

**Lecico Egypt**  
**(S.A.E.)**

**Consolidated Financial Statements**  
**for the Financial year ended December 31, 2024**  
**and Independent Auditor's Report on Auditing**  
**the consolidated Financial Statements**

**Lecico Egypt**  
**(S.A.E.)**

**Consolidated Financial Statements**  
**for the Financial year ended December 31, 2024**  
**and Independent Auditor's Report on Auditing**  
**the consolidated Financial Statements**

<b><u>Contents</u></b>	<b><u>Page no.</u></b>
- Independent Auditor's Report	--
- 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 Financial Statements	6-57



## 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**

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

##### ***Report on the consolidated financial statements***

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

##### ***Management's Responsibility for the Consolidated Financial Statements***

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

##### ***Auditor's Responsibility***

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

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

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

***Basis for Qualified Opinion***

As disclosed in note (3) of the notes to the consolidated financial statements, the Company's management have consolidated the financial information of the Lebanese Ceramic Industries company (subsidiary) for the financial years ended December 31, 2023 and December 31, 2024, in the Group's consolidated financial statements, based on unaudited financial statements by the company's auditor.

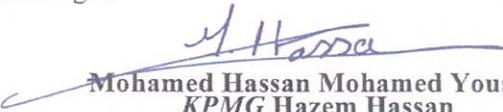
We did not obtain appropriate sufficient evidence on the financial information of the Lebanese Ceramic Industries company represented in total assets of the Lebanese Ceramic Industries company amounted to approximately EGP 280 million as of December 31, 2024 which represents 5% of the Group's total assets, whereas the total liabilities of the Lebanese Ceramic Industries company as of December 31, 2024 amounted to approximately EGP 18 million after eliminating the intercompany balances, which represents 0.5% of the Group's total liabilities and total revenue of the Lebanese Ceramic Industries company for the financial year ended December 31, 2024 amounted to approximately EGP 103 million which represents 2% of the Group's total revenue and net loss for the financial year ended December 31, 2024 amounted to approximately EGP 10 million in the consolidated financial statements because our access to information is restricted by circumstances that cannot be overcome by the group management.

***Qualified Opinion***

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

***Emphasis of matters***

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

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

Alexandria on March 2, 2025

**KPMG Hazem Hassan**  
**Public Accountants and consultants**

**Lecico Egypt (S.A.E.)**  
**Consolidated statement of Financial Position as**  
**According to Egyptian Accounting Standards (EAS)**

	Note No.	December 31, 2024 EGP	December 31, 2023 EGP
<b>Assets</b>			
<b>Non-Current Assets</b>			
Property, plant & equipment	(15)	954 448 251	745 950 518
Projects under construction	(16)	55 825 795	46 977 888
Intangible assets	(17)	29 719 859	17 416 779
Equity-accounted investees	(18)	20 812	20 812
Notes receivable	(19)	--	355 357
<b>Non-Current Assets</b>		<b>1 040 014 717</b>	<b>810 721 354</b>
<b>Current Assets</b>			
Inventories	(20)	2 543 351 777	1 596 967 107
Trade and other receivables	(21)	1 443 866 262	1 179 786 142
Cash and cash equivalents	(23)	352 233 706	456 269 505
<b>Current Assets</b>		<b>4 339 451 745</b>	<b>3 233 022 754</b>
<b>Total Assets</b>		<b>5 379 466 462</b>	<b>4 043 744 108</b>
<b>Equity and liabilities</b>			
<b>Equity for holding company</b>			
Issued and paid up capital	(25-2)	400 000 000	400 000 000
Treasury shares	(25-3)	--	(25 388 998)
Reserves	(26)	521 803 039	402 457 537
Retained earnings		953 673 055	126 717 292
<b>Equity attributable to holding company</b>		<b>1 875 476 094</b>	<b>903 785 831</b>
Non-controlling interests	(25-4)	102 378 027	72 234 011
<b>Total Equity</b>		<b>1 977 854 121</b>	<b>976 019 842</b>
<b>Non-Current Liabilities</b>			
Loans	(28)	--	164 614
Non-current portion of lease Liabilities	(29)	107 706 551	84 977 704
Deferred tax liabilities	(14-2)	18 474 240	26 593 348
Provisions	(30)	9 621 739	3 117 762
Long-term notes payable	(32)	355 887 441	317 268 128
<b>Non-Current Liabilities</b>		<b>491 689 971</b>	<b>432 121 556</b>
<b>Current Liabilities</b>			
Credit facilities	(24)	918 482 312	1 387 483 248
Accrued income tax	(14-5)	280 295 448	151 554 607
Loans	(28)	344 005	10 158 729
Current portion of lease Liabilities	(29)	35 443 162	23 801 960
Trade and other payables	(33)	1 524 120 813	943 233 290
Provisions	(30)	151 236 630	119 370 876
<b>Current Liabilities</b>		<b>2 909 922 370</b>	<b>2 635 602 710</b>
<b>Total Liabilities</b>		<b>3 401 612 341</b>	<b>3 067 724 266</b>
<b>Total Equity and Liabilities</b>		<b>5 379 466 462</b>	<b>4 043 744 108</b>

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

Finance Director  
Mohamed Hassan



Managing Director  
Taher Gilbert Gargour



**Lecico Egypt (S.A.E.)****Consolidated statement of Profit or loss for the financial year****According to Egyptian Accounting Standards (EAS)**

	<b>Note</b>	<b>December 31,</b>	<b>December 31,</b>
	<b>No.</b>	<b>2024</b>	<b>2023</b>
		<b>EGP</b>	<b>EGP</b>
Net sales	(5)	6 644 687 614	4 842 931 210
Cost of sales	(6)	(4 709 357 845)	(3 316 428 140)
<b>Gross Profit</b>		<b>1 935 329 769</b>	<b>1 526 503 070</b>
Other Income	(7)	75 002 554	125 725 491
Selling and distribution expenses	(8)	(192 001 610)	(179 100 118)
General and Administrative Expenses	(9)	(468 172 074)	(323 895 636)
Impairment in trade and note receivables	(10)	(7 810 108)	(17 025 260)
Other Expenses	(11)	(131 302 409)	(153 535 304)
<b>Profit from operating activities</b>		<b>1 211 046 122</b>	<b>978 672 243</b>
Group's Share from Equity -accounted investees		995 630	--
Net finance income / (expenses)	(12)	79 939 224	(254 103 950)
<b>Profit before tax</b>		<b>1 291 980 976</b>	<b>724 568 293</b>
Income tax expense	(14-1)	(312 496 115)	(214 041 497)
<b>Net profit for the year</b>		<b>979 484 861</b>	<b>510 526 796</b>
<b>Attributable to:</b>			
Shareholders of the holding company		949 594 287	483 176 286
Non-controlling interests		29 890 574	27 350 510
<b>Net profit or the year</b>		<b>979 484 861</b>	<b>510 526 796</b>
<b>Basic and diluted earning per share profit for year</b>	(13)	<b>11.87</b>	<b>6.04</b>
<b>(EGP/Share)</b>			

- Notes from no (1) to no (43) are an integral part of these consolidated financial statements.

**Lecico Egypt (S.A.E.)**  
**Consolidated Statement of Comprehensive Income for the Financial Year**  
**According to Egyptian Accounting Standards (EAS)**

	<b>Note <u>No.</u></b>	<b>December 31, 2024 <u>EGP</u></b>	<b>December 31, 2023 <u>EGP</u></b>
<b>Net profit for the year</b>		979 484 861	510 526 796
<b><u>Other Comprehensive Income Items</u></b>			
<b><u>Items that may be reclassified</u></b>			
<b><u>subsequently to profit or loss statement</u></b>			
Foreign currency translation differences in subsidiaries		123 469 619	(86 100 432)
<b>Total comprehensive income</b>		<b><u>1 102 954 480</u></b>	<b><u>424 426 363</u></b>
<b><u>attributable to:</u></b>			
Shareholders of the holding company		1 068 939 789	404 714 780
Non-controlling interests		34 014 691	19 711 583
<b>Total other comprehensive income for the year</b>		<b><u>1 102 954 480</u></b>	<b><u>424 426 363</u></b>

- Notes from no (1) to no (43) are an integral part of these consolidated financial statements.

