



MAKKAH CONSTRUCTION AND DEVELOPMENT COMPANY
(A SAUDI JOINT-STOCK COMPANY)
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REVIEW REPORT
FOR THE THREE-MONTH PERIOD ENDED ON MARCH 31, 2026

Makkah Construction and Development Company

(A Saudi joint-stock company)

Interim condensed consolidated financial statements for the three-month periods ended on March 31, 2026 and independent auditor's review report

INDEX	PAGE
- Independent auditor's review report for the interim condensed consolidated financial statements	
- Interim condensed consolidated statement of financial position (unaudited)	1
- Interim condensed consolidated statement of profit or loss and other comprehensive income (unaudited)	2
- Interim condensed consolidated statement of changes in shareholders' equity (unaudited)	3
- Interim condensed consolidated statement of cash flows (unaudited)	4 - 5
- notes to the interim condensed consolidated financial statements (unaudited)	6 - 24

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INDEPENDENT AUDITOR'S REVIEW REPORT FOR THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

TO THE SHAREHOLDERS

Makkah Construction and Development Company
(A Saudi joint-stock company)
Makkah - Kingdom of Saudi Arabia

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Makkah Construction and Development Company (a Saudi joint-stock company) (the "Company") as of March 31, 2026, the interim condensed consolidated statements of profit or loss and other comprehensive income for the three-month periods ended March 31, 2026, the changes in shareholders' equity and cash flows for the three-month period then ended, and other explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with the International Accounting Standard (IAS) 34 "Interim Financial Reporting" as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements (ISRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", as endorsed in the Kingdom of Saudi Arabia. A review of interim condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing that approved in the Kingdom of Saudi Arabia and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in the audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements have not been prepared in all material respects, in accordance with IAS 34 as endorsed in the Kingdom of Saudi Arabia.



For El Sayed El Ayouty & Co.


Abdullah A. Balamesh

Certified Public Accountant

License No. (345)

Jeddah: Dhul-Qa'dah 20, 1447H
Corresponding to: May 07, 2026

Makkah Construction and Development Company

(A Saudi joint-stock company)

Interim condensed consolidated statement of financial position (unaudited) as at March 31, 2026

(All amounts in Saudi Riyals)

	Note	March 31, 2026 (unaudited)	December 31, 2025 (audited)
ASSETS			
Non-current assets			
Property, plant and equipment - Net	5	2,367,666,276	1,394,100,787
Investment properties - Net	6	207,487,246	205,036,090
Right-of-use assets - Net		2,763,428	2,940,824
Investments at fair value through other comprehensive income	7	1,212,217,830	1,128,959,071
Investment in associates	8	412,371,902	412,371,902
Financial investments at amortized cost	9	926,644,883	926,552,382
Total non-current assets		5,129,151,565	4,069,961,056
Current assets			
Trade receivables – Net	10	81,460,951	75,439,846
Inventory		2,155,559	2,642,799
Prepaid expenses and other debit balances - net		247,063,541	77,749,278
Financial assets at fair value through profit or loss	11	67,206,177	25,951,987
Cash and cash equivalent		49,179,392	73,428,187
Total current assets		447,065,620	255,212,097
Total assets		5,576,217,185	4,325,173,153
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	12	2,000,000,000	2,000,000,000
Statutory reserve	13	-	-
Revaluation gains of financial assets at fair value through other comprehensive income		277,711,197	194,452,438
Retained earnings		1,808,243,959	1,646,037,597
Total Shareholders' equity		4,085,955,156	3,840,490,035
NON-CURRENT LIABILITIES			
Long-term loan - non-current portion		37,500,000	50,000,000
Lease liabilities - non-current portion		2,008,344	2,331,678
Employees' defined benefit obligations		53,139,530	51,635,612
Total non-current liabilities		92,647,874	103,967,290
CURRENT LIABILITIES			
Short-term loan		912,851,191	-
Long-term loan - current portion		25,207,600	51,420,599
Deferred revenue		41,492,355	20,281,568
Lease liabilities - current portion		655,570	719,438
Trade payables		6,606,945	7,398,034
Accrued expenses and other credit balances		203,994,753	97,687,217
Dividends payable	15	190,968,340	191,530,708
Provision for zakat	16	15,837,401	11,678,264
Total current liabilities		1,397,614,155	380,715,828
Total liabilities		1,490,262,029	484,683,118
Total Shareholders' equity and liabilities		5,576,217,185	4,325,173,153

The accompanying notes from (1) to (23) form an integral part of these interim condensed consolidated financial statements

Saleh Mohammed Awad bin Laden



Chairman of Board of Directors

Mohammed A. Al Nafea



Chief Executive Officer – Board Member

Ahmad Mohanad Jaber



Chief Financial Officer

Makkah Construction and Development Company

(A Saudi joint-stock company)

Interim condensed consolidated statement of profit or loss & other comprehensive income (unaudited) for the three-month periods ended March 31, 2026

(All amounts in Saudi Riyals)

		For the three-month period ended	
	Note	March 31, 2026	March 31, 2025
Revenue		251,370,657	235,555,966
Cost of revenue		(64,663,709)	(65,763,365)
Gross profit		186,706,948	169,792,601
Selling and marketing expenses		(1,321,087)	(1,609,177)
General and administrative expenses		(28,462,222)	(23,214,695)
Profits from operations		156,923,639	144,968,729
Finance costs		(269,203)	(59,804)
Return on financial investments held at amortized cost		11,687,638	-
(Loss) / Return of financial assets at fair value through profit or loss	11	(245,810)	6,983,285
Other (expenses) / income		(1,730,765)	2,094,571
Net profit for the period before Zakat		166,365,499	153,986,781
Zakat	16	(4,159,137)	(3,849,670)
Net profit for the period		162,206,362	150,137,111
Other comprehensive income			
<i>Items that will not be subsequently reclassified to statement of profit or loss</i>			
Unrealized net gain from revaluation of financial assets at fair value through other comprehensive income		83,258,759	608,315,562
Other comprehensive income for the period		83,258,759	608,315,562
Comprehensive income for the period		245,465,121	758,452,673
Earnings per share			
Basic and diluted earnings per share from net profit for the period	17	0.81	0.75

The accompanying notes from (1) to (23) form an integral part of these interim condensed consolidated financial statements

Saleh Mohammed Awad bin Laden



Chairman of Board of Directors

Mohammed A. Al Nafea



Chief Executive Officer – Board Member

Ahmad Mohanad Jaber



Chief Financial Officer

Makkah Construction and Development Company

(A Saudi joint-stock company)

Interim condensed consolidated statement of changes in shareholders' equity (unaudited) for the three-month period ended March 31, 2026

(All amounts in Saudi Riyals)

	Share capital	Statutory reserve	Revaluation gains of financial assets at fair value through other comprehensive income	Retained earnings	Total
Balance at January 01, 2025 (audited)	1,646,162,400	836,280,685	999,429,368	570,529,242	4,054,401,695
Transferred from the statutory reserve	351,837,600	(836,280,685)	-	484,443,085	-
Net profit for the period (unaudited)	-	-	-	150,137,111	150,137,111
Other comprehensive income for the period (unaudited)	-	-	608,315,562	-	608,315,562
Comprehensive income for the period (unaudited)	-	-	608,315,562	150,137,111	758,452,673
Balance at March 31, 2025 (unaudited)	2,000,000,000	-	1,607,744,930	1,205,109,438	4,812,854,368
Balance at January 01, 2026 (audited)	2,000,000,000	-	194,452,438	1,646,037,597	3,840,490,035
Net profit for the period (unaudited)	-	-	-	162,206,362	162,206,362
Other comprehensive income for the period (unaudited)	-	-	83,258,759	-	83,258,759
Comprehensive income for the period (unaudited)	-	-	83,258,759	162,206,362	245,465,121
Balance at March 31, 2026 (unaudited)	2,000,000,000	-	277,711,197	1,808,243,959	4,085,955,156

