

**BAAN Holding Group Company
(A SAUDI JOINT STOCK COMPANY)**

**CONSOLIDATED FINANCIAL
STATEMENTS AND INDEPENDENT
AUDITOR'S REPORT
FOR THE YEAR ENDED
December 31, 2025**

BAAN HOLDING GROUP COMPANY
(A SAUDI JOINT STOCK COMPANY)
CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT
(All amounts in thousands ٬ unless otherwise stated)

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INDEPENDENT AUDITOR'S REPORT

**To the shareholders of
BAAN Holding Group Company
(A Saudi Joint Stock Company)**

Opinion

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

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2025, and its consolidated financial performance and its consolidated cash flows for the year then ended, in accordance with 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.

Material uncertainty relating to going concern

We draw attention to Note 2 to the accompanying consolidated financial statements, which indicate that the Group incurred a net loss of ﷲ 201.9 million for the year ended December 31, 2025, resulting in accumulated losses of ﷲ 312.7 million as at December 31, 2025. In addition, the Group's current liabilities exceeded its current assets by ﷲ 404.8 million as at December 31, 2025. The Group is mainly dependent on the successful execution of the Group's business plans to generate sufficient cash flows so as to enable it to both meet its obligations as they fall due and maintain the continuity of its operations without significant curtailment. These events or conditions, along with other matters as set forth in details in Note 2, indicate the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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. In addition to the matter described in the Material Uncertainty Relating to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Independent auditor's report to the shareholders of BAAN Holding Group Company (A Saudi Joint Stock Company) for the Year Ended December 31, 2025 - Continued

Key audit matters - Continued

<i>Key audit matter</i>	<i>How the matter was addressed in our audit</i>
<p>Impairment of property and equipment and right of use assets</p> <p>As at December 31, 2025, the consolidated statement of financial position of the Group, show property and equipment and right of use of assets valued at 1,314 million. Management has identified indicators of impairment for the property and equipment and right of use assets 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 some of these units less than their carrying amount.</p> <p>We considered the impairment of property and equipment and right of use assets 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.</p> <p>Refer to the consolidated financial statements note 3.5 (o) for the significant accounting policy relating to impairment of non-current assets, note 4 for the significant judgements, assumptions and estimates relating to impairment of non-financial assets and note 6 and 8 for disclosures related to property and equipment and right of use assets.</p>	<p>We performed the following procedures, among others:</p> <ul style="list-style-type: none"> • 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: <ul style="list-style-type: none"> - Verified the accuracy and completeness of data used in impairment assessments through a thorough comparison with supporting documents. - 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 respect of underlying assumptions, estimates used to determine impairment loss for respective CGU in the consolidated financial statements.

Independent auditor's report to the shareholders of BAAN Holding Group Company (A Saudi Joint Stock Company) for the Year Ended December 31, 2025 - 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 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 financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with 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 (A Saudi Joint Stock Company) for the Year Ended December 31, 2025- Continued

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

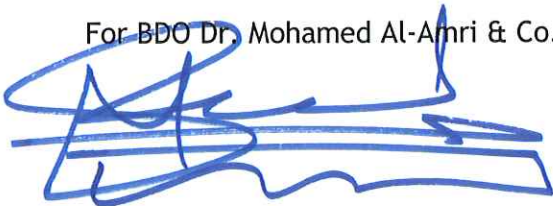
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies 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 BDO Dr. Mohamed Al-Amri & Co.



Maher Al-Khatieb
Certified Public Accountant
License No. 514



Riyadh on 20 Shawwal 1447 (H)
Corresponding 8 April 2026 (G)

BAAN HOLDING GROUP COMPANY
(A SAUDI JOINT STOCK COMPANY)
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED DECEMBER 31, 2025
(All amounts in thousands ﷲ unless otherwise stated)

	Notes	As at December 31, 2025 ﷲ'000	As at December 31, 2024 ﷲ'000
Assets			
Non-current assets			
Investments in equity-accounted investees	5	31,424	91,591
Property, equipment, and projects under construction	6	685,000	817,910
Intangible assets	7	10,080	10,064
Right-of-use assets	8	628,964	809,784
Finance lease receivables - non-current portion	9	50,281	-
Total non-current assets		<u>1,405,749</u>	<u>1,729,349</u>
Current assets			
Inventories	10	13,296	17,097
Trade receivables	11	61,149	71,992
Finance lease receivables - current portion	9	4,398	-
Prepayments and other current assets	12	67,126	67,068
Cash and cash equivalents	13	20,995	38,101
		<u>166,964</u>	<u>194,258</u>
Equity-accounted investment classified as held for sale	5.2	48,826	-
Total current assets		<u>215,790</u>	<u>194,258</u>
Total assets		<u>1,621,539</u>	<u>1,923,607</u>
Equity and liabilities			
Equity			
Share capital	14	315,000	315,000
Foreign currency translation reserve		(4,909)	(5,181)
Remeasurement of employees' terminal benefit liabilities		5,432	5,830
Accumulated losses		(312,732)	(109,007)
Total equity attributable to the shareholders of the company		<u>2,791</u>	<u>206,642</u>
Non-controlling interest	1	-	(1,838)
Total equity		<u>2,791</u>	<u>204,804</u>
Non-current liabilities			
Non-current portion of long-term loans	15	211,353	303,376
Non-current portion of lease liabilities	16	731,180	836,912
Employees' terminal benefits liabilities	17	55,633	51,068
Total non-current liabilities		<u>998,166</u>	<u>1,191,356</u>
Current liabilities			
Trade payables and other current liabilities	18	356,478	281,104
Short-term loans and current portion of long-term loans	15	165,854	139,119
Current portion of lease liabilities	16	95,243	100,137
Provision for zakat	19	3,007	7,087
Total current liabilities		<u>620,582</u>	<u>527,447</u>
Total liabilities		<u>1,618,748</u>	<u>1,718,803</u>
Total equity and liabilities		<u>1,621,539</u>	<u>1,923,607</u>


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
(A SAUDI JOINT STOCK COMPANY)
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2025
(All amounts in thousands ﷲ unless otherwise stated)

	Notes	For the year ended December 31, 2025	For the year ended December 31, 2024
		ﷲ'000	ﷲ'000
Revenue from contracts with customers			
- Hospitality		300,127	325,389
- Entertainment		251,268	296,945
- Others		97,645	56,362
Total revenues	21	649,040	678,696
Direct costs			
- Hospitality		(210,204)	(217,180)
- Entertainment		(234,684)	(222,708)
- Others		(91,966)	(53,729)
Total direct costs	22	(536,854)	(493,617)
Gross profit		112,186	185,079
Selling and marketing expenses	23	(31,185)	(25,211)
General and administrative expenses	24	(140,933)	(113,213)
(Loss) / Gain on disposal of property and equipment		(28,154)	1,397
Other income	8	7,197	1,554
(Provision for) / reversal of impairment loss on property and equipment and right-of-use assets	6.2 / 8.2	(43,146)	5,441
(Provision for) / reversal of impairment loss on trade receivables and related parties' receivables	25	(5,014)	6,943
Net expenses		(241,235)	(123,089)
Operating (loss)/ profit		(129,049)	61,990
Financial charges on loans	15.1	(32,917)	(41,044)
Financial charges on lease liabilities	16	(43,316)	(43,588)
Finance income on lease	9	2,742	-
Other non-operating income	26	-	24,804
Share of net results and write-off from equity-accounted investees	5.1	(1,641)	4,714
(Loss) / Profit before zakat and income Tax		(204,181)	6,876
Zakat and income tax	19	2,294	(1,676)
Net (loss)/ profit for the year		(201,887)	5,200
Other comprehensive (loss) / income			
Items that will not be reclassified to profit or loss:			
Remeasurement of post-employment benefit obligations, net of zakat	17.4	(398)	(1,272)
Share in other comprehensive income of equity-accounted investees	5.1	-	310
Items that will be reclassified to profit or loss:			
Subsidiary's financial statements' translation differences		272	(1,139)
Other comprehensive (loss) for the year		(126)	(2,101)
Total comprehensive (loss) / income for the year		(202,013)	3,099
Net (loss) / profit for the year attributable to:			
Equity shareholders of the Company		(201,814)	5,310
Non-controlling interest		(73)	(110)
		(201,887)	5,200
Total comprehensive (loss) / income for the year attributable to:			
Equity shareholders of the Company		(201,940)	3,209
Non-controlling interest		(73)	(110)
		(202,013)	3,099
(LOSS) / EARNINGS PER SHARE:			
Basic and diluted (loss) / profit per share	27	(0.64)	0.02

