

Lecico Egypt
(S.A.E.)
According to International Financial Reporting
Standard (IFRS)

Consolidated Interim Financial Statements
for the Financial Period Ended September 30, 2025
and independent Auditors' report on limited review

Lecico Egypt
(S.A.E.)
According to International Financial Reporting
Standard (IFRS)

Consolidated Interim Financial Statements
for the Financial Period Ended September 30, 2025
and independent Auditors' report on limited review

<u>Contents</u>	<u>Page no.</u>
- Independent Auditor's Report on Review of the consolidated Financial Statements	--
- Consolidated Statement of Financial Position	1
- Consolidated Statement of Profit or Loss	2
- Consolidated Statement of Comprehensive Income	3
- Consolidated Statement of Changes in Equity	4
- Consolidated Statement of Cash Flows	5
- Material Accounting Policies and Notes to the Consolidated Interim Financial Statements	6-61



Hazem Hassan

Public Accountants & Consultants

12, Nouh Effendi St., from Sultan Hussein St.,
El Pharaana
Alexandria

Telephone: (203) 485 32 51 / 485 32 52
Telefax : (203) 485 32 50
E-mail : alex@kpmg.com

Independent Auditors' Report on Review of Consolidated Interim Financial Statements

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

Introduction

We have reviewed the accompanying consolidated interim financial statements of Lecico Egypt (S.A.E.) and its subsidiaries "the Group" as of September 30, 2025, which comprises:

- the consolidated statement of financial position as of September 30, 2025.
- the consolidated statement of profit or loss for the three-month and nine-month periods ended September 30, 2025.
- the consolidated statements comprehensive income for the three-month and nine-month periods ended September 30, 2025.
- the consolidated statement of changes in equity for the nine-month period ended September 30, 2025.
- the consolidated statement of cash flows for the nine-month period ended September 30, 2025.
- notes to the interim financial statements, comprising material accounting policies and other explanatory information.

Management is responsible for the preparation and fair presentation of these consolidated interim financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) including the requirements of IAS 34, "Interim Financial Reporting". Our responsibility is to express a conclusion on these consolidated interim financial statements based on our review.

Scope of Review

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

Basis for Qualified conclusion

As disclosed in note (3) to the consolidated interim financial statements, the Group's management has included the financial information of the Lebanese Ceramic Industries company (a subsidiary) in the Group's consolidated interim financial statements for the financial year ended December 31, 2024, and the nine-month period ended September 30, 2025, This consolidation was based on financial statements of the subsidiary that were neither audited nor reviewed by its auditor.

We were unable to obtain sufficient and appropriate evidence regarding the financial information of Lebanese Ceramic Industries company, due to our access to information is restricted by circumstances that cannot be overcome by the Group's management.

As of September 30, 2025, the subsidiary's financial information include total assets of approximately EGP 917 million, representing %11 of the Group's total assets; total



Hazem Hassan

liabilities of approximately EGP 20 million (after eliminating the intercompany balances), representing % 0.4 of the Group's total liabilities; total revenues for the financial period ended September 30, 2025, of approximately EGP 118 million, representing %2 of the Group's total revenues; and net profit for the financial period ended September 30, 2025, of approximately EGP 13 million.

On March 2, 2025, we issued our audit report with a qualified opinion on the Group's consolidated financial statements for the financial year ended December 31, 2024, for the same reason mentioned above.

Qualified Conclusion

Based on our review, except for the possible effects of such adjustments, if any, as might have been determined to be necessary if we have obtained with what is described in the Basis of Qualified Conclusion above, nothing has come to our attention that causes us to believe that the accompanying September 30, 2025, consolidated interim financial statements do not present fairly – in all material respects - the financial position, financial performance and cash flows of Lecico Egypt (S.A.E.) and its subsidiaries in accordance with IFRS Accounting Standards including the requirements of IAS 34, 'Interim Financial Reporting'.

Emphasis of matters

Without considering the following as an additional qualification to our conclusion mentioned above, as detailed in note (41) to the consolidated interim financial statements, the Board of Directors of Lecico Egypt (the holding company) held a meeting on September 17, 2024, and approved the decision of the committee formed by the General Authority for Investment and Free Zones, which was approved on July 24, 2024. This decision grants permission for the merger of Lecico Egypt (an Egyptian Joint Stock Company) (the merging company) with Lecico Ceramic Industries (Egyptian Joint Stock Company) (merged company), International Ceramics Company (Egyptian Joint Stock Company) (merged company) and European Ceramics Company (Egyptian Joint Stock Company) (merged company). The merger will be based on the book values according to the financial statements of the merging company and the merged companies as of December 31, 2022, which were taken as the basis for the merger. On October 29, 2024, the Financial Regulatory Authority (FRA) approved the publication of the disclosure report, On June 17, 2025, Extraordinary General Meeting (EGM) for Lecico Egypt (the merging company) approved the merger decision, On June 23, 2025 the extraordinary general meeting of the merged companies approved the decision of merge and administrative and executive procedures for the merger process are currently being undertaken.

Other Matters

Our report is prepared for the management's internal use only and should not be used for any other purposes.

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

Alexandria on November 13, 2025

KPMG Hazem Hassan
Public Accountants and consultants

Lecico Egypt (S.A.E.)
Consolidated statement of Financial Position as at
According to International Financial Reporting Standards (IFRS)

	Note No.	September 30, 2025 EGP	December 31, 2024 EGP
Assets			
Non-Current Assets			
Property, plant & equipment	(15)	3 289 648 515	3 322 359 931
Projects under construction	(16)	320 466 102	55 825 795
Intangible assets	(17)	26 362 232	29 719 859
Equity-accounted investees	(18)	84 904	20 812
Non-Current Assets		3 636 561 753	3 407 926 397
Current Assets			
Inventories	(19)	2 851 411 177	2 543 351 777
Trade and other receivables	(20)	1 709 498 906	1 443 866 262
Cash and cash equivalents	(22)	350 667 194	352 233 706
Current Assets		4 911 577 277	4 339 451 745
Total Assets		8 548 139 030	7 747 378 142
Equity and liabilities			
Equity for holding company			
Issued and paid-up capital	(24-2)	400 000 000	400 000 000
Reserves	(25)	2 412 913 569	2 394 178 238
Retained earnings		1 161 530 880	940 414 138
Equity attributable to holding company		3 974 444 449	3 734 592 376
Non-controlling interest	(24-4)	121 012 528	122 018 569
Total Equity		4 095 456 977	3 856 610 945
Non-Current Liabilities			
Non-current portion of lease Liabilities	(28)	123 419 848	107 706 551
Long-term notes payable	(31)	275 956 921	355 887 441
Deferred tax liabilities	(14-2)	516 549 610	520 391 057
Non-Current Liabilities		915 926 379	983 985 049
Current Liabilities			
Credit facilities	(23)	1 585 260 675	918 482 312
Accrued income tax	(14-5)	132 076 770	280 295 448
Loans	(27)	--	344 005
Current portion of lease Liabilities	(28)	39 979 581	35 443 162
Trade and other payables	(32)	1 566 047 785	1 511 358 852
Provisions	(29)	213 390 863	160 858 369
Current Liabilities		3 536 755 674	2 906 782 148
Total Liabilities		4 452 682 053	3 890 767 197
Total Equity and Liabilities		8 548 139 030	7 747 378 142

- Notes from No (1) to No (42) are an integral part of these consolidated interim financial statements and are to be read there with.
- Independent Auditor's Report on review of consolidated interim financial statements "attached"

Finance Director
Mohamed Hassan



Managing Director
Taher Gilbert Gargour



Lecico Egypt (S.A.E.)
Consolidated statement of profit or loss for the financial period
According to International Financial Reporting Standards (IFRS)

		2025		2024	
	Note No.	From January 1, To September 30, EGP	From July 1, To September 30, EGP	From January 1, To September 30, EGP	From July 1, To September 30, EGP
Net sales	(5)	5 742 557 205	2 174 448 885	4 860 106 319	1 925 485 479
Cost of sales	(6)	(4 337 624 027)	(1 658 952 908)	(3 426 026 011)	(1 383 964 259)
Gross Profit		1 404 933 178	515 495 977	1 434 080 308	541 521 220
Other Income	(7)	30 584 119	13 160 319	89 018 801	3 231 666
Selling and distribution Expenses	(8)	(203 238 402)	(73 174 249)	(125 916 150)	(50 870 153)
General and Administrative Expenses	(9)	(422 386 430)	(146 749 480)	(341 607 354)	(136 380 262)
(Expected) /reversal expected credit loss	(10)	(13 494 809)	2 803 491	11 071 703	19 099 072
Other Expenses	(11)	(171 733 875)	(57 374 253)	(93 090 121)	(26 117 203)
Profit from operating activities		624 663 781	254 161 805	973 557 187	350 484 340
Group's Share from investments at fair value through profit or loss		64 093	7 092	--	--
Net finance (expenses) / income	(12)	(211 834 817)	(96 883 902)	161 197 991	(45 567 076)
Profit before tax		412 893 057	157 284 995	1 134 755 178	304 917 264
Income tax expense	(14-1)	(161 528 727)	(53 929 398)	(253 847 380)	(71 421 307)
Net profit for the period		251 364 330	103 355 597	880 907 798	233 495 957
Attributable to:					
Shareholders of the holding company		242 611 678	97 110 828	855 732 064	227 843 495
Non-controlling interests		8 752 652	6 244 769	25 175 734	5 652 462
Net profit for the period		251 364 330	103 355 597	880 907 798	233 495 957
Basic and diluted earnings per share (EGP/Share)	(13)	3.03	1.21	10.7	2.84

- Notes from No (1) to No (42) are an integral part of these consolidated interim financial statements and are to be read there with.

Lecico Egypt (S.A.E.)
Consolidated Statement of Comprehensive Income for the Financial period
According to International Financial Reporting Standards (IFRS)

	2025		2024	
	From January 1, To September 30, <u>EGP</u>	From July 1, To September 30, <u>EGP</u>	From January 1, To September 30, <u>EGP</u>	From July 1, To September 30, <u>EGP</u>
<u>Other Comprehensive Income</u>				
Net profit for the period	251 364 330	103 355 597	880 907 798	233 495 957
<u>Items that may be reclassified subsequently to profit or loss statement</u>				
Foreign currency translation differences in subsidiaries	(6 488 298)	(9 426 314)	108 053 082	10 840 469
<u>Total comprehensive income attributable to:</u>				
Land revaluation surplus	--	--	956 239 280	956 239 280
Deferred tax on land revaluation surplus	--	--	(215 153 838)	(215 153 838)
Total other comprehensive income items	(6 488 298)	(9 426 314)	849 138 524	751 925 911
Total comprehensive income	244 876 032	93 929 283	1 730 046 322	985 421 868
<u>attributable to:</u>				
Shareholders of the holding company	239 852 073	89 192 016	1 687 961 231	965 829 133
Non-controlling interests	5 023 959	4 737 267	42 085 091	19 592 735
Total other comprehensive income for the period	244 876 032	93 929 283	1 730 046 322	985 421 868

- Notes from No (1) to No (42) are an integral part of these consolidated interim financial statements and are to be read there with.

