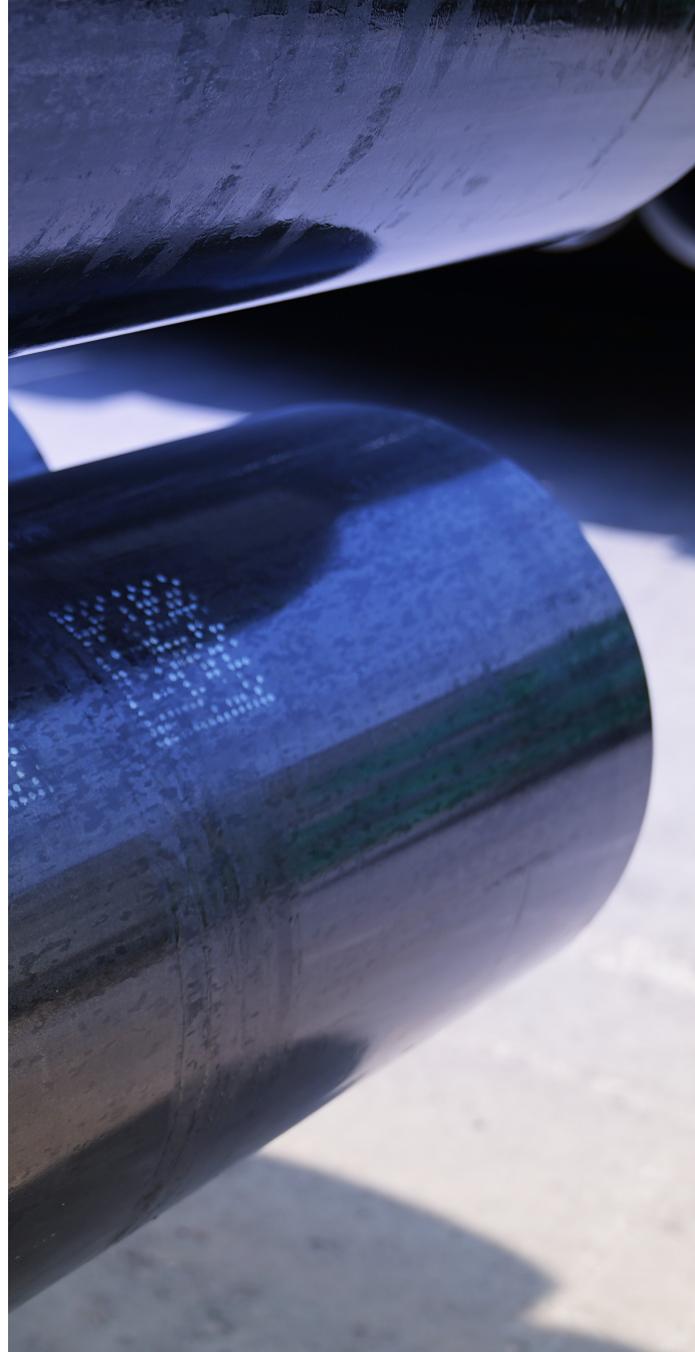




 **Tenaris** Saudi Steel Pipes

# Annual Report

**2022**



# 01

## Company Profile

# Index

<b>6</b>	Leading Indicators
<b>7</b>	Letter from the Board
<b>9</b>	Company Profile
<b>10</b>	Information on SSP
<b>11</b>	Industrial Excellence and Facilities
<b>14</b>	Business Operations Results
<b>16</b>	Vision and Milestones
<b>21</b>	Investments & Related Companies
<b>24</b>	Principal Risks & Uncertainties
<b>26</b>	Human Resources



## 02

### Corporate Governance

- 30** Internal Controls
- 30** Compliance with CMA Corporate Governance Regulations
- 32** Board of Directors, Committees & Executive Management
- 53** Transactions with Related Parties
- 55** General Assembly Held in 2022
- 55** Request for Shareholder's Register in 2022



## 03

### Financial & Other Information

- 58** Financial Results
- 64** Profit Distributing Policy
- 65** Statutory Payments/Dues
- 65** Sanctions and Penalties
- 66** Social Contribution
- 67** Compliance with the Accounting Standards issued by the Saudi Organization for Certified Public Accountants
- 67** Representations





01

# Company Profile

# Leading Indicators

 <b>Financial Indicators</b> (Millions of SAR)	2022	2021	2020
Sales	748	373	475
<b>EBITDA <sup>(1)</sup></b>	<b>112</b>	<b>40</b>	<b>10</b>
<b>Adjusted EBITDA <sup>(1)</sup></b>	<b>113</b>	<b>45</b>	<b>30</b>
Net Profit (loss)	54	1	34
Cash Flow from Operations	12	62	47
Capital Expenditures	2	7	16
<b>Free Cash Flow <sup>(2)</sup></b>	<b>14</b>	<b>55</b>	<b>31</b>

 <b>Balance Sheet</b> (Millions of SAR)	2022	2021	2020
Total Assets	1,038	972	1,110
Total Borrowings	223	227	366
Total Liabilities	488	477	617
<b>Net Debt</b>	<b>144</b>	<b>128</b>	<b>217</b>
Shareholders' Equity	551	495	493
<b>Gearing Ratio <sup>(3)</sup></b>	<b>3.8x</b>	<b>3.9x</b>	<b>2.3x</b>

 <b>People</b>	2022	2021	2020
Number of employees	294	284	380
Saudization %	60	57	54

(1) Defined as Earnings before Interests, Taxes, Depreciations and Amortizations. Adjusted EBITDA exclude non-recurrent charges.

(2) Defined as Operating Cash Flow less Capital Expenditures

(3) Defined as Equity over Net Debt

# Letter from the Board



Dear Shareholders,  
Peace and blessings of God be upon you.

We are pleased to present our Annual Report of the business operations and performance of Saudi Steel Pipe Company (“SSP”) and its subsidiaries (collectively referred to as “the Group”) for the fiscal year ended on December 31st, in accordance with the applicable laws, regulations, and disclosure requirements of the Capital Market Authority.