**Lecico Egypt (S.A.E.)**

**Consolidated Statement of Changes in Equity for the financial year ended December 31, 2024**

**According to Egyptian Accounting Standards (EAS)**

	Note No	Issued & Paid up Capital EGP	Treasury shares EGP	Legal Reserve EGP	Other* Reserves EGP	Share premium Reserve EGP	Reserve for Land Revaluation Surplus EGP	Translation Reserve EGP	Accumulated (Loss)/ retained earning EGP	Equity of the holding company EGP	Non-controlling Interests EGP	Total Equity EGP
<b>Balance as of January 1, 2023</b>		<b>400 000 000</b>	<b>–</b>	<b>50 915 481</b>	<b>15 571 032</b>	<b>181 164 374</b>	<b>42 901 150</b>	<b>190 367 006</b>	<b>(315 634 718)</b>	<b>565 284 325</b>	<b>52 522 428</b>	<b>617 806 753</b>
<b>Other Comprehensive income</b>												
Other Comprehensive income	(39-2)	–	–	–	–	–	–	(78 461 505)	–	(78 461 506)	(7 638 927)	(86 100 433)
Net profit for the year		–	–	–	–	–	–	–	483 176 286	483 176 286	27 350 510	510 526 796
<b>Total comprehensive income</b>		<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>(78 461 505)</b>	<b>483 176 286</b>	<b>404 714 780</b>	<b>19 711 583</b>	<b>424 426 363</b>
<b>Shareholder's transactions</b>												
Purchasing treasury shares	(25-3)	–	(25 388 998)	–	–	–	–	–	–	(25 388 998)	–	(25 388 998)
Dividends		–	–	–	–	–	–	–	(40 824 276)	(40 824 276)	–	(40 824 276)
<b>Total transaction of shareholders'</b>		<b>–</b>	<b>(25 388 998)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>(40 824 276)</b>	<b>(66 213 274)</b>	<b>–</b>	<b>(66 213 274)</b>
<b>Balance as of December 31, 2023</b>		<b>400 000 000</b>	<b>(25 388 998)</b>	<b>50 915 481</b>	<b>15 571 032</b>	<b>181 164 374</b>	<b>42 901 150</b>	<b>111 905 501</b>	<b>126 717 292</b>	<b>903 785 831</b>	<b>72 234 011</b>	<b>976 019 842</b>
<b>Balance as of January 1, 2024</b>		<b>400 000 000</b>	<b>(25 388 998)</b>	<b>50 915 481</b>	<b>15 571 032</b>	<b>181 164 374</b>	<b>42 901 150</b>	<b>111 905 501</b>	<b>126 717 292</b>	<b>903 785 831</b>	<b>72 234 011</b>	<b>976 019 842</b>
<b>Other Comprehensive income</b>												
Translation differences	(26)	–	–	–	–	–	–	119 345 502	–	119 345 502	4 124 117	123 469 619
Net profit for the year		–	–	–	–	–	–	–	949 594 287	949 594 287	29 890 574	979 484 861
<b>Total comprehensive income</b>		<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>119 345 502</b>	<b>949 594 287</b>	<b>1 068 939 789</b>	<b>34 014 691</b>	<b>1 102 954 480</b>
<b>Shareholder's transactions</b>												
Distribution of treasury shares	(25-3)	–	25 388 998	–	–	–	–	–	(25 388 998)	–	–	–
Dividends		–	–	–	–	–	–	–	(97 249 526)	(97 249 526)	(3 870 675)	(101 120 201)
<b>Total transaction of shareholders'</b>		<b>–</b>	<b>25 388 998</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>(122 638 524)</b>	<b>(97 249 526)</b>	<b>(3 870 675)</b>	<b>(101 120 201)</b>
<b>Balance as of December 31, 2024</b>		<b>400 000 000</b>	<b>–</b>	<b>50 915 481</b>	<b>15 571 032</b>	<b>181 164 374</b>	<b>42 901 150</b>	<b>231 251 003</b>	<b>953 673 055</b>	<b>1 875 476 094</b>	<b>102 378 027</b>	<b>1 977 854 121</b>

▪ Notes from no (1) to no (43) are an integral part of these consolidated financial statements.

**Lecico Egypt (S.A.E.)**  
**Consolidated Statement of Cash Flows for the financial year ended December 31, 2024**  
**According to Egyptian Accounting Standards (EAS)**

	Note No.	December 31, 2024 EGP	December 31, 2023 EGP
<b>Cash Flow from Operating Activities</b>			
Net profit for the year before tax		1 291 980 976	724 568 293
<b>Adjusted by the following:</b>			
Property, plant and equipment depreciation	(15)	174 973 858	115 356 260
Intangible assets amortization	(17)	4 068 150	2 829 328
Capital gain	(7)		
Revenue from investment measured at FVTPL	(12)	(15 007)	(2 770 416)
Finance interest expenses on lease contracts	(12),(29)	(153 805 960)	(29 738 182)
finance expenses	(12)	(7 771 959)	5 051 997
	(12)	274 103 085	243 747 057
Interest Income	(12)	(6 870 943)	--
Foreign currency translation differences		(201 137 365)	35 043 078
<b>Profit generated from operations</b>		<b>1 387 198 078</b>	<b>1 094 087 415</b>
Change in inventories	(20)	(1 025 028 742)	(227 186 413)
Change in trade,notes and other receivables	(21)	(268 498 817)	(27 013 309)
Change in trade, notes and other payables	(33)	970 721 897	(392 747 327)
Change in provisions		35 602 919	65 912 427
Dividend paid to employee		(97 249 526)	(85 610 048)
		<b>1 002 745 809</b>	<b>427 442 745</b>
Proceeds from Interest Income	(12)	6 870 943	--
Finance interest expenses paid on lease contracts		(7 771 959)	(5 051 997 )
Interest expenses paid		(274 103 085)	(243 747 057)
Income Tax paid	(14)	(190 665 881)	(41 393 653)
<b>Net cash available from / (used in) operating activities</b>		<b>537 075 827</b>	<b>137 250 038</b>
<b>Cash Flow from Investing Activities</b>			
Payments for acquisition of PPE & PUC	(15),(16)	(284 959 352)	(264 410 417)
Proceeds from sale of property, plant and equipment	(7)	15 007	3 568 263
Payments for acquisition of intangible assets	(17)	(6 188 729)	(3 957 552)
<b>Net cash (used in) investing activities</b>		<b>(291 133 074)</b>	<b>(264 799 706)</b>
<b>Cash Flow from Financing Activities</b>			
Payments for acquisition of treasury shares	(25-3)	--	(25 388 998)
Payments of loans	(28)	(10 475 629)	(37 744 532)
Payments of lease liabilities	(29-1)	(24 307 947)	(20 961 125)
Proceeds from restricted time deposits	(23)	--	30 000 000
Payments for acquisition financial securities	(22)	(598 962 241)	(48 905 131)
Proceeds from financial securities	(22)	752 768 201	78 643 313
Change in banks credit facilities	(24)	(469 000 936)	140 212 126
<b>Net cash (used in) / available from financing activities</b>		<b>(349 978 552)</b>	<b>115 855 653</b>
<b>Net change in cash and cash equivalents during the year</b>		<b>(104 035 799)</b>	<b>(11 694 015)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	(23)	<b>456 269 505</b>	<b>467 963 520</b>
<b>Cash and cash equivalent at the end of the year</b>	(23)	<b>352 233 706</b>	<b>456 269 505</b>

- The notes from no. (1) to no. (43) are an integral part of these consolidated financial statements.
- The value of transactions that represent non-cash transaction have been excluded as shown in note no.(31)

**Lecico Egypt (S.A.E.)**

**Notes to the Consolidated Financial Statements for the financial year ended December 31, 2024**

**According to Egyptian Accounting Standards (EAS)**

---

**1- Background for holding company and subsidiaries**

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

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

**1-2 Lecico Egypt (The holding Company)**

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

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

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

**1-4 Subsidiaries**

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

	<u>Country of</u>	<u>Ownership Interest</u>	
	<u>Incorporation</u>	<u>December 31,</u>	<u>December 31,</u>
		<u>2024</u>	<u>2023</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- <b><u>Lecico UK (Ltd)</u></b>	United Kingdom	100	100
10-1 Lecico PLC	United Kingdom	100	100
10-2 Lecico S. A	South Africa	51	51
10-3 Lecico Poland	Poland	91	80

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

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

Lecico Egypt (S.A.E.)

Notes to the Consolidated Financial Statements for the financial year ended December 31, 2024

According to Egyptian Accounting Standards (EAS)

---

## **2- Basis of preparation of accounting for consolidated financial statements**

### **2-1 Accounting framework for preparing consolidated financial statements**

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

- The consolidated financial statements are prepared based on historical cost, except for financial assets and financial liabilities, which are recorded at fair value and amortized cost.
- Material accounting policies applied policies are disclosed in note no (39)
- The accompanying consolidated financial were authorized for issuance by the board of directors on March 1, 2025.

### **2-2 Basis of measurement**

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

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

### **2-3 Functional and presentation currency**

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

### **2-4 Use of Estimates and Judgments**

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

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

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

## **A- Judgments**

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

### **- Revenue recognition**

Revenue is recognized as detailed in the accounting policies applied.

### **- 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 Financial Statements for the financial year ended December 31, 2024**

**According to Egyptian Accounting Standards (EAS)**

---

- **Lease contracts classification.**

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

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

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

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

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

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

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

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

**Lecico Egypt (S.A.E.)**

**Notes to the Consolidated Financial Statements for the financial year ended December 31, 2024**

**According to Egyptian Accounting Standards (EAS)**

---

**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 Financial Statements for the financial year ended December 31, 2024

According to Egyptian Accounting Standards (EAS)

---

**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 yearically 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 property ,plant and equipment is determined by an independent professional valuer using the fair value approach

**2-5 Measurement of fair values**

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

- **Level 1:** quoted prices (unadjusted) in active markets for identical assets or liabilities.
- **Level 2:** inputs of the quoted prices included in level (1) that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- **Level 3:** inputs for the asset or liability that are not based on observable market data (unobservable inputs).
- The Company recognizes transfers between levels of the fair value hierarchy at the end of the financial year during which the change has occurred.
- Further information about the assumptions made in measuring fair values is included in the following notes:
  - Property, plants and equipment (Note 15)
  - Financial instruments (Note 37)

