Clarification on H1 2026

Reported Financial Results

Continuing PPA Impact on Reported Performance and Retrospective Revision of H1-2025 Comparative Information under IFRS 3

TADAWUL: 1302

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Bawan

SUMMARY

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

1. Continuing PPA Impact on H1-2026

SAR 72M non-cash PPA D&A charged to H1-2026 reported results (Q1: SAR 42M + Q2: SAR 30M, declining as the contract order backlog amortizes down).

Effective Net Profit (Bawan's share): Q2-26: SAR 78M | H1-26: SAR 164M vs SAR 87M in H1-25 (+89% YoY).

Effective Operating Income (Group): Q2-26: SAR 109M | H1-26: SAR 229M vs SAR 170M in H1-25 (+35% YoY).

Effective Gross Margin: Q2-26: 20% | H1-26: 19% vs 15% in H1-25 — ~400bps expansion driven by strategic product mix and Petronash consolidation.

2. Revision of H1-2025 Comparatives

IFRS 3 measurement period adjustments require H1-2025 comparatives (both Q1 and Q2) to be retrospectively revised in the H1-2026 financial statements.

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

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

March 2026

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

4

H1-26: CONTINUING

June 2026

Recurring PPA related non-cash D&A continues (SAR 72M for H1) + IFRS 3 measurement period revision now extended to full H1-2025 comparatives for better presentation.

FOCUS OF THIS ANNOUNCEMENT: H1-2026 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 full H1-2025.

IFRS 3 REVISION — WHAT CHANGED IN H1-2025 COMPARATIVES

IFRS 3 Requirement

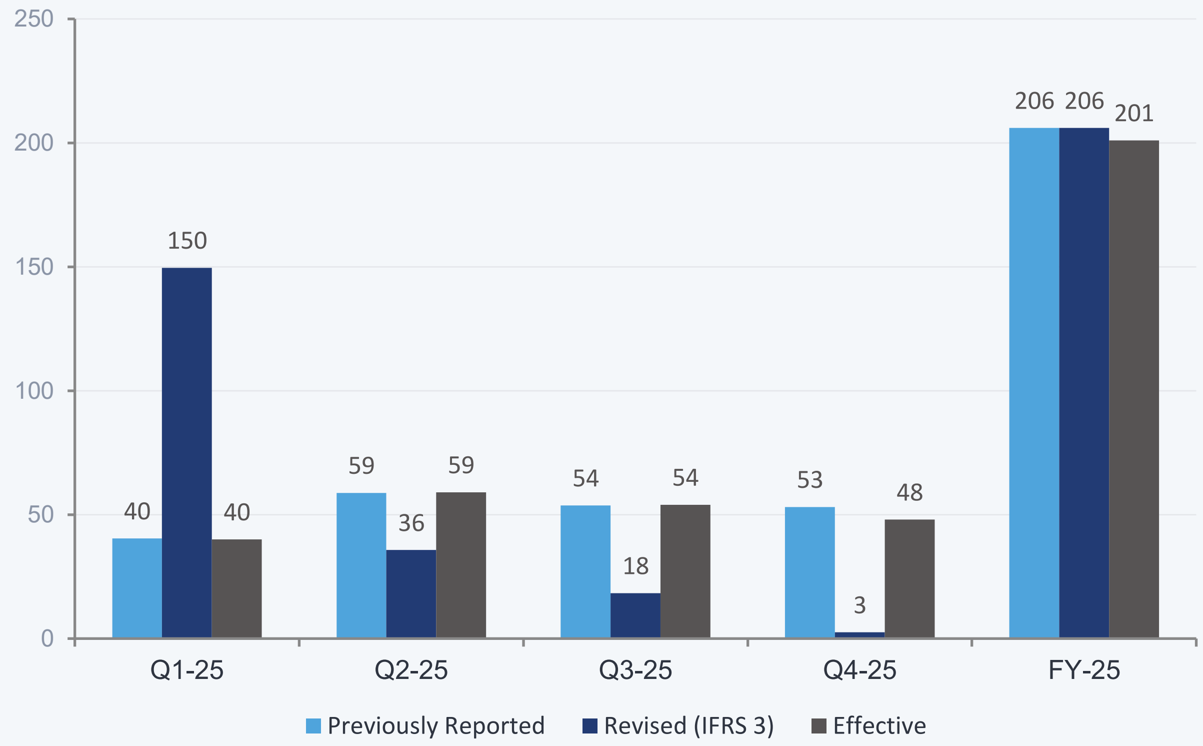
Adjustments to provisional amounts during the measurement period are recognized as if the accounting for the business combination had been completed at the acquisition date.

