

# Clarification on Q1 2026

## Reported Financial Results

*Continuing PPA Impact on Reported Performance and Retrospective Revision of Q1-2025  
Comparative Information under IFRS 3*

# SUMMARY

Q1-2026 results require explanation of two distinct accounting matters arising from the Petronash PPA finalization in Q4-2025.

## 1. Continuing PPA Impact on Q1-2026

**SAR 42M** non-cash PPA depreciation and amortization charged to Q1-2026 reported results.

**Effective Net Profit Q1-2026 (Group level): SAR 85M** vs SAR 40M in Q1-25

**Effective Operating Income Q1-2026 (Group): SAR 120M** vs SAR 64M in Q1-25 and SAR 101M in Q4-25.

**Effective Gross Margin: 19%** in Q1-26 vs 13% in Q1-25 and 18% in Q4-25 — consistent with strategic margin expansion.

## 2. Revision of Q1-2025 Comparatives

**IFRS 3 measurement period adjustments** require Q1-2025 comparatives to be retrospectively revised in the Q1-2026 financial statements.

**Bargain Purchase Gain** of SAR 126M originally recognized in Q4-2025 has been retrospectively reallocated to Q1-2025 (acquisition date period).

**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

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## 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

## Q4-25 CLARIFICATION

*March 2026*

Full-year SAR 121M Purchase Price Allocation (PPA) related non-cash Depreciation & Amortization (D&A) catch-up concentrated in Q4-2025. Disclosed via separate clarification announcement.

4

## Q1-26: NEW ITEMS

*March 2026*

Recurring PPA related non-cash D&A continues + IFRS 3 measurement period revision of Q1-2025 comparatives.

**FOCUS OF THIS ANNOUNCEMENT:** Q1-2026 introduces TWO new accounting matters — the recurring quarterly PPA charge against current-quarter results, AND the IFRS-mandated retrospective revision of Q1-2025 comparatives. Both are explained in this clarification.