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

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

**Lecico Egypt (S.A.E.)**

**Notes to the Consolidated Financial Statements for the financial year ended December 31, 2024**

**According to Egyptian Accounting Standards (EAS)**

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

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

<b><u>Financial position statement as of</u></b>	<b>Lebanese ceramics industries EGP (unaudited) December 31, 2024</b>	<b>Lebanese ceramics industries EGP (unaudited) December 31, 2023</b>
<b><u>Assets</u></b>		
Non-current assets	113 549 705	107 170 576
Current assets	166 944 638	91 508 578
<b>Total assets</b>	<b>280 494 343</b>	<b>198 679 154</b>
<b><u>Equity</u></b>		
Issued & paid up capital	10 974 654	10 974 654
Reserves	3 658 218	237 254 032
Accumulated (losses)	(68 799 061)	(58 332 703)
Foreign entities translation differences	151 441 006	(95 203 359)
<b>Total Equity</b>	<b>97 274 817</b>	<b>94 692 624</b>
<b><u>Liabilities</u></b>		
Non-current liabilities	9 621 739	3 117 762
Current liabilities	8 733 718	4 576 291
Current liabilities-Lecico Egypt	164 864 069	96 292 477
<b>Total liabilities</b>	<b>183 219 526</b>	<b>103 986 530</b>
<b>Total Equity and liabilities</b>	<b>280 494 343</b>	<b>198 679 154</b>
<b><u>Profit or loss statement for the financial year ended</u></b>	<b>December 31, 2024 EGP (unaudited)</b>	<b>December 31, 2023 EGP (unaudited)</b>
Sales	102 728 196	95 420 109
Cost of sales	(74 356 243)	(51 699 684)
<b>Gross profit</b>	<b>28 371 953</b>	<b>43 720 425</b>
Operating expenses	(38 058 669)	(73 079 997)
Net finance (expenses) income	(779 642)	9 391 011
<b>Net (loss) for the year</b>	<b>(10 466 358)</b>	<b>(19 968 561)</b>

**Lecico Egypt (S.A.E.)**

**Notes to the Consolidated Financial Statements for the financial year ended December 31, 2024**

**According to Egyptian Accounting Standards (EAS)**

---

**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 years ended December 31, 2024 and December 31, 2023 by Sanitary Ware, Tile, Brassware segments are detailed below:

<b><u>December 31, 2024</u></b>	<b><u>Sanitary Ware Segment</u></b>	<b><u>Tile Segment</u></b>	<b><u>Brass ware Segment</u></b>	<b><u>Total</u></b>
	<b><u>EGP</u></b>	<b><u>EGP</u></b>	<b><u>EGP</u></b>	<b><u>EGP</u></b>
Assets	2 838 402 773	2 351 501 940	189 561 749	5 379 466 462
Liabilities	1 762 120 144	1 469 612 798	169 879 399	3 401 612 341
Revenues	4 303 384 491	1 976 494 702	364 808 421	6 644 687 614
Net profit attributable to shareholders of the holding Company	<u>590 495 813</u>	<u>294 790 203</u>	<u>64 308 271</u>	<u>949 594 287</u>
<b><u>December 31,2023</u></b>				
Assets	2 260 936 429	1 665 228 863	117 578 816	4 043 744 108
Liabilities	1 684 800 577	1 251 643 690	131 279 999	3 067 724 266
Revenues	3 168 669 968	1 354 826 130	319 435 112	4 842 931 210
Net (loss)/Profit attributable to shareholders of the holding Company	<u>301 683 198</u>	<u>122 222 893</u>	<u>60 187 417</u>	<u>484 093 508</u>

**Lecico Egypt (S.A.E.)**

**Notes to the Consolidated Financial Statements for the financial year ended December 31, 2024**

**According to Egyptian Accounting Standards (EAS)**

---

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 years ended December 31, 2024 and December 31, 2023 by geographical areas are detailed below:

<b><u>December 31, 2024</u></b>	<b><u>Egypt</u></b> <b><u>EGP</u></b>	<b><u>Lebanon</u></b> <b><u>EGP</u></b>	<b><u>Others</u></b> <b><u>EGP</u></b>	<b><u>Total</u></b> <b><u>EGP</u></b>
Assets	4 283 752 699	318 848 407	776 865 356	5 379 466 462
Liabilities	2 613 118 200	183 219 525	605 274 616	3 401 612 341
Revenues	5 734 380 212	70 287 655	840 019 747	6 644 687 614
Net profit/ (loss) attributable to shareholders of the holding Company	<u>1 021 597 746</u>	<u>(27 409 709)</u>	<u>(44 593 750)</u>	<u>949 594 287</u>
<b><u>December 31, 2023</u></b>				
Assets	3 340 036 100	189 913 887	513 794 121	4 043 744 108
Liabilities	2 599 434 357	184 089 429	284 200 480	3 067 724 266
Revenues	4 184 711 986	75 801 577	582 417 647	4 842 931 210
Net profit / (loss) attributable to shareholders of the holding Company	<u>483 606 008</u>	<u>(114 184 067)</u>	<u>114 641 567</u>	<u>484 093 508</u>

**Lecico Egypt (S.A.E.)**

**Notes to the Consolidated Financial Statements for the financial year ended December 31, 2024**

**According to Egyptian Accounting Standards (EAS)**

**5- Sales**

Revenue recognition at a point of time

	<b>Note No.</b>	<b>31/12/2024 EGP</b>	<b>31/12/2023 EGP</b>
Sanitary Ware sales		4 303 384 491	3 168 669 968
Tile sales		1 976 494 702	1 354 826 130
Brass ware sales		364 808 421	319 435 112
		<b>6 644 687 614</b>	<b>4 842 931 210</b>

**6- Cost of sales**

Raw materials and consumables		2 985 144 598	1 942 031 097
Energy expense		870 259 512	556 896 315
Depreciation		127 482 721	84 353 442
Employees' share in profit		15 339 400	49 134 247
Change in finished goods and under process		80 582 933	241 829 626
Write down in inventory		22 741 315	49 575 086
Other		607 807 366	392 608 327
		<b>4 709 357 845</b>	<b>3 316 428 140</b>

**7- Other Income**

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

**8- Selling and distribution expense**

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

**9- General and administrative expense**

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

**Lecico Egypt (S.A.E.)**

**Notes to the Consolidated Financial Statements for the financial year ended December 31, 2024**

**According to Egyptian Accounting Standards (EAS)**

**10- Expected credit loss**

	<b>Note No.</b>	<b>31/12/2024 EGP</b>	<b>31/12/2023 EGP</b>
Expected credit loss in Trades and notes receivables	(21)	4 832 212	17 025 260
Expected credit loss in cash and cash equivalent	(23)	2 977 896	--
		<b>7 810 108</b>	<b>17 025 260</b>

**11- Other Expenses**

Formed claims provision	(29)	76 502 438	81 040 646
Miscellaneous expenses		42 570 437	64 324 879
Remuneration of the holding company's board of directors	(34-3)	12 229 534	8 169 779
		<b>131 302 409</b>	<b>153 535 304</b>

**12- Net Finance (income) /expenses**

**Finance interest finance Expense**

Finance expenses	274 103 085	243 747 057
Finance interest expenses on lease contract	7 771 959	5 051 997
Net Foreign exchange rate differences	--	35 043 078
<b>Total finance expense</b>	<b>281 875 044</b>	<b>283 842 132</b>

**Less:**

**Finance Income**

Interest Income	6 870 943	--
Income from investment fair value through profit or loss*	153 805 960	29 738 182
Net Foreign currency exchange differences	201 137 365	--
<b>Total finance income</b>	<b>361 814 268</b>	<b>29 738 182</b>
<b>Net finance (income)/expenses</b>	<b>(79 939 224)</b>	<b>254 103 950</b>

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

**13- Basic and diluted earning per share in profit**

The earning per share in profit ( basic and diluted) was calculated as follows:

	<b><u>December 31,2024</u></b>	<b><u>December 31,2023</u></b>
Net profit for the year attributable to the holding company's shareholders (EGP)	949 594 287	483 176 286
The number of outstanding shares during the year(share)*	80 000 000	80 000 000
<b>Basic and diluted earning per share in profit for the year(EGP/share)</b>	<b>11.87</b>	<b>6.04</b>

**Lecico Egypt (S.A.E.)**

**Notes to the Consolidated Financial Statements for the financial year ended December 31, 2024**

**According to Egyptian Accounting Standards (EAS)**

**14- Income tax**

**14.1. Income tax charged to profit or loss consolidated statement**

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

**14.2. Recognized deferred tax assets and liabilities**

	<b>Financial statement</b>		<b>Profit or loss statement</b>	
	<b>31/12/2024</b>	<b>31/12/2023</b>	<b>31/12/2024</b>	<b>31/12/2023</b>
<i>In Egyptian Pound</i>				
Property, plant and Equipment (liability)	21 980 538	30 293 143	(7 104 104)	12 406 302
Inventory (Asset)	(3 506 298)	(3 699 795)	193 497	(74 303)
<b>Deferred Tax for the Year</b>	<b>18 474 240</b>	<b>26 593 348</b>	<b>(6 910 607)</b>	<b>12 331 999</b>

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

**14.3. Reconciliation of effective tax rate**

	<b>31/12/2024</b>	<b>31/12/2023</b>
	<b>EGP</b>	<b>EGP</b>
<b>Net Profit before tax</b>	<b>1 291 980 976</b>	<b>724 568 293</b>
<b>Tax rate</b>	<b>22.5%</b>	<b>22.5%</b>
<b>Income tax calculated based on the accounting Profit</b>	<b>290 695 720</b>	<b>163 027 866</b>
Effect of provisions and ECL	86 686 426	143 835 591
Investment financing cost	698 500	314 325
Non deductible tax exepnses	103 409 854	84 168 361
Exemption (investments income)	(160 790 960)	(3 143 250)
Tax base	22.5% 1 321 984 796	22.5% 949 743 320
<b>Income tax exepnse</b>	<b>297 446 579</b>	<b>213 692 247</b>
<b>Income tax (investment profit)</b>	<b>15 049 536</b>	<b>--</b>
<b>Total Income tax exepnse</b>	<b>312 496 115</b>	<b>213 692 247</b>
<b>Effective Tax Rate</b>	<b>24.2%</b>	<b>29.4%</b>

