

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

Condensed interim consolidated financial statements
(unaudited)
and independent auditor review Report
for the three-month period ended 31 March 2025

BAAN HOLDING GROUP COMPANY
(Formerly Abdulmohsen Al-Hokair Group for Tourism and Development Company)
(A SAUDI JOINT STOCK COMPANY)
Index of the condensed interim consolidated financial statements
For the three-month period ended 31 March 2025 (Unaudited)

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

To the shareholders of
Baan Holding Group Company
(Formerly Abdulmohsen Al-Hokair Group for Tourism and Development Company)
(A Saudi Joint Stock Company)
Riyadh – Kingdom of Saudi Arabia

Introduction

We have reviewed the accompanying condensed interim consolidated statement of financial position of Baan Holding Group Company (Formerly Abdulmohsen Al-Hokair Group for Tourism and Development Company) (“the Company”) and its subsidiaries (together “the Group”) as at 31 March 2025 and the condensed interim consolidated statement of profit or loss and other comprehensive income, and the condensed interim consolidated statement of changes in equity and condensed interim consolidated statement of cash flows for the three-month period then ended, and other explanatory notes. Management is responsible for the preparation and presentation of those condensed interim consolidated financial statements in accordance with International Accounting Standard (“IAS 34”) “*Interim Financial Reporting*” that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these condensed interim consolidated financial statements based on our review.

Scope of Review

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

Conclusion

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

For BDO Dr. Mohamed Al-Amri & Co.

Maher Al-Khatieb
Certified Public Accountant
Registration No. 514



Riyadh on 24 Dhul Qaida 1446(H)
Corresponding to: 22 May 2025 (G)

BAAN HOLDING GROUP COMPANY
(Formerly Abdulmohsen Al-Hokair Group for Tourism and Development Company)
(A Saudi Joint Stock Company)
Condensed interim consolidated statement of financial position
(All amounts in thousands ₪ unless otherwise stated)

| | Notes | As at 31 March 2025 (Unaudited) | As at 31 December 2024 (Audited) |
|---|-------|------------------------------------|-------------------------------------|
| Assets | | | |
| Non-current assets | | | |
| Investments in joint ventures | | 83,451 | 91,591 |
| Property, equipment and projects under construction | | 801,520 | 817,910 |
| Intangible assets | | 10,441 | 10,064 |
| Right of use assets | | 790,528 | 809,784 |
| Total non-current assets | | 1,685,940 | 1,729,349 |
| Current assets | | | |
| Inventories | | 19,358 | 17,097 |
| Trade receivables | | 75,869 | 71,992 |
| Prepayments and other current assets | | 70,501 | 67,068 |
| Cash and cash equivalents | | 26,589 | 38,101 |
| Total current assets | | 192,317 | 194,258 |
| Total assets | | 1,878,257 | 1,923,607 |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Share capital | 7 | 315,000 | 315,000 |
| Foreign currency translation reserve | | (5,161) | (5,181) |
| Remeasurement of employees' terminal benefit liabilities | | 7,483 | 5,830 |
| Accumulated losses | | (125,758) | (109,007) |
| Equity attributable to the shareholders of the company | | 191,564 | 206,642 |
| Non-controlling interest | | (1,866) | (1,838) |
| Total equity | | 189,698 | 204,804 |
| Non-current liabilities | | | |
| Non-current portion of long-term loans | 6 | 269,411 | 303,376 |
| Non-current portion of lease liabilities | | 813,204 | 836,912 |
| Employees' terminal benefits liabilities | | 51,252 | 51,068 |
| Total non-current liabilities | | 1,133,867 | 1,191,356 |
| Current liabilities | | | |
| Trade payables and other current liabilities | | 302,428 | 281,104 |
| Short term loans and current portion of long-term loans | 6 | 135,950 | 139,119 |
| Current portion of lease liabilities | | 109,441 | 100,137 |
| Provision for zakat | | 6,873 | 7,087 |
| Total current liabilities | | 554,692 | 527,447 |
| Total liabilities | | 1,688,559 | 1,718,803 |
| Total equity and liabilities | | 1,878,257 | 1,923,607 |

