

**BAAN Holding Group Company
(Formerly Abdulmohsen Al-Hokair Group
for Tourism and Development Company)
(A SAUDI JOINT STOCK COMPANY)**

**CONSOLIDATED FINANCIAL
STATEMENTS AND INDEPENDENT
AUDITOR'S REPORT
FOR THE YEAR ENDED
31 DECEMBER 2024**

BAAN HOLDING GROUP COMPANY
(Formerly Abdulmohsen Al-Hokair Group for Tourism and Development Company)
(A SAUDI JOINT STOCK COMPANY)
CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT
(All amounts in thousands Saudi Riyals unless otherwise stated)

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INDEPENDENT AUDITOR'S REPORT

To the shareholders of
BAAN Holding Group Company
Formerly Abdulmohsen Al-Hokair Group for Tourism and Development Company
(A Saudi Joint Stock Company)

Opinion

We have audited the consolidated financial statements of Baan Holding Group Company (Formerly: Abdulmohsen Al-Hokair Group for Tourism and Development Company) (the "Company") and its subsidiaries (together "the Group") which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended, in accordance with IFRS Accounting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA").

Basis for opinion

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

Key audit matters

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

Independent auditor's report to the shareholders of BAAN Holding Group Company Formerly Abdulmohsen Al-Hokair Group for Tourism and Development Company (A Saudi Joint Stock Company) – Continued

Key audit matters - Continued

<i>Key audit matter</i>	<i>How the matter was addressed in our audit</i>
Impairment of property and equipment As at 31 December 2024, the consolidated statement of financial position of the Group, show property and equipment valued at SR 817.9 million. Management has identified indicators of impairment for the property and equipment of certain cash-generating units. Accordingly, the management performed an assessment to determine the recoverable amount of those cash-generating units, which revealed that the recoverable amount of these units exceeded their carrying amount. We considered the impairment of property and equipment as a key audit matter, as the impairment assessment requires management to exercise significant judgment when determining the key assumptions regarding the recoverable amount, such as expected revenues, expected costs, growth rates, discount rate, and others. The accuracy of these assumptions directly affects the assessment of the cash-generating units. Refer to the consolidated financial statements note 3.5(n) for the significant accounting policy relating to impairment of non-current assets, note 4 for the significant accounting estimates, assumptions and judgements relating to impairment of non-financial assets, and note 6 for disclosures related to property and equipment.	We performed the following procedures, among others: • Obtained managements assessments and the underlying key assumptions used in their calculations. Subsequently, we undertook the following procedures to assess the reasonableness of these assessments: - Verified the accuracy and completeness of data used in impairment assessments through a thorough comparison with supporting documents. - Independently verified the mathematical calculations employed in the impairment assessments to confirm their accuracy and consistency. • Assessed the adequacy and appropriateness of the Group's disclosure in the consolidated financial statements.

Independent auditor's report to the shareholders of BAAN Holding Group Company Formerly Abdulmohsen Al-Hokair Group for Tourism and Development Company (A Saudi Joint Stock Company) – Continued

Other information

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the consolidated financial statements and our auditor report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, if we concluded based on the work we have performed that there is a material misstatement of this other information, we are required to report that fact with those charged with governance. We have nothing to report in this regard.

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

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

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

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

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs that are endorsed in the Kingdom of Saudi Arabia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Independent auditor's report to the shareholders of BAAN Holding Group Company Formerly Abdulmohsen Al-Hokair Group for Tourism and Development Company (A Saudi Joint Stock Company) – Continued**Auditor's responsibilities for the audit of the consolidated financial statements - Continued**

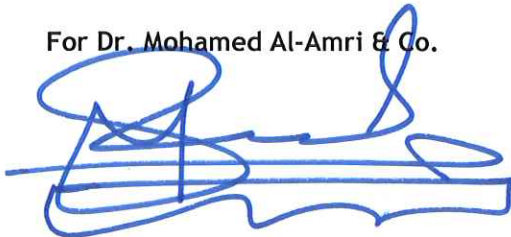
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

For Dr. Mohamed Al-Amri & Co.



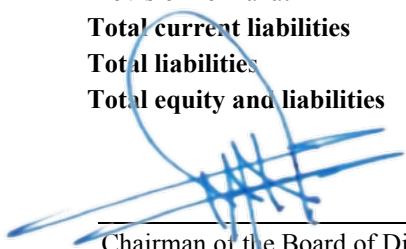
Maher Al-Khatieb
Certified Public Accountant
License Number 514



Riyadh on 8 Shawwal 1446 (H)
Corresponding 6 April 2025 (G)

BAAN HOLDING GROUP COMPANY
(Formerly Abdulmohsen Al-Hokair Group for Tourism and Development Company)
(A SAUDI JOINT STOCK COMPANY)
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(All amounts in thousands Saudi Riyals unless otherwise stated)

	Notes	As of 31 December 2024 SR'000	As of 31 December 2023 SR'000
Assets			
Non-current assets			
Investments in joint ventures	5	91,591	79,682
Property, equipment and projects under construction	6	817,910	794,893
Intangible assets	7	10,064	9,219
Right of use assets	8	809,784	903,831
Total non-current assets		1,729,349	1,787,625
Current assets			
Inventories	12	17,097	18,026
Trade receivables	10	71,992	79,671
Prepayments and other current assets	11	67,068	122,350
Cash and cash equivalents	9	38,101	37,692
Total current assets		194,258	257,739
Total assets		1,923,607	2,045,364
Equity and liabilities			
Equity			
Share capital	13	315,000	315,000
Foreign currency translation reserve		(5,181)	(4,042)
Remeasurement of employees' terminal benefit liabilities		5,830	6,792
Accumulated losses		(109,007)	(114,317)
Total equity attributable to the shareholders of the company		206,642	203,433
Non-controlling interest		(1,838)	(1,728)
Total equity		204,804	201,705
Non-current liabilities			
Non-current portion of long-term loans	14	303,376	304,804
Non-current portion of lease liabilities	15	836,912	920,525
Employees' terminal benefits liabilities	16	51,068	49,334
Total non-current liabilities		1,191,356	1,274,663
Current liabilities			
Trade payables and other current liabilities	17	281,104	278,944
Short term loans and current portion of long-term loans	14	139,119	178,541
Current portion of lease liabilities	15	100,137	104,651
Provision for zakat	18	7,087	6,860
Total current liabilities		527,447	568,996
Total liabilities		1,718,803	1,843,659
Total equity and liabilities		1,923,607	2,045,364


Chairman of the Board of Directors


Chief Executive Officer


Chief Financial Officer

The attached notes 1 to 36 form an integral part of these consolidated financial statements.

BAAN HOLDING GROUP COMPANY**(Formerly Abdulmohsen Al-Hokair Group for Tourism and Development Company)****(A SAUDI JOINT STOCK COMPANY)****CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

(All amounts in thousands Saudi Riyals unless otherwise stated)

	Notes	For the year ended 31 December 2024 SR'000	For the year ended 31 December 2023 SR'000
Revenue from contracts with customers			
- Hospitality		325,389	364,943
- Entertainment		296,945	337,804
- Others		56,362	39,392
Total revenues	20	678,696	742,139
Direct costs			
- Hospitality		(217,180)	(259,457)
- Entertainment		(222,708)	(260,821)
- Others		(53,729)	(34,299)
Total direct costs	21	(493,617)	(554,577)
Gross profit		185,079	187,562
Selling and marketing expenses	22	(25,211)	(24,528)
General and administrative expenses	23	(113,213)	(127,244)
Gain / (loss) on disposal of property and equipment		1,397	(2,794)
Gain from lease termination		1,550	6,221
Other income		4	1,220
Reversal / (Provision) of impairment loss on property and equipment	6.2	5,441	(6,965)
Reversal / (Provision) of impairment loss on trade receivable and related parties' receivables	24	6,943	(35,374)
Net expenses		(123,089)	(189,464)
Operating profit / (loss)		61,990	(1,902)
Financial charges on loans	14	(41,044)	(39,745)
Financial charges on lease liabilities	15	(43,588)	(42,353)
Income from short term investments		-	191
Other non-operating income	25	24,804	-
Share in net results and impairment of joint ventures	5.1	4,714	(6,010)
Profit / (loss) before zakat and income Tax		6,876	(89,819)
Zakat	18.1	(1,938)	-
Income tax		262	-
Net profit / (loss) for the year		5,200	(89,819)
Other comprehensive income / (loss)			
Items that will not be reclassified to profit or loss:			
Remeasurement of post-employment benefit obligations, net of zakat	16.4	(1,272)	3,194
Share in other comprehensive income of joint ventures	5.1	310	152
Items that will be reclassified to profit or loss:			
Exchange differences on translation of foreign operations		(1,139)	(377)
Other comprehensive (loss) / income for the year		(2,101)	2,969
Total comprehensive income / (loss) for the year		3,099	(86,850)
Net profit / (loss) for the year attributable to:			
Equity shareholders of the Company		5,310	(89,702)
Non-controlling interest		(110)	(117)
		5,200	(89,819)
Total comprehensive income / (loss) for the year attributable to:			
Equity shareholders of the Company		3,209	(86,733)
Non-controlling interest		(110)	(117)
		3,099	(86,850)
Earnings / (loss) per share:			
Basic and diluted profit / (loss) per share	26	0.02	(0.29)

Chairman of the Board of Directors

Chief Executive Officer

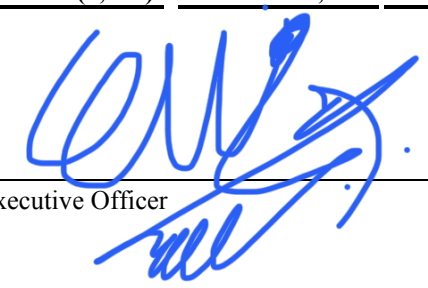
Chief Financial Officer

The attached notes 1 to 36 form an integral part of these consolidated financial statements.

BAAN HOLDING GROUP COMPANY
(Formerly Abdulmohsen Al-Hokair Group for Tourism and Development Company)
(A SAUDI JOINT STOCK COMPANY)
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(All amounts in thousands Saudi Riyals unless otherwise stated)

	Share capital	Foreign currency translation reserve	Remeasurement of employees' terminal benefit liabilities	Accumulated losses	Total shareholders' equity	Non-controlling interest (Note 34)	Total equity
	SR'000	SR'000	SR'000	SR'000	SR'000	SR'000	SR'000
For the year ended 31 December 2023							
Balance at the beginning of the year	315,000	(3,665)	3,446	(24,615)	290,166	(1,611)	288,555
Net loss for the year	-	-	-	(89,702)	(89,702)	(117)	(89,819)
Other comprehensive income for the year	-	(377)	3,346	-	2,969	-	2,969
Total comprehensive (loss) / income for the year	-	(377)	3,346	(89,702)	(86,733)	(117)	(86,850)
Balance as at 31 December 2023	315,000	(4,042)	6,792	(114,317)	203,433	(1,728)	201,705
For the year ended 31 December 2024							
At the beginning of the year	315,000	(4,042)	6,792	(114,317)	203,433	(1,728)	201,705
Net profit (loss) for the year	-	-	-	5,310	5,310	(110)	5,200
Other comprehensive loss for the year	-	(1,139)	(962)	-	(2,101)	-	(2,101)
Total comprehensive (loss) / income for the year	-	(1,139)	(962)	5,310	3,209	(110)	3,099
Balance as at 31 December 2024	315,000	(5,181)	5,830	(109,007)	206,642	(1,838)	204,804


Chairman of the Board of Directors


Chief Executive Officer


Chief Financial Officer

The attached notes 1 to 36 form an integral part of these consolidated financial statements.

