Clarification on Q3 2026

Reported Financial Results

Continuing PPA Impact on Reported Performance and Retrospective Revision of 9M-2025 Comparative Information under IFRS 3

TADAWUL: 1302 | November 2026

بوان
Bawan

SUMMARY

9M-2026 results require explanation of two accounting matters arising from the Petronash PPA finalization in Q4-2025, consistent with the Q1-2026 and H1-2026 clarification announcements.

1. Continuing PPA Impact on 9M-2026

SAR 90M non-cash PPA D&A charged to 9M-2026 reported results (Q1: SAR 42M + Q2: SAR 30M + Q3: SAR 18M), declining as the contract order backlog amortizes down.

Effective Net Profit (Bawan's share): **Q3-26: SAR 29M | 9M-26: SAR 193M** vs SAR 139M in 9M-25 (+39% YoY).

Effective Operating Income (Group): **Q3-26: SAR 54M | 9M-26: SAR 283M** vs SAR 256M in 9M-25 (+11% YoY).

Effective Gross Margin: **Q3-26: 14% | 9M-26: 18%** vs 15% in 9M-25 — ~240bps expansion driven by strategic product mix and Petronash consolidation.

2. Revision of 9M-2025 Comparatives

IFRS 3 measurement period adjustments require 9M-2025 comparatives (Q1, Q2 and Q3) to be retrospectively revised in the 9M-2026 financial statements.

Bargain Purchase Gain of SAR 126M reallocated to Q1-25 (acquisition date). Proportional PPA D&A of SAR 76M allocated across Q1-25 (SAR 17M), Q2-25 (SAR 23M) and Q3-25 (SAR 35M).

Full-year 2025 totals remain UNCHANGED — only the inter-quarter allocation has been and will be adjusted.

Note: *This is NOT a correction of a prior period error under IAS 8.*

RECAP: WHAT HAPPENED AND WHY THIS CLARIFICATION MATTERS

1

ACQUISITION

13 Feb 2025

Bawan acquired 80% of Petronash. PPA disclosed as in-process under IFRS 3.

2

PPA FINALIZED

Q4 2025

Intangibles (order backlog, customer relationships, trade name) and fair value uplifts to PP&E identified and measured.

3

PRIOR CLARIFICATIONS

Mar – June 2026

Full-year SAR 121M PPA D&A catch-up (in Q4-25), Q1-26 and H1-26 continuing PPA impact + Q1/H1-25 comparative revision explained in prior announcements.

4

9M-26: CONTINUING

September 2026

Recurring PPA related non-cash D&A continues (SAR 90M for 9M) + IFRS 3 measurement period revision now extended to 9M-2025 comparatives for better presentation.

FOCUS OF THIS ANNOUNCEMENT: 9M-2026 continues the same two accounting matters introduced in Q1-2026 — the recurring PPA charge against current-period results, AND the IFRS-mandated retrospective revision of prior-year comparatives, now extended to 9M-2025 (including Q3-2025).

