



Second Quarter 2025 Results

Alexandria, 14th August 2025 – Lecico Egypt (Stock symbols: LCSW.CA; LECI EY) announces its consolidated results for the second quarter 2025.

Highlights

2Q 2025

- Lecico revenue up 21% to LE 1,877.5 million (67.1% from sanitary ware).
- Sanitary ware revenue up 22% to LE 1,259.8 million, volumes up 11% to 899,635 pieces (80.6% exports).
- Tile revenue up 38% to LE 544.8 million, volumes up 18% to 5.2 million square meters (8.1% exports).
- Brassware revenue down 37% to LE 72.9 million, sales volume down 26% to 34,580 pieces.
- EBIT profit down 43% to LE 173 million compared to LE 301.4 million in 2Q 2024.
- Net profit down 65% to LE 53.1 million compared to LE 150.4 million in 2Q 2024.

1H 2025

- Lecico revenue up 22% to LE 3,568.1 million (65.1% from sanitary ware).
- Sanitary ware revenue up 21% to LE 2,324.5 million, volumes down 8% to 1.7 million pieces (82% exports).
- Tile revenue up 42% to LE 1,119.9 million, volumes up 12% to 10.8 million square meters (7.3% exports).
- Brassware revenues down 44% to LE 123.7 million, sales volume down 39% to 57,196 pieces.
- EBIT profit of LE 370.5 million compared to EBIT profit of LE 623.1 million in the same period last year.
- Net profit of LE 145.5 million compared to net profit of LE 627.9 million in the same period last year.

Lecico Egypt Chairman, Gilbert Gargour commented, “I am pleased to report solid set of results for the second quarter despite the pressure of increased cost inflation reducing our profit margins and overall profitability year-on-year.

“Compared to the same period last year, our sales volumes and values show considerable improvement. Our sales volumes are up 11% year-on-year with sanitary ware and tiles growth more than offsetting the drop in brassware volumes.

“However, limited price increases and significant cost inflation reflecting the impact of the devaluation of the Egyptian pound has eaten into our margins significantly. Our operating profits are 40% lower with our operating margin halved from the same period last year.

“Most of our markets remain relatively restrained with limited room for price increases in the short to medium term and Lecico is focused on growing volumes and improving production efficiency to help improve margins in the coming quarters.

“We are still waiting to see consumer demand start to recover in most of our key markets, but we are looking at increased demand from new markets and customers which we hope will allow us to grow sanitary ware sales in the second half of this year to help shore up margins in that segment.

“In tiles, we hope that the strong demand we are seeing in local projects will allow us to push up efficiency and improve margins from current levels over the coming quarters.

“Our challenge now is to maximize sales opportunities in the current environment with new markets/customers, while continuing to work to grow our market share in our core markets through new product launches and further market segmentation. I hope we can see enough momentum in this to maintain and hopefully improve our results over the rest of this year.”

Taher Gargour, Lecico Egypt CEO, added, “Our second quarter results mirror the results of the last two quarters through the operating line despite significant differences in the individual segments of operations. This quarter we saw a good improvement in sanitary ware thanks to improved sales and production volumes and improved mix of products sold. But in the quarter, this was offset by a worsening performance in our tile segment with lower sales volumes because of the holiday season in Egypt and reduced production for maintenance affecting economies of scale.

“The end result is almost flat gross profit quarter-on-quarter despite some margin erosion and a squeeze on operating profits as a result. At the bottom line, profits are also down quarter-on-quarter as our investment plans and annual cash expenses drove up our debt and cost of borrowing.

“We will need markets to start growing if we are going to deliver more than flat numbers going forward. Given the slow pace of recovery in most of our markets, it seems a sector-wide recovery is still some ways away.

“As mentioned in previous reports, Lecico is targeting some new customers and markets for new growth starting in the second half of this year. Lecico is also working hard to expand its current market reach and product offering. We have introduced a range of new sanitary ware to expand our offer in mid and high range segments with more new series planned for late this year. We are expecting our new high-pressure lines in sanitary ware and our new porcelain tile line to both start operations towards the end of the year.

“From a cash flow perspective, we saw a second quarter of increasing net debt as our investment plans and our annual cash outs for taxes and holiday bonuses put more pressure on our balance sheet. This is costing us on the P&L due to high interest rates, but our gearing levels remain below historic levels, and we expect to see this negative cash flow trend reverse in the second half of the year after we finish our large cash payments for taxes in the second quarter.