# IFRS 3 REVISION — WHAT CHANGED IN Q1-2025 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.*

### Two Adjustments to Q1-2025 Comparatives:

#### ■ Bargain Purchase Gain Reallocation

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

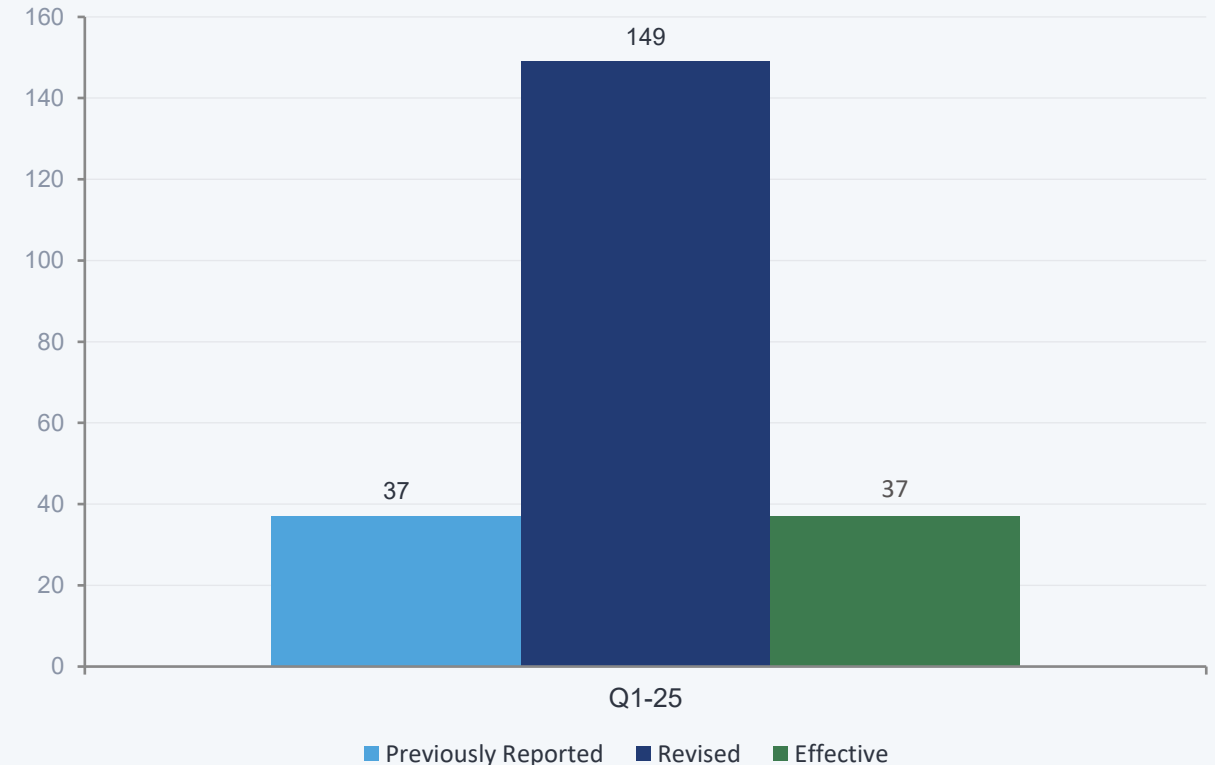
#### ■ Proportional PPA D&A Allocation

PPA-related depreciation and amortization is now allocated to each quarter from acquisition date, not concentrated in Q4-2025 alone.

#### 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.

Net Profit by Quarter — FY 2025 (Bawan share), SAR M)



**FY 2025 Total: SAR 218M** — **UNCHANGED** under both views.

# Q1-2025 COMPARATIVE — PREVIOUSLY ANNOUNCED vs REVISED

The Q1-2025 net profit comparative shown in the Q1-2026 financial statements is materially higher than originally announced — driven entirely by the bargain purchase gain reallocation.

Previously Announced <i>(as published in Q1-2025 results)</i>	Revised Comparative <i>(IFRS 3)</i>	Effective Net Profit <i>(underlying performance)</i>
Net Profit (Bawan share)  <b>SAR 37M</b>	Net Profit (Bawan share)  <b>SAR 149M</b>	Net Profit (Bawan share)  <b>SAR 37M</b>
<b>Bargain Purchase Gain</b>  Not yet recognized	<b>Bargain Purchase Gain</b>  + SAR 126M (reallocated)	<b>Bargain Purchase Gain</b>  Excluded (one-off)
<b>PPA D&amp;A Allocation</b>  Not yet recognized	<b>PPA D&amp;A Allocation</b>  – SAR 17M (proportional)	<b>PPA D&amp;A Allocation</b>  Excluded (non-cash)
<i>PPA was disclosed as in-process; bargain purchase recognized later upon PPA finalization in Q4-2025.</i>	<i>Reflects acquisition-date economics as if PPA had been completed on 13 Feb 2025.</i>	<i>Best basis for like-for-like comparison with Q1-2026 effective net profit of SAR 86M.</i>

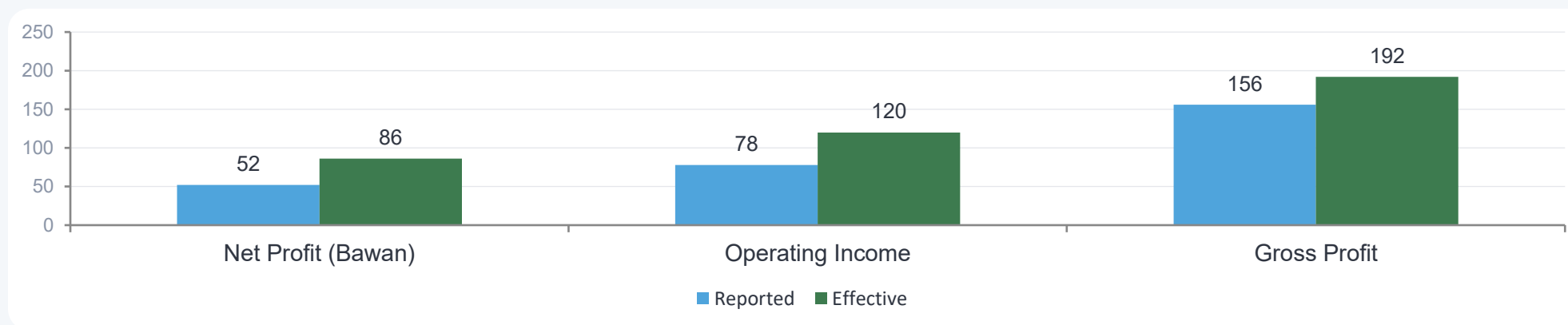
**KEY POINT:** When comparing Q1-2026 to the Q1-2025 comparative shown in the financial statements, investors should look at **EFFECTIVE numbers** for like-for-like comparison.

# Q1-2026 REPORTED vs EFFECTIVE PERFORMANCE

Q1-2026 reported results include a SAR 42M non-cash PPA depreciation and amortization charge. Excluding this charge, effective performance reflects the underlying operational momentum across all sectors.

