Clarification on Q4 2025 Reported Financial Results

Impact of Purchase Price Allocation on Reported Operating Performance

TADAWUL: 1302 | March 2026

بوان
Bawan

EXECUTIVE SUMMARY

What Happened

The Purchase Price Allocation (PPA) for the Petronash acquisition was finalized in Q4 2025. The full-year depreciation and amortization of SAR 121.4 million was recognized entirely in Q4, creating a one-time concentration of non-cash charges that distorted the quarter's reported gross profits and operating profits.

The Reality

Q4 2025 effective operating profit was approximately SAR 100 million (without any PPA related non cash adjustment), consistent with historical quarterly performance and business dynamics. The Group's operational fundamentals remain satisfactory across all sectors. Full-year EBITDA grew 97% year-on-year to SAR 449 million.

HOW PPA IMPACTED Q4 RESULTS

1 ACQUISITION

13 Feb 2025

Petronash consolidated into Bawan Group. IFRS 3 requires PPA within 12 months from the acquisition date.

2 PPA FINALIZED

Q4 2025

Intangible assets identified: order backlog, customer relationships, trade name.

Fixed asset fair values adjusted.

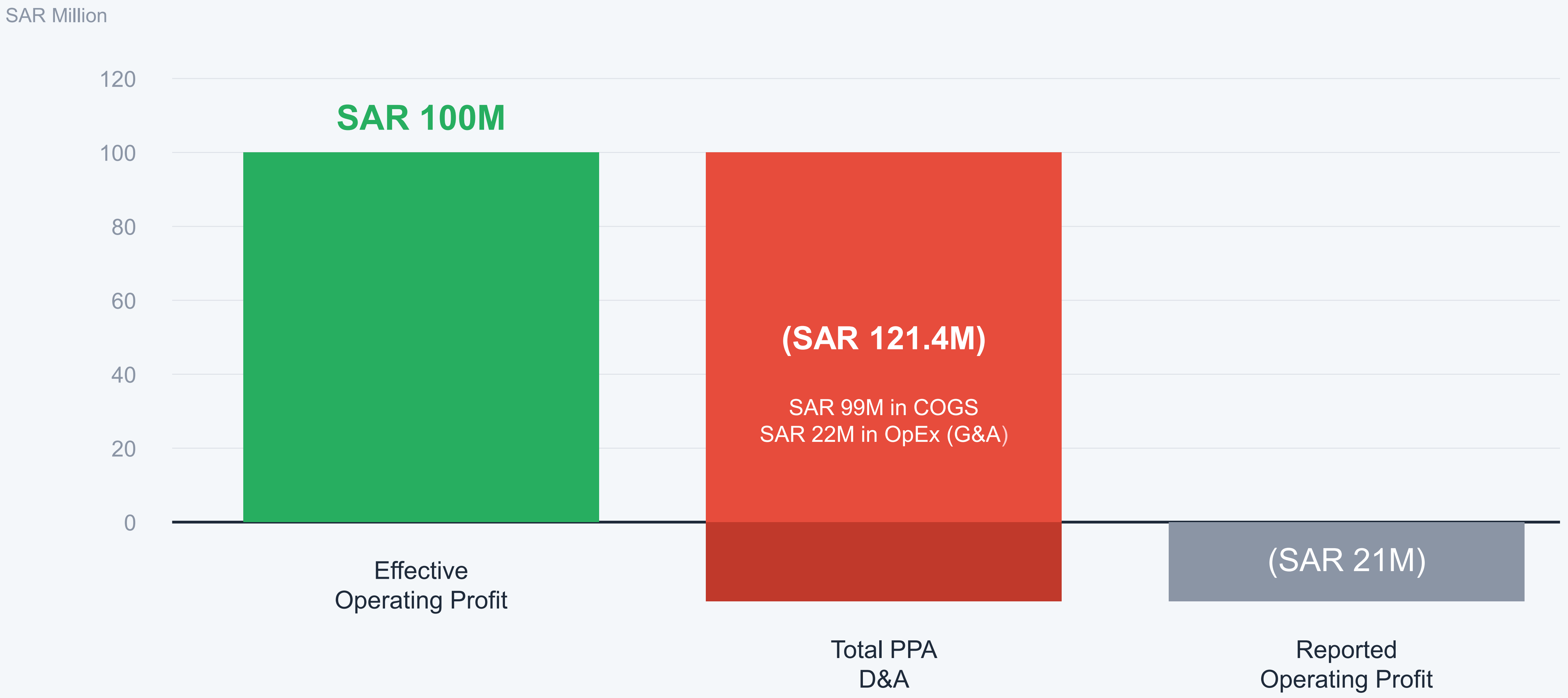
3 Q4 IMPACT

SAR 121.4M

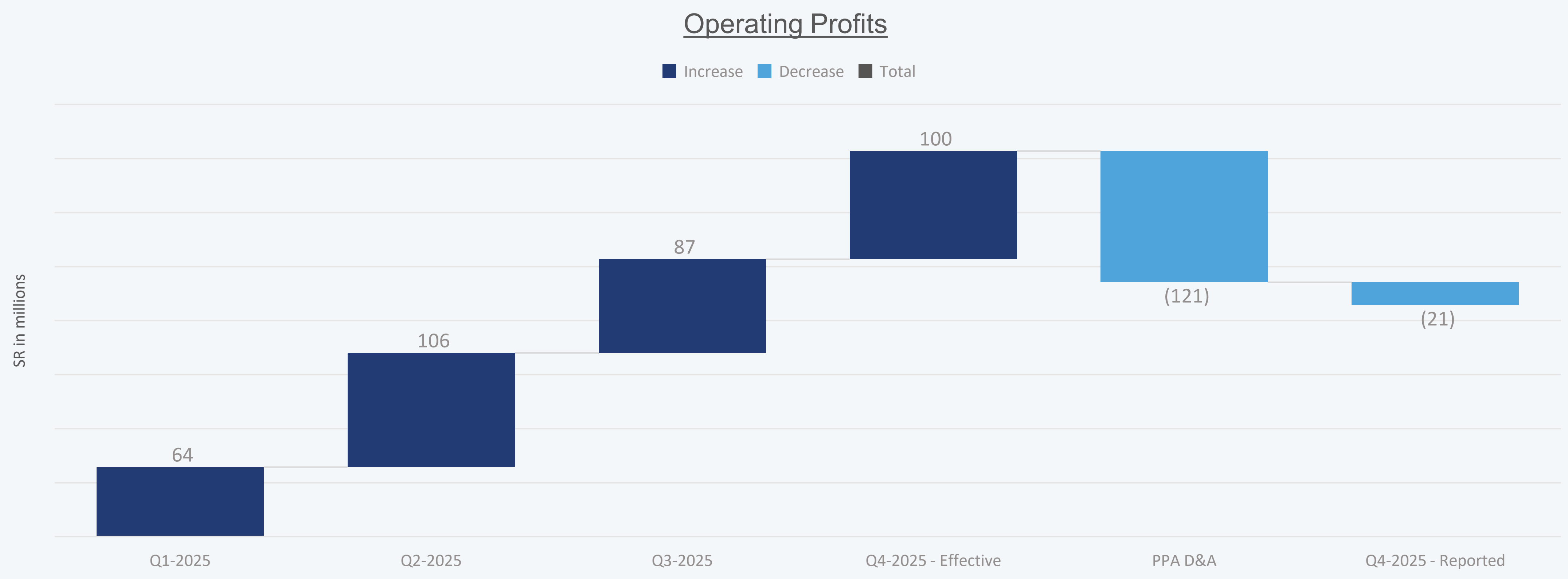
Full-year catch-up Depreciation and Amortization (D&A) charged to Q4. Non-cash, non-recurring concentration.

KEY POINT: Under IFRS 3, the D&A of SAR 121.4M relates to the period from acquisition (13 Feb) through year-end. Since the PPA was completed in Q4, the entire amount was recognized in that quarter — not because Q4 operations deteriorated.

