

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

**Consolidated Financial Statements**  
**for the Financial year ended December 31, 2025**  
**and Independent Auditor's Report on Auditing**  
**the consolidated Financial Statements**

**Lecico Egypt**  
**(S.A.E.)**  
**According to International Financial Reporting**  
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**for the Financial year ended December 31, 2025**  
**and Independent Auditor's Report on Auditing**  
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## **Hazem Hassan**

**Public Accountants & Consultants**

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### **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.) and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at December 31, 2025, and the consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, comprising material accounting policies and other explanatory information.

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

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

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

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

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



**Hazem Hassan**

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) to the consolidated financial statements, the Group's management has included the financial information of the Lebanese Ceramic Industries company (subsidiary) for the financial year ended December 31, 2025, in the Group's consolidated financial statements, based on financial information not audited by its auditor.

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

As of December 31, 2025, the subsidiary's financial information include total assets of approximately EGP 901 million representing 11% of the Group's total assets, total liabilities of approximately EGP 18 million (after eliminating the intercompany balances), representing 0.4% of the Group's total liabilities, total revenue for the financial year ended December 31, 2025, of approximately EGP 146 million representing 2% of the Group's total revenue and net profit for the financial year ended December 31, 2025 of approximately EGP 6 million.

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

***Qualified Opinion***

Except for the possible effect of such adjustments, if any, as might have been determined to be necessary if we obtained with what is described in the Basis for Qualified Opinion section above, in our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2025 and of its consolidated financial performance and consolidated cash flows for the year then ended in accordance with the IFRS Accounting Standards and in the light of the prevailing Egyptian laws and regulations relating to the preparation of these consolidated financial statements.

***Emphasis of matters***

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



Hazem Hassan

On June 17,2025 Extraordinary General Meeting (EGM) for Lecico Egypt (the merging company) approved the merger decision, On June 23,2025 the Extraordinary General Meeting of the merged companies approved the decision of merge and administrative and executive procedures for the merger process are being undertaken.

***Other Matters***

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

Mohamed Hassan Mohamed Youssef

  
Capital Market Register No. 400  
KPMG Hazem Hassan

**KPMG Hazem Hassan**

**Public Accountants and consultants**

Alexandria on Febraury 28, 2026

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

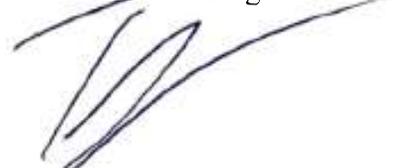
	Note <u>No.</u>	December 31, 2025 <u>EGP</u>	December 31, 2024 <u>EGP</u>
<b><u>Assets</u></b>			
<b><u>Non-Current Assets</u></b>			
Property, plant & equipment	(15)	3 586 044 267	3 322 359 931
Projects under construction	(16)	72 204 179	55 825 795
Intangible assets	(17)	25 139 638	29 719 859
Equity-accounted investees	(18)	81 997	20 812
<b>Non-Current Assets</b>		<b><u>3 683 470 081</u></b>	<b><u>3 407 926 397</u></b>
<b><u>Current Assets</u></b>			
Inventories	(19)	2 880 321 793	2 543 351 777
Trade and other receivables	(20)	1 659 292 035	1 443 866 262
Cash and cash equivalents	(22)	313 950 137	352 233 706
<b>Current Assets</b>		<b><u>4 853 563 965</u></b>	<b><u>4 339 451 745</u></b>
<b>Total Assets</b>		<b><u>8 537 034 046</u></b>	<b><u>7 747 378 142</u></b>
<b><u>Equity and Liabilities</u></b>			
<b><u>Equity for Holding Company</u></b>			
Issued and paid-up capital	(24-2)	400 000 000	400 000 000
Reserves	(25)	2 414 837 399	2 394 178 238
Retained earnings		1 162 995 099	940 414 138
<b>Equity attributable to holding company</b>		<b><u>3 977 832 498</u></b>	<b><u>3 734 592 376</u></b>
Non-controlling interest	(24-4)	127 973 731	122 018 569
<b>Total Equity</b>		<b><u>4 105 806 229</u></b>	<b><u>3 856 610 945</u></b>
<b><u>Non-Current Liabilities</u></b>			
Non-current portion of lease Liabilities	(28)	111 403 877	107 706 551
Long-term notes payable	(31)	236 859 693	355 887 441
Deferred tax liabilities	(14-2)	526 949 846	520 391 057
<b>Non-Current Liabilities</b>		<b><u>875 213 416</u></b>	<b><u>983 985 049</u></b>
<b><u>Current Liabilities</u></b>			
Credit facilities	(23)	1 587 533 130	918 482 312
Accrued income tax	(14-5)	147 720 552	280 295 448
Loans	(27)	--	344 005
Current portion of lease Liabilities	(28)	40 232 181	35 443 162
Trade and other payables	(32)	1 520 387 559	1 511 358 852
Provisions	(29)	260 140 979	160 858 369
<b>Current Liabilities</b>		<b><u>3 556 014 401</u></b>	<b><u>2 906 782 148</u></b>
<b>Total Liabilities</b>		<b><u>4 431 227 817</u></b>	<b><u>3 890 767 197</u></b>
<b>Total Equity and Liabilities</b>		<b><u>8 537 034 046</u></b>	<b><u>7 747 378 142</u></b>

- Notes from No (1) to No (41) are an integral part of these consolidated financial statements and are to be read there with.
- 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 ended December 31, 2025****According to International Financial Reporting Standards (IFRS)**

	<b>Note No.</b>	<b>2025 EGP</b>	<b>2024 EGP</b>
Net sales	(5)	7 803 673 428	6 644 687 614
Cost of sales	(6)	<u>(6 018 779 563)</u>	<u>(4 769 452 651)</u>
<b>Gross Profit</b>		<b>1 784 893 865</b>	<b>1 875 234 963</b>
Other Income	(7)	58 612 243	75 002 554
Selling and distribution Expenses	(8)	(273 908 092)	(192 001 610)
General and Administrative Expenses	(9)	(556 079 542)	(468 172 074)
Expected credit loss	(10)	(2 543 977)	(7 810 108)
Other Expenses	(11)	<u>(268 406 131)</u>	<u>(131 302 409)</u>
<b>Profit from operating activities</b>		<b>742 568 366</b>	<b>1 150 951 316</b>
Group's Share from investments at fair value through profit or loss		61 185	995 630
Net finance (expenses)/ income	(12)	<u>(280 960 084)</u>	<u>79 939 224</u>
<b>Profit before tax</b>		<b>461 669 467</b>	<b>1 231 886 170</b>
Income tax expense	(14-1)	<u>(202 372 323)</u>	<u>(312 496 115)</u>
<b>Net profit for the year</b>		<b>259 297 144</b>	<b>919 390 055</b>
<b>Attributable to:</b>			
Shareholders of the holding company		244 075 897	890 332 908
Non-controlling interests		<u>15 221 247</u>	<u>29 057 147</u>
<b>Net profit for the year</b>		<b>259 297 144</b>	<b>919 390 055</b>
<b>Basic and diluted earnings per share (EGP/Share)</b>	(13)	<b>3,05</b>	<b>11.12</b>

- Notes from No (1) to No (41) are an integral part of these consolidated financial statements and are to be read there with.

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

**Consolidated Statement of Comprehensive Income for the financial Year ended December 31, 2025**  
**According to International Financial Reporting Standards (IFRS)**

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	<u>2025</u> <u>EGP</u>	<u>2024</u> <u>EGP</u>
Net profit for the year	259 297 144	919 390 055
<b><u>Other Comprehensive Income</u></b>		
<b><u>Items that may be reclassified subsequently to profit or loss statement</u></b>		
Foreign currency translation differences in subsidiaries	(4 071 861)	122 976 107
<b><u>Total comprehensive income attributable to:</u></b>		
Land revaluation surplus	--	956 239 279
Deferred tax on land revaluation surplus	--	(215 153 838)
<b>Total other comprehensive (loss) / income items</b>	<u>(4 071 861)</u>	<u>864 061 548</u>
<b>Total comprehensive income</b>	<u>255 225 283</u>	<u>1 783 451 603</u>
<b><u>attributable to:</u></b>		
Shareholders of the holding company	243 240 121	1 737 699 803
Non-controlling interests	11 985 162	45 751 800
<b>Total other comprehensive income for the year</b>	<u>255 225 283</u>	<u>1 783 451 603</u>

- Notes from No (1) to No (41) are an integral part of these consolidated financial statements and are to be read there with.