“The second quarter continues to show some of the pressures on margins from cost inflation and weak demand in our key markets. This is a trend that has been squeezing our results since the large devaluation at the end of 1Q 2024 last year. I am pleased to see quarter-on-quarter stability in our operating results for the past three quarters. Hopefully, with inflation in Egypt slowing down, we should be able to build on this basis if we get the bump in sales we are hoping for in the second half.

“Our view for the rest of the year remains more positive, we are hopeful that global macroeconomics will start to improve too although this has largely moved to late 2025 at best. As always, we will continue to work hard to preserve and build on the strong improvement in our financial results in the year ahead whatever the operating environment.”

Lecico Revenue and Profitability

Profit and loss statement highlights						
(LE m)	2Q		%	1H		%
	2025	2024	25/24	2025	2024	25/24
Sanitary ware	1,259.8	1034.4	122%	2,324.5	1,922.2	121%
Tiles	544.8	396.2	138%	1,119.9	790.5	142%
Brassware	72.9	115.2	63%	123.7	221.9	56%
Sales	1,877.5	1,545.8	121%	3,568.1	2,934.6	122%
Sanitary ware/sales (%)	67.1%	66.9%	0.2%	65.1%	65.5%	(0.4%)
Cost of sales	(1,428.5)	(1089.0)	131%	(2,678.7)	(2,042.1)	131%
Cost of sales/sales (%)	(76.1%)	(70.4%)	5.6%	(75.1%)	(69.6%)	5.5%
Gross profit	449.0	456.8	98%	889.4	892.6	99.7%
Gross profit margin (%)	23.9%	29.6%	(5.6%)	24.9%	30.4%	(5.5%)
Distribution and administration (D&A)	(212.2)	(152.8)	139%	(405.7)	(280.3)	145%
D&A/sales (%)	(11.3%)	(9.9%)	1.4%	(11.4%)	(9.6%)	1.8%
Net other operating income/ (expense)	(63.8)	(2.6)	2480%	(113.2)	10.8	-
Net other operating income/ (expense) sales (%)	(3.4%)	(0.2%)	3.2%	(3.2%)	0.4%	-
EBIT	173.0	301.4	57%	370.5	623.1	59%
EBIT margin (%)	9.2%	19.5%	(10.3%)	10.4%	21.2%	(10.8%)
Net profit	53.1	150.4	35%	145.5	627.9	23%
Net profit margin (%)	2.8%	9.7%	(6.9%)	4.1%	21.4%	(17.3%)

2Q 2025: Profitability squeezed by cost inflation pressures

Lecico reported strong growth in revenues driven by growing sanitary ware sales in the quarter. Sanitary ware profits and profitability reached its best numbers in the past three quarters, this was offset in the period by a drop in tile volumes and margins and a price-reduction led squeeze on margins in the Company's brassware segment.

Lecico revenues for the second quarter increased by 21% year-on-year to reach LE 1,877.5 million (2Q 2024: LE 1,545.8 million) with higher pricing and volumes in sanitary ware and tiles. Local revenues were up 34% year-on-year to reach LE 734.5 million (2Q 2024: LE 550 million) and export revenues were up 15% year-on-year to reach LE 1,143.1 million (2Q 2024: LE 995.8 million).

Quarter-on-quarter revenues increased 11% (1Q 2025: LE 1,690.6 million) thanks to improved volumes in sanitary ware and brassware. Local revenues increased 3% to LE 734.5 million (1Q 2025: LE 712.1 million) and exports increased 17% to LE 1,134.1 million (1Q 2025: LE 978.5 million).

Lecico's cost of goods sold increased by 31% year-on-year to LE 1,428.5 million (2Q 2024: LE 1,089 million) primarily as a result of inflation in Egypt, outpacing the increase in revenues over the same period.

Quarter-on-quarter Lecico's cost of goods sold increased by 14% (1Q 2025: LE 1,250.1 million) reflecting some inflation in input costs and outpacing the increase in revenues over the period.

Lecico's gross profit for the second quarter decreased 2% year-on-year to LE 449 million (2Q 2024: LE 456.8 million) Lecico's gross profit margin decreased 5.6 percentage points to 23.9% compared to 29.6% in the same period last year.