The accompanying notes from (1) to (23) form an integral part of these interim condensed consolidated financial statements

Saleh Mohammed Awad bin Laden



Chairman of Board of Directors

Mohammed A. Al Nafea



Chief Executive Officer – Board Member

Ahmad Mohamed Jaber



Chief Financial Officer

Makkah Construction and Development Company

(A Saudi joint-stock company)

Interim condensed consolidated statement of cash flows (unaudited) for the three-month period ended March 31, 2026

(All amounts in Saudi Riyals)

	Note	For the three-month period ended March 31, 2026 (unaudited)	For the three-month period ended March 31, 2025 (unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net profit for the period before Zakat		166,365,499	153,986,781
ADJUSTMENTS:			
Depreciation on property, plant, and equipment	5	6,372,659	7,853,408
Depreciation of investment properties,	6	1,192,232	1,336,098
Loss on disposal of investment properties		1,797,765	-
Depreciation of right-of-use assets		177,396	116,293
Return on financial investments held at amortized cost	8	(11,687,638)	-
Finance costs		269,203	59,804
Loss / (Return) of financial assets at fair value through profit or loss	11	245,810	(6,983,285)
Provision for Employees' defined benefit obligations		2,415,432	781,879
		167,148,358	157,150,978
CHANGES IN:			
Trade receivables	10	(6,021,105)	(13,677,286)
Inventory		487,240	(347,083)
Prepaid expenses and other debit balances		(160,752,464)	(124,463,720)
Deferred revenue		21,210,787	16,900,039
Trade payables		(791,089)	3,492,017
Accrued expenses and other credit balances		106,307,536	62,926,648
Employees' defined benefit obligations paid		(911,514)	(3,454,584)
Net cash provided by operating activities		126,677,749	98,527,009
CASH FLOWS FROM INVESTING ACTIVITIES:			
Payments to property, plant and equipment		(973,545,583)	(5,326,335)
Payments to investment properties		(3,030,811)	(102,500)
Payments for financial assets classified at fair value through profit or loss statement		(88,000,000)	(64,467,150)
Proceeds from the sale and return of financial assets classified at fair value through the profit or loss statement		46,500,000	22,000,000
Proceeds from returns on financial investments held at amortized cost		3,033,338	-
Net cash (used in) investing activities		(1,015,043,056)	(47,895,985)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Settlement of long-term loan		(12,500,000)	(12,500,000)
Received from short-term loan		880,000,000	-
Finance costs paid		(2,354,645)	(3,429,496)
Lease obligations paid		(466,475)	(437,500)
Dividends paid	15	(562,368)	(1,593,112)
Net cash provided by / (used in) financing activities		864,116,512	(17,960,108)
Net change in cash and cash equivalent		(24,248,795)	32,670,916
Cash and cash equivalents at beginning of the period		73,428,187	111,594,053
Cash and cash equivalents at end of the period		49,179,392	144,264,969

Makkah Construction and Development Company

(A Saudi joint-stock company)

Interim condensed consolidated statement of cash flows (unaudited) for the three-month period ended March 31, 2026 (Continued)

(All amounts in Saudi Riyals)

	For the three-month period ended March 31, 2026 (unaudited)	For the three-month period ended March 31, 2025 (unaudited)
OTHER NON-CASH TRANSACTIONS:		
Unrealized gain from revaluation of financial assets at fair value through other comprehensive income	83,258,759	608,315,562
Capitalized financing costs during the period	8,802,907	1,187,983
Transferred from capital projects in progress to investment properties	(2,410,342)	-
Right-of-use assets and lease obligations	-	3,599,160
Transferred from statutory reserve to share capital and retained earnings	-	836,280,685

The accompanying notes from (1) to (23) form an integral part of these interim condensed consolidated financial statements

Saleh Mohammed Awad bin Laden



Chairman of Board of Directors

Mohammed A. Al Nafea



Chief Executive Officer – Board Member

Ahmad Mohanad Jaber



Chief Financial Officer

Makkah Construction and Development Company

(A Saudi joint-stock company)

Notes to the interim condensed consolidated financial statements for the three-month period ended March 31, 2026 (unaudited)

(All amounts in Saudi Riyals unless otherwise stated)

1. GENERAL

1.1 Corporate information

Makkah Construction and Development Company (A Saudi Joint Stock Company) (the "Company") was incorporated in accordance with the Companies' Act. and as per Royal Decree no. (M/5) dated 13 Dhu Al-Qi'dah 1408H. The incorporation was declared by the Minister of Commerce and Investment no. 859 dated 21 Dhu Al-Qi'dah 1409 H (corresponding to 24 June 1989). The Company is registered in Makkah under Commercial Registration number 4031020101 dated one Dhu Al-Hijjah 1409 H (corresponding to 4 July 1989) and under Unified Registration No. 7018055256.

The main activity of the Company is the construction of the area near Al Masjid Al Haram, the ownership, development, management, investment, purchase, and lease of the properties near Al Masjid Al Haram. In addition to performing all necessary engineering works to perform building, constructing, repairing, and demolishing works.

The Head office of the Company is located in Third Al-Dairi Road - Al-Shuqayyah District

Building 2779, additional number 8860, code 24351

Makkah Al Mukarramah, Kingdom of Saudi Arabia.

Branches: The Company has the following branches:

<u>S/N</u>	<u>City</u>	<u>CR No.</u>	<u>Date</u>	<u>Name of branch</u>
1	Makkah	4031102134	18/3/1439H	Branch of Makkah Construction and Development Company for Umrah Services

These consolidated financial statements consist of the financial statements of the parent company and its subsidiary. As of March 31, 2026, the Parent Company owns the following subsidiary:

<u>Company Name</u>	<u>CR No.</u>	<u>Date</u>	<u>Shareholding %</u>	<u>Principal activities</u>
Hotel Towers Company Makkah Hotel Company	4031045190	18/09/1424H (corresponding to 11/11/2003)	100%	The hotels provide services for Umrah performers, visitors to the Prophet's Mosque, and services for pilgrims coming from outside the Kingdom and domestic pilgrims.
Manafa Al-Barakah Investment Company	4031300209	19/10/1445H corresponding to 28/04/2024	100%	Other financial service activities, excluding insurance and pension funding.
MCDC Maintenance & Cleaning Company	7052715476	05/06/1447H corresponding to 26/11/2025	100%	Building maintenance and general building cleaning services.

On December 24, 2023, the Company transferred the branch of the Makkah Hotel and Towers, having a commercial registration number 4031045190 dated 11/11/2003, including all rights, obligations, labor, classification, licenses, and all its financial, technical, and administrative components, to a single-owner limited liability company while retaining the name, number, and date of the commercial registration of the company's branch as the main center for the newly incorporated company named Hotel Towers Company Makkah Hotel Company with an unpaid capital of one million Saudi Riyals. The parent Company continued to include the branch's activities within its operations, and the Company has not commenced operations to date.

On April 28, 2024, Manafa Al Barakah Investment Company was established with Commercial Registration Number 4031300209 as a single shareholder limited liability company with a paid-up capital of five hundred thousand Saudi Riyals, and the Company has not yet commenced its activities.

On November 26, 2025, MCDC Maintenance & Cleaning Company was established, Commercial Registration No. 7052715476, as a single shareholder limited liability company with an paid capital of five thousand Saudi Riyals, and the Company has not yet commenced its activities.