BAAN HOLDING GROUP COMPANY
(Formerly Abdulmohsen Al-Hokair Group for Tourism and Development Company)
(A SAUDI JOINT STOCK COMPANY)
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2024
(All amounts in thousands Saudi Riyals unless otherwise stated)

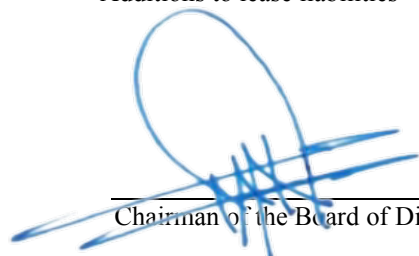
		For the year ended 31 December 2024	For the year ended 31 December 2023
	Notes	SR'000	SR'000
Operating activities			
Profit (loss) before zakat and income Tax		6,876	(89,819)
Adjustments for:			
Depreciation of property and equipment	6.1	79,056	94,645
(Reversal) / Impairment loss on property and equipment		(5,441)	6,965
Amortization of intangible assets	7	1,083	1,376
(Gain) / loss on disposal of property and equipment		(1,397)	2,794
Depreciation of right of use assets	8	94,135	96,721
Gain from lease termination		(1,550)	(6,221)
(Reversal of) / Provision for impairment loss on trade receivables and related party receivables	24	(6,943)	35,374
(Reversal of) / Provision for slow moving inventories	12.1	(129)	779
Share of net results and impairment of joint ventures	5.1	(4,714)	6,010
Financial charges on loans	14.1	41,044	39,745
Financial charges on lease liabilities	15	43,588	42,353
Income from short term investments		-	(191)
Provision for employees' terminal benefits liabilities	16.4	9,531	9,491
		255,139	240,022
Changes in working capital			
Prepayments and other current assets		53,367	12,520
Trade receivables		17,589	(7,563)
Inventories		1,058	725
Trade payables and other current liabilities		1,866	22,019
Net cash from operating activities		329,019	267,723
Zakat paid	18.1	(1,711)	-
Employees' terminal benefits paid	16.4	(7,862)	(5,482)
Net cash generated from operating activities		319,446	262,241
Investing activities			
Additions to property, equipment and projects under construction	6	(100,407)	(117,959)
Additions to intangible assets	7	(1,902)	(2,075)
Proceeds from disposal of property and equipment		1,764	1,717
Dividends received from joint ventures	5.1	-	19,400
Additions to investments in joint ventures	5.1	(5,840)	-
Long term loans to a joint venture		-	(3,743)
Proceeds from sale of financial asset held at FVTPL		-	10,244
Net cash used in investing activities		(106,385)	(92,416)

BAAN HOLDING GROUP COMPANY
(Formerly Abdulmohsen Al-Hokair Group for Tourism and Development Company)
(A SAUDI JOINT STOCK COMPANY)
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2024
(All amounts in thousands Saudi Riyals unless otherwise stated)

		For the year ended 31 December 2024	For the year ended 31 December 2023
	Notes	SR'000	SR'000
Financing activities			
Proceeds from loans and borrowings	14	176,629	226,360
Repayment of loans and borrowings	14	(213,883)	(254,379)
Payment of lease liabilities	15	(130,743)	(112,172)
Finance cost paid	14	(44,640)	(37,352)
Net cash used in financing activities		(212,637)	(177,543)
Net increase / (decrease) in cash and cash equivalents		424	(7,718)
Exchange differences on translation of foreign operations		(15)	204
Cash and cash equivalents at the beginning of the year		37,692	45,206
Cash and cash equivalents at the end of the year		38,101	37,692

Non-cash transactions:

Additions to right of use assets		1,587	100,918
Additions to lease liabilities		(1,587)	(100,918)



Chairman of the Board of Directors



Chief Executive Officer



Chief Financial Officer

The attached notes 1 to 36 form an integral part of these consolidated financial statements.

BAAN HOLDING GROUP COMPANY
(Formerly Abdulmohsen Al-Hokair Group for Tourism and Development Company)
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024
(All amounts in thousands Saudi Riyals 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 22 July 1978) 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 5 November 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 consolidated financial statements:

Subsidiary	Direct and indirect Ownership %		Principal activity	Country of incorporation
	2024	2023		
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	85%	85%	Establishment and operation of sport facilities projects	Kingdom of Saudi Arabia

2. GOING CONCERN

The consolidated financial statements as at 31 December 2024 indicate that the Group realized a net profit of SR 5.2 million for the year ended 31 December 2024 (net loss of SR 89.8 million for the year ended 31 December 2023) resulting in accumulated losses of SR 109 million as at 31 December 2024 (SR 114.3 million as at 31 December 2023). Further, the current liabilities of the Group exceeded its current assets resulting in a negative working capital of SR 333.2 million as at 31 December 2024 (SR 311.3 million as at 31 December 2023).

These conditions indicate the existence of a material uncertainty that may cast a doubt on the Group's ability to continue as a going concern.

Management assessed the Group's ability to successfully meet its business plan and to generate sufficient cash flows to meet its obligations for the next 12 months. In preparing the forecast, management has considered all reasonably probable cash flows with such timing and amount as supported by the circumstances and facts available as of the date of the approval of these consolidated financial statements. In preparing the business plan the management considered the following factors:

2. GOING CONCERN (continued)

- 1- The Group was able to settle all its maturing loans with original due dates in 2024 which amounted to SR 213.9 million and the same level of commitment is included in the plans for the next 12 months for loans amounting to SR 139.1 million.
- 2- The Group was able to renew all bank facilities historically and despite the fact that the Group did not achieve the targets of certain loan covenants, it was not in breach of the covenants as the Group has obtained waivers from the relevant banks prior to year-end, which shall support the Group ability to utilize the available facilities and its revolving credit lines during the next 12 months.
- 3- The Group continued to generate positive cash flows from its operating activities and generated SR319.4 million in 2024 and management believes that the Group will be able to generate positive cash flows in its plan for the next 12 months.

Based on the above plan, the Group's cash flow forecast for the 12-month period from the reporting date shows a net positive cash flow position and the Group's management believe that it would be able to generate sufficient cash flows to enable it to meet its obligations as they fall due for the next 12 months from the date of these consolidated financial statements considering the above-mentioned factors. However, there is a continued dependence on the successful outcome of the following:

- The Group's ability to successfully meet its business plan and to generate sufficient cash flows to meet its obligations for the next 12 months from the date of approval of these consolidated financial statements.
- Ability to continue renewing the existing bank facility arrangements once they expire or if there is a debt covenant breach.
- Ability to continue to use the unutilized facilities as at 31 December 2024, which the Group has eligibility to withdraw.
- Ability to roll-over the revolving facilities as they mature.

Accordingly, management continues to believe that it remains appropriate to prepare the consolidated financial statements on a going concern basis. Therefore, these consolidated financial statements have been prepared on a going concern basis.

The measures the Group will take to reduce the accumulated losses are as follows:

- Implementing a strategic transformation program.
- Continuing the restructuring of the Group's sectors to enhance operational and administrative effectiveness and efficiency.
- Ongoing evaluation of the Group's projects, with a focus on exiting underperforming projects that result in operational losses.
- Identifying and pursuing promising opportunities to improve the Group's financial performance, particularly in light of positive indicators in the regional tourism and entertainment sectors.
- Diversifying revenue sources and expanding business lines, such as catering.
- On 29 December 2024, the Group announced the execution of two binding agreements to acquire real estate assets by increasing the Company's capital and issuing new shares as consideration to the sellers. Completion of these transactions is subject to approval from relevant regulatory bodies, authorities, and the General Assembly.

3. MATERIAL ACCOUNTING POLICIES

3.1 Statement of compliance

These consolidated financial statements have been prepared in accordance with IFRS Accounting Standards as endorsed in KSA and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants (“SOCPA”) (referred to thereafter as IFRS as endorsed in KSA).

3.2 Historical cost convention

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

3.3 Functional and presentation currency

The consolidated financial statements are presented in Saudi Riyal (SR) which is also the group functional currency and all values are rounded to the nearest thousand (SR 000), except when otherwise indicated.

3.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2024.

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

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 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 transaction. When a 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 recognised in the 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.

3. MATERIAL ACCOUNTING POLICIES (continued)

3.4 Basis of consolidation (continued)

Non-controlling interest ("NCI") represents the equity interest in subsidiaries not owned by the Group. For each business combination, the Group chooses to measure NCI at either fair value or at the proportionate share of the subsidiary's identifiable net assets. After acquisition, NCI is adjusted for its share of the subsidiary's profit or loss and other changes in equity. Transactions with non-controlling interest parties are treated as transactions with parties external to the Group. NCI is presented separately in the equity section of the consolidated statement of financial position, and its share of profit or loss is shown in the consolidated statement of profit or loss and other comprehensive income.

3.5 Summary of significant accounting policies

The following are the material accounting policies applied by the Group in preparing these consolidated financial statements:

(a) Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at the acquisition date, fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interest in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held), over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in consolidated statement of profit or loss and other comprehensive income. After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

(b) Investment in joint ventures

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. The considerations made in determining whether joint control is similar to those necessary to determine control over subsidiaries.

The Group's investments in its joint ventures are accounted for using the equity method whereby the investments are carried in the consolidated statement of financial position at cost, adjusted by post acquisition changes in the Group's share of net assets of the joint venture, less any impairment in value. Goodwill relating to the joint venture is included in the carrying amount of the investment and is not tested for impairment separately.

The consolidated statement of profit or loss and other comprehensive income reflects the Group's share of the net results of operations of its joint ventures. Any change in OCI of those investees is presented as part of the Group's OCI. Unrealised profits and losses resulting from transactions between the Group and its joint venture are eliminated to the extent of the Group's interest in joint venture.

The financial statements of the joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its joint venture. The Group determines at each reporting date whether there is any objective evidence that the investment in the joint venture is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value and recognises the loss as 'Share of loss of joints venture' in the consolidated statement of profit or loss and other comprehensive income.

Upon loss of the joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retaining investment and proceeds from disposal is recognised in the consolidated statement of profit or loss and other comprehensive income.

3. MATERIAL ACCOUNTING POLICIES (continued)

3.5 Summary of significant accounting policies (continued)

(c) Revenue recognition

The Group provides hospitality and entertainment services to its customers. Revenue from contracts from customers are recognised when the control over the goods and services are transferred to the customer in an amount that reflects the compensation earned by the Group for those goods and services. The Group has concluded that it acts as a principal for all its revenue arrangements. Revenue is recognised either at a point in time or overtime, when (or as) the Group satisfies the performance obligations as specified in the contract with the customer, wherever applicable, by transferring and when it transfers control over the promised service to the customer.

A five-step approach to revenue recognition is applied:

1. Identify the contract(s) with each customer.
2. Identify the performance obligations in each contract
3. Determine the transaction price
4. Allocate the transaction price to performance obligations.
5. Recognize revenue (or as) the entity satisfies a performance obligation.

An entity transfers control of a good or service over time and, therefore, satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

- a) the customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs.
- b) the entity's performance creates or enhances an asset (for example, work in progress) that the customer controls as the asset is created or enhanced.
- c) the entity's performance does not create an asset with an alternative use and the entity has an enforceable right to payment for performance completed to date.

Revenue from Hospitality

Revenue is derived from hotel operations, including the rental of rooms, food and beverage sales and related services. Revenue is recognised when rooms are occupied, services are rendered and food and beverages are sold.

Revenue from entertainment parks

Revenues from admission park tickets and chargeable playing game cards are recognised at a point in time when the playing cards are delivered to the customer, that is when the control and risks of the cards are considered transferred. The Group depends on the estimate of usage patterns derived from historical data in the recognition of any unused balances or in cases where the playing cards expire.

Development revenue

Revenue from rendering of development and construction services is recognised when the outcome of the transaction can be estimated reliably, by reference to the stage of completion of the development obligation at the reporting date. Where the outcome cannot be measured reliably, revenue is recognised only to the extent that the expenses incurred are eligible to be recovered.

Other revenue

Other revenue includes rental income and restaurant income:

Rental income arising from sublease of operating leased properties is accounted for on a straight-line basis over the lease terms and is included in revenue in the consolidated statement of profit or loss and other comprehensive income due to its operating nature. Restaurant revenue is derived from sales of food and beverages and is recognised point in time of sales.

3. MATERIAL ACCOUNTING POLICIES (continued)

3.5 Summary of significant accounting policies (continued)

(d) Foreign currencies

The Group's consolidated financial statements are presented in Saudi Riyal, which is also the Company's functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and on disposal of a foreign operation, the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Group entities at their respective functional currency spot rate at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the consolidated financial statements date. All differences are recognised in consolidated statement of profit or loss and other comprehensive income.

Translation of group companies

Financial statements of the foreign operation are translated into Saudi Riyal using the exchange rate at each statement of financial position date for assets and liabilities, and the average exchange rate for each period for revenues, expenses, gains and losses. Components of equity, other than retained earnings, are translated at the rate ruling at the date of occurrence of each component. The exchange differences arising on the translation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is recognised in the consolidated statement of profit or loss and other comprehensive income

(e) Property, equipment, and projects under construction

Property and equipment are stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. Such cost includes the cost of replacing parts of the property and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. All repair and maintenance costs are recognised in the consolidated statement of profit or loss and other comprehensive income as incurred. The present value of the expected cost for the decommissioning of the asset after its use, is included in the cost of the respective asset if the recognition criteria for a provision is met. Improvements that increase the value or materially extend the life of the related assets are capitalised.

Projects under construction are not depreciated and are stated at cost less accumulated impairment losses, if any. These assets are transferred to property plant and equipment as and when assets are available for intended use.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets. Leasehold improvements are depreciated at the shorter of its useful life or the lease term.

The residual values, useful lives and methods of depreciation of property and equipment are reviewed at each reporting period end and adjusted prospectively, if appropriate.

The estimated useful lives of the assets for the calculation of depreciation are as follows:

Category	Useful life
Building and improvements	The shorter of useful life (20 to 40 years) or lease period
Entertainment equipment	10 to 15 years
Furniture and fixtures	10 years
Motor vehicles	4 years
Air conditioners	15 years
Computers	4 years
Tools	15 years

3. MATERIAL ACCOUNTING POLICIES (continued)

3.5 Summary of material accounting policies (continued)

(f) Leases

At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Right Of Use (ROU) Assets / Lease Liabilities

On initial recognition, at inception of the contract, the Group shall assess whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is identified if most of the benefits are flowing to the Group and the Group can direct the usage of such assets.

