

Saudi Steel Pipe Company

Results For The Three-Month Period Ending March 31st, 2024

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 1Q 2023 and 4Q 2023)*

	Three-month Period				
	1Q 2024	1Q 2023		4Q 2023	
Net sales (SAR Thousands)	514,939	166,891	209%	488,972	5%
Operating income (SAR Thousands)	89,888	6,761	1,230%	91,656	(2%)
Net income (SAR Thousands)	76,321	6,371	1,098%	85,524	(11%)
Shareholders' net income (SAR Thousands)	56,107	6,371	781%	57,161	(2%)
Earnings per share (SAR)	1.11	0.13	781%	1.13	(2%)
EBITDA** (SAR Thousands)	106,037	16,585	539%	108,046	(2%)
EBITDA margin (% of net sales)	21%	10%		22%	
Free Cash Flow (SAR Thousands)	(32,881)	37,756		228,211	
Net cash/(debt) (SAR Thousands)	(350,064)	(106,401)		(319,302)	
Gearing Ratio (Total Equity/Net Debts)	2.8x	5.2x		2.8x	

* Variance % will vary depending on the decimals used in the comparison.

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

As previously announced on 18/5/2023 (corresponding to 28/10/1444), SSP acquired an additional 22.27% interest in Global Pipe Company ("GPC") on 17/5/2023, resulting in a current total 57.27% participation in GPC. Accordingly, as from 17/5/2023 SSP started consolidating GPC's financial position and results of operations.

1Q 2024 compared with 1Q 2023:

- SSP recorded a positive EBITDA of SAR 106 million, 21% margin in 1Q 2024, compared to a positive EBITDA of SAR 17 million, 10% margin in 1Q 2023, as a result of the increase in volume mainly due to consolidating the results of Global Pipe Company ("GPC") in 1Q 2024, and the improved mix of products sold.
- Due to the increase in working capital as a result of higher activities, SSP recorded a negative Free Cash Flow of SAR (33) million in 1Q 2024 compared to a positive Free Cash Flow of SAR 38 million in 1Q 2023. Net Debt increased to SAR 350 million at the end of 1Q 2024 from SAR 106 million at the end of 1Q 2023 as a result of consolidating the financial position of GPC.

1Q 2024 compared with 4Q 2023:

- SSP recorded a positive EBITDA of SAR 106 million, 21% margin in 1Q 2024, compared to a positive EBITDA of SAR 108 million, 22% margin in 4Q 2023.
- Due to the increase in working capital as a result of higher activities, SSP recorded a negative Free Cash Flow of SAR (33) million in 1Q 2024 compared to a positive Free Cash Flow of SAR 228 million in 4Q 2023. Consequently, Net Debt increased to SAR 350 million at the end of 1Q 2024 from SAR 319 million at the end of 4Q 2023.

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 March 31,	
	2024	2023
Operating income	89,887	6,761
Depreciation and amortization*	16,150	9,824
EBITDA	106,037	16,585
EBITDA%	21%	10%

*Excluding depreciation related to discontinued operations.

SSP recorded a positive EBITDA margin of 21% in 1Q 2024 compared to 10% in 1Q 2023. This improvement resulted from the increase in volume mainly due to consolidating the results of GPC in 1Q 2024 and the 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. 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)	Three-month period ended March 31,	
	2024	2023
Net cash (used in) provided by operating activities	(26,731)	37,769
Capital expenditures	(6,150)	(13)
Free cash flow	(32,881)	37,756

Due to the increase in working capital as a result of higher activities, SSP recorded a negative Free Cash Flow of SAR (33) million in 1Q 2024 compared to a positive Free Cash Flow of SAR 38 million in 1Q 2023.

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 / (debt) = 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 March 31,	
	2024	2023
Cash and cash equivalents	129,628	74,539
Current Borrowings	(374,230)	(118,128)
Non-current Borrowings	(105,463)	(62,813)
Net cash / (debt)	(350,064)	(106,401)
Equity	970,189	556,888
Gearing Ratio (Equity/Net Debts)	2.8x	5.2x

Net Debt increased to SAR 350 million in 1Q 2024 from SAR 106 million in 1Q 2023, as a result of consolidating the financial position of GPC. Gearing ratio decreased to 2.8x as at the end of 1Q 2024 compared to 5.2x as at the end of 1Q 2023.