**Lecico Egypt (S.A.E.)**

**Notes to the Consolidated Financial Statements for the financial year ended December 31, 2024**

**According to Egyptian Accounting Standards (EAS)**

---

**14.4. Unrecognized deferred tax assets**

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

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

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

**Deferred tax liabilities for undistributed dividends**

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

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

**14.5. Accrued income tax**

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

## Lecico Egypt (S.A.E.)

## Note to the Consolidated Financial Statements for the financial year ended December 31, 2024

## According to Egyptian Accounting Standards (EAS)

**15- Property, plant and equipment**

<b>Cost</b>	<b>Land EGP</b>	<b>Buildings EGP</b>	<b>Leasehold Improvements EGP</b>	<b>Machinery &amp; Equipment EGP</b>	<b>Vehicles EGP</b>	<b>Tools EGP</b>	<b>Furniture, Office Equipment &amp; Computers EGP</b>	<b>Rights - of use assets EGP</b>	<b>Total EGP</b>
As of 01/01/2024	127 717 872	415 478 227	28 431 957	1 710 065 398	108 493 435	218 403 499	51 274 650	166 821 122	2 826 686 160
Translation differences	216	52 839 348	13 586 690	281 059 173	29 433 494	25 747 577	9 721 631	109 613 520	522 001 649
Additions during the year	--	6 534 281	919 421	223 905 383	34 211 532	4 473 321	6 067 507	3 985 038	280 096 483
Disposals during the year	--	--	(1 195 194)	(44 888 787)	(1 638 636)	--	(4 627)	--	(47 727 244)
<b>As of 31/12/2024</b>	<b>127 718 088</b>	<b>474 851 856</b>	<b>41 742 874</b>	<b>2 170 141 167</b>	<b>170 499 825</b>	<b>248 624 397</b>	<b>67 059 161</b>	<b>280 419 680</b>	<b>3 581 057 048</b>
<b>Accumulated Depreciation</b>									
As of 01/01/2024	--	288 982 309	18 383 675	1 373 731 657	93 831 206	185 306 664	43 966 185	76 533 946	2 080 735 642
Translation differences	--	36 018 116	11 383 229	279 538 729	28 493 382	11 374 041	9 384 489	42 434 555	418 626 541
Depreciation of the year	--	14 589 907	2 745 235	111 607 942	6 807 756	5 163 297	1 995 404	32 064 317	174 973 858
Disposals accumulated depreciation	--	--	(1 195 194)	(44 888 787)	(1 638 636)	--	(4 627)	--	(47 727 244)
<b>As of 31/12/2024</b>	<b>--</b>	<b>339 590 332</b>	<b>31 316 945</b>	<b>1 719 989 541</b>	<b>127 493 708</b>	<b>201 844 002</b>	<b>55 341 451</b>	<b>151 032 818</b>	<b>2 626 608 797</b>
<b>Net book value</b>									
As of 31/12/2024	127 718 088	135 261 524	10 425 929	450 151 626	43 006 117	46 780 395	11 717 710	129 386 862	945 448 251
As of 31/12/2023	127 717 872	126 495 918	10 048 282	336 333 741	14 662 229	33 096 835	7 308 465	90 287 176	745 950 518
Fully depreciated assets and still working	--	58 420 616	4 361 931	795 365 926	44 432 443	159 069 087	25 946 830	--	1 087 596 833

- 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:**

	<b>Note No</b>	<b>31/12/2024 EGP</b>	<b>31/12/2023 EGP</b>
Cost of sales	(6)	127 482 721	84 353 442
General and administrative expense	(9)	45 472 424	28 776 827
Selling and distribution expense	(8)	2 018 713	2 225 991
		<b>174 973 858</b>	<b>115 356 260</b>

Lecico Egypt (S.A.E.)

Note to the Consolidated Financial Statements for the financial year ended December 31, 2024

According to Egyptian Accounting Standards (EAS)

**Property, plant and equipment (Continued)**

<b>Cost</b>	<b>Land EGP</b>	<b>Buildings EGP</b>	<b>Leasehold Improvements EGP</b>	<b>Machinery &amp; Equipment EGP</b>	<b>Vehicles EGP</b>	<b>Tools EGP</b>	<b>Furniture, Office Equipment &amp; Computers EGP</b>	<b>Rights - of use assets EGP</b>	<b>Total EGP</b>
<b>As of 01/01/2023</b>	<b>127 735 510</b>	<b>388 326 251</b>	<b>27 976 987</b>	<b>1 369 015 587</b>	<b>83 991 751</b>	<b>199 086 643</b>	<b>43 519 244</b>	<b>112 989 192</b>	<b>2 352 641 165</b>
Translation differences	(17 638)	26 100 958	5 077 615	156 398 466	15 469 838	13 863 230	5 234 404	40 557 373	262 684 246
Additions during the year	--	1 763 494	1 552 486	207 405 673	9 717 107	5 453 626	2 521 002	18 117 454	246 530 842
Disposals during the year	--	(712 476)	(6 175 131)	(22 754 328)	(685 261)	--	--	(4 842 897)	(35 170 093)
<b>As of 31/12/2023</b>	<b>127 717 872</b>	<b>415 478 227</b>	<b>28 431 957</b>	<b>1 710 065 398</b>	<b>108 493 435</b>	<b>218 403 499</b>	<b>51 274 650</b>	<b>166 821 122</b>	<b>2 826 686 160</b>
<b>Accumulated Depreciation</b>									
<b>As of 01/01/2023</b>	--	<b>258 025 125</b>	<b>20 053 871</b>	<b>1 177 915 595</b>	<b>76 979 604</b>	<b>172 540 173</b>	<b>37 484 134</b>	<b>36 630 367</b>	<b>1 779 628 869</b>
Translation differences	--	17 718 404	2 614 765	150 511 238	15 243 575	6 123 396	4 997 986	22 913 395	220 122 759
Depreciation of the year	--	13 891 936	1 890 170	68 059 151	2 298 895	6 643 095	1 484 065	21 088 948	115 356 260
Disposals accumulated depreciation	--	(653 156)	(6 175 131)	(22 754 327)	(690 868)	--	--	(4 098 764)	(34 372 246)
<b>As of 31/12/2023</b>	--	<b>288 982 309</b>	<b>18 383 675</b>	<b>1 373 731 657</b>	<b>93 831 206</b>	<b>185 306 664</b>	<b>43 966 185</b>	<b>76 533 946</b>	<b>2 080 735 642</b>
<b>Net book value</b>									
<b>As of 31/12/2023</b>	<b>127 717 872</b>	<b>126 495 918</b>	<b>10 048 282</b>	<b>336 333 741</b>	<b>14 662 229</b>	<b>33 096 835</b>	<b>7 308 465</b>	<b>90 287 176</b>	<b>745 950 518</b>
<b>As of 31/12/2022</b>	<b>127 735 510</b>	<b>130 301 126</b>	<b>7 923 116</b>	<b>191 099 992</b>	<b>7 012 147</b>	<b>26 546 470</b>	<b>6 035 110</b>	<b>76 358 825</b>	<b>573 012 296</b>
<b>Fully depreciated assets and still working</b>	--	<b>51 425 006</b>	<b>11 162 114</b>	<b>751 693 385</b>	<b>47 107 548</b>	<b>143 495 209</b>	<b>30 962 929</b>	--	<b>1 035 846 191</b>

**Depreciation expense has been charged as follow:**

	<b>31/12/2023 EGP</b>	<b>31/12/2022 EGP</b>
Cost of sales	84 353 442	90 151 931
General and administrative expense	28 776 827	16 627 928
Selling and distribution expense	2 225 991	2 693 833
	<b>115 356 260</b>	<b>109 473 692</b>

Lecico Egypt (S.A.E.)

Notes to the Consolidated Financial Statements for the financial year ended December 31, 2024

According to Egyptian Accounting Standards (EAS)

**16- Projects under construction**

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

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

\*\*it represents the value of purchasing new office in 5<sup>th</sup> settlement in cairo.

As showing project under construction movement:

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

**17- Intangible Assets**

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

**18- Investments in associates**

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

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

Lecico Egypt (S.A.E.)

Notes to the Consolidated Financial Statements for the financial year ended December 31, 2024

According to Egyptian Accounting Standards (EAS)

**19- Long-term notes receivables**

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

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

**20- Inventories**

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

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

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

**21- Trade and other receivables**

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

Lecico Egypt (S.A.E.)