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


Chairman of the Board of Directors


Chief Executive Officer


Chief Financial Officer

BAAN HOLDING GROUP COMPANY
(Formerly Abdulmohsen Al-Hokair Group for Tourism and Development Company)
(A Saudi Joint Stock Company)
Condensed interim consolidated statement of profit or loss and other comprehensive income
(All amounts in thousands ٬ unless otherwise stated)

| | For the three-month period ended 31 March | |
|--|---|---------------------|
| | 2025 (Unaudited) | 2024 (Unaudited) |
| Revenue from contracts with customers | | |
| - Hospitality | 83,119 | 91,591 |
| - Entertainment | 61,693 | 58,665 |
| - Others | 21,732 | 7,917 |
| Total revenues | 166,544 | 158,173 |
| Direct costs | | |
| - Hospitality | (56,854) | (61,350) |
| - Entertainment | (51,845) | (46,350) |
| - Others | (19,056) | (5,907) |
| Total direct costs | (127,755) | (113,607) |
| Gross profit | 38,789 | 44,566 |
| Selling and marketing expenses | (6,190) | (6,039) |
| General and administrative expenses | (29,875) | (31,853) |
| Gain from disposal of property and equipment | 319 | - |
| Gain from lease termination | - | 180 |
| Other income | 5 | 1 |
| Provision impairment loss on trade receivable | (2,623) | (985) |
| Net expenses | (38,364) | (38,696) |
| Operating Profit | 425 | 5,870 |
| Financial charges on loans | 6 (8,343) | (9,855) |
| Financial charges on lease liabilities | (10,421) | (10,590) |
| Other non-operating income, Net | 8 - | 19,130 |
| Share in net results of joint ventures | 1,560 | (358) |
| (Loss) / profit before zakat and Income tax | (16,779) | 4,197 |
| Zakat and income tax | - | - |
| Net (loss) / profit for the period | (16,779) | 4,197 |
| Other comprehensive (loss) / income | | |
| Items that will not be reclassified to profit or loss: | | |
| Remeasurement of post-employment benefit obligations, net of zakat | 1,653 | 490 |
| Items that will be reclassified to profit or loss: | | |
| Exchange differences on translation of foreign operations | 20 | (845) |
| Other comprehensive income / (loss) for the period | 1,673 | (355) |
| Total comprehensive (loss) / income for the period | (15,106) | 3,842 |
| Net (loss) / profit for the period attributable to: | | |
| Equity shareholders of the Company | (16,751) | 4,224 |
| Non-controlling interest | (28) | (27) |
| | (16,779) | 4,197 |
| Total comprehensive (loss) / income for the period attributable to: | | |
| Equity shareholders of the Company | (15,078) | 3,869 |
| Non-controlling interest | (28) | (27) |
| | (15,106) | 3,842 |
| (Loss) / earnings per share: | | |
| Basic and diluted (loss) / profit per share (٬) | 10 (0.05) | 0.01 |

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

Chairman of the Board of Directors

Chief Executive Officer

Chief Financial Officer

BAAN HOLDING GROUP COMPANY
(Formerly Abdulmohsen Al-Hokair Group for Tourism and Development Company)
(A Saudi Joint Stock Company)
Condensed interim consolidated statement of changes in equity
 (All amounts in thousands ₪ unless otherwise stated)