Quarter-on-quarter gross profit increased by 2% (1Q 2025: LE 440.4 million), but gross profit margin decreased 2.1 percentage points to 23.9% compared to 26.1%.

In absolute terms, distribution and administration (D&A) expenses increased by 39% to LE 212.2 million (2Q 2024: LE 152.8 million), and proportional D&A expenses were up by 1.4 percentage points to 11.3% (2Q 2024: 9.9%).

Quarter-on-quarter distribution and administration (D&A) expenses increased 10% (1Q 2025: LE 193.5 million), but proportional D&A expenses were down by 0.1 percentage points (1Q 2025: 11.4%).

Lecico reported LE 63.8 million in net other operating expenses compared to net other operating expenses of LE 2.6 million in the same period last year. In 2Q 2024, the present value adjustment of notes payable resulted in a gain of LE 22.9 million, while in 2Q 2025, it resulted in a loss of LE 22.1 million.

Quarter-on-quarter Lecico reported LE 63.8 million in net other operating expenses compared to net other operating expenses of LE 49.5 million in 1Q 2025 primarily as a result of increased provisions on receivables and changes to labour law in Lebanon requiring some extra end of service provisions.

Lecico's EBIT profit for the second quarter decreased 43% year-on-year to LE 173 million (2Q 2024: LE 301.4 million). Lecico's EBIT margin decreased 10.3 percentage points to 9.2% compared to 19.5% in the same period last year.

Quarter-on-quarter Lecico's EBIT profit decreased 12% (1Q 2025: LE 197.5 million) and the margin decreased 2.5 percentage points (1Q 2025: 11.7%).

Lecico reported LE 65.1 million in net financing expenses compared to net financing expenses of LE 78.6 million in the same period last year.

Lecico reported a net tax charge of LE 52.8 million in the second quarter versus tax charge LE 61.7 million in the same period last year and LE 54.8 million in the previous quarter as losses in some subsidiaries pushed up the effective tax rate.

Lecico's net profit for the second quarter decreased 65% year-on-year to LE 53.1 million (2Q 2024: LE 150.4 million).

Lecico's net margin decreased 6.9 percentage points to 2.8% compared to 9.7% in the same period last year.

Quarter-on-quarter, Lecico's net profit decreased by 43% (1Q 2025: LE 92.4 million) and its net margin decreased by 2.6 percentage point (1Q 2025: 5.5%).

1H 2025: Margin pressure and absence of unusual gains squeezes profitability

Lecico revenues for the first half increased by 22% year-on-year to LE 3,568.1 million (1H 2024: LE 2,934.6 million) due to pricing-led increases in sales in sanitary and tiles segments.

Lecico's cost of goods sold was up 31% year-on-year to LE 2,678.7 million (1H 2024: LE 2,042.1 million) as inflation in Egypt outpaced the Company's ability to raise prices.

Gross profit slightly decreased by 0.3% to reach LE 889.4 million (1H 2024: LE 892.6 million) as a result of a 5.5 percentage point drop in the Company's gross profit margin to 24.9% compared to 30.4% in the same period last year.

In absolute terms, distribution and administration (D&A) expenses increased by 45% to LE 405.7 million (1H 2024: LE 280.3 million) and proportional D&A expenses were up by 1.8 percentage points to 11.4% (1H 2024: 9.6%).

Lecico reported LE 113.2 million in net other operating expenses compared to net other operating income of LE 10.8 million in the same period last year. In 1H 2025, the present value of notes payable resulted in a loss of LE 42.4 million, while in 1H 2024, it resulted in a gain of LE 65.9 million. This significant change in net other operating expenses from present value adjustment gains to losses began late in 4Q 2024 and will continue until these particular payables are fully paid in 2027.

Lecico's EBIT profit for the first half decreased 40% year-on-year to LE 370.5 million (1H 2024: LE 623.1 million) due cost inflation and this inflection in other operating expense charges. Lecico's EBIT margin decreased 10.8 percentage points to 10.4% compared to 21.2% in the same period last year.

During the first half, Lecico reported LE 115 million in net financing expenses compared to LE 206.8 million net financing income in the same period last year. The net finance income reported in 1H 2024 was due to LE 149.5 million from swapping excess foreign currency into Egyptian Pounds through GDRs and exceptional exchange gains in Egypt of LE 212 million following the devaluation of the Pound in March. These exceptional gains linked to the devaluation of the pound in the same period were exceptional and distort comparisons of core operations bottom line results.