[This report, and the consolidated financial statements, reflect the Group performance during year 2022 and summarizes its activities.](#)

Following turbulent years, 2022 brought a strong recovery in the Oil & Gas industry worldwide positively impacting related and unrelated, economic activity in the Kingdom. In parallel, countries and companies reaffirmed their aspirations for a lower-carbon strategy and for seeking energy efficiency, carbon capture, and renewables which ultimately opened new opportunities for investments. At the same time several factors, including complex geopolitical events, inflation, continuous shifting in short term trends, and long-term Oil & Gas industry underinvestment kept relevant uncertainty in the global economy and in the exogenous fundamentals that might have impacted our performance. Within this context, SSP remained focused in deploying the initiatives and programs we formerly launched for the growth, sustainability, and transformation of the company, while achieving relevant improvements in our short-term results.

As 2022 progressed, the Group was able to materialize key initiatives securing steady order’s backlog, including relevant exports to different markets worldwide, and the qualification of new products while increasing efficiency and utilization of our assets and maintaining cash discipline and continuous cost containment thus improving profitability, liquidity and solvency position.

“

As 2022 progressed, the Group was able to materialize key initiatives securing steady order’s backlog, including relevant exports to different markets worldwide.

”

## Letter from the Board

We also continued investing in our people's development with huge focus on team-building, managerial and technical skills, and international experiences. Most important, we went back to hiring young Saudi professionals that should become the future of the company.

During the period, the Group's priority continued to be safeguarding the health and safety of its employees, customer and suppliers implementing all necessary measures in full compliance with all local and international best practices and recording no majors events since year 2019.

Aligned with the vision of becoming the leading supplier of pipes and related services for the MENA's energy industry, management continued deploying a set of actions to maximize export opportunities, optimize structural costs, improve manufacturing processes and technology, foster innovation, enhance our customer experience, contain expenses, and preserve liquidity while consolidating the already achieved efficiency opportunities without compromising SSP long-term strategic goals.

We will continue working to strengthen our sustainable growth based on SSP values and our firm commitment towards innovation, transformation, transparency, service to our customers and care for our employees and our environment.

The Group fully supports the Kingdom of Saudi Arabia commitment and efforts to achieving Vision 2030 and aspires to contribute to the transformation that it will bring to the country and its people including attracting foreign direct investment to consolidate the Kingdom's further growth and prosperity.

The Board of Directors would like to extend its sincere thanks and gratitude to the leadership of the Custodian of the Two Holy Mosques King Salman bin Abdulaziz Al-Saud, and His Royal Highness Prince Mohammed bin Salman bin Abdulaziz Al-Saud, Crown Prince, and Prime Minister of the Kingdom of Saudi Arabia for their support for the prosperity of the national economy and unlimited support for the industrial sector in the Kingdom.

Our thanks are also due to our talented and loyal employees for their efforts and achievements. And we would like to thank our customers, suppliers, and shareholders as well for their continuing trust, support and confidence in our company.





## Company Profile

SSP is a leading manufacturer, and supplier, of electrically resistance welded steel pipes (ERW) for the energy, industrial, and construction segments in the Middle East and North Africa (MENA).

SSP offers oil and gas customers a full range of products including Oil Country Tubular Goods (OCTG), Line pipe (LP), API & Premium Connections (PC) and related accessories and services. It also serves customers in the industrial and construction segment with a wide range of black and galvanized pipes.

Our mission is to deliver value to our customers through product and process innovation, manufacturing excellence, supply chain integration, technical assistance and customer service, aiming at reducing risk and costs, increasing flexibility and improving time-to-market.

Wherever we operate, we are committed to safety and minimizing our impact on the environment, providing opportunities for our people, and contributing to the sustainable development of our communities. Our employees seek constant improvement by sharing knowledge across a single global organization

# Information on SSP

**1980** SSP was initially incorporated as a limited liability mixed industrial company (Saudi-Korean)

**2008** Transformed to a closed joint stock company

**2009** Become public joint stock company

**Since then,** SSP has embarked upon an ambitious plan to lead pipe technology and services in the region and has raised its production capacity to more than 400 thousand tons a year in sizes from 1/2" inch to 20" OD, as well as added coating services up to 30", and bending services up to 64" OD.

 Its facilities are located in the 2nd Industrial City of Dammam and it has a service and distribution network covering more than 20 countries.

 SSP's products are manufactured according to stringent quality and safety national and International standards.

 SSP received : ISO 9001, OHSAS 18001, and ISO 14001, ISO 17025 certifications respectively for Quality, Safety and Environmental management, Laboratory Accreditation.

 SSP is also qualified with major Oil & Gas companies, and EPC contractors, in the region.

## SSP also owns:

**100%** Of Titanium and Steel Manufacturing Company Ltd. (TSM) located in Dammam City. During 2021, TSM sold its main operating assets. For more details, refer to section "Investments and Related Companies".

**35%** Of Global Pipe Company located in Jubail Industrial City. This company produces Longitudinally Submerged Arc Welded Pipes (LSAW) for the energy, industrial and construction segments of the Middle East and North Africa and has a production capacity of 400 thousand tons a year in sizes from 16" to 62" OD. In December 2022, SSP exercised its right of first refusal to acquire additional shares in Global Pipe Company. For more details, refer to section "Investments and Related Companies".

**20%** Of Chemical Development Co. Ltd., a holding company established to develop industrial projects. The main project of CDC is the poly-silicon factory located in Jubail city established in cooperation with the Korean company KCC.



"SSP" and "the Company" refers to Saudi Steel Pipe Company, while the "the Group" refers to SSP together with TSM.



The Group workforce includes 294 employees with a Saudization index over 60%.