Makkah Construction and Development Company

(A Saudi joint-stock company)

Notes to the interim condensed consolidated financial statements for the three-month period ended March 31, 2026 (unaudited)

(All amounts in Saudi Riyals unless otherwise stated)

1. GENERAL (CONTINUED)

1.2 Fiscal year:

The Company's consolidated fiscal year begins on January 1st and ends on December 31st of each calendar year. The interim condensed consolidated financial statements presented are for the period from January 01, 2026 to March 31, 2026.

2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

2.1 Compliance with Accounting Standards Applied

These interim condensed consolidated financial statements (the "financial statements") have been prepared in accordance with International Accounting Standard No. (34) "Interim Financial Reporting" approved in the Kingdom of Saudi Arabia (the International Financial Reporting Standard that specifies the minimum contents of an interim financial report) and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants.

The interim condensed consolidated financial statements do not include all the information and disclosures required for the complete set of financial statements prepared in accordance with International Financial Reporting Standards and must be read in accordance with the annual financial statements of the Company as of December 31, 2025 (the "last annual financial statements"). In addition, the results of the initial period ending on March 31, 2025, may not be considered an accurate indication of the expected results for the fiscal year ending on December 31, 2025.

2.2 Basis of measurement

The interim condensed consolidated financial statements have been prepared on the historical cost basis using the principle of accounting accrual, with the exception of;

- Financial instruments that are measured at fair value.
- Investment in associates accounted for using the equity method.
- Employees defined benefit obligations are measured at the present value of future obligations using the projected unit credit method.

2.3 Functional and presentation currency

The financial statements are presented in Saudi Riyals, which is the functional and presentation currency of the Company.

2.4 Going concern basis

In preparing the accompanying financial statements, management has assessed the Company's ability to continue as a going concern and is satisfied that the Company has the resources to continue its operations for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt on the Company's ability to continue as a going concern.

2.5 Basis for consolidation of financial statements:

These consolidated financial statements consist of the financial statements of the parent company and its subsidiaries. A subsidiary is an entity controlled by the Parent Company. Control is achieved when the parent company is exposed to risks or has rights to receive various returns from its relationship with the invested company and has the ability to influence those returns through its authority over the investees.

Specifically, the parent company controls the investees only when the parent has:

- Control over the investees (i.e. having rights that give the parent the ability to direct the related activities of the investees),
- Exposure to risks, or rights to receive different returns through its relationship with the investees.

Makkah Construction and Development Company

(A Saudi joint-stock company)

Notes to the interim condensed consolidated financial statements for the three-month period ended March 31, 2026 (unaudited)

(All amounts in Saudi Riyals unless otherwise stated)

2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE (CONTINUED)

2.5 Basis for consolidation of financial statements (Continued)

- Generally, it is assumed that a majority of voting rights results in control. Supporting this assumption, when the parent company has less than a majority of voting rights or similar rights in the investees, the parent considers all relevant facts and circumstances to determine whether it exercises control over the investees, including:
 - Contractual arrangements with other voting rights holders;
 - Rights arising from other contractual arrangements;
 - The parent company's special voting rights and potential voting rights.
- The parent company re-evaluates whether it exercises control over the investees when facts and circumstances indicate a change in any of the three control elements. Consolidation of subsidiaries begins when the parent company controls the subsidiary and ceases when the parent relinquishes such control. Assets, liabilities, income, and expenses of acquired or disposed subsidiaries during the year are included in the consolidated financial statements from the date control is transferred to the parent until the parent relinquishes control over the subsidiaries.
- Income or loss and each component of other comprehensive income relate to the shareholders of the parent company and non-controlling interests, even if this results in a deficit in non-controlling equity balances. When necessary, adjustments are made to the financial statements of subsidiaries to align their accounting policies with those adopted by the parent company. All intercompany assets, liabilities, equity, revenues, expenses, and cash flows related to transactions between the parent company and the subsidiaries are completely eliminated during consolidation.
- Any change in equity interests in a subsidiaries, without losing control, is treated as an equity transaction. If the parent company loses control over subsidiaries, it ceases to recognize related assets and liabilities (including goodwill), non-controlling interests, and other equity items, while profits or losses arising from this are recognized in the consolidated income statement. Any investment retained is recognized at fair value. Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the equity of the parent company in these subsidiaries.

2.6 Significant accounting judgments and estimates

The preparation of these financial statements requires Management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets, liabilities, and disclosures. These estimates are based on underlying assumption related to historical experience and various other factors that are believed to be reasonable in the circumstances. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis, and revisions to accounting estimates are recognized in the period in which the estimate is modified if the modification affects current and future periods. The significant judgments and estimates have the most significant effect on the amounts recognized in the interim condensed consolidated financial statements are as follows:

Fulfillment of performance obligations

The Group is required to assess each of its contracts with customers to determine whether the performance obligations are satisfied over time or at a point in time, in order to determine the appropriate method of revenue recognition. The Group has concluded that performance obligations related to rental and maintenance services are satisfied over time, whereas Hajj and Umrah services and hotel services are satisfied at a point in time. These performance obligations can be measured reliably.

Determination of transaction prices

The Group is required to determine the transaction price in respect of each of its contracts with customers. In making such judgment the Company assesses the impact of any variable consideration in the contract, due to discounts or penalties, the existence of any significant financing component in the contract and any non-cash consideration, if any.

Classification of real estate properties

The Group exercises judgment in classifying properties as property, plant and equipment or as investment properties. The Group considers the recognition criteria in accordance with the relevant accounting standards, together with management's intention and the underlying business model. Hotels are considered owner-occupied and held for use in providing services, whereas shopping malls are classified as investment properties as they are held to earn rental income from third parties.

Makkah Construction and Development Company

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Notes to the interim condensed consolidated financial statements for the three-month period ended March 31, 2026 (unaudited)

(All amounts in Saudi Riyals unless otherwise stated)

2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE (CONTINUED)

2.6 Significant accounting judgments and estimates (Continued)

Operating lease classification – Group as lessor

The Group entered commercial leases for its investment property. Based on the assessment of the terms and conditions of the agreements, such as the lease term that does not constitute a significant part of the economic life of the property and the present value of the minimum lease payments that amount to substantially all the fair value of the commercial properties, the Group has concluded that it retains all significant risks and rewards of ownership of these properties. Therefore, it accounts for the contracts as operating leases.

Impairment of financial assets

The carrying amounts of the Company's non-financial assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

Impairment arises when the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. Fair value less costs of disposal is determined based on available data from binding sales transactions conducted at arm's length for similar assets. Value in use is calculated using a discounted cash flow model, whereby expected future cash flows are discounted using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Useful lives and residual value of property, equipment and investment property

The Group's management estimates the useful lives of its property and equipment and investment properties for calculating depreciation. Such estimates are updated after considering the expected use of the assets, obsolescence, and wear and tear. The management periodically reviews estimated useful lives, the residual values and depreciation method to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from these assets.

Lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise the option to extend or terminate. The assessment is reviewed if a material event or a significant change in circumstances has occurred that affects this assessment. During the current financial period, there was no material financial impact of revising the terms of the lease contracts to reflect the impact of exercising extension or termination options.

Provision for expected credit losses for trade and other debit balances

The Group uses a provision matrix to calculate expected credit losses on trade receivables and contract assets. Provision ratios are determined based on days past due for different groups of customer segments with similar loss patterns (i.e. geographic region, product type, customer type, price, coverage by letters of credit and other forms of credit guarantee).