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

**Consolidated Statement of Changes in Equity for the financial year ended December 31, 2025**

**According to International Financial Reporting Standards (IFRS)**

	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	Retained earning EGP	Equity of the holding company EGP	Non-controlling Interests EGP	Total Equity EGP
<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>1 187 254 955</b>	<b>111 905 501</b>	<b>75 470 228</b>	<b>1 996 892 573</b>	<b>76 266 769</b>	<b>2 073 159 342</b>
<b>Other Comprehensive income</b>												
Translation differences	(38-2)	--	--	--	--	--	--	119 345 501	--	119 345 501	3 630 606	122 976 107
Land evaluation surplus	(25)	--	--	--	--	--	728 021 394	--	--	728 021 394	13 064 047	741 085 441
Net profit for the period		--	--	--	--	--	--	--	890 332 908	890 332 908	29 057 147	919 390 055
<b>Total comprehensive income</b>		<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>728 021 394</b>	<b>119 345 501</b>	<b>890 332 908</b>	<b>1 737 699 803</b>	<b>45 751 800</b>	<b>1 783 451 603</b>
<b>Shareholder's transactions</b>												
Distributing treasury shares	(24-3)	--	25 388 998	--	--	--	--	--	(25 388 998)	--	--	--
<b>Balance as of December 31, 2024</b>		<b>400 000 000</b>	<b>--</b>	<b>50 915 481</b>	<b>15 571 032</b>	<b>181 164 374</b>	<b>1 915 276 349</b>	<b>231 251 002</b>	<b>940 414 138</b>	<b>3 734 592 376</b>	<b>122 018 569</b>	<b>3 856 610 945</b>
<b>Balance as of January 1, 2025</b>		<b>400 000 000</b>	<b>--</b>	<b>50 915 481</b>	<b>15 571 032</b>	<b>181 164 374</b>	<b>1 915 276 349</b>	<b>231 251 002</b>	<b>940 414 138</b>	<b>3 734 592 376</b>	<b>122 018 569</b>	<b>3 856 610 945</b>
Transfer to legal reserve		--	--	21 494 936	--	--	--	--	(21 494 936)	--	--	--
<b>Other Comprehensive income</b>												
Translation differences	(38-2)	--	--	--	--	--	--	(835 775)	--	(835 775)	(3 236 085)	(4 071 860)
Net profit for the period		--	--	--	--	--	--	--	244 075 897	244 075 897	15 221 247	259 297 144
<b>Total comprehensive income</b>		<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>(835 775)</b>	<b>244 075 897</b>	<b>243 240 122</b>	<b>11 985 162</b>	<b>255 225 284</b>
Dividends to Non-controlling interest		--	--	--	--	--	--	--	--	--	(6 030 000)	(6 030 000)
<b>Balance as of December 31, 2025</b>		<b>400 000 000</b>	<b>--</b>	<b>72 410 417</b>	<b>15 571 032</b>	<b>181 164 374</b>	<b>1 915 276 349</b>	<b>230 415 227</b>	<b>1 162 995 099</b>	<b>3 977 832 498</b>	<b>127 973 731</b>	<b>4 105 806 229</b>

▪ Notes from No (1) to No (41) are an integral part of these consolidated financial statements and are to be read there with.

**Lecico Egypt (S.A.E.)**  
**Consolidated Statement of Cash Flows for the financial year ended December 31, 2025**  
**According to International Financial Reporting Standards (IFRS)**

	<b>Note No.</b>	<b>2025 EGP</b>	<b>2024 EGP</b>
<b><u>Cash Flow from Operating Activities</u></b>			
Net profit for the year before tax		461 669 467	1 231 886 170
<b><u>Adjusted by the following:</u></b>			
Property, plant and equipment depreciation	(15)	233 400 485	174 973 858
Intangible assets amortization	(17)	4 811 254	4 068 150
Finance interest expenses on lease contracts	(12),(28)	8 555 207	7 771 959
finance expenses	(12)	289 960 833	274 103 085
Income from investment fair value through profit or loss	(12),(21)	--	(153 805 960)
Interest Income	(12)	(1 107 554)	(6 870 943)
Foreign currency translation differences	(12)	(16 448 402)	(201 137 365)
<b>Profit generated from operations</b>		<b>980 841 290</b>	<b>1 330 988 954</b>
Change in inventories	(19)	(349 585 390)	(1 025 028 742)
Change in trade, notes and other receivables	(20)	(214 556 017)	(268 498 817)
Change in trade, notes and other payables	(32)	(86 161 175)	940 390 869
Change in provisions	(29)	99 282 610	35 602 919
		<b>429 821 318</b>	<b>1 013 455 183</b>
Proceeds from Interest Income	(12)	1 107 554	6 870 943
Interest expenses paid	(12),(28)	(289 960 833)	(274 103 085)
Finance interest expenses paid on lease contracts	(12)	(8 555 207)	(7 771 959)
Income Tax paid	(14)	(328 388 430)	(201 360 248)
<b>Net cash (used in) / provided from operating activities</b>		<b>(195 975 598)</b>	<b>537 090 834</b>
<b><u>Cash Flow from Investing Activities</u></b>			
Payments for acquisition of PPE & PUC	(15),(16)	(466 761 824)	(284 959 352)
Payments for acquisition of intangible assets	(17)	--	(6 188 729)
Payments for acquisition financial securities	(21)	--	(598 962 241)
Proceeds from financial securities	(21)	--	752 768 201
<b>Cash (used in) investing activities</b>		<b>(466 761 824)</b>	<b>(137 342 121)</b>
<b><u>Cash Flow from Financing Activities</u></b>			
Payments of loans	(27)	(344 005)	(10 475 629)
Payments of lease liabilities	(28)	(44 252 960)	(24 307 947)
Net Proceeds from / (paid to) banks credit facilities	(23)	669 050 818	(469 000 936)
<b>Net cash provided from/ (used in) financing activities</b>		<b>624 453 853</b>	<b>(503 784 512)</b>
<b>Net change in cash during the year</b>		<b>(38 283 569)</b>	<b>(104 035 799)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	(22)	<b>352 233 706</b>	<b>456 269 505</b>
Restricted time deposits	(22)	(1 697 640)	--
<b>Cash and cash equivalents at the end of the year</b>	(22)	<b>312 252 497</b>	<b>352 233 706</b>

- Notes from No (1) to No (41) are an integral part of these consolidated financial statements and are to be read there with.
- the values of assets and liabilities that don't represent a change in cash as shown in note No. (30)

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

**Notes to the Consolidated financial statements for the financial year ended December 31, 2025**

**According to International Financial Reporting Standards (IFRS)**

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

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

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

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

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

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

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

**1-4 Subsidiaries**

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

	<u>Country of</u>	<u>Ownership Interest</u>	
	<u>Incorporation</u>	<u>December 31,</u>	<u>December 31,</u>
		<u>2025</u>	<u>2024</u>
		<u>%</u>	<u>%</u>
1- Lecico for Ceramics Industries (S.A.E.)	Egypt	99.99	99.99
2- TGF for Consulting and Trading (S.A.E.)	Egypt	99.83	99.83
3- Lecico for Financial Investments (S.A.E.)	Egypt	99.33	99.33
4- The Lebanese Ceramics Industries (S.A.L.)	Lebanon	94.77	94.77
5- International Ceramics (S.A.E.)	Egypt	99.97	99.97
6- Lecico for Trading and Distribution of Ceramics (S.A.E.)	Egypt	100	100
7- European Ceramics (S.A.E)	Egypt	99.97	99.97
8- Sarrguemines (S.A.E)	Egypt	99.85	99.85
9- Burg Armaturen Fabrik - Sarrdesign (S.A.E.)	Egypt	69.85	69.85
10- <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	91

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

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

Lecico Egypt (S.A.E.)

Notes to the Consolidated financial statements for the financial year ended December 31, 2025

According to International Financial Reporting Standards (IFRS)

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## **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 International Financial Reporting Standards (IFRS) and its interpretations adopted by the International Accounting Standards Board (IASB) for internal use by management.

- The holding company prepared another consolidated financial statement in accordance with the Egyptian accounting standard.
- Material accounting policies applied policies are disclosed in note no (38)
- The accompanying consolidated financial were authorized for issuance by the board of directors on February 28, 2026.

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

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

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

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

- In preparing the consolidated financial statements International Financial Reporting Standards (IFRS), management has made judgments, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses and the accompanying disclosures, and the disclosure of contingent liabilities. These estimates and assumptions are based on past experience and various factors. Actual results may differ from these estimates. Actual results may differ from these estimates and the uncertainty about these assumptions and estimates could result in outcomes that require material adjustment to the carrying amount of assets or liabilities affected in future years.
- The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting
- estimates are recognized in the year in which the estimate is revised if the revision affects only that year or in the year of the revision and future years if the revision affects both current and future years.

## **A- Judgments**

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognized in the consolidated 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, 2025

According to International Financial Reporting Standards (IFRS)

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- **Lease contracts classification.**

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

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

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

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

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

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

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

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

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

**Notes to the Consolidated financial statements for the financial year ended December 31, 2025**

**According to International Financial Reporting Standards (IFRS)**

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**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.

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

**Notes to the Consolidated financial statements for the financial year ended December 31, 2025**

**According to International Financial Reporting Standards (IFRS)**

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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.

**The useful life of Property, plant & equipment and intangible assets**

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

**Impairment of property, plant and equipment and projects under construction**

Properties classified under property, plant and equipment and projects under construction are assessed for impairment when there is an indication that those assets have suffered an impairment loss. An impairment review is being 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 expert.

The Group Management decided to apply revelation model according to international standard no. 16 (property, plant and equipment) to land owned to group companies note (38-10).

**2-5 Measurement of fair values**

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

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

Lecico Egypt (S.A.E.)