# Industrial Excellence and Facilities



The Group operates relatively low-cost production facilities, which we believe is the result of: state-of-the-art, strategically located plants; favorable access to high quality raw materials, energy and labor at competitive costs; operating history, which translates into solid industrial know-how; constant benchmarking and best-practices; increasing specialization of each of our factories in specific product ranges; and extensive use of information technology in our production processes.

# SSP has five factories in the 2nd Industrial City of Dammam

The pipes produced by SSP undergo multiple non-destructive, and destructive tests and inspections to ensure their quality and conformity with national and international standards, and customer specifications. These operations are done in SSP's owned finishing lines and inspection laboratories, both equipped with the latest measurement and inspection equipment.

	01 <b>SOD</b> Small Outside Diameter Pipes Plant	02 <b>MOD</b> Medium Outside Diameter Pipes Plant
Production	Pipes (black and galvanized)	Pipes
Sizes	From 1/2 to 4" OD	From 2 to 8" OD
Production Lines	3	1
Total Production Capacity	80 thousand per year	120 thousand per year
Applications	Industrial and construction segments of the MENA region	Energy, industrial, and construction segments of the MENA region



03

**LOD**

Large Outside Diameter Pipes Plant

04

Pipes Bending Plant

05

Pipes Coating Plant

Pipes

Pipe bending and heat treatment services

Pipe coating

From 6 to 20" OD

From 2 to 64" OD

From 4 to 30" OD

1

3 induction heat-bending lines and 2 heat treatment furnaces in the plant

1

200 thousand tons per year

-

1,000,000 m2 per year

Energy, industrial, and construction segments of the MENA region

Energy, industrial, and construction segments of the MENA region

Energy, industrial and construction segments of the MENA region

# Business Operations Results

## Sales

SSP's sales in 2022 were distributed among different business activities as follows:

Activity	Sales Thousands SAR	Percentage %
Pipes (ERW)	723,859	97
Services (Coating and Bending)	8,697	1
Accessories	15,067	2
<b>Total</b>	<b>747,623</b>	<b>100</b>

TSM (Subsidiary) and Global Pipe Company (Associate) sales in 2022 were as follows:

Company	TSM	Global Pipe Company
Relationship	Subsidiary	Associate
Activity	Process Equipment	Pipes (LSAW)
Percentage of Ownership %	100	35
Annual Sales	-	429,426
SSP's share of results	(685)	9,174

Note:

According to the financial accounting standards, sales and costs of Global Pipe Company are not consolidated in SSP's financial statements since SSP owns less than 50% in Global Pipe Company as of December 31, 2022.

TSM results are fully consolidated in SSP's financial statements but disclosed separately in a single line item in the Consolidated Statement of Profit or Loss and Other Comprehensive Income under "Profit / (loss) from discontinued operations".

For more details, refer to section "Investment and Related Companies".

# Geographical Distribution

The geographical distribution of SSP's standalone sales were as follows:

## Total sales in 2022

**747,623**

Thousands SAR

## Local Sales

**377,971**

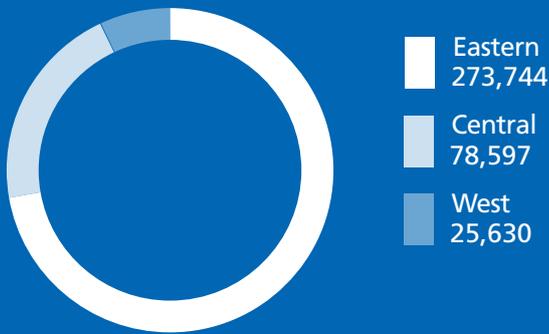
Thousands SAR

## Export Sales

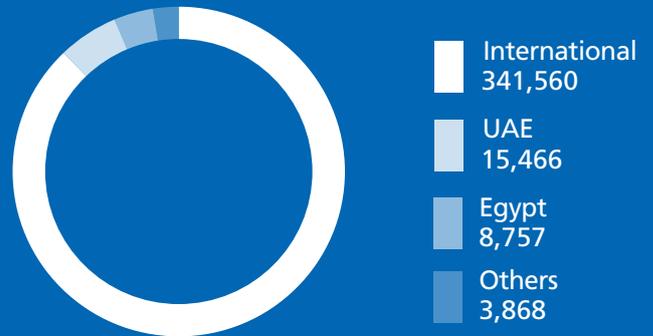
**369,652**

Thousands SAR

### Local Sales



### Export Sales



In addition, the geographical distribution of SSP subsidiary and associate companies' sales were as follows:

Year 2022

Company	Titanium & Steel Manufacturing Co.	Global Pipe Company
Relationship	Subsidiary	Associate
Geographical analysis		
Total Sales	-	429,426
Local Sales	-	428,998
Exports	-	428



# Vision and Milestones

## Vision

SSP's vision is to become the leading supplier of pipes and related services for the MENA's energy industry, and certain other industrial applications, by innovating and expanding our catalogue of products and services, and by turning into a key strategic partner of Saudi Aramco and other oil and gas companies in the region, with the aim of becoming the most well-regarded Tadawul Listed Company of the industry and the top pipe and services supplier in the Kingdom of Saudi Arabia (KSA).

Through our operations in the KSA, we are committed to safety and minimizing our impact on the environment, providing opportunities for our people, and contributing to the sustainable development of our communities and our employees seeking constant improvement by sharing knowledge across our global organization.



## SSP's values are:

### 01.

Safety: Nothing is more important than the health and safety of everyone who enters our facilities or uses our products and services.

### 02.

Serving our customers by understanding their needs and fulfilling our commitments efficiently and transparently; employing supply chain innovation and digital tools to make it easier for our customers to do their business.

### 03.

Communicating transparently with our shareholders, customers, employees, suppliers and local communities.

### 04.

Conducting business in accordance with the highest ethical standards.

### 05.

Caring for our people, offering them opportunities for development and continuous learning and rewarding them based on merit and achievement.

### 06.

Addressing climate change and minimizing the environmental impact in all of our operations.

