

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

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

- The debtor is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as releasing security (if any is held); and
- The financial asset is more than 90 days past due.

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

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

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

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

#### Measurement of ECLs

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

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended December 31, 2024

## 39.16.2 Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised 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 reorganisation; and
- The disappearance of an active market for a security because of financial difficulties.

### Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognised in OCI.

Financial assets at amortised cost (If any)	The Company assessed evidence of impairment for these assets at both an individual asset and a collective level. All individually significant assets are individually assessed for impairment. Those found not to be impaired are then collectively assessed for any impairment that has been incurred but not yet individually identified. Assets that are not individually significant are collectively assessed for impairment. Collective assessment is carried out by companying together assets with similar risk characteristics. In assessing collective impairment, the Company used historical information on the timing of recoveries and the amount of loss incurred and made an adjustment if current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends. An impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.
Equity- accounted investees (If any)	Impairment losses in equity-accounted investees are measured by comparing their carrying amount with the recoverable amount, and the impairment losses are recognised in profit or loss and the impairment loss is reversed when preferential changes occur in the estimates used to determine the recoverable amount.
Financial assets FVOCI (If any)	Impairment losses on Financial assets FVOCI are recognized by reclassifying the losses accumulated in the fair value reserve to profit or loss. The amount reclassified is the difference between the acquisition cost (net of any principal repayment and amortisation) and the current fair value, less any impairment loss previously recognised in profit or loss. If the fair value of an impaired available-for-sale debt security subsequently increases and the increase can be related objectively to an event occurring after the impairment loss was recognized, then the impairment loss is reversed through profit or loss. Impairment losses recognized in profit or loss for an investment in an equity instrument classified as available-for-sale in profit or loss are not reversed.

## 39.16.3 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 recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised 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 amortisation, if no impairment loss had been recognised in the previous years.

### 39.17 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.

### 39.18 Export subsidy revenues

Export subsidy revenues are recognised at statement of Profit or loss according to accrual basis, and deducted from the cost of sales.

### 39.19 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.

### 39.20 Borrowing cost

The borrowing cost, represented in interest expenses, is recognised 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 capitalised.

### 39.21 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).

### 39.22 Segment reporting results

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

## 40 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 year ending 31 December 2024.

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

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

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

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended December 31, 2024

## 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 authorised 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 The new and amended International Financial Reporting Standards applied in the consolidated financial statements

The following new and revised IFRSs that became effective for annual periods beginning on or after January 1, 2024 have been applied in these consolidated financial statements. The application of these IFRSs had no material impact on the amounts at the consolidation financial statements in the current or previous periods.

	Applicable for the period on or after
Lack of Exchangeability – Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates.	January 1, 2025
Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures.	January 1, 2026
Annual Improvements to IFRS Accounting Standards – Amendments to: IFRS 1 First-time Adoption of International Financial Reporting Standards; IFRS 7 Financial Instruments: Disclosures and its accompanying Guidance on implementing IFRS 7; IFRS 9 Financial Instruments; IFRS 10 Consolidated Financial Statements; and IAS 7 Statement of Cash flows.	January 1, 2026
Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7.	January 1, 2026
IFRS 18 Presentation and Disclosure in Financial Statements.	January 1, 2027
IFRS 19 Subsidiaries without Public Accountability: Disclosures.	January 1, 2027
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures.*	To be determined

\* The management expects that these new standards, interpretations and amendments will be adopted in the consolidated financial statements when they are effective, and the application of these new standards, interpretations and amendments may not have a material impact on the consolidated financial statements in any year initial application.

## 43 Reclassification

There is a reclassification at the comparative figure to be presented with the current profit or loss presentation consolidated.