Notes to the Consolidated financial statements for the financial year ended December 31, 2025

According to International Financial Reporting Standards (IFRS)

**3- The separate financial statements of Lebanese for ceramic industries (Subsidiary Company) for the financial period ended December 31, 2025**

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

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

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

<b><u>Financial position statement as of</u></b>	<b>Lebanese Ceramics Industries EGP (Unaudited) December 31, 2025</b>	<b>Lebanese Ceramics Industries EGP (Unaudited) December 31, 2024</b>
<b><u>Assets</u></b>		
Non-current assets	742 320 457	749 400 563
Current assets	158 961 727	166 944 638
<b>Total assets</b>	<b>901 282 184</b>	<b>916 345 201</b>
<b><u>Equity</u></b>		
Issued & paid up capital	10 974 654	10 974 654
Reserves	639 509 076	639 509 076
accumulated (losses)	(63 311 024)	(68 799 061)
Foreign entities translation differences	145 639 915	151 441 006
<b>Total Equity</b>	<b>732 812 621</b>	<b>733 125 675</b>
<b><u>Liabilities</u></b>		
Non-current liabilities	--	9 621 739
Current liabilities	17 867 226	8 733 718
Current liabilities-Lecico Egypt	150 602 337	164 864 069
<b>Total liabilities</b>	<b>168 469 563</b>	<b>183 219 526</b>
<b>Total Equity and liabilities</b>	<b>901 282 184</b>	<b>916 345 201</b>
<b><u>Profit or loss statement for the financial year</u></b>	<b>December 31, 2025 EGP (Unreviewed)</b>	<b>December 31, 2024 EGP (Unreviewed)</b>
Sales	146 262 638	102 728 196
Cost of sales	(105 550 453)	(74 356 243)
<b>Gross profit</b>	<b>40 712 185</b>	<b>28 371 953</b>
Operating expenses	(35 572 126)	(38 058 669)
Net finance income / (expenses)	813 043	(779 642)
<b>Net income /(loss) for year</b>	<b>5 953 102</b>	<b>(10 466 358)</b>

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

**Notes to the Consolidated financial statements for the financial year ended December 31, 2025**

**According to International Financial Reporting Standards (IFRS)**

**4- Segment Information**

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

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

<u>December 31, 2025</u>	<u>Sanitary Ware Segment</u>	<u>Tile Segment</u>	<u>Brass ware Segment</u>	<u>Total</u>
	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>
Assets	4 235 232 297	4 171 151 921	130 649 828	8 537 034 046
Liabilities	2 142 647 792	2 110 228 849	178 351 176	4 431 227 817
sales	5 014 550 630	2 488 770 044	300 352 754	7 803 673 428
Cost of sales	--	--	--	(6 018 779 563)
<b>Gross Profit</b>	--	--	--	1 784 893 865
Other Income	--	--	--	58 612 243
Distribution Expenses	--	--	--	(273 908 092)
Administrative Expenses	--	--	--	(556 079 542)
Expected Credit Loss	--	--	--	(2 543 977)
Other Expenses	--	--	--	(268 406 131)
<b>Results from operating activities</b>	--	--	--	742 568 366
Investment income	--	--	--	61 185
Finance income	--	--	--	17 555 956
Finance expenses	--	--	--	(298 516 040)
<b>Profit before tax</b>	--	--	--	461 669 467
Current income tax expense	--	--	--	(202 372 323)
<b>Net profit for the year</b>	--	--	--	259 297 144
<u>December 31, 2024</u>				
Assets	3 878 201 727	3 785 898 288	83 278 127	7 747 378 142
Liabilities	1 884 567 908	1 840 190 570	166 008 719	3 890 767 197
sales	4 303 384 491	1 976 494 702	364 808 421	6 644 687 614
Cost of sales	--	--	--	(4 769 452 651)
<b>Gross Profit</b>	--	--	--	1 875 234 963
Other Income	--	--	--	75 002 554
Distribution Expenses	--	--	--	(192 001 610)
Administrative Expenses	--	--	--	(468 172 074)
Expected Credit Loss	--	--	--	(7 810 108)
Other Expenses	--	--	--	(131 302 409)
<b>Results from operating activities</b>	--	--	--	1 150 951 316
Investment income	--	--	--	995 630
Finance income	--	--	--	(281 875 044)
Finance expenses	--	--	--	361 814 268
<b>Profit before tax</b>	--	--	--	1 231 886 170
Current income tax expense	--	--	--	(312 496 115)
<b>Net profit for the year</b>	--	--	--	919 390 055

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

**Notes to the Consolidated financial statements for the financial year ended December 31, 2025**

**According to International Financial Reporting Standards (IFRS)**

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

<u>December 31, 2025</u>	Egypt EGP	Lebanon EGP	Others EGP	Total EGP
Assets	7 377 812 124	901 282 184	757 939 738	8 537 034 046
Liabilities	3 648 940 303	168 469 563	613 817 951	4 431 227 817
sales	5 985 096 968	146 262 638	1 672 313 822	7 803 673 428
Cost of sales	--	--	--	(6 018 779 56)
<b>Gross Profit</b>	--	--	--	1 784 893 865
Other Income	--	--	--	58 612 243
Distribution Expenses	--	--	--	(273 908 092)
Administrative Expenses	--	--	--	(556 079 542)
Expected Credit Loss	--	--	--	(2 543 977)
Other Expenses	--	--	--	(268 406 131)
<b>Results from operating activities</b>	--	--	--	742 568 366
Investment income	--	--	--	61 185
Finance income	--	--	--	17 555 956
Finance expenses	--	--	--	(298 516 040)
<b>Profit before tax</b>	--	--	--	461 669 467
Current income tax expense	--	--	--	(202 372 323)
<b>Net profit for the year</b>	--	--	--	259 297 144
 <u>December 31, 2024</u>				
Assets	6 054 167 604	916 345 201	776 865 337	7 747 378 142
Liabilities	3 106 143 737	183 219 526	601 403 934	3 890 767 197
sales	5 701 939 671	102 728 196	840 019 747	6 644 687 614
Cost of sales	--	--	--	(4 769 452 651)
<b>Gross Profit</b>	--	--	--	1 875 234 963
Other Income	--	--	--	75 002 554
Distribution Expenses	--	--	--	(192 001 610)
Administrative Expenses	--	--	--	(468 172 074)
Expected Credit Loss	--	--	--	(7 810 108)
Other Expenses	--	--	--	(131 302 409)
<b>Results from operating activities</b>	--	--	--	1 150 951 316
Investment income	--	--	--	995 630
Finance income	--	--	--	(281 875 044)
Finance expenses	--	--	--	361 814 268
<b>Profit before tax</b>	--	--	--	1 231 886 170
Current income tax expense	--	--	--	(312 496 115)
<b>Net profit for the year</b>	--	--	--	919 390 055

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

**Notes to the Consolidated financial statements for the financial year ended December 31, 2025**

**According to International Financial Reporting Standards (IFRS)**

**5- Sales**

**Revenue recognition at a point in time**

**5-1 Revenue classification according to products**

	Note No.	31/12/2025 EGP	31/12/2024 EGP
Sanitary Ware sales		5 014 550 630	4 303 384 491
Tile sales		2 488 770 044	1 976 494 702
Brass ware sales		300 352 754	364 808 421
		<b>7 803 673 428</b>	<b>6 644 687 614</b>

**5-2 Revenue classification according to main geographic regions**

Inside Egypt	6 692 083 695	5 701 939 671
Outside Egypt	1 111 589 733	942 747 943
	<b>7 803 673 428</b>	<b>6 644 687 614</b>

**6- Cost of sales**

Raw materials and consumables		3 721 301 268	2 985 144 598
Energy expense		1 073 213 567	870 259 512
Depreciation	(15)	176 237 914	127 482 721
Employees' share in profit		94 451 605	75 434 206
Change in inventory finished goods and work under process		358 180 896	80 582 933
Write down in inventory	(19)	3 846 085	22 741 315
Other		591 548 228	607 807 366
		<b>6 018 779 563</b>	<b>4 769 452 651</b>

**7- Other Income**

Scrap Sales		33 457 860	25 410 627
Other income		1 366 870	2 127 675
Discounting long-term notes receivables and payables to its present value		--	41 843 387
Export subsidies revenue		23 787 513	5 620 865
		<b>58 612 243</b>	<b>75 002 554</b>

**8- Selling and distribution expense**

Salaries and wages		39 450 434	33 157 347
Exhibition expenses		22 077 606	41 725 583
Marketing and advertising expenses		98 075 689	104 127 450
Marketing and distributing services	(33-2)	100 301 418	--
Depreciation selling and distribution	(15)	1 898 232	2 018 713
Other		12 104 713	10 972 517
		<b>273 908 092</b>	<b>192 001 610</b>

**9- General and administrative expenses**

Administrative salaries		284 667 678	221 534 075
Transportation expenses		45 782 213	45 768 806
Audit and consultation fees		34 773 317	29 080 937
Computers and networks		53 763 516	51 757 096
Taxes and contribution health insurance		33 301 902	36 023 064
Depreciation	(15)	55 264 339	45 472 424
Telephone and post expenses		4 060 652	4 687 886
Amortization of intangible assets	(17)	4 811 254	4 068 150
Other		39 654 671	29 779 636
		<b>556 079 542</b>	<b>468 172 074</b>

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

**Notes to the Consolidated financial statements for the financial year ended December 31, 2025**

**According to International Financial Reporting Standards (IFRS)**

**10- Expected credit loss**

	Note	31/12/2025	31/12/2024
	<u>No.</u>	<u>EGP</u>	<u>EGP</u>
Expected credit loss in Trades and other receivables	(20)	1 543 977	4 832 212
Expected credit loss in cash and cash equivalent	(22)	1 000 000	2 977 896
		<u>2 543 977</u>	<u>7 810 108</u>

**11- Other Expenses**

Formed claims provision	(29)	110 541 592	76 502 438
Miscellaneous expenses		59 651 833	42 570 437
Remuneration of the board of directors	(33-4)	13 249 957	12 229 534
Discounting long term notes receivable and notes payable to its present value		84 962 749	--
		<u>268 406 131</u>	<u>131 302 409</u>

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

	31/12/2025	31/12/2024
	<u>EGP</u>	<u>EGP</u>
Interest expenses	289 960 833	274 103 085
Finance expenses on lease contracts	8 555 207	7 771 959
<b>Total finance expense</b>	<u>298 516 040</u>	<u>281 875 044</u>
<b>Less:</b>		
<b>Finance Income</b>		
Interest Income	1 107 554	6 870 943
Income from investment fair value through profit or loss*	--	153 805 960
Foreign currency exchange differences	16 448 402	201 137 365
<b>Total finance income</b>	<u>17 555 956</u>	<u>361 814 268</u>
<b>Net finance expenses / (income)</b>	<u>280 960 084</u>	<u>(79 939 224)</u>

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

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

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

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

	<u>December</u>	<u>December</u>
	<u>31,2025</u>	<u>31,2024</u>
Net profit for the year attributable to the holding company's shareholders (EGP)	244 075 897	890 332 908
The number of outstanding shares during the year (share)	80 000 000	80 000 000
<b>Basic and diluted earnings per share in profit for the year (EGP/share)</b>	<u>3,05</u>	<u>11.12</u>

Lecico Egypt (S.A.E.)