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
(A SAUDI JOINT STOCK COMPANY)
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2025**

(All amounts in thousands ₪ unless otherwise stated)

	Share capital	Foreign currency translation reserve	Remeasurement of employees' terminal benefit liabilities	Accumulated losses	Total equity attributable to the shareholders of the company	Non-controlling interest (Note 1)	Total equity
	₪'000	₪'000	₪'000	₪'000	₪'000	₪'000	₪'000
For the year ended December 31, 2024							
Balance 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 December 31, 2024	315,000	(5,181)	5,830	(109,007)	206,642	(1,838)	204,804
For the year ended December 31, 2025							
At the beginning of the year	315,000	(5,181)	5,830	(109,007)	206,642	(1,838)	204,804
Net (loss) for the year	-	-	-	(201,814)	(201,814)	(73)	(201,887)
Other comprehensive income /(loss) for the year	-	272	(398)	-	(126)	-	(126)
Total comprehensive income /(loss) for the year	-	272	(398)	(201,814)	(201,940)	(73)	(202,013)
Acquisition of interest in a subsidiary (Note 1)	-	-	-	(1,911)	(1,911)	1,911	-
Balance as at December 31, 2025	315,000	(4,909)	5,432	(312,732)	2,791	-	2,791


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.

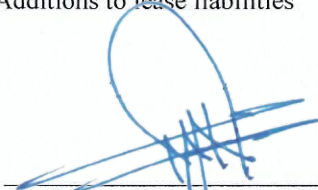
BAAN HOLDING GROUP COMPANY
(A SAUDI JOINT STOCK COMPANY)
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2025
(All amounts in thousands ﷲ unless otherwise stated)

	Notes	For the year ended December 31, 2025 ﷲ'000	For the year ended December 31, 2024 ﷲ'000
Operating activities			
(loss) Profit before zakat and income Tax		(204,181)	6,876
Adjustments for:			
Depreciation of property and equipment	6.1	93,085	79,056
Provision for / (reversal of) impairment loss on property and equipment and right-of-use assets		43,146	(5,441)
Amortization of intangible assets	7	1,514	1,083
Depreciation of right-of-use assets	8	90,065	94,135
Gain from lease termination	8	(7,194)	(1,550)
Provision for / (reversal of) impairment loss on trade receivables and related party receivables	25	5,014	(6,943)
Provision for / (reversal of) slow-moving inventories	10.1	2,868	(129)
Share of net results and write-off from equity-accounted investees	5.1	1,641	(4,714)
Loss / (gain) on disposal of property and equipment		28,154	(1,397)
Financial charges on loans	15.1	32,917	41,044
Financial charges on lease liabilities	16	43,316	43,588
Finance income on lease		(2,742)	-
Provision for employees' terminal benefits liabilities	17.4	9,839	9,531
		<u>137,442</u>	<u>255,139</u>
Changes in working capital			
Trade receivables		5,408	17,589
Prepayments and other current assets		1,021	53,367
Inventories		(398)	1,058
Trade payables and other current liabilities		75,396	1,866
Net cash from operating activities		<u>218,869</u>	<u>329,019</u>
Zakat paid	19.1	(2,335)	(1,711)
Employees' terminal benefits paid	17.4	(5,803)	(7,862)
Net cash generated from operating activities		<u>210,731</u>	<u>319,446</u>
Investing activities			
Additions to property, equipment, and projects under construction	6	(23,538)	(100,407)
Additions to intangible assets	7	(1,702)	(1,902)
Proceeds from disposal of property and equipment		2,995	1,764
Lease payments received	9	4,750	-
Dividends received from equity-accounted investees	5.1	9,700	-
Addition to investments in equity-accounted investees	5.1	-	(5,840)
Net cash used in investing activities		<u>(7,795)</u>	<u>(106,385)</u>



BAAN HOLDING GROUP COMPANY
(A SAUDI JOINT STOCK COMPANY)
CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2025
(All amounts in thousands ﷲ unless otherwise stated)

	Notes	For the year ended December 31, 2025	For the year ended December 31, 2024
		ﷲ'000	ﷲ'000
Financing activities			
Proceeds from loans and borrowings	15.1	142,003	176,629
Repayment of loans and borrowings	15.1	(205,617)	(213,883)
Payment of lease liabilities	16	(121,887)	(130,743)
Payment of finance charges on loans	15.1	(34,591)	(44,640)
Net cash used in financing activities		(220,092)	(212,637)
Net (decrease) / increase in cash and cash equivalents		(17,156)	424
Exchange differences on translation of foreign operations		50	(15)
Cash and cash equivalents at the beginning of the year		38,101	37,692
Cash and cash equivalents at the end of the year		20,995	38,101
Non-cash transactions:			
Additions to right-of-use assets		1,479	1,587
Additions to lease liabilities		(1,479)	(1,587)



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
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025**

(All amounts in thousands ﷲ unless otherwise stated)

1. GENERAL INFORMATION

BAAN Holding Group Company (the "Company") is a Saudi Joint Stock Company that operates under commercial registration number 1010014211 dated 16 Sha'aban 1398H (corresponding to 22 July 1978) and has branches and divisions operating in Riyadh, Jeddah, Khobar and other cities within the Kingdom of Saudi Arabia ("KSA"). (Unified No.xxxxxxxxxx)

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
	2025	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 *	100%	85%	Establishment and operation of sport facilities projects	Kingdom of Saudi Arabia

* During 2025, the non-controlling interests in Osool Al Mazaya Hospitality Company waived their ownership interest in favour of the Group, resulting in an increase in the Group's ownership from 85% to 100%. No consideration was paid in respect of this transaction. As the transaction did not result in a loss of control, it has been accounted for as an equity transaction. Accordingly, the carrying amount of the non-controlling interests, amounting to SR 1.9 million, has been derecognised and recognised directly in retained earnings.

2. GOING CONCERN

The consolidated financial statements as at December 31, 2025, indicate that the Group incurred a net loss of SR 201.9 million for the year then ended (net profit of SR 5.2 million for the year ended December 31, 2024), resulting in accumulated losses of SR 312.7 million as at December 31, 2025 (December 31, 2024: SR 109.0 million). In addition, the Group's current liabilities exceeded its current assets by SR 404.8 million as at December 31, 2025 (December 31, 2024: SR 333.2 million).

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

**BAAN HOLDING GROUP COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025**

(All amounts in thousands ﷲ unless otherwise stated)

2. GOING CONCERN (continued)

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

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

- The Group has settled all loans maturing during 2025, amounting to SR 205.6 million, and has incorporated repayments of SR 165.8 million within its cash flow forecasts for the next twelve months.
- The Group has a track record of successfully renewing its bank facilities. Although certain financial covenant targets were not met during the year, waivers were obtained from the relevant lenders prior to year-end, supporting the Group's expectation of continued access to existing and revolving credit facilities.
- The Group generated positive operating cash flows of SR 210.7 million during the year ended December 31, 2025, and management expects operating activities to continue generating positive cash flows over the forecast period.

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

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

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

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

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

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

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 December 31, 2025.

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.

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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) Investments in equity-accounted investees

Investments in equity-accounted investees include investments in both associates and joint ventures ("investees").

- **An associate:** is an entity over which the Group has significant influence but does not have control or joint control. Significant influence is defined as the power to participate in the financial and operating policy decisions of the investee, but is neither control nor joint control. It is assessed based on factors such as ownership of voting rights (directly or indirectly), board representation, participation in policy-making (including dividends), material transactions with the investee, interchange of managerial personnel, and provision of essential technical information.

- **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 arises from a contractual agreement to share control over an arrangement and exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. The considerations made in determining joint control are similar to those necessary to determine control over subsidiaries.

The Group's investments in its associates and joint ventures are accounted for using the equity method, whereby the investments are recognised in the consolidated statement of financial position at cost, adjusted for post-acquisition changes in the Group's share of the net assets of the investee, less any impairment losses. Goodwill relating to a 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 equity-accounted investees. Any changes in the other comprehensive income of those investees are presented as part of the Group's other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and its investees are eliminated to the extent of the Group's interest in those investees.

The financial statements of the equity-accounted investees are prepared for the same reporting period as the Group. Where necessary, adjustments are made to ensure that the accounting policies are consistent with those of the Group.