Lecico Egypt (S.A.E.)

Consolidated Statement of Changes in Equity for the financial period ended September 30, 2025

According to International Financial Reporting Standards (IFRS)

	Note	Issued & Paid up Capital <u>EGP</u>	Treasury shares <u>EGP</u>	Legal Reserve <u>EGP</u>	Other* Reserves <u>EGP</u>	Share premium Reserve <u>EGP</u>	Reserve for Land Revaluation Surplus <u>EGP</u>	Translation Reserve <u>EGP</u>	Retained earning <u>EGP</u>	Equity of the holding company <u>EGP</u>	Non- controlling Interests <u>EGP</u>	Total Equity <u>EGP</u>
Balance as of January 1, 2024		400 000 000	(25 388 998)	50 915 481	15 571 032	181 164 374	1 187 254 955	111 905 501	75 470 228	1 996 892 573	76 266 769	2 073 159 342
Other Comprehensive income												
Translation differences	(38-2)	--	--	--	--	--	104 207 773	--	--	104 207 773	3 845 309	108 053 082
Land evaluation surplus	(25)	--	--	--	--	728 021 394	--	--	--	728 021 394	13 064 048	741 085 442
Net profit for the period		--	--	--	--	--	--	855 732 064	855 732 064	855 732 064	25 175 734	880 907 798
Total comprehensive income		--	--	--	--	--	104 207 773	855 732 064	1 687 961 231	1 687 961 231	42 085 091	1 730 046 322
Shareholder's transactions												
Distributing treasury shares	(24-3)	--	25 388 998	--	--	--	--	(25 388 998)	--	--	--	--
Balance as of September 30, 2024		400 000 000	--	50 915 481	15 571 032	181 164 374	1 915 276 349	216 113 274	905 813 294	3 684 853 804	118 351 860	3 803 205 664
Balance as of January 1, 2025		400 000 000	--	50 915 481	15 571 032	181 164 374	1 915 276 349	231 251 002	940 414 138	3 734 592 376	122 018 569	3 856 610 945
Other Comprehensive income												
Translation differences	(25)	--	--	--	--	--	(2 759 605)	--	--	(2 759 605)	(3 728 693)	(6 488 298)
Net profit for the period		--	--	--	--	--	--	242 611 678	242 611 678	242 611 678	8 752 652	251 364 330
Total comprehensive income		--	--	--	--	--	(2 759 605)	242 611 678	242 611 678	239 852 073	5 023 959	244 876 032
Shareholder's transactions												
Transfer to legal reserve		--	--	21 494 936	--	--	--	(21 494 936)	--	--	--	--
Dividends to shareholder's		--	--	--	--	--	--	--	--	--	(6 030 000)	(6 030 000)
Balance as of September 30, 2025		400 000 000	--	72 410 417	15 571 032	181 164 374	1 915 276 349	228 491 397	1 161 530 880	3 974 444 449	121 012 528	4 095 456 977

▪ Notes from No (1) to No (42) are an integral part of these consolidated interim financial statements and are to be read there with.

Lecico Egypt (S.A.E.)
Consolidated Statement of Cash Flows for the financial period ended
According to International Financial Reporting Standards (IFRS)

	Note No.	September 30, 2025 EGP	September 30, 2024 EGP
<u>Cash Flow from Operating Activities</u>			
Net profit for the period before tax		412 893 057	1 134 755 178
<u>Adjusted by the following:</u>			
Property, plant and equipment depreciation	(15)	170 698 673	126 573 768
Intangible assets amortization	(17)	3 666 939	2 661 769
Finance interest expenses on lease contracts	(12),(28)	6 157 920	9 509 563
finance expenses	(12)	225 163 874	204 402 792
Income from investment fair value through profit or loss	(12),(21)	--	(150 495 359)
Interest Income	(12)	(3 522 897)	(4 812 191)
Foreign currency translation differences	(12)	(15 964 080)	(219 802 796)
Profit generated from operations		799 093 486	1 102 792 724
Change in inventories	(19)	(320 674 774)	(810 610 217)
Change in trade, notes and other receivables	(20)	(264 817 762)	(225 817 584)
Change in trade, notes and other payables	(32)	(2 230 066)	743 903 171
Change in provisions	(29)	52 532 494	16 667 730
		263 903 378	826 935 824
Proceeds from Interest Income	(12)	3 522 897	4 812 191
Interest expenses paid	(12)	(225 163 874)	(204 402 792)
Finance interest expenses paid on lease contracts	(12),(28)	(6 157 920)	(9 509 563)
Income Tax paid		(313 588 852)	(185 833 064)
Net cash (used in) / provided from operating activities	(14)	(277 484 371)	432 002 596
<u>Cash Flow from Investing Activities</u>			
Payments for acquisition of PPE & PUC	(15),(16)	(355 925 205)	(189 027 272)
Payments for acquisition of financial securities		--	(17 404 968)
Payments for acquisition of intangible assets	(17)	(41 035)	(1 404 747)
Cash (used in) investing activities		(355 966 240)	(207 836 987)
<u>Cash Flow from Financing Activities</u>			
Payments of loans	(27)	(344 005)	(10 294 239)
Payments of lease liabilities	(28)	(34 550 659)	(11 001 205)
Net Proceeds from banks credit facilities	(23)	666 778 363	2 928 612
Net cash provided from/ (used in) financing activities		631 883 699	(18 366 832)
Net change in cash during the period		(1 566 512)	205 798 777
Cash and cash equivalents at the beginning of the period	(22)	352 233 706	456 269 505
Restricted time deposits	(22)	(478 700)	--
Cash and cash equivalents at the end of the period	(22)	350 188 494	662 068 282

- Notes from No (1) to No (42) are an integral part of these consolidated interim financial statements and are to be read there with.
- the values of assets and liabilities that don't represent a change in cash as shown in note No. (30)

Lecico Egypt (S.A.E.)

Notes to the Consolidated interim financial statements for the financial period ended September 30, 2025

According to International Financial Reporting Standards (IFRS)

1- Background for holding company and subsidiaries

These consolidated financial statements of Lecico Egypt company for the financial period ended September 30, 2025 comprise of the holding company and its subsidiaries (together referred to as the “Group” and individually as “Group entities”)

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

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:

	<u>Country of</u>	<u>Ownership Interest</u>	
	<u>Incorporation</u>	<u>September 30,</u>	<u>December 31,</u>
		<u>2025</u>	<u>2024</u>
		<u>%</u>	<u>%</u>
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- <u>Lecico UK (Ltd)</u>	United Kingdom	100	100
10-1 Lecico PLC	United Kingdom	100	100
10-2 Lecico S. A	South Africa	51	51
10-3 Lecico Poland	Poland	91	91

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

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

Lecico Egypt (S.A.E.)

**Notes to the Consolidated interim financial statements for the financial period ended September 30, 2025
According to International Financial Reporting Standards (IFRS)**

2- Basis of preparation of accounting for consolidated financial statements

2-1 Accounting framework for preparing consolidated financial statements

The consolidated interim 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 interim financial were authorized for issuance by the board of directors on November 13, 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 recognized at fair values through profits or losses.
- Financial assets and liabilities recognized at fair values through other comprehensive income.
- Financial assets and liabilities that are stated at fair value and amortized cost.

2-3 Functional and presentation currency

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

2-4 Use of Estimates and Judgments

- In preparing the consolidated interim financial statements 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.

Actual results may differ from these estimates and the uncertainty about these assumptions and estimates could result in outcomes that require material adjustment to the carrying amount of assets or liabilities affected in future years.

- The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting
- estimates are recognized in the year in which the estimate is revised if the revision affects only that year or in the year of the revision and future years if the revision affects both current and future years.

A- Judgments

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

- Revenue recognition

Revenue is recognized 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.

Lecico Egypt (S.A.E.)

**Notes to the Consolidated interim financial statements for the financial period ended September 30, 2025
According to International Financial Reporting Standards (IFRS)**

- **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.

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

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

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

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

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

Lecico Egypt (S.A.E.)

**Notes to the Consolidated interim financial statements for the financial period ended September 30, 2025
According to International Financial Reporting Standards (IFRS)**

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

Calculation of expected credit loss

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

Estimation of net realizable value for inventory

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

NRV for completed units available for sale is assessed by reference to market conditions and prices existing at the reporting date and is determined by the Company, based on comparable transactions identified by the Company for properties in the same market.

Lecico Egypt (S.A.E.)

**Notes to the Consolidated interim financial statements for the financial period ended September 30, 2025
According to International Financial Reporting Standards (IFRS)**

The useful life of fixed assets and intangible assets

The company's management determines the estimated useful life of fixed assets and intangible assets for the purpose of calculating depreciation and amortization, this estimate is made after taking into account the expected use of the asset or actual obsolescence, the management annually reviews the useful lives on an annual basis, at least, and the depreciation method to ensure that the method and years of depreciation are consistent with the expected pattern of economic benefits of the assets.

Impairment of property, plant and equipment and projects under construction

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

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 (38-10).

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 recognizes transfers between levels of the fair value hierarchy at the end of the financial year during which the change has occurred.
- Further information about the assumptions made in measuring fair values is included in the following notes:
 - Property, Plant and Equipment (Note 15)
 - Financial instruments (Note 36)

3- The separate financial statements of Lebanese for ceramic industries (Subsidiary Company) for the financial period ended September 30, 2025

Since 2019, Lebanon faced unstable Political conditions, which had the greatest impact on its economy and the banking sector that resulted in general decline in the economic activity during the year. These may have significant influence on the valuation of the Lebanese subsidiary's assets and liabilities resulting from carrying out its activity in the future. In the light of the previously mentioned conditions and their consequences on commercial activity in Lebanon generally, the Lebanese subsidiary's auditor was not able to quantify the effect of such conditions on the values of assets and liabilities included in its individual financial statements as at September 30, 2025. The company applied IAS No. (29) "financial reports in hyper inflation Economy"

Lecico Egypt (S.A.E.)

Notes to the Consolidated interim financial statements for the financial period ended September 30, 2025

According to International Financial Reporting Standards (IFRS)

On preparing the accompanying consolidated financial statements on September 30, 2025 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 subsidiariy, which was included in the consolidated financial statements on financial period ended September 30 , 2025 and September 30, 2024 after translation to the Egyptian pound (before elimination entries) .

