

**Professional Consultants**

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**INDEPENDENT AUDITOR'S REPORT**

**TO THE SHAREHOLDERS OF**

**MIDDLE EAST SPECIALIZED CABLES COMPANY (MESC)**

(A Saudi Joint Stock Company)

**Opinion**

We have audited the consolidated financial statements of **Middle East Specialized Cables Company** (“the Company”) and its subsidiary (together “the Group”), which comprise the consolidated statement of financial position as at December 31, 2025, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2025, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (“SOCPA”).

**Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants that are endorsed in the Kingdom of Saudi Arabia that are relevant to our audit of the consolidated financial statements, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<b>Key audit matters</b>	<b>How our audit addressed the key audit matter</b>
<p><b>Revenue Recognition</b></p> <p>During the year ended December 31, 2025, the Group’s revenue approximately amounted to SAR 1.48 billion (2024: SAR 1.14 billion). Revenue recognition is a key audit matter because there is a risk that management may override controls to misrepresent revenue transactions. Please refer to note No. (4.17) for revenue accounting policy, and note (25) for more detail of revenue on the accompanying consolidated financial statements.</p>	<p>We have performed the following procedures regarding revenue recognition:</p> <ul style="list-style-type: none"> <li>- Evaluating the appropriateness of the accounting policies related to the revenue recognition of the Group by taking into consideration the requirements of IFRS 15 as endorsed in the Kingdom of Saudi Arabia "Revenue from Contracts with Customers".</li> <li>- Evaluating the design, and implementation of the Group's control procedures, including the control procedures to prevent fraud when recognizing revenue in accordance with the Group's policy.</li> <li>- performing cut-off tests of revenue made to assess whether the revenue has been recognized in the correct period.</li> <li>- Testing revenue transactions, on a sample basis, which included receipts signed by customers, to ensure the accuracy and validity of revenue recognition.</li> </ul>

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## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### Key Audit Matters (continued)

Key audit matters (continued)	How our audit addressed the key audit matter (continued)
<b>Impairment in value of trade receivables</b>	
<p>As at December 31, 2025, the Group recognized impairment in value of trade receivables of SAR 18.76 million (December 31, 2024: SAR 18.9 million).</p> <p>The Group's Impairment in value of trade receivables are based on management's estimate of the lifetime expected credit losses to be incurred, which is estimated by taking into account the credit loss experience, aging of trade receivables, customers' repayment history and customers' financial position and an assessment of both the current and forecast general economic conditions. All of which involve a significant degree of management judgement.</p> <p>We have identified impairment in value of trade receivables as a key audit matter because recognition of loss allowance is inherently subjective and requires significant management judgement, which increases the risk of error or potential management bias.</p> <p>Please refer to note No. (4.14) for the impairment in value of trade receivables accounting policy and note No. (10) for the relevant disclosure on the accompanying consolidated financial statements.</p>	<p>Our audit procedures to assess impairment in value of trade receivables included the following:</p> <ul style="list-style-type: none"> <li>- Assessing the design and implementation of management's key controls relating to credit control, debt collection and estimation of expected credit losses;</li> <li>- Assessing, on a sample basis, whether items in the trade debtors' ageing report were classified within the appropriate ageing bracket by comparing individual items in the report with underlying documentation, which included sales invoices and goods delivery notes;</li> <li>- Obtaining an understanding of the key parameters and assumptions of the expected credit loss model adopted by the management, including historical default data and management's estimated loss rates;</li> <li>- Assessing the reasonableness of management's loss allowance estimates by examining the information used by management to form such judgements, including testing the accuracy of the historical default data and evaluating whether the historical loss rates are appropriately adjusted based on current economic conditions and forward-looking information; and</li> <li>- Inspecting, on a sample basis, cash receipts from customers subsequent to the financial year end relating to trade receivables balances as at December 31, 2025 with bank statements and relevant remittance documentation.</li> </ul>

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### INDEPENDENT AUDITOR'S REPORT (CONTINUED)

#### Key Audit Matters (continued)

Inventory	
<p>Inventory is considered a key audit matter due to the nature of the activity of the group that depends primarily on the inventory in generating revenue and the extend of its impact on business results.</p> <p>As at December 31, 2025, the group's inventory balance amounted to SAR 341 million (December 31, 2024: SAR 261 million), which is approximately 34.34% of the total current assets and 28.62% of the total assets of the group (December 31, 2024: 35.4% of the total current assets and 28.1% of the total assets), and given the importance of the inventory balance, valuations, and assumptions related to its obsolescence and decline in its value, this matter was considered a major matter for audit.</p> <p>Please refer to note No. (4.7) for the inventory accounting policy and note No. (11) for the relevant disclosure on the accompanying consolidated financial statements.</p>	<p>We have performed the following procedures regarding existence and valuation of inventory balance:</p> <ul style="list-style-type: none"><li>- Attending the physical inventory count held by the group.</li><li>- Evaluating the design and implementation of internal control procedures for the inventory accounting cycle.</li><li>- Evaluating the appropriateness and adequacy of disclosures related to inventory in the consolidated financial statements.</li><li>- Testing the valuation of inventory measurement at cost price or net realizable value, whichever is lower.</li></ul>

#### Other information

Other information consists of the information included in the Group's 2025 annual report, other than the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information in its annual report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA and Regulations for Companies and the Company's Bylaws, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, i.e. the Board of Directors, are responsible for overseeing the Group's financial reporting process.

