

Saudi Steel Pipe Company

Results For The Year Ending December 31, 2024

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 2023)	Year Ending December 31,		
	2024	2023 *	
Net sales (SAR Millions)	1,630	1,335	22%
Operating income (SAR Millions)	307	225	36%
Net income (SAR Millions)	250	217	15%
Shareholders' net income (SAR Millions)	181	173	5%
Earnings per share (SAR)	3.57	3.42	5%
EBITDA (SAR Millions)	386	282	37%
EBITDA margin (% of net sales)	24%	21%	
Free Cash Flow (SAR Millions)	(5)	308	
Net cash/(debt) (SAR Millions)	(363)	(319)	
Gearing Ratio (Equity/Net Debt)	3.0x	2.8x	

* As announced on 18/5/2023 (corresponding to 28/10/1444), Saudi Steel Pipe Company ("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.

2024 compared with 2023:

- SSP recorded a positive EBITDA of SAR 386 million, 24% margin, compared to a positive EBITDA of SAR 282 million, 21% margin in 2023, mainly as a result of the increase in volume due to Global Pipes Company consolidation and improved mix of products sold and efficiency.
- Due to the increase in working capital as a result of increased activities, and higher capital expenditure due to production capacity expansion at GPC, SSP recorded a negative free cash flow of SAR (5) million in 2024 compared to a positive free cash flow of SAR 308 million in 2023. Net Debt increased to SAR 363 million in 2024 from SAR 319 million in 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 (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).

(all amounts in Millions of SAR)

	Year Ending December 31,	
	2024	2023
Net sales	1,630	1,335
Operating income	307	225
Depreciation and amortization	79	56
EBITDA	386	282
EBITDA%	24%	21%

SSP recorded a positive EBITDA margin of 24% in 2024 compared to 21% in 2023. This improvement resulted mainly from the increase in volume due to GPC consolidation, 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 Millions of SAR)

	Year Ending December 31,	
	2024	2023
Net cash provided by operating activities	37	315
Capital expenditures	(41)	(8)
Free cash flow	(5)	308

Due to the increase in working capital as a result of increased activities, and higher capital expenditure due to production capacity expansion at GPC, SSP recorded a negative free cash flow of SAR (5) million in 2024 compared to a positive free cash flow of SAR 308 million in 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= Cash and cash equivalents + Other investments (Current and Non-Current) +/- Derivatives hedging borrowings and investments – Borrowings (Current and Non-Current)

	At December 31,	
	2024	2023
(all amounts in Millions of SAR)		
Cash and cash equivalents	176	209
Current Borrowings	(496)	(386)
Non-current Borrowings	(43)	(142)
Net (debt)	(363)	(319)
Equity	1,103	894
Gearing Ratio (Equity/Net Debts)	3.0x	2.8x

Net Debt increased to SAR 363 million in 2024 from SAR 319 million in 2023, as a result of the increase in working capital, capital expenditure on production capacity expansion and the dividends paid in 2024 amounting to SAR 38 million. Gearing ratio improved to 3.0x in 2024 compared to 2.8x in 2023.