| | Share capital | Foreign currency translation reserve | Remeasurement of employees' terminal benefit liabilities | Accumulated losses | Equity attributable to the shareholders of the company | Non-controlling interest | Total equity |
|--|---------------|--------------------------------------|--|--------------------|--|--------------------------|--------------|
| <u>For the three-month period ended</u> | | | | | | | |
| <u>31 March 2024 (Unaudited)</u> | | | | | | | |
| Balance as at 1 January 2024 (Audited) | 315,000 | (4,042) | 6,792 | (114,317) | 203,433 | (1,728) | 201,705 |
| Net profit / (loss) for the period | - | - | - | 4,224 | 4,224 | (27) | 4,197 |
| Other comprehensive (loss) / income for the period | - | (845) | 490 | - | (355) | - | (355) |
| Total comprehensive (loss) / income for the period | - | (845) | 490 | 4,224 | 3,869 | (27) | 3,842 |
| Balance as at 31 March 2024 (Unaudited) | 315,000 | (4,887) | 7,282 | (110,093) | 207,302 | (1,755) | 205,547 |

| | | | | | | | |
|--|---------|---------|-------|-----------|----------|---------|----------|
| <u>For the three-month period ended</u> | | | | | | | |
| <u>31 March 2025 (Unaudited)</u> | | | | | | | |
| Balance as at 1 January 2025 (Audited) | 315,000 | (5,181) | 5,830 | (109,007) | 206,642 | (1,838) | 204,804 |
| Net loss for the period | - | - | - | (16,751) | (16,751) | (28) | (16,779) |
| Other comprehensive income for the period | - | 20 | 1,653 | - | 1,673 | - | 1,673 |
| Total comprehensive income / (loss) for the period | - | 20 | 1,653 | (16,751) | (15,078) | (28) | (15,106) |
| Balance as at 31 March 2025 (Unaudited) | 315,000 | (5,161) | 7,483 | (125,758) | 191,564 | (1,866) | 189,698 |

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


 Chairman of the Board of Directors


 Chief Executive Officer


 Chief Financial Officer

BAAN HOLDING GROUP COMPANY
(Formerly Abdulmohsen Al-Hokair Group for Tourism and Development Company)
(A Saudi Joint Stock Company)
Condensed interim consolidated statement of cash flows
(All amounts in thousands ﷲ unless otherwise stated)

| | Notes | For the three-month period ended 31 March | |
|--|-------|---|---------------------|
| | | 2025 (Unaudited) | 2024 (Unaudited) |
| Operating activities | | | |
| (Loss) / Profit before zakat and income tax | | (16,779) | 4,197 |
| Adjustments for: | | | |
| Depreciation of property and equipment | | 19,053 | 16,258 |
| Amortization of intangible assets | | 253 | 235 |
| Depreciation of right of use assets | | 23,089 | 23,114 |
| Rent concession | | - | (1,069) |
| Gain from lease termination | | - | (180) |
| Provision impairment loss on trade receivable | | 2,623 | 985 |
| Other non-operating income, Net | | - | (19,130) |
| Share of net results of joint ventures | | (1,560) | 358 |
| Gain on disposal of property and equipment | | (319) | - |
| Financial charges on loans | | 8,343 | 9,855 |
| Financial charges on lease liabilities | | 10,421 | 10,590 |
| Employees' terminal benefits liabilities | | 2,979 | 2,538 |
| | | <u>48,103</u> | <u>47,751</u> |
| Changes in working capital: | | | |
| Trade receivables | | (6,500) | (20,816) |
| Prepayments and other current assets | | (3,433) | 2,481 |
| Inventories | | (2,261) | 1,377 |
| Trade payables and other current liabilities | | 21,324 | 57,789 |
| Net cash from operating activities | | <u>57,233</u> | <u>88,582</u> |
| Zakat paid | | (214) | - |
| Employees' terminal benefits paid | | (1,142) | (3,623) |
| Net cash generated from operating activities | | <u>55,877</u> | <u>84,959</u> |
| Investing activities | | | |
| Additions to property, equipment and projects under construction | 5 | (2,965) | (67,101) |
| Additions to intangible assets | | (630) | (297) |
| Proceeds from disposal of property and equipment | | 621 | 260 |
| Dividends received from joint ventures | | 9,700 | - |
| Addition to investments in joint ventures | | - | (50) |
| Net cash generated from / (used in) investing activities | | <u>6,726</u> | <u>(67,188)</u> |
| Financing activities | | | |
| Proceeds from loans and borrowings | 6 | 13,218 | 73,859 |
| Repayment of loans and borrowings | 6 | (51,420) | (40,726) |
| Payment of lease liabilities | | (28,658) | (38,747) |
| Finance cost paid | 6 | (7,275) | (11,238) |
| Net cash used in financing activities | | <u>(74,135)</u> | <u>(16,852)</u> |
| Net change in cash and cash equivalents | | <u>(11,532)</u> | <u>919</u> |
| Exchange differences on translation of foreign operations | | 20 | 54 |
| Cash and cash equivalents at the beginning of the period | | 38,101 | 37,692 |
| Cash and cash equivalents at the end of the period | | <u>26,589</u> | <u>38,665</u> |

