

BAAN HOLDING GROUP COMPANY
(A SAUDI JOINT STOCK COMPANY)

**The Condensed interim consolidated financial
statements (Unaudited)**
**For the three-month period ended March 31,
2026**
**and Independent Auditor`s Review Report on
the condensed interim consolidated financial
statements**

BAAN HOLDING GROUP COMPANY
(A SAUDI JOINT STOCK COMPANY)
Index of the condensed interim consolidated financial statements
For the three-month period ended March 31, 2026 (Unaudited)

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

**To the shareholders of
Baan Holding Group Company
Riyadh – Kingdom of Saudi Arabia**

Introduction

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

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" that is endorsed in the Kingdom of Saudi Arabia. A review of the condensed interim 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 are endorsed 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 an 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 condensed interim consolidated financial statements are not prepared in all material respects in accordance with IAS (34) that is endorsed in the Kingdom of Saudi Arabia.

Emphasis of Matter

We draw attention to Note 2 to the accompanying condensed interim consolidated financial statements, which indicates that the Group realised a net profit of ﷲ 49 million for the three-month period ended March 31, 2026 resulting in accumulated losses of ﷲ 263.6 million as at March 31, 2026. In addition, the Group's current liabilities exceeded its current assets by ﷲ 363.7 million as at that date.

The Group is mainly dependent on the successful execution of its business plans to generate sufficient cash flows so as to enable it to both meet its obligations as they fall due and maintain the continuity of its operations without significant curtailment. These conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

For BDO Dr. Mohamed Al-Amri & Co.

**Maher Al-Khatieb
Certified Public Accountant
License No. 514**



**Date: 26/11/1447(H)
Corresponding to: 13/05/2026(G)**

BAAN HOLDING GROUP COMPANY
(A Saudi Joint Stock Company)
Condensed interim consolidated statement of financial position
(All amounts in thousands ٬ unless otherwise stated)

		As at March 31, 2026	As at December 31, 2025
	Notes	(Unaudited)	(Audited)
Assets			
Non-current assets			
Investments in equity-accounted investees		25,573	31,424
Property, equipment and projects under construction	6	684,876	685,000
Intangible assets		9,734	10,080
Right of use assets		608,869	628,964
Finance lease receivables – non-current		51,329	50,281
Total non-current assets		1,380,381	1,405,749
Current assets			
Inventories		13,074	13,296
Trade receivables		71,354	61,149
Finance lease receivables – current		4,398	4,398
Prepayments and other current assets	7	119,795	67,126
Cash and cash equivalents		43,980	20,995
		252,601	166,964
Investments in equity-accounted investees classified as held for sale	5	-	48,826
Total current assets		252,601	215,790
Total assets		1,632,982	1,621,539
EQUITY AND LIABILITIES			
Equity			
Share capital	9	315,000	315,000
Foreign currency translation reserve		(5,114)	(4,909)
Remeasurement of employees' terminal benefit liabilities		4,360	5,432
Accumulated losses		(263,644)	(312,732)
Equity attributable to the shareholders of the company		50,602	2,791
Non-controlling interest		-	-
Total equity		50,602	2,791
LIABILITIES			
Non-current liabilities			
Non-current portion of long-term loans	8	204,378	211,353
Non-current portion of lease liabilities		705,730	731,180
Employees' terminal benefits liabilities		55,929	55,633
Total non-current liabilities		966,037	998,166
Current liabilities			
Trade payables and other current liabilities		327,937	356,478
Short term loans and current portion of long-term loans	8	186,890	165,854
Current portion of lease liabilities		98,801	95,243
Provision for zakat		2,715	3,007
Total current liabilities		616,343	620,582
Total liabilities		1,582,380	1,618,748
Total equity and liabilities		1,632,982	1,621,539

Chairman of the Board of Directors

Chief Executive Officer

Chief Financial Officer

The accompanying notes 1 to 17 form an integral part of these condensed interim consolidated financial statements

BAAN HOLDING GROUP COMPANY**(A Saudi Joint Stock Company)****Condensed interim consolidated statement of profit or loss and other comprehensive income**(All amounts in thousands ﷲ unless otherwise stated)