### 07.

Promoting long-term sustainability of our business and our local communities with a focus on education and excellence.

### 08.

Leading our industry with a constant focus on innovation, developing new product technologies, transforming industrial processes and using digital technologies to set new standards of customer service and efficiency.

### 09.

Managing rationally, taking decisions after duly analyzing the relevant information.

### 10.

Using our resources wisely, operating without waste or excess.

### 11.

Embracing diversity in all its forms (culture, gender, creed, race, nationality and generation) as a factor that creates value, & ensuring a work environment free from any form of harassment

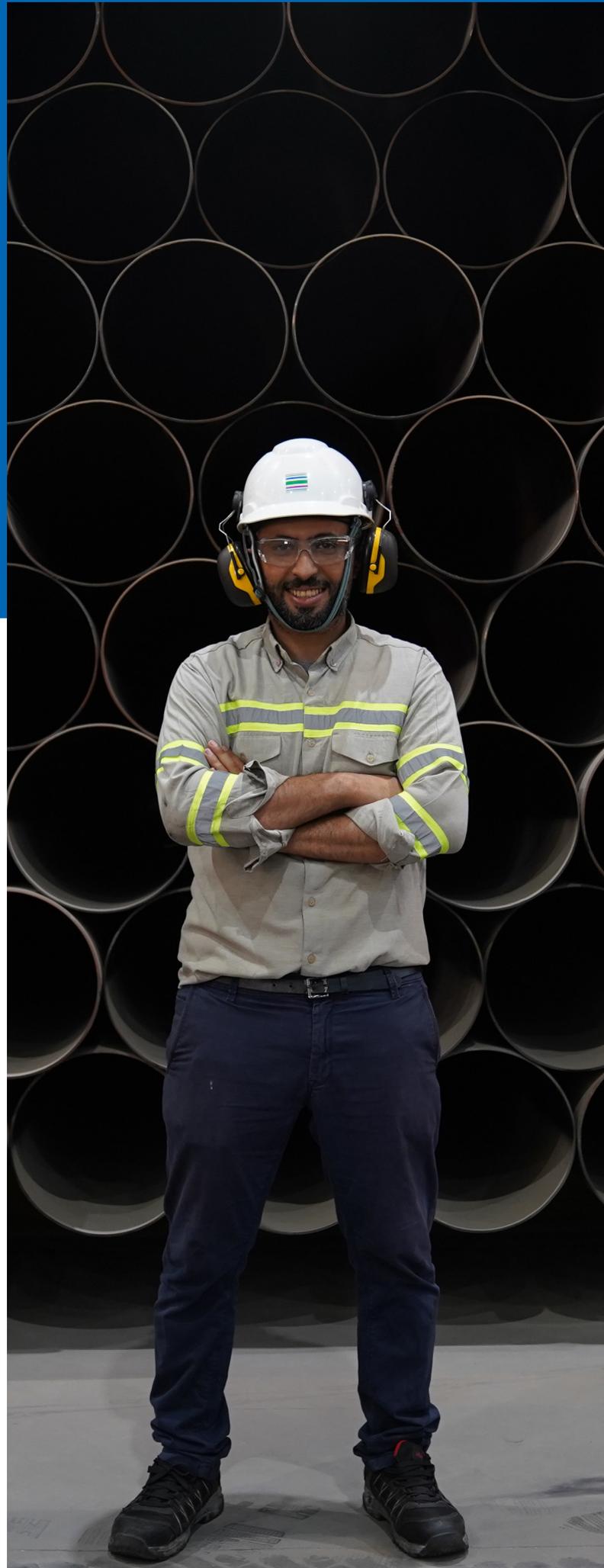
## Milestones

Among the most relevant results of 2022, the following achievements can be highlighted:



### An Improved Health, Safety & Environment (HSE) Culture:

- Full Implementation of the Health and Wellbeing Program, 100% completion of medical check-ups for all employees as part of the Program that aims to improve individual's awareness of their state of health to grant them the opportunity to take preventive actions based on check-up results and specialist's recommendations.
- Relevant reduction in the Injury Frequency Rate (IFR) as a result of the continuous improvements in preventive measures and activities focused on increasing safety awareness as well as the improvement in the involvement and contribution by all employees at all levels.
- Continuous enhancement of preventive measures and activities related to Conditional issues, performing more than 1500 actions including actions to reduce high-risk activities.
- Completion of more than 2.6 thousand hours of HSE Training including minimum requirements for certification of high-risk activities.





## Focused on Human Resources (HR) and Training:

- Significant improvement in employee's engagement and satisfaction resulting from an opinion survey conducted annually.
- Seven young Saudi National professionals were hired during the year under the Global Trainee Program, to strengthen the Company's pipeline of the local talents to be developed to take leadership positions in the future. In addition, four young engineers have graduated successfully from the Program after completing their final training in Argentina.
- Completion of the annual Performance Management Process (PMP) covering all the professional employees population of the company. The PMP evaluates the performance and potential of employees based on the agreed work plan objectives and the degree of applied competencies.
- Completion of 4.9 thousand training man-hours during 2022.
- 
- Four management directors have graduated from Tenaris Leadership Program conducted in Italy in partnership with IMD Business School, one of the foremost executive education schools in the world. The Program is designed to train leaders to enhance their effectiveness and impact.
- One Senior Manager has graduated from Management Development Program conducted in Argentina aiming at developing his management skills to support his growth in the Company.
- One Manager has graduated from the Management Essential Program 2022 edition. Management Essential Program is a one-year program that aims to support young managers to learn, develop and grow in management fundamentals.
- Forty-four employees were recognized for achieving seniority milestones of 5, 10, 15, 20 and 25 years in the Company including Shop floor employees.