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

Chairman of the Board of Directors

Chief Executive Officer

Chief Financial Officer

BAAN HOLDING GROUP COMPANY
(Formerly Abdulmohsen Al-Hokair Group for Tourism and Development Company)
(A Saudi Joint Stock Company)
Notes to the condensed interim consolidated financial statements
For the three-month period ended 31 March 2025
(All amounts in thousands ₪ 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 condensed interim consolidated financial statements:

| Subsidiary | Direct and indirect Ownership % | | Principal activity | Country of incorporation |
|---|--|-----------------------------|--|-------------------------------------|
| | 31 March 2025 | 31 December 2024 | | |
| 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 |

BAAN HOLDING GROUP COMPANY
(Formerly Abdulmohsen Al-Hokair Group for Tourism and Development Company)
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Notes to the condensed interim consolidated financial statements (Continued)
For the three-month period ended 31 March 2025
(All amounts in thousands ₪ unless otherwise stated)

2. Going concern

The condensed interim consolidated financial statements as at 31 March 2025 indicate that the Group realized a net loss of ₪ 16.8 million for the three-month period ended 31 March 2025 (net profit of ₪ 4.2 million for the three-month period ended 31 March 2024) resulting in accumulated losses of ₪ 125.8 million as at 31 March 2025 (₪ 109 million as at 31 December 2024). Further, the current liabilities of the Group exceeded its current assets by ₪ 362.4 million as at 31 March 2025 (₪ 333.2 million as at 31 December 2024). 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 condensed interim consolidated financial statements. In preparing the business plan the management considered the following factors:

- 1- The Group was able to settle all its maturing loans with original due dates in the first quarter of 2025, which amounted to ₪ 51.4 million and the same level of commitment is included in the plans for the next 12 months for loans amounting to ₪ 135.9 million.
- 2- The Group was able to renew all bank facilities historically, the management expects that the Group to be able to benefit from the available facilities and revolving credit limits over the next twelve months.
- 3- The Group continued to generate positive cash flows from its operating activities and generated ₪ 55.9 million during the first quarter of 2025 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 condensed interim 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 condensed interim 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 of 31 March 2025, 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 interim financial statements on a going concern basis. Therefore, the condensed interim 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.
- 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.
- 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 Basis of preparation

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

These condensed interim consolidated financial statements should be read in conjunction with the Group’s annual audited consolidated financial statements as at and for the year ended 31 December 2024 and do not include all of the information required for a complete set of financial statements under International Financial Reporting Standards “IFRS” as endorsed by SOCPA. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s condensed interim consolidated financial position and performance since the last annual audited consolidated financial statements.

The results for the three-month period ending on 31 March 2025, may not necessarily be indicative of the results that can be expected for the year ending on 31 December 2025.

3.2 Historical cost convention

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

3.3 Functional and presentation currency

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

3.4 Consistent application of accounting policies

These accounting policies adopted in the preparation of the condensed interim consolidated financial statements are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2024.