Notes to the Consolidated Financial Statements for the financial year ended December 31, 2024

According to Egyptian Accounting Standards (EAS)

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

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

**22- Investment with fair value through profit or loss**

	<b>Note No.</b>	<b>December 31, 2024 EGP</b>	<b>December 31, 2023 EGP</b>
Cost of purchase during the year		598 962 241	48 905 131
<b><u>Deduct:</u></b>			
Revenues from selling investment during the year		(752 768 201)	(78 643 313)
<b><u>Add:</u></b>			
Gain on selling investment during the year	(12)	153 805 960	29 738 182
		--	--

**23- Cash and cash equivalent**

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

**24- Credit facilities**

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

**Lecico Egypt (S.A.E.)**

Notes to the Consolidated Financial Statements for the financial year ended December 31, 2024

According to Egyptian Accounting Standards (EAS)

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

**25- Share capital****25-1 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.

**25-2 Issued and paid up capital**

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

The holders of ordinary shares are entitled to receive dividends as declared from 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:**

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

**25-3 Treasury shares**

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

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

**Lecico Egypt (S.A.E.)**

**Notes to the Consolidated Financial Statements for the financial year ended December 31, 2024**

**According to Egyptian Accounting Standards (EAS)**

**25-4 Non controlling interests**

Non-controlling interests balance at December 31, 2024, 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</u>	<u>Foreign</u>	<u>as of</u>	<u>as of</u>
		<u>for the year</u>	<u>shareholder</u>	<u>currency</u>	<u>31/12/2024</u>	<u>31/12/2023</u>
		<u>EGP</u>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>	
Lecico for ceramics	0.0045	15 744	(2 099)	—	56 421	42 775
International ceramics	0.0333	25 151	(3 146)	—	210 678	188 673
European ceramics	0.0300	18 302	(12 335)	—	228 994	223 026
Burg armaturen Fabric	30.1500	26 557 761	(3 853 096)	—	81 439 503	58 734 839
Sarreguemines	0.1500	(23 894)	—	—	39 201	63 095
Lecico for financial investments	0.6667	(163)	—	—	20 575	20 738
Lebanese ceramics industries co.	5.2300	(584 685)	—	(1 869 375)	(11 172 051)	(8 717 992)
Lecico South Africa	49	4 280 990	—	7 028 210	34 794 681	23 485 481
Lecico CEE	9	(398 633)	—	(1 034 718)	(3 239 975)	(1 806 624)
		<b>29 890 574</b>	<b>(3 870 675)</b>	<b>4 124 117</b>	<b>102 378 027</b>	<b>72 234 011</b>

**As follow Summary of financial statements of burg armaturen fabric,lecico (UK) Ltd "Fully owned by Lecico Egypt and controlling Lecico South Africa and Lecico Poland and Lebanese ceramics industries co. as at December 31, 2024**

	<u>Burg</u> <u>Armaturen</u> <u>Fabric</u> <u>EGP</u> <u>(Audited)</u>	<u>Lecico (UK) Ltd</u> <u>EGP</u> <u>(Audited)</u>	<u>Lebanese</u> <u>ceramics</u> <u>industries co.</u> <u>EGP</u> <u>(Unaudited)</u>
Non current assets	36 620 216	178 379 583	113 549 705
Current assets	396 896 704	598 485 764	166 944 638
<b>Total assets</b>	<b>433 516 920</b>	<b>776 865 347</b>	<b>280 494 343</b>
Equity	268 415 049	175 461 422	97 274 817
Current liabilities	162 481 605	507 187 625	173 597 787
Non current liabilities	2 620 266	94 216 300	9 621 739
<b>Total equity and liabilities</b>	<b>433 516 920</b>	<b>776 865 347</b>	<b>280 494 343</b>
Total sales	380 549 740	1 485 580 378	102 728 196
Net profit /(loss) of the year	88 992 771	(40 711 393)	(10 466 358)

**Lecico Egypt (S.A.E.)**  
**Consolidated Financial Statements Notes for the financial year ended December 31, 2024**  
**According to Egyptian Accounting Standards (EAS)**

**26- Reserves**

	<u>Legal Reserve EGP</u>	<u>Other* Reserves EGP</u>	<u>Reserve for Land Revaluation Surplus ** EGP</u>	<u>Share premium Reserve EGP</u>	<u>Translation Reserve EGP</u>	<u>Total EGP</u>
<b>Balance at January 1, 2023</b>	50 915 481	15 571 032	42 901 150	181 164 374	190 367 006	480 919 043
Translation differences for foreign entities	--	-	-	-	(78 461 506)	(78 461 506)
<b>Balance at December 31, 2023</b>	<u>50 915 481</u>	<u>15 571 032</u>	<u>42 901 150</u>	<u>181 164 374</u>	<u>111 905 500</u>	<u>402 547 537</u>
<b>Balance at January 1, 2024</b>	50 915 481	15 571 032	42 901 150	181 164 374	111 905 500	402 547 537
Translation differences for foreign entities	--	-	-	-	119 345 502	119 345 502
<b>Balance at December 31, 2024</b>	<u>50 915 481</u>	<u>15 571 032</u>	<u>42 901 150</u>	<u>181 164 374</u>	<u>231 251 002</u>	<u>521 803 039</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-Quir that was revalued to reflect its fair value at the date of revaluation in the year 1997. The revaluation result was included in the other comprehensive income items in the shareholders' equity and is not distributable or transferable to capital.

**Lecico Egypt (S.A.E.)**  
**Note to the Consolidated Financial Statements for the financial year ended December 31, 2024**  
**According to Egyptian Accounting Standards (EAS)**

**27- Legal Reserve**

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

**28- Loans**

	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	Installments due within one year EGP	
The outstanding balance of loan granted from the CIB to the holding company amounted to USD 2.7 million with variable interest rate 4%. Above SOFR rate The loan will be repaid over 18 quarterly consecutive installments each amounting USD 300 000 starting from September 2019 till March 2024.	9 267 000	(9 267 000)	--	--	--	--
The Outstanding balance of loan granted from HSBC Bank for Lecico -UK (Lecico plc) with an amount of GBP 100 thousand and will be paid over 60 monthly installments each installment with an amount of GBP 1786.92 the variable interest rate is equal 2.62% starting from April 2020 till March 2025.	1 056 343	(1 208 926)	496 291	344 005	(344 005)	--
<b>Balance on December 31, 2024</b>	<b>10 323 343</b>	<b>(10 475 629)</b>	<b>496 291</b>	<b>344 005</b>	<b>(344 005)</b>	<b>--</b>
	31 December 2023					Balance of long term loans at December 31, 2023 EGP
	Balance on January 1, 2023 EGP	Repayments of loan during the year EGP	Foreign currency Translation differences EGP	Balance on December 31, 2023 EGP	Installments 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.	37 110 000	(36 897 000)	9 054 000	9 267 000	(9 267 000)	--
The Outstanding balance of loan granted from HSBC Bank for Lecico -UK (Lecico plc) with an amount of GBP 100 thousand and will be paid over 60 monthly 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.	1 469 605	(847 532)	434 270	1 056 343	(891 729)	164 614
<b>Balance on December 31, 2023</b>	<b>38 579 605</b>	<b>(37 744 532)</b>	<b>9 488 270</b>	<b>10 323 343</b>	<b>(10 158 729)</b>	<b>164 614</b>

**Lecico Egypt (S.A.E.)**  
**Note to the Consolidated Financial Statements for the financial year ended December 31, 2024**  
**According to Egyptian Accounting Standards (EAS)**

---

**29- Lease liability**

**29-1 Lease liability movement**

	<b>December 31, 2024</b>	<b>December 31, 2023</b>
	<b><u>EGP</u></b>	<b><u>EGP</u></b>
Present value of liabilities arisen from lease contracts	143 149 713	108 779 664
<b><u>Less :</u></b>		
Installments due within one year	<u>(35 443 162)</u>	<u>(23 801 960)</u>
<b>Non current portion of lease liability</b>	<b><u>107 706 551</u></b>	<b><u>84 977 704</u></b>

**Lease liabilities**

Opening balance	108 779 664	87 948 453
Additions during the year	3 985 038	18 117 454
Disposals during the year	--	(889 534)
<b><u>Add/(deduct)</u></b>		
Finance interest	7 771 959	5 051 997
Payments during the year-(principle)	(24 307 947)	(20 961 125)
Payments during the year-(interest)	(7 771 959)	(5 051 997)
Foreign currency exchange differences	<u>54 692 958</u>	<u>24 564 416</u>
<b>Lease liability ending balances</b>	<b><u>143 149 713</u></b>	<b><u>108 779 664</u></b>
<b><u>Deduct</u></b>		
Current portion of lease liabilities represented in due installments during the next financial year	(35 443 162)	(23 801 960)
<b>Non-current portion of lease liabilities</b>	<b><u>107 706 551</u></b>	<b><u>84 977 704</u></b>

**29-2 Summary of due dates**

**lease payments due during the following years:**

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

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

**Lecico Egypt (S.A.E.)**  
**Note to the Consolidated Financial Statements for the financial year ended December 31, 2024**  
**According to Egyptian Accounting Standards (EAS)**

**30- Provisions**

	Balance as of 1/1/2024 <u>EGP</u>	Translation Differences <u>EGP</u>	Formed Provisions <u>EGP</u>	Provisions Utilized <u>EGP</u>	Balance as of 31/12/2024 <u>EGP</u>
<b><u>Provisions Disclosed in the Non-Current Liabilities</u></b>					
Provision claims related to Lebanese ceramics industries company	3 117 762	2 766 813	3 737 164	--	9 621 739
	<b>3 117 762</b>	<b>2 766 813</b>	<b>3 737 164</b>	<b>--</b>	<b>9 621 739</b>
<b><u>Provision Disclosed in the Current Liabilities</u></b>					
Legal Provision	1 000 000	--	--	--	1 000 000
Tax Provision	91 430 000	--	55 550 000	(27 468 925)	119 511 075
Claims Provision	26 940 876	--	17 215 274	(13 430 595)	30 725 555
	<b>119 370 876</b>	<b>--</b>	<b>72 765 274</b>	<b>(40 899 520)</b>	<b>151 236 630</b>
<b>Total</b>	<b>122 488 638</b>	<b>2 766 813</b>	<b>76 502 438</b>	<b>(40 899 520)</b>	<b>160 858 369</b>