Right Of Use Assets

The Group applies the cost model, and measures right of use assets at cost:

- a) less any accumulated depreciation and any accumulated impairment losses; and
- b) adjusted for any re-measurement of the lease liability for lease modifications.

Generally, a ROU asset would be equal to the lease liability. However, if there are additional costs such as site preparation, non-refundable deposits, application money, other expenses related to the transaction, etc., these need to be added to the ROU asset value.

The estimated useful lives of the right of use assets for the calculation of depreciation are as follows:

Category	Useful life
Land	5 to 44 years
Building	9 to 29 years
Offices	10 to 12 years
Spaces in malls	5 to 20 years
Residential units	3 to 7 years

Lease Liability

On initial recognition, the lease liability is the present value of all remaining payments to the lessor. After the commencement date, the Group measures the lease liability by:

- a) Increasing the carrying amount to reflect incremental financing rate on the lease liability;
- b) Reducing the carrying amount to reflect the lease payments made; and
- c) Re-measuring the carrying amount to reflect any re-assessment or lease modification.

(g) Borrowing cost

General and specific borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale (qualifying assets) are capitalized as part of the cost of the respective asset. The commencement date for capitalization is when (a) the Group incurs expenditures for the qualifying asset; (b) it incurs borrowing costs; and (c) it undertakes activities that are necessary to prepare the asset for its intended use or sale. capitalization of borrowing costs continues up to the date when the assets are substantially ready for their use or sale. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

3. MATERIAL ACCOUNTING POLICIES (continued)

3.5 Summary of material accounting policies (continued)

(h) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial instruments – initial recognition.

Financial instruments at FVTPL are initially recorded at fair value. All other financial instruments are initially recorded at fair value adjusted for transaction costs. Fair value at initial recognition is best evidenced by the transaction price. A gain or loss on initial recognition is only recorded if there is a difference between fair value and transaction price which can be evidenced by other observable current market transactions in the same instrument or by a valuation technique whose inputs include only data from observable markets. After the initial recognition, an ECL allowance is recognised for financial assets measured at amortized cost and investments in debt instruments measured at FVOCI, resulting in an immediate accounting loss.

Amortised cost is the amount at which the financial instrument was recognised at initial recognition less any principal repayments, plus accrued interest, and for financial assets less any allowance for expected credit losses (“ECL”). Accrued interest includes amortisation of transaction costs deferred at initial recognition and of any premium or discount to the maturity amount using the effective interest method. Accrued interest income and accrued interest expense, including both accrued coupon and amortised discount or premium (including fees deferred at origination, if any), are not presented separately and are included in the carrying values of the related items in the consolidated statement of financial position.

i) Financial assets

The group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity’s business model for managing the financial assets and the contractual terms of the cash flows. The business model reflects how the Group manages the assets in order to generate cash flows – whether the Group’s objective is: (i) solely to collect the contractual cash flows from the assets (“hold to collect contractual cash flows”), or (ii) to collect both the contractual cash flows and the cash flows arising from the sale of assets (“hold to collect contractual cash flows and sell”) or, if neither of (i) and (ii) is applicable, the financial assets are classified as part of “other” business model and measured at FVTPL.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The group reclassifies debt investments when and only when its business model for managing those assets changes.

Measurement

At initial recognition, the group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

3. MATERIAL ACCOUNTING POLICIES (continued)

3.5 Summary of material accounting policies (continued)

i) Financial assets (continued)

Debt instruments

Subsequent measurement of debt instruments depends on the group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the group classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses), and impairment expenses are presented as separate line item in the statement of profit or loss.

- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

Trade receivables

Trade receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components when they are recognised at fair value. They are subsequently measured at amortised cost using the effective interest method, less loss allowance.

Equity instruments

The group subsequently measures all equity investments at fair value. Where the group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

Financial assets impairment – credit loss allowance for ECL

The Group assesses, on a forward-looking basis, the ECL for debt instruments measured at amortized cost and FVOCI and for the exposures arising from loan commitments and financial guarantee contracts, for contract assets. The Group measures ECL and recognises net impairment losses on financial and contract assets at each reporting date. The measurement of ECL reflects: (i) an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes, (ii) time value of money and (iii) all reasonable and supportable information that is available without undue cost and effort at the end of each reporting period about past events, current conditions and forecasts of future conditions.

Debt instruments measured at AC, trade and other receivables, loans issued and contract assets are presented in the consolidated statement of financial position net of the allowance for ECL.

3. MATERIAL ACCOUNTING POLICIES (continued)

3.5 Summary of Material accounting policies (continued)

(i) Financial assets (continued)

The Group applies simplified approach for impairment of trade receivable and contract assets. For other financial assets the Group applies a three-stage model for impairment, based on changes in credit quality since initial recognition. A financial instrument that is not credit-impaired on initial recognition is classified in Stage 1. Financial assets in Stage 1 have their ECL measured at an amount equal to the portion of lifetime ECL that results from default events possible within the next 12 months or until contractual maturity, if shorter ("12 Months ECL"). If the Group identifies a significant increase in credit risk ("SICR") since initial recognition, the asset is transferred to Stage 2 and its ECL is measured based on ECL on a lifetime basis, that is, up until contractual maturity but considering expected prepayments, if any ("Lifetime ECL"). Refer to Note 32 for a description of how the Group determines when a SICR has occurred. If the Group determines that a financial asset is credit-impaired, the asset is transferred to Stage 3 and its ECL is measured as a Lifetime ECL. The Group's definition of credit impaired assets and definition of default is explained in Note 32. For financial assets that are purchased or originated credit-impaired ("POCI Assets"), the ECL is always measured as a Lifetime ECL.

Financial assets – write-off

Financial assets are written-off, in whole or in part, when the Group exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery. The write-off represents a derecognition event. The Group may write-off financial assets that are still subject to enforcement activity when the Group seeks to recover amounts that are contractually due, however, there is no reasonable expectation of recovery.

Financial assets – derecognition

The Group derecognises financial assets when (a) the assets are redeemed or the rights to cash flows from the assets otherwise expire or (b) the Group has transferred the rights to the cash flows from the financial assets or entered a qualifying pass-through arrangement whilst (i) also transferring substantially all the risks and rewards of ownership of the assets or (ii) neither transferring nor retaining substantially all the risks and rewards of ownership but not retaining control.

Control is retained if the counterparty does not have the practical ability to sell the asset in its entirety to unrelated third party without needing to impose additional restrictions on the sale.

ii) Financial liabilities

The Group's financial liabilities include trade and other payables, loans and Murabaha borrowings.

Loans and Murabaha borrowings

This is the category most relevant to the Group. After initial recognition, interest bearing loans and Murabaha borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the consolidated statement of profit or loss and other comprehensive income when the liabilities are derecognised as well as through the effective interest rate method (EIR) amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in the consolidated statement of profit or loss and other comprehensive income.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an

3. MATERIAL ACCOUNTING POLICIES (continued)

3.5 Summary of material accounting policies (continued)

ii) Financial liabilities (continued)

extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

Modifications of liabilities that do not result in extinguishment are accounted for as a change in estimate using a cumulative catch-up method, with any gain or loss recognised in profit or loss, unless the economic substance of the difference in carrying values is attributed to a capital transaction with owners.

iii) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

(i) Inventories

Inventories are stated at lower of cost or estimated net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less any cost to complete the selling process. Cost is determined using the weighted average method. Appropriate provision is made for slow moving inventories, if any.

(j) Cash and bank balances

Cash and bank balances include cash in hand and bank balances, net off with bank over drafts, if any, that are repayable on demand and form an integral part of the Group's cash management.

(k) Contract assets

Contract assets represents the value of services executed but not yet invoiced as at the consolidated statement of financial position date. Such amount will be billed in the subsequent period.

(l) Contract liabilities

Contract liabilities represents amounts received in advance from customers and hotels guests for future periods, and it will be recognised as revenue in the consolidated statement of profit or loss and other comprehensive income for periods subsequent to the consolidated statement of financial position date when earned.

(m) Franchise and management fee

Franchise fee includes royalty fee, license fee, marketing fee and reservation fee which are paid to franchisors on monthly basis. Management fees include payments made to the operators of hotels for providing management services on monthly basis. Both franchise and management fees are treated as an expense in the consolidated statement of profit or loss and other comprehensive income.

(n) 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's 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.

If the recoverable amount of the asset or cash generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash generating unit is reduced to its recoverable amount. Impairment is recognised in the consolidated statement of profit or loss and other comprehensive income.

3. MATERIAL ACCOUNTING POLICIES (continued)

3.5 Summary of material accounting policies (continued)

(n) Impairment of non-financial assets (continued)

Where impairment subsequently reverses, the carrying amount of the asset or the cash generating unit is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised for the asset or cash generating unit in prior years. A reversal of impairment is recognised immediately in the consolidated statement of profit or loss and other comprehensive income.

(o) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are discounted using a current rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost in the consolidated statement of profit or loss and other comprehensive income.

(p) Employees' terminal benefits liabilities

The Group operates a non-funded employee's end-of-service benefit plan, which is classified as defined benefit obligation under IAS 19 'Employee Benefits'. A defined benefit plan is a plan which is not a defined contribution plan. The liability recognised in the consolidated financial statements for a defined benefit plan is the present value of the defined benefit obligation at the end of the reporting period. The defined benefit obligation is calculated by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting estimated future cash outflows using market yields at the end of the reporting period of high-quality corporate bonds that have terms to maturity approximating to the estimated term of the post-employment benefit obligations. Actuarial gains and losses arising from changes in actuarial assumptions and experience adjustments are recognised in the other comprehensive income in the period in which they arise.

The cost of end of service defined benefit and the present value of the related obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions which may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, withdrawal before normal retirement age, mortality rates etc. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate, yield and duration of Saudi government bonds obligation with at least an 'A' rating or above, as set by an internationally acknowledged rating agency, and extrapolated as needed along the yield curve to correspond with the expected term of the defined benefit obligation. The underlying bonds are further reviewed for quality. Those having excessive credit spreads are removed from the analysis of bonds on which the discount rate is based, on the basis that they do not represent high quality bonds.

The rates assumed are based on the WHO ultimate mortality tables, rated down one year. In the absence of any standard mortality tables in the region, these rates are generally used in Kingdom of Saudi Arabia in carrying out the actuarial valuation of employees' end of service benefits' scheme. If any other mortality table is used it will not make any significant difference in the results.

(q) Zakat and Income Taxes

The Group calculates and records zakat provision based on the zakat base in its consolidated financial statements in accordance with Zakat, Tax and Customs Authority ("ZATCA") regulations in the Kingdom of Saudi Arabia. Adjustments arising from final zakat assessment are recorded in the reporting period in which such assessment is approved by the "ZATCA".

3. MATERIAL ACCOUNTING POLICIES (continued)

3.5 Summary of material accounting policies (continued)

(q) Zakat and Income Taxes (continued)

Foreign subsidiaries are subject to income tax in the countries in which they operate. These taxes are charged to the consolidated statement of profit or loss and other comprehensive income.

(r) Withholding tax

The Group withholds taxes on certain transactions with non-resident parties in the Kingdom of Saudi Arabia as required by Saudi Arabian Income Tax Law.

(s) Value added tax

Expenses and assets are recognised net of the amount of value added tax, except:

- When the value added tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the value added tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable;
- When receivables and payables are stated with the amount of value added tax included.
- The net amount of value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

(t) Dividends

The Group recognises a liability to make cash or non-cash distributions to shareholders of equity when the distribution is authorised and the distribution is no longer at the discretion of the Group. Final dividends are recognised as a liability at the time or at the period of their approval by the General Assembly. Interim dividends are recorded as and when approved by the Board of Directors. A corresponding amount is recognised directly in the consolidated statement of changes in equity.

(u) Operating segment

For management purposes, the Group is organised into business units based on their operations and has the following reportable segments:

- Hospitality Segment - Engaged in hotel, tourism, health resorts, furnished apartments, restaurants and cafes;
- Entertainment Segment - Engaged in establishment management, operation and maintenance of fun cities, entertainment centers, parks and gardens.
- Other Segment - includes the operations of head office, commercial center and other segments

3.6 New and amended standards and interpretations:

The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2024 (unless otherwise stated).

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

3.6.1 Amendments to IFRS (16)- Leases on sale and leaseback:

These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.

3.6.2 Amendments IAS (1)- non-current liabilities with covenants and Classification of Liabilities as Current or Noncurrent Amendments:

These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions.

3. MATERIAL ACCOUNTING POLICIES (continued)

3.6.3 Amendments to IAS (7) and IFRS (7)- Supplier finance arrangements:

These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on an entity's liabilities, cash flows and exposure to liquidity risk. The adoption of above amendments does not have any material impact on the Consolidated Financial Statements during the year.

3.7 Standards issued but not yet effective:

Following are the new standards and amendments to standards which are effective for annual periods beginning on or after 1 January 2025 and earlier application is permitted for certain new standards and amendments; however, the Group has not early adopted them in preparing these Consolidated Financial Statements. The Group is currently evaluating the impact of the adoption of these standards on the Consolidated Financial Statements.

