

BAAN HOLDING GROUP COMPANY
(A SAUDI JOINT STOCK COMPANY)
The Condensed interim consolidated
financial statements (Unaudited)
For the three-month and six-month periods
ended 30 June 2025
And Independent Auditor`s Review Report
on the condensed interim consolidated financial statements

BAAN HOLDING GROUP COMPANY
(A SAUDI JOINT STOCK COMPANY)
Index of the condensed interim consolidated financial statements
For the three and six-month period ended 30 June 2025 (Unaudited)

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

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

Introduction

We have reviewed the accompanying condensed interim consolidated statement of financial position of Baan Holding Group Company (Formerly Abdulmohsen Al-Hokair Group for Tourism and Development Company) ("the Company") and its subsidiaries (together "the Group") as at 30 June 2025 and the condensed interim consolidated statement of profit or loss and other comprehensive income for the three-month and six-month periods then ended, and condensed interim consolidated statement of changes in equity and condensed interim consolidated statement of cash flows for the six-month period then ended, and other explanatory notes. Management is responsible for the preparation and presentation of those condensed interim consolidated financial statements in accordance with International Accounting Standard ("IAS 34") "*Interim Financial Reporting*" that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these condensed interim consolidated financial statements based on our review.

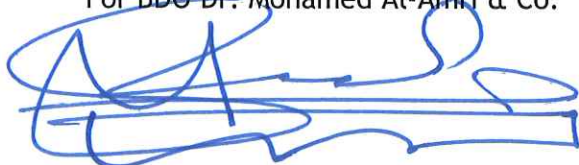
Scope of Review

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

Conclusion

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

For BDO Dr. Mohamed Al-Amri & Co.



Maher Al-Khatieb
Certified Public Accountant
Registration No. (514)



Riyadh on 24 Safar 1447 (H)
Corresponding 18 August 2025 (G)


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

	Notes	As at 30 June 2025 (Unaudited)	As at 31 December 2024 (Audited)
Assets			
Non-current assets			
Investments in joint ventures		96,273	91,591
Property, equipment and projects under construction	5	778,670	817,910
Intangible assets		10,629	10,064
Right of use assets		757,773	809,784
Finance lease receivables – non-current	6	48,200	-
Total non-current assets		1,691,545	1,729,349
Current assets			
Inventories		18,306	17,097
Trade receivables		78,136	71,992
Finance lease receivables – current	6	4,398	-
Prepayments and other current assets		73,654	67,068
Cash and cash equivalents		52,299	38,101
Total current assets		226,793	194,258
Total assets		1,918,338	1,923,607
EQUITY AND LIABILITIES			
Equity			
Share capital	8	315,000	315,000
Foreign currency translation reserve		(5,201)	(5,181)
Remeasurement of employees' terminal benefit liabilities		8,282	5,830
Accumulated losses		(125,600)	(109,007)
Equity attributable to the shareholders of the company		192,481	206,642
Non-controlling interest		(1,892)	(1,838)
Total equity		190,589	204,804
Non-current liabilities			
Non-current portion of long-term loans	7	279,787	303,376
Non-current portion of lease liabilities		824,840	836,912
Employees' terminal benefits liabilities		52,310	51,068
Total non-current liabilities		1,156,937	1,191,356
Current liabilities			
Trade payables and other current liabilities		303,311	281,104
Short term loans and current portion of long-term loans	7	156,917	139,119
Current portion of lease liabilities		106,290	100,137
Provision for zakat		4,294	7,087
Total current liabilities		570,812	527,447
Total liabilities		1,727,749	1,718,803
Total equity and liabilities		1,918,338	1,923,607

The accompanying notes 1 to 18 form an integral part of these condensed interim consolidated financial statements