IFRS 3 REVISION — WHAT CHANGED IN 9M-2025 COMPARATIVES

IFRS 3 Requirement

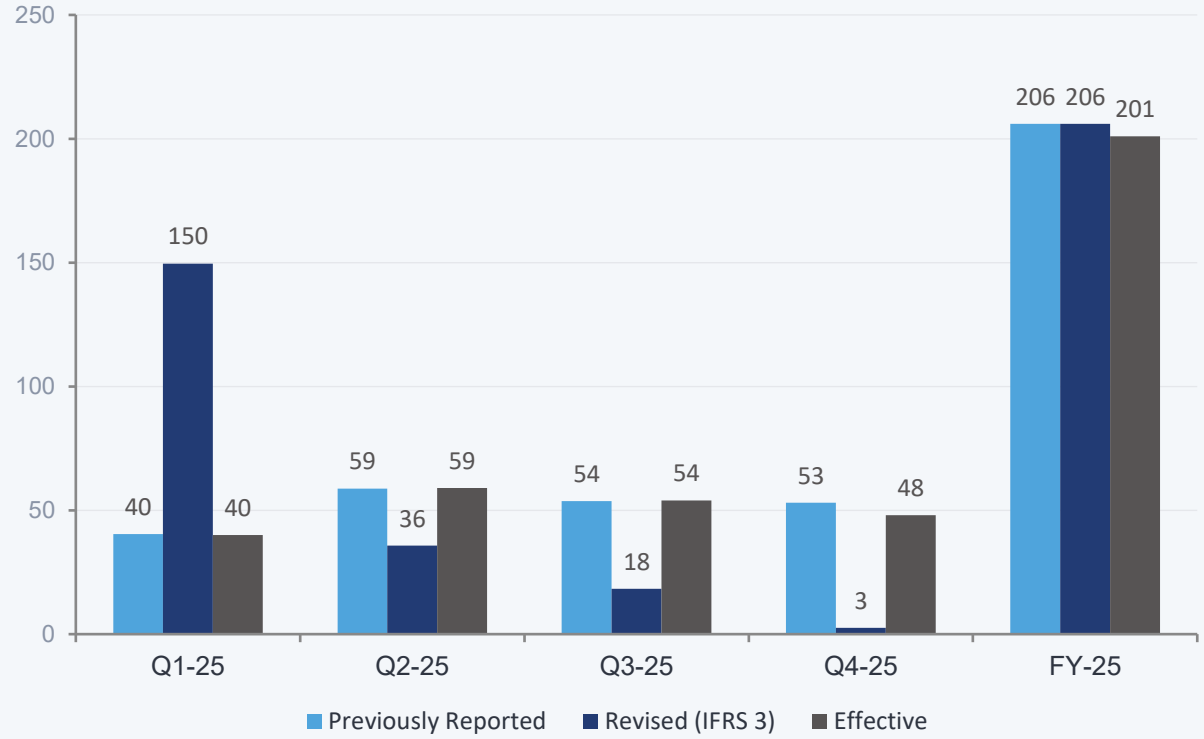
Adjustments to provisional amounts during the measurement period are recognized as if the accounting for the business combination had been completed at the acquisition date.

Adjustments to 9M-2025 Comparatives:

- **Bargain Purchase Gain – Q1-2025 only**
  SAR 126M one-off non cash gain, originally booked in Q4-2025 reported results, is now recognized in Q1-2025 (acquisition date quarter).

- **Proportional PPA D&A Allocation – across Q1, Q2 and Q3 2025**
  SAR 76M non-cash PPA D&A is now allocated to 9M-25 (Q1-25: SAR 17M + Q2-25: SAR 23M + Q3-25: SAR 35M), proportional from acquisition date.

Net Profit by Quarter — FY 2025 (Group Level, SAR M)



NOT A PRIOR PERIOD ERROR

These are measurement period adjustments under IFRS 3 and do NOT constitute a correction of a prior period error within the scope of IAS 8.

FY 2025 Total: SAR 206M — **UNCHANGED** under both views.

Only the inter-quarter allocation has been adjusted.

9M-2025 COMPARATIVE — PREVIOUSLY ANNOUNCED vs REVISED

The 9M-2025 net profit comparative shown in the 9M-2026 financial statements is materially higher than originally announced — driven by the bargain purchase gain reallocation to Q1-2025, partially offset by proportional PPA D&A allocated across Q1–Q3 2025. The standalone net profit for Q3-2025 comparative is revised down (SAR 52M → SAR 24M), as it carries PPA D&A but no bargain purchase gain.

Previously Announced

(as published in 9M-2025 results)

Net Profit (Bawan share)

SAR 139M

Bargain Purchase Gain

Not yet recognized

PPA D&A Allocation

Not yet recognized

PPA was disclosed as in-process at 9M-2025; neither the bargain purchase gain nor PPA D&A had been recorded.

Revised Comparative

(IFRS 3 — shown in 9M-2026 FS)

Net Profit (Bawan share)

SAR 205M

Bargain Purchase Gain

+ SAR 126M (Q1-25)

PPA D&A Allocation

− SAR 61M (Bawan share)

Reflects acquisition-date economics: bargain purchase in Q1-25 + proportional PPA D&A across Q1 (SAR 14M), Q2 (SAR 18M) and Q3 (SAR 28M) Bawan share.