3.7.1 Amendments to IFRS (9) and IFRS (7)- Classification and Measurement of Financial Instruments:

These amendments:

- clarify the requirements for the timing of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system;
- clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion;
- add new disclosures for certain instruments with contractual terms that can change cash flows (such as some instruments with features linked to the achievement of environment, social and governance (ESG) targets); and
- make updates to the disclosures for equity instruments designated at Fair Value through Other Comprehensive Income (FVOCI).

3.7.2 IFRS (18)- Presentation and Disclosure in Financial Statements:

This is the new standard on presentation and disclosure in financial statements, with a focus on updates to the statement of profit or loss. The key new concepts introduced in IFRS 18 relate to:

- the structure of the statement of profit or loss;
- required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures); and
- enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general.

3.7.3 Amendments to IAS (27)- Lack of exchangeability:

An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose.

4. SIGNIFICANT JUDGMENTS, ASSUMPTIONS AND ESTIMATES

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, costs, 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 recognised 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, 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 31 December 2024

Going concern

The 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.

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's 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 analysed.

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 of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

4. SIGNIFICANT JUDGMENTS, ASSUMPTIONS AND ESTIMATES (continued)

Employees' terminal benefits liabilities

The present value of the employees' terminal benefits liabilities are determined using actuarial valuations. An actuarial valuation involves making various assumptions which may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Discount rate

The parameter most subject to change is the discount rate. In determining the appropriate discount rate, management considers the rate of return on high-quality fixed income investments currently available and the expected period to maturity of the Employees' terminal benefits liabilities.

Mortality rate

The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at intervals in response to demographic changes.

Salary rate and future pension increase

Estimates of future salary increase, takes into account inflation, seniority, promotion and past history. Further details about employees' terminal benefits liabilities are provided in note 16.

Property and equipment useful life and residual value

The estimation of the useful lives of items of property, plant and equipment is a matter of judgment based on the experience with similar assets. The future economic benefits embodied in the assets are consumed principally through use. However, other factors, such as technical or commercial obsolescence and wear and tear, often result in the diminution of the economic benefits embodied in the assets. Management assesses the remaining useful lives in accordance with the current technical conditions of the assets and estimated period during which the assets are expected to earn benefits for the Group. The following primary factors are considered: (a) the expected usage of the assets; (b) the expected physical wear and tear, which depends on operational factors and maintenance programme; and (c) the technical or commercial obsolescence arising from changes in market conditions. Management estimated and assessed that 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.

Determining the lease term of contracts with renewal and termination options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, The Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customization to the leased asset).

4. SIGNIFICANT JUDGMENTS, ASSUMPTIONS AND ESTIMATES (continued)

Provisions and contingencies

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the consolidated statement of profit or loss and other comprehensive income net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current interest rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

All possible obligations arising from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or all present obligations arising from past events but not recognised because: (i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or (ii) the amount of the obligation cannot be measured with sufficient reliability; assessed at each statement of financial position date and disclosed in the financial statements under contingent liabilities.

Zakat

Zakat is provided for in accordance with Saudi Arabian fiscal regulations. The provision is recognised in the consolidated statement of profit or loss and other comprehensive income. Zakat liability is estimated in the consolidated financial statements which is finally calculated at year end. Additional amounts, if any, that may become due on finalisation of an assessment are accounted for in the year in which assessment is finalized.

Zakat computation involves relevant knowledge and judgment of the Zakat rules and regulations to assess the impact of Zakat liability at a particular period end. This liability is considered an estimate until the final assessment by ZATCA is carried out until which the Group retains exposure to additional Zakat liability.

5. INVESTMENTS IN JOINT VENTURES

Investments in joint ventures represent investments in the following companies which are limited liability companies, except Tourism and Real Estate Development Company which is a Saudi closed joint stock company. All companies below are registered in the Kingdom of Saudi Arabia. The Group's investments in joint ventures is accounted for using the equity method in these consolidated financial statements.

	Ownership		As at 31 December	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
	<u>%</u>	<u>%</u>	<u>SR '000</u>	<u>SR '000</u>
Joint Ventures				
Tourism and Real Estate Development Company	48.50	48.5	55,366	50,050
Malahi Leisure Company	41.15	41.15	15,425	19,177
Al Qaseem Trading Company Limited	50.00	50.0	17,470	10,455
Asateer Gulf Sports Company Limited	33.33	33.33	3,330	-
Tarfeeh Company for Tourism and Projects Limited	50.00	50.0	-	-
Newrest Catering Services Company Limited	50.00	-	-	-
Luxury Entertainment LLC	31.00	31.0	-	-
			<u>91,591</u>	<u>79,682</u>

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5. INVESTMENTS IN JOINT VENTURES (continued)

5.1 Movement in the investments in joint ventures:

	2024 SR '000	2023 SR '000
At the beginning of the year	79,682	105,632
Additions during the year	5,840	-
Share in net results	4,714	3,618
Share in other comprehensive income	310	152
Absorption of losses	1,045	(692)
Loss from impairment of a joint venture	-	(9,628)
Dividends	-	(19,400)
At the end of the year	<u>91,591</u>	<u>79,682</u>

5.2 Interest in material joint ventures

5.2.1 Tourism and Real Estate Development Company

The Group has a 48.5% interest in Tourism and Real Estate Development Company, a joint venture involved in the hospitality business in Saudi Arabia.

Summarized financial information of the joint venture, based on its financial statements, and reconciliation with the carrying amount of the investment in the consolidated financial statements are set out below:

Statement of financial position of Tourism and Real Estate Development Company as at 31 December:

	2024 SR '000	2023 SR '000
Current assets	5,506	13,798
Cash and cash equivalents	44,127	23,089
Non-current assets	75,822	78,838
Current liabilities, including zakat payable	(8,061)	(9,320)
Non-current liabilities	(3,237)	(3,209)
Equity	<u>114,157</u>	<u>103,196</u>
Opening equity 1 January	103,196	134,717
Net income for the year	10,789	8,479
Other comprehensive income for the year	172	-
Dividends declared	-	(40,000)
Closing equity 31 December	<u>114,157</u>	<u>103,196</u>
Proportion of the Group's ownership	<u>48.5%</u>	<u>48.5%</u>
Carrying amount of the investment	<u>55,366</u>	<u>50,050</u>

Statement of profit or loss and other comprehensive income of Tourism and Real Estate Development Company for the years ended 31 December:

	2024 SR '000	2023 SR '000
Revenues	41,663	43,116
Expenses	(28,987)	(29,078)
Depreciation	(4,216)	(4,121)
Other income / (loss)	2,400	(517)
Income before zakat	<u>10,860</u>	<u>9,400</u>
Zakat	(71)	(921)
Net income for the year	<u>10,789</u>	<u>8,479</u>
Other comprehensive income for the year	<u>172</u>	<u>-</u>
Total comprehensive income for year	<u>10,961</u>	<u>8,479</u>
Group's share of total comprehensive income for the year	<u>5,316</u>	<u>4,112</u>

The financial information of the other joint ventures is not material at the Group level therefore, summarize financial information of such joint venture have not been presented.

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6. PROPERTY, EQUIPMENT, AND PROJECTS UNDER CONSTRUCTION

	Land	Buildings and improvements	Entertainment equipment	Furniture and fixtures	Motor Vehicles	Air conditioners	Computers	Tools	Projects Under construction	Total
	SR'000	SR'000	SR'000	SR'000	SR'000	SR'000	SR'000	SR'000	SR'000	SR'000
31 December 2024										
Cost:										
As at 1 January 2024	-	1,065,898	667,993	236,527	23,416	87,523	59,003	136,658	60,021	2,337,039
Additions	18,760	36,472	11,844	5,312	118	3,388	2,226	6,224	16,063	100,407
Disposals	-	(22,421)	(101,456)	(1,787)	(336)	(2,599)	(343)	(1,483)	(3,015)	(133,440)
Transfer from projects under construction	-	50,539	4,809	2,703	-	3,264	1,252	5,171	(67,738)	-
Reclassifications	-	-	726	(726)	-	-	(81)	-	-	(81)
Exchange difference	-	(473)	(950)	(9)	(17)	-	(48)	-	(109)	(1,606)
At 31 December 2024	18,760	1,130,015	582,966	242,020	23,181	91,576	62,009	146,570	5,222	2,302,319
Depreciation and Impairment:										
As at 1 January 2024	-	527,758	544,938	209,871	22,797	68,001	55,472	109,670	3,639	1,542,146
Charge for the year	-	42,724	21,843	5,594	217	2,464	1,819	4,395	-	79,056
Impairment loss reversal (6.2)	-	(5,441)	-	-	-	-	-	-	-	(5,441)
Disposals	-	(21,321)	(100,223)	(1,729)	(217)	(2,532)	(332)	(1,483)	(3,015)	(130,852)
Reclassifications	-	-	14	(14)	-	-	(17)	-	-	(17)
Exchange difference	-	(112)	(326)	(3)	(16)	-	(26)	-	-	(483)
As at 31 December 2024	-	543,608	466,246	213,719	22,781	67,933	56,916	112,582	624	1,484,409
Net book values:										
As at 31 December 2024	18,760	586,407	116,720	28,301	400	23,643	5,093	33,988	4,598	817,910

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6. PROPERTY, EQUIPMENT, AND PROJECTS UNDER CONSTRUCTION (Continued)

	Land	Buildings and improvements	Entertainment equipment	Furniture and fixtures	Motor Vehicles	Air conditioners	Computers	Tools	Projects Under construction	Total
	SR'000	SR'000	SR'000	SR'000	SR'000	SR'000	SR'000	SR'000	SR'000	SR'000
31 December 2023										
Cost:										
As at 1 January 2023	-	1,059,107	634,416	257,831	24,956	84,582	60,948	148,179	27,815	2,297,834
Additions	-	9,542	42,011	3,066	370	3,319	1,617	689	57,345	117,959
Disposals	-	(12,991)	(9,388)	(9,029)	(1,498)	(346)	(691)	(3,844)	-	(37,787)
Transfer from projects under construction	-	14,991	1,488	2,277	-	996	553	4,803	(25,108)	-
Reclassifications	-	(4,574)	-	(17,616)	(402)	(1,028)	(3,395)	(13,169)	-	(40,184)
Exchange difference	-	(177)	(534)	(2)	(10)	-	(29)	-	(31)	(783)
As at 31 December 2023	-	1,065,898	667,993	236,527	23,416	87,523	59,003	136,658	60,021	2,337,039
Depreciation and Impairment:										
As at 1 January 2023	-	505,206	522,567	224,527	24,472	64,727	57,772	118,127	624	1,518,022
Charge for the year	-	42,414	30,678	10,551	233	4,204	1,560	5,005	-	94,645
Impairment loss (reversal) / provision (Note 6.3)	-	(641)	777	-	-	-	-	-	3,015	3,151
Disposals	-	(8,948)	(8,947)	(9,012)	(1,498)	(346)	(691)	(3,844)	-	(33,286)
Reclassifications	-	(10,228)	-	(16,193)	(402)	(584)	(3,159)	(9,618)	-	(40,184)
Exchange difference	-	(45)	(137)	(2)	(8)	-	(10)	-	-	(202)
As at 31 December 2023	-	527,758	544,938	209,871	22,797	68,001	55,472	109,670	3,639	1,542,146
Net book values:										
As at 31 December 2023	-	538,140	123,055	26,656	619	19,522	3,531	26,988	56,382	794,893

Effective from 1 July 2023, the Group has reassessed the useful lives of its fixed assets to ensure they reflect the expected economic lives of these assets, taking into account updates and developments in the business environment. In conducting this reassessment, the Group considered several factors, including historical performance, comparisons with peers and other companies based on available market information, levels of maintenance, technical evaluations, as well as changes in business conditions, laws, and regulations. Based on this reassessment, adjustments have been made to the useful lives of certain fixed assets to better reflect their anticipated future economic benefits.

The above assets are situated on land and buildings that are leased from a principal shareholder of the Group, affiliates and third parties.

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6. PROPERTY, EQUIPMENT, AND PROJECTS UNDER CONSTRUCTION (continued)

6.1 The depreciation charge has been allocated within the consolidated statement of profit or loss and other comprehensive income as follows:

	2024	2023
	SR '000	SR '000
Direct costs (note 21)	75,847	91,491
General and administrative expenses (note 23)	3,209	3,154
	79,056	94,645

6.2 Impairment of property and equipment

The Group has performed an impairment indicator assessment of property and equipment, by reviewing the carrying amounts of its property and equipment to determine whether there is an indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss.

The Group reversed impairment provisions that were previously recognised for certain hotel properties, amounting to SR 5.4 million, due to improved cash flow projections and the better-than-expected performance of these assets (2023: impairment loss SR 3 million).

The reversal of impairment was recognised in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2024.

6.3 Projects under construction

Projects under construction represent the costs of one entertainment center (31 December 2023: one entertainment center) in the Kingdom of Saudi Arabia that is currently under construction, in addition to renovation costs of one existing hotel.