After applying the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment. At each reporting date, the Group assesses whether there is any objective evidence that the investment is impaired. If such evidence exists, the Group calculates the impairment loss as the difference between the recoverable amount of the investee and its carrying amount, and recognises the loss in the consolidated statement of profit or loss and other comprehensive income

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3. MATERIAL ACCOUNTING POLICIES (continued)

3.5 Summary of significant accounting policies (continued)

(b) Investments in equity-accounted investees (Continued)

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

(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 Hotels

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.

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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.

Major spare parts and stand-by equipment are recognized as property and equipment when they are expected to be used over more than one reporting period or serve as replacements for major components of existing assets. These items are classified within the same property and equipment category as the related asset. Routine spare parts held for immediate use are classified as Inventory and expensed when consumed. Capitalized spare parts are measured at cost and depreciated from the date they are available for use, over the shorter of their own useful life or that of the related asset.

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.

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3.MATERIAL ACCOUNTING POLICIES (continued)

3.5 Summary of significant accounting policies (continued)

(e)Property, equipment, and projects under construction (continued)

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

(f) Intangible assets

Intangible assets are initially recorded at cost, or at fair value when acquired through a business combination. After initial recognition, they are measured at cost less accumulated amortisation and impairment losses. Intangible assets with finite useful lives are amortised on a straight-line basis over their estimated useful lives and reviewed annually for indicators of impairment. Any changes in useful life or amortisation method are accounted for prospectively. Amortisation is recognised in the consolidated statement of profit or loss and other comprehensive income in the expense category consistent with the nature of the asset. Computer software is amortised over its estimated useful life of 10 years.

(g)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 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 40 years
Building	9 to 30 years
Offices	10 to 12 years
Spaces in malls	5 to 20 years
Residential units	3 to 5 years

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3. MATERIAL ACCOUNTING POLICIES (continued)

3.5 Summary of material accounting policies (continued)

(g) *Leases* (continued)

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.

(h) *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.

(i) *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.

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3. MATERIAL ACCOUNTING POLICIES (continued)

3.5 Summary of material accounting policies (continued)

(i) *Financial instruments* (continued)

i) *Financial assets* (continued)

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.

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.

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3. MATERIAL ACCOUNTING POLICIES (continued)

3.5 Summary of Material accounting policies (continued)

(i) Financial instruments (continued)

i) Financial assets (continued)

The Group applies simplified approach for impairment of trade and lease receivable. 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 extinguishment,

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3. MATERIAL ACCOUNTING POLICIES (continued)

3.5 Summary of material accounting policies (continued)

(i) *Financial instruments* (continued)

ii) *Financial liabilities* (continued)

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.

(j) *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.

(k) *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.

(l) *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.

(m) *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.

(n) *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.

(o) *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.

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.

3. MATERIAL ACCOUNTING POLICIES (continued)

3.5 Summary of material accounting policies (continued)

(p) 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.

(q) 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.

(r) 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)

(s) 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.

(t) 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.

(u) 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.

(v) 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 January 1, 2025 (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 IAS 21 – Lack of Exchangeability:

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

The adoption of the above amendments has no material impact on the consolidated financial statements for the year.

3. MATERIAL ACCOUNTING POLICIES (continued)

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 January 1, 2026 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 December 31, 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 17.

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 finalization 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 EQUITY-ACCOUNTED INVESTEEES

Investments in equity-accounted investees 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 equity-accounted investees (see below) are accounted for using the equity method in the consolidated financial statements.

	Ownership		As at December 31,	
	2025	2024	2025	2024
	%	%	SR '000	SR '000
Al Qaseem Company for Entertainment and Commercial Projects Limited (note 5.4)	50.00	50.00	26,520	17,470
Malahi Leisure Company	41.15	41.15	4,904	15,425
Tourism and Real Estate Development Company (note 5.2)	48.50	48.50	48,826	55,366
Asateer Gulf Sports Company Limited (note 5.3)	-	33.33	-	3,330
Tarfeeh Company for Tourism and Projects Limited	50.00	50.00	-	-
			80,250	91,591
<u>Transferred to: Equity-accounted Investee - Held for sale:</u>				
Tourism and Real Estate Development Company (Note 5.2)			(48,826)	-
			31,424	91,591

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5. INVESTMENTS IN EQUITY-ACCOUNTED INVESTEEES (continued)

5.1 Movement in the investments in equity-accounted investees:

	<u>2025</u>	<u>2024</u>
	SR '000	SR '000
At the beginning of the year	91,591	79,682
Additions during the year	-	5,840
Share in net results	1,113	4,714
Share in other comprehensive income	-	310
Write off of a joint venture (note 5.3)	(2,754)	-
Absorption of losses	-	1,045
Dividends	(9,700)	-
	<u>80,250</u>	<u>91,591</u>
Less: Equity-accounted investment classified as held for sale (note 5.2)	(48,826)	-
At the end of the year	<u>31,424</u>	<u>91,591</u>

5.2 Tourism and Real Estate Development Company (Equity-accounted investee - Classified as Held for Sale)

The Group holds a 48.5% interest in Tourism and Real Estate Development Company (a joint venture) as at December 31, 2025 and 2024. During 2025, based on a comprehensive evaluation of investment alternatives, management decided to divest from the investment, considering it the most appropriate option at the current stage in light of the review and reassessment of the main income and operational sources.

On January 29, 2026, the Group sold its entire 48.5% share to one of the partners of the investee company, Abdulrahman Bin Abdullah Al-Mousa & Sons Company (a limited liability company), for a total consideration of SR 118,825,000.

As the criteria of IFRS 5 were met as of December 31, 2025, management classified the investment as held for sale in the consolidated financial statements in accordance with the requirements of International Financial Reporting Standard (IFRS) 5.

5-3 Liquidation of Asateer Gulf Sports Company Limited:

During 2025, in light of the significant operational and financial challenges faced by the investee company which had become a burden on the partners both operationally and from an investment standpoint the partners resolved, pursuant to a liquidation agreement signed on December 28, 2025, to terminate the company's operations, close all its branches, and initiate formal liquidation proceedings in accordance with the provisions of the Companies Law.

The partners also agreed to restructure the Group's outstanding receivable of SR 7.5 million by converting the amount into a receivable from one of the partners, "Padel In – Qatar," with the understanding that it would subsequently be settled through the Group's acquisition of a 10% equity interest in "Padel In – Saudi," a company fully owned by that partner (Note 12)

5.4 Al Qaseem Company for Entertainment and Commercial Projects :

The Group holds a 50% interest in Al Qaseem Company for Entertainment and Commercial Projects , an associate engaged in commercial activities in the Kingdom of Saudi Arabia.

The following is summarized financial information of the associate, based on its financial statements, and reconciled with the carrying amount of the investment in the consolidated financial statements:

	<u>2025</u>	<u>2024</u>
	SR '000	SR '000
A- Statement of financial position:		
Current assets	32,543	10,057
Non-current assets	80,598	99,084
Current liabilities, including zakat payable	(17,663)	(31,914)
Non-current liabilities	(42,438)	(42,287)
Net assets	<u>53,040</u>	<u>34,940</u>
Proportion of the Group's ownership	50%	50%
Carrying amount of the investment	<u>26,520</u>	<u>17,470</u>

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5. INVESTMENTS IN EQUITY-ACCOUNTED INVESTEEES (continued)

5.4 Al Qaseem Trading Company Limited: (continued)

B- Statement of comprehensive income:

	<u>2025</u>	<u>2024</u>
	SR '000	SR '000
Revenues	50,814	47,987
Expenses	(16,704)	(17,620)
Depreciation	(13,394)	(13,398)
Finance costs	(2,475)	(3,061)
Other income	233	811
Income before zakat	18,474	14,719
Zakat	(374)	(689)
	<u>18,100</u>	<u>14,030</u>
Other comprehensive income for the year	-	-
Total comprehensive income for the year	<u>18,100</u>	<u>14,030</u>
Group's share of total comprehensive income for the year	<u>9,050</u>	<u>7,015</u>

(c) Movement in the investment for the year ended December 31:

	<u>2025</u>	<u>2024</u>
	SR '000	SR '000
Opening balance	17,470	10,455
Group's share of total comprehensive income for the year	9,050	7,015
Closing balance	<u>26,520</u>	<u>17,470</u>