	Notes	For the three-month period ended March 31,	
		2026 (Unaudited)	2025 (Unaudited)
Revenue from contracts with customers			
- Hospitality		72,401	83,119
- Entertainment		51,025	61,693
- Others		35,787	21,732
Total revenues		159,213	166,544
Direct costs			
- Hospitality		(51,561)	(56,854)
- Entertainment		(47,797)	(51,845)
- Others		(30,774)	(19,056)
Total direct costs		(130,132)	(127,755)
Gross profit		29,081	38,789
Selling and marketing expenses		(5,820)	(6,190)
General and administrative expenses		(29,064)	(29,875)
Gain from disposal of property and equipment		432	319
Other income		-	5
Provision for impairment loss on trade receivable		(1,039)	(2,623)
Net expenses		(35,491)	(38,364)
Operating (Loss) / Profit		(6,410)	425
Financial charges on loans	8	(7,004)	(8,343)
Financial charges on lease liabilities		(9,933)	(10,421)
Finance income on lease		1,048	-
Share of net results from equity-accounted investees		2,209	1,560
Gain on sale of equity-accounted investee	5	69,529	-
Profit /(Loss) before zakat and Income tax		49,439	(16,779)
Zakat and income tax		(351)	-
Net profit / (loss) for the period		49,088	(16,779)
Other comprehensive income / (loss)			
Items that will not be reclassified to profit or loss:			
Remeasurement of post-employment benefit obligations, net of zakat		(512)	1,653
Share in other comprehensive loss of equity-accounted investees		(560)	-
Items that will be reclassified to profit or loss:			
Subsidiary's financial statements' translation differences		(205)	20
Other comprehensive (loss) / income for the period		(1,277)	1,673
Total comprehensive income / (loss) for the period		47,811	(15,106)
Net profit / (loss) for the period attributable to:			
Equity shareholders of the Company		49,088	(16,751)
Non-controlling interest		-	(28)
		49,088	(16,779)
Total comprehensive income / (loss) for the period attributable to:			
Equity shareholders of the Company		47,811	(15,078)
Non-controlling interest		-	(28)
		47,811	(15,106)
Earnings / (loss) per share:			
Basic and diluted profit /(loss) per share	11	0.16	(0.05)

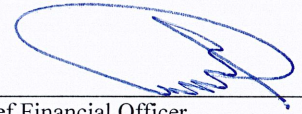
The accompanying notes 1 to 17 form an integral part of these condensed interim consolidated financial statements



Chairman of the Board of Directors



Chief Executive Officer



Chief Financial Officer

BAAN HOLDING GROUP COMPANY
(A Saudi Joint Stock Company)
Condensed interim consolidated statement of changes in equity
(All amounts in thousands ٬ unless otherwise stated)

	Share capital	Foreign currency translation reserve	Remeasurement of employees' terminal benefit liabilities	Accumulated losses	Equity attributable to the shareholders of the company	Non-controlling interest	Total equity
<u>For the three-month period ended March 31, 2025 (Unaudited)</u>							
Balance as at January 1, 2025 (Audited)	315,000	(5,181)	5,830	(109,007)	206,642	(1,838)	204,804
Net loss for the period	-	-	-	(16,751)	(16,751)	(28)	(16,779)
Other comprehensive income for the period	-	20	1,653	-	1,673	-	1,673
Total comprehensive income / (loss) for the period	-	20	1,653	(16,751)	(15,078)	(28)	(15,106)
Balance as at March 31, 2025 (Unaudited)	315,000	(5,161)	7,483	(125,758)	191,564	(1,866)	189,698
<u>For the three-month period ended March 31, 2026 (Unaudited)</u>							
Balance as at January 1, 2026 (Audited)	315,000	(4,909)	5,432	(312,732)	2,791	-	2,791
Net income for the period	-	-	-	49,088	49,088	-	49,088
Other comprehensive loss for the period	-	(205)	(1,072)	-	(1,277)	-	(1,277)
Total comprehensive (loss) / income for the period	-	(205)	(1,072)	49,088	47,811	-	47,811
Balance as at March 31, 2026 (Unaudited)	315,000	(5,114)	4,360	(263,644)	50,602	-	50,602

The accompanying notes 1 to 17 form an integral part of these condensed interim consolidated financial statements

Chairman of the Board of Directors

Chief Executive Officer

Chief Financial Officer

BAAN HOLDING GROUP COMPANY
(A Saudi Joint Stock Company)
Condensed interim consolidated statement of cash flows
(All amounts in thousands ﷲ unless otherwise stated)