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

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

**31- Non-cash transactions**

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

	Note No.	31/12/2024 <u>EGP</u>	31/12/2023 <u>EGP</u>
Right of use assets	(15)	3 985 038	18 117 454
Lease liabilities	(29)	(3 985 038)	(18 117 454)

**32- Notes payables**

**32-1 Notes payable related to gas used**

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

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

**Lecico Egypt (S.A.E.)**  
**Note to the Consolidated Financial Statements for the financial year ended December 31, 2024**  
**According to Egyptian Accounting Standards (EAS)**

**33- Trade and other payables**

	<b>Note</b>	<b>December 31,</b>	<b>December 31,</b>
	<b>No.</b>	<b><u>2024</u></b>	<b><u>2023</u></b>
		<b><u>EGP</u></b>	<b><u>EGP</u></b>
Trade payable		755 900 722	428 607 928
Notes payable		199 666 459	89 803 690
Due to related parties	(34-2)	2 621 570	861 991
Social insurance authority and tax authority		31 648 826	22 773 512
Accrued expenses		215 662 921	151 198 954
Deposits with others		--	24 701
Sundry creditors		237 861 548	177 263 413
Value added tax authority – current account		36 746 038	31 595 563
Dividends payable		389 929	389 929
Employees' Profit share from certain group companies		43 622 800	40 713 609
		<b><u>1 524 120 813</u></b>	<b><u>943 233 290</u></b>

**34- Related Parties**

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

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

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

**34-1 Due from related parties**

	<b>Natural</b>	<b>Nature of</b>	<b>December 31,</b>	<b>December 31,</b>
	<b>relationship</b>	<b>transaction</b>	<b><u>2024</u></b>	<b><u>2023</u></b>
			<b><u>EGP</u></b>	<b><u>EGP</u></b>
<b><u>Due from Related Parties</u></b>				
Murex Industries and Trading (S.A.L)	Associate	sales	--	1 023 185
			--	<b>1 023 185</b>
El-Khaleeg for Trading and Investment	Associate	Current	300 100	300 100
<b>Total due from related parties</b>			<b>300 100</b>	<b>1 323 285</b>
<b><u>Less:</u></b>				
Impairment for balance of "El-Khaleeg for Trading and Investment"			(300 100)	(300 100)
<b>Net due from related parties</b>			<b>--</b>	<b>1 023 185</b>

**34-2 Due to Related Parties**

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

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

**Lecico Egypt (S.A.E.)**  
**Note to the Consolidated Financial Statements for the financial year ended December 31, 2024**  
**According to Egyptian Accounting Standards (EAS)**

---

**34-3 Transactions with members of the Board of Directors of the Holding Company:**

The statement of consolidated profit or loss for the financial year ending December 31, 2024, was charged with the allowances of the members of the board of directors of the holding company and executive managers included in "other expenses", in the amount of EGP 12 229 534 (Compared to the amount of EGP 8 169 779 ,for the financial year ending on December 31, 2023,) Note no. (11).

**34-4 Top management members**

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

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

**35- Contingent Liabilities**

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

	<b>December 31, <u>2024</u></b>	<b>December 31, <u>2023</u></b>
<b><u>Letters of guarantee</u></b>		
EGP	18 816 729	28 868 540
EURO	4 000 000	4 000 000
<b><u>Letters of Credit</u></b>		
	<b>December 31, <u>2024</u></b>	<b>December 31, <u>2023</u></b>
EGP	74 859 865	46 072 832

**36- Capital Commitment**

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

**37- Financial Instruments**

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

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

**Lecico Egypt (S.A.E.)**  
**Note to the Consolidated Financial Statements for the financial year ended December 31, 2024**  
**According to Egyptian Accounting Standards (EAS)**

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.

		<b>December 31, <u>2024</u> <u>EGP</u></b>	<b>December 31, <u>2023</u> <u>EGP</u></b>
<b><u>Financial Assets</u></b>			
<b><u>At amortization cost</u></b>			
Banks current accounts and time deposits	(22)	303 625 126	440 120 984
Trade and Notes receivables and other debit balances	(21)	1 318 174 040	1 141 159 023
Due from related parties	(21)؛(34)	--	1 023 185
		<b><u>1 621 799 166</u></b>	<b><u>1 582 303 192</u></b>
<b><u>Financial liabilities</u></b>			
Trade and Notes payables and other credit balances	(33)	1 446 652 809	870 060 398
Lease liabilities	(29)	143 149 713	108 779 664
Credit facilities	(24)	918 482 312	1 387 483 248
Loans	(28)	344 005	10 323 343
Due to related parties	(34)	2 621 570	861 991
		<b><u>2 511 250 409</u></b>	<b><u>2 377 508 644</u></b>

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 259 175 674 (December 31, 2023: EGP 161 804 659) have been excluded from other debit balances it was also excluded non financial liabilities amount EGP 71 016 434 December 31, 2023: 55 231 066) have been excluded from other debit balances.

**37-1 Financial Risk Management**

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

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

**Lecico Egypt (S.A.E.)**

**Note to the Consolidated Financial Statements for the financial year ended December 31, 2024**

**According to Egyptian Accounting Standards (EAS)**

---

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

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 yearly.

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 year ended December 31, 2024**  
**According to Egyptian Accounting Standards (EAS)**

---

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

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

**C- Market Risk**

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

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

**D- Foreign currency risk**

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

The Company is exposed to foreign currency risk on purchases from foreign suppliers and loans denominated in foreign currency. The currencies giving rise to this risk are primarily US Dollar, Euro, Sterling Pound and South African Rand. The following table displays the impact of an acceptable possible change in the exchange rates of the US dollar, the euro, the British pound and the South African rand. With all other variables remaining constant, the impact on the company's profits before taxation is due to changes in the value of monetary assets and liabilities. Changes in the exchange rates of all other foreign currencies are considered immaterial.

**E- Interest rate risk**

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

**F- Other market price risk**

The company is exposed to risks associated with the pricing of goods from service providers

Selling prices exhibit limited volatility

To manage price risks, The company constantly monitor supply and demand trends in the market to determine the optimal time to enter service agreements

The company's management continuously monitors the fluctuations in the prices of key services

**Lecico Egypt (S.A.E.)**  
**Note to the Consolidated Financial Statements for the financial year ended December 31, 2024**  
**According to Egyptian Accounting Standards (EAS)**

**Exposure to Credit risk**

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

	Note No.	31/12/2024 EGP	31/12/2023 EGP
Banks current accounts and time deposits	(23)	303 625 126	440 120 984
Trade and Notes receivables and other debit balances	(21)	1 318 174 040	1 141 159 023
Due from related parties	(21),(34)	--	1 023 185
		<b>1 621 799 166</b>	<b>1 582 303 192</b>

**Exposure to Liquidity risk**

The following are the contractual terms of financial liabilities:

Contractual maturities of financial liabilities as of December 31, 2024	Less than 1 year EGP	2- 3 years EGP	3-4 years or more EGP	Contractual amount	Carrying amount EGP
Trade and other credit balances	1 311 692 393	--	--	1 311 692 393	1 311 692 393
Banks credit facilities and loans	918 826 317	--	--	918 826 317	918 826 317
Notes payables	193 217 889	362 336 011	--	554 685 184	555 553 900
Lease liabilities	35 443 162	63 119 289	44 587 240	156 629 461	143 149 713
<b>Total</b>	<b>2 459 179 761</b>	<b>425 455 300</b>	<b>44 587 240</b>	<b>2 941 833 355</b>	<b>2 929 222 323</b>

Contractual maturities of financial liabilities as of December 31, 2023	Less than 1 year EGP	2- 3 years EGP	3-4 years or more EGP	Contractual amount	Carrying amount EGP
Trade and other credit balances	882 408 040	--	--	882 408 040	882 408 040
Banks credit facilities and loans	1 397 641 977	164 614	--	1 397 641 977	1 397 806 591
Notes payables	71 861 864	335 209 954	--	504 529 486	407 071 818
Lease liabilities	26 946 876	42 138 332	41 132 998	110 218 206	108 779 664
<b>Total</b>	<b>2 378 858 757</b>	<b>377 512 900</b>	<b>41 132 998</b>	<b>2 894 962 323</b>	<b>2 796 066 113</b>

**Lecico Egypt (S.A.E.)**  
**Note to the Consolidated Financial Statements for the financial year ended December 31, 2024**  
**According to Egyptian Accounting Standards (EAS)**

**Exposure to currency risk**

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

**December 31, 2024**

Item	USD	EUR	GBP	ZAR	Total EGP
Cash and Cash Equivalents	1 080 119	2 344 224	436 495	--	206 791 801
Trade Receivables	4 376 079	4 270 774	1 087 141	4 297 584	529 430 031
<b>Total Assets in Currency</b>	<b>5 456 198</b>	<b>6 614 998</b>	<b>1 523 636</b>	<b>4 297 584</b>	<b>736 221 832</b>
Bank Credit Facilities	(1 389 617)	(448 805)	(60 447)	--	(98 251 747)
Note Payable and Other payables	(307 637)	(4 256 433)	(492 715)	--	(272 296 357)
<b>Total Liabilities in Currency</b>	<b>(1 697 254)</b>	<b>(4 705 238)</b>	<b>(553 162)</b>	<b>--</b>	<b>(370 548 104)</b>
<b>Exposure Surplus</b>	<b>3 758 944</b>	<b>1 909 760</b>	<b>970 474</b>	<b>4 297 584</b>	<b>365 673 728</b>
<b>Equivalent in EGP</b>	<b>191 104 728</b>	<b>101 064 506</b>	<b>61 858 043</b>	<b>11 646 452</b>	<b>365 673 728</b>