<u>Financial position statement as of</u>	Lebanese ceramics industries EGP <u>(Unreviewed)</u> <u>September 30,</u> <u>2025</u>	Lebanese ceramics industries EGP <u>(Unaudited)</u> <u>December 31,</u> <u>2024</u>
<u>Assets</u>		
Non-current assets	742 767 152	749 400 563
Current assets	174 615 863	166 944 638
Total assets	<u>917 383 015</u>	<u>916 345 201</u>
<u>Equity</u>		
Issued & paid up capital	10 974 654	10 974 654
Reserves	639 509 076	639 509 076
Accumulated (losses)	(55 483 276)	(68 799 061)
Foreign entities translation differences	145 647 624	151 441 006
Total Equity	<u>740 648 078</u>	<u>733 125 675</u>
<u>Liabilities</u>		
Non-current liabilities	12 878 820	9 621 739
Current liabilities	7 141 659	8 733 718
Current liabilities-Lecico Egypt	156 714 458	164 864 069
Total liabilities	<u>176 734 937</u>	<u>183 219 526</u>
Total Equity and liabilities	<u>917 383 015</u>	<u>916 345 201</u>
 <u>Profit or loss statement for the financial period ended</u>	 <u>September 30,</u> <u>2025</u> <u>EGP</u> <u>(Unreviewed)</u>	 <u>September 30,</u> <u>2024</u> <u>EGP</u> <u>(Unreviewed)</u>
Sales	118 173 577	75 052 330
Cost of sales	(80 241 343)	(53 211 971)
Gross profit	<u>37 932 234</u>	<u>21 840 359</u>
Operating expenses	(24 135 419)	(29 341 913)
Net finance (expenses)	(15 965)	(1 430 868)
Net income /(loss) for the period	<u>13 780 850</u>	<u>(8 932 422)</u>

Lecico Egypt (S.A.E.)

Notes to the Consolidated interim financial statements for the financial period ended September 30, 2025

According to International Financial Reporting Standards (IFRS)

4- Segment Information

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

The Group's assets, liabilities and results of operations as of and for the periods ended September 30, 2025, and December 31, 2024 by Sanitary Ware, Tile, Brassware segments are detailed below:

<u>September 30, 2025</u>	Sanitary Ware Segment	Tile Segment	Brass ware Segment	Total
	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>
Assets	4 108 037 748	4 306 895 684	133 205 598	8 548 139 030
Liabilities	2 073 648 349	2 172 426 051	206 607 653	4 452 682 053
Revenues	3 705 339 790	1 828 119 824	209 097 591	5 742 557 205
Expenses	3 552 947 869	1 752 933 550	194 064 108	5 499 945 527
Net profit attributable to shareholders of the holding Company	<u>152 391 921</u>	<u>75 186 274</u>	<u>15 033 483</u>	<u>242 611 678</u>
<u>December 31, 2024</u>				
Assets	3 878 201 727	3 785 898 288	83 278 127	7 747 378 142
Liabilities	1 884 567 908	1 840 190 570	166 008 719	3 890 767 197
Revenues	4 303 384 491	1 976 494 702	364 808 421	6 644 687 614
Expenses	3 735 433 106	1 715 641 203	303 280 397	5 754 354 706
Net Profit attributable to shareholders of the holding Company	<u>567 951 385</u>	<u>260 853 499</u>	<u>61 528 024</u>	<u>890 332 908</u>

Lecico Egypt (S.A.E.)

Notes to the Consolidated interim financial statements for the financial period ended September 30, 2025

According to International Financial Reporting Standards (IFRS)

- The Group operates in the principal geographical areas of the Egypt, Lebanon, and other.
- The Group's assets, liabilities and results of operations as of and for the periods ended September 30, 2025, and December 31, 2024, by geographical areas are detailed below:

September 30, 2025

	<u>Egypt</u> <u>EGP</u>	<u>Lebanon</u> <u>EGP</u>	<u>Others</u> <u>EGP</u>	<u>Total</u> <u>EGP</u>
Assets	6 773 021 356	917 383 015	857 734 659	8 548 139 030
Liabilities	3 588 304 307	176 734 937	687 642 809	4 452 682 053
Revenues	4 877 084 956	118 173 577	747 298 672	5 742 557 205
Expenses	4 641 349 761	104 392 727	754 203 039	5 499 945 527
Net profit/ (loss) attributable to shareholders of the holding Company	<u>235 735 195</u>	<u>13 780 850</u>	<u>(6 904 367)</u>	<u>242 611 678</u>

December 31, 2024

Assets	6 054 167 604	916 345 201	776 865 337	7 747 378 142
Liabilities	3 106 143 737	183 219 526	601 403 934	3 890 767 197
Revenues	5 701 939 671	102 728 196	840 019 747	6 644 687 614
Expenses	4 756 546 655	113 194 554	884 613 497	5 754 354 706
Net profit / (loss) attributable to shareholders of the holding Company	<u>945 393 016</u>	<u>(10 466 358)</u>	<u>(44 593 750)</u>	<u>890 332 908</u>

Lecico Egypt (S.A.E.)

Notes to the Consolidated interim financial statements for the financial period ended September 30, 2025

According to International Financial Reporting Standards (IFRS)

5- Sales

Revenue recognition at a point in time

		<u>2025</u>		<u>2024</u>	
	Note No.	From January 1, To September 30, EGP	From July 1, To September 30, EGP	From January 1, To September 30, EGP	From July 1, To September 30, EGP
Sanitary Ware sales		3 705 339 790	1 380 812 262	3 194 424 835	1 272 261 678
Tile sales		1 828 119 824	708 251 251	1 377 961 417	587 416 534
Brass ware sales		209 097 591	85 385 372	287 720 067	65 807 267
		<u>5 742 557 205</u>	<u>2 174 448 885</u>	<u>4 860 106 319</u>	<u>1 925 485 479</u>

6- Cost of sales

Raw materials and consumables		3 179 648 582	1 490 990 131	2 133 659 599	846 585 154
Energy expense		762 906 564	275 058 604	614 679 688	241 089 857
Depreciation	(15)	133 870 085	50 497 911	112 963 347	51 224 253
Employees' share in profit		64 830 265	23 883 724	63 084 943	11 867 506
Change in inventory finished goods and work under process		(243 302 411)	(281 726 225)	52 733 016	115 843 391
Write down in inventory	(19)	1 110 052	1 110 052	93 866 915	70 423 256
Other		438 560 890	99 138 711	355 038 503	46 930 842
		<u>4 337 624 027</u>	<u>1 658 952 908</u>	<u>3 426 026 011</u>	<u>1 383 964 259</u>

7- Other Income

Scrap Sales		25 206 998	8 750 648	19 222 765	6 176 704
Other income		1 100 140	132 690	1 645 450	440 296
Discounting long-term notes receivables and payables to its present value		--	--	62 469 721	(3 385 334)
Export subsidies revenue		4 276 981	4 276 981	5 680 865	--
		<u>30 584 119</u>	<u>13 160 319</u>	<u>89 018 801</u>	<u>3 231 666</u>

8- Selling and distribution expense

Salaries and wages		28 409 849	10 681 289	8 668 732	3 070 968
Exhibition expenses		29 250 661	14 460 613	38 713 717	24 349 652
Marketing and advertising expenses		62 020 610	16 630 663	68 597 996	19 452 589
Marketing and distributing services	(33-2)	73 742 975	26 990 633	--	--
Depreciation selling and distribution	(15)	1 394 381	476 391	1 524 168	494 733
Other		8 419 926	3 934 660	8 411 537	3 502 211
		<u>203 238 402</u>	<u>73 174 249</u>	<u>125 916 150</u>	<u>50 870 153</u>

Lecico Egypt (S.A.E.)

Notes to the Consolidated interim financial statements for the financial period ended September 30, 2025

According to International Financial Reporting Standards (IFRS)

9- General and administrative expenses

	<u>Note</u> <u>No.</u>	<u>2025</u>		<u>2024</u>	
		<u>From</u> <u>January 1,</u> <u>To</u> <u>September 30,</u> <u>EGP</u>	<u>From</u> <u>July 1,</u> <u>To</u> <u>September 30,</u> <u>EGP</u>	<u>From</u> <u>January 1,</u> <u>To</u> <u>September 30,</u> <u>EGP</u>	<u>From</u> <u>July 1,</u> <u>To</u> <u>September 30,</u> <u>EGP</u>
Administrative salaries		213 394 974	73 770 554	186 511 252	68 384 003
Transportation expenses		34 800 007	10 926 260	28 607 768	11 569 794
Audit and consultation fees		30 564 380	10 009 147	30 075 594	13 775 985
Computers and networks		40 314 787	14 857 699	29 097 000	25 293 646
Taxes and contribution health insurance		24 259 397	9 139 257	21 023 907	8 629 503
Depreciation	(15)	35 434 207	7 891 171	12 086 253	2 266 488
Telephone and post expenses		2 893 951	550 143	3 751 483	908 949
Amortization of intangible assets	(17)	3 666 939	1 225 054	2 661 769	1 000 695
Other		37 057 788	18 380 195	27 792 328	4 551 199
		422 386 430	146 749 480	341 607 354	136 380 262

10- Expected / (reversal expected) credit loss

Expected / (reversal expected) loss in Trades and other receivables	(20)	12 494 809	(2 803 491)	(11 071 703)	(19 099 072)
Expected credit loss in cash and cash equivalent	(22)	1 000 000	--	--	--
		13 494 809	(2 803 491)	(11 071 703)	(19 099 072)

11- Other Expenses

Formed claims provision	(29)	62 817 701	18 663 668	46 222 600	20 178 000
Miscellaneous expenses		34 748 120	13 685 856	37 942 933	2 678 863
Remuneration of the holding company's board of directors	(33-3)	10 050 844	3 271 800	8 924 588	3 260 340
Discounting long term notes receivable and notes payable to its present value		64 117 210	21 752 929	--	--
		171 733 875	57 374 253	93 090 121	26 117 203

Lecico Egypt (S.A.E.)