Determining expected credit losses for trade and other debit balances requires the Group to take into account certain estimates of forward-looking factors when calculating the probability of default. These estimates may differ from actual circumstances. The matrix is based on past default experience monitored by the Group. The Group will calibrate the table in order to adjust the historical credit loss experience with forecast information, for example, if economic conditions (i.e. GDP) are expected to deteriorate over the next year which could lead to an increasing number of defaults in the tourism and services sector, then previous default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The Group assessed the growth rate of the gross domestic product, a macroeconomic factor closely tied to future information, which has the potential to impact the credit risk of customers. Based on this assessment, the company made adjustments to the historical loss by considering the expected changes in this factor through various scenarios. An assessment of the relationship between historically observed rates of default, expected economic conditions and expected credit losses is an important estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The company's previous credit losses and expected economic conditions may not be an indication of the customer's actual default in the future. Information about expected credit losses on trade receivables and contract assets of the Group has been disclosed in the related notes.

Makkah Construction and Development Company

(A Saudi joint-stock company)

Notes to the interim condensed consolidated financial statements for the three-month period ended March 31, 2026 (unaudited)

(All amounts in Saudi Riyals unless otherwise stated)

2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE (CONTINUED)

2.6 Significant accounting judgments and estimates (Continued)

Provision for Zakat and VAT

When the amount of zakat is an uncertain liability or asset, the Group recognizes the provision that reflects management's best estimate as a more probable outcome based on facts known in the relevant period. Any differences between the zakat estimates and final zakat assessments are charged to the statement of profit or loss in the period in which they are incurred.

Impairment of financial assets

At the end of each reporting period, the Group estimates the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. In the event of this indication, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any.

Contingent liabilities

By their nature, contingent liabilities will only be confirmed by the occurrence or non-occurrence of one or more future events. The assessment of such contingent liabilities inherently involves the exercise of significant judgment and estimates regarding the outcomes of future events.

Fair value measurement of financial instruments

The Group measures some financial instruments and non-financial assets according to the fair value at the statement of financial position date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- Sale or transfer in the principal market for the asset or liability, or
- A sale or transfer in a market other than the principal, i.e. in the most advantageous market for the asset or liability.

The Company must have access to the principal market or the most favorable market. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use, or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate for the circumstances and for which sufficient data is available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1: Inputs are quoted prices asset markets for identical assets (unadjusted) of similar obligations,

Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is not observable.

Makkah Construction and Development Company

(A Saudi joint-stock company)

Notes to the interim condensed consolidated financial statements for the three-month period ended March 31, 2026 (unaudited)

(All amounts in Saudi Riyals unless otherwise stated)

2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE (CONTINUED)

2.6 Significant accounting judgments and estimates (Continued)

Fair value measurement of financial instruments (Continued)

The Group's management also compares changes in the fair value of each asset and liability with relevant external sources to assess whether such changes are reasonable. For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities based on the nature, characteristics, and risks of the asset or liability, as well as the level of the fair value hierarchy, as described above.

3. NEW STANDARDS, AMENDMENTS TO STANDARDS, AND INTERPRETATIONS

No new accounting standards were issued. However, a number of amendments to the standards are effective as of January 1, 2026, which were explained in the annual financial statements of the Company for the year 2025. These standards and interpretations do not have a material impact on the interim condensed consolidated financial statements of the Company.

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES:

The accounting policies applied and the methods of computation used are consistent with those adopted for the financial year 2025.

Makkah Construction and Development Company

(A Saudi joint-stock company)

Notes to the interim condensed consolidated financial statements for the three-month period ended March 31, 2026 (unaudited)

(All amounts in Saudi Riyals unless otherwise stated)

5. PROPERTY, PLANT AND EQUIPMENT - NET

<u>Cost</u>	<u>Land</u>	<u>Building</u>	<u>Property and equipment</u>	<u>Furniture and Fixtures</u>	<u>Motor vehicles</u>	<u>Capital projects in progress</u>	<u>Total</u>
As at January 01, 2025 (audited)	601,409,769	1,006,160,113	216,692,400	43,023,624	946,006	-	1,868,231,912
Additions during the year	-	4,034,635	8,534,579	7,097,298	-	72,913,363	92,579,875
Disposals during the year	-	-	(46,688,030)	(6,501,656)	-	-	(53,189,686)
As at 31 December 2025 (audited)	601,409,769	1,010,194,748	178,538,949	43,619,266	946,006	72,913,363	1,907,622,101
As at January 01, 2026 (audited)	601,409,769	1,010,194,748	178,538,949	43,619,266	946,006	72,913,363	1,907,622,101
Additions during the period	-	1,022,208	784,064	127,674	929,300	979,485,244	982,348,490
Transferred to investment properties	-	-	-	-	-	(2,410,342)	(2,410,342)
Disposals during the period	-	-	-	-	-	-	-
As at March 31, 2026 (unaudited)	601,409,769	1,011,216,956	179,323,013	43,746,940	1,875,306	1,049,988,265	2,887,560,249
Accumulated depreciation:							
As at January 01, 2025 (audited)	-	384,138,154	111,271,065	36,368,964	921,283	-	532,699,466
Deprecation during the year	-	12,102,151	16,741,056	2,434,762	24,711	-	31,302,680
Disposals during the year	-	-	(44,123,525)	(6,357,307)	-	-	(50,480,832)
As at December 31, 2025 (audited)	-	396,240,305	83,888,596	32,446,419	945,994	-	513,521,314
As at January 01, 2026 (audited)	-	396,240,305	83,888,596	32,446,419	945,994	-	513,521,314
Depreciation during the period	-	2,989,960	2,772,380	576,264	34,055	-	6,372,659
Disposals during the period	-	-	-	-	-	-	-
As at March 31, 2026 (unaudited)	-	399,230,265	86,660,976	33,022,683	980,049	-	519,893,973
Net book value:							
As at March 31, 2026 (unaudited)	601,409,769	611,986,691	92,662,037	10,724,257	895,257	1,049,988,265	2,367,666,276
As at December 31, 2025 (audited)	601,409,769	613,954,443	94,650,353	11,172,847	12	72,913,363	1,394,100,787

- Additions of property, plant and equipment for the period ending March 31, 2026 include finance costs amounting to SR 8,802,907 (December 31, 2025: finance costs amounting to SR 938,785).
- Capital projects in progress include the purchase of land in Makkah amounted to SR. 976 million, acquired through a public auction held in the city of Makkah on December 30, 2025, from the seller, the Liquidation and Insolvency Center (Enfath). The land was acquired for the purpose of developing a mixed-use real estate asset comprising a hotel and a commercial complex, in line with the Company's strategic direction. The title deed of the land has been duly transferred and registered in the Company's name.

Makkah Construction and Development Company

(A Saudi joint-stock company)

Notes to the interim condensed consolidated financial statements for the three-month period ended March 31, 2026 (unaudited)

(All amounts in Saudi Riyals unless otherwise stated)