During 2023, the Group has decided to terminate a project under construction, in the entertainment sector, based on the current circumstances and future outlook. This resulted in an impairment loss of SR 3.15 million.

7. INTANGIBLE ASSETS

The intangible assets represent the computer software cost and its amortization using the straight-line method based on ten years as follows:

	As at 31 December	
	2024	2023
	SR '000	SR '000
Cost:		
At the beginning of the year	28,887	28,897
Additions	1,902	2,075
Disposals	(220)	(2,085)
Reclassifications	81	-
At the end of the year	30,650	28,887
Accumulated amortization:		
At the beginning of the year	19,668	20,367
Charge for the year (note 23)	1,083	1,376
Disposals	(182)	(2,075)
Reclassifications	17	-
At the end of the year	20,586	19,668
Net book value at the end of the year	10,064	9,219

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8. RIGHT OF USE ASSETS

The Group leases several assets including land, buildings, spaces in malls, and residential units. Information about leases for which the Group is a lessee is presented below: refer to note 15 for lease liabilities.

	Land	Buildings and offices	Spaces in malls	Residential units	Total
31 December 2024	SR'000	SR'000	SR'000	SR'000	SR'000
Cost:					
As at 1 January 2024	264,817	274,574	787,245	3,324	1,329,960
Additions	-	-	1,587	-	1,587
Termination	(2,242)	(25,384)	(9,560)	-	(37,186)
Modification of leases	6,079	-	7,083	-	13,162
As at 31 December 2024	268,654	249,190	786,355	3,324	1,307,523
Depreciation:					
As at 1 January 2024	62,753	93,127	268,243	2,006	426,129
Charge for the year	14,589	17,415	61,471	660	94,135
Termination	(2,242)	(13,390)	(6,893)	-	(22,525)
As at 31 December 2024	75,100	97,152	322,821	2,666	497,739
Net book values:					
As at 31 December 2024	193,554	152,038	463,534	658	809,784

	Land	Buildings and offices	Spaces in malls	Residential units	Total
31 December 2023	SR'000	SR'000	SR'000	SR'000	SR'000
Cost:					
As at 1 January 2023	232,397	328,275	663,058	11,951	1,235,681
Additions	-	28,356	71,697	865	100,918
Termination	-	(102,562)	(19,622)	(9,492)	(131,676)
Modification of leases	32,420	20,505	72,112	-	125,037
As at 31 December 2023	264,817	274,574	787,245	3,324	1,329,960
Depreciation:					
As at 1 January 2023	47,175	96,461	223,507	10,582	377,725
Charge for the year	15,578	21,593	58,793	757	96,721
Termination	-	(24,927)	(14,057)	(9,333)	(48,317)
As at 31 December 2023	62,753	93,127	268,243	2,006	426,129
Net book values:					
As at 31 December 2023	202,064	181,447	519,002	1,318	903,831

9. CASH AND CASH EQUIVALENTS

	As at 31 December 2024	2023
	SR '000	SR '000
Cash in hand	1,159	1,805
Cash at banks	36,942	35,887
	38,101	37,692

Cash and bank balances are non-interest-bearing financial assets and the table below provides details of balances held in various currencies:

	As at 31 December 2024	2023
	SR '000	SR '000
Saudi Riyals	35,961	34,239
UAE Dirhams	871	1,343
Egyptian pound	110	305
	36,942	35,887

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10. TRADE RECEIVABLES

	As at 31 December	
	2024	2023
	SR '000	SR '000
Trade receivables	101,300	118,889
Less: provision for expected credit losses (note 10.1)	(29,308)	(39,218)
	71,992	79,671

(i) Trade receivables are non-derivatives financial assets carried at amortised cost and are generally on terms of 30 to 120 days. The carrying value may be affected by changes in the credit risk of the counterparties.

(ii) The vast majority of the Group's trade receivables are concentrated in the Kingdom of Saudi Arabia. As at 31 December 2024, 8.4% of trade receivable balance is due from governmental and semi-governmental parties (31 December 2023: 23.9%).

(iii) As at 31 December 2024, trade receivables with an initial carrying value of SR 29.3 million (31 December 2023: SR 39.2 million) were impaired and fully provided for, as appropriate.

10.1 Movement in provision for expected credit losses in respect of trade receivables for the years ended 31 December:

	2024	2023
	SR '000	SR '000
At the beginning of the year	39,218	19,282
(Reversal) / charge for the year (note 24) *	(9,910)	20,305
Amounts written off during the year	-	(369)
At the end of the year	29,308	39,218

Aging of trade receivables

	As at 31 December	
	2024	2023
	SR '000	SR '000
Neither past due nor impaired	21,896	19,799
30 - 60 days	10,570	14,023
61 - 90 days	4,322	11,119
91 - 360 days	27,980	23,453
360 – 720 days	9,539	15,132
More than 720 days	26,993	35,363
	101,300	118,889

- Unimpaired receivables are expected, based on past experience, to be fully recoverable. It is not the practice of the Group to obtain collateral over receivables and they are therefore unsecured.
- A majority of the receivables that are past due but not impaired are from government-linked entities which are inherently slow payers due to their long invoice acceptance and approval of payment procedures. Payments continue to be received from these customers and accordingly, the risk of non-recoverability is considered to be low.
- The Group uses a model for estimating expected credit losses that comply with the requirements of IFRS 9 and is based on classifying receivable balances at the individual level into categories according to the economic sector in which each class of clients operates. The estimated value of credit losses for each sector is measured based on a number of historical and current indicators and information and future expectations, whether at the level of the economic sector or the macroeconomic environment of the business environment, affecting the performance of that sector and thus may affect the ability of the customer who works in that sector to fulfill his obligations towards the Group.
- Indicators of impairment in the value of trade receivables are reviewed at the end of the reporting period. The allowance for expected credit loss is adjusted in proportion to the periodic changes that occur in these indicators. In the opinion of management, there was no decrease in the value of trade receivables other than what was recorded as a provision for expected credit losses.

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11. PREPAYMENTS AND OTHER CURRENT ASSETS

	As at 31 December	
	2024	2023
	SR '000	SR '000
Amounts due from related parties (note 19.3)	21,708	51,985
Prepaid expenses	15,003	14,648
Advances to suppliers	10,508	34,679
Contract assets	5,353	6,944
Advances for special projects	3,467	6,571
Employees' receivable	1,674	1,418
Other current assets	12,322	10,078
	70,035	126,323
Less: provision for expected credit losses (note 11.1)	(2,967)	(3,973)
	67,068	122,350

11.1 Movement in provision for expected credit losses for the years ended 31 December:

	2024	2023
	SR '000	SR '000
At the beginning of the year	3,973	4,188
Charge for the year	154	592
Amounts written off during the year	(1,160)	(807)
At the end of the year	2,967	3,973

For terms and conditions relating to due to related parties, refer to note 19.2.

12. INVENTORIES

	As at 31 December	
	2024	2023
	SR '000	SR '000
Spare parts	13,189	13,248
Materials and supplies	4,830	5,494
Toys	2,905	3,461
Food and beverages	2,990	2,339
Others	2,055	2,552
	25,969	27,094
Less: provision for slow moving inventories (note 12.1)	(8,872)	(9,068)
	17,097	18,026

12.1 Movement in provision for slow moving inventories for the years ended 31 December is as follows:

	2024	2023
	SR '000	SR '000
At the beginning of the year	9,068	8,413
(Reversal) / Charge for the year	(129)	779
Amounts written off during the year	(67)	(124)
At the end of the year	8,872	9,068

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13. SHARE CAPITAL

The authorized, issued and fully paid share capital of the Company consists of 315 million share of SR 1 each (31 December 2023: 315 million share of SR 1 each).

On 3 Thul-Qi'dah 1444H (corresponding to: 21 June 2023), the extraordinary general assembly agreed to split the company shares to become 315 million shares of SR 1 each instead of 31.5 million share SR 10 each. There is no change in the company's capital before and after the share split.

14. LOANS

Loans represent Murabaha financing obtained from local banks with a commission linked to SIBOR plus the agreed margin. The commission varies between the loans and depends on the contractual provisions of each agreement.

The following is a summary of the loans as at 31 December:

	2024	2023
	SR '000	SR '000
Current portion of long-term loans	117,907	157,940
Short term loans	21,212	20,601
	139,119	178,541
Non-current portion of long-term loans	303,376	304,804
	442,495	483,345

<u>Bank</u>	<u>Loan Type</u>	<u>Principal</u>	<u>Maturity</u>
		<u>Amount</u>	<u>date</u>
1	Revolving facility - Short term loan	30,000	11-Dec-25
	Long term loan	125,222	25-Dec-29
2	Long term loan	51,588	29-Dec-28
3	Revolving facility - Short term loan	15,000	08-Oct-25
	Long term loan	117,902	11-Feb-34
4	Long term loan	77,363	30-Dec-27
5	Short term loan	20,000	10-Feb-25
		437,075	

(i) The loan agreements contain covenants, under the terms of these agreements, banks have the right to demand immediate repayment of the loans if any of the covenants are not met unless the testing of covenant is waived. As at 31 December 2024, the Group has breached certain loan covenants for which they obtained waivers from the relevant banks prior to the period end and testing date which exempted the group from the requirement to test the covenants in 2024. Accordingly, the group was not in breach of the covenants requirements and retained the legal right to make the loan repayments in accordance with the schedule as described in the loan agreements.

(ii) The management assessed that fair value of the loans approximate their carrying amounts.

(iii) The Group has available unutilized facilities amounting to SR 54 million (2023: SR 11 million) from various local banks mainly to finance working capital.

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14. LOANS (continued)

14.1 The movement in the loans is as follows:

	As at 31 December	
	2024	2023
	SR '000	SR '000
At the beginning of the year	483,345	508,971
Proceeds during the year	176,629	226,360
Finance costs for the year*	41,044	39,745
Repayments during the year	(213,883)	(254,379)
Finance costs paid during the year	(44,640)	(37,352)
At the end of the year	442,495	483,345

*The Group has recognised financial charges on loans in the consolidated statement of profit or loss and other comprehensive income as at 31 December 2024 amounted to SR 41 million (31 December 2023: SR 39.7 million), in addition to financial charge capitalized to property and equipment as at 31 December 2024 amounted to SR 0.3 million, (31 December 2023: NIL).

15. LEASE LIABILITIES

The minimum lease payments for the years subsequent to the date of the consolidated statement of financial position are as follows: (refer to note 8 for right of use assets).

	As at 31 December	
	2024	2023
	SR '000	SR '000
<u>Maturity analysis - contractual undiscounted cash flows</u>		
Within one year	140,872	147,446
After one year but not more than five years	456,895	495,017
More than five years	666,635	689,725
Total undiscounted lease liabilities	1,264,402	1,332,188

The net present value of the net lease payments is as follows:

	As at 31 December	
	2024	2023
	SR '000	SR '000
<u>Lease liabilities included in the consolidated statement of financial position:</u>		
Current portion of lease liabilities	100,137	104,651
Non-current portion of lease liabilities	836,912	920,525
Total lease liabilities	937,049	1,025,176

As mentioned in Note 8, the Group leases several assets including land, building, spaces in malls and residential units. These contracts are typically made for fixed periods from 5 to 20 years. However, the Group has certain lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs. Management exercises judgement in determining whether these extension and termination options are reasonably certain to be exercised.

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15. LEASE LIABILITIES (continued)

Some hotel property leases contain variable payment terms that are linked to sales generated from a hotel with percentages 20% of sales. Variable lease payments that depend on sales are recognised in profit or loss in the period in which the condition that triggers those payments occurs.

Movement in lease liabilities during the year is as follows:

	As at 31 December	
	2024	2023
	SR '000	SR '000
Balance as at 1 January	1,025,176	968,359
Additions during the year	1,587	100,918
Financial charge for the year*	44,078	43,952
Payments during the year	(130,743)	(112,172)
Modifications during the year (note 8)	13,162	125,037
Reclassification to accrued expenses	-	(11,339)
Terminations during the year	(16,211)	(89,579)
Balance as at 31 December	937,049	1,025,176
Current portion	100,137	104,651
Non-current portion	836,912	920,525

*The Group has recognised financial charges on lease liabilities in the consolidated statement of profit or loss and other comprehensive income as at 31 December 2024 amounted to SR 43.6 million (31 December 2023: SR 42.3 million), in addition to financial charges capitalized to property and equipment as at 31 March 2024 amounted to SR 0.5 million, (31 December 2023: SR 1.6 million).

16. EMPLOYEES' TERMINAL BENEFITS LIABILITIES

16.1 General description

General description of the type of employees' terminal benefits liabilities plan and accounting policy for recognising actuarial gains and losses is disclosed in note 3.5 to the consolidated financial statements.

16.2 Principal actuarial assumptions:

	As at 31 December	
	2024	2023
Salary increases rate (short term)	5.00%	3.00%
Salary increases rate (long term)	3.85%	3.50%
Discount rate	5.18%	4.38%
Staff Turnover	21.19%	19.54%
Number of employees covered under terminal benefits plan	2,113	2,201

The actuarial valuation was conducted using Projected Unit Credit method.