Notes to the Consolidated interim financial statements for the financial period ended September 30, 2025

According to International Financial Reporting Standards (IFRS)

12- Net Finance expenses / (income)

	<u>2025</u>		<u>2024</u>	
	From January 1, To September 30, EGP	From July 1, To September 30, EGP	From January 1, To September 30, EGP	From July 1, To September 30, EGP
Interest expenses	225 163 874	80 135 932	204 402 792	60 564 107
Finance expenses on lease contracts	6 157 920	2 584 912	9 509 563	662 752
Total finance expense	231 321 794	82 720 844	213 912 355	61 226 859
Less:				
Finance Income				
Interest Income	3 522 897	1 726 445	4 812 191	2 644 087
Income from investment fair value through profit or loss*	--	--	150 495 359	982 291
Foreign currency exchange differences	15 964 080	(15 889 503)	219 802 796	12 033 405
Total finance income	19 486 977	(14 163 058)	375 110 346	15 659 783
Net finance expenses / (income)	211 834 817	96 883 902	(161 197 991)	45 567 076

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

13- Basic and diluted earnings per share in profit

13-1 Basic and diluted earnings per share in profit according to profit or loss

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

	<u>2025</u>		<u>2024</u>	
	From January 1, To September 30,	From July 1, To September 30,	From January 1, To September 30,	From July 1, To September 30,
Net profit for the period attributable to the holding company's shareholders (EGP)	242 611 678	97 110 828	855 732 064	227 843 495
The number of outstanding shares during the period (share)*	80 000 000	80 000 000	80 000 000	80 000 000
Basic and diluted earnings per share in profit for the period (EGP/share)	3.03	1.21	10.7	2.84

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.

Lecico Egypt (S.A.E.)

Notes to the Consolidated interim financial statements for the financial period ended September 30, 2025

According to International Financial Reporting Standards (IFRS)

14- Income tax

14.1. Income tax charged to profit or loss consolidated statement

	2025		2024	
	From January 1, To September 30, <u>EGP</u>	From July 1, To September 30, <u>EGP</u>	From January 1, To September 30, <u>EGP</u>	From July 1, To September 30, <u>EGP</u>
Current income tax expenses for the period	163 973 174	54 411 504	261 614 402	73 582 521
Deferred income tax (benefit)	(3 841 447)	(1 879 106)	(8 465 522)	(2 161 214)
Dividends tax	1 397 000	1 397 000	698 500	--
	161 528 727	53 929 398	253 847 380	71 421 307

14.2. Recognized deferred tax assets and liabilities

	Statement of financial position		Profit or loss statement	
	<u>30/9/2025</u>	<u>31/12/2024</u>	<u>30/9/2025</u>	<u>30/9/2024</u>
<i>In Egyptian Pound</i>				
Property, plant and Equipment (liability)	519 812 348	523 897 355	(4 085 007)	(8 828 054)
Inventory (Asset)	(3 262 738)	(3 506 298)	243 560	362 532
Deferred Tax for the period / Year	516 549 610	520 391 057	(3 841 447)	(8 465 522)

No liability has been recognized with respect to temporary differences associated with undistributed profits of certain subsidiaries as the Group is able to control the timing of such distributions and the holding company will merge with some subsidiaries as detailed at note no. (41) and it is likely that such differences will not be reversed in the future.

14.3. Reconciliation of effective tax rate

	30/9/2025 <u>EGP</u>	30/9/2024 <u>EGP</u>
Net Profit before tax	412 893 057	1 134 755 178
Tax rate	22.5%	22.5%
Income tax calculated based on the accounting Profit	92 900 938	255 319 915
Effect of provisions and ECL	60 576 439	25 393 432
Non deductible tax expenses	258 405 956	58 655 500
Exemption (investments income)	(13 970 000)	(157 480 359)
Income tax expenses	161 528 727	238 797 844
Income tax independent tax base	--	15 049 536
Total Income tax expenses	161 528 727	253 847 380
Effective Tax rate	%39.1	22.3%

Lecico Egypt (S.A.E.)

Notes to the Consolidated interim financial statements for the financial period ended September 30, 2025

According to International Financial Reporting Standards (IFRS)

14.4. Unrecognized deferred tax assets

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

	30/9/2025	31/12/2024
	<u>EGP</u>	<u>EGP</u>
Impairment of trade and notes receivables	32 661 760	30 033 777
Provisions	48 012 944	36 193 133
Impairment of equity-accounted investees	1 580 539	1 580 539
Total	<u>82 255 243</u>	<u>67 807 449</u>

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

Deferred tax liabilities for undistributed dividends

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

- For the undistributed dividends of companies subject to distribution tax in Egypt, the holding company's management controls the timing of these distributions. The expected policy to be applied is to retain most of the distributable profits for reinvestment.
- Accordingly, the group's policy, in accordance with International Accounting Standard No. 12 (Income Taxes), is to recognize deferred tax related to profits expected to be distributed, limited to the distribution tax on the amounts planned to be distributed by the holding company in the coming years.

14.5. Accrued income tax

	30/9/2025	31/12/2024
	<u>EGP</u>	<u>EGP</u>
Current income tax	163 973 174	318 708 222
Tax authority- previous years	4 178 346	448 565
Tax authority-withholding tax	(36 074 750)	(38 861 339)
	<u>132 076 770</u>	<u>280 295 448</u>

Lecico Egypt (S.A.E.)

Note to the consolidated interim financial statements for the financial period ended September 30, 2025

According to International Financial Reporting Standard (IFRS)

15- Property, plant and equipment

Cost	Land EGP	Buildings EGP	Leasehold Improvements EGP	Machinery & Equipment EGP	Vehicles EGP	Tools EGP	Furniture, Office Equipment & Computers EGP	Rights - of use assets EGP	Total EGP
As of 01/01/2025	2 495 629 786	474 851 856	41 742 874	2 170 141 149	170 499 825	248 624 397	67 059 161	280 419 680	5 948 968 728
Translation differences	(37)	(5 662 400)	317 431	(42 439 503)	(3 533 172)	(3 833 098)	(1 447 280)	2 582 766	(54 015 293)
Additions during the period	---	526 451	750 115	67 587 697	8 982 586	2 500 392	10 937 657	52 385 598	143 670 496
Disposals for the period	---	(37 186)	---	---	(254 000)	---	---	(24 517 888)	(24 809 074)
As of 30/9/2025	2 495 629 749	469 678 721	42 810 420	2 195 289 343	175 695 239	247 291 691	76 549 538	310 870 156	6 013 814 857
Accumulated Depreciation									
As of 01/01/2025		339 590 332	31 316 945	1 719 989 541	127 493 708	201 844 002	55 341 451	151 032 818	2 626 608 797
Translation differences	---	(3 746 490)	210 807	(41 179 001)	(3 633 757)	(1 693 314)	(1 397 314)	999 138	(50 439 931)
Depreciation of the period	---	11 012 094	2 037 102	114 509 914	9 828 303	2 967 718	2 754 623	27 588 919	170 698 673
Disposals accumulated depreciation	---	(24 790)	---	---	(254 000)	---	---	(22 422 407)	(22 701 197)
As of 30/9/2025		346 831 146	33 564 854	1 793 320 454	133 434 254	203 118 406	56 698 760	157 198 468	2 724 166 342
Net book value									
As of 30/9/2025	2 495 629 749	122 847 575	9 245 566	401 968 889	42 260 985	44 173 285	19 850 778	153 671 688	3 289 648 515
As of 31/12/2024	2 495 629 786	135 261 524	10 425 929	450 151 608	43 006 117	46 780 395	11 717 710	129 386 862	3 322 359 931
Fully depreciated assets and still working		68 677 301	4 373 539	796 479 775	44 631 434	166 257 437	26 238 534	--	1 106 658 020

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

Depreciation expense has been charged as follow:

	Note No	30/9/2025 EGP	30/9/2024 EGP
Cost of sales	(6)	133 870 085	112 963 347
General and administrative expense	(9)	35 434 207	12 086 253
Selling and distribution expense	(8)	1 394 381	1 524 168
		170 698 673	126 573 768

Lecico Egypt (S.A.E.)

Note to the consolidated interim financial statements for the financial period ended September 30, 2025

According to International Financial Reporting Standard (IFRS)

Property, plant and equipment (Continued)

Cost	Land EGP	Buildings EGP	Leasehold Improvements EGP	Machinery & Equipment EGP	Vehicles EGP	Tools EGP	Furniture, Office Equipment & Computers EGP	Rights - of use assets EGP	Total EGP
As of 01/01/2024	1 539 390 290	415 478 227	28 431 957	1 710 065 398	108 493 435	218 403 499	58 222 026	166 821 122	4 245 305 954
Translation differences	185	48 386 041	14 160 852	263 824 299	26 191 068	22 456 533	8 479 017	95 582 894	479 080 889
Revaluation surplus	956 239 280	--	--	--	--	--	--	--	956 239 280
Additions during the period	--	2 804 814	46 458	30 180 569	11 023 911	3 961 294	5 614 567	3 856 994	57 488 607
Disposals during the period	--	--	(1 161 794)	(1 969 871)	(1 445 588)	--	--	--	(4 577 253)
As of 30/9/2024	2 495 629 755	466 669 082	41 477 473	2 002 100 395	144 262 826	244 821 326	72 315 610	266 261 010	5 733 537 477
Accumulated Depreciation									
As of 01/01/2024	--	288 982 309	18 383 675	1 373 731 657	93 831 206	185 306 664	49 365 936	76 533 946	2 086 135 393
Translation differences	--	33 035 966	8 234 049	245 824 701	25 203 958	9 920 177	8 184 775	47 048 240	377 451 866
Depreciation of the period	--	10 852 354	1 977 605	80 714 919	4 548 412	3 998 194	1 831 094	22 651 190	126 573 768
Disposals accumulated depreciation	--	--	(1 161 794)	(1 969 871)	(1 445 588)	--	--	--	(4 577 253)
As of 30/9/2024	--	332 870 629	27 433 535	1 698 301 406	122 137 988	199 225 035	59 381 805	146 233 376	2 585 583 774
Net book value									
As of 30/9/2024	2 495 629 755	133 798 453	14 043 938	303 798 989	22 124 838	45 596 291	12 933 805	120 027 634	3 147 953 703
As of 1/1/2024	1 539 390 290	126 495 918	10 048 282	336 333 741	14 662 229	33 096 835	8 856 090	90 287 176	2 159 170 561
Fully depreciated assets and still working	--	56 677 156	4 498 774	787 113 616	44 784 943	157 504 910	30 644 425	--	1 081 223 824

Lecico Egypt (S.A.E.)

Notes to the Consolidated Financial Statements for the financial period ended September 30, 2025

According to International Financial Reporting Standard (IFRS)

Property, plant and equipment (continued)

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. (38-10):

During year 2024 the lands of the group have been revalued 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 recognized 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's lands. The valuation expert relied on the "Sales comparison method" which depends on recent sales transactions for similar lands.