Lecico reported net tax charge of LE 107.6 million versus a tax charge of LE 182.4 million in the same period last year.

Lecico's net profit for the first half decreased 77% year-on-year to LE 145.5 million (1H 2024: LE 627.9 million), in large part due to LE 361.5 million negative changes from unusual gains in 1H 2024 to a more normalized net financing expense in 1H 2025. This change below the operating line amplified the squeeze on operating profits from high inflation. Lecico's net margin decreased 17.3 percentage points to 4.1% compared to 21.4% in the same period last year.

Segmental analysis

Sanitary ware

2Q: Sanitary ware sales volumes increased by 11% (up 86,372 pieces). Local sales volumes increased by 41% (up 47,812 pieces), export sales volumes increased by 5% (up 37,367 pieces) and Lebanon sales volumes increased by 14% (up 1,193 pieces).

Quarter-on-quarter total sales volumes increased by 13% (up 101,202 pieces). Local volumes increased 37% (up 44,311 pieces), export sales volumes increased 9% (up 58,684 pieces), but sales in Lebanon decreased 16% (down 1,792 pieces).

Average sanitary ware prices increased by 10% year-on-year at LE 1,400.4 per piece (2Q 2024: LE 1,272) with limited price increases and some mix improvement since the devaluation in 1Q 2024. Quarter-on-quarter average selling prices increased 5% (1Q 2025: LE 1,333.5) on mix changes.

Revenues were up 22% year-on-year at LE 1,259.8 million (2Q 2024: LE 1,034.4 million). Quarter-on-quarter revenues were up 18% (1Q 2025: LE 1,064.7 million).

Average cost of sales per piece increased by 13% year-on-year at LE 986.4 per piece, due to local cost inflation partially balance by increased production. Sanitary ware production increased 10%.

Quarter-on-quarter, the average cost of sales per piece increased by 2% (1Q 2025: LE 965.6 per piece), Sanitary ware production increased 14% compared to the previous quarter.

Gross profit increased 14% to LE 372.5 million (2Q 2024: LE 325.7 million), but the gross margin was down 1.9 percentage points to 29.6% (2Q 2024: 31.5%).

Quarter-on-quarter gross profit increased by 27% (1Q 2025: LE 293.7 million), and the gross margin increased by 2 percentage points (1Q 2025: 27.6%).

Sanitary ware segmental analysis	2Q		%	1H		%
	2025	2024		2025	2024	
Sanitary ware volumes (000 pcs)						
Egypt (000 pcs)	165	117	141%	285	413	69%
Lebanon (000 pcs)	10	8	114%	21	16	132%
Export (000 pcs)	725	688	105%	1,392	1,409	99%
Total sanitary ware volumes (000 pcs)	900	813	111%	1,698	1,838	92%
Exports/total sales volume (%)	80.6%	84.6%	(4.0%)	82.0%	76.7%	5.3%
Sanitary ware revenue (LE m)	1,259.8	1,034.4	122%	2,324.5	1,922.2	121%
Average selling price (LE/pc)	1,400.4	1,272.0	110%	1,368.9	1,045.9	131%
Average cost per piece (LE/pc)	986.4	871.5	113%	976.6	713.6	137%
Sanitary ware cost of sales	(887.4)	(708.7)	125%	(1,658.4)	(1,311.3)	126%
Sanitary ware gross profit	372.5	325.7	114%	666.2	610.8	109%
Sanitary ware gross profit margin (%)	29.6%	31.5%	(1.9%)	28.7%	31.8%	(3.1%)

1H: Sanitary ware sales volume decreased by 8% to 1.7 million pieces (down 139,668 pieces). Local volumes decreased 31% (down 127,806 pieces), export volumes decreased 1% (down 16,958 pieces), but sales in Lebanon increased by 32% (up 5.096 pieces).

Average sanitary ware prices were up 31% year-on-year to LE 1,368.9 per piece (1H 2024: LE 1,045.9) because of price increases.

Revenues were up 21% year-on-year at LE 2,324.5 million (1H 2024: LE 1,922.2 million).

Average cost of sales increased 37% at LE 976.6 per piece, as production was reduced by 4% and costs were inflated primarily on the back of significant inflation locally and the impact of devaluation on imported costs.