## Industrial Operations, Supply Chain and Quality highlights:

- Execution of all API, ISO 17025, ISO 9001 audits without any non-conformity.
- Progress in consolidation of industrial performance through improvements in time utilization and technological implementations, smart inspections, detection systems, online monitoring tools and automation.
- Qualification of a certain OD of OCTG pipes with two regional oil and gas companies.
- New products qualification for different ODs for the US market and new premium connection qualification with a major regional oil and gas company.
- Qualification of the induction bending plant with a major EPC contractor.
- Deployment of land and maritime logistics for International and Middle East markets.
- Production and execution of export orders of multiple ODs OCTG pipes that required implementing new production routes and overcoming various challenges.
- Production of Line Pipe in the local market for hydrogen & nitrogen applications overcoming all related complexities.



## Commercial

- Historical levels of export sales volume in 2022 to international and Middle East markets.
- Significant improvement in mix of products sold supported by export sales and increase in Saudi Aramco demand.
- Securing new Saudi Aramco OCTG orders.
- Renewal of Saudi Aramco Line Pipe Long Term Agreement.
- Development of new suppliers to support the growing demand of Company's products.



## Financial:

Achievement of a historical level **EBITDA** amounting to **112.0 million SAR 15%** margin (compared to **39.6 million SAR, 11%** margin in 2021), resulting mainly from higher sales volume, better mix of products sold and enhanced efficiencies.

Significant improvement in **liquidity and solvency positions** with current ratio at **1.4** and Net Debt/EBITDA at **1.3** (compared to current ratio at **1.0** and Net Debt/EBITDA at **2.8** in 2021).

Due to a higher level of activity, **working capital** rose in 2022 resulting in a negative free cash flow of **(13.9) million SAR** (compared to a positive free cash flow of **55.2 million SAR** in 2021). Consequently, **Net debt** increased to **144.0 million SAR** as at the end of 2022 from **128.0 million SAR** as at the end of 2021.

Obtaining a **loan from SIDF amounting to 75.0 million SAR** to meet working capital requirements with extended repayment terms.



# Investments & Related Companies

Since SSP became a public joint stock company, it has invested in the establishment of three companies as shown below:

## 01. Titanium & Steel Manufacturing Co.Ltd.(TSM)

TSM was established to produce stationary process equipment such as heat exchangers and pressure vessels used in oil and gas plants, petrochemical industries, power generators and water desalination with a total investment exceeding **100 Million SAR** and paid-up capital of **32 Million SAR** of which SSP owns **100%**.

**During 2021,** TSM sold its main operating assets, which include buildings, machinery and equipment and other assets for a selling price equivalent to **36.4 Million SAR**.

Total investment  
**100 Million SAR**

 Paid-up capital  
**32 Million SAR**



## 02. Global Pipe Company (GPC)

GPC was established to produce Longitudinally Submerged Arc Welded Pipes (LSAW) for the energy, industrial and construction segments of the MENA region, with a paid-up capital of **125 million SAR** which was subsequently increased to **250 Million SAR**. GPC is located in Jubail city.

GPC has recently doubled its production capacity from 200 thousand tons per year for sizes ranging from 16" to 62" OD, to 400 thousand tons per year, with additional investments in a new forming and finishing line.

SSP and EEW Holding GmbH & Co. KG (EEW owns each 35% of all the issued shares of GPC, while the remaining shares are owned by local shareholders. In December 2022, EEW expressed its intention to sell its entire interest in GPC for a cash amount equivalent to **37.1 million SAR** and a release of EEW's corporate guarantees with respect to GPC's debt. SSP and another shareholder that owns a 20% interest in GPC exercised their respective rights of first refusal to acquire EEW's shares in GPC, which are subject to customary conditions, including competition clearance. Based on the pro rata allocation of the EEW's shares in GPC among shareholders who exercised their first refusal rights,, SSP will acquire a 22.3% additional interest in GPC (thus totaling upon completion a 57.3% interest) and will assume a portion of EEW's corporate guarantees pro rata to its additional interest in GPC.



Paid-up capital  
**125 Million SAR**

## 03. Chemical Development Company (CDC)

CDC is a company established to develop industrial projects with a paid-up capital of 300 million SAR. The main project of CDC was the poly-silicon factory located in Jubail city established in cooperation with the Korean company KCC. Due to the sharp decline in the prices of poly-silicon as a result of the increase in global production, and the delay in the implementation of the renewable energy program in Saudi Arabia, the company had severe financial difficulties and the factory has been shut-down and the company is currently under liquidation.

SSP owns **20%** of all of the issued shares of CDC. SSP has previously written off the entire investment value from its financial statements in 2016 and 2017.