16- Projects under construction

	September 30, 2025 <u>EGP</u>	December 31, 2024 <u>EGP</u>
Machinery and buildings under installation*	235 316 919	45 004 938
Advance payments for acquisition of property, plant and equipment**	85 149 183	10 820 857
	<u>320 466 102</u>	<u>55 825 795</u>

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

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

As showing project under construction movement:

	September 30, 2025 <u>EGP</u>	December 31, 2024 <u>EGP</u>
Balance at the beg. of the period/ year	55 825 795	46 977 888
Addition during the period /year	298 562 018	139 179 073
Transferred to fixed assets	(33 921 711)	(130 331 166)
Balance at the end of the period/ year	<u>320 466 102</u>	<u>55 825 795</u>

17- Intangible Assets

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

<u>Cost</u>	<u>Note No.</u>	September 30, 2025 <u>EGP</u>	December 31, 2024 <u>EGP</u>
At the beginning of the period/ year		130 534 621	84 809 496
Translation differences		949 364	39 536 396
Additions		41 035	6 188 729
At the end of the period/ year		<u>131 525 020</u>	<u>130 534 621</u>
<u>Amortization & Impairment Losses</u>			
Balance at the beginning of the period/ year		100 814 762	67 392 717
Translation differences		681 087	29 353 895
Amortization of period /year	(9)	3 666 939	4 068 150
Balance as at the end of the period/ year		<u>105 162 788</u>	<u>100 814 762</u>
Carrying Amount at the end of the period/ year		<u>26 362 232</u>	<u>29 719 859</u>

Lecico Egypt (S.A.E.)

Notes to the Consolidated Financial Statements for the financial period ended September 30, 2025

According to International Financial Reporting Standard (IFRS)

18- Investments**18-1 Equity-Accounted investees**

	Ownership %	September 30, 2025 <u>EGP</u>	December 31, 2024 <u>EGP</u>
Murex Industries and Trading (S.A.L.)	20%	6 924 716	6 924 716
Other Investments		99 900	99 900
		<u>7 024 616</u>	<u>7 024 616</u>
(Less):-			
Impairment of investment		<u>(7 024 616)</u>	<u>(7 024 616)</u>
		<u>--</u>	<u>--</u>

18-2 investment at fair value through profit or loss

Other investments	<u>84 904</u>	<u>20 812</u>
Total investments	<u>84 904</u>	<u>20 812</u>

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

19- Inventories

	September 30, 2025 <u>EGP</u>	December 31, 2024 <u>EGP</u>
Raw materials, consumables and spare parts	978 623 713	930 801 243
Work in progress	196 974 274	151 683 065
Finished goods	1 668 802 735	1 470 791 533
	<u>2 844 400 722</u>	<u>2 553 275 841</u>
Less:		
Inventory write down	<u>(221 498 799)</u>	<u>(233 004 121)</u>
	<u>2 622 901 923</u>	<u>2 320 271 720</u>
Goods In transit	228 509 254	223 080 057
	<u>2 851 411 177</u>	<u>2 543 351 777</u>

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

	September 30, 2025 <u>EGP</u>	December 31, 2024 <u>EGP</u>
Balance at beginning	233 004 121	131 618 734
Formed during the period/ year	1 110 052	22 741 315
Translation Differences	(12 615 374)	78 644 072
Balance	<u>221 498 799</u>	<u>233 004 121</u>

Lecico Egypt (S.A.E.)

Notes to the Consolidated Financial Statements for the financial period ended September 30, 2025

According to International Financial Reporting Standard (IFRS)

20- Trade and other receivables

	September 30, 2025 <u>EGP</u>	December 31, 2024 <u>EGP</u>
Trade Receivables	1 292 360 628	1 005 680 581
Notes Receivables	105 095 516	147 948 612
Other Debtors	58 466 670	56 940 288
Social insurance	939 737	939 737
Suppliers – debit balances	11 209 260	9 739 377
Tax authority – withholding tax	19 834	19 834
Tax authority – VAT	235 304 015	208 402 521
Deposits with others	102 570 288	107 604 559
Prepaid expenses	48 696 337	40 074 205
	1 854 662 285	1 577 349 714
<u>Less:</u>		
Expected credit loss in trade and notes Receivables	(145 163 379)	(133 483 452)
	1 709 498 906	1 443 866 262

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

	Note <u>No.</u>		
Balance at beginning of the period/year		133 483 452	123 177 540
Formed during the period/ year	(10)	12 494 809	4 832 212
Translation Differences		(814 882)	5 473 700
Balance at end of the period/year		145 163 379	133 483 452

21- Investment with fair value through profit or loss

	September 30, 2025 <u>EGP</u>	December 31, 2024 <u>EGP</u>
Cost of purchase during the period/ year	--	598 962 241
<u>Deduct:</u>		
Revenues from selling investment during the period/ year	--	(752 768 201)
<u>Add:</u>		
Gain on selling investment from 1 January 2025 till 30 September 2025	(12) --	150 495 359
Gain on selling investment from 1 July 2025 till 31 December 2025	--	3 310 601
	--	--

Lecico Egypt (S.A.E.)

Notes to the Consolidated Financial Statements for the financial period ended September 30, 2025

According to International Financial Reporting Standard (IFRS)

22- Cash and cash equivalent

	September 30, 2025 <u>EGP</u>	December 31, 2024 <u>EGP</u>
Banks - Current Accounts	322 302 672	303 625 126
Cash on hand	22 244 850	7 243 294
Banks Time-deposit for 3 month	10 097 568	44 343 182
	<u>354 645 090</u>	<u>355 211 602</u>
Expected credit loss	(3 977 896)	(2 977 896)
	<u>350 667 194</u>	<u>352 233 706</u>
Restricted time deposits	(478 700)	--
Cash and cash equivalents according to cash flow statement	<u>350 188 494</u>	<u>352 233 706</u>
<u>Expected credit loss movement</u>		

	Note <u>No.</u>	September 30, 2025 <u>EGP</u>	December 31, 2024 <u>EGP</u>
Beginning balance during period/ year		2 977 896	--
Provided during the period /year	(10)	1 000 000	2 977 896
Ending balance during period / year		<u>3 977 896</u>	<u>2 977 896</u>

23- Credit facilities

	<u>September 30,2025</u>		
	<u>Total facilities</u> <u>EGP</u>	<u>Utilized</u> <u>EGP</u>	<u>Unutilized</u> <u>EGP</u>
Lecico Egypt S.A.E	1 281 250 000	624 840 424	656 409 576
Lecico for Ceramics S.A.E	521 250 000	177 874 156	343 375 844
European Ceramics S.A.E	476 250 000	205 071 669	271 178 331
International Ceramics S.A.E	451 250 000	176 811 627	274 438 373
Burg Armaturen Fabrik S.A.E	208 000 000	123 284 200	84 715 800
Lecico for trading and distribution of ceramics	15 000 000	9 396 384	5 603 616
UK group	316 792 892	267 982 215	48 810 677
The Lebanese ceramics industries (S.A.L)	81 379 000	--	81 379 000
Balance on September 30, 2025	<u>3 351 171 892</u>	<u>1 585 260 675</u>	<u>1 765 911 217</u>
	<u>December 31,2024</u>		
	<u>Total facilities</u> <u>EGP</u>	<u>Utilized</u> <u>EGP</u>	<u>Unutilized</u> <u>EGP</u>
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
Balance on December 31,2024	<u>2 805 881 909</u>	<u>918 482 312</u>	<u>1 887 399 597</u>

Lecico Egypt (S.A.E.)

Notes to the Consolidated Financial Statements for the financial period ended September 30, 2025

According to International Financial Reporting Standard (IFRS)

24- Share capital

24-1 Authorized capital

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

24-2 Issued and paid up capital

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

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

The company's capital structure consists of:

<u>Investor</u>	<u>Percentage</u> <u>%</u>	<u>Number of</u> <u>shares</u>	<u>Balance</u> <u>EGP</u>
Intage Holding Limited and its related group	46.4	37 140 045	185 700 225
AL OAYAN SAUDI investment company	19.9	15 915 058	79 575 290
Others	33.7	26 944 897	134 724 485
	100	80 000 000	400 000 000

24-3 Treasury shares

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

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

Lecico Egypt (S.A.E.)**Notes to the Consolidated Financial Statements for the financial period ended September 30, 2025****According to International Financial Reporting Standard (IFRS)****24-4 Non-controlling interest**

Non-controlling interest balance at September 30, 2025 ,represents the interest shares in subsidiaries' equity as follows:

<u>Company</u>	<u>Percentage</u> %	<u>Non-controlling interest</u>			<u>Balance</u>	<u>Balance</u>
		<u>Profit/loss</u>	<u>Dividends to</u>	<u>Foreign</u>	<u>as of</u>	<u>as of</u>
		<u>for the period</u>	<u>shareholder's</u>	<u>currency</u>	<u>30/9/2025</u>	<u>31/12/2024</u>
		<u>EGP</u>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>	
Lecico for ceramics	0.0045	8 923	—	—	67 442	58 519
International ceramics	0.0333	(5 170)	—	—	208 654	213 824
European ceramics	0.0300	(8 139)	—	—	233 189	241 328
Burg armaturen Fabric	30.1500	6 489 041	(6 030 000)	—	85 751 789	85 292 748
Sarreguemines	0.1500	5 938	—	—	45 139	39 201
Lecico for financial investments	0.6667	(544)	—	—	20 031	20 575
Lebanese ceramics industries co.	5.2300	535 475	—	(1 438 638)	3 694 504	4 597 667
Lecico South Africa	49	1 964 936	—	(1 500 574)	35 259 043	34 794 682
Lecico CEE	9	(237 808)	—	(789 481)	(4 267 263)	(3 239 975)
		8 752 652	(6 030 000)	(3 728 693)	121 012 528	122 018 569

As follow Summary of financial statements of burg armaturen fabric,Lecico (UK) Ltd
"Fully owned by Lecico Egypt and controlling Lecico South Africa and Lecico CEE
and Lebanese ceramics industries co. as of September 30, 2025

	<u>Burg</u>	<u>Lecico (UK) Ltd</u>	<u>Lebanese</u>
	<u>Armaturen</u>		<u>ceramics</u>
	<u>Fabric</u>		<u>industries co.</u>
	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>
	<u>(Reviewed)</u>	<u>(Reviewed)</u>	<u>(Unreviewed)</u>
Non current assets	56 655 169	196 549 414	742 767 152
Current assets	418 217 889	661 185 245	174 615 863
Total assets	474 873 058	857 734 659	917 383 015
Equity	268 265 405	170 091 848	740 648 078
Current liabilities	204 598 682	577 059 575	163 856 117
Non current liabilities	2 008 971	110 583 236	12 878 820
Total equity and liabilities	474 873 058	857 734 659	917 383 015
Total sales	221 627 344	868 090 489	118 173 577
Net profit /(loss) of the period	21 522 523	(12 706 989)	13 780 850

Lecico Egypt (S.A.E.)
Consolidated Financial Statements Notes for the financial period ended September 30, 2025
According to International Financial Reporting Standard (IFRS)