- Adjustments were made to the financial statements of Al Qaseem Company for Entertainment and Commercial Projects Limited to align them with the Group's accounting policies, in accordance with the requirements of International Accounting Standard 28 (IAS 28) when applying the equity method.
- The financial information of the other equity-accounted investees is not material at the Group level; therefore, the summarized financial information of such investees has 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
December 31, 2025	SR'000	SR'000	SR'000	SR'000	SR'000	SR'000	SR'000	SR'000	SR'000	SR'000
Cost:										
As at January 1, 2025	18,760	1,130,015	582,966	242,020	23,181	91,576	62,009	146,570	5,222	2,302,319
Additions	2,779	5,056	1,987	5,709	-	707	1,911	3,973	1,416	23,538
Disposals	-	(85,069)	(32,797)	(36,059)	(4,270)	(7,414)	(13,745)	(9,421)	-	(188,775)
Transfer from projects under construction	-	3,326	-	696	-	-	103	-	(4,125)	-
Transfer from spare parts inventory (note 10)	-	-	1,331	-	-	-	-	-	-	1,331
Reclassifications	-	(22)	584	761	-	-	27	(2,117)	-	(767)
Exchange difference	-	104	192	2	4	-	10	-	38	350
At December 31, 2025	21,539	1,053,410	554,263	213,129	18,915	84,869	50,315	139,005	2,551	2,137,996
Depreciation and Impairment:										
As at January 1, 2025	-	543,608	466,246	213,719	22,781	67,933	56,916	112,582	624	1,484,409
Charge for the year	-	42,012	36,004	5,950	147	2,468	1,982	4,522	-	93,085
Impairment loss (6.2)	-	17,028	123	158	-	-	-	-	-	17,309
Disposals	-	(46,327)	(27,557)	(33,556)	(4,154)	(6,997)	(13,626)	(8,951)	-	(141,168)
Reclassifications	-	(11)	(116)	31	-	-	17	(688)	-	(767)
Exchange difference	-	32	84	1	4	-	7	-	-	128
As at December 31, 2025	-	556,342	474,784	186,303	18,778	63,404	45,296	107,465	624	1,452,996
Net book values:										
As at December 31, 2025	21,539	497,068	79,479	26,826	137	21,465	5,019	31,540	1,927	685,000

During the year, the Group derecognised property and equipment with a net carrying amount of SR 8.2 million, located in a leased property and classified as right-of-use assets. The Group subsequently re-leased these assets to a third party under a finance lease agreement (Note 9).

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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
December 31, 2024										
Cost:										
As at January 1, 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)
As at December 31, 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 January 1, 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) / provision (Note 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 December 31, 2024	-	543,608	466,246	213,719	22,781	67,933	56,916	112,582	624	1,484,409
Net book values:										
As at December 31, 2024	18,760	586,407	116,720	28,301	400	23,643	5,093	33,988	4,598	817,910

The majority of the above property, equity and projects under construction are situated on lands and buildings that are leased from the 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:

	<u>2025</u>	<u>2024</u>
	SR '000	SR '000
Direct costs (note 22)	90,180	75,847
General and administrative expenses (note 24)	2,905	3,209
	<u>93,085</u>	<u>79,056</u>

6.2 Impairment of property and equipment

The Group has assessed indicators of impairment for property and equipment by reviewing the carrying amounts of its property and equipment to determine whether there were any indications that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss.

Management carried out an impairment test for its non-financial assets during the reporting year ended December 31, 2025, as events and changes in circumstances indicated that the carrying amount of certain Group's cash generating units ("CGU") may not be recoverable, for which management has considered both internal and external information for indicators of impairment. Management used the discounted cash flow model to determine the recoverable amount of the respective CGU. Management identifies each of its hotels and entertainment centers as a separate CGU. Management determines that the recoverable amount of each CGU is its value in use. Management used a discount rate of 12.5% and a terminal growth rate of 2.4% in estimating the value in use. It was concluded that the recoverable amount was lower than the carrying value for certain CGUs, and as a result, the Group has recorded an impairment loss of SR 2.81 million for certain hotels and SR 14.5 million for certain entertainment centers.

6.3 Projects under construction

Projects under construction represent the costs of one entertainment center (December 31, 2024: one entertainment center) in the Kingdom of Saudi Arabia that is currently under construction.

7. INTANGIBLE ASSETS

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

	As at December 31,	
	2025	2024
	SR '000	SR '000
Cost:		
At the beginning of the year	30,650	28,887
Additions	1,702	1,902
Disposals	(5,382)	(220)
Reclassifications	(6)	81
At the end of the year	<u>26,964</u>	<u>30,650</u>
Accumulated amortization:		
At the beginning of the year	20,586	19,668
Charge for the year (note 24)	1,514	1,083
Disposals	(5,211)	(182)
Reclassifications	(5)	17
At the end of the year	<u>16,884</u>	<u>20,586</u>
Net book value at the end of the year	<u>10,080</u>	<u>10,064</u>

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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 16 for lease liabilities.

	Land	Buildings and offices	Spaces in malls	Residential units	Total
<u>December 31, 2025</u>	SR'000	SR'000	SR'000	SR'000	SR'000
Cost:					
As at January 1, 2025	268,654	249,190	786,355	3,324	1,307,523
Additions	-	-	1,479	-	1,479
Termination	(16,078)	(53,239)	(73,660)	(926)	(143,903)
Modification of leases (**)	(4,508)	35,154	(23,664)	-	6,982
As at December 31, 2025	248,068	231,105	690,510	2,398	1,172,081
Depreciation:					
As at January 1, 2025	75,100	97,152	322,821	2,666	497,739
Charge for the year	14,350	16,412	58,829	474	90,065
Impairment loss	-	10,625	15,213	-	25,838
Termination (*)	(5,836)	(10,742)	(53,021)	(926)	(70,525)
As at December 31, 2025	83,614	113,447	343,842	2,214	543,117
Net book values:	164,454	117,658	346,668	184	628,964
As at December 31, 2025					

(*) During 2025, the Group derecognised the right-of-use assets with a net book value of SR 40.06 million related to a leased hotel, which the Group subleased to a third party under a finance lease agreement (Note 9).

During the year ended 31 December 2025, nine lease agreements were terminated, either upon their contractual maturity or through early termination arrangements. As a result, the Group derecognised lease liabilities with a carrying amount of SR 40.52 million (refer to Note 16) and the related right-of-use assets with a carrying amount of SR 33.32 million. Accordingly, the Group recognised a net gain on lease terminations amounting to SR 7.2 million, which has been included as other income in the consolidated statement of profit or loss and other comprehensive income for the year.

(**) During the year ended 31 December 2025, the Group modified or remeasured five lease agreements as a result of changes in lease consideration and extensions of lease terms. Accordingly, the Group remeasured the related lease liabilities using a revised discount rate, with a corresponding adjustment to the carrying amount of the related right-of-use assets. The impact of these modifications and remeasurements has been reflected in the carrying amounts of lease liabilities and right-of-use assets as at the reporting date.

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8. RIGHT-OF-USE ASSETS (Continued)

	Land	Buildings and offices	Spaces in malls	Residential units	Total
<u>December 31, 2024</u>	SR'000	SR'000	SR'000	SR'000	SR'000
Cost:					
As at January 1, 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 December 31, 2024	<u>268,654</u>	<u>249,190</u>	<u>786,355</u>	<u>3,324</u>	<u>1,307,523</u>
Depreciation:					
As at January 1, 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 December 31, 2024	<u>75,100</u>	<u>97,152</u>	<u>322,821</u>	<u>2,666</u>	<u>497,739</u>
Net book values:	<u>193,554</u>	<u>152,038</u>	<u>463,534</u>	<u>658</u>	<u>809,784</u>
As at December 31, 2024					

8.2 Impairment of right-of-use assets

The Group has performed an impairment indicator assessment of its right-of-use assets by reviewing their carrying amounts to determine whether there is any indication that those assets may be impaired. Right-of-use assets are included within the Group's cash-generating units ("CGUs"), as they do not generate cash inflows that are largely independent of other assets.

Management carried out an impairment test for its non-financial assets during the reporting year ended December 31, 2025, as events and changes in circumstances indicated that the carrying amounts of certain Group CGUs may not be recoverable. The impairment testing methodology and key assumptions applied are consistent with those disclosed in Note 6.2.

The recoverable amount of the affected CGUs was determined based on value in use, using a discounted cash flow model. Where the recoverable amount of a CGU was lower than its carrying amount, an impairment loss was recognised and allocated to the assets of the CGU, including right of use assets. For the year ended December 31, 2025, impairment losses allocated to CGUs containing right of use assets amounted to SR 4.51 million for certain hotel and SR 21.33 million for certain entertainment centers, recognised in the consolidated statement of profit or loss and other comprehensive income.