Chairman of the Board of Directors


Chief Executive Officer


Chief Financial Officer

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

	Notes	For the three-month period ended 30 June		For the six-month period ended 30 June	
		2025 (Unaudited)	2024 (Unaudited)	2025 (Unaudited)	2024 (Unaudited)
Revenue from contracts with customers					
- Hospitality		72,623	78,928	155,742	170,519
- Entertainment		79,351	90,377	141,044	149,042
- Others		26,634	17,247	48,366	25,164
Total revenues		178,608	186,552	345,152	344,725
Direct costs					
- Hospitality		(51,758)	(56,967)	(108,612)	(118,317)
- Entertainment		(54,585)	(56,109)	(106,430)	(102,459)
- Others		(24,935)	(15,555)	(43,991)	(21,462)
Total direct costs		(131,278)	(128,631)	(259,033)	(242,238)
Gross profit		47,330	57,921	86,119	102,487
Selling and marketing expenses		(7,714)	(6,403)	(13,904)	(12,442)
General and administrative expenses		(33,860)	(29,852)	(63,735)	(61,705)
Gain from disposal of property and equipment	6	8,429	883	8,748	883
Other (expenses) / income		(5)	3	-	184
Provision impairment loss on trade receivable		(339)	(965)	(2,962)	(1,950)
Net expenses		(33,489)	(36,334)	(71,853)	(75,030)
Operating Profit		13,841	21,587	14,266	27,457
Financial charges on loans	7	(8,233)	(11,477)	(16,576)	(21,332)
Financial charges on lease liabilities		(11,012)	(11,050)	(21,433)	(21,640)
Finance income on lease		661	-	661	-
Other non-operating income, Net	9	-	5,674	-	24,804
Share in net results of joint ventures		3,122	1,564	4,682	1,206
(Loss) / Profit before zakat and Income tax		(1,621)	6,298	(18,400)	10,495
Zakat and income tax		1,753	(211)	1,753	(211)
Net profit / (loss) for the period		132	6,087	(16,647)	10,284
Other comprehensive (loss) / income					
Items that will not be reclassified to profit or loss:					
Remeasurement of post-employment benefit obligations, net of zakat		799	1,314	2,452	1,804
Items that will be reclassified to profit or loss:					
Subsidiary's financial statements' translation differences		(40)	(19)	(20)	(864)
Other comprehensive income for the period		759	1,295	2,432	940
Total comprehensive income / (loss) for the period		891	7,382	(14,215)	11,224
Net profit / (loss) for the period attributable to:					
Equity shareholders of the Company		158	6,115	(16,593)	10,339
Non-controlling interest		(26)	(28)	(54)	(55)
		132	6,087	(16,647)	10,284
Total comprehensive income / (loss) for the period attributable to:					
Equity shareholders of the Company		917	7,410	(14,161)	11,279
Non-controlling interest		(26)	(28)	(54)	(55)
		891	7,382	(14,215)	11,224
Earnings / (loss) per share:					
Basic and diluted profit / (loss) per share (₪)	11	0.00	0.02	(0.05)	0.03

The accompanying notes 1 to 18 form an integral part of these condensed interim consolidated financial statements


Chairman of the Board of Directors


Chief Executive Officer


Chief Financial Officer

BAAN HOLDING GROUP COMPANY
(A Saudi Joint Stock Company)

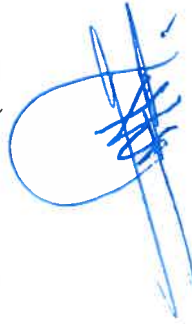
Condensed interim consolidated statement of changes in equity

(All amounts in thousands # unless otherwise stated)

	Share capital	Foreign currency translation reserve	Remeasurement of employees' terminal benefit liabilities	Accumulated losses	Equity attributable to the shareholders of the company	Non-controlling interest	Total equity
For the Six -month period ended 30 June 2024 (Unaudited)							
Balance as at 1 January 2024 (Audited)	315,000	(4,042)	6,792	(114,317)	203,433	(1,728)	201,705
Net profit / (loss) for the period	-	-	-	10,339	10,339	(55)	10,284
Other comprehensive (loss) / income for the period	-	(864)	1,804	-	940	-	940
Total comprehensive (loss) / income for the period	-	(864)	1,804	10,339	11,279	(55)	11,224
Balance as at 30 June 2024 (Unaudited)	315,000	(4,906)	8,596	(103,978)	214,712	(1,783)	212,929