16.3 Employees' terminal benefit expense consists of the following:

	For the year ended 31 December	
	2024	2023
	SR '000	SR '000
Current service cost	7,492	7,590
Interest cost on benefit liabilities	2,039	1,901
Total benefit expense	9,531	9,491

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16.EMPLOYEES' TERMINAL BENEFITS LIABILITIES (continued)

16.4 Movement of present value of employees' terminal benefits liabilities for the two years ended:

	For the year ended 31 December	
	2024	2023
	SR '000	SR '000
Opening present value of employees' terminal benefits liabilities	49,334	48,519
Total benefit expense (note 16.3)	9,531	9,491
Benefit paid	(7,862)	(5,482)
Transferred to related party (note 19.1)	(1,207)	-
Actuarial loss / (gain) on employees' terminal benefit liabilities	1,272	(3,194)
Closing present value of employees' terminal benefits liabilities	51,068	49,334

16.5 Employees' terminal benefits liabilities sensitivity analysis

A quantitative sensitivity analysis for significant assumption on the employees' terminal benefits liabilities as at 31 December:

Assumptions Sensitivity level	Salary rate		Discount rate	
	1% increase	1% decrease	1% increase	1% decrease
	SR '000	SR '000	SR '000	SR '000
2024	2,801	(2,583)	(2,309)	2,547
2023	2,316	(2,164)	(1,895)	2,064

Assumptions Sensitivity level	Withdrawal rate		Mortality age	
	10% increase	10% decrease	1 year set back	1 year set forward
	SR '000	SR '000	SR '000	SR '000
2024	(104)	110	(96)	99
2023	(231)	246	(0)	0

The sensitivity analysis above has been determined based on a method that extrapolates the impact on the employees' terminal benefits liabilities as a result of reasonable changes in key assumptions occurring as at 31 December 2024 and 2023. The sensitivity analysis is based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analysis may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another.

The following are the expected payments or contributions to the defined benefit plan in future years:

	As at 31 December	
	2024	2023
	SR '000	SR '000
Within the next 12 months (next annual reporting period)	9,165	10,337
Between 2 and 5 years	26,815	26,969
Between 5 and 10 years	16,567	14,713
Beyond 10 years	15,105	8,253
Total Expected payments	67,652	60,272

The average duration of the defined benefit plan obligation as at 31 December 2024 is 5.0 years (31 December 2023: 4.01 years).

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17. TRADE PAYABLES AND OTHER CURRENT LIABILITIES

	As at 31 December	
	2024	2023
	SR '000	SR '000
Trade payables (*)	170,438	165,198
Accrued expenses	51,981	67,344
Contract liabilities	36,398	24,393
Accrued rent	5,995	6,652
Amounts due to related parties (note 19.3)	5,284	6,186
Other liabilities	11,008	9,171
	281,104	278,944

(*) Trade payables are non-interest-bearing financial liabilities and are normally settled within 30-90 days of the date of purchase.

18. ZAKAT

Zakat expense for the period is determined according to the requirements of Zakat, Tax and Customs Authority ("ZATCA") and is charged to consolidated statement of profit or loss and other comprehensive income. Differences resulting from the final Zakat calculation, if any, are adjusted in the year when final assessments are received.

The Group is complying with the requirements of Zakat system, submitting its Zakat returns within the dates sets by "ZATCA", settling its annual due Zakat as per the returns, and obtaining the required certificates (The validity of the last certificate obtained by the Group is valid until 30 April 2025).

Zakat assessments have been finalized with ZATCA up to year 2020.

For the years 2019 and 2020, the Appeals Committees issued decisions in favor of the ZATCA, resulting in a zakat liability of SR 5.1 million for the Group. The Group has submitted a request to ZATCA for the payment of this liability in installments, which has been approved. The total amount will be settled through monthly installments of SR 214,433, with the first installment due on 27 March 2025, and the final installment scheduled on 23 February 2027.

The Zakat returns for the years 2021 to 2023 have been filed with the ZATCA. The Group has received a request for additional information for these periods, which is currently being processed. As of the date of these financial statements, final assessments for these periods have not yet been issued by ZATCA.

For the year 2023, the Group has received a preliminary assessment from ZATCA amounting to SR 1.8 million. A provision for this amount has been recognised in the consolidated statement of profit or loss and other comprehensive income, pending the completion of the examination and final assessment for the respective period.

18.1 Movement in provision for zakat for the years ended 31 December:

	2024	2023
	SR '000	SR '000
At the beginning of the year	6,860	6,860
Zakat provision for the year	138	-
Additional zakat provision for prior year	1,800	-
Advance payment from prior year	(1,711)	-
At the end of the year	7,087	6,860

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18. ZAKAT (continued)

18.2 Zakat base items are summarized as follows:

	As at 31 December	
	2024	2023
	SR '000	SR '000
Shareholder's Equity	211,890	317,750
Provision and other adjustments	1,517,459	1,448,683
Long-term assets	(1,729,349)	(1,825,489)
Zakat base prior to net adjusted profit / (loss)	-	(59,056)
Adjusted profit / (loss) for the year	5,338	(58,383)
Zakat base	5,338	(117,439)

18.3 Income tax:

The amount of income tax recognised in the consolidated statement of profit or loss and other comprehensive income typically pertains to either or both of the subsidiaries in UAE and Egypt.

19. RELATED PARTY TRANSACTIONS AND BALANCES

19.1 Related party transactions

During the normal course of its operations, the Group had the following significant transactions with related parties during the years ended 31 December 2024 and 2023 along with their balances:

The following are the details of significant related party transactions:

Related Party	Nature of transaction	Amount of transactions for the year ended 31 December	
		2024	2023
		SR '000	SR '000
Abdulmohsen Abdulaziz Al Hokair Group (Ultimate parent)	Rent expense/ Lease payments (a)	45,736	53,402
	Revenue	1,975	2,161
	Management fees income (c)	3,576	3,694
	Transfer of property and equipment	2,259	-
	Transfer of end of service liabilities provision (note 16.4)	1,207	-
Key management executives	Salaries and related benefits (b)	5,765	4,605
	Post-employment benefits	1,593	339
Joint ventures	Management fees income (b)	214	386
	Revenue	5,370	6,075
	Loan	-	3,743
	Receivables written off	534	-
Under common control	Rent expense/ Lease payments (a)	3,072	7,737
	Revenue	1,087	506
	Management fees income	140	-
	Plastic materials supplies	199	349
	Design and printing supplies	12	17
Key management compensation			
- Non executive	Remuneration for meetings	2,066	2,335

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19. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

19.1 Related party transactions (continued)

- (a) This amount represents lease/rent payments for 23 properties (31 December 2023: 30 properties) that are leased by the Group from the principal shareholder (Abdulmohsen Abdul Aziz Al Hokair Holding Group Company) and parties Under common control.
- (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 SR 5.8 million (31 December 2023: SR 4.6 million) were paid to five key management executives of the Group.
- (c) This amount represents management fees of five entertainment centers (31 December 2023: five entertainment centers) and two hotels (31 December 2023: two hotels) owned by a joint venture and ultimate parent.

During 2023, the Group agreed with its Ultimate parent company to terminate long-term lease contracts of two hotels amounted to approximately SR 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 exist at the hotel's locations including the property and equipment. During the year ended 31 December 2024, the Group waived the two hotels revenue of SR 27.73 million (31 December 2023: SR 21.18 million), and recharged the two hotels' expenses of SR 28.64 million (31 December 2023: SR 21.06 million) to the Ultimate parent company.

The Group's management fees from these two hotels amounted to SR 1.77 million for the year ended 31 December 2024 (31 December 2023: SR 1.33 million).

19.2 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 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 each reporting period by examining the financial position of the related party and the market in which the related party operates.

19.3 Related party balances

The following are the details of major related party balances recorded under trade receivables and trade payables as at 31 December 2024 and 2023:

	<u>2024</u>	<u>2023</u>
<i>i) <u>Amounts due from related parties</u></i>	<u>SR '000</u>	<u>SR '000</u>
Ultimate parent	13,871	38,967
Asateer Gulf Sports Company Limited (a joint venture)	7,456	8,747
Tarfeeh Company for Tourism Projects Limited (a joint venture)	1,722	1,721
Mena company for Education and Development (Under common control)	739	1,002
Malahi Leisure Company (a joint venture)	393	131
Halfmoon Resort Company (Under common control)	340	-
Newrest Catering Services Company Limited (a joint venture)	-	1,308
Naqaha Healthcare Company Limited (Under common control)	-	109
	<u>24,521</u>	<u>51,985</u>
Less; provision for impairment of related party receivables	<u>(2,813)</u>	<u>-</u>
	<u>21,708</u>	<u>51,985</u>

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19. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

19.3 Related party balances (continued)

	<u>2024</u>	<u>2023</u>
	SR '000	SR '000
ii) <u>Amounts due to related parties</u>		
Tanami Arabia Co. Ltd. (Under common control)	4,892	5,903
Riyadh Plastic Factory (Under common control)	392	283
	<u>5,284</u>	<u>6,186</u>
iii) <u>Movement in provision for impairment of related party receivables:</u>		
	<u>2024</u>	<u>2023</u>
	SR '000	SR '000
At the beginning of the year	-	-
Charge for the year	2,813	-
At the end of the year	<u>2,813</u>	<u>-</u>

19.4 Loan to related parties

Terms and conditions related to loan financing arrangements have been disclosed and they carry interest charges at market rates. All other transactions were made on normal commercial terms and conditions based on prevailing market rates.

	<u>2024</u>	<u>2023</u>
	SR '000	SR '000
At the beginning of the year	14,477	10,734
Additions for the year	-	3,743
Written off during the year	(14,477)	-
At the end of the year	-	14,477
Less: provision for expected credit losses	-	(14,477)
	<u>-</u>	<u>-</u>

Movement in provision for expected credit losses of loans to a joint venture:

	<u>2024</u>	<u>2023</u>
	SR '000	SR '000
At the beginning of the year	14,477	-
Written off during the year	(14,477)	14,477
At the end of the year	<u>-</u>	<u>14,477</u>

The above movement represent multiple loans provided to one of the joint ventures with a maturity date of 5 years from the granting date, with a payment due in 2027, and it is fixed interest-bearing rate. As a result of the decision to liquidate the joint ventures, the management decided to recognize a provision for expected credit losses for the loan during 2023 (Note 24). The loan was written off during 2024.

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20. REVENUE FROM CONTRACTS WITH CUSTOMERS

The following is the disaggregation of the Group's revenue from contracts with customers:

For the year ended 31 December 2024

SR '000	Hospitality	Entertainment	Others	Total
Type of goods or services:				
Rooms	227,410	-	-	227,410
Food and beverage	81,645	-	24,015	105,660
Games and parks revenue	-	285,821	-	285,821
Construction and development**	-	4,471	-	4,471
Restaurant revenues	-	-	8,939	8,939
Other hotel revenues	13,204	-	602	13,806
Total revenue under IFRS 15	322,259	290,292	33,556	646,107
Rental income***	3,130	6,653	22,806	32,589
Total revenue*	325,389	296,945	56,362	678,696

Timing of revenue recognition:

Services transferred over time	243,744	11,124	23,408	278,276
Goods transferred at a point in time	81,645	285,821	32,954	400,420
Total revenue	325,389	296,945	56,362	678,696

For the year ended 31 December 2023

SR '000	Hospitality	Entertainment	Others	Total
Type of goods or services:				
Rooms	256,804	-	-	256,804
Food and beverage	91,271	-	-	91,271
Games and parks revenue	-	277,902	-	277,902
Construction and development**	-	54,230	-	54,230
Restaurant revenues	-	-	9,007	9,007
Other hotel revenues	14,879	-	2,116	16,995
Total revenue under IFRS 15	362,954	332,132	11,123	706,209
Rental income***	1,989	5,672	28,269	35,930
Total revenue*	364,943	337,804	39,392	742,139

Timing of revenue recognition:

Services transferred over time	273,672	59,902	30,385	363,959
Goods transferred at a point in time	91,271	277,902	9,007	378,180
Total revenue	364,943	337,804	39,392	742,139

* The gross revenue generated from the hotel sector as at 31 December, 2024 amounted to SR 353.1 million (31 December 2023: SR 386.1 million). A SR 27.7 million (31 December 2023: 21.1 million) was waived to the Ultimate Parent Company which representing the revenue of the two hotels that had a management agreement Note (19.1 (c)).

** In September 2022, the Company signed a contract with a commercial company specialized in the field of entertainment to provide construction and development services for certain entertainment sites for a total consideration of SR 93.9 million and a contract duration of 4 months. The construction and development revenue generated for the year ended 31 December 2024 amounted to SR 4.8 million (31 December 2023: SR 54.2 million)

*** Rental income includes income from subleasing in the amount of SR 32.6 million for the year ended 31 December 2024 (31 December 2023: SR 35.9 million).