6. INVESTMENT PROPERTIES - NET

	<u>Lands</u>	<u>Buildings</u>	<u>Furniture & Furnishings</u>	<u>Investment properties under development</u>	<u>Total</u>
Cost					
As at January 01, 2025 (audited)	66,082,344	221,460,766	44,235,279	-	331,778,389
Additions during the year	-	1,753,555	305,840	-	2,059,395
Disposals during the year	-	-	(3,222,228)	-	(3,222,228)
As at December 31, 2025 (audited)	66,082,344	223,214,321	41,318,891	-	330,615,556
As at January 01, 2026 (audited)	66,082,344	223,214,321	41,318,891	-	330,615,556
Additions during the period	-	1,630,585	33,800	1,366,426	3,030,811
Transferred from capital projects in progress	-	-	2,410,342	-	2,410,342
Disposals during the period	-	-	(2,348,545)	-	(2,348,545)
As at March 31, 2026 (unaudited)	66,082,344	224,844,906	41,414,488	1,366,426	333,708,164
Accumulated depreciation					
As at January 01, 2025 (audited)	-	96,505,898	19,529,868	-	116,035,766
Depreciation during the year	-	2,779,952	2,351,246	-	5,131,198
Disposals during the year	-	-	(739,929)	-	(739,929)
As at 31 December 2025 (audited)	-	99,285,850	21,141,185	-	120,427,035
As at January 01, 2026 (audited)	-	99,285,850	21,141,185	-	120,427,035
Depreciation during the period	-	721,869	470,363	-	1,192,232
Disposals during the period	-	-	(550,780)	-	(550,780)
As at March 31, 2026 (unaudited)	-	100,007,719	21,060,768	-	121,068,487
Accumulated impairment					
As at January 01, 2025 (audited)	-	5,152,431	-	-	5,152,431
Impairment during the year	-	-	-	-	-
As at 31 December 2025 (audited)	-	5,152,431	-	-	5,152,431
As at January 01, 2026 (audited)	-	5,152,431	-	-	5,152,431
Impairment during the period	-	-	-	-	-
As at March 31, 2026 (unaudited)	-	5,152,431	-	-	5,152,431
Net book value:					
As at March 31, 2026 (unaudited)	66,082,344	119,684,756	20,353,720	1,366,426	207,487,246
As at 31 December 2025 (audited)	66,082,344	118,776,040	20,177,706	-	205,036,090

6.1. The Group's investment properties consist of commercial center and other 4 properties that are leased to third parties.

6.2. As of March 31, 2026, the fair value measurement of all investment properties was classified under Level 3, based on the valuation method inputs. An external valuer, a member of the Saudi Arabian Valuers Association and specialized in investment property valuation, determined the total fair value. The fair value as of December 31, 2025, amounted to SR 4,396,177,242. Management believes there were no material changes in fair value during the three-month period from the valuation date on December 31, 2025, until the date of the interim condensed consolidated financial statements on March 31, 2026.

6.3. The depreciation for the period has been charged to the cost of revenue

6.4. The following is a statement of the amounts recognized in the statement of profit or loss and other comprehensive income relating to investment properties:

Makkah Construction and Development Company

(A Saudi joint-stock company)

Notes to the interim condensed consolidated financial statements for the three-month period ended March 31, 2026 (unaudited)

(All amounts in Saudi Riyals unless otherwise stated)

6. INVESTMENT PROPERTIES - NET (CONTINUED)

	<u>For the three- months period ended March 31, 2026 (unaudited)</u>	<u>For the three - months period ended March 31, 2025 (unaudited)</u>
Rental income from operating leases	78,584,037	65,489,701
Direct operating expenses on property that generated rental income	13,301,718	13,477,779

6.5. The table below shows the technical methods used in measuring the fair value of the investment properties, and the significant unobservable inputs used.

Valuation technique as at December 31, 2025

Unobservable input

Income approach: The valuation model considers the present value of net cash flows to be generated from the property, taking into account the expected rental, cap rates and occupancy rate.

The expected net cash flows are discounted using risk-adjusted discount rates. Among other factors, the discount rate estimation considers the quality of a building and its location and lease terms.

Please refer to table below

Management has determined approaches using the below key assumptions as follows:

<u>Assumptions</u>	<u>Approach used to determine values</u>
Average daily rate	Based on the actual location, type and quality of the properties and supported by historic trends and approved room rents including impacts of expected inflations.
Estimated occupancy rate	Based on current, historic, and expected future market conditions.
Retail developed land value	Prices of residential and commercial land parcels per square meter in the neighboring districts.
Discount rates	Reflects current market assessments of the uncertainty in the amount and timing of cash flows.
Capitalization rate	It is based on actual location, size and quality of the properties and taking into account market data at the valuation date.

Significant increases (decreases) in estimated rental value and rent growth per annum in isolation would result in a significantly higher (lower) fair value of the properties. Significant increases (decreases) appreciation long-term vacancy rate and discount rate (and exit yield) in isolation would result in a significantly lower (higher) fair value. Generally, a change in the assumption made for the estimated rental value is accompanied by a directionally similar change in the rent growth per annum and discount rate (and exit yield), and an opposite change in the long-term vacancy rate.

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

The Group has classified the following investments as financial assets at fair value through other comprehensive income, as these financial assets represent investments that the Group intends to hold for a long period for strategic purposes, and are detailed as follows:

	<u>March 31, 2026</u>			<u>December 31, 2025</u>		
	<u>Number of shares</u>	<u>Value per share</u>	<u>Total Value</u>	<u>Number of shares</u>	<u>Value per share</u>	<u>Total Value</u>
Jabal Omar Development Co. - investments in listed shares note (7.1)	76,384,183	15,87	1,212,217,830	76,384,183	14,78	1,128,959,071
	<u>76,384,183</u>	<u>15,87</u>	<u>1,212,217,830</u>	<u>76,384,183</u>	<u>14,78</u>	<u>1,128,959,071</u>

Makkah Construction and Development Company

(A Saudi joint-stock company)

Notes to the interim condensed consolidated financial statements for the three-month period ended March 31, 2026 (unaudited)

(All amounts in Saudi Riyals unless otherwise stated)

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (CONTINUED)

The following table presents the movement in investments in equity instruments at fair value through other comprehensive income:

	<u>March 31, 2026</u> <u>(unaudited)</u>	<u>December 31, 2025</u> <u>(audited)</u>
Balance at the beginning of the period / year	1,128,959,071	2,278,136,244
Shares sold during the period / year	-	(762,557,747)
Unrealized profits / (losses) for the period / year	83,258,759	(386,619,426)
Balance at end of the period / year	1,212,217,830	1,128,959,071

7.1. The Group has investments in Jabal Omar Development Company "JODC" that represent investments in listed shares. The Group has a non-controlling interest of 6.47% of the issued shares. These investments have been irrevocably classified at fair value through other comprehensive income. The fair value of these shares determined by the quoted share price in an active market.

The Group owns a total of 76,384,183 shares in Jabal Omar Development Company. The Company requested Jabal Omar Development Company to confirm the number of shares owned as of December 31, 2025. According to the confirmation received, Jabal Omar Development Company confirmed a shortfall of 1,198,571 shares compared to the total number of shares recorded in the company's books and records. These shares are subject to settlement as in-kind capital due to the difference in land area measurements compared to the title deeds submitted to Jabal Omar. Additionally, there is a legal dispute regarding the ownership of a property submitted by Makkah Construction and Development Company to Jabal Omar as in-kind capital, estimated at 578,362 shares, which is part of the above-mentioned share difference. A final and conclusive judgment was issued in favor of Makkah Construction and Development Company, and the requirements for transferring ownership to Jabal Omar are being finalized. The Group's management requested a legal opinion from its external legal advisor, who stated the following:

- JODC may not make any adjustment to the number of shares of MCDC, by decreasing, modifying, or any other action, and thus, no amendment or change may occur to the value of the shares entered by MCDC as a shareholder in JODC. According to the Article (66) of the Companies' Act, the evaluation report of in-kind shares submitted by the Company is binding on JODC as long as it is not objected by the Constituent Assembly.
- Before adding the final amount of the area as per the deeds by the respective authorities and departments, the value of the contribution entered by the Company in JODC remains as it is and there is no modification or change to it until the total area of the deeds is added by the respective authorities. It is not permissible for JODC to enforce the Company to pay amounts in excess of the amount they committed when issuing the share.
- Accordingly, the balance of the in-kind shares owned by the Group at JODC is 76,384,183 shares, including the shares related to title deeds that have not yet been transferred to JODC to date, until the total area as per the deeds is added by the respective authorities, and JODC may not reduce the number of shares or reduce the value of the assessment of in-kind shares submitted upon subscription.