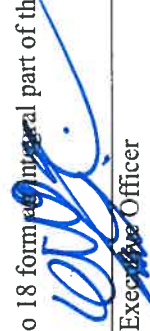
For the Six-month period ended 30 June 2025 (Unaudited)

Balance as at 1 January 2025 (Audited)	315,000	(5,181)	5,830	(109,007)	206,642	(1,838)	204,804
Net loss for the period	-	-	-	(16,593)	(16,593)	(54)	(16,647)
Other comprehensive (loss) / income for the period	-	(20)	2,452	-	2,432	-	2,432
Total comprehensive (loss) / income for the period	-	(20)	2,452	(16,593)	(14,161)	(54)	(14,215)
Balance as at 30 June 2025 (Unaudited)	315,000	(5,201)	8,282	(125,600)	192,481	(1,892)	190,589



Chairman of the Board of Directors

The accompanying notes 1 to 18 form an integral part of these condensed interim consolidated financial statements



Chief Executive Officer

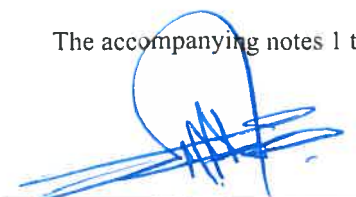


Chief Financial Officer

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

		For the Six-month period ended 30 June	
	Notes	2025 (Unaudited)	2024 (Unaudited)
Operating activities			
(Loss)/ Profit before zakat and income tax		(18,400)	10,495
Adjustments for:			
Depreciation of property and equipment		37,958	33,635
Amortization of intangible assets		490	493
Depreciation of right of use assets		46,335	46,843
Rent concession		-	(1,069)
Gain from lease termination		-	(180)
Provision impairment loss on trade receivable		2,962	1,950
Share of net results of joint ventures		(4,682)	(1,206)
Gain on disposal of property and equipment		(8,748)	(883)
Financial charges on loans		16,576	21,332
Financial charges on lease liabilities		21,433	21,640
Finance income on lease		(661)	-
Provision for Employees' terminal benefits liabilities		5,855	4,886
		<u>99,118</u>	<u>137,936</u>
Changes in working capital:			
Trade receivables		(9,106)	(2,606)
Prepayments and other current assets		(6,587)	9,266
Inventories		(1,209)	3,532
Trade payables and other current liabilities		22,207	39,621
cash from operating activities		<u>104,423</u>	<u>187,749</u>
Zakat paid		(1,040)	-
Employees' terminal benefits paid		(2,161)	(6,193)
Net cash generated from operating activities		<u>101,222</u>	<u>181,556</u>
Investing activities			
Additions to property, equipment and projects under construction	5	(7,188)	(79,626)
Additions to intangible assets		(1,088)	(607)
Proceeds from disposal of property and equipment		621	1,143
Lease payments received	6	4,750	-
Investments in joint ventures		-	(50)
Net cash used in investing activities		<u>(2,905)</u>	<u>(79,140)</u>
Financing activities			
Proceeds from loans	7	76,670	102,724
Repayment of loans	7	(84,995)	(86,902)
Payment of lease liabilities		(61,732)	(61,909)
Payment of finance charges on loans	7	(14,042)	(23,716)
Net cash used in financing activities		<u>(84,099)</u>	<u>(69,803)</u>
Net change in cash and cash equivalents		<u>14,218</u>	<u>32,613</u>
Exchange differences on translation of foreign operations		(20)	35
Cash and cash equivalents at the beginning of the period		<u>38,101</u>	<u>37,692</u>
Cash and cash equivalents at the end of the period		<u>52,299</u>	<u>70,340</u>

The accompanying notes 1 to 18 form an integral part of these condensed interim consolidated financial statements



Chairman of the Board of Directors



Chief Executive Officer



Chief Financial Officer

BAAN HOLDING GROUP COMPANY
(A Saudi Joint Stock Company)
Notes to the condensed interim consolidated financial statements
For the Six-month period ended 30 June 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").