	Notes	For the Three-month period ended	
		2026	2025
		(Unaudited)	(Unaudited)
Operating activities			
Profit / (loss) before zakat and income tax		49,439	(16,779)
Adjustments for:			
Depreciation of property and equipment	6	16,538	19,053
Amortization of intangible assets		346	253
Depreciation of right of use assets		19,942	23,089
Provision for impairment loss on trade receivables		1,039	2,623
Share of net results from equity-accounted investees		(2,209)	(1,560)
Gain on sale of equity-accounted investee	5	(69,529)	-
Gain on disposal of property and equipment		(432)	(319)
Financial charges on loans		7,004	8,343
Financial charges on lease liabilities		9,933	10,421
Finance income on lease		(1,048)	-
Provision for employees' terminal benefits liabilities		2,689	2,979
		<u>33,712</u>	<u>48,103</u>
Changes in working capital:			
Trade receivables		(11,244)	(6,500)
Prepayments and other current assets		(8,615)	(3,433)
Inventories		222	(2,261)
Trade payables and other current liabilities		(21,041)	21,324
Cash (used in) / from operating activities		<u>(6,966)</u>	<u>57,233</u>
Zakat paid		(643)	(214)
Employees' terminal benefits paid		(2,905)	(1,142)
Net cash (used in) / generated from operating activities		<u>(10,514)</u>	<u>55,877</u>
Investing activities			
Additions to property, equipment and projects under construction		(3,548)	(2,965)
Additions to intangible assets			(630)
Proceeds from disposal of property and equipment		386	621
Proceeds from sale of equity-accounted investee	5	61,325	-
Dividends received from investees		-	9,700
Net cash from investing activities		<u>58,163</u>	<u>6,726</u>
Financing activities			
Proceeds from loans and borrowings	8	42,107	13,218
Repayment of loans and borrowings	8	(29,798)	(51,420)
Payment of lease liabilities		(31,672)	(28,658)
Payment of finance charges on loans	8	(5,252)	(7,275)
Net cash used in financing activities		<u>(24,615)</u>	<u>(74,135)</u>
Net change in cash and cash equivalents		<u>23,034</u>	<u>(11,532)</u>
Exchange differences on translation of foreign operations		(49)	20
Cash and cash equivalents at the beginning of the period		20,995	38,101
Cash and cash equivalents at the end of the period		<u>43,980</u>	<u>26,589</u>
Non-cash transactions:			
*Dividends received from investments in equity-accounted investees		7,500	-
**The impact of the disposal of an investment in equity-accounted investee has been excluded as follows:			-
- Additions to property, equipment and projects under construction		12,976	-
- Prepaid expenses included in other current assets		41,408	-

The accompanying notes 1 to 17 form an integral part of these condensed interim consolidated financial statements

Chairman of the Board of Directors

Chief Executive Officer

Chief Financial Officer

BAAN HOLDING GROUP COMPANY
(A Saudi Joint Stock Company)
Notes to the condensed interim consolidated financial statements
For the Three -month period ended 31 March 2026
(All amounts in thousands ﷲ unless otherwise stated)

1. General information

BAAN Holding Group Company (the "Company") is a Saudi Joint Stock Company that operates under commercial registration number 1010014211 dated 16 Sha'aban 1398H (corresponding to July 22, 1978) (Unified number 7018064233). And has branches and divisions operating in Riyadh, Jeddah, Khobar and other cities within the Kingdom of Saudi Arabia ("KSA").

The registered address of the company is 2755 Northern Ring Branch Road, Al Murooj District, P.O. Box 20755, Riyadh 12283, Kingdom of Saudi Arabia.

On November 5, 2024 the Extraordinary General Assembly meeting was held and a vote was taken to change the name of the company from Abdul Mohsen Al Hokair Tourism and Development Company to BAAN Holding Group Company.

The Company and its subsidiaries listed below (the "Group") are engaged in the establishment, management and operations of the following:

- Hotels and furnished apartments.
- Entertainment centers, recreation centers and tourist resorts.
- Commercial mall.
- Restaurants, parks and similar facilities.

The Company has invested in the following subsidiaries, which are included in these condensed interim consolidated financial statements:

Subsidiary	Ownership %		Principal activity	Country of incorporation
	March 31, 2026	December 31, 2025		
Sparky's Land Amusement Toys Company ("Sparky's")	100%	100%	Operation and management of electrical games hall, children amusement games hall and electronic games.	United Arab Emirates
Asateer Company for Entertainment and Tourism	100%	100%	Operation and management of electrical games hall, children amusement games hall and electronic games	Arab Republic of Egypt
Osool Al Mazaya Hospitality Company*	100%	100%	Establishment and operation of sport facilities projects	Kingdom of Saudi Arabia

*During 2025, the non-controlling interests in Osool Al-Mazaya Hospitality Company waived their share to the group, resulting in an increase in the group's ownership percentage from 85% to 100%. No consideration was paid for this waiver. Since this transaction did not result in a loss of control, it was recognized as an equity transaction. The carrying amount of the acquired non-controlling interests amounted to ﷲ 1.9 million, and the difference was recognized in the retained earnings.