Notes to the Consolidated financial statements for the financial year ended December 31, 2025

According to International Financial Reporting Standards (IFRS)

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**14- Income tax**

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

	<b><u>December</u></b> <b><u>31,2025</u></b> <b><u>EGP</u></b>	<b><u>December</u></b> <b><u>31,2024</u></b> <b><u>EGP</u></b>
Current income tax expenses for the year	194 416 534	318 708 222
Deferred income tax (benefit)	6 558 789	(6 910 607)
Dividends tax	1 397 000	698 500
	<b><u>202 372 323</u></b>	<b><u>312 496 115</u></b>

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

	<b><u>Statement of financial position</u></b>		<b><u>Profit or loss statement</u></b>	
	<b><u>31/12/2025</u></b>	<b><u>31/12/2024</u></b>	<b><u>31/12/2025</u></b>	<b><u>31/12/2024</u></b>
<i>In Egyptian Pound</i>				
Property, plant and Equipment (liability)	530 270 430	523 897 355	6 373 075	(7 104 104)
Inventory (Asset)	(3 320 584)	(3 506 298)	185 714	193 497
<b>Deferred Tax for the Year (liability)</b>	<b><u>526 949 846</u></b>	<b><u>520 391 057</u></b>	<b><u>6 558 789</u></b>	<b><u>(6 910 607)</u></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 the holding company will merge with some subsidiaries as detailed at note no. (41) and it is likely that such differences will not be reversed in the future.

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

For the undistributed dividends of companies subject to distribution tax in Egypt, the holding company's management controls the timing of these distributions. The expected policy to be applied is to retain most of the distributable profits for reinvestment.

Accordingly, the group's policy, in accordance with International Accounting Standard No. 12 (Income Taxes), is to recognize deferred tax related to profits expected to be distributed, limited to the distribution tax on the amounts planned to be distributed by the holding company in the coming years.

Lecico Egypt (S.A.E.)

Notes to the Consolidated financial statements for the financial year ended December 31, 2025

According to International Financial Reporting Standards (IFRS)

**14.3. Reconciliation of effective tax rate**

	<b>31/12/2025</b>	<b>31/12/2024</b>
	<b>EGP</b>	<b>EGP</b>
<b>Net Profit before tax</b>	<b>461 669 467</b>	<b>1 231 886 170</b>
Tax rate	22.5%	22.5%
<b>Income tax calculated based on the accounting Profit</b>	<b>103 875 630</b>	<b>277 174 388</b>
Effect of provisions and ECL	99 956 827	86 686 426
Non deductible tax expenses	351 776 253	164 203 160
Exemption (investments income)	(13 970 000)	(160 790 960)
Tax base	899 432 547	1 321 984 796
Income tax expenses	202 372 323	297 446 579
Income tax independent tax base	--	15 049 536
<b>Total Income tax expenses</b>	<b>202 372 323</b>	<b>312 496 115</b>
<b>Effective Tax rate</b>	<b>43.8%</b>	<b>25.4%</b>

**14.4. Unrecognized deferred tax assets**

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

	<b>31/12/2025</b>	<b>31/12/2024</b>
	<b>EGP</b>	<b>EGP</b>
Impairment of trade and notes receivables	30 185 476	30 033 777
Provisions	58 531 720	36 193 133
Impairment of equity-accounted investees	1 580 539	1 580 539
<b>Total</b>	<b>90 297 735</b>	<b>67 807 449</b>

**14.5. Accrued income tax**

	<b>31/12/2025</b>	<b>31/12/2024</b>
	<b>EGP</b>	<b>EGP</b>
Current income tax	194 416 534	318 708 222
Tax authority- previous years	4 178 346	448 565
Tax authority-withholding tax	(50 874 328)	(38 861 339)
	<b>147 720 552</b>	<b>280 295 448</b>

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

## Note to the consolidated financial statements for the financial year ended December 31, 2025

## According to International Financial Reporting Standard (IFRS)

**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>
<b>As of 01/01/2025</b>	<b>2 495 629 786</b>	<b>474 851 856</b>	<b>41 742 874</b>	<b>2 170 141 149</b>	<b>170 499 825</b>	<b>248 624 397</b>	<b>67 059 161</b>	<b>280 419 680</b>	<b>5 948 968 728</b>
Translation differences	(39)	(6 036 257)	216 224	(45 345 078)	(3 696 415)	(4 091 219)	(1 544 740)	3 057 046	(57 440 478)
Additions during the year	--	18 956 902	1 966 547	400 161 895	10 117 537	4 391 162	14 789 397	52 306 834	502 690 274
Disposals for the year	--	(37 280)	(103 857)	(66 278 948)	(418 946)	--	--	(33 053 889)	(99 892 920)
<b>As of 31/12/2025</b>	<b>2 495 629 747</b>	<b>487 735 221</b>	<b>43 821 788</b>	<b>2 458 679 018</b>	<b>176 502 001</b>	<b>248 924 340</b>	<b>80 303 818</b>	<b>302 729 671</b>	<b>6 294 325 604</b>
<b>Accumulated Depreciation</b>									
<b>As of 01/01/2025</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>
Translation differences	--	(3 960 994)	141 223	(43 980 189)	(3 808 414)	(1 807 342)	(1 491 409)	912 388	(53 994 737)
Depreciation of the year	--	14 521 016	2 722 781	157 385 652	13 265 484	3 857 304	3 877 968	37 770 280	233 400 485
Disposals accumulated depreciation	--	21 656	(103 857)	(66 278 948)	(418 946)	--	--	(30 953 113)	(97 733 208)
<b>As of 31/12/2025</b>	--	<b>350 172 010</b>	<b>34 077 092</b>	<b>1 767 116 056</b>	<b>136 531 832</b>	<b>203 893 964</b>	<b>57 728 010</b>	<b>158 762 373</b>	<b>2 708 281 337</b>
<b>Net book value</b>									
<b>As of 31/12/2025</b>	<b>2 495 629 747</b>	<b>137 563 211</b>	<b>9 744 696</b>	<b>691 562 962</b>	<b>39 970 169</b>	<b>45 030 376</b>	<b>22 575 808</b>	<b>143 967 298</b>	<b>3 586 044 267</b>
<b>As of 31/12/2024</b>	<b>2 495 629 786</b>	<b>135 261 524</b>	<b>10 425 929</b>	<b>450 151 608</b>	<b>43 006 117</b>	<b>46 780 395</b>	<b>11 717 710</b>	<b>129 386 862</b>	<b>3 322 359 931</b>
<b>Fully depreciated assets and still working</b>	--	<b>80 959 965</b>	<b>4 919 670</b>	<b>821 047 021</b>	<b>44 693 943</b>	<b>169 115 230</b>	<b>26 681 469</b>	--	<b>1 147 547 298</b>

- The Land and Buildings include properties at a cost of EGP 1.8 million and EGP 6.5 million respectively which were purchased by the 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>2025 EGP</b>	<b>2024 EGP</b>
Cost of sales	(6)	176 237 914	127 482 721
General and administrative expense	(9)	55 264 339	45 472 424
Selling and distribution expense	(8)	1 898 232	2 018 713
		<b>233 400 485</b>	<b>174 973 858</b>

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

## Note to the consolidated financial statements for the financial year ended December 31, 2025

## According to International Financial Reporting Standard (IFRS)

Property, plant and equipment (Continued)

	Land	Buildings	Leasehold	Machinery	Vehicles	Tools	Furniture,	Rights - of use	Total
<u>Cost</u>	<u>EGP</u>	<u>EGP</u>	<u>Improvements</u>	<u>&amp;</u>	<u>EGP</u>	<u>EGP</u>	<u>Office</u>	<u>assets</u>	<u>EGP</u>
			<u>EGP</u>	<u>Equipment</u>	<u>EGP</u>	<u>EGP</u>	<u>Equipment</u>	<u>EGP</u>	<u>EGP</u>
As of 01/01/2024	1 539 390 290	415 478 227	28 431 957	1 710 065 398	108 493 435	218 403 499	51 274 650	166 821 122	4 238 358 578
Translation differences	217	52 839 348	13 586 690	281 059 155	29 433 494	25 747 577	9 721 631	109 613 520	522 001 632
Land revaluation surplus	956 239 279	--	--	--	--	--	--	--	956 239 279
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>2 495 629 786</b>	<b>474 851 856</b>	<b>41 742 874</b>	<b>2 170 141 149</b>	<b>170 499 825</b>	<b>248 624 397</b>	<b>67 059 161</b>	<b>280 419 680</b>	<b>5 948 968 728</b>
<b>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	2 495 629 786	135 261 524	10 425 929	450 151 608	43 006 117	46 780 395	11 717 710	129 386 862	3 322 359 931
As of 31/12/2023	1 539 390 290	126 495 918	10 048 282	336 333 741	14 662 229	33 096 835	7 308 465	90 287 176	2 157 622 936
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

Lecico Egypt (S.A.E.)