Effective Net Profit

(underlying performance)

Net Profit (Bawan share)

SAR 139M

Bargain Purchase Gain

Excluded (one-off)

PPA D&A Allocation

Excluded (non-cash)

Best basis for like-for-like comparison with 9M-2026 effective net profit of SAR 193M.

KEY POINT: When comparing Q3 and 9M-2026 to the 2025 comparatives shown in the financial statements, investors should look at **EFFECTIVE numbers** for like-for-like comparison.

REPORTED vs EFFECTIVE PERFORMANCE — Q3 & 9M 2026

9M-2026 reported results absorb SAR 90M of non-cash PPA D&A (Q1: SAR 42M + Q2: SAR 30M + Q3: SAR 18M). Q3-2026 was a softer quarter; on a nine-month effective basis the Group remains ahead of 9M-2025.

Net Profit (Bawan's Share)

	Q3-26	Q3-25	9M-26	9M-25
Reported	15	24	121	205
Effective	29	52	193	139

Less: SAR 72M *non-cash PPA D&A (Bawan's share) in 9M-2026 (Q3: SAR 14M)*

Operating Income (Group)

	Q3-26	Q3-25	9M-26	9M-25
Reported	36	51	193	180
Effective	54	86	283	256

Less: SAR 90M *non-cash PPA D&A (Group) in 9M-2026 (Q3: SAR 18M)*

Gross Profit (Group)

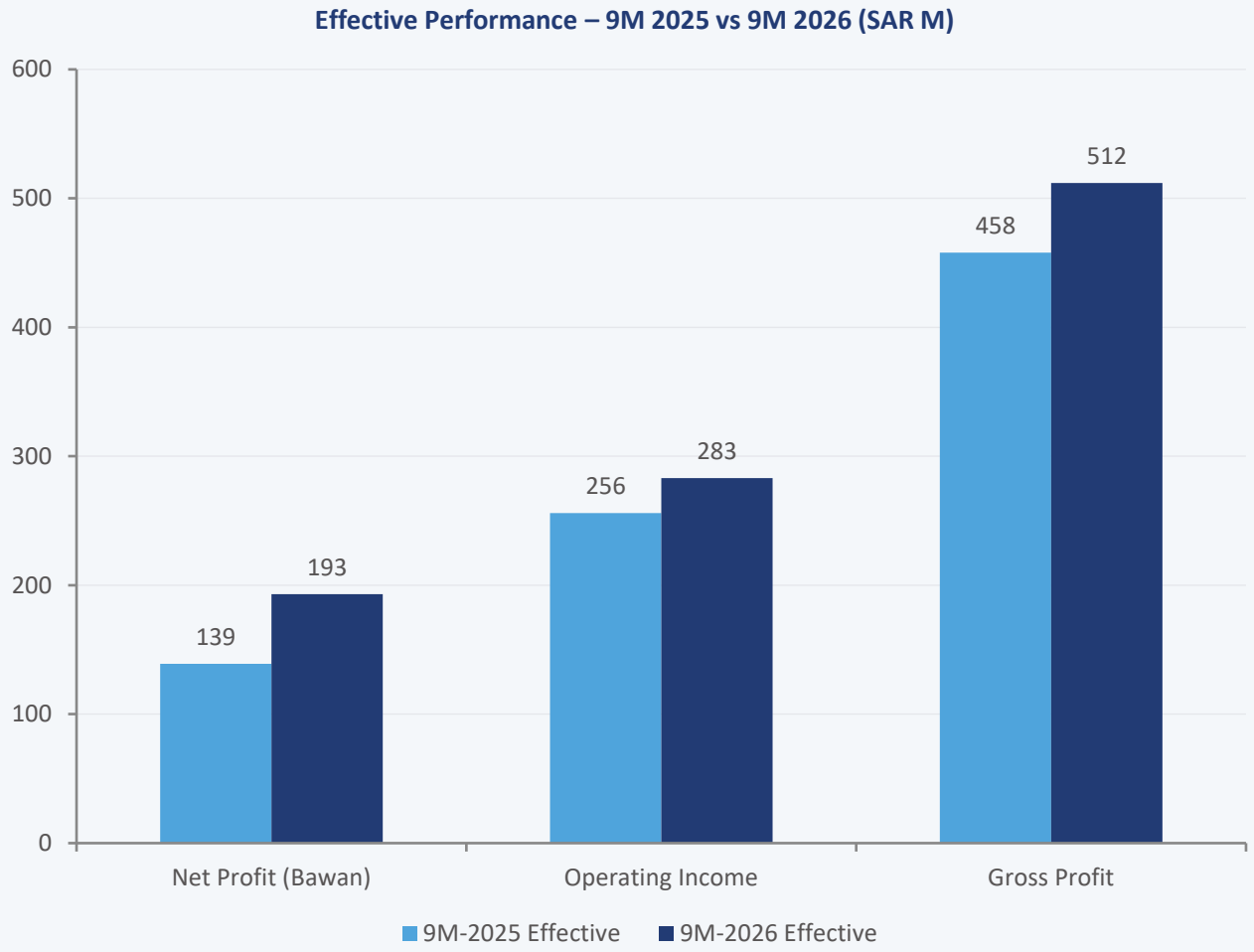
	Q3-26	Q3-25	9M-26	9M-25
Reported	114 (13%)	139 (13%)	440 (15%)	398 (13%)
Effective	126 (14%)	168 (15%)	512 (18%)	458 (15%)