Adjustments to H1-2025 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 and Q2 2025**
  SAR 40M non-cash PPA D&A is now allocated to H1-25 (Q1-25: SAR 17M + Q2-25: SAR 23M), 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.

H1-2025 COMPARATIVE — PREVIOUSLY ANNOUNCED vs REVISED

The H1-2025 net profit comparative shown in the H1-2026 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 both quarters.

Previously Announced

(as published in H1-2025 results)

Net Profit (Bawan share)

SAR 87M

Bargain Purchase Gain

Not yet recognized

PPA D&A Allocation

Not yet recognized

PPA was disclosed as in-process at H1-2025; neither the bargain purchase gain nor PPA D&A had been recorded.

Revised Comparative

(IFRS 3 — shown in H1-2026 FS)

Net Profit (Bawan share)

SAR 181M

Bargain Purchase Gain

+ SAR 126M (Q1-25)

PPA D&A Allocation

− SAR 32M (Bawan share)

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

Effective Net Profit

(underlying performance)

Net Profit (Bawan share)

SAR 87M

Bargain Purchase Gain

Excluded (one-off)

PPA D&A Allocation

Excluded (non-cash)

Best basis for like-for-like comparison with H1-2026 effective net profit of SAR 164M.

KEY POINT: When comparing H1-2026 to the H1-2025 comparative shown in the financial statements, investors should look at **EFFECTIVE numbers** for like-for-like comparison.

REPORTED vs EFFECTIVE PERFORMANCE — Q1, Q2 & H1 2026

H1-2026 reported results absorb SAR 72M of non-cash PPA D&A (SAR 42M in Q1 + SAR 30M in Q2). Effective figures reveal the underlying operational momentum, most clearly visible on a six-month basis.

Net Profit (Bawan's Share)

	Q1-26	Q2-26	H1-26	H1-25
Reported	52	54	106	181
Effective	86	78	164	87

Less: SAR 58M *non-cash PPA D&A (Bawan's share) in H1-2026*

Operating Income (Group)

	Q1-26	Q2-26	H1-26	H1-25
Reported	78	79	157	130
Effective	120	109	229	170

Less: SAR 72M *non-cash PPA D&A (Group) in H1-2026*

Gross Profit (Group)