Notes to the Consolidated Financial Statements for the financial year ended December 31, 2025

According to International Financial Reporting Standard (IFRS)

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

The Group company's management decided to adopt the revaluation model as per International Accounting Standard No. 16 "Property, Plant & Equipment" in respect to the land owned by the holding company and its subsidiaries, Note No. (38-10):

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

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

**16- Projects under construction**

	<b>December 31, 2025</b>	<b>December 31, 2024</b>
	<b><u>EGP</u></b>	<b><u>EGP</u></b>
Machinery and buildings under installation*	32 466 352	45 004 938
Advance payments for acquisition of property, plant and equipment**	39 737 827	10 820 857
	<b><u>72 204 179</u></b>	<b><u>55 825 795</u></b>

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

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

**As showing project under construction movement:**

	<b>December 31, 2025</b>	<b>December 31, 2024</b>
	<b><u>EGP</u></b>	<b><u>EGP</u></b>
<b>Balance at the beg. of the year</b>	<b>55 825 795</b>	<b>46 977 888</b>
Addition during the year	189 234 137	139 179 073
Transferred to fixed assets	<u>(172 855 753)</u>	<u>(130 331 166)</u>
<b>Balance at the end of the year</b>	<b><u>72 204 179</u></b>	<b><u>55 825 795</u></b>

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

Notes to the Consolidated Financial Statements for the financial year ended December 31, 2025

According to International Financial Reporting Standard (IFRS)

**17- Intangible Assets**

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

<b>Cost</b>	<b>Note No.</b>	<b>December 31, 2025 EGP</b>	<b>December 31, 2024 EGP</b>
<b>At the beginning of the year</b>		<b>130 534 621</b>	<b>84 809 496</b>
Translation differences		695 422	39 536 396
Additions		--	6 188 729
<b>At the end of the year</b>		<b>131 230 043</b>	<b>130 534 621</b>
<b>Amortization &amp; Impairment Losses</b>			
<b>Balance at the beginning of the year</b>		<b>100 814 762</b>	<b>67 392 717</b>
Translation differences		464 389	29 353 895
Amortization year	(9)	4 811 254	4 068 150
<b>Balance as at the end of the year</b>		<b>106 090 405</b>	<b>100 814 762</b>
<b>Carrying Amount at the end of the year</b>		<b>25 139 638</b>	<b>29 719 859</b>

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

	<b>Ownership %</b>	<b>December 31, 2025 EGP</b>	<b>December 31, 2024 EGP</b>
Murex Industries and Trading (S.A.L.)	20%	6 924 716	6 924 716
Other Investments		99 900	99 900
		<b>7 024 616</b>	<b>7 024 616</b>
<b>(Less):-</b>			
Impairment of investment		(7 024 616)	(7 024 616)
		--	--
Other investments		81 997	20 812
<b>Total investments</b>		<b>81 997</b>	<b>20 812</b>

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

**19- Inventories**

	<b>December 31, 2025 EGP</b>	<b>December 31, 2024 EGP</b>
Raw materials, consumables and spare parts	986 800 984	930 801 243
Work in progress	234 482 915	151 683 065
Finished goods	1 746 172 579	1 470 791 533
	<b>2 967 456 478</b>	<b>2 553 275 841</b>
<b>Less:</b>		
Inventory write down	(223 356 653)	(233 004 121)
	<b>2 744 099 825</b>	<b>2 320 271 720</b>
Goods In transit	136 221 968	223 080 057
	<b>2 880 321 793</b>	<b>2 543 351 777</b>

Lecico Egypt (S.A.E.)

Notes to the Consolidated Financial Statements for the financial year ended December 31, 2025

According to International Financial Reporting Standard (IFRS)

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

	December 31, 2025 <u>EGP</u>	December 31, 2024 <u>EGP</u>
<b>Balance at beginning</b>	<b>233 004 121</b>	<b>131 618 734</b>
Formed during the year	3 846 085	22 741 315
Translation Differences	(13 493 553)	78 644 072
<b>Balance</b>	<b>223 356 653</b>	<b>233 004 121</b>

**20- Trade and other receivables**

	December 31, 2025 <u>EGP</u>	December 31, 2024 <u>EGP</u>
Trade Receivables	1 273 679 742	1 005 680 581
Notes Receivables	81 076 964	147 948 612
Other Debtors	51 412 192	56 940 288
Social insurance	939 737	939 737
Suppliers – debit balances	1 164 659	9 739 377
Tax authority – withholding tax	19 834	19 834
Tax authority – VAT	250 650 252	208 402 521
Deposits with others	101 488 637	107 604 559
Prepaid expenses	33 017 691	40 074 205
	<b>1 793 449 708</b>	<b>1 577 349 714</b>
<b><u>Less:</u></b>		
Expected credit loss in trade and notes Receivables	(134 157 673)	(133 483 452)
	<b>1 659 292 035</b>	<b>1 443 866 262</b>

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

	Note <u>No.</u>	December 31, 2025 <u>EGP</u>	December 31, 2024 <u>EGP</u>
<b>Balance at beginning of the year</b>		133 483 452	123 177 540
Formed during the year	(10)	1 543 977	4 832 212
Translation Differences		(869 756)	5 473 700
<b>Balance at end of the year</b>		<b>134 157 673</b>	<b>133 483 452</b>

Lecico Egypt (S.A.E.)

Notes to the Consolidated Financial Statements for the financial year ended December 31, 2025

According to International Financial Reporting Standard (IFRS)

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

		<b>December 31, 2025 <u>EGP</u></b>	<b>December 31, 2024 <u>EGP</u></b>
Cost of purchase during the year		--	598 962 241
<b><u>Deduct:</u></b>			
Revenues from selling investment during the year		--	(752 768 201)
<b><u>Add:</u></b>			
Gain on selling investment	(12)	--	153 805 960
		<u>          </u>	<u>          </u>
		--	--

**22- Cash and cash equivalent**

		<b>December 31, 2025 <u>EGP</u></b>	<b>December 31, 2024 <u>EGP</u></b>
Banks - Current Accounts		299 254 960	303 625 126
Cash on hand		11 440 101	7 243 294
Banks Time-deposit for		7 232 972	44 343 182
		<u>317 928 033</u>	<u>355 211 602</u>
<b><u>Deduct:</u></b>			
Expected credit loss **		(3 977 896)	(2 977 896)
		<u>313 950 137</u>	<u>352 233 706</u>
<b><u>Deduct:</u></b>			
Restricted time deposits *		(1 697 640)	--
<b>Cash and cash equivalents according to cash flow statement</b>		<u>312 252 497</u>	<u>352 233 706</u>

\* Restricted time deposits represent deposits that have been pledged against letters of guarantee.

**\*\*Expected credit loss movement**

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

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

Notes to the Consolidated Financial Statements for the financial year ended December 31, 2025

According to International Financial Reporting Standard (IFRS)

**23- Credit facilities**

	<b>Total facilities</b>	<b>December 31,2025</b>	
		<b>Utilized</b>	<b>Unutilized</b>
	<b>EGP</b>	<b>EGP</b>	<b>EGP</b>
Lecico Egypt S.A.E	1 281 250 000	715 326 477	565 923 523
Lecico for Ceramics S.A.E	521 250 000	164 778 710	356 471 290
European Ceramics S.A.E	476 250 000	196 632 869	279 617 131
International Ceramics S.A.E	451 250 000	189 520 251	261 729 749
Burg Armaturen Fabrik S.A.E	208 000 000	113 127 738	94 872 262
Lecico for trading and distribution of ceramics	15 000 000	9 396 384	5 603 616
UK group	315 906 483	198 750 701	117 155 782
The Lebanese ceramics industries (S.A.L)	81 039 000	--	81 039 000
<b>Balance on December 31,2025</b>	<b>3 349 945 483</b>	<b>1 587 533 130</b>	<b>1 762 412 353</b>
	<b>Total facilities</b>	<b>December 31,2024</b>	
	<b>EGP</b>	<b>Utilized</b>	<b>Unutilized</b>
	<b>EGP</b>	<b>EGP</b>	<b>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>Balance on December 31,2024</b>	<b>2 805 881 909</b>	<b>918 482 312</b>	<b>1 887 399 597</b>

The credit facilities granted by banks to the Group's companies consist of short-term facilities provided at variable interest rates equal to the Secured Overnight Financing Rate (SOFR), plus the bank's profit margin, to finance working capital requirements, letters of credit, and letters of guarantee.