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

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

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

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

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

Subsidiary	Direct and indirect Ownership %		Principal activity	Country of incorporation
	30 June 2025	31 December 2024		
Sparky's Land Amusement Toys Company ("Sparky's")	100%	100%	Operation and management of electrical games hall, children amusement games hall and electronic games.	United Arab Emirates
Asateer Company for Entertainment and Tourism	100%	100%	Operation and management of electrical games hall, children amusement games hall and electronic games	Arab Republic of Egypt
Osool Al Mazaya Hospitality Company	85%	85%	Establishment and operation of sport facilities projects	Kingdom of Saudi Arabia

BAAN HOLDING GROUP COMPANY

(A Saudi Joint Stock Company)

Notes to the condensed interim consolidated financial statements (Continued)

For the Six-month period ended 30 June 2025

(All amounts in thousands ₪ unless otherwise stated)

2. Going concern

The condensed interim consolidated financial statements as at 30 June 2025 indicate that the Group realized a net loss of ₪ 16.6 million for the six-month period ended 30 June 2025 (net profit of ₪ 10.3 million for the six-month period ended 30 June 2024) resulting in accumulated losses of ₪ 125.6 million as at 30 June 2025 (₪ 109 million as at 31 December 2024). Further, the current liabilities of the Group exceeded its current assets by ₪ 344 million as at 30 June 2025 (₪ 333.2 million as at 31 December 2024). These conditions indicate the existence of a material uncertainty that may cast a doubt on the Group's ability to continue as a going concern.

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

- 1- The Group was able to settle all its maturing loans with original due dates as of the second quarter of 2025 which amounted to ₪ 85 million and the same level of commitment is included in the plans for the next 12 months for loans amounting to ₪ 156.9 million.
- 2- The Group was able to renew all bank facilities historically and it believes they have the ability to utilize the available facilities and its revolving credit lines during the next 12 months.
- 3- The Group continued to generate positive cash flows from its operating activities and generated ₪ 101.2 million as of the second quarter of 2025 and management believes that the Group will be able to generate positive cash flows in its plan for the next 12 months.

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

- The Group's ability to successfully meet its business plan and to generate sufficient cash flows to meet its obligations for the next 12 months from the date of approval of these condensed interim consolidated financial statements.
- Ability to continue renewing the existing bank facility arrangements once they expire or if there is a debt covenant breach.
- Ability to continue to use the unutilized facilities as of 30 June 2025, which the Group has eligibility to withdraw.
- Ability to roll-over the revolving facilities as they mature.

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

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

- Implementing a strategic transformation program.
- Ongoing evaluation of the Group's projects, with a focus on exiting underperforming projects that result in operational losses.
- Identifying and pursuing promising opportunities to improve the Group's financial performance, particularly in light of positive indicators in the regional tourism and entertainment sectors.
- Diversified the revenue resources and expanding the new business lines such as restaurant services.
- On 29 December 2024, the Group announced the execution of two binding agreements to acquire real estate assets by increasing the Company's capital and issuing new shares as consideration to the sellers. Completion of these transactions is subject to approval from relevant regulatory bodies, authorities, and the General Assembly (Note 16)

BAAN HOLDING GROUP COMPANY

(A Saudi Joint Stock Company)

Notes to the condensed interim consolidated financial statements (Continued)

For the Six-month period ended 30 June 2025

(All amounts in thousands ﷲ unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of preparation

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

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

The results for the Six-month period ending on 30 June 2025, may not necessarily be indicative of the results that can be expected for the year ending on 31 December 2025.

3.2 Historical cost convention

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

3.3 Functional and presentation currency

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

3.4 Consistent application of accounting policies

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

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

There are no new standards issued, however, there are a number of amendments to standards which are effective from 1 January 2025 and have been explained in the Group’s annual Consolidated Financial Statements, but they do not have a material effect on the Group’s Condensed Interim Consolidated Financial Statements as at 30 June 2025.

The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these amended standards.

3.5 Basis of consolidation

These condensed interim consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 30 June 2025. The financial statements of the subsidiaries are prepared for the same reporting period as that of the Company, using consistent accounting policies.