BAAN HOLDING GROUP COMPANY

(A Saudi Joint Stock Company)

Notes to the condensed interim consolidated financial statements

For the Three -month period ended 31 March 2026

(All amounts in thousands ﷲ unless otherwise stated)

2. Going concern

The condensed interim consolidated financial statements as at March 31, 2026, indicate that the Group realised a net profit of ﷲ 49 million for the three-month period then ended (net loss of ﷲ 16.8 million for the three-month period ended March 31, 2025), resulting in accumulated losses of ﷲ 263.6 million as at March 31, 2026 (December 31, 2025: ﷲ 312.7 million). In addition, the Group's current liabilities exceeded its current assets by ﷲ 363.7 million as at March 31, 2026 (December 31, 2025: ﷲ 404.8 million).

Management has assessed the Group's ability to continue as a going concern and has prepared cash flow forecasts covering a period of at least twelve months from the date of approval of these condensed interim consolidated financial statements.

In preparing these forecasts, management considered all reasonably expected cash inflows and outflows, considering the circumstances and available information.

The assessment is based on the following key assumptions and factors:

- The Group has settled all loans maturing in the first quarter of 2026, amounting to ﷲ 29.8 million, and has incorporated repayments of ﷲ 186.9 million within its cash flow forecasts for the next twelve months.
- The Group was able to renew all bank facilities historically and it believes they have the ability to utilize the available facilities and its revolving credit lines during the next 12 months.
- The Group generated negative operating cash flows of ﷲ 10.5 million during the quarter ended March 31, 2026, and management expects operating activities to generate positive cash flows over the forecast period.

Management's forecast reflects a net positive cash position for the twelve months from the reporting date.

Notwithstanding the above, the Group's ability to meet its obligations as they fall due remains dependent on a number of factors, including:

- Successful execution of the Group's business plan and achievement of forecast operating cash flows;
- Continued renewal of existing bank facilities upon maturity and in the event of covenant breaches;
- Continued availability of unutilized credit facilities; and
- Ability to roll over existing revolving credit facilities as they fall due.

In addition, as part of the management's ongoing efforts to strengthen the Group's financial position and address accumulated losses, management has initiated and/or is pursuing the following actions:

- **Capital increase through acquisition of income-generating assets:**
The Company is progressing with a capital increase through the acquisition of income-generating hotel and real estate assets in exchange for newly issued shares. Binding agreements were signed on December 29, 2024, and it was also announced that regulatory approval was obtained on January 7, 2026. On April 23, 2026, the Company obtained the shareholders' approval for the capital increase in consideration for such acquisition. Upon completion, this transaction is expected to enhance the Group's asset base and generate recurring cash flows.
- **Disposal of non-core investment:**
On January 29, 2026, the Group completed the disposal of its 48.5% equity interest in Touresco, resulting in a gain of ﷲ 70 million. The proceeds have strengthened liquidity and are being redeployed toward core operations.
- **Operational restructuring and cost optimization:**
Ongoing initiatives to improve efficiency, reduce costs, and enhance operating margins across the Group's segments.
- **Portfolio rationalization:**
Continuous review of existing operations, including the discontinuation or exit of underperforming projects to reduce recurring losses.
- **Revenue growth and diversification:**
Expansion into sectors with favorable growth prospects, particularly tourism and entertainment, alongside the development of the catering business and new investment opportunities to diversify revenue streams.

Based on the above assessment and the expected successful implementation of the mitigating actions, the condensed interim consolidated financial statements have been prepared on a going concern basis.

BAAN HOLDING GROUP COMPANY

(A Saudi Joint Stock Company)

Notes to the condensed interim consolidated financial statements

For the Three -month period ended 31 March 2026

(All amounts in thousands ﷲ unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of preparation

These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard, “Interim Financial Reporting” (“IAS 34”) as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by the Saudi Organization for Chartered and Professional Accountants (“SOCPA”).

These condensed interim consolidated financial statements should be read in conjunction with the Group’s annual audited consolidated financial statements as at and for the year ended December 31, 2025 and do not include all of the information required for a complete set of financial statements under International Financial Reporting Standards “IFRS” as endorsed by SOCPA. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s condensed interim consolidated financial position and performance since the last annual consolidated financial statements.

The results for the three-month period ended March 31, 2026, may not necessarily be indicative of the results that can be expected for the year ending on December 31, 2026.

3.2 Historical cost convention

These condensed interim consolidated financial statements have been prepared under the historical cost convention. Except for employees’ terminal benefits liabilities are recognized at the present value of future obligations using the Projected Credit Unit Method.

3.3 Functional and presentation currency

These condensed interim consolidated financial statements are presented in Saudi Riyal (ﷲ) which is also the group functional currency and all values are rounded to the nearest thousands (ﷲ), except when otherwise indicated.

3.4 Consistent application of accounting policies

These accounting policies adopted in the preparation of the condensed interim consolidated financial statements are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended December 31, 2025.