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

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

**24-2 Issued and paid up capital**

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

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

The main shareholder is Intage Holding Limited

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

Notes to the Consolidated Financial Statements for the financial year ended December 31, 2025

According to International Financial Reporting Standard (IFRS)

**The company's capital structure consists of:**

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

**24-3 Treasury shares**

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

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

**24-4 Non-controlling interest**

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

<b><u>Company</u></b>	<b><u>Percentage</u></b> <b><u>%</u></b>	<b><u>Non-</u></b> <b><u>controlling</u></b> <b><u>interest</u></b> <b><u>Profit/loss</u></b> <b><u>for the year</u></b> <b><u>EGP</u></b>	<b><u>Dividends to</u></b> <b><u>shareholder's</u></b> <b><u>EGP</u></b>	<b><u>Foreign</u></b> <b><u>currency</u></b> <b><u>EGP</u></b>	<b><u>Balance</u></b> <b><u>as of</u></b> <b><u>31/12/2025</u></b> <b><u>EGP</u></b>	<b><u>Balance</u></b> <b><u>as of</u></b> <b><u>31/12/2024</u></b> <b><u>EGP</u></b>
Lecico for ceramics	0.0045	10 917	—	—	69 436	58 519
International ceramics	0.0333	(14 617)	—	—	199 207	213 824
European ceramics	0.0300	(10 216)	—	—	231 112	241 328
Burg armaturen Fabric	30.1500	12 699 634	(6 030 000)	—	91 962 382	85 292 748
Sarreguemines	0.1500	13 684	—	—	52 885	39 201
Lecico for financial investments	0.6667	(621)	—	—	19 954	20 575
Lebanese ceramics industries co.	5.2300	311 347	—	(1 025 261)	3 883 753	4 597 667
Lecico South Africa	49	2 514 068	—	1 430 340)	35 878 409	34 794 681
Lecico CEE	9	(302 949)	—	(780 484)	(4 323 407)	(3 239 974)
		<b><u>15 221 247</u></b>	<b><u>(6 030 000)</u></b>	<b><u>(3 236 085)</u></b>	<b><u>127 973 731</u></b>	<b><u>122 018 569</u></b>

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

**Notes to the Consolidated Financial Statements for the financial year ended December 31, 2025**

**According to International Financial Reporting Standard (IFRS)**

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

	<b><u>Burg Armaturen Fabric EGP (Reviewed)</u></b>	<b><u>Lecico (UK) Ltd EGP (Reviewed)</u></b>	<b><u>Lebanese ceramics industries co. EGP (Unreviewed)</u></b>
Non current assets	56 359 347	185 599 122	742 320 457
Current assets	410 856 218	572 340 607	158 961 727
<b>Total assets</b>	<b>467 215 565</b>	<b>757 939 729</b>	<b>901 282 184</b>
Equity	288 864 389	164 403 468	732 812 621
Current liabilities	176 321 918	495 229 587	168 469 563
Non current liabilities	2 029 258	98 306 674	--
<b>Total equity and liabilities</b>	<b>467 215 565</b>	<b>757 939 729</b>	<b>901 282 184</b>
Total sales	315 306 925	1 672 313 822	146 262 638
<b>Net profit /(loss) of the year</b>	<b>42 121 507</b>	<b>(33 452 918)</b>	<b>5 953 102</b>

**Lecico Egypt (S.A.E.)**  
**Consolidated Financial Statements Notes for the financial year ended December 31, 2025**  
**According to International Financial Reporting Standard (IFRS)**

**25- Reserves**

	<b>Legal Reserve EGP</b>	<b>Other* Reserves EGP</b>	<b>Share premium Reserve EGP</b>	<b>Reserve for Land Revaluation Surplus ** EGP</b>	<b>Translation Reserve EGP</b>	<b>Total EGP</b>
<b>Balance at January 1, 2024</b>	50 915 481	15 571 032	181 164 374	1 187 254 955	111 905 501	1 546 811 343
Translation differences for foreign entities	--	--	--	--	119 345 501	119 345 501
Land revaluation surplus	--	--	--	939 382 445	--	939 382 445
Deferred tax on land revaluation surplus	--	--	--	(211 361 051)	--	(211 361 051)
<b>Balance at December 31, 2024</b>	<b>50 915 481</b>	<b>15 571 032</b>	<b>181 164 374</b>	<b>1 915 276 349</b>	<b>231 251 002</b>	<b>2 394 178 238</b>
<b>Balance at January 1, 2025</b>	50 915 481	15 571 032	181 164 374	1 915 276 349	231 251 002	2 394 178 238
Transferred to legal reserve (note no. 26)	21 464 936	--	--	--	--	21 494 936
Translation differences for foreign entities	--	--	--	--	(835 775)	(835 775)
<b>Balance at December 31, 2025</b>	<b>72 410 417</b>	<b>15 571 032</b>	<b>181 164 374</b>	<b>1 915 276 349</b>	<b>230 415 227</b>	<b>2 414 837 399</b>

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

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

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

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**26- Legal Reserve**

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

**27- Loans**

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

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**28- Lease liability**

	<b>December 31, 2025</b>	<b>December 31, 2024</b>
	<b><u>EGP</u></b>	<b><u>EGP</u></b>
Present value of liabilities arisen from lease contracts	151 636 058	143 149 713
<b><u>Less :</u></b>		
Installments due within one year	<u>(40 232 181)</u>	<u>(35 443 162)</u>
<b>Non current portion of lease liability</b>	<b><u>111 403 877</u></b>	<b><u>107 706 551</u></b>

**28-1 Lease liability movement**

<b>Beginning balance of the year</b>	<b>143 149 713</b>	<b>108 779 664</b>
Additions during the year	52 306 834	3 985 038
<b><u>Add/(deduct)</u></b>		
Finance interest	8 555 207	7 771 959
Payments during the year-(principle)	(44 252 960)	(24 307 947)
Payments during the year-(interest)	(8 555 207)	(7 771 959)
Foreign currency exchange differences	432 471	54 692 958
<b>Ending balances of the year</b>	<b><u>151 636 058</u></b>	<b><u>143 149 713</u></b>
<b><u>Deduct</u></b>		
Current portion of lease liabilities represented in due installments during the next financial year	(40 232 181)	(35 443 162)
<b>Non-current portion of lease liabilities</b>	<b><u>111 403 877</u></b>	<b><u>107 706 551</u></b>

**28-2 Summary of due dates**

Lease payments due during the following years:

	<b><u>Due within one year</u></b>	<b><u>From 2-3 years</u></b>	<b><u>From 4-5 years</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>
<b><u>December 31, 2025</u></b>	49 390 389	128 768 324	1 868 059	<b>180 026 772</b>
<b><u>December 31, 2024</u></b>	40 244 544	69 063 920	47 320 997	<b>156 629 461</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.

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**29- Provisions**

	<b>Balance as of 1/1/2025 EGP</b>	<b>Translation Differences EGP</b>	<b>Formed Provisions EGP</b>	<b>Provisions Utilized EGP</b>	<b>Balance as of 31/12/2025 EGP</b>
<b><u>Provision Disclosed in the Current Liabilities</u></b>					
Legal Provision	1 000 000	--	--	--	1 000 000
Tax Provision	128 801 527	--	87 085 000	(10 449 727)	205 437 800
Claims Provision	31 056 842	(809 255)	23 456 592	--	53 704 179
<b>Total</b>	<b>160 858 369</b>	<b>(809 255)</b>	<b>110 541 592</b>	<b>(10 449 727)</b>	<b>260 140 979</b>

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

**30- Changes in assets and liabilities at cash flow statement**

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

	<b>Note No.</b>	<b>December 31, 2025 EGP</b>	<b>December 31, 2024 EGP</b>
Right of use assets	(15)	52 306 834	3 856 994
Lease liabilities	(28)	(52 306 834)	(3 856 994)

**31- Notes payables**

	<b>December 31, 2025 EGP</b>	<b>December 31, 2024 EGP</b>
Nominal value of long-term notes payable	329 230 199	533 220 696
Discount on notes payable to its present value*	(92 370 506)	(177 333 255)
<b>Present value of long term notes payables</b>	<b>236 859 693</b>	<b>355 887 441</b>

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

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**32- Trade and other payables**

	<b>Note</b>	<b>December 31,</b>	<b>December 31,</b>
	<b>No.</b>	<b><u>2025</u></b>	<b><u>2024</u></b>
		<b><u>EGP</u></b>	<b><u>EGP</u></b>
Trade payable		784 047 510	755 900 722
Notes payable		274 612 753	199 666 459
Due to related parties	(33-2)	32 978 511	2 621 570
Social insurance authority and tax authority		44 047 843	31 648 826
Accrued expenses		271 433 372	215 662 921
Sundry creditors		16 923 572	237 861 548
Value added tax authority – current account		29 214 908	36 746 038
Dividends payable		389 929	389 929
Employees' Profit share from certain group companies		66 739 161	30 860 839
		<b><u>1 520 387 559</u></b>	<b><u>1 511 358 852</u></b>

**33- Related Parties**

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

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

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

**33-1 Due from related parties**

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

**33-2 Due to Related Parties**

Murex Industries and Trading (S.A.L)	Associate	Current	(578 919)	47 122	626 041
Ceramics Management services Ltd (CMS)*	Associate	Technical consulting	100 301 418	32 931 389	1 995 529
				<b><u>32 978 511</u></b>	<b><u>2 621 570</u></b>

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

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

The statement of consolidated profit or loss for the financial period ending December 31, 2025, was charged with the allowances of the members of the board of directors of the holding company and executive managers included in "other expenses" Note no. (11).