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

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

BAAN HOLDING GROUP COMPANY

(A Saudi Joint Stock Company)

Notes to the condensed interim consolidated financial statements (Continued)

For the Six-month period ended 30 June 2025

(All amounts in thousands ﷲ unless otherwise stated)

3. Material accounting policies (Continued)

3.5 Basis of consolidation (Continued)

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

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

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

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

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

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

4. Significant judgments, assumptions and estimates

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

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

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty are the same as those that applied to the Group's last annual audited consolidated financial statements as at and for the year ended 31 December 2024.

Going concern

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

BAAN HOLDING GROUP COMPANY**(A Saudi Joint Stock Company)****Notes to the condensed interim consolidated financial statements (Continued)****For the Six-month period ended 30 June 2025****(All amounts in thousands ₪ unless otherwise stated)**

4. Significant judgments, assumptions and estimates (Continued)**Impairment of non-financial assets**

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

Provision for expected credit losses of trade receivables

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

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

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

Property and equipment useful life and residual value

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

BAAN HOLDING GROUP COMPANY**(A Saudi Joint Stock Company)****Notes to the condensed interim consolidated financial statements (Continued)****For the Six-month period ended 30 June 2025****(All amounts in thousands ₪ unless otherwise stated)****5. Property, equipment, and projects under construction**

- During the Six-month period ended 30 June 2025, the Group added property and equipment with a total cost of ₪ 7.188 million (30 June 2024: ₪ 79.626 million).
- During the Six-month period ended 30 June 2025, the Group disposed of property and equipment with a total cost of ₪ 71.839 million (30 June 2024: ₪ 81.486 million).
- During the Six-month period ended 30 June 2025, depreciation expense amounted to ₪ 37.958 million (30 June 2024: ₪ 33.635 million).
- Projects under construction represent the costs of one entertainment center (December 31, 2024: one entertainment center) in the Kingdom of Saudi Arabia in addition to renovation costs of one existing hotel.
- During the six-month period ended 30 June 2025, the Group derecognized property and equipment with a net carrying amount of ₪ 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 6).

6. Finance lease receivables

	30 June 2025 (Unaudited)	31 December 2024 (Audited)
Net carrying amount at the beginning of the period/year	-	-
Additions during the period/year	56,687	-
Lease payments received	(4,750)	-
Interest income	661	-
	52,598	-
Finance lease receivables- non-current portion	48,200	-
Finance lease receivables- -current portion	4,398	-
	52,598	-

6.1 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 ₪ 59.1 million and a fair value of ₪ 40.1 million. And the lessee (the Group) has the right to sublease the property to third parties.

6.2 Sublease Contract:

On 1 May 2025, the Group (as lessor) subleased the property to the company (the lessee) for an amount of ₪ 83.1 million, with a fair value of (₪ 56.687 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 derecognized the balances of right-of-use assets and property and equipment related to the property, with net carrying amounts of ₪ 40.1 million and ₪ 8.2 million, respectively (Note 5). A finance lease receivable was recognized at the present value of future cash flows amounting to ₪ 56.69 million. As a result, a capital gain of ₪ 8.4 million was recorded and recognized under "Gain on disposal of property and equipment" in the condensed interim consolidated statement of profit or loss and other comprehensive income (Note 5)

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

BAAN HOLDING GROUP COMPANY**(A Saudi Joint Stock Company)****Notes to the condensed interim consolidated financial statements (Continued)****For the Six-month period ended 30 June 2025****(All amounts in thousands ₪ unless otherwise stated)****7. Loans**

The following is a summary of the loans:

	30 June 2025 (Unaudited)	31 December 2024 (Audited)
Current portion of long-term loans	89,855	117,907
Short term loans	67,062	21,212
	156,917	139,119
Non-current portion of long-term loans	279,787	303,376
	436,704	442,495

The movement in the loans is as follows:

	30 June 2025 (Unaudited)	31 December 2024 (Audited)
At the beginning of the period / year	442,495	483,345
Proceeds during the period / year	76,670	176,629
Financial charges for the period / year	16,576	41,044
Repayments during the period / year	(84,995)	(213,883)
Finance cost paid during the period / year	(14,042)	(44,640)
At the ending of the period / year	436,704	442,495

8. Share capital

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

9. Other non-operating income, Net

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 period ended on June 30, 2024, the Group agreed with the insurance company that the company would be compensated with an amount of ₪ 22 million as a final settlement regarding this fire, which was recognised as other non-operating income in the condensed interim consolidated statement of profit or loss and other comprehensive income. The group received the full amount of ₪ 22 million during the period ended on June 30, 2024.