25- Reserves

	<u>Legal Reserve EGP</u>	<u>Other* Reserves EGP</u>	<u>Share premium Reserve EGP</u>	<u>Reserve for Land Revaluation Surplus ** EGP</u>	<u>Translation Reserve EGP</u>	<u>Total EGP</u>
Balance at January 1, 2024	50 915 481	15 571 032	181 164 374	1 187 254 955	111 905 501	1 546 811 343
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)
Balance at December 31, 2024	<u>50 915 481</u>	<u>15 571 032</u>	<u>181 164 374</u>	<u>1 915 276 349</u>	<u>231 251 002</u>	<u>2 394 178 238</u>
Balance at January 1, 2025	50 915 481	15 571 032	181 164 374	1 915 276 349	231 251 002	2 394 178 238
Transferred to legal reserve (note no. 26)	21 494 936	--	--	--	--	21 494 936
Translation differences for foreign entities	--	--	--	--	(2 759 605)	(2 759 605)
Balance at September 30, 2025	<u>72 410 417</u>	<u>15 571 032</u>	<u>181 164 374</u>	<u>1 915 276 349</u>	<u>228 491 397</u>	<u>2 412 913 569</u>

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

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

** During the year 2024, Lecico Egypt revaluated the group's lands at the amount of 956 239 280 EGP by independent experts to reflect their fair-value, and the share of holding company amounted to EGP 939 382 445.(Note 15)

Lecico Egypt (S.A.E.)
Note to the Consolidated Financial Statements for the financial period ended September 30, 2025
According to International Financial Reporting Standard (IFRS)

26- Legal Reserve

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

27- Loans

	30 September 2025					Balance of long term loans at September 30, 2025 EGP
	Balance on January 1, 2025 EGP	Repayments of loan during the period EGP	Foreign currency Translation differences EGP	Balance on September 30, 2025 EGP	Instalments due within one year EGP	
The Outstanding balance of loan granted from HSBC Bank for Lecico -UK (Lecico plc) with an amount of GBP 100 thousand and will be paid over 60 monthly installments each installment with an amount of GBP 1786.92 the variable interest rate is equal 2.62% starting from April 2020 till March 2025.	344 005	(344 005)	--	--	--	--
Balance on September 30, 2025	344 005	(344 005)	--	--	--	--
	31 December 2024					Balance of long term loans at December 31, 2024 EGP
	Balance on January 1, 2024 EGP	Repayments of loan during the year EGP	Foreign currency Translation differences EGP	Balance on December 31, 2024 EGP	Instalments due within one year EGP	
The outstanding balance of loan granted from the CIB to the holding company amounted to USD 2.7 million with variable interest rate 4%. Above SOFR rate The loan will be repaid over 18 quarterly consecutive installments each amounting USD 300 000 starting from September 2019 till March 2024.	9 267 000	(9 267 000)	--	--	--	--
The Outstanding balance of loan granted from HSBC Bank for Lecico - UK (Lecico plc) with an amount of GBP 100 thousand and will be paid over 60 monthly installments each installment with an amount of GBP 1786.92 the variable interest rate is equal 2.62% starting from April 2020 till March 2025.	1 056 343	(1 208 926)	496 588	344 005	(344 005)	--
Balance on December 31, 2024	10 323 343	(10 475 926)	496 588	344 005	(344 005)	--

Lecico Egypt (S.A.E.)
Note to the Consolidated Financial Statements for the financial period ended September 30, 2025
According to International Financial Reporting Standard (IFRS)

28- Lease liability

	September 30, 2025	December 31, 2024
	<u>EGP</u>	<u>EGP</u>
Present value of liabilities arisen from lease contracts	163 399 429	143 149 713
<u>Less :</u>		
Installments due within one year	<u>(39 979 581)</u>	<u>(35 443 162)</u>
Non current portion of lease liability	<u>123 419 848</u>	<u>107 706 551</u>

28-1 Lease liability movement

Opening balance during the period /year	143 149 713	108 779 664
Additions during the period /year	52 385 598	3 985 038
<u>Add/(deduct)</u>		
Finance interest	6 157 920	7 771 959
Payments during the period / year-(principle)	(34 550 659)	(24 307 947)
Payments during the period / year-(interest)	(6 157 920)	(7 771 959)
Foreign currency exchange differences	2 414 777	54 692 958
Lease liability ending balances during the period /year	<u>163 399 429</u>	<u>143 149 713</u>
<u>Deduct</u>		
Current portion of lease liabilities represented in due installments during the next financial year	(39 979 581)	(35 443 162)
Non-current portion of lease liabilities	<u>123 419 848</u>	<u>107 706 551</u>

28-2 Summary of due dates

lease payments due during the following years:

	<u>Due within one</u>			<u>Total</u>
	<u>year</u>	<u>From 2-3 years</u>	<u>From 4-5 years</u>	
	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>
<u>September 30, 2025</u>	48 797 017	123 403 877	2 084 346	174 285 240
<u>December 31, 2024</u>	40 244 544	69 063 920	47 320 997	156 629 461

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

Lecico Egypt (S.A.E.)
Note to the Consolidated Financial Statements for the financial period ended September 30, 2025
According to International Financial Reporting Standard (IFRS)

29- Provisions

	Balance as of 1/1/2025 <u>EGP</u>	Translation Differences <u>EGP</u>	Formed Provisions <u>EGP</u>	Provisions Utilized <u>EGP</u>	Balance as of 30/9/2025 <u>EGP</u>
<u>Provision Disclosed in the Current Liabilities</u>					
Legal Provision	1 000 000	—	—	—	1 000 000
Tax Provision	119 511 075	—	56 580 000	(9 556 588)	166 534 487
Claims Provision	40 347 294	(728 619)	6 237 701	—	45 856 376
Total	<u>160 858 369</u>	<u>(728 619)</u>	<u>62 817 701</u>	<u>(9 556 588)</u>	<u>213 390 863</u>

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

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

30- Changes in assets and liabilities at cash flow statement

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

	Note <u>No.</u>	September 30, <u>2025</u> <u>EGP</u>	September 30, <u>2024</u> <u>EGP</u>
Right of use assets	(15)	52 385 598	3 856 994
Lease liabilities	(28)	(52 385 598)	(3 856 994)

31- Notes payables

	September 30, <u>2025</u> <u>EGP</u>	December 31, <u>2024</u> <u>EGP</u>
Nominal value of long-term notes payable	389 172 964	533 220 699
Discount on notes payable to its present value*	(113 216 043)	(177 333 258)
Present value of long term notes payables	<u>275 956 921</u>	<u>355 887 441</u>

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

Lecico Egypt (S.A.E.)
Note to the Consolidated Financial Statements for the financial period ended September 30, 2025
According to International Financial Reporting Standard (IFRS)

32- Trade and other payables

	Note	September 30,	December 31,
	No.	<u>2025</u>	<u>2024</u>
		<u>EGP</u>	<u>EGP</u>
Trade payable		865 961 598	755 900 722
Notes payable		231 404 782	199 666 459
Due to related parties	(33-2)	30 305 871	2 621 570
Social insurance authority and tax authority		39 189 506	31 648 826
Accrued expenses		270 802 517	215 662 921
Sundry creditors		45 916 956	237 861 548
Value added tax authority – current account		35 296 949	36 746 038
Dividends payable		389 929	389 929
Employees' Profit share from certain group companies		46 779 677	30 860 839
		<u>1 566 047 785</u>	<u>1 511 358 852</u>

33- Related Parties

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

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

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

33-1 Due from related parties

	Natural	Nature of	Volume of	September 30,	December 31,
	relationship	transaction	transaction	<u>2025</u>	<u>2024</u>
				<u>EGP</u>	<u>EGP</u>
El-Khaleeg for Trading and Investment	Associate	Current	--	300 100	300 100
Total due from related parties				<u>300 100</u>	<u>300 100</u>
Less:					
Impairment for balance of "El-Khaleeg for Trading and Investment"				(300 100)	(300 100)
Net due from related parties				<u>–</u>	<u>–</u>

33-2 Due to Related Parties

Murex Industries and Trading (S.A.L)	Associate	Current	(232 294)	858 335	626 041
Ceramics Management services Ltd (CMS)*	Associate	Technical consulting	73 742 975	29 447 536	1 995 529
				<u>30 305 871</u>	<u>2 621 570</u>

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

Lecico Egypt (S.A.E.)

Note to the Consolidated Financial Statements for the financial period ended September 30, 2025

According to International Financial Reporting Standard (IFRS)

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

The statement of consolidated profit or loss for the financial period ending September 30, 2025, was charged with the allowances of the members of the board of directors of the holding company and executive managers included in "other expenses", in the amount of EGP 10 050 844 (Compared to the amount of EGP 8 924 588 ,for the financial period ending on September 30, 2024,) Note no. (11).

33-4 Top management members

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

	<u>30/9/2025</u>	<u>31/12/2024</u>
Remuneration and allowances of members of the Board of Directors, attendance of committees	10 050 844	12 226 534
	<u>10 050 844</u>	<u>12 226 534</u>
	<u>30/9/2025</u>	<u>31/12/2024</u>
Salaries and benefits	36 666 406	31 778 221
	<u>36 666 406</u>	<u>31 778 221</u>

34- Contingent Liabilities

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

	<u>September 30, 2025</u>	<u>December 31, 2024</u>
<u>Letters of guarantee</u>		
EGP	28 925 376	18 816 729
EURO	--	4 000 000
<u>Letters of Credit</u>		
	<u>September 30, 2025</u>	<u>December 31, 2024</u>
EGP	53 591 370	74 859 865

35- Capital Commitment

The capital commitments outstanding as at September 30, 2025 amounted to EGP 77 600 000 (compared to capital commitments as at December 31, 2024 amounted to EGP 49 745 877).

36- Financial Instruments

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

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

Lecico Egypt (S.A.E.)
Note to the Consolidated Financial Statements for the financial period ended September 30, 2025
According to International Financial Reporting Standard (IFRS)

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 a company are measured at amortized cost using the effective interest rate method and as a result book values are a reasonable approximation of fair value, except for financial investments measured at fair value.

Financial liabilities

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

	Note	September 30, 2025 EGP	December 31, 2024 EGP
<u>Financial Assets</u>	<u>No.</u>		
<u>At amortization cost</u>			
Banks current accounts and time deposits	(22)	318 324 776	300 647 230
Trade and Notes receivables and other debit balances	(20)	1 413 329 723	1 184 690 588
		<u>1 731 654 499</u>	<u>1 485 337 818</u>
<u>Financial liabilities</u>			
Trade and Notes payables and other credit balances	(32)	1 737 212 380	1 796 229 859
Lease liabilities	(28)	163 399 429	143 149 713
Credit facilities	(23)	1 585 260 675	918 482 312
Loans	(27)	--	344 005
Due to related parties	(33)	30 305 871	2 621 570
		<u>3 516 178 355</u>	<u>2 860 827 459</u>

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

For the purpose of disclosure of financial instruments, non-financial assets amounting to EGP 296 169 183 (December 31, 2024: EGP 259 175 674) have been excluded from other debit balances it was also excluded non-financial liabilities amount EGP 74 486 455 (December 31, 2024: 68 394 864) have been excluded from other debit balances.