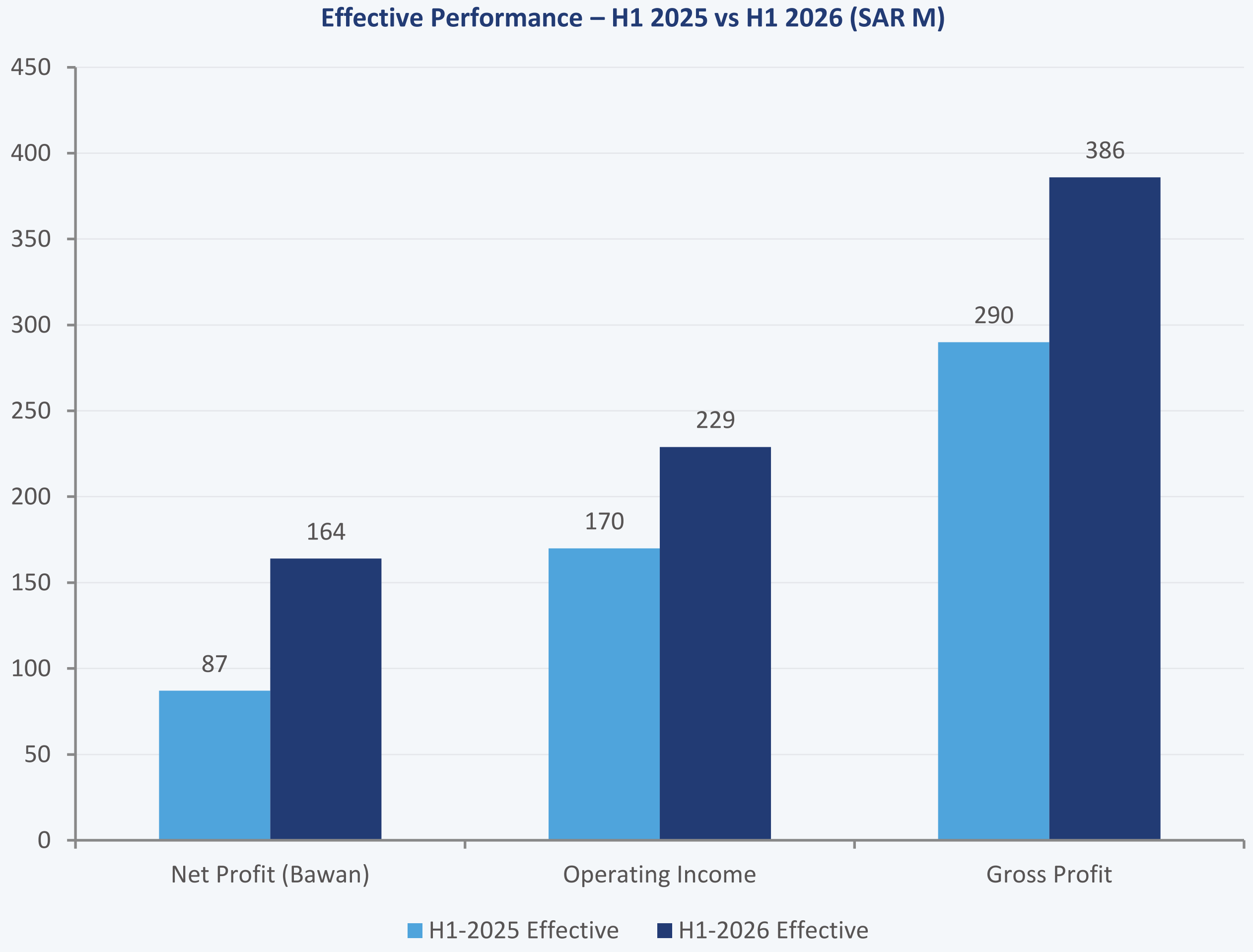
	Q1-26	Q2-26	H1-26	H1-25
Reported	156 (15%)	170 (17%)	326 (16%)	259 (14%)
Effective	192 (19%)	193 (20%)	386 (19%)	290 (15%)

Less: SAR 60M *PPA amortization in COGS for H1-2026*

H1-26 EFFECTIVE VIEW: Net Profit SAR 164M | Operating Income SAR 229M | Gross Profit SAR 386M (19% margin) — reflecting strong underlying operational momentum across all sectors.

H1 2026 vs H1 2025 — EFFECTIVE PERFORMANCE COMPARISON

On a like-for-like effective basis, H1-2026 shows strong year-on-year growth across all key metrics, driven by full Petronash contribution, strategic product mix, and margin expansion.



Net Profit (Bawan)