Based on the above legal opinion, the management has recorded the total number of shares at the fair value in the consolidated financial statements.

Furthermore, out of the total JODC shares owned by the Company, there are 8,509,144 shares that represent in-kind capital shares in exchange for land titles that the Company acquired from landowners in favor of JODC's project and the transfer of the titles have not yet been finalized. Accordingly, these shares are being registered under Makkah Company's portfolio and upon completion of transferring of the lands' titles to JODC, the Company will be able to access its rights over these shares like in the sale transactions. These shares are already recorded as part of JODC's capital.

During the year ending December 31, 2025, the Group's Board of Directors decided to sell 39 million shares with the aim of investing the proceeds from the sale in implementing the Group's strategic plans for its future capital expansions. 34.42 million shares were sold, resulting in realized profits of SR 418.36 million, which were recorded in the retained earnings account. Subsequently, the Group's Board of Directors decided to suspend the sale of the remaining (unsold) shares in Jabal Omar Development Company, amounting to 4.6 million shares.

Makkah Construction and Development Company

(A Saudi joint-stock company)

Notes to the interim condensed consolidated financial statements for the three-month period ended March 31, 2026 (unaudited)

(All amounts in Saudi Riyals unless otherwise stated)

8. INVESTMENT IN ASSOCIATES

8.1. The following are the details of investments in associates:

<u>Name</u>	<u>Country of incorporation</u>	<u>Principal Activity</u>	<u>Effective ownership %</u>		<u>March 31, 2026 (unaudited)</u>	<u>December 31, 2025 (audited)</u>
			<u>March 31, 2026 (unaudited)</u>	<u>December 31, 2025 (audited)</u>		
Jorhum Regeneration and Development Company (closed joint-stock company)	KSA	Property development	20.58	18.79	30,270,578	30,270,578
First Avenue for Real Estate Development Company (Joint Stock Company)	KSA	Property development	27.72	27.72	382,101,324	382,101,324
					<u>412,371,902</u>	<u>412,371,902</u>

8.2. The following presents the movement in investments in associates during the period/year:

<u>For the period ended March 31, 2026 (unaudited)</u>	<u>Jorhum Regeneration and Development Company</u>	<u>First Avenue for Real Estate Development Company</u>	<u>Total</u>
Balance at January 01, 2026 (audited)	30,270,578	382,101,324	412,371,902
The Company's share in results of associates	-	-	-
Company's share in other comprehensive income of associates	-	-	-
Balance at March 31, 2026 (unaudited)	<u>30,270,578</u>	<u>382,101,324</u>	<u>412,371,902</u>

<u>For the year ended December 31, 2025 (audited)</u>	<u>Jorhum Regeneration and Development Company</u>	<u>First Avenue for Real Estate Development Company</u>	<u>Total</u>
Balance at January 01, 2025 (audited)	18,250,751	350,541,754	368,792,505
Increase in the Company's share in associates	13,150,707	-	13,150,707
Acquisition of investments	-	-	-
Company's share in results of associates	(1,134,102)	31,649,083	30,514,981
Company's share in other comprehensive income of associates	3,222	(89,513)	(86,291)
Investment settlement in associates	-	-	-
Balance at December 31, 2025 (audited)	<u>30,270,578</u>	<u>382,101,324</u>	<u>412,371,902</u>

- The Board of Directors of Makkah Construction and Development Company, by circulation in its meeting No. (315) held on Rabi' Al-Awwal 30, 1447H (corresponding to September 22, 2025), resolved to increase the Group's ownership interest in Jorhum Regeneration and Development Company amounting to SR. 13,150,707. Accordingly, the Group's total investment in Jorhum Regeneration and Development Company became SR. 30,270,578, representing a 20.58% ownership interest in its share capital. The amendment of the Articles of Association Jorhum Regeneration and Development Company has been completed, and the increase has been duly recognized.
- The results of Jorhum Regeneration and Development Company and First Avenue for real estate Development Company have not been recognized for the first quarter of 2026, due to the unavailability of the financial statements of the two associate companies for that period.

Makkah Construction and Development Company

(A Saudi joint-stock company)

Notes to the interim condensed consolidated financial statements for the three-month period ended March 31, 2026 (unaudited)

(All amounts in Saudi Riyals unless otherwise stated)

9. FINANCIAL INVESTMENTS AT AMORTIZED COST

	<u>March 31, 2026</u> <u>(unaudited)</u>	<u>December 31, 2025</u> <u>(audited)</u>
Balance at beginning of period / year	926,552,382	-
Additions during the period / year	-	926,552,382
Amortization of financial investment cost for the period/year	92,501	-
Balance at end of the period / year	926,644,883	926,552,382

Financial investments at amortized cost are represented in government bonds held by the Company for the purpose of collecting contractual cash flows until maturity, within a business model that aims to hold the asset solely for cash flow collection. The following table presents the key information relating to the Sukuk:

	<u>The first group</u> <u>of Sukuk</u>	<u>The second</u> <u>group of Sukuk</u>	<u>Total</u>
Nominal Value	517,000,000	405,000,000	922,000,000
Investment Cost	530,447,842	396,104,540	926,552,382
Coupon Rate	5.59%	4.57%	
Actual Interest Rate	5.26%	4.96%	
Return Frequency	Semi-annual	Semi-annual	
Maturity Date	2036	2032	

* Returns on financial investments held at amortized cost during the year approximately amounted to SR. 11,687,638, (2025: SR. 1,805,100).

10. TRADE RECEIVABLES – NET

	<u>March 31, 2026</u> <u>(unaudited)</u>	<u>December 31, 2025</u> <u>(audited)</u>
Customers of Commercial Center	40,090,366	34,255,783
Customers of Hotels and tower	24,940,722	17,775,416
Hajj and Umrah customers	40,005,261	46,984,045
Net due from the hotel operator and towers (Millennium)	-	8,860,763
Tenants of Jabal Omar Real State	3,650,000	3,650,000
	108,686,349	111,526,007
Less: Provision for the expected credit loss (note 10.2)	(27,225,398)	(36,086,161)
Balance at end of the period/ year	81,460,951	75,439,846

10.1. Trade receivables are non-derivative financial assets measured at amortized cost and are generally due within periods ranging from 90 to 180 days. The carrying amounts may be affected by changes in the credit risk of counterparties. It is not the Group's policy to obtain collateral against trade receivables from external parties; accordingly, these balances are unsecured. The Group's trade receivables are concentrated within the Kingdom of Saudi Arabia. Due to the short-term nature of trade receivables, their carrying amounts approximate their fair values as at March 31, 2026, and December 31, 2025.