**December 31, 2023**

Item	USD	EUR	GBP	ZAR	Total EGP
Cash and Cash Equivalents	618 492	5 338 932	1 329 145	--	253 438 068
Trade Receivables	4 728 233	4 890 936	1 217 389	10 528 658	378 509 378
<b>Total Assets in Currency</b>	<b>5 346 725</b>	<b>10 229 868</b>	<b>2 546 535</b>	<b>10 528 658</b>	<b>631 947 446</b>
Bank Credit Facilities	(1 658 141)	(604 929)	(577 248)	--	(94 551 220)
Note Payable and Other payables	(257 447)	(4 155 964)	(1 710)	--	(149 738 165)
<b>Total Liabilities in Currency</b>	<b>(1 915 588)</b>	<b>(4 760 893)</b>	<b>(578 958)</b>	<b>--</b>	<b>(244 289 385)</b>
<b>Exposure Surplus</b>	<b>3 431 137</b>	<b>5 468 974</b>	<b>1 967 577</b>	<b>10 528 658</b>	<b>387 658 062</b>
<b>Equivalent in EGP</b>	<b>105 987 812</b>	<b>186 492 030</b>	<b>77 384 788</b>	<b>17 793 432</b>	<b>387 658 062</b>

	<b><u>December 31,2024</u></b>	<b><u>December 31,2023</u></b>
	<b><u>Surplus</u></b>	<b><u>Surplus</u></b>
USD	3 758 944	3 431 137
Euro	1 909 760	5 468 974
GBP	970 474	1 967 577
South African Rand	4 297 584	10 528 658

**Lecico Egypt (S.A.E.)**  
**Note to the Consolidated Financial Statements for the financial year ended December 31, 2024**  
**According to Egyptian Accounting Standards (EAS)**

**As follow exchange rates used during the year**

	<u>Averaging rates using</u>		<u>Closing rates at date of</u>	
	<u>during the year</u>		<u>financial statements</u>	
	<u>31/12/2024</u>	<u>31/12/2023</u>	<u>31/12/2024</u>	<u>31/12/2023</u>
USD	45.59	30.30	50.84	30.89
Euro	49.24	32.73	52.92	34.10
GBP	58.35	37.93	63.74	39.33
South African Rand	2.50	1.65	2.71	1.69

**Sensitivity Analysis**

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

**Profit or Loss**

	<u>Increase</u>	<u>Decrease</u>
US Dollar	9 555 236	(9 555 236)
Euro	5 053 225	(5 053 225)
Sterling Pound	3 092 901	(3 092 901)
Rand (South Africa)	582 323	(582 323)

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

**Profit or Loss**

	<u>Increase</u>	<u>Decrease</u>
US Dollar	5 299 391	(5 299 391)
Euro	9 324 600	(9 324 600)
Sterling Pound	3 869 240	(3 869 240)
Rand (South Africa)	889 672	(889 672)

**Interest rate risk**

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

	<u>Carrying amount</u>	
	<u>31/12/2024</u>	<u>31/12/2023</u>
	<u>EGP</u>	<u>EGP</u>
<b><u>Financial instruments with a fixed rate</u></b>		
Financial assets	--	355 357
Financial liabilities	143 149 713	108 779 664
	<b><u>143 149 713</u></b>	<b><u>109 135 021</u></b>
<b><u>Financial instruments with a variable rate</u></b>		
Financial liabilities	918 826 317	1 397 806 591
	<b><u>918 826 317</u></b>	<b><u>1 397 806 591</u></b>

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

**Lecico Egypt (S.A.E.)**  
**Note to the Consolidated Financial Statements for the financial year ended December 31, 2024**  
**According to Egyptian Accounting Standards (EAS)**

**Assessment of expected credit losses**

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

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

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

	December 31, 2024			December 31, 2023		
	<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>
<b><u>Trade and notes receivables</u></b>						
Non due	--	941 629 011	--	--	774 698 850	--
0-90 days	%18	67 481 737	11 835 320	28%	110 565 701	31 135 357
91-180 days	%11	14 583 901	15 920 043	24%	5 557 400	1 332 390
181-270 days	%20	3 941 492	799 773	33%	1 988 161	662 777
271-360 days	%8	7 286 062	549 326	68%	7 294 679	4 991 159
More than 360 days	%100	118 706 990	118 706 990	100%	85 055 857	85 055 857
<b>Total</b>		<b><u>1 153 629 193</u></b>	<b><u>133 483 452</u></b>		<b><u>985 160 648</u></b>	<b><u>123 177 540</u></b>

<u>Category</u>	<u>Company's definition of category</u>	<u>Basis for recognition of expected credit loss provision</u>
Performing	Other receivables have a low risk of default and a strong capacity to meet contractual cash flows.	12 month expected losses. Where the expected lifetime of an asset is less than 12 months, expected losses are measured at its expected lifetime.
Underperforming	Other receivables which have a significant increase in credit risk: a significant increase in credit risk is presumed if repayments are 90 days past due.	Lifetime expected losses.
Non-performing	Repayments are 120 days past due.	Lifetime expected losses.
Provision	Repayments are 360 days past due and there is no reasonable expectation of recovery.	Asset is written off

**Lecico Egypt (S.A.E.)**

**Note to the Consolidated Financial Statements for the financial year ended December 31, 2024**

**According to Egyptian Accounting Standards (EAS)**

---

**Fair Value of Financial Instruments**

- The fair values of the Company's financial instruments have been estimated to approximate their book value because the financial instruments are short-term in nature and do not carry any interest, except for short-term deposits at prevailing market rates and are expected to be realized at their present book value within twelve months from the date of the financial position.
- "Fair value" is the price that will be received for the sale of an asset or paid for the transfer of an obligation in a structured transaction between market participants on the date of measurement in the asset or, in its absence, in the most advantageous market that the Company has access on that date. The fair value of liabilities reflects the risk of non-performance.
- A number of accounting policies and disclosures require a company to measure the fair values of both financial and non-financial assets and liabilities.
- The company has consistent practices regarding the measurement of fair values. Management is fully responsible for overseeing all significant fair value measurements, including the third fair value level.

Management regularly reviews significant unnoteworthy inputs and evaluation adjustments. If third party information is used, such as broker quotes or pricing services. To measure fair value, management evaluates evidence obtained from third parties to support the conclusion that these valuations meet the requirements of Egyptian Accounting Standards including the level in the fair value hierarchy at which these valuations should be classified.

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

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

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

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

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

The Company 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.

**Lecico Egypt (S.A.E.)**  
**Note to the Consolidated Financial Statements for the financial year ended December 31, 2024**  
**According to Egyptian Accounting Standards (EAS)**

---

**Capital Management**

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

**38- Tax Status**

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

**First: Corporate income tax**

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

**Second: Payroll tax**

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

**Third: Stamp tax**

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

**Fourth: Sales tax \ Value added tax**

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

**Fifth: Real state tax**

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

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

**Lecico Egypt (S.A.E.)**  
**Note to the Consolidated Financial Statements for the financial year ended December 31, 2024**  
**According to Egyptian Accounting Standards (EAS)**

---

**39- 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.

**39-1 Basis of preparing consolidated financial statements**

**a. Business combination**

The consolidated financial statements include assets, liabilities and results of operations of Lecico Egypt (Holding Company) and all subsidiary companies upon which it has significant control and this control is achieved directly or indirectly by the ability to control the financial & 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.

**Lecico Egypt (S.A.E.)**  
**Note to the Consolidated Financial Statements for the financial year ended December 31, 2024**  
**According to Egyptian Accounting Standards (EAS)**

---

**c. Non-controlling interests (NCI)**

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

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

**d. Loss of control**

When the Group loses control over a subsidiary, it 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.

**39-2 Foreign currency translation and financial statement for foreign subsidiaries**

**Foreign currency transactions**

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

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

**Lecico Egypt (S.A.E.)**  
**Note to the Consolidated Financial Statements for the financial year ended December 31, 2024**  
**According to Egyptian Accounting Standards (EAS)**

---

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.

**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.

**39-3 Revenue recognition**

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

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

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

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

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

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

**Lecico Egypt (S.A.E.)**  
**Note to the Consolidated Financial Statements for the financial year ended December 31, 2024**  
**According to Egyptian Accounting Standards (EAS)**

---

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

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

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

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

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

The application of EAS (48) requires management to use the following judgements:

**Satisfaction of performance obligation**

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

**Determine the transaction price**

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

**Control transfer in contracts with customers**

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

In addition, the application of Egyptian Accounting Standard EAS (48) has resulted in:

**Lecico Egypt (S.A.E.)**  
**Note to the Consolidated Financial Statements for the financial year ended December 31, 2024**  
**According to Egyptian Accounting Standards (EAS)**

---

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

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

**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.

**39-4 Employee benefits**

**39-4-1 End of Services Benefit**

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

**39-4-2 Profitability of the employees' share of profit is recognized in the respective year**

**39-5 Expenses**

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

**39-6 Finance income and finance costs**

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

- Interest income;
- Interest expense;
- Dividend's
- Impairment losses for financial assets except trade receivables.
- Ineffective hedging 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.

**Lecico Egypt (S.A.E.)**  
**Note to the Consolidated Financial Statements for the financial year ended December 31, 2024**  
**According to Egyptian Accounting Standards (EAS)**

---

**39-7 Earnings per share**

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

**39-8 Income tax**

The group decided that interests and fines related to income tax including uncertain tax liabilities, does not meet the definition of income taxes, and are there for calculated under Egyptian 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.