36-1 Financial Risk Management

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

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

Lecico Egypt (S.A.E.)

**Note to the Consolidated Financial Statements for the financial period ended September 30, 2025
According to International Financial Reporting Standard (IFRS)**

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

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

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

A- Credit Risk

The Company is exposed to credit risk as a result of the counterparty's failure to fulfill its contractual obligations when due, in respect of the following:

- Trade receivables
- Debtors and other debit balances
- Due from related parties
- Current account and cash on hand

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

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

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

When monitoring customer credit risk, clients are grouped according to their credit characteristics, history of dealing with the company and the presence of previous financial difficulties.

B- Liquidity risk

Liquidity risk is the risk that the company will not fulfill its obligations according to the contractual term with third parties. The Company's approach to liquidity management is to ensure - whenever possible - that it has sufficient liquidity to meet its obligations on their maturity date in normal and critical circumstances without incurring unacceptable losses or damaging the Company's reputation.

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

Lecico Egypt (S.A.E.)

Note to the Consolidated Financial Statements for the financial period ended September 30, 2025

According to International Financial Reporting Standard (IFRS)

The Group 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 optimizing the return.

D- Foreign currency risk

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

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

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

E- Interest rate risk

The group 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 annually 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 maximize investment returns.

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.

Lecico Egypt (S.A.E.)
Note to the Consolidated Financial Statements for the financial period ended September 30, 2025
According to International Financial Reporting Standard (IFRS)

Exposure to Credit risk

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

	Note No.	September 30, 2025 EGP	December 31, 2024 EGP
Banks current accounts and time deposits	(22)	318 324 776	300 647 230
Trade and Notes receivables and other debit balances	(20)	1 413 329 723	1 184 690 588
		1 731 654 499	1 485 337 818

Exposure to Liquidity risk

The following are the contractual terms of financial liabilities:

Contractual maturities of financial liabilities as of September 30, 2025	Less than 1 year EGP	2- 3 years EGP	3-4 years or more EGP	Contractual amount EGP	Carrying amount EGP
Trade and other credit balances	1 334 643 003	--	--	1 334 643 003	1 334 643 003
Banks credit facilities and loans	1 585 260 675	--	--	1 585 260 675	1 585 260 675
Notes payables	231 404 782	389 172 964	--	620 577 746	507 361 703
Lease liabilities	48 797 017	123 403 877	2 084 346	174 285 240	163 399 429
Total	3 200 105 477	512 576 841	2 084 346	3 714 766 664	3 590 664 810

Contractual maturities of financial liabilities as of December 31, 2024	Less than 1 year EGP	2- 3 years EGP	3-4 years or more EGP	Contractual amount EGP	Carrying amount EGP
Trade and other credit balances	1 311 692 393	--	--	1 311 692 393	1 311 692 393
Banks credit facilities and loans	918 826 317	--	--	918 826 317	918 826 317
Notes payables	199 666 459	533 220 699	--	732 887 158	555 553 900
Lease liabilities	40 244 544	69 063 920	47 320 997	156 629 461	143 149 713
Total	2 470 429 713	602 284 619	47 320 997	3 120 035 329	2 929 222 323

Lecico Egypt (S.A.E.)
Note to the Consolidated Financial Statements for the financial period ended September 30, 2025
According to International Financial Reporting Standard (IFRS)

Exposure to currency risk

The group's foreign currency assets and liabilities as of September 30, 2025 amounted to the equivalent of EGP 848 314 205 and EGP 608 777 005 respectively. The amounts in foreign currencies that put the company at risk as of September 30, 2025, are as follows:

<u>September 30, 2025</u>					
Item	USD	EUR	GBP	ZAR	Total EGP
Cash and Cash Equivalents	1 518 016	1 451 510	1 079 374	--	223 751 008
Trade Receivables	5 161 646	5 487 403	746 495	7 477 246	624 563 197
Total Assets in Currency	6 679 662	6 938 913	1 825 869	7 477 246	848 314 205
Bank Credit Facilities	(5 620 975)	(3 746 520)	(2 004 651)	--	(608 777 005)
Total Liabilities in Currency	(5 620 975)	(3 746 520)	(2 004 651)	--	(608 777 005)
Exposure Surplus	1 058 687	3 192 393	(178 782)	7 477 246	239 537 200
Equivalent in EGP	50 679 368	179 572 089	(11 501 000)	20 786 743	239 537 200

<u>December 31, 2024</u>					
Item	USD	EUR	GBP	ZAR	Total EGP
Cash and Cash Equivalents	1 080 119	2 344 224	436 495	--	213 824 447
Trade Receivables	4 376 079	4 270 774	1 087 141	4 297 584	542 242 358
Total Assets in Currency	5 456 198	6 614 998	1 523 636	4 297 584	756 066 805
Bank Credit Facilities	(1 389 617)	(448 805)	(60 447)	--	(99 598 195)
Note Payable and Other payables	(307 637)	(4 256 433)	(492 715)	--	(285 065 653)
Total Liabilities in Currency	(1 697 254)	(4 705 238)	(553 162)	--	(384 663 848)
Exposure Surplus	3 758 944	1 909 760	970 474	4 297 584	371 402 957
Equivalent in EGP	191 104 713	106 793 779	61 858 013	11 646 452	371 402 957

	<u>September 30, 2025</u>	<u>December 31, 2024</u>
	<u>Surplus/(Deficit)</u>	<u>Surplus</u>
USD	1 058 687	3 758 944
Euro	3 192 393	1 909 760
GBP	(178 781)	970 474
South African Rand	7 477 246	4 297 584

As follow exchange rates used during the period / year

	<u>Averaging rates using during the period / year</u>		<u>Closing rates at date of financial statements</u>	
	<u>30/9/2025</u>	<u>31/12/2024</u>	<u>30/9/2025</u>	<u>31/12/2024</u>
USD	49,97	45.59	47,87	50.84
Euro	55,25	49.24	56,25	52.92
GBP	65,40	58.35	64,33	63.74
South African Rand	2,75	2.50	2,78	2.71

Lecico Egypt (S.A.E.)
Note to the Consolidated Financial Statements for the financial period ended September 30, 2025
According to International Financial Reporting Standard (IFRS)

Sensitivity Analysis

A reasonably possible strengthening (weakening) of 5% other currencies exchange rate against Egyptian pound As of September 30, 2025, would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

	Profit or Loss	
	Increase / Decrease	Decrease / Increase
US Dollar	2 533 967	(2 533 967)
Euro	8 978 605	(8 978 605)
Sterling Pound	(575 049)	575 049
Rand (South Africa)	1 039 337	(1 039 337)

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

	Profit or Loss	
	Increase	Decrease
US Dollar	9 555 235	(9 555 235)
Euro	5 339 688	(5 339 688)
Sterling Pound	3 092 900	(3 092 900)
Rand (South Africa)	582 322	(582 322)

Interest rate risk

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

	Carrying amount	
	September 30, 2025 EGP	December 31, 2024 EGP
<u>Financial instruments with a fixed rate</u>		
Financial assets	478 700	--
Financial liabilities	163 399 429	143 149 713
	163 878 129	143 149 713
<u>Financial instruments with a variable rate</u>		
Financial liabilities	1 585 260 675	918 826 317
	1 585 260 675	918 826 317

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

Assessment of expected credit losses

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

Lecico Egypt (S.A.E.)
Note to the Consolidated Financial Statements for the financial period ended September 30, 2025
According to International Financial Reporting Standard (IFRS)

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 trade and other receivables:

<u>Trade and notes receivables</u>	September 30, 2025			December 31, 2024		
	<u>Expected credit loss rate</u>	<u>Net book value EGP</u>	<u>Loss amount EGP</u>	<u>Expected credit loss rate</u>	<u>Net book value EGP</u>	<u>Loss amount EGP</u>
Non due	--	1 126 269 252	--	--	941 629 011	--
0-90 days	%4	111 322 290	4 839 484	%18	67 481 737	11 835 320
91-180 days	%25	17 593 070	4 440 425	%11	14 583 901	1 592 043
181-270 days	%48	9 741 361	4 642 838	%20	3 941 492	799 773
271-360 days	%40	2 142 820	853 281	%8	7 286 062	549 326
More than 360 days	%100	130 387 351	130 387 351	%100	118 706 990	118 706 990
Total		<u>1 397 456 144</u>	<u>145 163 379</u>		<u>1 153 629 193</u>	<u>133 483 452</u>

<u>Category</u>	<u>Company's definition of category</u>	<u>Basis for recognition of expected credit loss provision</u>
Performing	Other receivables have a low risk of default and a strong capacity to meet contractual cash flows.	12 month expected losses. Where the expected lifetime of an asset is less than 12 months, expected losses are measures at its expected lifetime.
Underperforming	Other receivables which have a significant increase in credit risk: a significant increase in credit risk is presumed if repayments are 90 days past due.	Lifetime expected losses.
Non-performing	Repayments are 180 days past due.	Lifetime expected losses.
Provision	Repayments are 360 days past due and there is no reasonable expectation of recovery.	Asset is written off

Fair Value of Financial Instruments

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

Lecico Egypt (S.A.E.)

Note to the Consolidated Financial Statements for the financial period ended September 30, 2025

According to International Financial Reporting Standard (IFRS)

- "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 International Accounting Standards including the level in the fair value hierarchy at which these valuations should be classified.

When measuring the fair value of an asset or liability, evaluators use market data that is as observable as possible. Fair values are classified into different levels in the fair value sequence based on the inputs used in valuation methods as follows:

Level I: Prices listed (unadjusted) in active markets for similar assets or liabilities

Level II: Inputs other than the prices listed are included in the first level and can be observed for the asset or liability either directly (e.g. prices) or indirectly (i.e. derived from prices)

Level III: Asset or liability inputs that are not based on observable market data (unobserved inputs)

If the inputs used to measure the fair value of an asset or liability fall at different levels of the fair value hierarchy, then the entire fair value measurement is classified at the same level of the fair value hierarchy as the lowest level of input as it is important for the entire measurement.

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

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

Capital Management

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

Lecico Egypt (S.A.E.)
Note to the Consolidated Financial Statements for the financial period ended September 30, 2025
According to International Financial Reporting Standard (IFRS)

37- Tax Status

The following is the company's tax status as of September 30, 2025, according to the opinion of the company's tax administration

First: Corporate income tax

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

- The final settlement was made, and all tax obligation was paid from inception till 2019, except for part of late charges.
- The company has been notified of tax examination for the year 2020 to 2022.
- The company's records were not examined from 2023 to date.

