

Saudi Steel Pipe Company
Results For The Year Ending December 31, 2025

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 2024)

	Year Ending December 31,		
	2025	2024	
Net sales (ﷲ Millions)	1,412	1,630	(13%)
Operating income (ﷲ Millions)*	257	309	(17%)
Net income (ﷲ Millions)	263	250	5%
Shareholders' net income (ﷲ Millions)	192	181	6%
Earnings per share (ﷲ)	3.79	3.57	6%
EBITDA (ﷲ Millions)*	340	388	(12%)
EBITDA margin (% of net sales)	24%	24%	
Free Cash Flow (ﷲ Millions)	325	(5)	
Net cash/(debt) (ﷲ Millions)	(34)	(363)	
Gearing Ratio (Equity/Net Debts)	34.3x	3.0x	

* 2024 figures are affected by SR 2 million reclassified from “cost of revenue” and “administrative expenses” to “financial charges” to conform with the current year presentation. This reclassification does not affect previously reported net profit or results of the year.

Development On The Company Land Plots With Inactive Title Deeds

On April 28, 2025, the Company concluded a settlement with the sellers of three land plots in Dammam, which were purchased by the Company in 2010 (the Lands Purchase Transaction), pursuant to which the Land Purchase Transaction was unwound, and the sellers reimbursed the purchase price paid by the Company, plus a compensation for damages, for an aggregate amount of ﷲ 211 million in cash compared to a book value amounting to ﷲ 158 million (“Lands Settlement”). The concerned land plots were not part of the production facilities of the Company. Additionally, the sellers released the Company from any claim on the plots of land or its title deeds and assumed all rights and obligations related to its pending petition with the Ministry of Justice.

2025 compared with 2024:

- SSP recorded a positive EBITDA of ₪ 340 million, 24% margin, compared to a positive EBITDA of ₪ 388 million, 24% margin in 2024.
- As a result of the profitability recorded and the effective working capital management, SSP recorded a positive free cash flow of ₪ 325 million in 2025 (which excludes the aggregate Lands Settlement amount) compared to a negative free cash flow of ₪ (5) million in 2024. Consequently, net debt decreased to ₪ 34 million at the end of 2025 from ₪ 363 million at the end of 2024, despite the total dividends distributed in 2025 amounting to ₪ 200 million.

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 Ending December 31,	
	2025	2024
(All amounts in Millions of ₪)		
Net sales	1,412	1,630
Operating income	257	309
Depreciation and amortization	83	79
EBITDA	340	388
EBITDA%	24%	24%

SSP recorded a positive EBITDA margin of 24% in 2025 in line with the 24% recorded in 2024, which resulted mainly from the improved efficiencies, despite the decrease in volume. [].

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.

	Year Ending December 31,	
	2025	2024
(All amounts in Millions of ₪)		
Net cash (used in) provided by operating activities	357	37
Capital expenditures	(32)	(41)
Free cash flow	325	(5)

As a result of the profitability recorded and the effective working capital management, SSP recorded a positive Free Cash Flow of ₪ 325 million in 2025 (which excludes the aggregate Lands Settlement amount) compared to a negative Free Cash Flow of ₪ (5) million in 2024.

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,	
	2025	2024
(All amounts in Millions of ₪)		
Cash and cash equivalents	234	176
Current Borrowings	(268)	(496)
Non-current Borrowings	-	(43)
Net cash / (Debt)	(34)	(363)
Equity	1,165	1,103
Gearing Ratio (Equity/Net Debts)	34.3x	3.0x

Net Debt decreased to ₪ 34 million in 2025 from ₪ 363 million in 2024, despite the total dividends distributed in 2025 amounting to ₪ 200 million. Gearing ratio has significantly improved to 34.3x in 2025 compared to 3.0x in 2024.