Gross profit increased 9% to LE 666.2 million (1H 2024: LE 610.8 million), but the margin down 3.1 percentage points to 28.7% (1H 2024: 31.8%).

Tiles

2Q: Tile sales volumes increased 18% year-on-year (up 808,722 square meters) to reach 5.2 million square meters. Local sales volumes increased 20% (up 789,966 million square meters), export sales decreased 3% (down 12,005 square meters) and Lebanon sales volumes increased 53% (up 30,761 square meters).

Quarter-on-quarter sales volumes decreased 6% (down 307,096 square meters). Local volumes decreased 8% (down 408,697 square meters), but export volumes increased 19% (up 66,878 square meters) and Lebanon volumes increased 65% (up 34,723 square meters).

Average net prices per square meter increased by 16% year-on-year at LE 104.3 per meter (2Q 2024: LE 89.8) because of price increases locally. Quarter-on-quarter average prices slightly increased by 0.3% (1Q 2025: LE 104) on mix changes.

Tile revenues were up 38% year-on-year at LE 544.8 million (2Q 2024: LE 396.2 million). Quarter-on-quarter revenues were down 5% (1Q 2025: LE 575.1 million).

Average cost of sales per square meter increased by 26% year-on-year to reach LE 94.5 (2Q 2024: LE 74.9 per square meter) due to significant cost inflation locally with tiles being particularly sensitive to fuel cost inflation which amplified the general inflationary pressure felt over the period. This cost increase came despite the positive effect of an 11% increase in production compared to the same period last year.

Quarter-on-quarter average costs per square meter increased by 16% (1Q 2025: LE 81.6) driven by inflation in fuel prices driving up raw material costs in April and due to an overall 8% reduction in production quarter-on-quarter driving dis-economies of scale.

Gross profit for the quarter decreased 21% to reach LE 51.6 million (2Q 2024: LE 65.4 million). Gross margin decreased by 7.1 percentage points to 9.5% (2Q 2024: 16.5%).

Quarter-on-quarter gross profit decreased by 58% (1Q 2025: LE 124.1 million) as the margin decreased 12.1 percentage points to 9.5% (1Q 2025: 21.6%).

Tile segmental analysis	2Q		%	1H		%
	2025	2024		2025	2024	
Tile volumes (000 sqm)						
Egypt (000 sqm)	4,709	3,919	120%	9,827	8,780	112%
Lebanon (000 sqm)	88	58	153%	142	98	145%
Export (000 sqm)	424	436	97%	782	746	105%
Total tile volumes (000 sqm)	5,222	4,413	118%	10,751	9,624	112%
Exports/total sales volume (%)	8.1%	9.9%	(1.8%)	7.3%	7.8%	(0.5%)
Tile revenue (LE m)	544.8	396.2	138%	1,119.9	790.5	142%
Average selling price (LE/sqm)	104.3	89.8	116%	104.2	82.1	127%
Average cost per sqm (LE/sqm)	94.5	74.9	126%	87.8	65.8	133%
Tile cost of sales	(493.2)	(330.7)	149%	(944.2)	(633.6)	149%
Tile gross profit	51.6	65.4	79%	175.6	157.0	112%
Tile gross profit margin (%)	9.5%	16.5%	(7.1%)	15.7%	19.9%	(4.2%)

1H: Tile sales volumes increased by 12% year-on-year (up 1.1 million meters) to reach 10.8 million square meters. Sales in Egypt increased 12% (up 1 million square meters) and export sales increased by 5% (up 35,904 square meters) and Lebanon sales increased by 45% (up 44,455 square meters).

Tiles revenues increased 42% year-on-year at LE 1,119.5 million in the first half of 2025 (1H 2024: LE 790.5 million) reflecting the impact of the devaluation in 1Q 2024 on overall pricing.

Average net prices rose 27% to LE 104.2 per square meter compared to LE 82.1 in the same period last year.

Average costs increased 33% year-on-year to reach LE 87.8 per square meter due to the impact of inflation around the devaluation of the Egyptian currency and the removal of some of the subsidies around fuel and other inflationary actions in Egypt. Production volume was 11% greater than the same period in 2024.

Gross profit increased 12% to reach LE 175.6 million (1H 2024: LE 157 million), but the margin decreased by 4.2 percentage points to 15.7% (1H 2024: 19.9%).