Net Profit (Bawan's Share)		Operating Income (Group)		Gross Profit (Group)	
Reported	Effective	Reported	Effective	Reported (15% margin)	Effective (19% margin)
<b>SAR 52M</b>	<b>SAR 86M</b>	<b>SAR 78M</b>	<b>SAR 120M</b>	<b>SAR 156M</b>	<b>SAR 192M</b>
Less: SAR 34M non-cash PPA charge — Bawan's share of PPA D&A		Less: SAR 42M non-cash PPA charge — Total PPA D&A in operating profit		Less: SAR 36M non-cash PPA charge — PPA amortization in COGS	

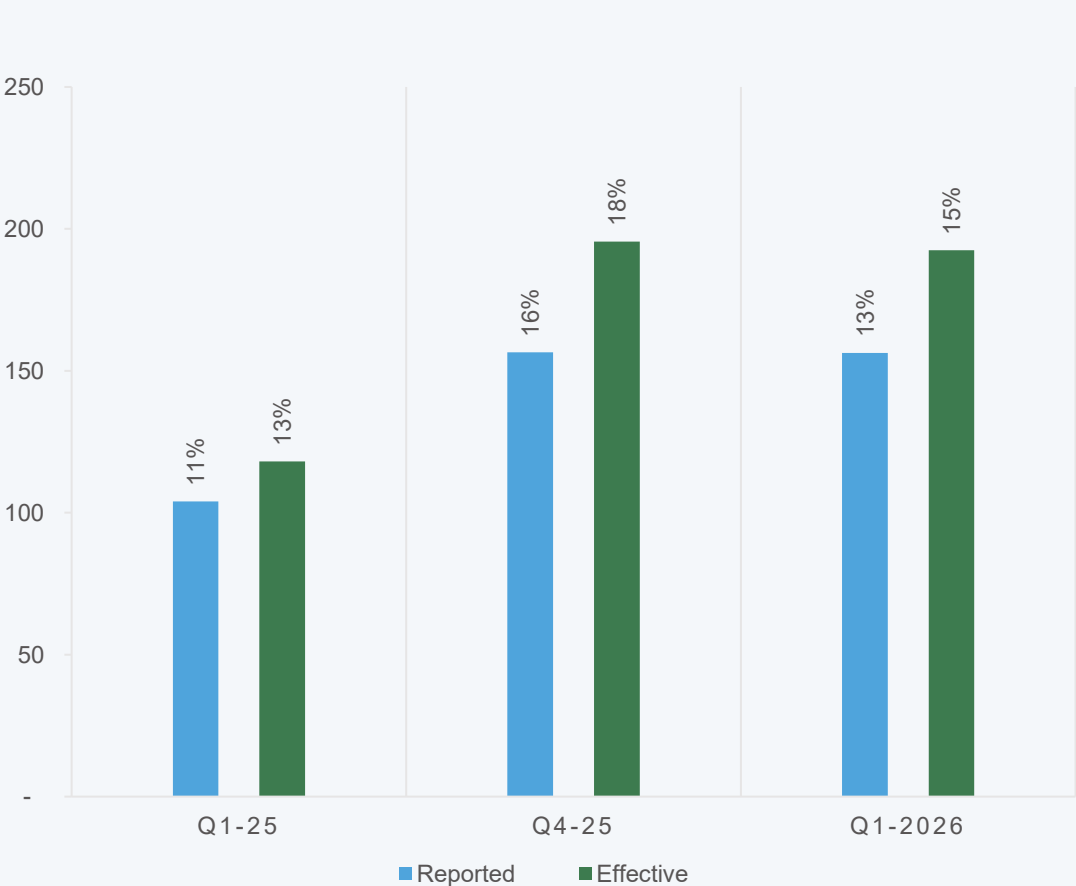
Reported vs Effective — Q1-2026 (SAR M)