BAAN HOLDING GROUP COMPANY**(A Saudi Joint Stock Company)****Notes to the condensed interim consolidated financial statements (Continued)****For the Six-month period ended 30 June 2025****(All amounts in thousands ₪ unless otherwise stated)****10. Related party transactions and balances****10.1 Related party transactions**

The following are the details of significant related party transactions:

Related Party	Nature of transaction	Transactions for the Six-month period ended 30 June	
		2025 (Unaudited)	2024 (Unaudited)
Abdul Mohsen Al Hokair Holding Group Company (Ultimate parent)	Rent expense/ Lease payments (a)	22,831	27,410
	Revenue	1,208	1,304
	Management fees income (c)	1,429	1,024
	Transfer of property and equipment	-	2,259
Key management executives	Salaries and related benefits (b)	3,094	2,778
	Post-employment benefits	665	411
Key management compensation Non executive	Remuneration for meetings	1,200	1,030

(a) This amount represents lease/rent payments for 23 properties (30 June 2024: 22 properties) that are leased by the Group from the ultimate parent (Abdulmohsen Abdul Aziz Al Hokair Holding Group Company).

(b) Key management executives are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including any director (whether executive or otherwise) and the board of members of the company. Salaries and related benefits of ₪ 3.1 million (30 June 2024: ₪ 2.8 million) were paid to five key management executives of the Group.

(c) This amount represents management fees for hotels owned by the ultimate parent.

During 2023, the Group agreed with its Ultimate parent company to terminate long-term lease contacts of two hotels amounted to approximately ₪ 6 million per annum. Simultaneously, the Group entered into two agreements with its ultimate parent company for a period of 8-10 years to operate such two hotels against fixed and variable monthly management fees. The term of the agreements includes rights of using the Group's privileges exist at the hotel's locations including the property and equipment. During the six-month period ended 30 June 2025, the Group waived the two hotels' revenue and expenses to the ultimate parent company (Revenue of: ₪ 13.50 million (30 June 2024: ₪ 15.26 million), and expenses of ₪ 11.47 million (30 June 2024: ₪ 14.95 million)).

The Group's management fees from these two hotels amounted to ₪ 0.89 million during the six-month period ended 30 June 2025 (30 June 2024: ₪ 0.89 million).

10.2 Terms and conditions relating to related party balances

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

BAAN HOLDING GROUP COMPANY**(A Saudi Joint Stock Company)****Notes to the condensed interim consolidated financial statements (Continued)****For the Six-month period ended 30 June 2025****(All amounts in thousands ₪ unless otherwise stated)****10. Related party transactions and balances (Continued)****10.3 Related party balances**

The following are the details of major related party balances recorded under trade receivables and trade payables as at 30 June 2025, and 31 December 2024:

	30 June 2025 (Unaudited)	31 December 2024 (Audited)
i) <u>Amounts due from related parties</u>		
Abdul Mohsen Al Hokair Holding Group Company (Ultimate parent)	-	13,871
Asateer Gulf Sports Company Limited (a joint venture)	8,011	7,456
Tarfeeh Company for Tourism Projects Limited (a joint venture)	1,722	1,722
Halfmoon Resort Company (Under common control)	2,605	340
Mena Company for Education and Development (Under common control)	852	739
Malahi Leisure Company (a joint venture)	207	393
	13,397	24,521
Less; provision for impairment of related party receivables	(2,813)	(2,813)
	10,584	21,708
	30 June 2025 (Unaudited)	31 December 2024 (Audited)
ii) <u>Amounts due to related parties</u>		
Abdalmohsen Al Hokair Holding Group Company (Ultimate parent)	7,233	-
Tourism and Real Estate Development Company (a joint venture)	9,700	-
Tanami Arabia Co. Ltd. (Under common control)	4,659	4,892
Riyadh Plastic Factory (Under common control)	299	392
	21,891	5,284
	30 June 2025 (Unaudited)	31 December 2024 (Audited)
Movement in provision for impairment of related party receivables:		
At the beginning of the period / year	2,813	-
Charge for the period / year	-	2,813
At the end of the period / year	2,813	2,813