Brassware

2Q: Sales volumes for the second quarter of 2025 decreased by 26% to reach 34,580 pieces (2Q 2024: 47,043 pieces), with a significant slowdown in orders in the quarter across this segment in Egypt.

Quarter-on-quarter sales volumes increased by 53% (1Q 2025: 22,617 pieces) as the Company's increased discounts and promotions in the market helped a rebound from an extremely slow 1Q 2025.

Average net prices decreased 14% to LE 2,109 compared to LE 2,448 in the same period last year as market slowdown and increased competition in the segment forced discounts on pricing and shift towards a cheaper mix of sales. Quarter-on-quarter average prices decreased by 6% (1Q 2025: LE 2,246).

Revenue for the quarter decreased 37% year-on-year to reach LE 72.9 million (2Q 2024: LE 115.2 million). Brassware accounted for 3.9% of the quarter's total revenues, compared to 7.5% in the same period last year. Quarter-on-quarter revenues increased by 44% (1Q 2025: LE 50.8 million).

Average cost per piece increased 32% to LE 1,386.7 (2Q 2024: LE 1,052.7 per piece) reflecting changing mix and value engineering offsetting inflation from local costs. Quarter-on-quarter average cost per piece increased by 12% (1Q 2025: LE 1,242.8 per piece).

Gross profit for the quarter decreased by 62% year-on-year to reach LE 25 million (2Q 2024: LE 65.7 million) and the gross margin decreased by 22.8 percentage points to 34.2% (2Q 2024: 57%). Brassware accounted for 5.6% of the quarter's total gross profits compared to 14.4% in the same period last year.

Quarter-on-quarter gross profit increased by 10% (1Q 2025: LE 22.7 million), with increased activity offset by a 10.4 percentage point decrease in gross margin (1Q 2025: 44.7%). Brassware accounted for 5.2% of total gross profits in 1Q 2025.

Brassware segmental analysis	2Q		%	1H		%
	2025	2024		2025	2024	
Brassware volumes (pcs)						
Egypt (pcs)	34,580	46,640	74%	57,121	93,635	61%
Export (pcs)	-	403.22	0%	75	403.22	19%
Total brassware volumes (pcs)	34,580	47,043	74%	57,196	94,038	61%
Exports/total sales volume (%)	0.0%	0.9%	(0.9%)	0.1%	0.4%	(0.3%)
Brassware revenue (LE m)	72.9	115.2	63%	123.7	221.9	56%
Average selling price (LE/pc)	2,109	2,448	86%	2,163	2,360	92%
Average cost per piece (LE/pc)	1,386.7	1052.7	132%	1,330	1,033	129%
Brassware cost of sales	(48.0)	(49.5)	97%	(76.1)	(97.1)	78%
Brassware ware gross profit	25.0	65.7	38%	47.7	124.8	38%
Brassware gross profit margin (%)	34.2%	57.0%	(22.8%)	38.5%	56.2%	(17.7%)

1H: Sales volumes for first half of 2025 decreased by 39% year-on-year (down 36,842 pieces). With a particularly weak demand in the first quarter.

Average net prices decreased 8% to reach LE 2,163 per piece as the Company expanded its discounts and promotions to fight for market share and introduced a cheaper mix of products for the market.

Revenues decreased 44% year-on-year to reach LE 123.7 million (1H 2024: LE 221.9 million).

Brassware's percentage of total consolidated revenues was 3.5% (1H 2024: 7.6% of sales).

Average cost per piece increased 29% to LE 1,330 per piece (1H 2024: LE 1,033 per piece) reflecting cost inflation from the devaluation of the pound compared to the same period last year.

Gross profit decreased 62% to LE 47.7 million (1H 2024: LE 124.8 million) and the margin decreased 17.7 percentage points to 38.5% (1H 2024: 56.2%).

Brassware's percentage of total consolidated gross profits was 5.4% (1H 2024: 14%).

Financial Position

The value of Lecico's non-current assets increased by 5% at the end of June 2025, to reach LE 3,590.2 million (2024: LE 3,407.9 million).

Total Equity increased 4% at the end of June 2025, to reach LE 3,885.3 million (2024: LE 3,734.6 million).

The value of Lecico's current assets increased by 13% at the end of June 2025, to reach LE 4,900.7 million (2024: LE 4,339.5 million).

