

Saudi Steel Pipe Company

Results for the Three-Month Period Ending March 31st, 2025

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 2024 and 4Q 2024)

	Three-month Period				
	1Q 2025	1Q 2024		4Q 2024	
Net sales (SAR Millions)	454	515	(12%)	262	73%
Operating income (SAR Millions)	80	90	(11%)	50	61%
Net income (SAR Millions)	69	76	(10%)	38	82%
Shareholders' net income (SAR Millions)	50	56	(10%)	23	122%
Earnings per share (SAR)	0.99	1.11	(10%)	0.45	122%
EBITDA (SAR Millions)	101	106	(5%)	75	34%
EBITDA margin (% of net sales)	22%	21%		29%	
Free Cash Flow (SAR Millions)	210	(33)		(95)	
Net cash/(debt) (SAR Millions)	(155)	(350)		(363)	
Gearing Ratio (Equity/Net Debt)	7.6x	2.8x		3.0x	

1Q 2025 compared with 1Q 2024:

- SSP recorded a positive EBITDA of SAR 101 million, 22% margin in 1Q 2025, compared to a positive EBITDA of SAR 106 million, 21% margin in 1Q 2024.
- As a result of the effective working capital management and profitability, SSP recorded a positive Free Cash Flow of SAR 210 million in 1Q 2025 compared to a negative Free Cash Flow of SAR (33) million in 1Q 2024. Net Debt decreased significantly to SAR 155 million at the end of 1Q 2025 from SAR 350 million at the end of 1Q 2024. Thus, Gearing Ratio improved to a record level of 7.6x (vs. 2.8x in 1Q 2024).

1Q 2025 compared with 4Q 2024:

- SSP recorded a positive EBITDA of SAR 101 million, 22% margin in 1Q 2025, compared to a positive EBITDA of SAR 75 million, 29% margin in 4Q 2024.
- As a result of the effective working capital management and the improved profitability, SSP recorded a positive Free Cash Flow of SAR 210 million in 1Q 2025 compared to a negative Free Cash Flow of SAR (95) million in 4Q 2024. Consequently, Net Debt decreased significantly to SAR 155 million at the end of 1Q 2025 from SAR 363 million at the end of 4Q 2024. Thus, Gearing Ratio improved to a record level of 7.6x (vs. 3.0x in 4Q 2024).

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 Millions of Saudi Arabia Riyals)

	Three-month period ending Mar 31,	
	2025	2024
Net sales	454	515
Operating income	80	90
Depreciation and amortization	20	16
EBITDA	101	106
EBITDA%	22%	21%

SSP recorded a positive EBITDA margin of 22% in 1Q 2025 compared to 21% in 1Q 2024. This improvement resulted from the improved efficiency and mix of products sold.

Free Cash Flow

Free Cash Flow (FCF) 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.

FCF is calculated in the following manner:

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

(all amounts in Millions of Saudi Arabia Riyals)

	Three-month period ending Mar 31,	
	2025	2024
Net cash (used in) provided by operating activities	217	(27)
Capital expenditures	(7)	(6)
Free cash flow	210	(33)

As a result of the effective working capital management and profitability, SSP recorded a positive FCF of SAR 210 million in 1Q 2025 compared to a negative Free Cash Flow of SAR (33) million in 1Q 2024.

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. 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 Millions of Saudi Arabia Riyals)

	At March 31,	
	2025	2024
Cash and cash equivalents	207	130
Current Borrowings	(334)	(374)
Non-current Borrowings	(28)	(105)
Net cash / (debt)	(155)	(350)
Equity	1,172	970
Gearing Ratio (Equity/Net Debts)	7.6x	2.8x

Net Debt decreased to SAR 155 million in 1Q 2025 from SAR 350 million in 1Q 2024, as a result of continuous improvement in profitability and effective cash flow management. Gearing ratio improved to 7.6x as at the end of 1Q 2025 compared to 2.8x as at the end of 1Q 2024.