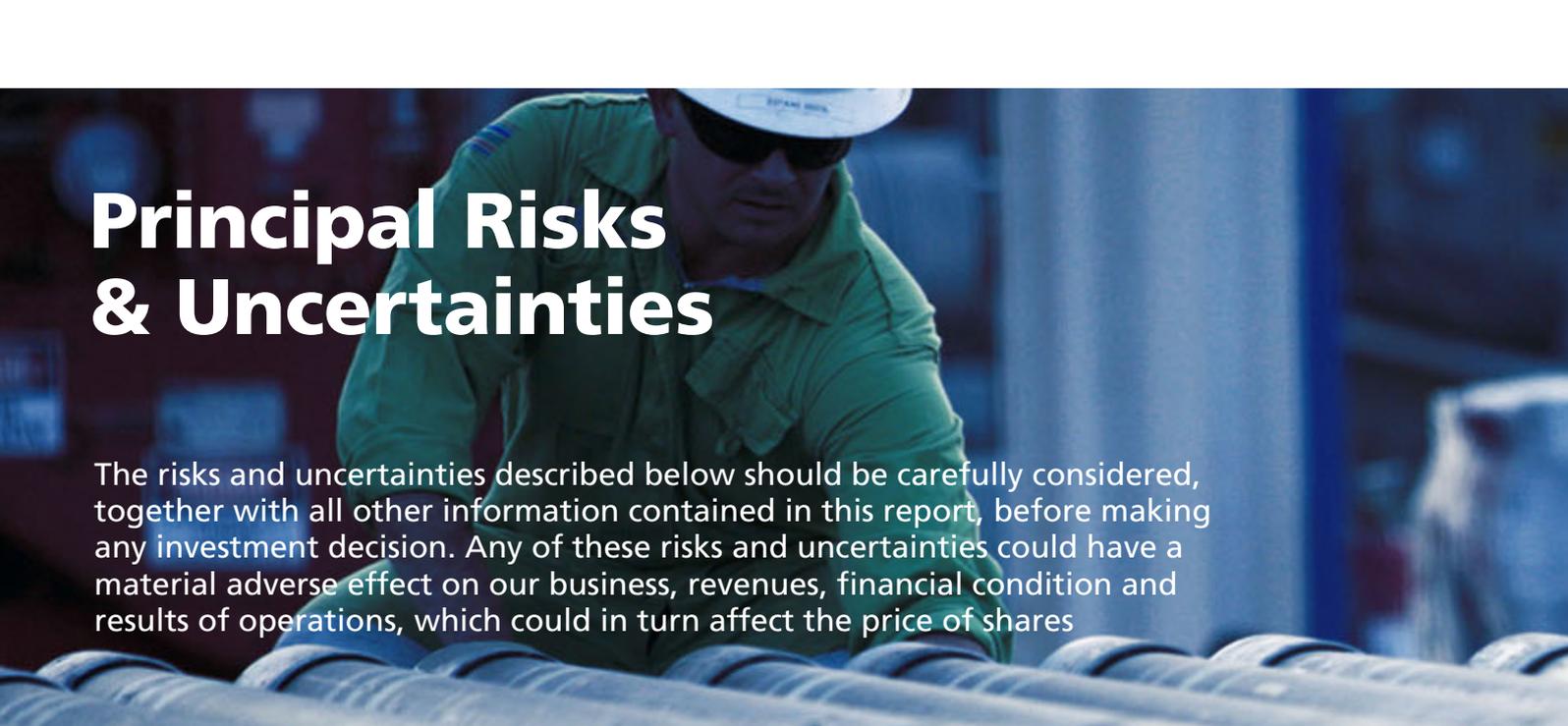
Paid-up capital  
**300 Million SAR**

The table below summarizes SSP's ownership in the above investments:

Company	Core Activities	Location	State of Incorporation	Ownership %
<b>TSM</b>	Manufacturing of heat exchangers, pressure vessels, reactors, condensers & pipe connectors	KSA	KSA	100%
<b>GPC</b>	Manufacturing of large OD welded pipes (LSAW) with high thickness and diameters	KSA	KSA	35%
<b>CDC</b>	Establishing, executing and operating industrial projects related to the chemical industries and renewable energy.	KSA	KSA	20%

The table below describes SSP's shareholding in each of the above companies:

Company	Total number of shares	Shareholders	Number of shares	Ownership %
<b>TSM</b>	3.2 Million	SSP	3,200,000	100
<b>GPC</b>	25 Million	SSP	8,750,000	35
		EEW	8,750,000	35
		Ahmed Hamad Al Khonaini	5,000,000	20
		Pan Gulf Industrial Investment Company	2,500,000	10
<b>CDC</b>	30 Million	SSP	6,000,000	20
		Higher University Education Fund	4,922,067	16.4
		Al Olayan Finance	4,019,041	13.4
		Suhail Bin Abdulmuhsin Al Showaibi & Sons holding Company	2,640,800	8.8
		Abdullah AlHamd Al Sagr & Brothers Company (Kuwait)	2,546,488	8.5
		Others (19 shareholders)	9,871,604	32.9



# Principal Risks & Uncertainties

The risks and uncertainties described below should be carefully considered, together with all other information contained in this report, before making any investment decision. Any of these risks and uncertainties could have a material adverse effect on our business, revenues, financial condition and results of operations, which could in turn affect the price of shares

The Company may face some risks in the coming years, which include:

## 01. Risks Relating to Our Industry

- Sales and profitability may fall as a result of downturns in the international price of oil and gas and other circumstances affecting the energy industry. Lower oil prices could affect OCTG demand, as well as line pipe projects in all sectors.
- Climate change legislation or regulations, could curtail demand for fossil fuels, and therefore demand for our products and services could be reduced.
- Competition in the market for steel pipe products (including from GCC, and overseas manufacturers) may cause SSP to lose market share and adversely affect SSP's sales and profitability.
- Increase in the cost of raw materials, energy and other costs, limitations or disruptions to the supply of raw materials and energy, and price mismatches between raw materials and our products may adversely affect SSP's profitability.
- Substitution of steel products with alternative materials (such as plastics or composites) that might be used in the oil and gas industry may adversely affect SSP's profitability.
- Our results of operations and financial conditions could be adversely affected by low levels of capacity utilization.



This report and SSP Financial Statements should be construed under the current new circumstances.

## 02. Risks Relating to Our Business

- Adverse economic, or political conditions, in the countries where SSP sells its products and services may decrease SSP sales or disrupt SSP manufacturing operations, thereby adversely affecting SSP revenues, profitability and financial condition.
- Difficulties preventing the successful implementation of SSP' business strategy may adversely affect SSP's competitive position and ultimately SSP' sales and profitability.
- Regulatory risks resulting from new regulations, or legislations, could adversely impact the cost of production, including those related to utilities prices, labor taxes, expats costs, which could lead to lower profit margins.
- Changes in applicable tax regulations could adversely affect our financial results.
- Disruptions to SSP manufacturing processes could adversely affect SSP operations, customer service levels and financial results
- Costs of complying with environmental regulations, and potential environmental and product liabilities, may increase SSP' operating costs and negatively impact its business, financial condition, results of operations and prospects.
- Requirement to record a significant charge to earnings if SSP must reassess its goodwill, or other assets, as a result of changes in assumptions underlying the carrying value of certain assets, particularly as a consequence of deteriorating market conditions could adversely affect our financial results.
- Cyberattacks could have a material adverse impact on SSP' business and results of operation.