+89% YoY

SAR 164M vs SAR 87M

Operating Income

+35% YoY

SAR 229M vs SAR 170M

Gross Margin Expansion

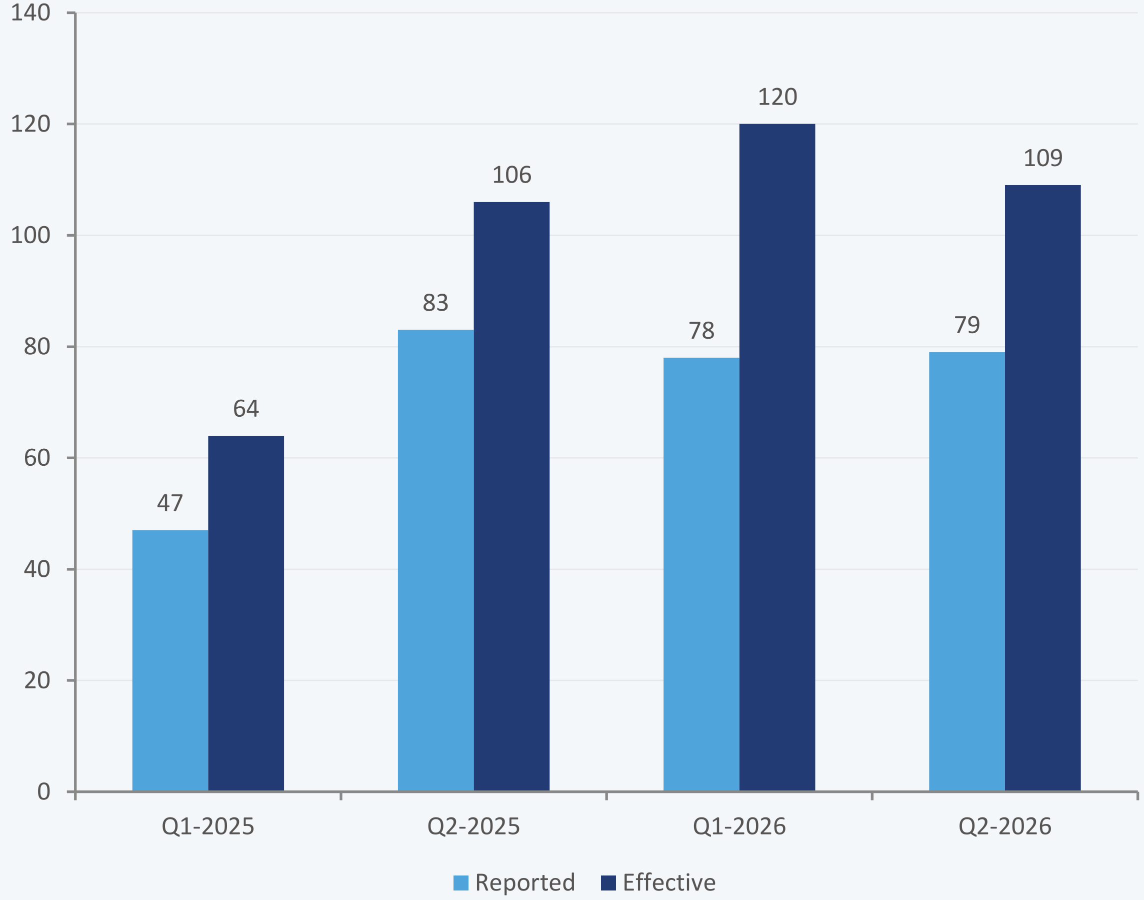
15% → 19%

~400bps expansion driven by strategic product mix, Petronash consolidation, and better margin in metal products.

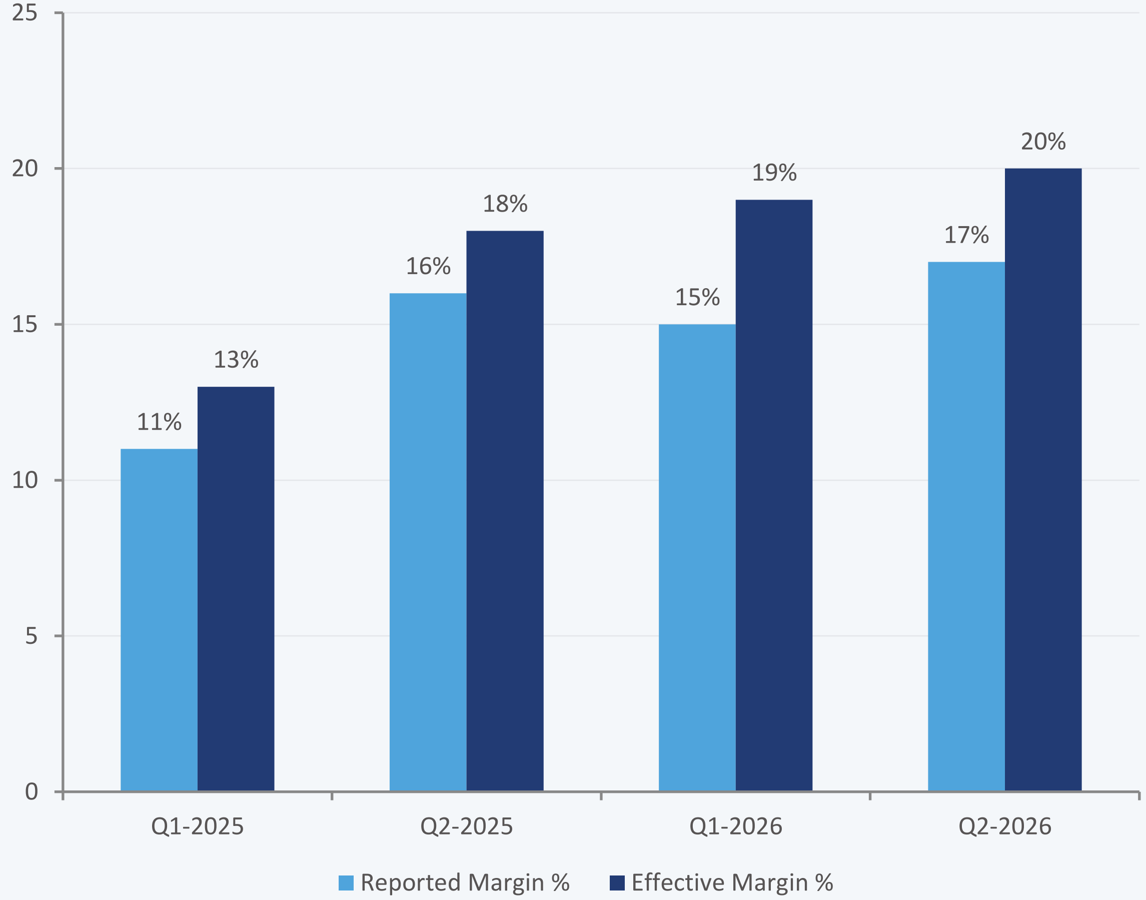
QUARTERLY TRAJECTORY — OPERATING INCOME & GROSS MARGIN