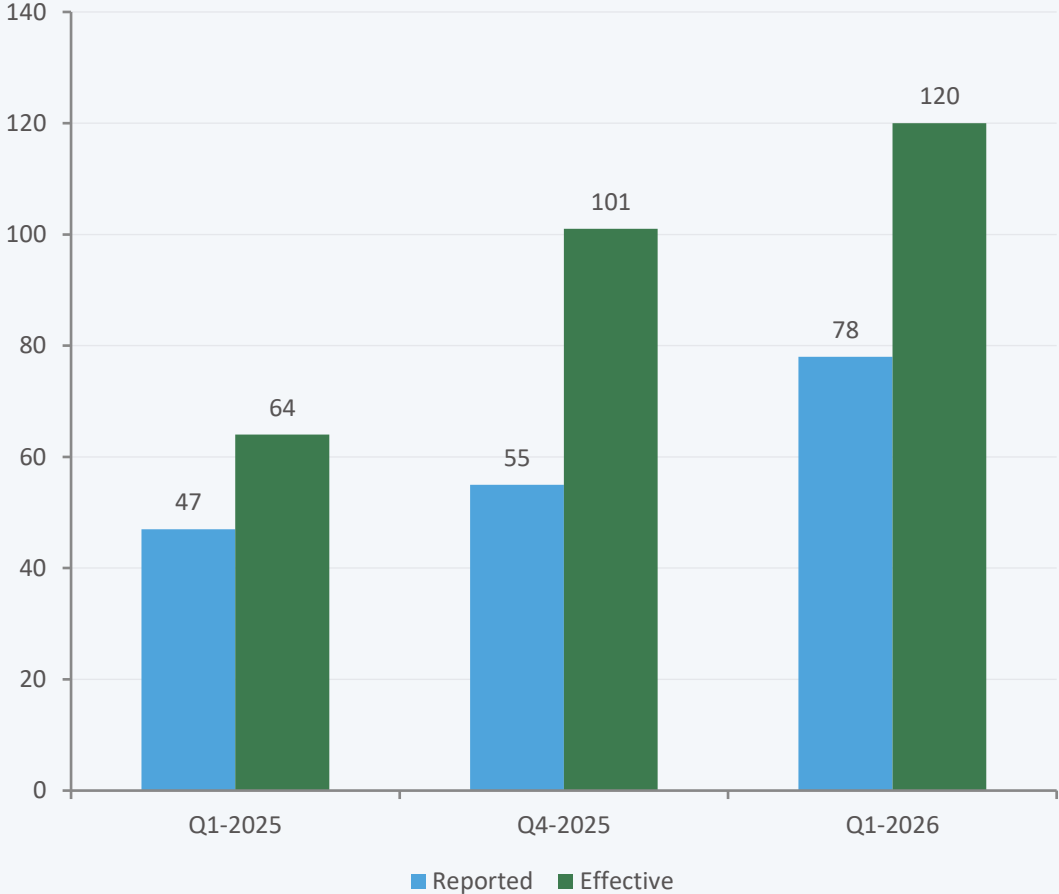
# OPERATING INCOME & GROSS MARGIN — REPORTED vs EFFECTIVE

Both operating income and gross margins show consistent improvement on an effective basis. Reported figures reflect non-cash PPA charges that mask the underlying commercial momentum.

Gross Profits Rationalized (%)



Operating Income — Group (SAR M)



# FORWARD-LOOKING — PPA AMORTIZATION SCHEDULE

PPA-related D&A will continue at quarterly run rates similar to Q1-2026 throughout 2026, then decline materially from 2027 as the contract order backlog reaches the end of its useful life.

Intangible Asset / Adjustment	Initially Recognized	FY 2025 Amortization	Q1 2026 Amortization	Remaining Balance	Remaining Useful Life
Contract Order Backlog	SAR 180M	(SAR 95M)	(SAR 35M)	SAR 50M	~ Less than 1 year
Customer Relationships	SAR 210M	(SAR 18M)	(SAR 5M)	SAR 187M	9 years
Trade Name	SAR 34M	(SAR 3M)	(SAR 0.8M)	SAR 30M	9 years
Fixed Assets (Fair Value Uplift)	SAR 36M	(SAR 5M)	(SAR 1M)	SAR 30M	Mixed
<b>Total</b>	<b>SAR 460M</b>	<b>(SAR 121M)</b>	<b>(SAR 42M)</b>	<b>SAR 297M</b>	—

## 2026 YTD Depreciation and Amortization

**~SAR 42M**

Quarterly PPA related D&A through 2026; broadly stable.

## 2027 ONWARDS

### Material Decline

Order backlog amortization expected to be fully expensed in FY 2026. Thus quarterly PPA charge for 2027 expected to drop significantly.

Reported vs effective gap expected to sustain through 2026 results then expected to narrow materially as the order backlog gets fully amortized.

# KEY TAKEAWAYS

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## Underlying Performance is Strong

Effective net profit attributable to Bawan reached SAR 86M in Q1-2026. Effective gross margin expanded to 19% (vs 13% in Q1-2025).

2

## Reported Numbers Reflect Non-Cash PPA Impact

Q1-2026 reported results absorb a recurring SAR 42M non-cash PPA depreciation and amortization charge.

3

## Q1-2025 Comparatives Have Been Restated

Under IFRS 3, the Q1-2025 comparative now includes a one-off bargain purchase gain of SAR 126M previously recognized in Q4-2025 along with the PPA related D&A amounting SAR 17M. Full-year 2025 totals remains unchanged.

*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 three-month period ended 31 March 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 period ended 31 March 2025 has been retrospectively revised in accordance with IFRS 3 (measurement period adjustments) and accordingly will not reconcile to figures previously announced for that period. 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.

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# Thank You!