Q4 2025: EFFECTIVE vs REPORTED OPERATING PROFIT



QUARTERLY PERFORMANCE 2025 – OPERATING PROFIT



Q4 2025: GROSS PROFIT — REPORTED vs EFFECTIVE

Effective GROSS PROFIT

SAR 195.6M

Before PPA depreciation & amortization

Reflects actual commercial margins
and operational pricing dynamics

–99M

PPA D&A
in COGS

REPORTED GROSS PROFIT

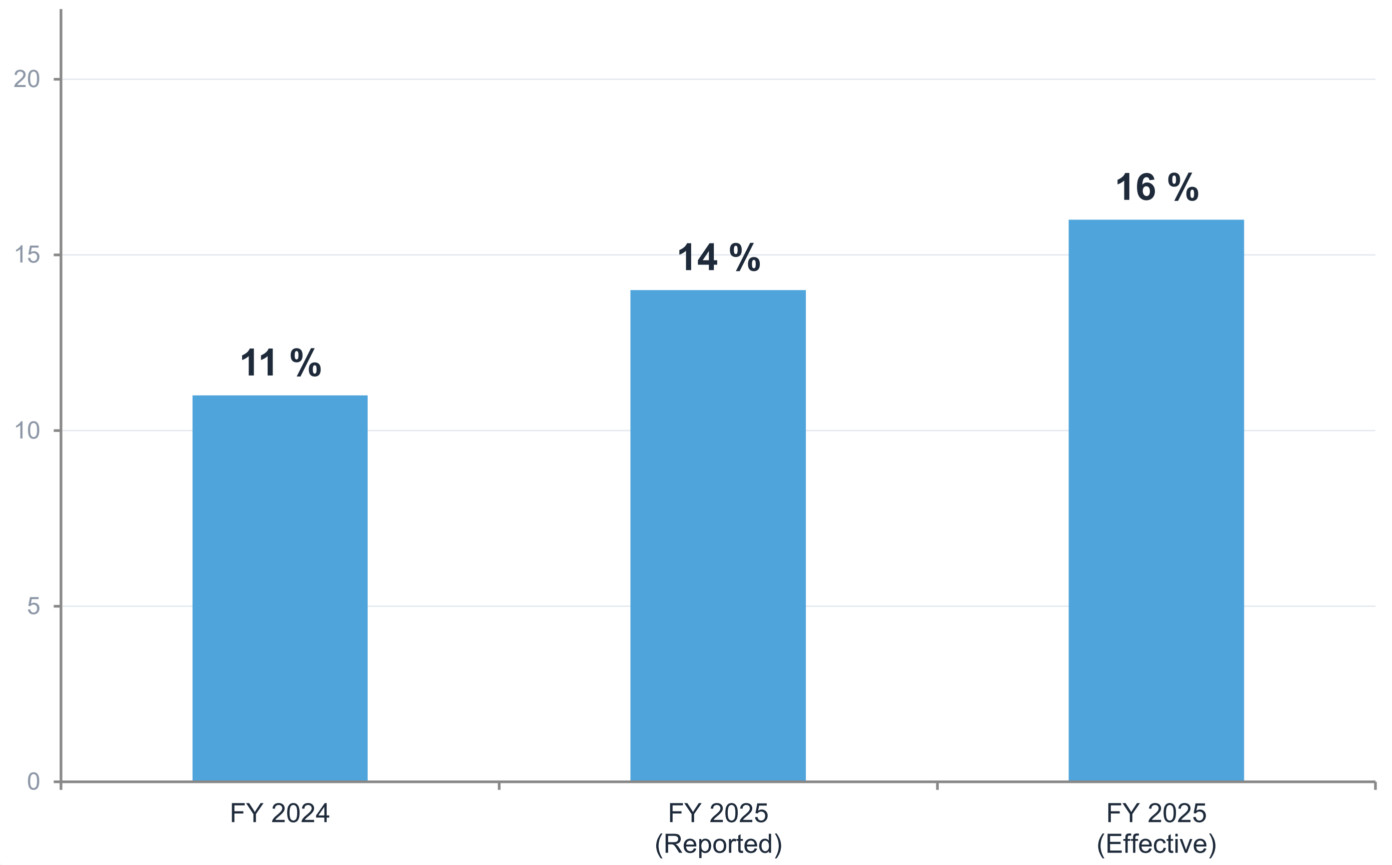
SAR 96.4M

After SAR 99M PPA amortization in COGS

Entirely non-cash accounting
adjustment — not operational

⚠ SAR 99M of PPA amortization in Cost of Revenue accounts for 82% of the total Q4 PPA charge. This single line item drove the apparent gross margin compression.

GROUP GROSS PROFIT MARGIN — STRATEGIC IMPROVEMENT



Key Drivers

Strategic product mix shift
Higher contribution from high-margin products across sectors

Petronash consolidation
Oil & gas sector brings structurally higher margins

New electrical products
Increased volumes and higher average selling prices

Reported vs Effective
Effective margin of ~16% reduced by PPA catch-up charges

FY 2025 EBITDA PERFORMANCE — THE REAL STORY

FY 2024		FY 2025
SAR 228M	**+97%**	**SAR 449M**
Group EBITDA		Group EBITDA (excl. bargain purchase gain)

EBITDA Growth by Sector (FY 2025)

Oil & Gas	Electrical	Plastics	Metal & Wood
SAR 232M	**+SAR 17M**	**+SAR 6M**	**–SAR 23M**
From 13 Feb 2025	YoY increase	YoY increase	YoY decline

FORWARD-LOOKING: PPA NORMALIZATION FROM 2026

Intangible Asset	Initially Recognized	Amortization FY 2025	Remaining Balance	Est. Remaining Useful Life
Contract Order Backlog	**SAR 180M**	**(SAR 95M)**	**SAR 85M**	**~1 year**
Customer Relationships	SAR 210M	(SAR 18M)	SAR 192M	9 years
Trade Name	SAR 34M	(SAR 3M)	SAR 31M	9 years
Fixed Assets (Fair Value Uplift)	SAR 36M	(SAR 5M)	SAR 31M	Mixed.
Total	SAR 460M	(SAR 121M)	SAR 338M	

SAR 307M

Remaining intangible asset balance to amortize from 2026 onwards

Amortization – Contract backlog

Remaining Contract backlog is expected to amortize over 2026 based on the expected revenue recognition pattern

Non-recurring charge

2025: Full-year catch-up D&A in Q4 2025;

2026: Starting FY 2026, charges will spread evenly on each quarter.

KEY TAKEAWAYS

1

Q4 Impact is Non-Recurring

The SAR 121.4M PPA catch-up is cumulative impact for FY 2025 representing concentration of non-cash charges. It does not reflect operational deterioration.

2

Effective Performance is Satisfactory

Q4 effective operating profit of ~SAR 100M is consistent with historical trajectory and momentum. Full-year EBITDA grew 97% to SAR 449M.

3

Margins Will Normalize

From Q1 2026, reported margins will align with underlying commercial performance.

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 annual financial results announcement for the year ended 31 December 2025.

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

Certain figures presented as “Effective" or "adjusted" 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!

بوان
Bawan