Makkah Construction and Development Company

(A Saudi joint-stock company)

Notes to the interim condensed consolidated financial statements for the three-month period ended March 31, 2026 (unaudited)

(All amounts in Saudi Riyals unless otherwise stated)

10. TRADE RECEIVABLES – NET (CONTINUED)

10.2 Movement in allowance for expected credit losses on trade receivables:

	<u>March 31, 2026</u> <u>(unaudited)</u>	<u>December 31, 2025</u> <u>(audited)</u>
Balance at beginning of period / year	36,086,161	38,059,740
Provision charged for the period / year	-	311,903
Provision written off during the period / year	(8,860,763)	-
Reversal of provision during the period / year	-	(2,285,482)
Balance at end of the period / year	27,225,398	36,086,161

Makkah Construction and Development Company

(A Saudi joint-stock company)

Notes to the interim condensed consolidated financial statements for the three-month period ended March 31, 2026 (unaudited)

(All amounts in Saudi Riyals unless otherwise stated)

11. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (FVTPL)

The Company holds financial assets classified at fair value through profit or loss, which are highly liquid investments that can be converted to cash in a period of less than one year, detailed as follows:

<u>Name of the Company (Fund)</u>	<u>Balance as at January 1, 2026</u>		<u>Additions during the year</u>		<u>Disposals during the year</u>		<u>Gains</u>	<u>Balance as at March 31, 2026</u>	
	<u>Number of</u>	<u>Value in</u>	<u>Number of</u>	<u>Value in</u>	<u>Number of</u>	<u>Value in</u>	<u>(losses)</u>	<u>Number of</u>	<u>Value in</u>
	<u>shares (units)</u>	<u>Riyals</u>	<u>shares</u>	<u>Riyals</u>	<u>shares (units)</u>	<u>Riyals</u>	<u>Value in</u>	<u>shares (units)</u>	<u>Riyals</u>
							<u>Riyals</u>		
Al Rajhi Awaeed (Returns) Fund	43,154,952	21,509,461	78,012,994	88,000,000	(41,285,626)	(46,500,000)	458,298	162,453,572	63,467,759
Investment in Asas Makeen for									
Real Estate and Investment	50,598	4,126,266	-	-	-	-	(665,363)	50,598	3,460,903
Investment in Dar Al Majed Real									
Estate Company	31,500	316,260	-	-	-	-	(38,745)	31,500	277,515
Total	43,237,050	25,951,987	78,012,994	88,000,000	(41,285,626)	(46,500,000)	(245,810)	162,535,670	67,206,177

Makkah Construction and Development Company

(A Saudi joint-stock company)

Notes to the interim condensed consolidated financial statements for the three-month period ended March 31, 2026 (unaudited)

(All amounts in Saudi Riyals unless otherwise stated)

12. SHARE CAPITAL

- As of March 31, 2026, the Company's share capital amounted to SR. 2,000,000,000 (December 31, 2025: SR. 2,000,000,000), consisting of 200,000,000 shares (December 31, 2025: 200,000,000 shares) fully paid with a nominal value of SR. 10 per share.
- On January 15, 2025, the company's Extraordinary General Assembly approved an increase in capital through granting bonus shares to the Company's shareholders at a rate of 0.213 shares for each share owned by transferring SR 351,837,600 from the statutory reserve, bringing the share capital after the increase to SR 2,000,000,000, consisting of 200,000,000 shares. The Company's Articles of Association have been authenticated on February 2, 2025, and the Company's commercial registration is being amended.

13. STATUTORY RESERVE

On January 15, 2025, the Extraordinary General Assembly of the Company approved amendments to the Company's Articles of Association in compliance with the new Companies' Law. On the same date, the Extraordinary General Assembly also approved the transfer of the statutory reserve amounted to SR 836,280,685 to increase the Company's share capital by SR 351,837,600, and closing the remaining balance amounted to SR 484,443,085 in retained earnings.

14. RELATED PARTIES TRANSACTIONS AND BALANCES

Key Management personnel compensation

Key management personnel are those persons having authority and responsibility for planning, directing, and controlling the activities of the Company directly or indirectly, including any director (whether executive or otherwise).

	<u>For the three-month period ended March 31, 2026 (unaudited)</u>	<u>For the three-month period ended March 31, 2025 (unaudited)</u>
Salaries, allowances and incentives	10,491,325	6,776,640
Leases	247,710	211,830
	<u>10,739,035</u>	<u>6,988,470</u>

Transactions with Innovative Roots Industrial Company (a related party)

The nature of the transaction is a contract for the design, supply, and execution of finishing works for the renovation of four floors of Makkah Hotel and Towers. The contract was signed on October 6, 2025, for a value of SAR 25,628,844 (excluding VAT). As of March 31, 2026, the value of the work completed under the contract amounted to SR 22.97 million. This transaction is classified as a related party transaction because Mr. Saleh Mohammed Bin Laden is Chairman of the Board of Directors of Makkah Construction and Development Company and a member of the Board of Directors of Innovative Roots Industrial Company, without preferential terms.

Transactions with AlJazira Bank (a related party)

- In December 2025, the Company purchased financial investments measured at amortized cost, representing government Sukuk approximately amounting to SR. 927 million through AlJazira Capital (a subsidiary of AlJazira Bank). The Company holds these investments with the objective of collecting the contractual cash flows until maturity, under a business model whose objective is solely to hold the assets to collect contractual cash flows.
- During the period, the Company obtained Shariah-compliant banking facilities (bridge financing) from Bank AlJazira amounting to a total of SR. 880 million, secured by Saudi government Sukuk owned by the Company, for the purpose of financing the acquisition of the land referred to in Note (5).
- These transactions are classified as related party transactions as Mr. Mohammed Abdul Karim Al-Nafie (the Company's Chief Executive Officer and Board Member) is also a member of the Board of Directors of AlJazira Bank, and Mr. Turki Ibrahim Al-Qunaibit (a Board Member of the Company) has a first-degree relative who is among the major shareholders of AlJazira Bank, without preferential terms..

Makkah Construction and Development Company

(A Saudi joint-stock company)

Notes to the interim condensed consolidated financial statements for the three-month period ended March 31, 2026 (unaudited)

(All amounts in Saudi Riyals unless otherwise stated)

15. DIVIDENDS PAYABLE

The Ordinary General Assembly of Makkah Construction and Development Company, held on May 19, 2025, resolved to approve the Board of Directors' recommendation to distribute cash dividends to shareholders for the fiscal year ending December 31, 2024, at a rate of 1.50 riyals per share, with a total amount of SR. 300,000,000 (three hundred million Saudi riyals). The entitlement shall be for shareholders who own shares at the end of the second trading day following the date of the General Assembly meeting and who are registered in the company's shareholder register at the Securities Depository Center Company (Depository Center).

Below is the movement on dividends payable:

	<u>March 31, 2026</u> <u>(unaudited)</u>	<u>December 31, 2025</u> <u>(audited)</u>
Balance at the beginning of the period / year	191,530,708	186,848,378
Dividends declared during the period / year	-	300,000,000
Dividend payments during the period / year	(562,368)	(295,317,670)
Balance at end of the period / year	190,968,340	191,530,708

16. ZAKAT PROVISION

16.1. Movement in zakat provision

	<u>March 31, 2026</u> <u>(unaudited)</u>	<u>December 31, 2025</u> <u>(audited)</u>
Balance beginning of the period / year	11,678,264	8,052,797
Transfer from the provision for the Ministry of Endowments, Islamic Affairs and Guidance to the provision for Zakat	-	2,588,158
Provided for period / year	4,159,137	11,678,264
Paid during the period / year	-	(10,640,955)
Balance at end of the period / year	15,837,401	11,678,264

16.2. Zakat status

- The Company submitted its zakat returns until the last year on December 31, 2025.
- The Company has finalized its Zakat status with Zakat, Tax and Customs Authority ("ZATCA") until 1441H.
- During the year 2025, the Company received the zakat assessments from Zakat, Tax and Customs Authority as follows:

<u>Fiscal year in which the assessment was made:</u>	<u>Total zakat</u> <u>differences</u> <u>claimed</u>	<u>The amounts</u> <u>received and paid</u> <u>for those</u> <u>differences during</u> <u>the period</u>	<u>The amounts</u> <u>disputed by the</u> <u>Company</u>
The fiscal year ended on 29/04/1443H, corresponding to 04/12/2021	10.3 million riyals	2.6 million riyals	7.7 million riyals
The fiscal years 2022 and 2023	14.9 million riyals	4.6 million riyals	10.3 million riyals
Total	25.2 million riyals	7.2 million riyals	18 million riyals

Makkah Construction and Development Company

(A Saudi joint-stock company)

Notes to the interim condensed consolidated financial statements for the three-month period ended March 31, 2026 (unaudited)

(All amounts in Saudi Riyals unless otherwise stated)

16. ZAKAT PROVISION (CONTINUED)

16.2. Zakat status (Continued)

- ZATCA rejected the objections submitted by the Company regarding the disputed amounts mentioned above. Accordingly, the Company filed an appeal with the Preliminary Resolution Committee at the General Secretariat of the Tax, Zakat and Customs Committees. These cases are still under review. Based on the opinion of the Company's zakat advisor, a zakat provision amounting to SR. 5 million has been recognized in respect of these cases.
- ZATCA issued a final assessment notice regarding withholding tax for the year 2023, under which tax amounting to SR. 1,849,985 and a delay penalty amounting to SR 443,996 were assessed. The Company has filed an objection against this assessment.