BAAN HOLDING GROUP COMPANY**(A Saudi Joint Stock Company)****Notes to the condensed interim consolidated financial statements (Continued)****For the Six-month period ended 30 June 2025****(All amounts in thousands ﷻ unless otherwise stated)****11. Basic and diluted profit /(loss) per share**

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

	For the three-month ended		For the six-month ended	
	30 June		30 June	
	2025	2024	2025	2024
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Net profit / (loss) for the period attributable to equity shareholders of the company	158	6,115	(16,593)	10,339
	Thousands	Thousands	Thousands	Thousands
Weighted average number of ordinary shares outstanding during the period	315,000	315,000	315,000	315,000
	ﷻ	ﷻ	ﷻ	ﷻ
Basic and diluted profit / (loss) per share	0.00	0.02	(0.05)	0.03

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

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

12.2 Letters of credit and guarantee

As at 30 June 2025, the Group had outstanding letters of credit and guarantee amounting to ﷻ 29.5 million (31 December 2024: ﷻ 24.5 million).

BAAN HOLDING GROUP COMPANY**(A Saudi Joint Stock Company)****Notes to the condensed interim consolidated financial statements (Continued)****For the Six-month period ended 30 June 2025****(All amounts in thousands ₪ unless otherwise stated)****13. Segmental information**

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

13.1 The Group's reportable segments under IFRS 8:

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

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

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

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

Following is a summary of key financial information for the Six-month period ended 30 June 2025, 30 June 2024 and year ended 31 December 2024:

For the period ended as at 30 June 2025**(Unaudited)**

	<u>Hospitality</u>	<u>Entertainment</u>	<u>Others</u>	<u>Total</u>
Revenue	155,742	141,044	48,366	345,152
Depreciation of property and equipment - direct costs	(10,770)	(21,379)	(4,343)	(36,492)
Depreciation of right of use assets	(6,289)	(34,477)	(4,974)	(45,740)
Other direct costs	(91,553)	(50,574)	(34,674)	(176,801)
Gross profit	47,130	34,614	4,375	86,119
Expenses	(34,640)	(24,623)	(18,376)	(77,639)
Gain on disposal of property and equipment	-	319	8,429	8,748
Reversal of / (provision for) expected credit losses	258	(901)	(2,319)	(2,962)
Finance cost charges	(5,557)	(21,646)	(10,806)	(38,009)
Finance income on lease	-	-	661	661
Share in net results of joint ventures	-	-	4,682	4,682
Zakat and income tax	-	-	1,753	1,753
Net profit / (loss)	7,191	(12,237)	(11,601)	(16,647)
Investments in joint ventures	-	-	96,273	96,273
Property, equipment and projects under construction	333,119	334,795	110,756	778,670
Right of use assets	112,258	464,553	180,962	757,773
Total assets	527,019	858,154	533,165	1,918,338
Total liabilities	326,784	947,775	453,190	1,727,749

BAAN HOLDING GROUP COMPANY**(A Saudi Joint Stock Company)****Notes to the condensed interim consolidated financial statements (Continued)****For the Six-month period ended 30 June 2025****(All amounts in thousands ₪ unless otherwise stated)****13.Segmental information (continued)****13.1 The Group's reportable segments under IFRS 8 (continued):**

For the period ended as at 30 June 2024

(Unaudited)