New standards, amendment to standards and interpretations adopted by the group:

No new standards and a set of amendments to existing standards that became effective on January 1, 2026 have been issued and disclosed in the Group’s annual consolidated financial statements. However, they did not have a material impact on the Group’s condensed interim consolidated financial statements as at March 31, 2026. The Group did not change its accounting policies or apply any retrospective adjustments as a result of the adoption of the amended standards.

3.5 Basis of consolidation

These condensed interim consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at March 31, 2026. The financial statements of the subsidiaries are prepared for the same reporting period as that of the Company, using consistent accounting policies.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has the following:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

BAAN HOLDING GROUP COMPANY
(A Saudi Joint Stock Company)
Notes to the condensed interim consolidated financial statements
For the Three -month period ended 31 March 2026
(All amounts in thousands ﷲ unless otherwise stated)

3. Significant accounting policies (Continued)

3.5 Basis of consolidation (Continued)

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee, if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the period are included in the condensed interim consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity method. When the Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related non-controlling interest and other components of equity. Any resulting gain or loss is recognized in the condensed interim consolidated statement of profit or loss and other comprehensive income. Any interest retained in the former subsidiary is measured at fair value when control is lost.

4. Significant judgments, assumptions and estimates

The preparation of the Group's condensed interim consolidated financial statements require management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

These estimates and assumptions are based upon experience and various other factors that are believed to be reasonable under the circumstances and are used to judge the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised or in the revision period and future periods if the changed estimates affect both current and future periods. However, these assumptions and estimates may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty are the same as those that applied to the Group's last annual audited consolidated financial statements as at and for the year ended December 31, 2025.

Going concern

The condensed interim consolidated financial statements have been prepared on a going concern basis. The Group's management has made an assessment of the Group's ability to continue as a going concern and is satisfied that the Group has the resources to continue in business for the foreseeable future. Please refer to note 2 for further details.

BAAN HOLDING GROUP COMPANY

(A Saudi Joint Stock Company)

Notes to the condensed interim consolidated financial statements

For the Three -month period ended 31 March 2026

(All amounts in thousands ﷲ unless otherwise stated)

4. Significant judgments, assumptions and estimates (Continued)

Impairment of non-financial assets

An impairment exists when the carrying value of an asset or cash generating units (CGU) exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset performance of the CGU being tested. The recoverable amount is most sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

Provision for expected credit losses of trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults. The historical 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 assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of the customer's actual default in the future.

Property and equipment useful life and residual value

Management estimated and assessed that the useful life and residual value of property and equipment have not changed significantly. Any change in the estimated useful life or depreciation pattern will be accounted for prospectively.

BAAN HOLDING GROUP COMPANY

(A Saudi Joint Stock Company)

Notes to the condensed interim consolidated financial statements

For the Three -month period ended 31 March 2026

(All amounts in thousands ﷲ unless otherwise stated)

5. Investments in equity-accounted investees classified as held for sale (Real Estate and Tourism Development Company)

The Group held a 48.5% interest in Real Estate and Tourism Development Company (a joint venture) as of December 31, 2025. During 2025, and based on a comprehensive assessment of available investment alternatives, management decided to dispose of this investment, considering it the most appropriate option at this stage in light of the review and reassessment of the Group's income sources and core operating activities.

On January 29, 2026, the Group disposed of its entire 48.5% stake for a total consideration of ﷲ 118.8 million. The carrying amount of the investment was ﷲ 48.8 million, resulting in a gain on disposal of ﷲ 69.53 million.

6. Property, equipment, and projects under construction

- During the Three-month period ended March 31, 2026, the Group added property and with a total cost of ﷲ 16.5 million (March 31, 2025: ﷲ 2.9 million).
- During the Three-month period ended March 31, 2026, the Group disposed of property and equipment with a total cost of ﷲ 2.26 million (March 31, 2025: ﷲ 6.5 million). The gain on disposal amounted to ﷲ 0.432 million (March 31, 2025: ﷲ 0.319 million).
- During the Three-month period ended March 31, 2026, depreciation expense amounted to ﷲ 16.54 million (March 31, 2025: ﷲ 19 million).
- Projects under construction represent the costs of one entertainment center (December 31, 2025: one entertainment center) in the Kingdom of Saudi.

7. Prepayments and other current assets

	March 31, 2026 (Unaudited)	December 31, 2025 (Audited)
Prepaid expenses	16,898	15,030
Advances to suppliers	14,361	7,754
Other receivables *	48,052	7,500
Amounts due from related parties (note 10.3)	6,933	6,598
Contract assets	5,389	5,207
Employees' receivables	2,519	1,451
Other current assets	28,957	26,900
	123,109	70,440
Less: provision for expected credit losses	(3,314)	(3,314)
	119,795	67,126

* Other receivables include an amount of ﷲ 40 million, representing the outstanding balance from the disposal of an equity-accounted investment classified as held for sale (Note 5).