20. REVENUE FROM CONTRACTS WITH CUSTOMERS (continued)

Revenue recognition over a period of time:

- 1. Hospitality room revenues:** Revenues are recognised using the output method on a daily basis based on the guest stay in the hotel room which represents the consumption of the service provided during the period.
- 2. Rental income:** Revenues are recognised using the output method based on the time elapsed from the rental period according to the contract.
- 3. Construction and development:** Revenues are recognised using the input method based on the percentage of completion achieved during the period of time as the percentage of completion represents what has been accomplished or completed from the stages of project development during the period of time.

Revenue recognition at a specific point in time:

- Restaurant, food and beverages revenues:** Revenues are recognised based on the serving of food or beverages to customers in the restaurant or hotel, and thus the customer has acquired control over the service or product represented by the food or beverages served, as well as the ability to consume the product or service.
- Games and parks revenues:** Revenues are recognised upon delivering and transferring the ownership of the playing cards to customers, where the customer has acquired control over the product, which is the playing card, and has the ability to use the product or service and obtain all the benefits attached to it, as well as the customer has acquired physical possession, risks and rewards attached to the card. (Note that any unused balances during the reporting period is recognised in the month following the period.)

Contract balances

	Notes	For the year ended 31 December	
		2024	2023
		SR '000	SR '000
Contract assets	11	5,353	6,944
Contract liabilities	17	36,398	24,393

The amount of SR 22 million included in contract liabilities balance as at 31 December 2023 has been recognised as revenue in 2024.

21. Direct Costs

	For the year ended 31 December	
	2024	2023
	SR '000	SR '000
Salaries and related benefits	130,131	132,167
Depreciation of right of use assets (note 8)	92,931	95,144
Depreciation of property and equipment (note 6.1)	75,847	91,491
Rent	36,003	42,003
Utilities	36,213	37,753
Food and beverage costs	35,873	26,933
Management and franchise fees	21,545	23,728
Maintenance	13,315	15,345
Purchase of construction services	4,486	44,131
Others	47,273	45,882
	493,617	554,577

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22.SELLING AND MARKETING EXPENSES

	For the year ended 31 December	
	2024	2023
	SR ‘000	SR ‘000
Promotions and advertisement	8,002	7,228
Salaries and related benefits	7,407	7,526
Marketing fees	5,319	5,601
Commission expenses	2,581	1,764
Other	1,902	2,409
	25,211	24,528

23.GENERAL AND ADMINISTRATIVE EXPENSES

	For the year ended 31 December	
	2024	2023
	SR ‘000	SR ‘000
Salaries and related benefits	65,038	72,303
Bank charges	8,450	8,232
Government fees	5,586	6,323
Maintenance and office expenses	4,606	5,886
Travel	2,655	4,069
Utilities	3,004	2,974
Depreciation of property and equipment (note 6.1)	3,209	3,154
Board of directors' remuneration	2,066	2,335
Insurance	1,102	2,012
Rent	1,160	1,765
Depreciation of right of use assets (note 8)	1,204	1,577
Professional fees	4,940	1,443
Amortization of intangible assets (note 7)	1,083	1,376
Receivables written off	534	-
Others	8,576	13,795
	113,213	127,244

24.PROVISIONS FOR EXPECTED CREDIT LOSSES

The table below summarizes the provision for expected credit losses incurred during the year.

	For the year ended 31 December	
	2024	2023
	SR ‘000	SR ‘000
Listed in trade receivables (note 10.1)	(9,910)	20,305
Listed in amounts due from related parties (note 19.3)	2,813	-
Listed in prepayments and other current assets (note 11.1)	154	592
Listed in long term loans to a joint venture (note 19.4)	-	14,477
	(6,943)	35,374

25. OTHER NON-OPERATING INCOME

- During the year 2023, some of the group's property and equipment were damaged as a result of fire in one of the group's hotels. During the year 2024, the Group agreed with the insurance company that the Group would be compensated with an amount of SR 22 million as a final settlement regarding this fire, which was recognised as other non-operating income in the consolidated statement of profit or loss and other comprehensive income. The group received the full amount of SR 22 million during the year 2024.
- During the year 2024, the Group received compensation from the insurance company to cover the loss of revenues and damage to some assets as a result of the partial shutdown of some games at one of the Group's entertainment centers amounting to SR 2.8 million, which was recognised as other non-operating income in the consolidated statement of profit or loss and other comprehensive income.

26. BASIC AND DILUTED PROFIT / (LOSS) PER SHARE

Basic profit / (loss) per share is calculated by dividing the net profit / (loss) for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted profit / (loss) per share is calculated by dividing the net profit / (loss) for the year attributable to ordinary equity holders of the parent (after adjusting for interest on the convertible preference shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

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

	<u>2024</u>	<u>2023</u>
	<u>SR '000</u>	<u>SR '000</u>
Profit / (loss) for the year attributable to equity shareholders of the company	<u>5,310</u>	<u>(89,702)</u>
	Thousands	Thousands
Weighted average number of ordinary shares outstanding during the year	315,000	315,000
	SR	SR
Basic and diluted profit / (loss) per share	<u>0.02</u>	<u>(0.29)</u>

* The weighted average number of ordinary shares outstanding during the year has been retrospectively adjusted on all presented periods to reflect the impact of the split of share capital that was approved on 21 June 2023 as disclosed in note 13.

27. COMMITMENTS AND CONTINGENCIES

27.1 Legal contingencies

The Group is involved in litigation in the ordinary course of business, which are being defended. While the ultimate results of these matters cannot be determined with certainty based on the advice of the Group's legal counsel, management does not expect these will have a material adverse effect on the Group's consolidated financial position or results of operations.

27.2 Capital commitments

As at 31 December 2024, the Group has no capital commitments (31 December 2023: SR 34.9 million) related to projects under constructions.

27.3 Letters of credit and guarantee

As at 31 December 2024, the Group had outstanding letters of credit and guarantee amounting to SR 24.5 million (31 December 2023: SR 0.6 million).

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28. 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 consolidated financial statements.

28.1 The Group's reportable segments under IFRS 8 are as follows:

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 years ended 31 December 2024 and 2023:

2024

SR '000	<u>Hospitality</u>	<u>Entertainment</u>	<u>Others</u>	<u>Total</u>
Revenue from contracts with customers	325,389	296,945	56,362	678,696
Depreciation of property and equipment - direct costs	(21,757)	(43,001)	(11,089)	(75,847)
Depreciation of right of use assets	(13,968)	(70,005)	(8,958)	(92,931)
Other direct costs	(181,455)	(109,702)	(33,682)	(324,839)
Gross profit	108,209	74,237	2,633	185,079
Expenses	(68,701)	(42,567)	(27,156)	(138,424)
Gain on disposal of property and equipment	-	1,397	-	1,397
Gain from lease termination	1,000	370	180	1,550
Other income	2	2	-	4
Reversal of impairment loss on property and equipment	5,441	-	-	5,441
Reversal of / (provision for) expected credit losses	12,707	(848)	(4,916)	6,943
Finance cost charges	(17,885)	(47,796)	(18,951)	(84,632)
Other non-operating income	22,000	2,804	-	24,804
Share in net results of joint ventures	-	-	4,714	4,714
Zakat and income tax	-	262	(1,938)	(1,676)
Net profit / (loss)	62,773	(12,139)	(45,434)	5,200
Investments in joint ventures	-	-	91,591	91,591
Property, equipment and projects under construction	348,728	356,317	112,865	817,910
Right of use assets	124,554	497,066	188,164	809,784
Total assets	571,218	901,704	450,685	1,923,607
Total liabilities	367,390	989,536	361,877	1,718,803

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28.SEGMENTAL INFORMATION (continued)

28.1 The Group's reportable segments under IFRS 8 are as follows (continued):

2023

SR '000	<u>Hospitality</u>	<u>Entertainment</u>	<u>Others</u>	<u>Total</u>
Revenue from contracts with customers	364,943	337,804	39,392	742,139
Depreciation of property and equipment - direct costs	(36,300)	(45,907)	(9,284)	(91,491)
Depreciation of right of use assets	(15,294)	(68,440)	(11,410)	(95,144)
Other direct costs	(207,863)	(146,474)	(13,605)	(367,942)
Gross profit	105,486	76,983	5,093	187,562
Expenses	(79,500)	(45,369)	(26,903)	(151,772)
Gain / (loss) on disposal of property and equipment	15	(2,809)	-	(2,794)
Gain from lease termination	4,205	2,016	-	6,221
Other income	12	1,208	-	1,220
Impairment loss on property and equipment	(300)	(5,165)	(1,500)	(6,965)
Provision for expected credit losses	(15,282)	(2,272)	(17,820)	(35,374)
Finance cost charges	(17,884)	(50,322)	(13,892)	(82,098)
Income from short term investments	-	-	191	191
Share in net results of joint ventures	-	-	(6,010)	(6,010)
Zakat	-	-	-	-
Net loss	(3,248)	(25,730)	(60,841)	(89,819)
Investments in joint ventures	-	-	79,682	79,682
Property, equipment and projects under construction	311,843	361,344	121,706	794,893
Right of use assets	133,765	559,510	210,556	903,831
Total assets	594,107	990,371	460,886	2,045,364
Total liabilities	366,198	1,152,617	324,844	1,843,659
In addition to the above segment reporting, the Group's revenue is generated (and non-current assets located) from the following subsidiaries and countries:				
For the year ended 31 December 2024	<u>Kingdom of</u>	<u>United Arab</u>		
SR '000	<u>Saudi</u>	<u>Emirates</u>	<u>Egypt</u>	<u>Total</u>
	<u>Arabia</u>			
The Company	635,674	-	-	635,674
Osool Al Mazaya Hospitality Company	1,576	-	-	1,576
Sparky's Land Amusement Toys Company	-	40,429	-	40,429
Asateer Company for Entertainment and Tourism	-	-	1,017	1,017
Total revenue	637,250	40,429	1,017	678,696
Investments in joint ventures	91,591	-	-	91,591
Property, equipment and projects under construction	785,220	31,134	1,556	817,910
Right of use assets	707,010	102,774	-	809,784

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28.SEGMENTAL INFORMATION (continued)

28.1 The Group's reportable segments under IFRS 8 are as follows (continued)

For the year ended 31 December 2023 SR '000	<u>Kingdom of Saudi Arabia</u>	<u>United Arab Emirates</u>	<u>Egypt</u>	<u>Total</u>
The Company	707,338	-	-	707,338
Osool Al Mazaya Hospitality Company	1,557	-	-	1,557
Sparky's Land Amusement Toys Company	-	31,241	-	31,241
Asateer Company for Entertainment and Tourism	-	-	2,003	2,003
Total revenue	708,895	31,241	2,003	742,139
Investments in joint ventures	79,682	-	-	79,682
Property, equipment and projects under construction	764,968	27,228	2,697	794,893
Right of use assets	788,693	115,138	-	903,831

28.2 Credit exposure by operating segments is as follows:

As at 31 December 2024

SR '000	<u>Hospitality</u>	<u>Entertainment</u>	<u>Others</u>	<u>Total</u>
Assets	79,866	9,450	46,679	135,995
Commitments and contingencies	1,899	9,162	23,426	34,487

As at 31 December 2023

SR '000	<u>Hospitality</u>	<u>Entertainment</u>	<u>Others</u>	<u>Total</u>
Assets	123,650	10,153	40,684	174,487
Commitments and contingencies	11,552	23,928	-	35,480

Group's credit exposure is comprised of bank balances, trade receivables and amounts due from related parties.

29.CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a proper capital ratio in order to support its business and maximise shareholders' value. The capital structure includes all components of shareholders' equity totaling SR 206.6 million at 31 December 2024 (31 December 2023: SR 203.4 million). The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated on the net debt divided by total capital. Net debt is calculated as total borrowings (including current and non-current term loans as shown in the consolidated statement of financial position) less cash and cash equivalents. Total capital is calculated as "equity" as shown in the consolidated statement of financial position plus net debt.

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29. CAPITAL MANAGEMENT (continued)

	2024	2023
	SR '000	SR '000
Total loans (current + non-current loans)	442,495	483,345
Less: cash and bank balances	(38,101)	(37,692)
Net debt	404,394	445,653
Shareholders' equity	206,642	203,433
Total capital	611,036	649,086
Gearing ratio	66.18%	68.66%

In order to achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. Refer to note 14 for compliance with loans covenants. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2024 and 2023.

The net debt of the Group is as follows:

	As at 31 December	
	2024	2023
	SR '000	SR '000
Cash and cash equivalents	38,101	37,692
Borrowings	(442,495)	(483,345)
Lease liabilities	(937,049)	(1,025,176)
Net debt	(1,341,443)	(1,470,829)

The Group's net debt reconciliation is as follows:

	Cash and cash equivalents	Borrowing	Lease liabilities	Total
As at 1 January 2023	45,206	(508,971)	(968,359)	(1,432,124)
Financing cash flows	(7,514)	65,371	88,053	145,910
Finance costs	-	(39,745)	(43,952)	(83,697)
New leases	-	-	(100,918)	(100,918)
At 31 December 2023	37,692	(483,345)	(1,025,176)	(1,470,829)
Financing cash flows	409	81,894	133,792	216,095
Finance costs	-	(41,044)	(44,078)	(85,122)
New leases	-	-	(1,587)	(1,587)
At 31 December 2024	38,101	(442,495)	(937,049)	(1,341,443)

30. FAIR VALUES OF FINANCIAL INSTRUMENTS

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. Financial instruments comprise of financial assets and financial liabilities. The Group's financial assets mainly consist of bank balances, trade receivables, contract assets and amounts due from related parties. Its financial liabilities mainly consist of term loans, payables, accruals and amounts due to related parties.