**33-4 Top management members**

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

	<u>31/12/2025</u>	<u>31/12/2024</u>
	<u>EGP</u>	<u>EGP</u>
Remuneration and allowances of members of the Board of Directors, attendance of committees	13 249 957	12 229 534
	<b>13 249 957</b>	<b>12 229 534</b>
	<u>31/12/2025</u>	<u>31/12/2024</u>
	<u>EGP</u>	<u>EGP</u>
Salaries and benefits	36 374 060	31 778 221
	<b>36 374 060</b>	<b>31 778 221</b>

**34- Contingent Liabilities**

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

	<u>December 31,</u>	<u>December 31,</u>
	<u>2025</u>	<u>2024</u>
<u>Letters of guarantee</u>		
EGP	28 925 376	18 816 729
EURO	--	4 000 000

**35- Capital Commitment**

The capital commitments for purchasing inventory outstanding as at December 31, 2025 amounted to EGP 94 747 200 (compared to capital commitments as at December 31, 2024 amounted to EGP 49 745 877).

**36- Financial Instruments**

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

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

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

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**Financial Assets**

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

**Financial liabilities**

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

	Note	December 31, <u>2025</u> <u>EGP</u>	December 31, <u>2024</u> <u>EGP</u>
<b><u>Financial Assets</u></b>			
<b><u>At amortization cost</u></b>			
Banks current accounts	(22)	295 277 064	300 647 230
Trade and Notes receivables and other debit balances	(20)	1 373 499 862	1 184 690 588
		<b><u>1 668 776 926</u></b>	<b><u>1 485 337 818</u></b>
<b><u>Financial liabilities</u></b>			
Trade and Notes payables and other credit balances	(32)	1 651 005 990	1 796 229 859
Lease liabilities	(28)	151 636 058	143 149 713
Credit facilities	(23)	1 587 533 130	918 482 312
Loans	(27)	--	344 005
Due to related parties	(33)	32 978 511	2 621 570
		<b><u>3 423 153 689</u></b>	<b><u>2 860 827 459</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 285 792 173 (December 31, 2024: EGP 296 169 183) have been excluded from other debit balances it was also excluded non-financial liabilities amount EGP 73 262 751 (December 31, 2024: 71 016 434) have been excluded from other debit balances.

**36-1 Financial Risk Management**

**1- Financial risk management**

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

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

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

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The Board of Directors of the Parent Company has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board also identifies and analyzes the risks faced by the Company, sets appropriate risk limits and controls, and monitors risks and adherence to limits. The Company aims to develop a disciplined and constructive control environment through which all employees understand their roles and obligations.

**A- Credit Risk**

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

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

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

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

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

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

**B- Liquidity risk**

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

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

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

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

**C- Market Risk**

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

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

**D- Foreign currency risk**

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

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

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

**E- Interest rate risk**

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

**F- Other market price risk**

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

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

The primary goal of the Company's investment strategy is to maximize investment returns.

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

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**Exposure to Credit risk**

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

	<b>Note No.</b>	<b>December 31, 2025 EGP</b>	<b>December 31, 2024 EGP</b>
Banks current accounts	(22)	295 277 064	300 647 230
Trade and Notes receivables and other debit balances	(20)	1 373 499 862	1 184 690 588
		<b>1 668 776 926</b>	<b>1 485 337 818</b>

**Exposure to Liquidity risk**

The following are the contractual terms of financial liabilities:

<b>Contractual maturities of financial liabilities as of December 31, 2025</b>	<b>Less than 1 year EGP</b>	<b>2- 3 years EGP</b>	<b>3-4 years or more EGP</b>	<b>Contractual amount EGP</b>	<b>Carrying amount EGP</b>
Trade and other credit balances	1 139 533 544	--	--	1 139 533 544	1 139 533 544
Banks credit facilities	1 587 533 130	--	--	1 587 533 130	1 587 533 130
Notes payables	274 612 753	329 230 199	--	603 842 952	514 472 446
Lease liabilities	49 390 389	128 768 324	1 868 059	180 026 772	151 636 058
<b>Total</b>	<b>3 051 069 816</b>	<b>457 998 523</b>	<b>1 868 059</b>	<b>3 510 936 398</b>	<b>3 390 175 178</b>

<b>Contractual maturities of financial liabilities as of December 31, 2024</b>	<b>Less than 1 year EGP</b>	<b>2- 3 years EGP</b>	<b>3-4 years or more EGP</b>	<b>Contractual amount EGP</b>	<b>Carrying amount EGP</b>
Trade and other credit balances	1 240 675 959	--	--	1 240 675 959	1 240 675 959
Banks credit facilities and loans	918 826 317	--	--	918 826 317	918 826 317
Notes payables	199 666 459	533 220 699	--	732 887 158	555 553 900
Lease liabilities	40 244 544	69 063 920	47 320 997	156 629 461	143 149 713
<b>Total</b>	<b>2 399 413 279</b>	<b>602 284 619</b>	<b>47 320 997</b>	<b>3 049 018 895</b>	<b>2 858 205 889</b>

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**Exposure to currency risk**

The group's foreign currency assets and liabilities as of December 31, 2025 amounted to the equivalent of EGP 898 366 144 and EGP 484 208 7410 respectively. The amounts in foreign currencies that put the company at risk as of December 31, 2025, are as follows:

<b><u>December 31, 2025</u></b>					
<b>Item</b>	<b>USD</b>	<b>EUR</b>	<b>GBP</b>	<b>ZAR</b>	<b>Total EGP</b>
Cash and Cash Equivalents	1 627 309	1 040 869	675 679	--	179 217 698
Trade Receivables	5 312 909	6 617 156	1 144 996	7 597 112	719 148 446
<b>Total Assets in Currency</b>	<b>6 940 218</b>	<b>7 658 025</b>	<b>1 820 675</b>	<b>7 597 112</b>	<b>898 366 144</b>
Bank Credit Facilities	(4 455 521)	(2 934 752)	(1 674 798)	--	(484 208 410)
<b>Total Liabilities in Currency</b>	<b>(4 455 521)</b>	<b>(2 934 752)</b>	<b>(1 674 798)</b>	<b>--</b>	<b>(484 208 410)</b>
<b>Exposure Surplus</b>	<b>2 484 697</b>	<b>4 723 273</b>	<b>145 877</b>	<b>7 597 112</b>	<b>414 157 734</b>
<b>Equivalent in EGP</b>	<b>118 448 490</b>	<b>264 550 523</b>	<b>9 358 009</b>	<b>21 803 712</b>	<b>414 157 734</b>

<b><u>December 31, 2024</u></b>					
<b>Item</b>	<b>USD</b>	<b>EUR</b>	<b>GBP</b>	<b>ZAR</b>	<b>Total EGP</b>
Cash and Cash Equivalents	1 080 119	2 344 224	436 495	--	213 824 447
Trade Receivables	4 376 079	4 270 774	1 087 141	4 297 584	542 242 358
<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>756 066 805</b>
Bank Credit Facilities	(1 389 617)	(448 805)	(60 447)	--	(99 598 195)
Note Payable and Other payables	(307 637)	(4 256 433)	(492 715)	--	(285 065 653)
<b>Total Liabilities in Currency</b>	<b>(1 697 254)</b>	<b>(4 705 238)</b>	<b>(553 162)</b>	<b>--</b>	<b>(384 663 848)</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>371 402 957</b>
<b>Equivalent in EGP</b>	<b>191 104 713</b>	<b>101 064 499</b>	<b>61 858 013</b>	<b>11 646 452</b>	<b>371 402 957</b>

	<b><u>December 31, 2025</u></b>	<b><u>December 31, 2024</u></b>
	<b><u>Surplus</u></b>	<b><u>Surplus</u></b>
USD	2 484 697	3 758 944
Euro	4 723 273	1 909 760
GBP	145 877	970 474
South African Rand	7 597 112	4 297 584

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

	<b><u>Averaging rates using during the year</u></b>		<b><u>Closing rates at date of financial statements</u></b>	
	<b><u>31/12/2025</u></b>	<b><u>31/12/2024</u></b>	<b><u>31/12/2025</u></b>	<b><u>31/12/2024</u></b>
USD	49.36	45.59	47.67	50.84
Euro	55.29	49.24	56.01	52.92
GBP	64.85	58.35	64.15	63.74
South African Rand	2.75	2.50	2.87	2.71

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**Sensitivity Analysis**

A reasonably possible strengthening (weakening) of 5% other currencies exchange rate against Egyptian pound As of December 31, 2025, would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

	<b>Profit or Loss</b>	
	<b>Increase / Decrease</b>	<b>Decrease / Increase</b>
US Dollar	5 922 275	(5 922 275)
Euro	13 227 526	(13 227 526)
Sterling Pound	467 900	(467 900)
Rand (South Africa)	1 090 185	(1 090 185)

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.

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

**Interest rate risk**

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

	<b>Carrying amount</b>	
	<b>December 31, 2025 EGP</b>	<b>December 31, 2024 EGP</b>
<b><u>Financial instruments with a fixed rate</u></b>		
Lease liabilities	151 636 058	143 149 713
	<b>151 636 058</b>	<b>143 149 713</b>
<b><u>Financial instruments with a variable rate</u></b>		
Banks credit facilities and loans	1 587 533 130	918 826 317
	<b>1 587 533 130</b>	<b>918 826 317</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.

The Monetary Policy Committee of the Central Bank of Egypt, at its meeting during 2025, decided to reduce the key policy interest rates by 725 basis points, effective from 17 April 2025 until 25 December 2025. Accordingly, the overnight deposit and lending rates, as well as the main operation rate of the Central Bank, decreased to 21.00%, 22.00%, and 21.50%, respectively. The discount rate was also reduced by 725 basis points to 21.50%.