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9. FINANCE LEASE RECEIVABLES

The future minimum lease payments for the years after the date of the consolidated statement of financial position are as follows:

	As at December 31,	
	2025	2024
	SR '000	SR '000
<u>Future minimum lease payments - contractual undiscounted cash flows</u>		
Within one year	4,750	-
After one year, but not more than five years	35,625	-
More than five years	38,000	-
Total gross investment in the lease	78,375	-

Movement in finance lease receivables is as follows:

	As at December 31,	
	2025	2024
	SR '000	SR '000
Net carrying amount at the beginning of the year	-	-
Additions during the year	56,687	-
Lease payments received	(4,750)	-
Finance income	2,742	-
Net carrying amount at the end of the year	54,679	-
Current portion of finance lease receivables	4,398	-
Non-current portion of finance lease receivables	50,281	-
	54,679	-

9.1 Main Contract:

The Group (lessee) leased a property from the owner (lessor) for a term starting on 1 April 2007 and ending on 31 March 2028. On 1 April 2025, the Group extended the lease for an additional 10 years, ending on 31 March 2035, with total lease payments amounting to SR 59.1 million and a fair value of SR 40.1 million, and the lessee (the Group) has the right to sublease the property to third parties.

9.2 Sublease Contract:

On 1 May 2025, the Group (as lessor) subleased the property to a third party (the lessee) for an amount of SR 83.1 million, for a period of 10 years, ending on 31 March 2035, with a condition that the property be returned to the lessor (the Group) at the end of the lease term.

Accordingly, the Group derecognised the balances of right of use assets and property and equipment related to the property, with net carrying amounts of SR 40.1 million and SR 8.2 million, respectively (Notes 8 & 6). A finance lease receivable was recognised at the present value of future cash flows amounting to SR 56.69 million. As a result, a capital gain of SR 8.4 million was recorded and recognised under "Gain on disposal of property and equipment" in the consolidated statement of profit or loss and other comprehensive income.

The Group's finance lease agreements do not contain any variable lease payments.

10. INVENTORIES NET

	As at December 31,	
	2025	2024
	SR '000	SR '000
Spare parts*	10,920	13,189
Materials and supplies	5,558	4,830
Food and beverages	3,750	2,990
Toys	3,163	2,905
Others	1,645	2,055
	25,036	25,969
Less: provision for slow moving inventories (note 10.1)	(11,740)	(8,872)
	13,296	17,097

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10. INVENTORIES NET (continued)

10.1 Movement in provision for slow moving inventories for the years ended:

	<u>2025</u>	<u>2024</u>
	SR '000	SR '000
At the beginning of the year	8,872	9,068
Charge / (reversal) for the year (note 24)	2,868	(129)
Amounts written off during the year	-	(67)
At the end of the year	<u>11,740</u>	<u>8,872</u>

*During the year 2025, the management assessed its major spare parts in accordance with IAS 16. Management determined that certain major spare parts meet the definition of property and equipment. As a result, items amounting to SR 1.3 million were reclassified from inventory to property and equipment.

11. TRADE RECEIVABLES

	As at December 31,	
	<u>2025</u>	<u>2024</u>
	SR '000	SR '000
Trade receivables	95,856	101,300
Less: provision for expected credit losses (note 11.1)	(34,707)	(29,308)
	<u>61,149</u>	<u>71,992</u>

- (i) Trade receivables are non-derivative 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 of December 31, 2025, 7.9% of trade receivable balance is due from governmental and semi-governmental parties (December 31, 2024: 8.4%).
- (iii) As at December 31, 2025, trade receivables with an initial carrying value of SR 34.7 million (December 31, 2024: SR 29.3 million) were impaired and fully provided for, as appropriate.

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

	<u>2025</u>	<u>2024</u>
	SR '000	SR '000
At the beginning of the year	29,308	39,218
Form / (reversal) for the year (note 25)	5,435	(9,910)
Amounts written off during the year	(36)	-
At the end of the year	<u>34,707</u>	<u>29,308</u>

Aging of trade receivables

	As at December 31,	
	<u>2025</u>	<u>2024</u>
	SR '000	SR '000
Neither past due nor impaired	23,310	21,896
30 - 60 days	13,655	10,570
61 - 90 days	6,203	4,322
91 - 360 days	16,213	27,980
361 - 720 days	5,890	9,539
More than 720 days	30,585	26,993
	<u>95,856</u>	<u>101,300</u>

- 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.

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11. TRADE RECEIVABLES (continued)

11.1 Movement in provision for expected credit losses for the years ended (continued)

- 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 complies 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.

12. PREPAYMENTS AND OTHER CURRENT ASSETS

	As at December 31,	
	2025	2024
	SR '000	SR '000
Prepaid expenses	15,030	15,003
Advances to suppliers	7,754	10,508
Other receivable (5.3)	7,500	-
Amounts due from related parties (note 20.3)	6,598	21,708
Contract assets	5,207	5,353
Employees' receivable	1,451	1,674
Advances for special projects	-	3,467
Other current assets	26,900	12,322
	70,440	70,035
Less: provision for expected credit losses (note 12.1)	(3,314)	(2,967)
	67,126	67,068

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

	2025	2024
	SR '000	SR '000
At the beginning of the year	2,967	3,973
Charge for the year (note 25)	347	154
Amounts written off during the year	-	(1,160)
At the end of the year	3,314	2,967

For terms and conditions relating to related party receivables, refer to note 20.2.

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13. CASH AND CASH EQUIVALENTS

	As at December 31,	
	2025	2024
	SR '000	SR '000
Cash in hand	1,180	1,159
Cash at banks	19,815	36,942
	<u>20,995</u>	<u>38,101</u>

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

	As at December 31,	
	2025	2024
	SR '000	SR '000
ﷲ	18,787	35,961
UAE Dirhams	839	871
Egyptian pound	189	110
	<u>19,815</u>	<u>36,942</u>

14. SHARE CAPITAL

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

15. 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 December 31,:

	2025	2024
	SR '000	SR '000
Current portion of long-term loans	131,346	117,907
Short-term loans	34,508	21,212
	<u>165,854</u>	<u>139,119</u>
Non-current portion of long-term loans	211,353	303,376
	<u>377,207</u>	<u>442,495</u>

<u>Bank</u>	<u>Loan Type</u>	<u>Principal</u>	<u>Accrued Interest</u>	<u>Total</u>	<u>Maturity date</u>
1	Short-term loan - Revolving facility	28,700	719	29,419	09-Nov-26
	Long-term loan	120,849	1,200	122,049	22-Dec-30
2	Long-term loan	53,063	740	53,803	04-Sep-29
3	Short-term loan - Revolving facility	5,000	89	5,089	08-Oct-26
	Long-term loan	114,272	964	115,236	07-Dec-30
4	Long-term loan	51,576	35	51,611	30-Dec-27
		<u>373,460</u>	<u>3,747</u>	<u>377,207</u>	

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15. LOANS (continued)

15.1 The movement in the loans is as follows (continued):

	As at December 31,	
	2025	2024
	SR '000	SR '000
At the beginning of the year	442,495	483,345
Proceeds during the year	142,003	176,629
Finance costs for the year*	32,917	41,044
Repayments during the year	(205,617)	(213,883)
Finance costs paid during the year	(34,591)	(44,640)
At the end of the year	377,207	442,495

*The Group has recognised financial charges on loans in the consolidated statement of profit or loss and other comprehensive income as at December 31, 2025 amounted to SR 32.9 million (December 31, 2024: SR 41 million), in addition to financial charge capitalized to property and equipment as at December 31, 2025 amounted to SR NIL, (December 31, 2024: SR 0.3 million).

(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 the covenant is waived. As at December 31, 2025, the Group has breached certain loan covenants for which it 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 2025. 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 the fair value of the loans approximates their carrying amounts.

The Group has available unutilized facilities amounting to Saudi Riyal 68 million (2024: Saudi Riyal 51 million) from various local banks mainly to finance working capital.