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The following is a summary of the loans:

	March 31, 2026 (Unaudited)	December 31, 2025 (Audited)
Current portion of long-term loans	130,120	131,346
Short term loans	56,770	34,508
	186,890	165,854
Non-current portion of long-term loans	204,378	211,353
	391,268	377,207

The movement in the loans is as follows:

	March 31, 2026 (Unaudited)	December 31, 2025 (Audited)
At the beginning of the period / year	377,207	442,495
Proceeds during the period / year	42,107	142,003
Financial charges for the period / year	7,004	32,917
Repayments during the period / year	(29,798)	(205,617)
Finance cost paid during the period / year	(5,252)	(34,591)
At the ending of the period / year	391,268	377,207

9. Share capital

The authorized, issued and fully paid share capital of the Company consists of 315 million shares of ﷻ 1 each (December 31, 2025: 315 million shares of ﷻ 1 each).

10. Related party transactions and balances**10.1 Related party transactions**

The following are the details of significant related party transactions:

Related Party	Nature of transaction	Transactions for the Three- month period ended March 31,	
		2026 (Unaudited)	2025 (Unaudited)
Abdul Mohsen Al Hokair Holding Group Company (Ultimate parent)	Rent expense/ Lease payments (a)	15,042	13,165
	Revenue	828	889
	Management fees income (c) & (d)	994	937
Key management executives	Salaries and related benefits (b)	1,766	1,547
	Post-employment benefits	344	338
Key management compensation- Non executive	Remuneration for meetings	600	600

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10. Related party transactions and balances (Continued)

10.1 Related party transactions (Continued)

- (a) This amount represents lease/rent payments for 22 properties (March 31, 2025: 23 properties) that are leased by the Group from the principal shareholder (Abdulmohsen Abdul Aziz Al Hokair Holding Group Company).
- (b) Key management executives are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including any director (whether executive or otherwise) and the Board of members of the company. Salaries and related benefits of ₪ 1.8 million (March 31, 2025: ₪ 1.5 million) were paid to five key management executives of the Group.
- (c) This amount represents management fees for hotels owned by the ultimate parent in UAE. The Group's management fees from these hotels amounted to ₪ 0.30 million for the quarter ended March 31, 2026 (March 31, 2025: ₪ 0.34 million).
- (d) During 2023, the Group agreed with its Ultimate parent company to terminate long-term lease contracts of two hotels amounted to approximately ₪ 6 million per annum. Simultaneously, the Group entered into two agreements with its Ultimate parent company for a period of 8-10 years to operate such two hotels against fixed and variable monthly management fees. The term of the agreements includes rights of using the Group's privileges that exist at the hotel's locations, including the property and equipment. During the quarter ended March 31, 2026, the Group waived the two hotels' revenue of ₪ 6.45 million (March 31, 2025: ₪ 7.36 million), and recharged the two hotels' expenses of ₪ 6.76 million (March 31, 2025: ₪ 7.51 million) to the Ultimate parent company.

The Group's management fees from these two hotels amounted to ₪ 0.44 million for the quarter ended March 31, 2026 (March 31, 2025: ₪ 0.44 million).

10.2 Terms and conditions relating to related party balances

Outstanding balances with related parties at the period-end are unsecured, interest free, settled in cash and due within 12 months of the condensed interim consolidated statement of financial position date. There have been no guarantees provided or received for any related party receivables or payables. This assessment is undertaken at each reporting period end by examining the financial position of the related party and the market in which the related party operates.

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10. Related party transactions and balances (Continued)

10.3 Related party balances

The following are the details of major related party balances recorded under trade receivables and trade payables as at March 31, 2026, and December 31, 2025:

	March 31,2026 (Unaudited)	December 31, 2025 (Audited)
i) <u>Amounts due from related parties</u>		
Halfmoon Resort Company (Under common control)	3,875	3,533
Asl Al-Ban Company Ltd. (Under common control)	2,693	2,693
Tarfeeh Company for Projects and Tourism Limited (a joint venture)	1,722	1,722
Mena Company for Education and Development (Under common control)	519	651
Malahi Leisure Company (a joint venture)	169	44
	8,978	8,643
Less; provision for impairment of related party receivables	(2,045)	(2,045)
	6,933	6,598
	March 31, 2026 (Unaudited)	December 31, 2025 (Audited)
ii) <u>Amounts due to related parties</u>		
Abdulmohsen Al Hokair Holding Group Company (Ultimate parent)	7,190	25,968
Tanami Arabia Co. Ltd. (Under common control)	5,630	6,572
Riyadh Plastic Factory (Under common control)	432	379
Tourism and Real Estate Development Company (a joint venture)	-	2,647
	13,252	35,566
iii) Movement in provision for impairment of related party receivables:		
	March 31,2026 (Unaudited)	December 31,2025 (Audited)
At the beginning of the period / year	2,045	2,813
(Reversal)/charge for the period / year	-	(768)
At the end of the period / year	2,045	2,045

