

## Saudi Steel Pipe Company

### Results For The Year Ending December 31, 2023

*The financial and operational information herein highlights the main results of the period based on audited consolidated 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 2022)	Year Ended December 31,		
	2023*	2022	
Net sales (SAR Thousands)	1,334,708	747,623	79%
Operating income (SAR Thousands)	225,214	69,512	224%
Net income (SAR Thousands)	217,261	54,206	301%
Shareholders' net income (SAR Thousands)	173,052	54,206	219%
Earnings per share (SAR)	3.42	1.07	219%
EBITDA** (SAR Thousands)	281,560	112,006	150%
EBITDA margin (% of net sales)	21%	15%	
Free Cash Flow (SAR Thousands)	307,568	(13,929)	
Net cash/(debt) (SAR Thousands)	(319,302)	(143,969)	
Gearing Ratio (Equity/Net Debts)	2.8x	3.8x	

\* Include the consolidated results of Global Pipe Company ("GPC") from May 17, 2023, the date on which SSP completed the acquisition of an additional 22% interest increasing its total ownership interest in GPC to 57.27%.

\*\* EBITDA is defined as operating (loss) income plus depreciation, amortization, and impairment charges / (reversals).

### 2023 compared with 2022:

- SSP recorded a positive EBITDA of SAR 282 million, 21% margin, compared to a positive EBITDA of SAR 112 million, 15% margin in 2022, as a result of the increase in volume mainly due to consolidating the results of Global Pipe Company ("GPC") after SSP increased its total ownership interest in it to 57.27%, and the improved mix of product sold and efficiency.
- SSP recorded a positive Free Cash Flow of SAR 308 million in 2023 compared to a negative Free Cash Flow of SAR (14) million in 2022. Net Debt increased to SAR 319 million at the end of 2023 from SAR 144 million at the end of 2022, as a result of consolidating the financial position of GPC.

**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 (multiple valuations), 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).

	Year Ended December 31,	
	2023	2022
Operating income	225,214	69,512
Depreciation and amortization*	56,346	42,494
<b>EBITDA</b>	<b>281,560</b>	<b>112,006</b>
<b>EBITDA%</b>	<b>21%</b>	<b>15%</b>

\* Excludes depreciation related to discontinued operations.

SSP recorded a positive EBITDA margin of 21% in 2023 compared to 15% in 2022. This improvement resulted from the increase in volume mainly due to consolidating the results of GPC and the improved mix of products sold and efficiency.

## Free Cash Flow

Free cash flow is a measure of financial performance, calculated as operating cash flow less capital expenditures. FCF 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)	Year Ended December 31,	
	2023	2022
Net cash provided by (or used in) operating activities	315,358	(12,155)
Capital expenditures	(7,790)	(1,775)
<b>Free cash flow</b>	<b>307,568</b>	<b>(13,929)</b>

As a result of improved profitability and effective working capital management, SSP recorded a positive free cash flow of SAR 308 million in 2023 compared to negative free cash flow of SAR (14) million in 2022.

## Net Cash (Debt)

This 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. Net cash (debt) 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 December 31,	
	2023	2022
Cash and cash equivalents	209,165	79,332
Current Borrowings	(386,192)	(123,966)
Non-current Borrowings	(142,275)	(99,335)
<b>Net cash / (debt)</b>	<b>(319,302)</b>	<b>(143,969)</b>
Equity	893,868	550,516
<b>Gearing Ratio (Equity/Net Debts)</b>	<b>2.8x</b>	<b>3.8x</b>

Net Debt increased to SAR 319 million in 2023 compared to SAR 144 million in 2022, as a result of consolidating the financial position of GPC. Gearing ratio decreased to 2.8x as at the end of 2023 compared to 3.8x as at the end of 2022.