**SSP continuously monitors potential risks which may adversely affect its business and operations and formulates mitigation plans as appropriate to ensure continuation of SSP's operations, goals and shareholders aspirations.**

# Human Resources

## Saudization

The table below shows the percentage of Saudi citizens in the Group by main departments. In 2022 it increased to 60% of the Group's total workforce as compared to 57% by end of 2021. SSP continues to be in the "excellent" range according to the criteria of the "NETAQAT" program.

Year ended 31 December 2022

Section	Total	Saudi	Non Saudis	Ratio (%)
Executive Management	3	1	2	33
Administrative Affairs	32	19	13	59
Sales	11	7	4	64
Accounting	6	4	2	67
Quality Assurance	19	4	15	21
Production	223	141	82	63
<b>Total</b>	<b>294</b>	<b>176</b>	<b>121</b>	<b>60%</b>

SSP is fully committed to Saudi Vision 2030 and continues to build on local talent, hiring and developing Saudi nationals.

The table below shows the 2021 figures of the Group:

Section	Total	Saudi	Non Saudis	Ratio (%)
Executive Management	3	1	2	33
Administrative Affairs	25	11	14	44
Sales	12	8	4	67
Accounting	6	3	3	50
Quality Assurance	17	2	15	12
Production	221	138	83	62
<b>Total</b>	<b>284</b>	<b>163</b>	<b>121</b>	<b>57%</b>

## Global Trainee and Management Essential Programs

The Global Trainee Program (GTP) is a two-year program specifically designed to develop young professionals. It exposes subject employees to different departments while providing intensive training including four weeks in an international location. The GTP was implemented in SSP in 2019. In 2022, seven Saudi young professionals joined the program in addition to the four who joined the program in 2021. Moreover, during 2022, three global trainees got the opportunity to attend the Tenaris University Industrial Camp in Argentina and four young engineers graduated successfully from the program after completing their journey with a final training held also in Tenaris University in Argentina.

As of December 31, 2022, eleven Saudi young professional talents are enrolled in the program. GTP professionals are mostly new university graduates from universities in the Kingdom or overseas.

Management Essentials is a year-long development program, supporting young managers to learn, develop and grow in management fundamentals for their future career life. It is a journey to Great Leadership. During 2022, a current manager from SSP graduated from this program and four managers were enrolled in the new edition.



## Performance Management Process

During 2022,

the full Performance Management Process (PMP) was completed in SSP, using the PMP system. The system allowed employees and their supervisors to define and agree on the annual Work Plan with flexibility to update the Work Plan during the year. Performance evaluation was done based on achievement of work plan objectives and the degree of applied competencies and has been calibrated and normalized in a final Performance Committee.

## Training

During 2022,

SSP provided around 4.9 thousand man-hours training to its workforce. These training hours are a combination of classroom courses, online courses and on the job training.

In 2022,

The focus on training has increased in 2022, not only to enhance the technical skills of the Shop Floor Employees but also to improve leadership and management skills in shift leaders and managers. As a result, many courses were planned and conducted including the Technical Leader Training Week, targeting 17 of SSP Technical Leaders.

Employee Category	Safety	Others	Total	Safety Training %
Shop Floor	1,624	1,153	2,777	58
Staff	274	1,847	2,108	13
<b>Total</b>	<b>1,898</b>	<b>3,000</b>	<b>4,898</b>	<b>39</b>





02

# Corporate Governance



# Internal Controls

Systems of internal controls in organizations of the size and nature of the Company, regardless of efficiency and effectiveness, cannot provide absolute assurance, inter alia, as to the complete absence of errors and omissions, accuracy of financial reporting, and full compliance with applicable laws, regulations, contracts, policies, and procedures.

Based on meetings with and reports submitted by the IAD, meetings with and reports of the External Auditors, and discussions with Management during 2022, no material weaknesses in the Company's system of internal controls came to the attention of the Committee that the Committee considers would require to be reported to the shareholders of the Company.

# Compliance with CMA Corporate Governance Regulations

SSP has implemented the provisions required by the Corporate Governance Regulations of the Capital Market Authority except:

Article # / paragraph	Text of article /item	Comments
41/A-F	The Board shall develop, based on the proposal of the nomination committee, the necessary mechanisms to annually assess the performance of the Board, its members and committees and the Executive Management using key performance indicators linked to the extent to which the strategic objectives of the Company have been achieved, the quality of the risk management and the efficiency of the internal control systems, among others, provided that weaknesses and strengths shall be identified and a solution shall be proposed for the same in the best interests of the Company	This is a guiding article.SSP has a mechanism to assess the performance of executive management. SSP is currently evaluating implementing a mechanism to assess the board, its members and its committees.
60 -63	Formation of the Remuneration Committee	Based on article 50, item 7, SSP has merged the Remuneration and Nomination committees into a single committee called the Remuneration and Nomination Committee
64 -67	Formation of the Remuneration Committee	
70	Formation of the Remuneration Committee	These are guiding articles. Based on article 50, the Board has not seen the formation of a Risk Management Committee necessary at this stage. SSP has a Risk Management Policy in effect since 2020.
71	Formation of the Remuneration Committee	
72	Meetings of the Risk Management Committee	
74/ A	For purposes of implementing the approved internal control system, the Company shall established units or departments for the assessment and management of risks and for internal auditing.	
85/3	Establishing social organizations for the benefit of the Company's employees	This is a guiding article. SSP does not consider necessary to form social organizations for employees and applies only items 1 and 2 of article 85.
87	Social responsibility	These are guiding articles.
88	Social initiatives	
89/3	The Company's website shall include all information required to be disclosed and any details or other information that may be published through other disclosure methods.	SSP updates the Company's website periodically, based on disclosure regulations requirements
95	Formation of the Remuneration Committee	This is a guiding article. According to article 50, the Board may evaluate the formation of a corporate governance committee. The Board has not seen its formation as necessary at this stage. The Board has adopted internal compliance policies aligned with the existing Corporate Governance Regulations and actively monitor compliance with them