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The following table reflects the profit / (loss) per share calculations:

	For the three-month ended March 31,	
	2026	2025
	(Unaudited)	(Unaudited)
Profit / (loss) for the period attributable to equity shareholders of the company	49,088	(16,751)
	Thousands	Thousands
Weighted average number of ordinary shares outstanding during the period	315,000	315,000
	ﷲ	ﷲ
Basic and diluted profit / (loss) per share	0.16	(0.05)

12. Commitments and contingencies.**12.1 Legal contingencies**

The Group has legal claims in the normal course of business that are being defended. While the final outcome of these matters cannot be determined with certainty, upon the recommendation of the Group's legal counsel, management does not expect them to have a material adverse effect on the Group's condensed interim consolidated financial position or condensed interim consolidated results of operations.

12.2 Letters of credit and guarantee

As at March 31, 2026, the Group had outstanding letters of credit and guarantee amounting to ﷲ 29.5 million (December 31, 2025 ﷲ 30.6 million).

BAAN HOLDING GROUP COMPANY**(A Saudi Joint Stock Company)****Notes to the condensed interim consolidated financial statements****For the Three -month period ended 31 March 2026****(All amounts in thousands ٬ unless otherwise stated)****13. Segmental information**

The Executive Management Committee monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the condensed interim consolidated financial statements.

13.1 The Group's reportable segments under IFRS 8:

Hospitality: engaged in hotel, tourism, health resorts, furnished apartments, restaurants and cafes.

Entertainment: engaged in establishment, management, operation and maintenance of fun cities, entertainment centers, parks and gardens.

Others: includes the operations of head office, commercial center and other segments.

The Group's primary business is conducted in Saudi Arabia with three subsidiaries, Sparky's UAE, Asateer Company for Entertainment and Tourism – Egypt and Osool Al Mazaya Hospitality Company. However, the total assets, liabilities, commitments and results of operations of those subsidiaries are not material to the Group's overall consolidated financial statements. Transactions between the operating segments are on terms as approved by the management. There are no material items of income or expense between the operating segments. Majority of the segment assets and liabilities comprise operating assets and liabilities.

Following is a summary of key financial information for the three-month period ended March 31, 2026 and 2025 and year ended December 31, 2025.

For the period ended as at March 31, 2026**(Unaudited)**

	<u>Hospitality</u>	<u>Entertainment</u>	<u>Others</u>	<u>Total</u>
Revenue	72,401	51,025	35,787	159,213
Depreciation of property and equipment - direct costs	(5,630)	(8,125)	(2,273)	(16,028)
Depreciation of right of use assets	(2,894)	(14,807)	(1,945)	(19,646)
Other direct costs	(43,037)	(24,865)	(26,556)	(94,458)
Gross profit	20,840	3,228	5,013	29,081
Expenses	(16,681)	(10,223)	(7,980)	(34,884)
Gain on disposal of property and equipment	-	432	-	432
Reverse/ (impairment) loss on trade receivable	396	162	(1,597)	(1,039)
Finance cost charges	(3,051)	(9,557)	(4,329)	(16,937)
Finance income on lease	-	-	1,048	1,048
Share of net results from equity-accounted investees	-	-	2,209	2,209
Gain on sale of equity-accounted investee	-	-	69,529	69,529
Zakat and income tax	-	-	(351)	(351)
Net profit / (loss)	1,504	(15,958)	63,542	49,088
Investments in equity-accounted investees	-	-	25,573	25,573
Property, equipment and projects under construction	322,317	263,410	99,149	684,876
Right of use assets	99,373	359,620	149,876	608,869
Total assets	495,413	666,141	471,428	1,632,982
Total liabilities	374,265	893,559	314,556	1,582,380

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13. Segmental information (continued)**13.1 The Group's reportable segments under IFRS 8 (continued):**For the period ended as at March 31,
2025 (Unaudited)