16. LEASE LIABILITIES

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

	As at December 31,	
	2025	2024
	SR '000	SR '000
<u>Maturity analysis - contractual undiscounted cash flows</u>		
Within one year	134,123	140,872
After one year, but not more than five years	404,838	456,895
More than five years	597,099	666,635
Total undiscounted lease liabilities	1,136,060	1,264,402

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

	As at December 31,	
	2025	2024
	SR '000	SR '000
<u>Lease liabilities included in the consolidated statement of financial position:</u>		
Current portion of lease liabilities	95,243	100,137
Non-current portion of lease liabilities	731,180	836,912
Total lease liabilities	826,423	937,049

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16. LEASE LIABILITIES (continued)

As mentioned in Note 8, the Group leases several assets, including land, buildings, 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 judgment in determining whether these extension and termination options are reasonably certain to be exercised.

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 December 31,	
	2025	2024
	SR '000	SR '000
At the beginning of the year	937,049	1,025,176
Additions during the year (note 8)	1,479	1,587
Financial charge for the year (*)	43,316	44,078
Payments during the year	(121,887)	(130,743)
Modifications during the year (note 8)	6,982	13,162
Terminations during the year	(40,516)	(16,211)
At the end of the year	826,423	937,049
Current portion	95,243	100,137
Non-current portion	731,180	836,912

(*) The Group recognised finance charges on lease liabilities in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2025 amounting to SR 43.3 million (31 December 2024: SR 43.6 million). In addition, no finance charges were capitalised to property and equipment during the year (31 December 2024: SR 0.5 million).

17. EMPLOYEES' TERMINAL BENEFITS LIABILITIES

17.1 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.

17.2 Principal actuarial assumptions:

	As at December 31,	
	2025	2024
Salary increase rate (short term)	4.67%	5.00%
Salary increase rate (long term)	3.82%	3.85%
Discount rate	4.68%	5.18%
Staff Turnover	18.13%	21.19%
Number of employees covered under the terminal benefits plan	1,984	2,113

The actuarial valuation was conducted using the Projected Unit Credit method.

17.3 Employees' terminal benefit expense consists of the following:

	As at December 31,	
	2025	2024
	SR '000	SR '000
Current service cost	7,296	7,492
Interest cost on benefit liabilities	2,543	2,039
Total benefit expense	9,839	9,531

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17. EMPLOYEES' TERMINAL BENEFITS LIABILITIES (continued)

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

	As at December 31,	
	2025	2024
	SR '000	SR '000
Opening present value of employees' terminal benefits liabilities	51,068	49,334
Total benefit expense (note 17.3)	9,839	9,531
Benefit paid	(5,803)	(7,862)
Transferred to related party (note 20.1)	111	(1,207)
Actuarial losses on employees' terminal benefit liabilities (*)	418	1,272
Closing present value of employees' terminal benefits liabilities	<u>55,633</u>	<u>51,068</u>

(*) Actuarial losses are recognised in other comprehensive income net of tax amounting to SR 20 thousand (2024: Nil).

17.5 Employees' terminal benefits liabilities sensitivity analysis

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

Assumptions Sensitivity level	Salary rate		Discount rate	
	1% increase	1% decrease	1% increase	1% decrease
	SR '000	SR '000	SR '000	SR '000
2025	3,566	(3,247)	(2,946)	3,292
2024	2,801	(2,583)	(2,309)	2,547

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
2025	(218)	230	(0)	0
2024	(104)	110	(96)	99

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 December 31, 2025 and 2024. 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 December 31,	
	2025	2024
	SR '000	SR '000
Within the next 12 months (next annual reporting period)	9,051	9,165
Between 2 and 5 years	24,872	26,815
Between 5 and 10 years	19,448	16,567
Beyond 10 years	21,724	15,105
Total Expected payments	<u>75,095</u>	<u>67,652</u>

The average duration of the defined benefit plan obligation as at December 31, 2025, is 6.2 years (December 31, 2024: 5.0 years).

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18. TRADE PAYABLES AND OTHER CURRENT LIABILITIES

	As at December 31,	
	2025	2024
	SR '000	SR '000
Trade payables (*)	196,130	170,438
Accrued expenses	59,565	51,981
Contract liabilities	37,343	36,398
Amounts due to related parties (note 20.3)	35,566	5,284
Accrued rent	5,020	5,995
Other liabilities	22,854	11,008
	<u>356,478</u>	<u>281,104</u>

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

19. 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 April 30, 2026).

Zakat assessments have been finalized with ZATCA up to the year 2023.

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 March 27, 2025, and the final installment scheduled on February 23, 2027.

For the years 2021 to 2023, the ZATCA requested additional information regarding the Group’s Zakat filings. In response, the Group submitted a request to apply Ministerial Resolution No. 1007, relating to the Zakat Collection Regulations issued in 1445H. Following the review, the examinations for 2021 to 2023 were finalized, resulting in an agreed Zakat liability of SR 50,209. Accordingly, the Zakat assessments for these years have been closed. As a result, the Group reversed an excess Zakat provision of SR 1.7 million recorded in 2024.

For the year 2024, ZATCA has requested additional information. The company is in the process of preparing the required documents and will provide them to ZATCA. The examination process is ongoing and has not yet been completed, and no final Zakat assessment has been issued to date.

19.1 Movement in provision for zakat for the years ended December 31,:

	2025	2024
	SR '000	SR '000
At the beginning of the year	7,087	6,860
Zakat provision for the current year	-	138
Zakat (reversal) / provision related to the prior year	(1,745)	1,800
Paid during the year	(2,335)	(1,711)
At the end of the year	<u>3,007</u>	<u>7,087</u>

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19. ZAKAT (continued)

19.2 Zakat base items are summarized as follows:

	As at December 31,	
	2025	2024
	SR '000	SR '000
Shareholder's Equity	5,798	211,890
Provision and other adjustments	1,399,951	1,517,459
Book value of non-current assets	<u>(1,405,749)</u>	<u>(1,729,349)</u>
Zakat base prior to net adjusted profit (loss)	-	-
Adjusted (loss) / profit for the year	<u>(201,886)</u>	5,338
Zakat base	<u>(201,886)</u>	5,338
Zakat provision charge for the year	<u>-</u>	<u>138</u>

19.3 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 the UAE and Egypt.

20. RELATED PARTY TRANSACTIONS AND BALANCES

20.1 Related party transactions

During the normal course of its operations, the Group had the following significant transactions with related parties during the years ended December 31, 2025, and 2024, along with their balances:

The following are the details of significant related party transactions:

Related Party	Nature of transaction	Value of transactions for the year ended December 31,	
		2025	2024
		SR '000	SR '000
Abdulmohsen Abdulaziz Al Hokair Holding Group (Ultimate parent)	Rent expense/ Lease payments (a)	44,579	45,736
	Revenue	1,898	1,975
	Management fees income (c) & (d)	2,759	3,576
	Transfer of property and equipment	-	2,259
	Transfer of end-of-service liabilities provision (note 17.4)	14	1,207
Key management executives	Salaries and related benefits (b)	7,693	5,765
	Post-employment benefits	1,332	1,593
	Car rentals	850	22
Equity-accounted investees	Revenue	3,438	5,370
	Receivables written off	-	534
Under common control	Rent expense	3,246	3,072
	Revenue	1,044	1,087
	Management fees income	165	140
	Transfer of end-of-service liabilities provision (note 17.4)	125	-
	Sale of a commercial shop	2,394	-
	Plastic materials supplies	260	199
	Design and printing supplies	21	12
Key management compensation - Non-executive	Remuneration for meetings	2,200	2,066
	Rent expense/Lease payments (a)	200	11,585

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20. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

20.1 Related party transactions (continued)

- (a) This amount represents lease/rent payments for 24 properties (December 31, 2024: 30 properties) that are leased by the Group from the principal shareholder (Abdulmohsen AbdulAziz Al Hokair Holding Group Company), parties under common control, and members of the Board of Directors.
- (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 7.7 million (December 31, 2024: SR 5.8 million) were paid to five key management executives of the Group.
- (c) This amount represents management fees for hotels owned by the ultimate parent in UAE. The Group's management fees from these hotels amounted to SR 0.99 million for the year ended December 31, 2025 (December 31, 2024: SR 0.88 million).
- (d) 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 that exist at the hotel's locations, including the property and equipment. During the year ended December 31, 2025, the Group waived the two hotels' revenue of SR 26.8 million (December 31, 2024: SR 27.7 million), and recharged the two hotels' expenses of SR 25.4 million (December 31, 2024: SR 28.6 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 December 31, 2025 (December 31, 2024: SR 1.77 million).

20.2 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.