## IN-DEPTH PROFIT AND LOSS SUMMARY

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>Sanitary ware segment</b>											
Sales volume (000s of pieces)	5,335	4,835	4,990	5,061	5,321	4,699	4,010	5,010	4,836	4,155	<b>3,685</b>
Exports as a percentage of total	58.4%	56.5%	53.2%	61.1%	65.5%	68.1%	70.2%	74.9%	71.3%	73.0%	<b>77.9%</b>
Average price (LE/piece)	140.0	148.5	167.1	295.8	303.9	301.4	298.9	320.9	414.5	762.6	<b>1167.8</b>
Sanitary ware revenue	746.6	718.2	834.0	1,497.3	1,617.2	1,416.1	1,198.7	1,607.8	2,004.5	3,168.7	<b>4,303.4</b>
Sanitary ware gross profit	129.3	112.0	158.4	471.6	380.3	177.6	80.0	226.3	253.7	1,012.5	<b>1337.7</b>
Sanitary ware gross margin (%)	17.3%	15.6%	19.0%	31.5%	23.5%	12.5%	6.7%	14.1%	12.7%	32.0%	<b>31.1%</b>
<b>Tile segment</b>											
Sales volume (000s of sqm)	33,045	25,787	25,237	23,171	25,755	21,611	19,781	21,472	22,494	18,953	<b>22,119</b>
Exports as a percentage of total	18.1%	16.0%	11.9%	15.6%	17.9%	26.1%	22.4%	24.0%	13.1%	12.8%	<b>10.0%</b>
Average price (LE/sqm)	23.6	23.5	23.8	35.9	38.9	39.6	39.5	41.7	48.2	71.5	<b>89.4</b>
Tile revenue	780.5	605.4	599.5	830.7	1002.4	856.4	782.3	896.3	1,083.6	1,354.9	<b>1976.5</b>
Tile gross profit	242.6	89.1	(28.1)	27.7	61.0	44.7	127.1	202.7	262.0	334.8	<b>342.7</b>
Tile gross margin (%)	31.1%	14.7%	-	3.3%	6.1%	5.2%	16.2%	22.6%	24.2%	24.7%	<b>17.3%</b>
<b>Consolidated profit and loss</b>											
Net sales	1,573.2	1,370.5	1,496.4	2,406.5	2,705.5	2,349.8	2,055.2	2,642.2	3,273.8	4,842.9	<b>6,644.7</b>
Sanitary ware (% of net sales)	47.5%	52.4%	55.7%	62.2%	59.8%	60.3%	58.3%	60.9%	61.2%	65.4%	<b>64.8%</b>
Gross profit	388.8	216.2	153.3	531.9	470.4	251.7	229.2	483.3	598.6	1,488.9	<b>1,875.2</b>
Gross margin (%)	24.7%	15.8%	10.2%	22.1%	17.4%	10.7%	11.2%	18.3%	18.3%	30.7%	<b>28.2%</b>
Sanitary ware (% of gross profit)	33.3%	51.8%	103.3%	88.7%	80.8%	70.5%	34.9%	46.8%	42.4%	70.3%	<b>71.3%</b>
Distribution and administrative expense	194.6	199.9	204.4	323.7	349.9	325.9	276.6	377.1	465.3	503.0	<b>660.2</b>
D&A expense/sales (%)	12.4%	14.6%	13.7%	13.4%	12.9%	13.9%	13.5%	14.3%	14.2%	10.4%	<b>9.9%</b>
EBIT	194.8	(1.0)	(48.3)	181.9	150.7	(88.2)	(132.5)	49.9	(31.3)	941.1	<b>1,151.0</b>
EBIT margin (%)	12.4%	-0.1%	-3.2%	7.6%	5.6%	-3.8%	-6.4%	1.9%	-1.0%	19.4%	<b>17.3%</b>
Net financing expense/income	(82.1)	(67.7)	20.1	(136.2)	(228.1)	(195.0)	(65.5)	(18.9)	107.7	(254.1)	<b>80.9</b>
EBIT\Net financing expense/Income	(2.4)	0.0	(2.4)	(1.3)	(0.7)	0.5	2.0	(2.6)	(0.3)	(3.7)	<b>14.2</b>
Net profit	91.6	(65.1)	(50.1)	37.2	(114.3)	(298.3)	(220.6)	(36.4)	(3.2)	446.3	<b>890.3</b>
Net margin (%)	5.8%	-4.8%	-3.3%	1.5%	-4.2%	-12.7%	-10.7%	-1.4%	-0.1%	9.2%	<b>13.4%</b>
Reported EPS (LE/share)	<b>1.14</b>	<b>(0.81)</b>	<b>(0.63)</b>	<b>0.47</b>	<b>(1.43)</b>	<b>(3.73)</b>	<b>(2.76)</b>	<b>(0.45)</b>	<b>(0.04)</b>	5.75	<b>11.13</b>
Adjusted EPS* (LE/share)	<b>1.14</b>	<b>(0.81)</b>	<b>(0.63)</b>	<b>0.49</b>	<b>(1.49)</b>	<b>(3.73)</b>	<b>(2.76)</b>	<b>(0.45)</b>	<b>(0.04)</b>	5.75	<b>11.13</b>

\* EPS adjusted to include treasury shares and historic EPS adjusted retroactively to reflect 2007 results 1:1 bonus issue.

In 2024, Lecico reported all transport costs for goods and materials in COGs. A similar value is deducted from SG&A. Our operating profit and margin remain unaffected by this new treatment. We have restated comparative figures for 2023 to reflect the same.







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