	<u>Hospitality</u>	<u>Entertainment</u>	<u>Others</u>	<u>Total</u>
Revenue	83,119	61,693	21,732	166,544
Depreciation of property and equipment - direct costs	(5,504)	(10,253)	(2,593)	(18,350)
Depreciation of right of use assets	(3,270)	(17,198)	(2,325)	(22,793)
Other direct costs	(48,080)	(24,394)	(14,138)	(86,612)
Gross profit	26,265	9,848	2,676	38,789
Expenses	(16,914)	(11,110)	(8,041)	(36,065)
Gain on disposal of property and equipment	-	319	-	319
Other income	-	5	-	5
Reverse/ (impairment) loss on trade receivable	90	(394)	(2,319)	(2,623)
Finance cost charges	(2,964)	(11,062)	(4,738)	(18,764)
Share of net results from equity- accounted investees	-	-	1,560	1,560
Zakat and income tax	-	-	-	-
Net profit / (loss)	6,477	(12,394)	(10,862)	(16,779)

For the year ended December 31, 2025
(Audited)

Investments in equity-accounted investees	-	-	31,424	31,424
Property, equipment and projects under construction	327,218	246,054	111,728	685,000
Right of use assets	102,268	373,583	153,113	628,964
Total assets	503,063	663,602	454,874	1,621,539
Total liabilities	379,089	895,279	344,380	1,618,748

In addition to the above segment reporting, the Company's revenue is generated (and non-current assets are located) from the following subsidiaries and countries:

For the period ended as at March 31, 2026 (Unaudited)	<u>Kingdom of</u>	<u>United Arab</u>	<u>Arab</u>	<u>Total</u>
	<u>Saudi</u> <u>Arabia</u>	<u>Emirates</u>	<u>Republic of</u> <u>Egypt</u>	
The Company	151,699	-	-	151,699
Osool Al Mazaya Hospitality Company	4	-	-	4
Sparky's Land Amusement Toys Company	-	7,261	-	7,261
Asateer Company for Entertainment and Tourism	-	-	249	249
Total revenue	151,703	7,261	249	159,213
Investments in equity-accounted investees	25,573	-	-	25,573
Property, equipment and projects under construction	654,671	28,827	1,378	684,876
Right of use assets	525,788	83,081	-	608,869

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For the Three -month period ended 31 March 2026

(All amounts in thousands ₪ unless otherwise stated)

13. Segmental information (continued)

13.1 The Group's reportable segments under IFRS 8 a (continued):

For the period ended as at March 31, 2025 (Unaudited)	<u>Kingdom of Saudi Arabia</u>	<u>United Arab Emirates</u>	<u>Arab Republic of Egypt</u>	<u>Total</u>
The Company	158,713	-	-	158,713
Osool Al Mazaya Hospitality Company	390	-	-	390
Sparky's Land Amusement Toys Company	-	7,188	-	7,188
Asateer Company for Entertainment and Tourism	-	-	253	253
Total revenue	159,103	7,188	253	166,544
For the year ended December 31, 2025 (Audited)				
Investments in equity-accounted investees	31,424	-	-	31,424
Property, equipment and projects under construction	655,028	28,722	1,250	685,000
Right of use assets	542,530	86,434	-	628,964

14. Fair values of financial instruments

The fair value of financial instruments is not significantly different from their carrying value at the date of preparing the financial statements due to the short-term maturities of these instruments.

15. Significant Events

On Jumada 28, Al-Thani 1446H (corresponding to December 29, 2024), the Group signed two agreements as follows:

A. An agreement has been signed with AlOula for Real Estate Development Company ("AlOula REDCo") as seller, and Ajdan Real Estate Development Company as seller's guarantor. Pursuant to this agreement, the Group will acquire all of the 86 residential units in Adjan Waterfront Project Tower in Al Khobar city, with a consideration for such purchase comprising of new shares to be issued by the Company, via increasing its share capital in favor of AlOula REDCo. The value of the acquired asset amounted to ₪ 178,500,000.

B. An agreement has been signed with Abdul Mohsen Al Hokair Holding Group Company ("Al Hokair Holding Company") as seller, pursuant to which it was agreed for the Group to acquire ownership of six properties on which three hotels are constructed in the cities of Riyadh and Jeddah, with consideration for such purchase comprising new shares to be issued by the Company, via increasing its share capital, in favor of Al Hokair Holding Company. The value of the acquired asset amounted to ₪ 651,620,000.

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16. Subsequent Events

On April 23, 2026 the Extraordinary General Assembly of the shareholders convened and approved the two transactions referred to in Note (15). The management believes that there are no other significant subsequent events since the period ended March 31, 2026, that could have a material impact on the financial position of the Group as shown in these condensed interim consolidated financial statements.

17. Approval of the Condensed Interim Consolidated Financial Statements

These condensed interim consolidated financial statements were approved by the Board of Directors on 18 Dhul Qidah 1447 H (corresponding to 05 May 2026).