

Results for the Three-month and Six-month Period Ending June 30, 2023

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.

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

Summary of the Results

(Comparison with 2Q 2022; 1Q 2023 and 6M 2022)

	Three-month Period					Six-month Period		
	2Q 2023	2Q 2022		1Q 2023		6M 2023	6M 2022	
Net sales (SAR Thousands)	361,379	211,820	71%	166,891	117%	528,270	395,902	33%
Operating income (SAR Thousands)	74,245	18,545	300%	6,761	998%	81,006	38,527	110%
Net income (SAR Thousands)	87,450	11,744	645%	6,371	1,273%	93,822	26,273	257%
Shareholders' net income (SAR Thousands)	84,563	11,744	620%	6,371	1,227%	90,934	26,273	246%
Earnings per share (SAR)	1.67	0.23	620%	0.13	1,227%	1.80	0.52	246%
EBITDA* (SAR Thousands)	87,503	29,164	200%	16,585	428%	104,087	59,828	74%
EBITDA margin (% of net sales)	24%	14%		10%		20%	15%	
Free Cash Flow (SAR Thousands)	44,969	89,019		37,756		82,725	27,774	
Net cash/(debt) (SAR Thousands)	(540,342)	(102,056)		(106,401)		(540,342)	(102,056)	
Gearing Ratio (Equity/Net Debts)	1.4x	5.1x		5.2x		1.4x	5.1x	

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

2Q 2023 compared with 2Q 2022:

- SSP recorded a positive EBITDA of SAR 87.5 million, 24% margin, compared to a positive EBITDA of SAR 29.2 million, 14% margin in 2Q 2022.
- SSP recorded a positive Free Cash Flow of SAR 45.0 million in 2Q 2023 compared to a positive Free Cash Flow of SAR 89.0 million in 2Q 2022. Net Debt increased to SAR 540.3 million at the end of 2Q 2023 from SAR 102.0 million at the end of 2Q 2022, as a result of consolidating the financial position of Global Pipe Company.

2Q 2023 compared with 1Q 2023:

- SSP recorded a positive EBITDA of SAR 87.5 million, 24% margin, compared to a positive EBITDA of SAR 16.6 million, 10% margin in 1Q 2023.
- SSP recorded a positive Free Cash Flow of SAR 45.0 million in 2Q 2023 compared to a positive Free Cash Flow of SAR 37.8 million in 1Q 2023. Net Debt increased to SAR 540.3 million at the end of 2Q 2023 from SAR 106.4 million at the end of 1Q 2023, as a result of consolidating the financial position of Global Pipe Company.

6M 2023 compared with 6M 2022:

- SSP recorded a positive EBITDA of SAR 104.1 million, 20% margin, compared to SAR 59.8 million, 15% margin in the 6M 2022.
- As a result of improved profitability and efficient working capital management, SSP recorded a positive free cash flow of SAR 82.7 million in 6M 2023 compared to SAR 27.8 million in 6M 2022. Net debt increased to SAR 540.3 million at the end of 6M 2023 from SAR 102.1 million at the end of 6M 2022, as a result of consolidating the financial position of Global Pipe Company.

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 June 30,		Six-month period ended June 30,	
	2023	2022	2023	2022
Net sales	361,379	211,820	528,270	395,902
Operating income	74,245	18,545	81,006	38,527
Depreciation and amortization*	13,257	10,619	23,081	21,301
EBITDA	87,503	29,164	104,087	59,828
EBITDA%	24%	14%	20%	15%

*Excluding depreciation related to discontinued operations.

SSP recorded a positive EBITDA margin of 24% in 2Q 2023 compared to 14% in 2Q 2022, and a positive EBITDA margin of 20% in 6M 2023 compared to 15% in 6M 2022. This improvement resulted mainly from the increase in volume (partially due to Global Pipe Company acquisition), improved efficiency and mix of products sold.

Free Cash Flow

Free cash flow is a measure of financial performance, calculated as operating cash flow less capital expenditures. It 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 June 30,		Six-month period ended June 30,	
	2023	2022	2023	2022
Net cash provided by operating activities	46,019	89,575	83,788	29,286
Capital expenditures	(1,050)	(556)	(1,063)	(1,512)
Free cash flow	44,969	89,019	82,725	27,774

SSP recorded a positive free cash flow of SAR 45.0 million in 2Q 2023 compared to SAR 89.0 million in 2Q 2022. As a result of improved profitability and efficient working capital management, SSP recorded a positive free cash flow of SAR 82.7 million in 6M 2023 compared to SAR 27.8 million in 6M 2022.

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. It 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 June 30,	
	2023	2022
Cash and cash equivalents	196,415	100,216
Current Borrowings	(695,507)	(138,738)
Non-current Borrowings	(41,250)	(63,534)
Net cash / (debt)	(540,342)	(102,056)
Equity	772,337	521,477
Gearing Ratio (Equity/Net Debts)	1.4x	5.1x

Net Debt increased to SAR 540.3 million in 2Q 2023 compared to SAR 102.1 million in 2Q 2022, as a result of consolidating the financial position of Global Pipe Company. Gearing ratio decreased to 1.4x as at the end of 2Q 2023 compared to 5.1x as at the end of 2Q 2022.