Less: SAR 72M *PPA amortization in COGS for 9M-2026 (Q3: SAR 12M)*

9M-26 EFFECTIVE VIEW: Net Profit SAR 193M | Operating Income SAR 283M | Gross Profit SAR 512M (18% margin) — ahead of 9M-2025 on all three measures despite a softer Q3.

9M 2026 vs 9M 2025 — EFFECTIVE PERFORMANCE COMPARISON

On a like-for-like effective basis, 9M-2026 remains ahead of 9M-2025 across all key metrics, driven by full Petronash contribution and strategic product mix — despite a softer Q3-2026 (revenue SAR 873M vs SAR 1,089M in Q3-2025).



Net Profit (Bawan)

+39% YoY

SAR 193M vs SAR 139M

Operating Income

+11% YoY

SAR 283M vs SAR 256M

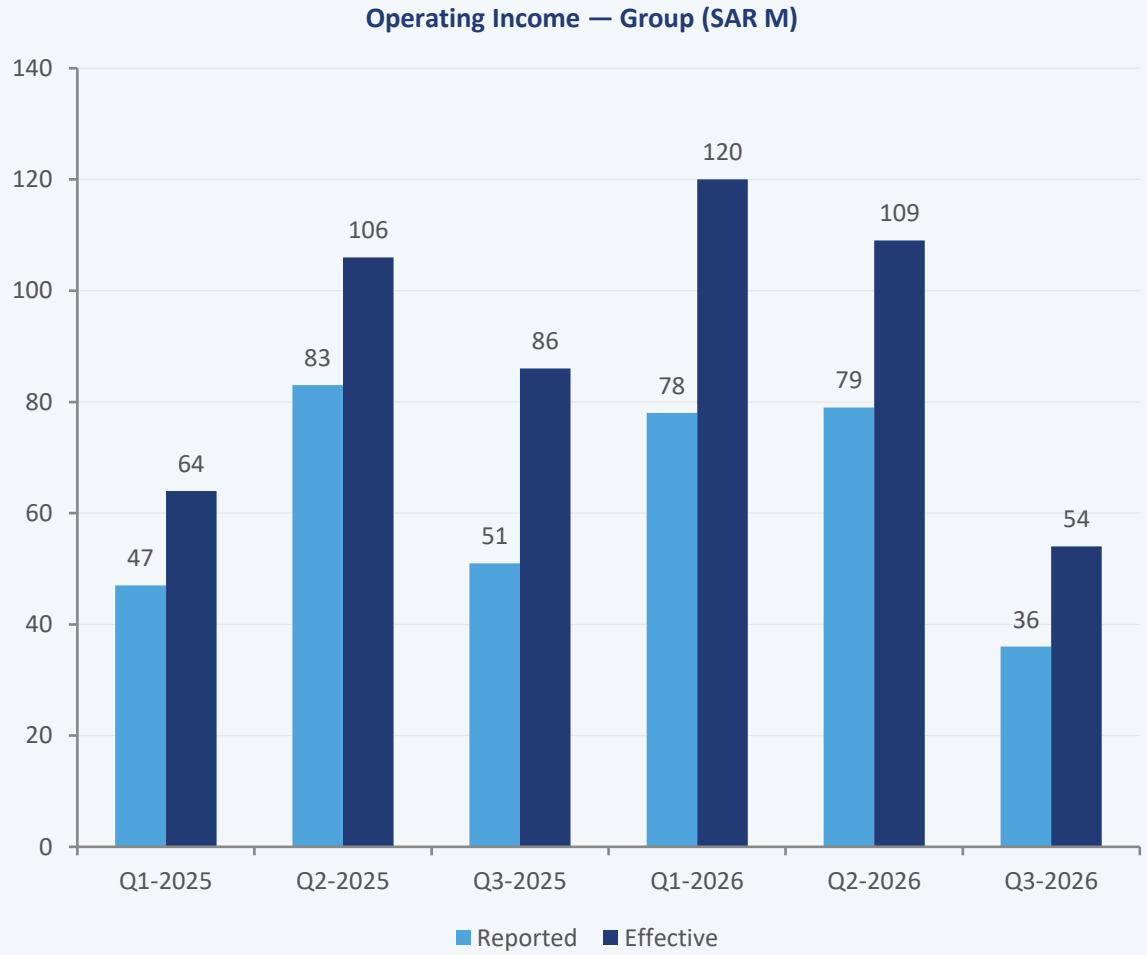
Gross Margin Expansion

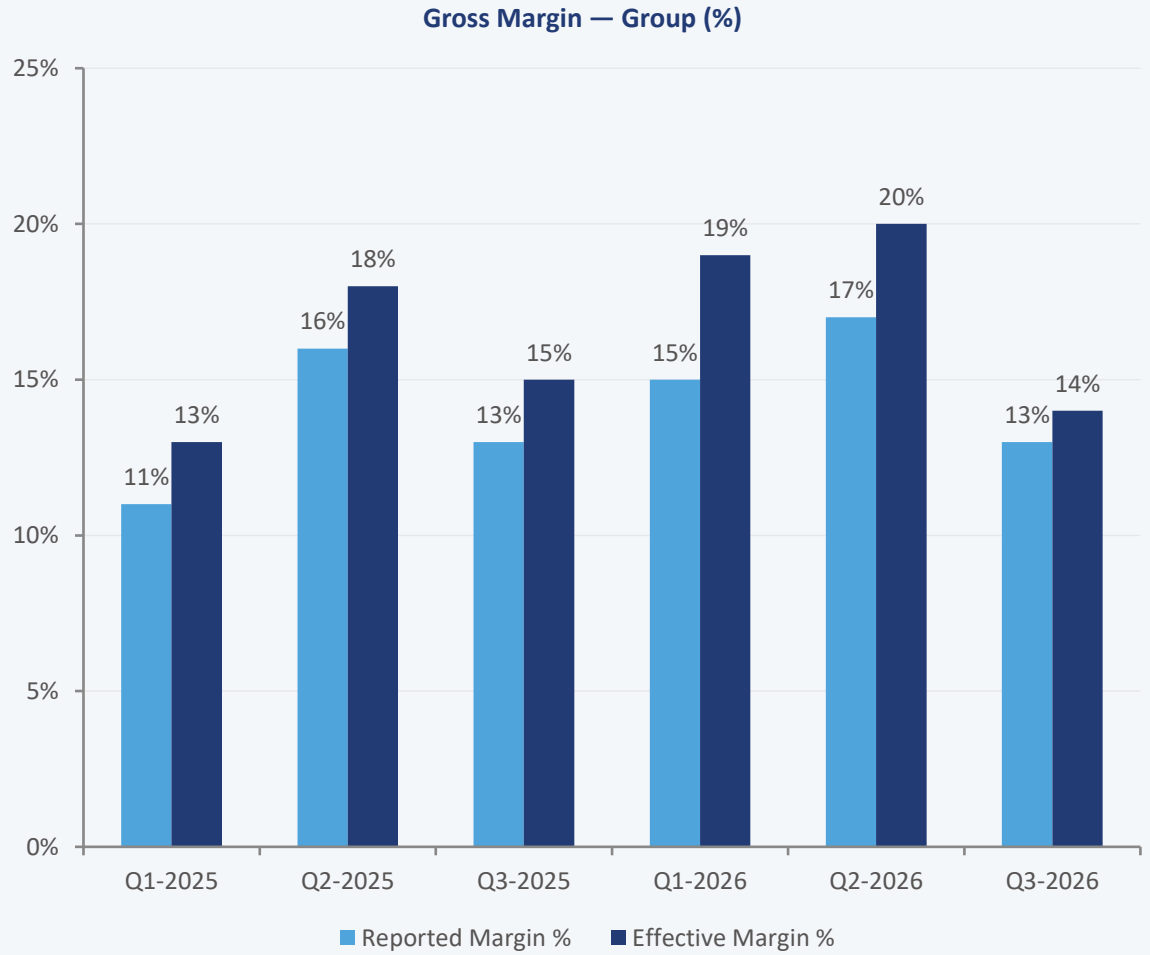
15% → 18%

~240bps expansion driven by strategic product mix, Petronash consolidation, and better margin in metal products.