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

New standards and a set of amendments to existing standards that became effective on 1 January 2025, have been issued and disclosed in the Group’s annual consolidated financial statements. However, they did not have a material impact on the Group’s condensed interim consolidated financial statements as at 31 March 2025.

3.5 Basis of consolidation

These condensed interim consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 March 2025. The financial statements of the subsidiaries are prepared for the same reporting period as that of the Company, using consistent accounting policies.

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

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

3. Material accounting policies (Continued)

3.5 Basis of consolidation (Continued)

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

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

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

4. Significant judgments, assumptions and estimates

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

These estimates and assumptions are based upon experience and various other factors that are believed to be reasonable under the circumstances and are used to judge the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised or in the revision period and future periods if the changed estimates affect both current and future periods. However, 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 condensed interim consolidated financial statements have been prepared on a going concern basis. The Group's management has made an assessment of the Group's ability to continue as a going concern and is satisfied that the Group has the resources to continue in business for the foreseeable future. Please refer to note 2 for further details.

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

4. Significant judgments, assumptions and estimates (Continued)

Impairment of non-financial assets (Continued)

will enhance the asset performance of the CGU being tested. The recoverable amount is most sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

Provision for expected credit losses of trade receivables

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

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of the customer's actual default in the future.

Property and equipment useful life and residual value

Management estimated and assessed that 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.

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Notes to the condensed interim consolidated financial statements (Continued)
For the three-month period ended 31 March 2025
(All amounts in thousands ₪ unless otherwise stated)

5. Property, equipment, and projects under construction

- During the three-month period ended 31 March 2025, the Group added property and equipment with a total cost of ₪ 2.9 million (31 March 2024: ₪ 67.1 million).
- During the three-month period ended 31 March 2025, the Group disposed of property and equipment with a total cost of ₪ 6.5 million (31 March 2024: ₪ 9.1 million).
- During the three-month period ended 31 March 2025, depreciation expense amounted to ₪ 19 million (31 March 2024: ₪ 16 million).
- Projects under construction represent the construction costs of one entertainment center amounting to ₪ 5 million (31 December 2024: one entertainment center amounting to ₪ 4.6 million) currently under construction in the Kingdom of Saudi Arabia, in addition to the renovation costs of an existing hotel.

6. Loans

The following is a summary of the loans:

| | 31 March 2025 (Unaudited) | 31 December 2024 (Audited) |
|--|--|--------------------------------------|
| Current portion of long-term loans | 135,950 | 117,907 |
| Short term loans | - | 21,212 |
| | 135,950 | 139,119 |
| Non-current portion of long-term loans | 269,411 | 303,376 |
| | 405,361 | 442,495 |

The movement in the loans is as follows:

| | 31 March 2025 (Unaudited) | 31 December 2024 (Audited) |
|--|--|--------------------------------------|
| At the beginning of the period / year | 442,495 | 483,345 |
| Proceeds during the period / year | 13,218 | 176,629 |
| Financial charges for the period / year | 8,343 | 41,044 |
| Repayments during the period / year | (51,420) | (213,883) |
| Finance cost paid during the period / year | (7,275) | (44,640) |
| | 405,361 | 442,495 |

BAAN HOLDING GROUP COMPANY
(Formerly Abdulmohsen Al-Hokair Group for Tourism and Development Company)
(A Saudi Joint Stock Company)
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7. Share capital

The authorized, issued and fully paid share capital of the Company consists of 315 million shares of ₪ 1 each (31 December 2024: 315 million shares of ₪ 1 each).

8. Other non-operating income, Net

During the year 2023, some of the Group's property and equipment were damaged due to a fire at one of the Group's hotels. During the period ended 31 March 2024, the Group reached an agreement with the insurance company to compensate the Group with an amount of ₪ 22 million as a final settlement related to this fire. This amount was recognized as other non-operating income in the condensed interim consolidated statement of profit or loss and other comprehensive income. The Group received the full amount of ₪ 22 million during the period ended 30 June 2024.