**39-8-1 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

**39-8-2 Deferred tax**

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

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

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

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

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

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

**Lecico Egypt (S.A.E.)**

**Note to the Consolidated Financial Statements for the financial year ended December 31, 2024**

**According to Egyptian Accounting Standards (EAS)**

---

**39-9 Inventories**

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

**39-10 Property, plant & equipment**

**39-10-1 Recognition and measurement**

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

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

**39-10-2 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.

**39-10-3 Depreciation**

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

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

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

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

**39-11 Projects under construction**

This item represents the amounts spent for constructing or acquiring of Property ,Plant and equipment. Whenever it is completed and ready for its intended use in operations, then, it is transferred to Property , plant and equipment. Projects in progress are recorded at cost, and not depreciated until transferred to Property , 7plant and equipment.

**Lecico Egypt (S.A.E.)**  
**Note to the Consolidated Financial Statements for the financial year ended December 31, 2024**  
**According to Egyptian Accounting Standards (EAS)**

---

**39-12 Intangible assets**

**39-12-1 Goodwill**

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

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

**39-12-2 Other Intangible Assets**

Intangible assets and development costs are valued at cost, and 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.

**39-12-3 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.

**39-13 Leased contracts**

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

**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;

**Lecico Egypt (S.A.E.)**  
**Note to the Consolidated Financial Statements for the financial year ended December 31, 2024**  
**According to Egyptian Accounting Standards (EAS)**

---

2- Amended by any re-measurement of the lease obligation.

• **Initial measurement of lease obligation:**

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

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

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

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

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

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

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

**39-14 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.

**Lecico Egypt (S.A.E.)**  
**Note to the Consolidated Financial Statements for the financial year ended December 31, 2024**  
**According to Egyptian Accounting Standards (EAS)**

---

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).

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 such sales and expectations about future sales activity.

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

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

**Lecico Egypt (S.A.E.)**

**Note to the Consolidated Financial Statements for the financial year ended December 31, 2024**

**According to Egyptian Accounting Standards (EAS)**

---

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

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

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

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

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

**Financial assets – Subsequent measurement and gains and losses**

<b>Financial assets classified at FVTPL</b>	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.
<b>Financial assets at amortized cost</b>	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.
<b>Equity investments at FVOCI</b>	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.

**Lecico Egypt (S.A.E.)**  
**Note to the Consolidated Financial Statements for the financial year ended December 31, 2024**  
**According to Egyptian Accounting Standards (EAS)**

---

**Debt investments at FVOCI** These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

**Financial liabilities – Classification, subsequent measurement and gains and losses**

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

**Derecognition**

**Financial assets**

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

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

**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.

**Lecico Egypt (S.A.E.)**  
**Note to the Consolidated Financial Statements for the financial year ended December 31, 2024**  
**According to Egyptian Accounting Standards (EAS)**

---

**39-15 Share capital**

**39-15-1 Ordinary shares**

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

**39-15-2 Repurchase reissue of ordinary shares (treasury stock)**

When issued capital share (treasury shares) is repurchased, the amount of consideration paid, including directly attributable costs, is 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.

**39-16 Impairment**

**39-16-1 Non-derivative financial assets**

**Financial instruments and contract assets**

The Company recognizes loss allowances for ECLs on:

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

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

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

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

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

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

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

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

**Lecico Egypt (S.A.E.)**  
**Note to the Consolidated Financial Statements for the financial year ended December 31, 2024**  
**According to Egyptian Accounting Standards (EAS)**

---

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.

**39-16-2 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.

**39-16-3 Non-financial assets**

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

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

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

**Lecico Egypt (S.A.E.)**  
**Note to the Consolidated Financial Statements for the financial year ended December 31, 2024**  
**According to Egyptian Accounting Standards (EAS)**

---

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.

**39-17 Provisions**

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

**39-18 End of Services Benefit**

The holding company and its subsidiaries, Lecico Ceramic Industries and European Ceramics, participate in the end-of-service benefit fund, contributing 3% of annual wages, in addition to 0.5% to 1% of net profit, which is allocated to the fund based on the decision of the General Assembly at its annual meeting upon approving the profit distributions. The group's policy is to recognize employees' profit share in the period to which it relates.

**39-19 Cash and Cash Equivalents**

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

**39-20 Borrowing Cost**

The borrowing cost, represented in interest expenses, is 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.

**39-21 Segment Reporting results**

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

**39-22 Consolidated Cashflows Statement**

The cashflows statement is prepared according to the indirect method.

**Lecico Egypt (S.A.E.)**  
**Note to the Consolidated Financial Statements for the financial year ended December 31, 2024**  
**According to Egyptian Accounting Standards (EAS)**

---

**40- Hyperinflation**

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

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

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

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

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

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

**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).

**Lecico Egypt (S.A.E.)**  
**Note to the Consolidated Financial Statements for the financial year ended December 31, 2024**  
**According to Egyptian Accounting Standards (EAS)**

---

company) into Lecico Egypt (merging company). This will also involve the transfer of all the rights and obligations of the merged companies to the merging company in connection with the merger, based on the book values of the net equity of the merging and merged companies as shown in the financial statements as of December 31, 2022, which were the basis for the merger according to the valuation committee's report. Furthermore, the merging company will replace the merged companies with all their rights and obligations legally, as the successor of those companies. The authorized capital after the merger will be EGP 200,000,000 (Two Hundred Million Egyptian Pounds), which is the sum of the net equity of the merging company and the merged companies, after allocating EGP 22,797,230 to be transferred to the reserves in the merging company. Additionally, the nominal value of the share after the merger will be changed to EGP 2.5 (Two Egyptian Pounds and Fifty Piastres) instead of EGP 5.0 (Five Egyptian Pounds).

**42- New Editions and Amendments to Egyptian Accounting Standards:**

	<b><u>Effective date</u></b>
Egyptian Accounting Standard (EAS) No. 13 (Amended 2024) – Effects of Changes in Foreign Exchange Rates	1 January 2024
Egyptian Accounting Standard (EAS) No. 17 (Amended 2024) – Separate Financial Statements	1 January 2024
Egyptian Accounting Standard (EAS) No. 23 (Amended 2023) – Intangible Assets	1 January 2024
Egyptian Accounting Standard (EAS) No. 34 (Amended 2023) – Investment Property	1 January 2024
Egyptian Accounting Standard (EAS) No. 50 – Insurance Contracts	1 July 2024
Egyptian Accounting Standard (EAS) No. 51 – Financial Statements in Hyperinflationary Economies	A decree shall be issued by the Prime Minister or his delegate, with an effective date
Accounting Interpretation No. (2) – Carbon Reduction Certificates	1 January 2024

---

On 6 March 2023, the Prime Minister's Decree No. (883) of 2023 was issued amending some provisions of the Egyptian accounting standards, and on 3 March 2024, another decision was issued by the Prime Minister No. (636) of 2024 amending some other provisions of the Egyptian accounting standards, and the following is a summary of the most important of those amendments:

These amendments consist of adding a revaluation option for property, plant and equipment, intangible assets, investment property, exploration and evaluation assets, and mineral resources, effective from 1 January 2023, as well as the implementation of the Insurance Contracts Standard starting from 1 July 2024.

There is no material impact from the aforementioned amended or reissued standards on the Company's financial statements for the year ended 31 December 2024.

**Lecico Egypt (S.A.E.)**  
**Note to the Consolidated Financial Statements for the financial year ended December 31, 2024**  
**According to Egyptian Accounting Standards (EAS)**

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

New or reissued standards	Summary of the most significant amendments	Potential impact on the financial statements	Effective date
<p>The new Egyptian Accounting Standard No. (51) "Financial Statements in Hyperinflationary Economies."</p>	<p>The impact on the financial statements has not yet been determined until the application date is specified.</p>	<p>This standard must be applied to financial statements, including consolidated financial statements for any entity whose functional currency is in an economy classified as hyperinflationary.</p> <p>This standard applies to financial statements, including independent and individual financial statements for any entity whose functional currency is in an economy classified as hyperinflationary. It also applies to any group that has foreign operations, including branches, subsidiaries, sister companies, joint ventures, or others in an economy classified as hyperinflationary.</p> <p>This standard requires the adjustment of financial statements prepared in the currency of a hyperinflationary economy, aiming to provide useful information about the financial position of the entity, its performance, and changes in its financial position for a wide range of users to make economic decisions based on a fair presentation of the financial statements.</p>	<p>A decision will be issued by the Prime Minister or an authorized representative to specify the start and end dates for the financial period(s) during which this standard must be applied when the functional currency is the local currency, taking into account the following:</p> <p>(a) This standard must be applied to the financial statements of the entity starting from the beginning of the financial period in which the economy is classified as hyperinflationary. Comparative figures presented in the financial statements must be adjusted in accordance with the requirements of this standard.</p> <p>(b) As an exception to the requirements of paragraph 39 of Egyptian Accounting Standard No. 1, personal estimates may be used when applying this standard for accounting for foreign operations, such as branches, subsidiaries, sister companies, or joint ventures, to determine whether the economy is hyperinflationary.</p> <p>(c) This standard must be applied to all entities whose functional currency is the currency in which the economy has been classified as hyperinflationary.</p> <p>The impact on financial statements has not yet been determined until the application date is specified.</p> <p>This standard must be applied to the financial statements, including consolidated financial statements for any entity whose functional currency is in an economy classified as hyperinflationary.</p>

**43- Reclassification**

Some comparative figures have been reclassified to align with the current presentation of the consolidated statement of profit or loss.