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.

Operating Income — Group (SAR M)



Gross Margin — Group (%)



FORWARD-LOOKING — PPA AMORTIZATION SCHEDULE

PPA-related D&A is declining as the contract order backlog amortizes down. The backlog is expected to be fully amortized by 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	Remaining Balance	Remaining Useful Life
Contract Order Backlog	SAR 180M	(SAR 95M)	(SAR 35M)	(SAR 23M)	**SAR 27M**	*Est. 6 months*
Customer Relationships	SAR 210M	(SAR 18M)	(SAR 5M)	(SAR 5M)	**SAR 181M**	*8.5 years*
Trade Name	SAR 34M	(SAR 3M)	(SAR 0.8M)	(SAR 0.8M)	**SAR 29M**	*8.5 years*
Fixed Assets (Fair Value Uplift)	SAR 36M	(SAR 5M)	(SAR 1M)	(SAR 1M)	**SAR 29M**	*Mixed*
Total	**SAR 460M**	**(SAR 121M)**	**(SAR 42M)**	**(SAR 30M)**	**SAR 266M**	—

H2 2026 EXPECTATION

~SAR 15M/qtr.

PPA D&A expected to decline as the contract order backlog amortizes down through H2-26.

2027 ONWARDS

Material Decline

Order backlog fully expensed by end of FY 2026; accordingly quarterly PPA charge drops significantly from 2027.

REPORTED-EFFECTIVE GAP

Reported vs effective gap in profits expected to narrow through H2-2026 and then materially compress as the order backlog gets fully amortized.

GEOPOLITICAL UPDATE — RESILIENCE & ACTIVE RISK MANAGEMENT

Middle East geopolitical tensions intensified during H1-2026. 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 H1-26 gross margin expansion to 19% (vs 15% in H1-25).

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

Strong H1-2026 Underlying Performance

Effective net profit attributable to Bawan reached SAR 164M in H1-2026 (+89% YoY vs SAR 87M in H1-2025). Effective gross margin expanded to 19% (vs 15% in H1-2025), driven by strategic product mix, Petronash consolidation and higher-margin from metal products.

2

Reported Numbers Reflect Non-Cash PPA Impact

H1-2026 reported results absorb SAR 72M of non-cash PPA D&A (Q1: SAR 42M + Q2: SAR 30M). Charge is declining sequentially as the contract order backlog amortizes down and is expected to decline further through H2-2026.

3

H1-2025 Comparatives Have Been Revised

Under IFRS 3, the H1-2025 comparative in the H1-2026 financial statements reflects the bargain purchase gain reallocation to Q1-25 (SAR 126M) and proportional PPA D&A allocated across Q1-25 (SAR 17M) and Q2-25 (SAR 23M). 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 six-month period ended 30 June 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 six-month periods ended 30 June 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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