9. Related party transactions and balances

9.1 Related party transactions

The following are the details of significant related party transactions:

| Related Party | Nature of transaction | Transactions for the three-month period ended 31 March | |
|--|------------------------------------|--|---------------------|
| | | 2025 (Unaudited) | 2024 (Unaudited) |
| Abdul Mohsen Al Hokair Holding Group Company (Ultimate parent) | Rent expense/ Lease payments (a) | 13,165 | 14,917 |
| | Revenue | 889 | 539 |
| | Management fees income (c) | 937 | (183) |
| | Transfer of property and equipment | - | 2,259 |
| Key management executives | Salaries and related benefits (b) | 1,547 | 1,347 |
| | Post-employment benefits | 338 | 302 |
| Joint ventures | Management fees income (c) | 7 | 79 |
| | Revenue | 1,343 | 1,256 |
| Under common control | Rent expense/ Lease payments (a) | 873 | 929 |
| | Revenue | 380 | 373 |
| | Management fees income | 32 | - |
| Key management compensation Non executive | Remuneration for meetings | 600 | 600 |

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9. Related party transactions and balances (Continued)

9.1 Related party transactions (Continued)

- (a) This amount represents lease/rent payments for 23 properties (31 March 2024: 24 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 ₪ 1.5 million (31 March 2024: ₪ 1.3 million) were paid to five key management executives of the Group.
- (c) This amount represents management fees of three entertainment centers (31 March 2024: five entertainment centers) and two hotels (31 March 2024: 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 contacts of two hotels amounted to approximately ₪ 6 million per annum. Simultaneously, the Group entered into two agreements with its Ultimate parent company for a period of 8-10 years to operate such two hotels against fixed and variable monthly management fees. The term of the agreements includes rights of using the Group's privileges exist at the hotel's locations including the property and equipment. During the quarter ended 31 March 2025, the Group waived the two hotels revenue of ₪ 7.36 million (31 March 2024: ₪ 8.53 million), and recharged the two hotels' expenses of ₪ 7.51 million (31 March 2024: ₪ 7.9 million) to the Ultimate parent company.

The Group's management fees from these two hotels amounted to ₪ 0.44 million for the quarter ended 31 March 2025 (31 March 2024: ₪ 0.44 million).

9.2 Terms and conditions relating to related party balances

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

9.3 Related party balances

The following are the details of major related party balances recorded under trade receivables and trade payables as at 31 March 2025, and 31 December 2024:

| | 31 March 2025 (Unaudited) | 31 December 2024 (Audited) |
|---|--|----------------------------------|
| i) Amounts due from related parties | | |
| Abdul Mohsen Al Hokair Holding Group Company (Ultimate parent) | 4,684 | 13,871 |
| Asateer Gulf Sports Company Limited (a joint venture) | 7,696 | 7,456 |
| Tarfeeh Company for Tourism Projects Limited (a joint venture) | 1,722 | 1,722 |
| Halfmoon Resort Company (Under common control) | 1,424 | 340 |
| Mena Company for Education and Development (Under common control) | 769 | 739 |
| Malahi Leisure Company (a joint venture) | 399 | 393 |
| | 16,694 | 24,521 |
| Less; provision for impairment of related party receivables | (2,813) | (2,813) |
| | 13,881 | 21,708 |
| | | |
| | 31 March 2025 (Unaudited) | 31 December 2024 (Audited) |
| ii) Amounts due to related parties | | |
| Tanami Arabia Co. Ltd. (Under common control) | 3,907 | 4,892 |
| Riyadh Plastic Factory (Under common control) | 170 | 392 |
| | 4,077 | 5,284 |

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9. Related party transactions and balances (Continued)