QUARTERLY TRAJECTORY — OPERATING INCOME & GROSS MARGIN

Effective operating income and gross margin ran ahead of 2025 through H1-2026, before softening in Q3-2026 on lower revenue. Reported figures continue to reflect non-cash PPA charges that mask underlying performance.





FORWARD-LOOKING — PPA AMORTIZATION SCHEDULE

PPA-related D&A continued to decline in Q3-2026 (SAR 18M) as the contract order backlog amortizes down. The remaining SAR 16M of backlog is expected to be fully amortized by the end of FY 2026, after which quarterly PPA charges will drop materially.

Intangible Asset / Adjustment	Initially Recognized	FY 2025 Amortization	Q1 2026 Amortization	Q2 2026 Amortization	Q3 2026 Amortization	Remaining Balance	Remaining Useful Life
Contract Order Backlog	SAR 180M	(SAR 95M)	(SAR 35M)	(SAR 23M)	(SAR 11M)	**SAR 16M**	*Est. 3 months*
Customer Relationships	SAR 210M	(SAR 18M)	(SAR 5M)	(SAR 5M)	(SAR 5M)	**SAR 176M**	*~8.2 years*
Trade Name	SAR 34M	(SAR 3M)	(SAR 0.8M)	(SAR 0.8M)	(SAR 0.8M)	**SAR 28M**	*~8.2 years*
Fixed Assets (Fair Value Uplift)	SAR 36M	(SAR 5M)	(SAR 1M)	(SAR 1M)	(SAR 1M)	**SAR 28M**	*Mixed*
Total	**SAR 460M**	**(SAR 121M)**	**(SAR 42M)**	**(SAR 30M)**	**(SAR 18M)**	**SAR 248M**	**—**

Q4 2026 EXPECTATION

~SAR 23M

Final quarter of backlog amortization (remaining SAR 16M) plus ~SAR 7M recurring charge on other PPA assets.

2027 ONWARDS

~SAR 7M/qtr.

Order backlog fully expensed by end of FY 2026; remaining charge relates to customer relationships, trade name and PP&E uplift.

REPORTED-EFFECTIVE GAP

Reported vs effective gap in profits persists through Q4-2026 as the remaining backlog is expensed, then materially compresses from 2027.