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The Monetary Policy Committee of the Central Bank of Egypt, in its meeting held on February 12, 2026, decided to reduce basic interest rates by 100 basis points, bringing the overnight deposit and lending rates and the Central Bank's main currency rate to 19%, 20%, and 19.5%, respectively. It also decided to reduce the credit and discount rate by 100 basis points to 19.5%.

**Assessment of expected credit losses**

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

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

The following table provides information on exposure to credit risk and credit losses from trade and other receivables:

	December 31, 2025			December 31, 2024		
	<u>Expected credit loss rate</u>	<u>Net book value EGP</u>	<u>Loss amount EGP</u>	<u>Expected credit loss rate</u>	<u>Net book value EGP</u>	<u>Loss amount EGP</u>
<b><u>Trade and notes receivables</u></b>						
Non due	--	1 117 004 525	--	--	941 629 011	--
0-90 days	16%	111 387 725	17 797 316	%18	67 481 737	11 835 320
91-180 days	19%	8 291 190	1 562 48	%11	14 583 901	1 592 043
181-270 days	45%	3 608 540	1 639 319	%20	3 941 492	799 773
271-360 days	36%	2 050 719	744 623	%8	7 286 062	549 326
More than 360 days	%100	112 414 007	112 414 007	%100	118 706 990	118 706 990
<b>Total</b>		<b><u>1 354 756 706</u></b>	<b><u>134 157 673</u></b>		<b><u>1 153 629 193</u></b>	<b><u>133 483 452</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 180 days past due.	Lifetime expected losses.

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Provision                      Repayments are 360 days past due and there is no reasonable expectation of recovery.      Asset is written off

**Fair Value of Financial Instruments**

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

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

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

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

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

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

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

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

nominal values minus any estimated credit adjustments to assets and liabilities with a maturity of less than one year are expected to approximate their fair value.

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The fair values of non-current financial obligations are considered to be close to their book values because they carry interest rates, which are based on market interest rates.

**Capital Management**

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

**37- Tax Status**

The following is the company's tax status as of December 31, 2025, according to the opinion of the company's tax administration

**First: Corporate income tax**

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

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

**Second: Payroll tax**

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

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

**Third: Stamp tax**

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

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

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

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

**Fifth: Real state tax**

- All tax obligations were paid until 2021.
- A temporary exemption was issued from real estate tax for industrial companies for 3 years, the agreement has been renewed for another 2 years ending on December 31, 2026.
- The company's management believes the tax provisions are sufficient to cover any potential tax liabilities.
- The company is committed to providing the master file, the local file, and the report at the country level for each of its commercial and financial transactions to modify

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the transactions in favor of the Egyptian Tax Authority in accordance with the united Tax revenue loan Law No. 206 of 2020 and its amendments.

**38- Material accounting policies**

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

**38-1 Basis of preparing consolidated financial statements**

**a. Business combination**

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

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

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

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

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

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**b. Subsidiaries**

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

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

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

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

**d. Loss of control**

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

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

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

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

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

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

**f. Elimination from consolidation financial statements**

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

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

**Foreign currency transactions**

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

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

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

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

**Financial statement for foreign operations**

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

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

**38-3 Revenue recognition**

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

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

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

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

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

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

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

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

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

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

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

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

**Satisfaction of performance obligation**

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

**Determine the transaction price**

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

**Control transfer in contracts with customers**

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

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

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

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

**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**

**a) 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.

**b) Interest Revenue**

Interest revenue is recognized on an accrual basis, considering the time period and the effective interest rate.

Revenue is measured at the fair value of the consideration received or receivable. Revenue is recognized when it is probable that future economic benefits will flow to the entity and the amount of revenue can be measured reliably. No revenue is recognized if there is uncertainty regarding the recoverability of the consideration or the related costs.

**38-4 Employee benefits**

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

**38-5 Expenses**

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

**38-6 Finance income and finance costs**

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

- Interest income;
- Interest expense;

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- Dividend's
- Ineffective hedging recognized in profit or loss.

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

**38-7 Earnings per share**

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

**38-8 Income tax**

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

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

**38-8-1 Current income tax**

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

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

**38-8-2 Deferred tax**

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

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

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

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

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.  
Offsetting tax assets and liabilities is not made until certain conditions are met.

**38-9 Inventories**

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

**38-10 Property, plant & equipment**

**38-10-1 Recognition and measurement**

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

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

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

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

The frequency of revaluations depends upon the changes in fair values of the items of property, plant and equipment being revalued. When the fair value of a revalued asset differs materially from its carrying amount, a further revaluation is required. Some items of property, plant and equipment experience significant and volatile changes in fair value, thus necessitating annual revaluation. Such frequent revaluations are unnecessary for items of property, plant and equipment with only

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insignificant changes in fair value. Instead, it may be necessary to revalue the item only every three or five years.

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

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

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

**38-10-2**     **Subsequent expenditure**

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

**38-10-3**     **Depreciation**

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

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

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

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

**38-11**     **Projects under construction**

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

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**38-12 Intangible assets**

**38-12-1 Goodwill**

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

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

**38-12-2 Other Intangible Assets**

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

**38-12-3 Amortization**

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

**38-13 Leased contracts**

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

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

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

**Initial measurement of the right of use asset:**

The cost of the right of use asset is:

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

**Subsequent measurement of the right of use assets:**

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

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

- **Initial measurement of lease obligation:**

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

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

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

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

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

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

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

### **38-14 Financial instruments**

#### **Recognition and initial measurement**

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

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

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**Classification and subsequent measurement**

**Financial assets**

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

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

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

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

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

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

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

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management; and

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

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

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

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

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

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

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

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

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

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

**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.
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<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.
<b>Debt investments at FVOCI</b>	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

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liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

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

**Offsetting**

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

**Financial derivatives and hedge accounting**

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

**38-15 Share capital**

**38-15-1 Ordinary shares**

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

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

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

**38-16 Impairment**

**38-16-1 Non-derivative financial assets**

**Financial instruments and contract assets**

The group recognizes loss allowances for ECLs on:

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

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

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

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

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

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

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

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

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

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

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

**Measurement of ECLs**

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

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

**38-16-2 Credit-impaired financial assets**

At each reporting date, the Company assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit impaired. A financial asset

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is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

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

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

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

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

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

**Financial assets at  
amortized cost  
(If any)**

The Company assessed evidence of impairment for these assets at both an individual asset and a collective level. All individually significant assets are individually assessed for impairment. Those found not to be impaired are then collectively assessed for any impairment that has been incurred but not yet individually identified. Assets that are not individually significant are collectively assessed for impairment. Collective assessment is carried out by Companying together assets with similar risk characteristics. In assessing collective impairment, the Company used historical information on the timing of recoveries and the amount of loss incurred and made an adjustment if current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

An impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

**Equity- accounted  
investees (If any)**

Impairment losses in equity-accounted investees are measured by comparing their carrying amount with the recoverable amount, and the impairment losses are recognized in profit or loss and the impairment loss is reversed when preferential changes occur in the estimates used to determine the recoverable amount.

**Financial assets  
FVOCI (If any)**

Impairment losses on Financial assets FVOCI are recognized by reclassifying the losses accumulated in the fair value reserve to profit or loss. The amount reclassified is the difference between the acquisition cost (net of any principal repayment and amortization) and the current fair value, less any impairment loss previously recognized in profit or loss.

If the fair value of an impaired available-for-sale debt security subsequently increases and the increase can be related objectively to an event occurring after the impairment loss was recognized, then the impairment loss is reversed through profit or loss. Impairment losses recognized in profit or loss for an investment in an equity instrument classified as available-for-sale in profit or loss are not reversed.

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

**38-16-3 Non-financial assets**

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

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

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

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

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

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

**38-17 Provisions**

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

**38-18 Export Subsidy Revenues**

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

**38-19 Cash and Cash Equivalents**

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

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**38-20 Borrowing Cost**

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

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

**38-21 Segment Reporting results**

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

**38-22 Consolidated Cashflows Statement**

The cashflows statement is prepared according to the indirect method.

**39- Hyperinflation**

Lebanon Economics was identified as a hyperinflationary for years ending on or after September 30, 2020. The International Monetary Fund has not published projections for Lebanon after 2020. The Lebanese Central Administration of Statistics (CAS) has published monthly CPI data through October 1, 2023. Based on the latest data of the Lebanese Central Administration of Statistics (CAS), the consumer price index increased by approximately 162.7% during the first ten months of 2022, taking the 3-year cumulative inflation rate to 2130.3% at the end of October 2023.

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.

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**40- The new and amended International Financial Reporting Standards applied in the consolidated financial statements**

The following new and revised IFRSs that became effective for annual years beginning on or after January 1, 2025 have been applied in these consolidated financial statements. The application of these IFRSs had no material impact on the amounts in the current or previous years.

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

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

**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.

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

On June 17, 2025, the Extraordinary General Meeting of Lecico Egypt (the merging company) approved the decision to merge Lecico International Industries (merged), and Lecico European Ceramics Company (merged), into Lecico Egypt (the merging company). This includes the transfer of all rights and obligations of the merged companies to the merging company in connection with the merger, based on the book value of the net equity of the merging and merged companies as shown in the financial statements as of December 31, 2022, which were the basis for the merger according to the valuation committee's report.

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