20.3 Related party balances

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

	As at December 31,	
	2025	2024
<i>i) <u>Amounts due from related parties</u></i>	SR '000	SR '000
Halfmoon Resort Company (Under common control)	3,533	340
Asl Al-Ban Company Ltd. (Under common control)	2,693	-
Tarfeeh Company for Tourism Projects Limited (a joint venture)	1,722	1,722
Mena company for Education and Development (Under common control)	651	739
Malahi Leisure Company (a joint venture)	44	393
Abdulmohsen Abdulaziz Al Hokair Holding Group Company (Ultimate parent)	-	13,871
Asateer Gulf Sports Company Limited (a joint venture)	-	7,456
	8,643	24,521
Less; provision for impairment of related party receivables	(2,045)	(2,813)
	6,598	21,708

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20. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

20.3 Related party balances (continued)

	As at December 31,	
	2025	2024
	SR '000	SR '000
ii) <u>Amounts due to related parties</u>		
Abdulmohsen Abdulaziz Al Hokair Holding Group Company (Ultimate parent)	25,968	-
Tanami Arabia Co. Ltd. (Under common control)	6,572	4,892
Tourism and Real Estate Development Company (a joint venture)	2,647	-
Riyadh Plastic Factory (Under common control)	379	392
	35,566	5,284
iii) <u>Movement in provision for impairment of related party receivables:</u>		
	2025	2024
	SR '000	SR '000
At the beginning of the year	2,813	-
(Reversal)/charge for the year (note 25)	(768)	2,813
At the end of the year	2,045	2,813

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21. REVENUE FROM CONTRACTS WITH CUSTOMERS

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

For the year ended December 31, 2025				
SR '000	Hospitality	Entertainment	Others	Total
Type of goods or services:				
Rooms	209,262	-	-	209,262
Food and beverage	76,303	-	-	76,303
Games and parks revenue	-	244,881	-	244,881
Construction and development	-	-	-	-
Catering revenue**	-	-	65,376	65,376
Restaurant revenues	-	-	7,172	7,172
Other revenues	11,460	-	2,964	14,424
Total revenue under IFRS 15	297,025	244,881	75,512	617,418
Rental income***	3,102	6,387	22,133	31,622
Total revenue*	300,127	251,268	97,645	649,040

Timing of revenue recognition:				
Services transferred over time	223,824	6,387	25,097	255,308
Goods transferred at a point in time	76,303	244,881	72,548	393,732
Total revenue	300,127	251,268	97,645	649,040

For the year ended December 31, 2024				
SR '000	Hospitality	Entertainment	Others	Total
Type of goods or services:				
Rooms	227,410	-	-	227,410
Food and beverage	81,645	-	-	81,645
Games and parks revenue	-	285,821	-	285,821
Construction and development	-	4,471	-	4,471
Catering revenue**	-	-	24,015	24,015
Restaurant revenues	-	-	8,939	8,939
Other 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 are transferred at a point in time	81,645	285,821	32,954	400,420
Total revenue	325,389	296,945	56,362	678,696

* The gross revenue generated from the hospitality sector as at December 31, 2025, amounted to SR 326.9 million (December 31, 2024: SR 353.1 million). A SR 26.8 million (December 31, 2024: 27.7 million) was waived to the Ultimate Parent Company, which represents the revenue of the two hotels that had a management agreement, Note (20.1 (d)).

**Catering revenue, reported within the "Others" segment, relates to meal preparation and catering services provided by the Group's central kitchen operations in the Neom area, primarily to the Group's internal residential facilities.

Statement of profit or loss of the catering segment is as follows:

	For the year ended	
	December 31, 2025	December 31, 2024
Revenues	65,376	24,015
Gross profit	3,723	579
Net profit	3,682	38

*** Rental income includes income from subleasing in the amount of SR 31.6 million for the year ended December 31, 2025 (December 31, 2024: SR 32.6 million)

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21. REVENUE FROM CONTRACTS WITH CUSTOMERS (continued)

The Group applies judgment and professional assessment in determining and evaluating the timing of the transfer of control over performance obligations satisfied to the customer, based on the indicators of transfer of control set out in IFRS 15. Revenue is recognized when such control is transferred to the customer.

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's 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

		For the year ended December 31,	
		2025	2024
	Notes	SR '000	SR '000
Contract assets	12	5,207	5,353
Contract liabilities	18	37,343	36,398

The amount of SR 22.5 million included in contract liabilities balance as at December 31, 2024, has been recognised as revenue in 2025 (2024: SR 22 million).

Due to the nature of the Group's activities, most contracts with customers have an original expected duration of one year or less, and the related performance obligations are typically satisfied within the same reporting period. Accordingly, no material balances of unrecognized revenue arise from the Group's existing contracts with customers as at the reporting date. The Group has applied the practical expedient in paragraph 121(a) of IFRS 15 and has not disclosed information about the remaining performance obligations as at the reporting date.

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22. DIRECT COSTS

	For the year ended December 31,	
	2025	2024
	SR '000	SR '000
Salaries and related benefits	141,217	130,131
Depreciation of right-of-use assets (note 8)	88,864	92,931
Depreciation of property and equipment (note 6.1)	90,180	75,847
Food and beverage costs	55,756	35,873
Rent	47,009	36,003
Utilities	37,592	36,213
Management and franchise fees	19,854	21,545
Maintenance	12,734	13,315
Purchase of construction services	-	4,486
Others	43,648	47,273
	536,854	493,617

23. SELLING AND MARKETING EXPENSES

	For the year ended December 31,	
	2025	2024
	SR '000	SR '000
Promotions and advertisement	9,742	8,002
Salaries and related benefits	7,765	7,407
Marketing fees	5,010	5,319
Commission expenses	6,253	2,581
Other	2,415	1,902
	31,185	25,211

24. GENERAL AND ADMINISTRATIVE EXPENSES

	For the year ended December 31,	
	2025	2024
	SR '000	SR '000
Salaries and related benefits	82,357	65,038
Bank charges	7,575	8,450
Government fees	7,460	5,586
Maintenance and office expenses	4,880	4,606
Travel	4,036	2,655
Utilities	4,021	3,004
Professional fees	3,587	4,940
Depreciation of property and equipment (note 6.1)	2,905	3,209
Provision for / (reversal of) slow moving inventories (note 10.1)	2,868	(129)
Rent	2,648	1,160
Board of directors' remuneration	2,200	2,066
Insurance	1,676	1,102
Amortization of intangible assets (note 7)	1,514	1,083
Depreciation of right of use assets (note 8)	1,201	1,204
Receivables written off	-	534
Others	12,005	8,705
	140,933	113,213

25. PROVISIONS FOR EXPECTED CREDIT LOSSES

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

	For the year ended December 31,	
	2025	2024
	SR '000	SR '000
Listed in trade receivables (note 11.1)	5,435	(9,910)
Listed in amounts due from related parties (note 20.3)	(768)	2,813
Listed in prepayments and other current assets (note 12.1)	347	154
	5,014	(6,943)

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26. 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.

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

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

Diluted (loss) / profit per share is calculated by dividing the net (loss) / profit 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 (loss)/profit per share calculations:

	<u>2025</u>	<u>2024</u>
	SR ‘000	SR ‘000
(Loss) / profit for the year attributable to equity shareholders of the company	<u>(201,814)</u>	<u>5,310</u>
	Thousands	Thousands
Weighted average number of ordinary shares outstanding during the year (Note 14)	315,000	315,000
	SR	SR
Basic and diluted (loss) / profit per share	<u>(0.64)</u>	<u>0.02</u>

28. COMMITMENTS AND CONTINGENCIES

28.1 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.

28.2 Letters of credit and guarantee

As at December 31, 2025, the Group had outstanding letters of credit and guarantee amounting to SR 30.6 million (December 31, 2024: SR 24.5 million).

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29.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.