Total liabilities increased by 15% to reach LE 4,483.3 million (2024: LE 3,890.8 million) due to increased banks borrowings following a change in payment terms with a large customer reducing advance payments and cash by LE 230 million this was also compounded by cash outflows in 2Q 2025 for the payment of taxes and year-end benefits to staff related to the previous financial year. This is a typical seasonal cash outflow for the business in 2Q every year.

Gross debt increased 105% or LE 965.4 million to reach LE 1,884.2 million compared to LE 918.8 million at the end of 2024 on the back of significant capital investments of LE 287 million in the first half and cash outflows mentioned.

Net debt increased 171% or LE 962.7 million to reach LE 1,526.3 million compared to LE 563.6 million at the end of 2024.

Net debt to equity at the end of June 2025 reached 0.39x compared to 0.15x at the end of 2024.

Working capital increased 44% or LE 968.1 million to reach LE 3,166.2 million compared to LE 2,198.2 million at the end of 2024.

Recent developments and outlook

Outlook for 2H 2025: The pace of rate cuts and economic recovery in Europe and Egypt have been slower than expected due to sticky inflation and confusion around international trade. Demand has not recovered as fast as expected and the consensus on the speed and magnitude of recovery seems to be less certain.

Egypt is seeing a sharp reduction in inflation from around 30% annually in the last two years to around 15% currently, but interest rates have been much slower to fall limiting the benefit of this slowdown in inflation on spending.

All of this should improve as the year progresses, but it seems likely to be a longer recovery than previous consensus suggested.

Against this is the uncertainty around global trade and the increased tariffs between America and most markets, but China especially, which could create some unexpected changes in Lecico's markets.

Lecico is already seeing some interesting opportunities to build new sales channels as a result of this disruption, but the company may also face some adverse market trends as Asian sanitary ware factories need to consider new markets to replace America.

The Company is expecting significant new export sales in sanitary ware in the second half of the year which should add 10-20% in additional volumes for that period. The impact on overall volumes however will depend on the performance of our core markets and customers.

In 2025, Lecico will launch new tile products and continue to build up its luxury sanitary ware offer to better target all market segments in its key markets.

Inflation will continue to put pressure on margins and the strengthening of the Egyptian Pound in recent months will put more pressure on the Company's margins. With limited price increase opportunity, Lecico will try to use opportunistic price increases and increased volumes and efficiencies to try and offset the drop in margins. The Company hopes it will be able to lock in extra sanitary ware volumes for the second half to try and improve performance in the face of these pressures.

Lecico Lebanon update: In 1Q 2023, 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 formalizing 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.

About Lecico

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

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

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

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Forward-looking statements

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

Lecico Egypt Consolidated Income Statement

Income statement						
(LE m)	2Q		%	1H		%
	2025	2024	25/24	2025	2024	25/24
Sales	1,877.5	1,545.8	121%	3,568.1	2,934.6	122%
Cost of sales	(1,428.5)	(1089.0)	131%	(2,678.7)	(2,042.1)	131%
Gross profit	449.0	456.8	98%	889.4	892.6	100%
Gross margin (%)	23.9%	29.6%	(5.6%)	24.9%	30.4%	(5.5%)
Distribution expenses	(69.4)	(43.8)	158%	(130.1)	(75.0)	173%
Administrative expenses	(142.8)	(109.1)	131%	(275.6)	(205.2)	134%
Other Operating income	10.4	44.4	23%	19.3	101.2	19%
Other Operating expenses	(74.1)	(46.9)	158%	(132.5)	(90.4)	147%
Operating profit (EBIT)	173.0	301.4	57%	370.5	623.1	59%
Operating (EBIT) margin (%)	9.2%	19.5%	(10.3%)	10.4%	21.2%	(10.8%)
Investment revenues	0.0	-	-	0.06	-	-
Finance income	20.5	4.6	448%	32.0	359.5	9%
Finance expense	(85.7)	(83.2)	103%	(146.9)	(152.7)	96%
Profit before tax and minority margin (%)	107.9	222.8	48%	255.6	829.8	31%
margin (%)	5.7%	14.4%	(8.7%)	7.2%	28.3%	(21.1%)
Income tax	(55.2)	(64.2)	86%	(109.6)	(190.8)	57%
Deferred tax	2.5	2.4	101%	2.0	8.4	23%
Net profit after tax	55.2	161.0	34%	148.0	647.4	23%
margin (%)	2.9%	10.4%	(7.5%)	4.1%	22.1%	(17.9%)
Minority interest	(2.1)	(10.7)	20%	(2.5)	(19.5)	13%
Net profit	53.1	150.4	35%	145.5	627.9	23%
Net profit margin (%)	2.8%	9.7%	(6.9%)	4.1%	21.4%	(17.3%)