	<u>Hospitality</u>	<u>Entertainment</u>	<u>Others</u>	<u>Total</u>
Revenue	170,519	149,042	25,164	344,725
Depreciation of property and equipment - direct costs	(10,632)	(18,624)	(3,040)	(32,296)
Depreciation of right of use assets	(7,015)	(34,782)	(4,447)	(46,244)
Other direct costs	(100,670)	(49,053)	(13,975)	(163,698)
Gross profit	52,202	46,583	3,702	102,487
Expenses	(35,496)	(24,219)	(14,432)	(74,147)
Gain on disposal of property and equipment	-	883	-	883
Other income	1	3	180	184
Provision for expected credit losses	(450)	(698)	(802)	(1,950)
Finance cost charges	(9,858)	(24,074)	(9,040)	(42,972)
Other non-operating income	22,000	2,804	-	24,804
Share in net results of joint ventures	-	-	1,206	1,206
Zakat and income tax	-	-	(211)	(211)
Net profit / (loss)	28,399	1,282	(19,397)	10,284

For the year ended 31 December 2024

(Audited)

Investments in joint ventures	-	-	91,591	91,591
Property, equipment and projects under construction	348,728	356,317	112,865	817,910
Right of use assets	124,554	497,066	188,164	809,784
Total assets	571,218	901,704	450,685	1,923,607
Total liabilities	367,390	989,536	361,877	1,718,803

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

For the period ended as at 30 June 2025 (Unaudited)	<u>Kingdom of Saudi Arabia</u>	<u>United Arab Emirates</u>	<u>Arab Republic of Egypt</u>	<u>Total</u>
The Company	323,807	-	-	323,807
Osool Al Mazaya Hospitality Company	785	-	-	785
Sparky's Land Amusement Toys Company	-	19,871	-	19,871
Asateer Company for Entertainment and Tourism	-	-	689	689
Total revenue	324,592	19,871	689	345,152
Investments in joint ventures	96,273	-	-	96,273
Property, equipment and projects under construction	746,501	30,724	1,445	778,670
Right of use assets	661,707	96,066	-	757,773

BAAN HOLDING GROUP COMPANY**(A Saudi Joint Stock Company)****Notes to the condensed interim consolidated financial statements (Continued)****For the Six-month period ended 30 June 2025****(All amounts in thousands ₪ unless otherwise stated)****13. Segmental information (continued)****13.1 The Group's reportable segments under IFRS 8 a (continued):**

For the period ended as at 30 June 2024 (Unaudited)	<u>Kingdom of Saudi Arabia</u>	<u>United Arab Emirates</u>	<u>Arab Republic of Egypt</u>	<u>Total</u>
The Company	323,753	-	-	323,753
Osool Al Mazaya Hospitality Company	788	-	-	788
Sparky's Land Amusement Toys Company	-	19,637	-	19,637
Asateer Company for Entertainment and Tourism	-	-	547	547
Total revenue	324,541	19,637	547	344,725
Investments in joint ventures	91,591	-	-	91,591
Property, equipment and projects under construction	785,220	31,134	1,556	817,910
Right of use assets	707,010	102,774	-	809,784

13.2 Credit exposure by operating segments is as follows:**For the period ended as at 30 June 2025 (Unaudited)**

	<u>Hospitality</u>	<u>Entertainment</u>	<u>Others</u>	<u>Total</u>
Assets	55,638	15,201	75,272	146,111
Commitments and contingencies	-	-	29,476	29,476

For the year ended 31 December 2024 (Audited)

	<u>Hospitality</u>	<u>Entertainment</u>	<u>Others</u>	<u>Total</u>
Assets	79,866	9,450	46,679	135,995
Commitments and contingencies	-	1,052	23,426	24,478

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

14. Fair values of financial instruments

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

15. Comparative Figures

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

BAAN HOLDING GROUP COMPANY**(A Saudi Joint Stock Company)****Notes to the condensed interim consolidated financial statements (Continued)****For the Six-month period ended 30 June 2025****(All amounts in thousands ﷲ unless otherwise stated)**

16. Significant Events

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

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

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

17. Subsequent Events

The management believe that there are no subsequent significant events since the period ending 30 June 2025 that could have a material impact on the financial position of the Group as shown in these condensed interim consolidated financial statements.

18. Approval of the Condensed Interim Consolidated Financial Statements

These condensed interim consolidated financial statements were approved by the Board of Directors on 16 Safar 1447 AH (corresponding to 10 August 2025 AD).