GEOPOLITICAL UPDATE — RESILIENCE & ACTIVE RISK MANAGEMENT

Middle East geopolitical tensions persisted through 9M-2026. Bawan's diversified regional footprint, disciplined risk management and proactive customer engagement have maintained operational continuity and financial resilience across the Group.

1

Diversified Sourcing

Multi-country supplier base across our sectors segments, reducing dependency on any single origin and safeguarding supply chain continuity.

2

Operational Efficiency

Ongoing focus on cost efficiencies, operational discipline, and disciplined margin management has supported profitability through the cycle — reflected in 9M-26 effective gross margin of 18% (vs 15% in 9M-25).

3

Close Customer Engagement

Proactive dialogue with customers on delivery timelines, inventory positioning and demand planning secures order flow despite few force majeures from customers as well as by us. Diversified customer base across sectors and geographies further mitigates concentration risk.

Impairment Assessment

No Impairment Indicators Identified

Management has assessed all operating sectors as at the reporting date. Based on this assessment, no indicators of impairment exist that would require recognition of an impairment charge.

Accordingly, no impairment charge has been recognized in the interim condensed consolidated financial statements.

FORWARD OUTLOOK: The Group continues to monitor the evolving geopolitical situation closely. The potential long-term impact on the Group's business will continue to be assessed on future reporting dates.

KEY TAKEAWAYS

1

Solid 9M-2026 Underlying Performance

Effective net profit attributable to Bawan reached SAR 193M in 9M-2026 (+39% YoY vs SAR 139M in 9M-2025). Effective gross margin expanded to 18% (vs 15% in 9M-2025), driven by strategic product mix, Petronash consolidation and higher margins in metal products. Q3-2026 was softer, with effective net profit of SAR 29M.

2

Reported Numbers Reflect Non-Cash PPA Impact

9M-2026 reported results absorb SAR 90M of non-cash PPA D&A (Q1: SAR 42M + Q2: SAR 30M + Q3: SAR 18M). The remaining SAR 16M of order backlog is expected to be fully amortized in Q4-2026, after which the charge falls to ~SAR 7M per quarter.

3

9M-2025 Comparatives Have Been Revised

Under IFRS 3, the 9M-2025 comparative in the 9M-2026 financial statements reflects the bargain purchase gain reallocation to Q1-25 (SAR 126M) and proportional PPA D&A allocated across Q1-25 (SAR 17M), Q2-25 (SAR 23M) and Q3-25 (SAR 35M). Full-year 2025 totals remain unchanged.

4

Geopolitical update

Bawan is closely monitoring the geopolitical situation in the region and will continue to effectively manage its supply chain, operational and customer-related risks across its industrial segments, leveraging pricing flexibility and inventory cover where appropriate. However, given the evolving nature of the situation, the potential long-term impact on the Group's business will continue to be assessed on future reporting dates.

Bawan Company remains committed to transparency and delivering long-term value to its shareholders.

DISCLAIMER

This presentation has been prepared by Bawan Company ("the Company") for informational purposes only and is intended to provide additional context to the interim financial results announcement for the nine-month period ended 30 September 2026.

The financial information presented herein is based on the Company's condensed consolidated interim financial statements prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed in the Kingdom of Saudi Arabia.

Comparative information for the three-month and nine-month periods ended 30 September 2025 has been retrospectively revised in accordance with IFRS 3 (measurement period adjustments) and accordingly will not reconcile to figures previously announced for those periods. Full-year 2025 totals remain unchanged. These adjustments do not constitute a correction of a prior period error within the scope of IAS 8.

Certain figures presented as "Effective" or "Underlying" represent non-IFRS measures and are provided solely to assist investors in understanding the impact of the Purchase Price Allocation exercise on reported results. These measures should not be considered in isolation or as alternatives to IFRS measures.

Forward-looking statements contained in this presentation are based on management's current expectations and assumptions and are subject to risks and uncertainties that could cause actual results to differ materially.

For further information, please contact: IR@bawan.com.sa

Thank You!

Bawan © 2026 All Rights Reserved

بوان
Bawan