The management has assessed that fair value of bank balances, trade receivables, contract assets and amounts due from related parties, short term loans, amounts due to related parties, accruals and other payables approximate their carrying amounts largely due to the short-term maturities of these instruments

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31. FINANCIAL INSTRUMENTS

Financial Assets at amortized cost

	As at 31 December	
	2024	2023
	SR '000	SR '000
Bank balances	36,942	35,887
Trade receivables	71,992	79,671
Contract assets	5,353	6,944
Amounts due from related parties	21,708	51,985
	135,995	174,487

Financial Liabilities at amortized cost

	As at 31 December	
	2024	2023
	SR '000	SR '000
Trade payable and other current liabilities	281,104	278,944
Borrowings	442,495	483,345
Lease liabilities	937,049	1,025,176
	1,660,648	1,787,465

As at 31 December 2024, the balances of the financial liabilities above represent their carrying amounts. The Group has assessed the covenants related to its bank loans, and there are circumstances that may indicate potential difficulties in meeting these covenants. However, the Group has obtained waivers from the bank regarding any potential covenant breaches for the current reporting period. The waivers provide the Group with the necessary flexibility to address the situation without immediate consequences for bank loans.

32. FINANCIAL INSTRUMENTS RISK MANAGEMENT

The Group's principal financial liabilities comprise loans, lease, trade payables and certain other current liabilities. The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets include trade receivables, and cash and bank balances that derive directly from its operations.

The Group has minimal exposure to market risk, credit risk and liquidity risk. As the Group's senior management oversees the management of these risks. The Group's senior management regularly review the policies and procedures to ensure that all the financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives. The Group does not engage into any hedging activities. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarized below.

32. FINANCIAL INSTRUMENTS RISK MANAGEMENT (continued)

a) Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: commission rate risk, currency risk and other price risk, such as equity price risk. Financial instruments affected by market risk include loans and borrowings. The sensitivity analyses in the following sections relate to the position as at December 31, 2024.

Commission risk

Commission rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market commission rates. The Group's exposure to the risk of changes in market commission rates relates primarily to the Group's long-term and short-term loans all of which are at floating commission rates. The Group manages its exposure to commission rate risk by continuously monitoring movements in commission rates and assessing them against the cost of entering into fixed commission rates.

The following table demonstrates the sensitivity to a reasonably possible change in commission rates on that portion of loans and borrowings affected. With all other variables held constant, the Group's profit before zakat is affected through the impact on floating rate borrowings, as follows:

	For the year ended	
	2024	2023
	SR '000	SR '000
Profit / (loss) before zakat and income tax	6,876	(89,819)
Increase by 100 points	108	179
Decrease by 100 points	(108)	(179)

An analysis by maturities is provided in note 32 (c) below.

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group is not subject to fluctuations in foreign exchange rates in the normal course of its business. The Group did not undertake significant transactions in currencies other than Saudi Riyals, during the year and, accordingly, the Group has no significant exposure to other foreign currencies for the period ended 31 December 2024. The Group is not exposed to significant foreign currency risk.

b) Credit Risk

Credit risk is the risk that one party to financial instruments will fail to discharge an obligation and cause the other party to incur a financial loss. The Group is exposed to credit risk on its bank balances, trade receivables and receivables from related parties and certain other current assets as follows:

		As at 31 December	
		2024	2023
		SR '000	SR '000
Bank balances	General	36,942	35,887
Trade receivables	Simplified	71,992	79,671
Contract assets	Simplified	5,353	6,944
Amounts due from related parties	Simplified	21,708	51,985
		135,995	174,487

The carrying amount of financial assets represents the maximum credit exposure.

Credit risk is managed under direction of the board of directors ("board").

32. FINANCIAL INSTRUMENTS RISK MANAGEMENT (continued)

Bank balances

Credit risk from balances with banks and financial institutions is managed by the Group's treasury department in accordance with the Group's policy. The Group seeks to manage its credit risk with respect to banks by only dealing with reputable banks that have a sound credit rating ranging from BAA1 and above (Moody's). At the reporting date, no significant concentration of credit risk was identified by the management.

Trade receivables

The board receives regular reporting from the credit department who manage the performance of the trade receivables and contract assets. Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Trade receivables of the Group are spread across a large number of credit customers. The Group seeks to manage its credit risk with respect to customers by setting credit limits for individual customers, monitoring outstanding receivables and ensuring close follow ups. After granting the credit, the credit department, on a monthly basis, reviews the aging analysis and follows up on all outstanding payments. Management of the credit department within each business unit determines the appropriate receivables that should be handed over for collection, the amount of provision that should be recorded in these receivables and amounts that should be written off. The board approves the procedures for managing credit risk, the amount of provision to be recognised and amounts to be written off. An impairment analysis is performed at each reporting date on an individual basis for certain customers. In addition, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. For the purpose of credit risk management, the customers are grouped based on business units where the sales originated, namely hotels, entertainment and commercial centers.

Other current assets

Other current assets include advances to employees, employee loans are secured against end of service balances.

Balances with related parties

Balances with related parties are evaluated by the board and approved based on the business purpose and risk acceptable. These are monitored by the board and assessed for impairment as required. Any impairments and write offs are also approved by the board. Where appropriate the board sets limits on exposures to credit risk.

Credit risk concentration

The group is exposed to concentration of risk as follows:

- Trade receivables – Governmental and semi-governmental entities in the Kingdom of Saudi Arabia.

The board reviews the concentration risk on a monthly basis and where required institutes processes to manage the risk. The following are processes that are considered:

- Diversifying the placing of funds with banks or ensuring the banks are not under any financial distress
- Reducing limits for customers with large unpaid exposures, The Group applies the general approach to calculate impairment loss on cash at banks, receivable from employees, and other current assets. they all fall within the stage 1 as no significant increase in credit risk was observed for these assets. No impairment was recognised on these balances due to its immaterial impact.

The Group applies the simplified approach to calculate impairment loss on trade receivables and due from related parties and this always recognizes lifetime ECL on such exposures. ECL on these financial assets are estimated using a flow rate based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. Loss rates are calculated separately for exposures in different segments based on the common credit risk characteristics such as type of customers.

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32. FINANCIAL INSTRUMENTS RISK MANAGEMENT (continued)

b) Credit Risk (continued)

On that basis, the loss allowance as at December, 2024 and 2023 was determined as follows:

31 December 2024	0-90 days	91-180 days	181-270 days	271-360 days	1 to 2 years	Over 2 years	Total
Expected loss rate	1.0%	3%	4.7%	6.6%	11.6% - 40.1%	51.2% - 100%	
Trade receivables							
Hospitality	17,902	4,752	3,013	2,096	4,037	13,077	44,877
Entertainment	2,447	291	1,565	5,785	814	4,731	15,633
Others	16,437	7,295	1,908	1,274	4,687	9,189	40,790
Total	36,786	12,338	6,486	9,155	9,538	26,997	101,300
Allowance							
Hospitality	206	142	139	240	904	12,798	14,429
Entertainment	20	9	70	214	144	4,170	4,627
Others	183	217	95	147	1,117	8,493	10,252
Total	409	368	304	601	2,165	25,461	29,308
Trade Receivable, Net	36,377	11,970	6,182	8,554	7,373	1,536	71,992

31 December 2023	0-90 days	91-180 days	181-270 days	271-360 days	1 to 2 years	Over 2 years	Total
Expected loss rate	1.0%	3.4%	4.3%	10.7%	9.3% - 46.3%	51.9% - 100%	
Trade receivables							
Hospitality	37,096	7,145	3,026	3,353	7,630	25,976	84,226
Entertainment	3,255	568	479	70	2,583	2,586	9,541
Others	4,590	4,293	2,731	1,790	4,918	6,800	25,122
Total	44,941	12,006	6,236	5,213	15,131	35,362	118,889
Allowance							
Hospitality	379	225	106	290	930	25,363	27,293
Entertainment	26	21	24	10	740	2,572	3,393
Others	51	158	136	260	1,503	6,424	8,532
Total	456	404	266	560	3,173	34,359	39,218
Trade Receivable, Net	44,485	11,602	5,970	4,653	11,958	1,003	79,671

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32. FINANCIAL INSTRUMENTS RISK MANAGEMENT (continued)

c) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to realize financial assets quickly at an amount close to its fair value. The Group manages its liquidity risk by monitoring working capital and cash flow requirements on regular basis. The Group manages its liquidity risk by ensuring that bank facilities are available. The Group has available facilities amounting to SR 51 million (2023: SR 11 million) from various local banks mainly to finance working capital. The Group's term of revenue and services require amounts to be paid within 30 to 120 days of the date of submitting the invoice. Trade payables are normally settled within 30 to 90 days of the date of purchase. During the year 2024 the Group generated cash from operating activities in the amount of SR 319.4 million (2023: SR 262.2 million). The Group's management is confident in the ability to successfully meet its business plan to generate sufficient cash flows to meet its obligations for the next 12 months from the date of approval of these consolidated financial statements.

The table below summarizes the maturities of the Group's undiscounted financial liabilities at 31 December 2024 and 2023 based on contractual payment dates and current market interest rates.

	1 to 3 months	3 months to one year	1 to 2 years	2 to 3 years	3 to 5 years	Above 5 years	Total
December 31 2024							
Trade payable and other current liabilities	49,933	231,171	-	-	-	-	281,104
Lease liabilities	51,995	88,878	125,535	118,214	213,146	666,634	1,264,402
Borrowings*	56,209	104,209	168,271	94,819	48,176	23,052	494,736
	158,137	424,258	293,806	213,033	261,322	689,686	2,040,242
31 December 2023							
Trade payable and other current liabilities	83,869	195,075	-	-	-	-	278,944
Lease liabilities	59,496	87,950	134,745	129,431	230,840	689,726	1,332,188
Borrowings*	91,140	107,015	151,388	89,307	77,213	-	516,063
	234,505	390,040	286,133	218,738	308,053	689,726	2,127,195

* The loan agreements contain covenants from three banks. Under the terms of these agreements, banks have the right to demand immediate repayment of the loans if any of the covenants are not met. As at 31 December 2024, the Group was not in compliance with certain loan covenants but has obtained waiver from the relevant banks prior to the period end.

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33. SIGNIFICANT EVENTS

On 28 Jumada 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 Company 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. Value of (The Company to be Acquired) / (The Asset to be Purchased) is SR 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. Value of (The Company to be Acquired) / (The Asset to be Purchased) is SR 651,620,000.

The legal formalities to finalize the above two agreements are still in process.

34. COMPARATIVE FIGURES

Some comparative figures have been reclassified to conform with the presentation in the current year, to enhance comparability and to be more relevant to users of the consolidated financial statements, as follows:

Note 1: Reclassified the non-controlling interest from prepayments and other current assets to a separate line item in the consolidated statement of changes in equity.

Note 2: Reclassified the Group's share in the other comprehensive income of investments in joint ventures from the net loss for the year to the other comprehensive income within the consolidated statement of profit and loss and other comprehensive income.

Note 3: Reclassified the other reserves in the consolidated statement of changes in equity to be two-line items of exchange differences on translation of foreign operations and remeasurement of employees' terminal benefit liabilities.

As at 31 December 2023
Consolidated Statement of Financial Position

	Impact of reclassification		
	As previously reported	Reclassification	As Reclassified
Total equity (Note 1)	203,433	(1,728)	201,705
Total current assets (Note 1)	259,467	(1,728)	257,739

For the year ended 31 December 2023
Consolidated Statement of profit or loss and other comprehensive income

	Impact of reclassification		
	As previously reported	Reclassification	As Reclassified
Net loss for the year (Notes 1 and 2)	(89,550)	(269)	(89,819)
Non-controlling interest (Note 1)	-	(117)	(117)
Other comprehensive income for the year (Note 2)	2,817	152	2,969

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34. COMPARATIVE FIGURES (continued)

For the year ended 31 December 2023 Consolidated Statement of changes in equity	Impact of reclassification		
	As previously reported	Reclassification	As Reclassified
Other reserves (Note 3)	2,598	(2,598)	-
Foreign currency translation reserve (Note 3)	-	(4,042)	(4,042)
Remeasurement of employees' terminal benefit liabilities (Notes 2 and 3)	-	6,792	6,792
Accumulated losses (Notes 2)	(114,165)	(152)	(114,317)
Non-controlling interest (Note 1)	-	(1,728)	(1,728)

35. SUBSEQUENT EVENTS

The management believe that there are no significant subsequent events since the year ended 31 December 2024 that could have a material impact on the financial position of the Group as shown in these consolidated financial statements.

36. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

These consolidated financial statements were approved by the Board of Directors on 23 Ramadan 1446(H) (corresponding to 23 March 2025 (G)).