9.3 Related party balances (Continued)

| | 31 March 2025 | 31 December |
|--|----------------------|------------------|
| | (Unaudited) | 2024 |
| | | (Audited) |
| Movement in provision for impairment of related party receivables: | | |
| At the beginning of the period / year | 2,813 | - |
| Charge for the period / year | - | 2,813 |
| At the end of the period / year | 2,813 | 2,813 |

10. Basic and diluted (loss) / profit per share

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

| | For the three-month ended 31 March | |
|---|---|--------------------|
| | 2025 | 2024 |
| | (Unaudited) | (Unaudited) |
| Net (loss) / Profit for the period attributable to equity shareholders of the Company | (16,751) | 4,224 |
| | Thousands | Thousands |
| Weighted average number of ordinary shares outstanding during the period | 315,000 | 315,000 |
| | ₪ | ₪ |
| Basic and diluted (loss) / Profit per share | (0.05) | 0.01 |

11. Commitments and contingencies.

11.1 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 interim consolidated financial position or results of interim consolidated operations.

11.2 Capital commitments

As at 31 March 2025, the Group has no capital commitments (31 December 2024: ₪ NIL).

11.3 Letters of credit and guarantee

As at 31 March 2025, the Group had outstanding letters of credit and guarantee amounting to ₪ 29.5 million (31 December 2024: ₪ 24.5 million).

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12. Segmental information

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

12.1 The Group's reportable segments under IFRS 8:

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

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

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

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

Following is a summary of key financial information for the three-month period ended 31 March 2025, 31 March 2024 and year ended 31 December 2024:

For the period ended as at 31 March 2025

| (Unaudited) | Hospitality | Entertainment | Others | Total |
|---|--------------------|----------------------|-----------------|-----------------|
| Revenue | 83,119 | 61,693 | 21,732 | 166,544 |
| Depreciation of property and equipment - direct costs | (5,504) | (10,253) | (2,593) | (18,350) |
| Depreciation of right of use assets | (3,270) | (17,198) | (2,325) | (22,793) |
| Other direct costs | (48,080) | (24,394) | (14,138) | (86,612) |
| Gross profit | 26,265 | 9,848 | 2,676 | 38,789 |
| Expenses | (16,914) | (11,110) | (8,041) | (36,065) |
| Gain on disposal of property and equipment | - | 319 | - | 319 |
| Other income | - | 5 | - | 5 |
| Reversal of / (provision for) expected credit losses | 90 | (394) | (2,319) | (2,623) |
| Finance cost charges | (2,964) | (11,062) | (4,738) | (18,764) |
| Share in net results of joint ventures | - | - | 1,560 | 1,560 |
| Zakat and income tax | - | - | - | - |
| Net profit / (loss) | 6,477 | (12,394) | (10,862) | (16,779) |
| Investments in joint ventures | - | - | 83,451 | 83,451 |
| Property, equipment and projects under construction | 343,276 | 344,981 | 113,263 | 801,520 |
| Right of use assets | 124,693 | 481,252 | 184,583 | 790,528 |
| Total assets | 552,548 | 886,856 | 438,853 | 1,878,257 |
| Total liabilities | 339,319 | 993,010 | 356,230 | 1,688,559 |

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12. Segmental information (continued)

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

For the period ended as at 31 March 2024
(Unaudited)