Lecico Egypt Consolidated Balance Sheet

Balance Sheet (LE m)	30-Jun-25	31-Dec-24	25/24 (%)
Cash and cash equivalents	353.9	352.2	100%
Inventory	2,727.1	2543.4	107%
Trades and other receivables	1819.6	1443.9	126%
Total current assets	4,900.7	4,339.5	113%
Property, plant & equipment	3,300.5	3,322.4	99%
Intangible assets	29.1	29.7	98%
Projects under construction	260.5	55.8	467%
Investment in subsidiaries & Other investment	0.078	0.021	374%
Total non-current assets	3,590.2	3,407.9	105%
Total assets	8,490.9	7,747.4	110%
Banks credit facilities	1,884.2	918.5	205%
Loans due within a year	38.2	35.8	107%
Trade and creditors	871.0	955.6	91%
Other current payable	538.2	836.1	64%
Provisions	184.8	151.2	122%
Total current liabilities	3,516.3	2,897.2	121%
Non-current portion of lease liabilities	125.4	107.7	116%
Provisions	13.3	9.6	139%
Deferred tax liabilities	518.0	520.4	100%
Long term notes payables	310.2	355.9	87%
Total non-current liabilities	967.0	993.6	97%
Total liabilities	4,483.3	3,890.8	115%
Non-controlling interest	122.3	122.0	100%
Share capital	400.0	400.0	100%
Reserves	2,420.8	2,394.2	101%
Retained earnings	1064.4	940.4	113%
Total equity	3,885.3	3,734.6	104%
Total equity, non-controlling interest and liabilities	8,490.9	7,747.4	110%

Lecico Egypt Consolidated Cash Flow

Cash flow statement (LE)	1Q		%
	2025	2024	25/24
<u>Cash Flow from operating activities</u>			
Net profit for the period before tax	255.6	829.8	31%
<u>Adjusted by the following:</u>			
Property, plant and equipment depreciation	111.8	82.6	135%
Intangible assets amortization	2.4	1.7	147%
Interest Income	(1.8)	(2.2)	83%
Finance interest expense on leases contract	14.2	8.8	161%
Finance expenses	134.4	143.8	93%
Net income from investment at fair value through profit or loss	0.0	(149.5)	0%
Foreign currency translation differences	(31.9)	(207.8)	15%
Profit generated from operations	484.8	707.3	69%
Change in Inventory	(189.0)	(610.1)	31%
Change in trade, notes and other receivables	(370.5)	(341.8)	108%
Change in trade, notes and other payables	(203.8)	735.3	-
Change in provisions	37.6	13.9	270%
	(240.9)	504.7	-
Proceeds from interest income	1.8	2.2	83%
Income tax paid	(297.8)	(176.3)	169%
Interest expenses paid	(134.4)	(143.8)	93%
Finance interest expenses paid on lease contracts	(14.2)	(8.8)	161%
Net cash (used in) / provided from operating activities	(685.6)	177.9	-
<u>Cash flow from investing activities</u>			
Payments for acquisition of property, plant & equipment & PUC	(257.4)	(123.1)	209%
Payments for acquisition financial securities	-	(156.5)	0%
Proceeds from financial securities	-	306.0	0%
Payments for acquisition of intangible assets	(0.04)	(1.2)	-
Net cash (used in) investing activities	(257.5)	25.2	-
<u>Cash flow from financing activities</u>			
Payments of loans	(0.3)	(9.5)	4%
Payment of lease liabilities	(20.6)	(15.7)	131%
Payments for acquisition financial security			-
Change in banks credit facilities	965.7	(143.1)	-
Net cash provided from/ (used in) financing activities	944.7	(168.3)	-
Net change in cash and cash equivalents during the period	1.7	34.8	5%
Cash and cash equivalents at the beginning of the period	352.2	456.3	77%
Restricted time deposits	(0.5)	0.0	-
Cash and cash equivalent at the end of the period	353.4	491.1	72%