

Results For The Three Months And Nine Months Period Ending September 30, 2023

The financial and operational information herein highlights the main results of the period based on unaudited consolidated condensed interim financial statements presented in Saudi Riyals and prepared in accordance with International Financial Reporting Standards (IFRSs) as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by Saudi Organization for Certified Public Accountants (SOCPA). Additionally, this summary includes non-IFRS alternative performance measures i.e., EBITDA, Net cash (debt) and Free Cash Flow. See “Exhibit I” for more details on these alternative performance measures.

Summary of the Results

(Comparison with 3Q 2022; 2Q 2023 and 9M 2022)

	Three-month Period					Nine-month Period		
	3Q 2023	3Q 2022		2Q 2023		9M 2023	9M 2022	
Net sales (SAR Thousands)	317,467	204,777	55%	361,379	(12%)	845,736	600,678	41%
Operating income (SAR Thousands)	52,552	21,004	150%	74,245	(29%)	133,558	59,531	124%
Net income (SAR Thousands)*	37,916	16,794	126%	87,450	(57%)	131,737	43,067	206%
Shareholders' net income (SAR Thousands)*	24,957	16,794	49%	84,563	(70%)	115,891	43,067	169%
Earnings per share (SAR)*	0.49	0.33	49%	1.67	(70%)	2.29	0.85	169%
EBITDA** (SAR Thousands)	69,427	31,853	118%	87,503	(21%)	173,514	91,681	89%
EBITDA margin (% of net sales)	22%	16%		24%		21%	15%	
Free Cash Flow (SAR Thousands)	(3,368)	(112,389)		44,969		79,357	(84,615)	
Net cash/(debt) (SAR Thousands)	(548,755)	(213,788)		(540,342)		(548,755)	(213,788)	
Gearing Ratio (Equity/Net Debts)	1.5x	2.5x		1.4x		1.5x	2.5x	

* Includes the results of discontinued operations.

** Excludes the results of discontinued operations. EBITDA is defined as operating (loss) income plus depreciation, amortization and impairment charges / (reversals).

3Q 2023 compared with 3Q 2022:

- SSP recorded a positive EBITDA of SAR 69.4 million, 22% margin, compared to a positive EBITDA of SAR 31.9 million, 16% margin in 3Q 2022.
- SSP recorded a negative Free Cash Flow of SAR (3.4) million in 3Q 2023 compared to a negative Free Cash Flow of SAR (112.4) million in 3Q 2022. Net Debt increased to SAR 548.8 million at the end of 3Q 2023 from SAR 213.8 million at the end of 3Q 2022, as a result of consolidating the financial position of Global Pipe Company.

3Q 2023 compared with 2Q 2023:

- SSP recorded a positive EBITDA of SAR 69.4 million, 22% margin, compared to a positive EBITDA of SAR 87.5 million, 24% margin in 2Q 2023.
- Due to the increase in working capital, SSP recorded a negative Free Cash Flow of SAR (3.4) million in 3Q 2023 compared to a positive Free Cash Flow of SAR 45.0 million in 2Q 2023. Consequently, Net Debt increased to SAR 548.8 million at the end of 3Q 2023 from SAR 540.3 million at the end of 2Q 2023.

9M 2023 compared with 9M 2022:

- SSP recorded a positive EBITDA of SR 173.5 million, 21% margin, compared to SR 91.7 million, 15% margin in 9M 2022.
- As a result of improved profitability and efficient working capital management, SSP recorded a positive free cash flow of SAR 79.4 million in 9M 2023 compared to negative free cash flow of SAR (84.6) million in 9M 2022. Net debt increased to SAR 548.8 million at the end of 9M 2023 from SAR 213.8 million at the end of 9M 2022, as a result of consolidating the financial position of Global Pipe Company.

Exhibit I - Alternative performance measures

Alternative performance measures should be considered in addition to, not as a substitute for or superior to, other measures of financial performance prepared in accordance with IFRS.

EBITDA, Earnings before interest, tax, depreciation, and amortization.

EBITDA provides an analysis of the operating results, excluding depreciation and amortization, and impairments being non-cash variables which can vary substantially from company to company depending on accounting policies and the accounting value of the assets. EBITDA is an approximation to pre-tax operating cash flow and reflects cash generation before working capital variation. EBITDA is widely used by investors when evaluating businesses (multiples valuation), as well as by rating agencies and creditors to evaluate the level of debt, comparing EBITDA with net debt.

EBITDA is calculated as follows:

EBITDA= Operating results + Depreciation and amortization + Impairment charges/(reversals).

(all amounts in thousands of SAR)	Three-month period ended September 30,		Nine-months period ended September 30,	
	2023	2022	2023	2022
Net sales	317,467	204,777	845,736	600,678
Operating income	52,552	21,004	133,558	59,531
Depreciation and amortization*	16,875	10,849	39,956	32,150
EBITDA	69,427	31,853	173,514	91,681
EBITDA%	22%	16%	21%	15%

*Excluding depreciation related to discontinued operations.

SSP recorded a positive EBITDA margin of 22% in 3Q 2023 compared to 16% in 3Q 2022, and a positive EBITDA margin of 21% in 9M 2023 compared to 15% in 9M 2022. This improvement resulted from the increase in volume mainly due to consolidating the results of GPC after SSP increased its total ownership interest in GPC to 57.27%, and improved mix of products sold.

Free Cash Flow

Free cash flow is a measure of financial performance, calculated as operating cash flow less capital expenditures. It represents the cash that a company is able to generate after spending the money required to maintain or expand its asset base.

Free cash flow is calculated in the following manner:

Free cash flow= Net cash (used in) provided by operating activities – Capital expenditures.

(all amounts in thousands of SAR)	Three-month period ended September 30,		Nine-months period ended September 30,	
	2023	2022	2023	2022
Net cash provided by operating activities	1,009	(112,153)	84,797	(82,867)
Capital expenditures	(4,377)	(236)	(5,440)	(1,748)
Free cash flow	(3,368)	(112,389)	79,357	(84,615)

SSP recorded a negative free cash flow of SAR (3.4) million in 3Q 2023 compared to SAR (112.4) million in 3Q 2022. As a result of improved profitability and efficient working capital management, SSP recorded a positive free cash flow of SAR 79.4 million in 9M 2023 compared to negative free cash flow of SAR (84.6) million in 9M 2022.

Net Cash (Debt)

Net Cash (Debt) is the net balance of cash and cash equivalents, other current investments, and non-current investments less total borrowings. It provides a summary of the financial solvency and liquidity of the company. It is widely used by investors and rating agencies and creditors to assess the company's leverage, financial strength, flexibility, and risks.

Net cash (debt) is calculated in the following manner:

Net cash= Cash and cash equivalents + other investments (Current and Non-Current) +/- Derivatives hedging borrowings and investments – Borrowings (Current and Non-Current)

(all amounts in thousands of SAR)	At September 30,	
	2023	2022
Cash and cash equivalents	174,627	136,312
Current Borrowings	(703,694)	(248,018)
Non-current Borrowings	(19,688)	(102,082)
Net cash / (debt)	(548,755)	(213,788)
Equity	810,253	538,271
Gearing Ratio (Equity/Net Debts)	1.5x	2.5x

Net Debt increased to SAR 548.8 million in 3Q 2023 compared to SAR 213.8 million in 3Q 2022, as a result of consolidating the financial position of Global Pipe Company. Gearing ratio decreased to 1.5x as at the end of 3Q 2023 compared to 2.5x as at the end of 3Q 2022.