29.1 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 December 31, 2025 and 2024:

2025

SR '000	<u>Hospitality</u>	<u>Entertainment</u>	<u>Others</u>	<u>Total</u>
Revenue	300,127	251,268	97,645	649,040
Depreciation of property and equipment - direct costs	(21,179)	(59,141)	(9,860)	(90,180)
Depreciation of right of use assets	(12,213)	(66,965)	(9,686)	(88,864)
Other direct costs	(176,812)	(108,578)	(72,420)	(357,810)
Gross profit	89,923	16,584	5,679	112,186
Expenses	(72,907)	(53,390)	(45,821)	(172,118)
Loss on disposal of property and equipment	(300)	(23,457)	(4,397)	(28,154)
Other income	2	5,090	2,105	7,197
Provision for impairment loss on property, equipment and right of use assets	(7,325)	(35,821)	-	(43,146)
Provision for expected credit losses	(625)	(1,252)	(3,137)	(5,014)
Finance cost charges	(12,047)	(42,273)	(21,913)	(76,233)
Finance income on lease	-	-	2,742	2,742
Other non-operating income	-	-	-	-
Share of net results from equity-accounted investees	-	-	(1,641)	(1,641)
Zakat and income tax	-	543	1,751	2,294
Net (loss)	(3,279)	(133,976)	(64,632)	(201,887)
Investments in equity-accounted investees	-	-	31,424	31,424
Property, equipment and projects under construction	327,218	246,054	111,728	685,000
Right of use assets	102,268	373,583	153,113	628,964
Total assets	503,063	663,602	454,874	1,621,539
Total liabilities	379,089	895,279	344,380	1,618,748

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29.SEGMENTAL INFORMATION (continued)

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

2024

SR '000	<u>Hospitality</u>	<u>Entertainment</u>	<u>Others</u>	<u>Total</u>
Revenue	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
Other income	1,002	372	180	1,554
Reversal of impairment loss on property and equipment	5,441	-	-	5,441
Reversal of /(provision for) expected credit losses	12,707	(849)	(4,915)	6,943
Finance cost charges	(17,885)	(47,796)	(18,951)	(84,632)
Other non-operating income	22,000	2,804	-	24,804
Share of net results from equity-accounted investees	-	-	4,714	4,714
Zakat and income tax	-	262	(1,938)	(1,676)
Net loss	62,773	(12,140)	(45,433)	5,200
Investments in equity-accounted investees	-	-	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 Group's revenue is generated (and non-current assets located) from the following subsidiaries and countries:

For the year ended December 31, 2025 SR '000	<u>Kingdom of</u> <u>Saudi</u> <u>Arabia</u>	<u>United Arab</u> <u>Emirates</u>	<u>Egypt</u>	<u>Total</u>
The Company	606,857	-	-	606,857
Osool Al Mazaya Hospitality Company	1,566	-	-	1,566
Sparky's Land Amusement Toys Company	-	39,249	-	39,249
Asateer Company for Entertainment and Tourism	-	-	1,368	1,368
Total revenue	608,423	39,249	1,368	649,040
Investments in equity-accounted investees	31,424	-	-	31,424
Property, equipment and projects under construction	655,028	28,722	1,250	685,000
Right of use assets	542,530	86,434	-	628,964

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29. SEGMENTAL INFORMATION (continued)

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

For the year ended December 31, 2024 SR '000	<u>Kingdom of Saudi Arabia</u>	<u>United Arab Emirates</u>	<u>Egypt</u>	<u>Total</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 equity-accounted investees	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

30. 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 component of shareholders' equity totaling SR 2.8 million at December 31, 2025 (December 31, 2024: SR 206.6 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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30. CAPITAL MANAGEMENT (continued)

	<u>2025</u>	<u>2024</u>
	SR '000	SR '000
Total loans (current + non-current loans)	377,207	442,495
Less: cash and bank balances	<u>(20,995)</u>	<u>(38,101)</u>
Net debt	356,212	404,394
Shareholders' equity	<u>2,791</u>	<u>206,642</u>
Total capital	<u>359,003</u>	<u>611,036</u>
Gearing ratio	<u>99.22%</u>	<u>66.18%</u>

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 15 for compliance with loans covenants. No changes were made in the objectives, policies or processes for managing capital during the years ended December 31, 2025 and 2024.

The net debt of the Group is as follows:

	As at December 31,	
	<u>2025</u>	<u>2024</u>
	SR '000	SR '000
Cash and cash equivalents	20,995	38,101
Borrowings	(377,207)	(442,495)
Lease liabilities	<u>(826,423)</u>	<u>(937,049)</u>
Net debt	<u>(1,182,635)</u>	<u>(1,341,443)</u>

The Group's net debt reconciliation is as follows:

	Cash and cash equivalents	Borrowing	Lease liabilities	Total
As at January 1, 2024	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 December 31, 2024	38,101	(442,495)	(937,049)	(1,341,443)
Financing cash flows	(17,106)	98,205	155,421	236,520
Finance costs	-	(32,917)	(43,316)	(76,233)
New leases	-	-	(1,479)	(1,479)
At December 31, 2025	<u>20,995</u>	<u>(377,207)</u>	<u>(826,423)</u>	<u>(1,182,635)</u>

31. 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, receivables and amounts due from related parties. Its financial liabilities mainly consist of term loans, payables, accruals and amounts due to related parties.

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.

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32.FINANCIAL INSTRUMENTS

Financial Assets at amortized cost

	As at December 31,	
	2025	2024
	SR '000	SR '000
Bank balances	19,815	36,942
Trade receivables	61,149	71,992
Contract assets	5,207	5,353
Amounts due from related parties	6,598	21,708
	92,769	135,995

Financial Liabilities at amortized cost

	As at December 31,	
	2025	2024
	SR '000	SR '000
Trade payable and other current liabilities	356,478	281,104
Borrowings	377,207	442,495
Lease liabilities	826,423	937,049
	1,560,108	1,660,648

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 to the bank loans.

33.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.

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, 2025.

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33. FINANCIAL INSTRUMENTS RISK MANAGEMENT (continued)

(a) Market Risk

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 with floating commission rates. The Group manages its exposure to commission rate risk by continuously monitoring movements in 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	
	2025	2024
	SR '000	SR '000
(Loss) / profit before zakat and income tax	(204,181)	6,876
Increase by 100 points	(3,344)	108
Decrease by 100 points	3,344	(108)

An analysis by maturities is provided in note 33 (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 ﷲ, during the year and, accordingly, the Group has no significant exposure to other foreign currencies for the year ended December 31, 2025. 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:

	Impairment model	As at December 31,	
		2025	2024
		SR '000	SR '000
Bank balances	General	19,815	36,942
Trade receivables	Simplified	61,149	71,992
Contract assets	Simplified	5,207	5,353
Amounts due from related parties	Simplified	6,598	21,708
		92,769	135,995

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

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

33. FINANCIAL INSTRUMENTS RISK MANAGEMENT (continued)

b) Credit Risk

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 contact 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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33. FINANCIAL INSTRUMENTS RISK MANAGEMENT (continued)

b) Credit Risk (continued)

On that basis, the loss allowance as at December, 2025 and 2024 was determined as follows:

December 31, 2025	0-90 days	91-180 days	181-270 days	271-360 days	1 to 2 years	Over 2 years	Total
Expected loss rate	1.8%	6.9%	6.7%	21.3%	11.6% - 40.1%	51.2% - 100%	
Trade receivables							
Hospitality	17,983	7,020	2,776	1,392	2,494	12,886	44,551
Entertainment	911	640	447	351	709	5,262	8,320
Others	24,274	1,864	1,370	352	2,687	12,438	42,985
Total	43,168	9,524	4,593	2,095	5,890	30,586	95,856
Allowance							
Hospitality	299	466	66	262	504	12,753	14,350
Entertainment	15	48	59	92	416	5,248	5,878
Others	476	139	181	92	1,422	12,169	14,479
Total	790	653	306	446	2,342	30,170	34,707
Trade Receivable, Net	42,378	8,871	4,287	1,649	3,548	416	61,149
December 31, 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

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33. 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 68 million (2024: SR 51 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 2025 the Group generated cash from operating activities in the amount of SR 210.7 million (2024: SR 319.4 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 summarises the maturities of the Group's undiscounted financial liabilities at December 31, 2025 and 2024 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 2025							
Trade payable and other current liabilities	69,397	287,081	-	-	-	-	356,478
Lease liabilities	50,318	83,805	113,429	106,636	184,773	597,099	1,136,060
Borrowings*	32,821	153,286	113,542	53,651	47,617	16,591	417,508
	152,536	524,172	226,971	160,287	232,390	613,690	1,910,046
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

*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 of December 31, 2025, 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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34. 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.
- C. On 7 January 2026, the Group has announced about obtaining the approval from the Capital Market Authority for the Company’s capital increase. The completion remains subject to the approval of the shareholders.

35. SUBSEQUENT EVENTS

Except as disclosed in Note 34 and note 5.2, the management believes that there are no significant subsequent events since the year ended December 31, 2025, 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 12 Shawwal 1447(H) (corresponding to 31 March 2026).