17. EARNINGS PER SHARE

The basic earnings per share for the period ended March 31, 2026, and June 30, 2025 is calculated by dividing the year's profit attributable to the company's shareholders by the weighted average number of shares outstanding during the year. The number of Company's shares increased during the year of 2025 from 164,816,240 shares to 200,000,000 shares in January 15, 2025, by granting bonus shares. The number of ordinary shares outstanding before January 15, 2025, was adjusted according to the proportional change in the number of outstanding shares as if the change in the number of shares had occurred at the beginning of the earliest period presented.

	<u>For the three-month period ended March 31, 2026 (unaudited)</u>	<u>For the three-month period ended March 31, 2025 (unaudited)</u>
Profit for the period attributable to shareholders of the Company	162,206,362	150,137,111
Weighted average number of shares outstanding	200,000,000	200,000,000
Basic and diluted earnings per share	<u>0.81</u>	<u>0.75</u>

Diluted earnings per share

During the period, there were no transactions resulting in diluting the earning of the shares, and thus, the diluted earnings per share doesn't differ from the basic earnings per share.

18. SEGMENTAL INFORMATION

Basis for segments classification

Operating segments are classified based on internal reports that are regularly reviewed by the body responsible for operational decision-making (the Group's Board of Directors) for the purpose of allocating resources and evaluating performance.

The Group operates through the following operating segments:

<u>Segments that were reported on</u>	<u>Operations</u>
The Commercial Center	Commercial Center Rentals
Hotels and towers	Managing and operating the hotels and towers owned by the group.
Hajj and Umrah	Providing Hajj and Umrah services
Investment sector	Managing the investment portfolio and Islamic deposits of the group.
Other (not specified)	Head office activities, financing expenses, Zakat, and other not specified income items.

Makkah Construction and Development Company

(A Saudi joint-stock company)

Notes to the interim condensed consolidated financial statements for the three-month period ended March 31, 2026 (unaudited)

(All amounts in Saudi Riyals unless otherwise stated)

18. SEGMENTAL INFORMATION (CONTINUED)

The following is segmental information for the financial period ending March 31;

For the three-month period ended March 31, 2026 (unaudited)

	<u>The</u> <u>Commercial</u> <u>Center</u>	<u>Hotels and</u> <u>towers</u>	<u>Hajj and</u> <u>Umrah</u>	<u>Investment</u> <u>sector</u>	<u>Other (not</u> <u>specified)</u>	<u>Total</u>
Revenue	78,584,037	172,431,251	355,369	-	-	251,370,657
Cost of revenue	(13,112,099)	(50,747,787)	(803,823)	-	-	(64,663,709)
Gross profit for the sector	65,471,938	121,683,464	(448,454)	-	-	186,706,948
Selling and marketing expenses	-	(1,321,087)	-	-	-	(1,321,087)
General and administrative expenses	-	(13,157,821)	-	-	(15,304,401)	(28,462,222)
Finance costs	-	-	-	-	(269,203)	(269,203)
Return on financial investments held at amortized cost	-	-	-	11,687,638	-	11,687,638
Return of financial assets at fair value through profit or loss	-	-	-	(245,810)	-	(245,810)
Other income / (expenses)	25,000	-	-	-	(1,755,765)	(1,730,765)
Zakat	-	-	-	-	(4,159,137)	(4,159,137)
Net Profit / (loss) during the period	65,496,938	107,204,556	(448,454)	11,441,828	(21,488,506)	162,206,362

As at March 31, 2026 (unaudited)

Segment assets	117,620,200	1,141,745,716	214,313,141	2,618,440,792	1,484,097,336	5,576,217,185
Segment liabilities	56,410,190	120,057,205	86,248,846	-	1,227,545,788	1,490,262,029

For the three-month period ended March 31, 2025 (unaudited)

Revenue	65,489,701	169,887,229	179,036	-	-	235,555,966
Cost of revenue	(13,477,779)	(51,704,107)	(581,479)	-	-	(65,763,365)
Gross profit (loss) for the sector	52,011,922	118,183,122	(402,443)	-	-	169,792,601
Selling and marketing expenses	-	(1,609,177)	-	-	-	(1,609,177)
General and administrative expenses	-	(10,663,743)	-	-	(12,550,952)	(23,214,695)
Finance costs	-	-	-	-	(59,804)	(59,804)
Company's share in the results of associate	-	-	-	-	-	-
Settlement of investments in associates	-	-	-	-	-	-
Return on Islamic Murabaha deposit	-	-	-	-	-	-
Return of financial assets at fair value through profit or loss	-	-	-	6,983,285	-	6,983,285
Other income	-	-	-	-	2,094,571	2,094,571
Zakat	-	-	-	-	(3,849,670)	(3,849,670)
Net Profit (loss) during period	52,011,922	105,910,202	(402,443)	6,983,285	(14,365,855)	150,137,111

As at March 31, 2025 (unaudited)

Segment assets	373,478,276	1,244,222,528	125,840,692	3,416,178,585	174,717,342	5,334,437,423
Segment liabilities	53,139,754	135,175,083	6,499,629	-	326,768,589	521,583,055

Makkah Construction and Development Company

(A Saudi joint-stock company)

Notes to the interim condensed consolidated financial statements for the three-month period ended March 31, 2026 (unaudited)

(All amounts in Saudi Riyals unless otherwise stated)

19. CONTINGENCIES AND COMMITMENTS

	<u>March 31, 2026</u> <u>(unaudited)</u>	<u>December 31, 2025</u> <u>(audited)</u>
Letters of guarantee	80,153,292	80,153,292
Capital commitments	53,019,993	58,358,894

20. SEASONALITY

The business results for the period do not necessarily represent an accurate indication of the actual results for the full year operations. The revenue of operating suits and hotel rooms increase during Hajj and Omrah seasons and during summer vacations. Revenue decreases during the rest of the year. Such changes are reflected on the financial results of the Company's operations during the period. Therefore, the operation results for this period may not be an accurate indication of the actual results of the full year.

21. LEGAL CASES

21.1. Cases filed by others against the Company

- There are legal claims filed by others against the Company as of March 31, 2026, with their total value determined to be SR. 1.4 million (December 31, 2025: SR. 1.57 million).
- Management believes that there is no need to create a provision for pending lawsuits, based on the opinion of the Company's legal counsel, who affirms the soundness of the Company's legal position and expects that the Company will not be ruled against or obligated to pay any fines in connection with these cases.

22. SUBSEQUENT EVENTS

The Management believes there are no significant events as of the date of the interim condensed consolidated statement of financial position on March 31, 2026, and until the date of preparing these interim condensed consolidated financial statements that may have a significant impact on the Company's financial position.

23. APPROVAL OF FINANCIAL STATEMENTS:

These interim condensed consolidated financial statements for the period ended March 31, 2026, were approved and authorized for issuance by the Company's Board of Directors on 20/11/1447 H (corresponding to 07/05/2026).