Second: Payroll tax

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

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

Third: Stamp tax

- The final settlement was made, and all tax obligation arisen was paid from inception until 2022.
- The company's records were not examined from 2023 To date.

Fourth: Sales tax \ Value added tax

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

- The tax examination was completed, and all tax obligations were paid until 2023, except for late charges
- The company's records were not examined from 2024 to date

Fifth: Real state tax

- All tax obligations were paid until 2021.
- A temporary exemption was issued from real estate tax for industrial companies for 3 years, the agreement has been renewed for another 3 years ending on December 31, 2026.
- The company's management believes the tax provisions are sufficient to cover any potential tax liabilities.

- The company is committed to providing the master file, the local file, and the report at the country level for each of its commercial and financial transactions to modify the transactions in favor of the Egyptian Tax Authority in accordance with the united Tax revenue law Law No. 206 of 2020 and its amendments.

38- Material accounting policies

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

Lecico Egypt (S.A.E.)

Note to the Consolidated Financial Statements for the financial period ended September 30, 2025

According to International Financial Reporting Standard (IFRS)

38-1 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 & 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 & operational policies in the subsidiary and basis of preparation of the consolidated financial statements is represented in the following:

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

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

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

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

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.

Lecico Egypt (S.A.E.)

**Note to the Consolidated Financial Statements for the financial period ended September 30, 2025
According to International Financial Reporting Standard (IFRS)**

d. Loss of control

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

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

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 recognized at cost including the costs of transaction related to the acquisition. The subsequent measurement in the consolidated financial statement to increase or decrease the book value of the investment by the group shares in profit or losses and other comprehensive income of the investee.

f. Elimination from consolidation financial statements

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

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

Foreign currency transactions

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

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

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

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

Lecico Egypt (S.A.E.)

Note to the Consolidated Financial Statements for the financial period ended September 30, 2025

According to International Financial Reporting Standard (IFRS)

Financial statement for foreign operations

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

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

38-3 Revenue recognition

Information about the Company's accounting policies relating to contracts with customers is provided in five steps module as identified in 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 obligations is a consideration when the goods and services are delivered.

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

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

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

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

- a) Company performance does not arise any asset that has an alternative use of the Company and the Company has an enforceable right to pay for completed performance until the date.
- b) The Company arise or improves a customer-controlled asset when the asset is arise or improved.

Lecico Egypt (S.A.E.)

**Note to the Consolidated Financial Statements for the financial period ended September 30, 2025
According to International Financial Reporting Standard (IFRS)**

c) The customer receives and consumes the benefits of Company performance at the same time as soon as the Company has performed.
For performance obligations, if one of the above conditions is met, revenue is recognized in the year in which the Company satisfies performance obligation.

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

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

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

Determine the transaction price

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

Control transfer in contracts with customers

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

In addition, the application of International Accounting Standard (IAS) No. 15 has resulted in:

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

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

Lecico Egypt (S.A.E.)

**Note to the Consolidated Financial Statements for the financial period ended September 30, 2025
According to International Financial Reporting Standard (IFRS)**

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

38-4 Employee benefits

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

38-5 Expenses

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

38-6 Finance income and finance costs

The group's finance income and finance costs include:

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

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

38-7 Earnings per share

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

38-8 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 there for calculated under IFRS standard : contingent liabilities and provisions and contingent assets

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

Lecico Egypt (S.A.E.)

**Note to the Consolidated Financial Statements for the financial period ended September 30, 2025
According to International Financial Reporting Standard (IFRS)**

38-8-1 Current income tax

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

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

38-8-2 Deferred tax

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

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

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

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

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

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

38-9 Inventories

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

Lecico Egypt (S.A.E.)

Note to the Consolidated Financial Statements for the financial period ended September 30, 2025

According to International Financial Reporting Standard (IFRS)

38-10 Property, plant & equipment

38-10-1 Recognition and measurement

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

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

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 recognized in other comprehensive income and accumulated in equity under the heading of revaluation surplus. However, the increase shall be recognized in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognized 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 derecognized. 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.

Lecico Egypt (S.A.E.)

**Note to the Consolidated Financial Statements for the financial period ended September 30, 2025
According to International Financial Reporting Standard (IFRS)**

38-10-2 Subsequent expenditure

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

38-10-3 Depreciation

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

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

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

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

38-11 Projects under construction

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

38-12 Intangible assets

38-12-1 Goodwill

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

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

38-12-2 Other Intangible Assets

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

38-12-3 Amortization

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

Lecico Egypt (S.A.E.)

Note to the Consolidated Financial Statements for the financial period ended September 30, 2025

According to International Financial Reporting Standard (IFRS)

38-13 Leased contracts

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.

• **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.

Lecico Egypt (S.A.E.)

**Note to the Consolidated Financial Statements for the financial period ended September 30, 2025
According to International Financial Reporting Standard (IFRS)**

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.

38-14 Financial instruments

Recognition and initial measurement

Other current assets are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument.

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

Classification and subsequent measurement

Financial assets

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

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

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

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

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

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

Lecico Egypt (S.A.E.)

**Note to the Consolidated Financial Statements for the financial period ended September 30, 2025
According to International Financial Reporting Standard (IFRS)**

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

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

Financial assets- Business Model Assessment

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

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

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

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

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

The frequency, volume and timing of sales of financial assets in prior years, the reasons for 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

Lecico Egypt (S.A.E.)

**Note to the Consolidated Financial Statements for the financial period ended September 30, 2025
According to International Financial Reporting Standard (IFRS)**

could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

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

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

Financial assets – Subsequent measurement and gains and losses

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

Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it

Lecico Egypt (S.A.E.)

Note to the Consolidated Financial Statements for the financial period ended September 30, 2025

According to International Financial Reporting Standard (IFRS)

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

Derecognition

Financial assets

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

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

Financial liabilities

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

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

Offsetting

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

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 recognized 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.

38-15 Share capital

38-15-1 Ordinary shares

Lecico Egypt (S.A.E.)

**Note to the Consolidated Financial Statements for the financial period ended September 30, 2025
According to International Financial Reporting Standard (IFRS)**

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".

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

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

38-16 Impairment

38-16-1 Non-derivative financial assets

Financial instruments and contract assets

The group recognizes loss allowances for ECLs on:

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

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

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

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

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

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

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

Lecico Egypt (S.A.E.)

**Note to the Consolidated Financial Statements for the financial period ended September 30, 2025
According to International Financial Reporting Standard (IFRS)**

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

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

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

Measurement of ECLs

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

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

38-16-2 Credit-impaired financial assets

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

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

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

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortized 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 recognized in OCI.

Lecico Egypt (S.A.E.)

**Note to the Consolidated Financial Statements for the financial period ended September 30, 2025
According to International Financial Reporting Standard (IFRS)**

Financial assets at amortized cost (If any)	<p>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.</p> <p>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.</p> <p>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.</p>
Equity-accounted investees (If any)	<p>Impairment losses in equity-accounted investees are measured by comparing their carrying amount with the recoverable amount, and the impairment losses are recognized in profit or loss and the impairment loss is reversed when preferential changes occur in the estimates used to determine the recoverable amount.</p>
Financial assets FVOCI (If any)	<p>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 amortization) and the current fair value, less any impairment loss previously recognized in profit or loss.</p> <p>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.</p>

For investment in equity instrument, objective evidence include significant or contrinuous impairment and decrease in fair value than cost

38-16-3 Non-financial assets

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

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

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

Lecico Egypt (S.A.E.)

**Note to the Consolidated Financial Statements for the financial period ended September 30, 2025
According to International Financial Reporting Standard (IFRS)**

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

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

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

38-17 Provisions

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

38-18 Export Subsidy Revenues

Export subsidy revenues are recognized at statement of Profit or loss according to cash basis, and recorded as other revenues.

38-19 Cash and Cash Equivalents

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

38-20 Borrowing Cost

The borrowing cost, represented in interest expenses, is recognized in the income statement under the "Financing Expenses" account in the year in which it occurs. Those borrowing costs to be considered as parts of a qualified fixed asset that take a substantial year to be prepared for its intended use are capitalized.

38-21 Segment Reporting results

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

38-22 Consolidated Cashflows Statement

The cashflows statement is prepared according to the indirect method.

39- Hyperinflation

Lebanon Economics was identified as a hyperinflationary for years ending on or after September 30, 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.

Lecico Egypt (S.A.E.)

**Note to the Consolidated Financial Statements for the financial period ended September 30, 2025
According to International Financial Reporting Standard (IFRS)**

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.

40- 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 years beginning on or after January 1, 2025 have been applied in these consolidated financial statements. The application of these IFRSs had no material impact on the amounts in the current or previous years.

	<u>Applicable for the year on or after</u>
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.

Lecico Egypt (S.A.E.)

Note to the Consolidated Financial Statements for the financial period ended September 30, 2025

According to International Financial Reporting Standard (IFRS)

41- Merge

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

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

On June 17, 2025, the Extraordinary General Meeting of Lecico Egypt (the merging company) approved the decision to merge Lecico International Industries (merged), and Lecico European Ceramics Company (merged), into Lecico Egypt (the merging company). This includes the transfer of all rights and obligations of the merged companies to the merging company in connection with the merger, based on the book value 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.

On June 23, 2025 the extraordinary general meeting of the merged companies approved the decision of merge, and administrative and executive procedures are currently being taken for the merger process.

Lecico Egypt (S.A.E.)

Note to the Consolidated Financial Statements for the financial period ended September 30, 2025

According to International Financial Reporting Standard (IFRS)

42- Significant events

On Thursday April 25, 2025 the Central Bank of Egypt decided in its meeting to decrease the overnight rates by 225 basis points , Accordingly, the overnight deposit and lending rates, as well as the Central Bank's main operation rate, were reduced to 25%, 26%, and 25.5% respectively. The credit and discount rate was also lowered by 225 basis points to reach 25.5%.

In its meeting on Thursday, May 22, 2025, the committee further decided to reduce the overnight deposit, lending, and main operation rates by 100 basis points to 24%, 25%, and 24.5%, respectively. The credit and discount rates were also lowered by 100 basis points to 24.5%.

Furthermore, in its meeting held on Thursday, August 28, 2025, the committee decided to further reduce the overnight deposit rate, overnight lending rate and the Central Bank's main operation rate by 200 basis points to 22%, 23%, and 22.5%, respectively. The discount rate was also reduced by 200 basis points to 22.5%.

Moreover, in its meeting held on Thursday, October 2, 2025, the committee decided to further reduce the overnight deposit rate, overnight lending rate and the Central Bank's main operation rate by 100 basis points to 21%, 22%, and 21.5%, respectively. The discount rate was also reduced by 100 basis points to 21.5%.