| | Hospitality | Entertainment | Others | Total |
|---|--------------------|----------------------|-----------------|---------------|
| Revenue | 91,591 | 58,665 | 7,917 | 158,173 |
| Depreciation of property and equipment - direct costs | (5,169) | (9,057) | (1,366) | (15,592) |
| Depreciation of right of use assets | (3,441) | (17,151) | (2,223) | (22,815) |
| Other direct costs | (52,740) | (20,142) | (2,318) | (75,200) |
| Gross profit | 30,241 | 12,315 | 2,010 | 44,566 |
| Expenses | (18,489) | (11,823) | (7,580) | (37,892) |
| Gain from lease termination | - | - | 180 | 180 |
| Other income | 1 | - | - | 1 |
| Provision for expected credit losses | (25) | (599) | (361) | (985) |
| Finance cost charges | (4,661) | (11,435) | (4,349) | (20,445) |
| Other non-operating income | 19,130 | - | - | 19,130 |
| Share in net results of joint ventures | - | - | (358) | (358) |
| Zakat and income tax | - | - | - | - |
| Net profit / (loss) | 26,197 | (11,542) | (10,458) | 4,197 |

| For the year ended 31 December 2024 (Audited) | Hospitality | Entertainment | Others | Total |
|---|-------------|---------------|---------|-----------|
| 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 |

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

| For the period ended as at 31 March 2025 (Unaudited) | Kingdom of Saudi Arabia | United Arab Emirates | Arab Republic of Egypt | Total |
|---|--------------------------------|-----------------------------|-------------------------------|----------------|
| The Company | 158,713 | - | - | 158,713 |
| Osool Al Mazaya Hospitality Company | 390 | - | - | 390 |
| Sparky's Land Amusement Toys Company | - | 7,188 | - | 7,188 |
| Asateer Company for Entertainment and Tourism | - | - | 253 | 253 |
| Total revenue | 159,103 | 7,188 | 253 | 166,544 |
| Investments in joint ventures | 83,451 | - | - | 83,451 |
| Property, equipment and projects under construction | 769,873 | 30,145 | 1,502 | 801,520 |
| Right of use assets | 690,981 | 99,547 | - | 790,528 |

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12. Segmental information (continued)

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

| For the period ended as at 31 March 2024 (Unaudited) | Kingdom of Saudi Arabia | United Arab Emirates | Arab Republic of Egypt | Total |
|---|----------------------------|-------------------------|---------------------------|----------------|
| The Company | 151,520 | - | - | 151,520 |
| Osool Al Mazaya Hospitality Company | 391 | - | - | 391 |
| Sparky's Land Amusement Toys Company | - | 6,080 | - | 6,080 |
| Asateer Company for Entertainment and Tourism | - | - | 182 | 182 |
| Total revenue | 151,911 | 6,080 | 182 | 158,173 |
| 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 |

12.2 Credit exposure by operating segments is as follows:

| For the period ended as at 31 March 2025 (Unaudited) | Hospitality | Entertainment | Others | Total |
|---|---------------|---------------|---------------|----------------|
| Assets | 59,468 | 18,717 | 41,274 | 119,459 |
| Commitments and contingencies | - | - | 29,476 | 29,476 |
| For the year ended 31 December 2024 (Audited) | Hospitality | Entertainment | Others | Total |
| Assets | 79,866 | 9,450 | 46,679 | 135,995 |
| Commitments and contingencies | 1,899 | 9,162 | 23,426 | 34,487 |

The credit risks which the Group is exposed arise from bank balances, trade receivables and amounts due from related parties.

13. Fair values of financial instruments

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

14. Comparative Figures

Certain comparative figures for the prior-period have been reclassified to conform to the presentation of the current period and to enhance comparability and to be more relevant to users of the condensed interim consolidated financial statements.

15. Significant Events

On 28 Jumada Al-Thani 1446H (corresponding to 29 December 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, in favor of AlOula for Real Estate Development Company. Value of the asset to be acquired is ﷲ 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 asset to be acquired is ﷲ 651,620,000.

16. Subsequent Events

The management believe that there are no subsequent significant events since the period ending 31 March 2025 that could have a material impact on the financial position of the Group as shown in these condensed interim consolidated financial statements.

17. Approval of the Condensed Interim Consolidated Financial Statements

These condensed interim consolidated financial statements were approved by the Board of Directors on 16 Dhul-Qi’dah, 1446 AH (corresponding to 14 May 2025 AD).