# Board of Directors, Committees & Executive Management

## SSP Board of Directors (9 Members)

### Moahmmad A. Alshayea

Chairman of the Board of Directors

Independent

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Mr. Alshayea is the Chairman of the BoD. He is also board member and Chairman of the Audit Committee of HSBC Saudi Arabia, Audit Committee Member of Riyadh Cement, Board Member and Member of the Audit Committee of the General Authority of Competition, Audit Committee Member of National Transformation Program Center, Board Member and Chairman of the Audit Committee of Alessa Industries Company, Audit Committee Member of Al Rabie Saudi Foods, Board Member and Member of Risk Committee and Chairman of the Audit Committee of Amlak International Finance, Board Member and Chairman of the Audit Committee of Hedab Alkhaleej and Board Member of Saudi Gelatin and Capsules. He also previously served in the board and chaired audit and other committees of many other companies and institutions.

Mr. Alshayea has more than 32 years of experience in different industries. He holds a Bachelor Degree in Accountancy from Imam Muhammad Ibn Saud Administrative Sciences Division, Master of Science in Accountancy from University of Illinois, Urbana-Champaign and a graduate of the Advanced Management Program from Harvard Business School. He is also a Certified Public Accountant from the American Institute of Certified Public Accountants and from the Saudi Organization for Certified Public Accountants, Certified Business Manager from the Association of Professionals in Business Management, Certified Internal Auditor from the Institute of Internal Auditors and a Licensed Financial Adviser.

SSP is managed by a Board of Directors (BoD) consisting of nine (9) members elected by the General Assembly before the end of their terms, and for a period of three (3) years according to SSP's bylaws and SSP Corporate Governance Regulations (CGR).

SSP current BoD members were elected in the 17th Ordinary General Assembly held on May 24th, 2022. The term of the current BoD members elected on May 24th, 2022 runs from June 7th 2022 until June 6th 2025.

The following provide information about members of the BoD as of December 31st, 2022, together with their positions, and classification, according to the CGR:

### Carlos Ferreyra

Vice-Chairman of the Board of Directors.

Non-Executive

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Mr. Ferreyra is the Vice-Chairman and Secretary of the BoD. He is also member of the Board of Directors of Global Pipe Company, Titanium and Steel Manufacturing Co. Ltd (100% owned by SSP), Tenaris Saudi Arabia Co. Ltd, Tenaris Baogang Baotou Steel Pipes, Tenaris Global Services Australia PTY Ltd, Tenaris Etihad Tubulars - Sole Proprietorship L.L.C., Tenaris Global Services Far East Pte. Ltd., Tenaris Qingdao Steel Pipes Ltd. and Tenaris Global Services SAE (Egypt). He also serves as Regional Chief Financial Officer at Tenaris, where he previously held several managerial positions across South America, Middle East, Africa and Asia. Mr. Ferreyra holds a Bachelor Degree in Accounting from Universidad Nacional de Rosario, a Master in Economics from CEMA University and a Master of Business Administration from London Business School.

### Mariano Armengol Lamazares

Member of the Board of Directors & Managing Director

Executive

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Mr. Armengol is a member of the BoD and holds the Managing Director & Chief Executive Officer positions for SSP. He is also Chairman of the Board of Director of Global Pipe Company and member of the Board of Directors of Titanium and Steel Manufacturing Co. (100% owned by SSP). Previously, he was a member of the Board of Directors of Tenaris Global Services (Switzerland) SA and also served as Tenaris Pipeline Service Vice

President. Mr. Armengol has 26 years of experience in the Oil & Gas Industry, holding management roles in commercial and technical departments. He holds a Bachelor Degree in Chemistry from Havana University and an Advanced Management Program from Harvard University.

Term ended June 6, 2022

## Salman Ahmed Akbar

### Member of the Board of Directors

Independent

Mr. Ahmed is a member of the BoD and chairs the Audit Committee. Previously, he served as a Senior Partner at Manara Equity Partners, Regional MD for Ansbacher & Co and was a Partner in PricewaterhouseCoopers. He has 45 years of experience in governance, risk, audit, accounting, finance and investments matters, and has acted as an advisor to several private and public organizations in Saudi Arabia, Bahrain, UAE, Qatar, Channel Islands and United Kingdom. He is a Chartered Accountant – member of the Institute of Chartered Accountants in England & Wales and a member of the Institute of Chartered Accountants of Pakistan. He also holds a Corporate Finance Qualification from Institute of Chartered Accountants in England & Wales and is a Certified Director from the University of Lahore.

## Hoon Park

### Member of the Board of Directors

Non-Executive

Mr. Park is a member of the BoD. He is also member of the Board of Directors for Hu Steel Korea Co. Ltd. Mr. Park serves as CEO for Hu Steel Company. Previously he served as Executive Director & President for Hu Steel and Executive Director & Chairman of Shinan Korean Company. Mr. Park has more than 27 years of experience in the Tubular Industry and management and holds a PhD Architectural Engineering.

## Yves Walid

### Member of the Board of Directors

Non-Executive

Mr. Yves is a member of the BoD. He is also member of the Board of Directors of Tenaris Saudi Arabia Co. Ltd. He currently serves as Commercial Director for Kuwait, Qatar and Oman at Tenaris, where he previously held different commercial positions. Mr. Yves holds a Bachelor of Chemical Engineering from Higher Industrial Institute of Brussels.

## Youngwook Chang

### Member of the Board of Directors

Independent

Mr. Chang is a member of the BoD and chairs the Remuneration and Nomination Committee. He is also Board member and CEO of Zedan Goup. He has 13 years of experience in Oil & Gas industry and worked previously as Manager of Middle East Engineering & Development Co. (MEEDCO, affiliate of Hyundai E&C), Business Development Manager of Hyundai E&C and Associate of Overseas Building Division of POSCO E&C. Mr. Chang holds a Bachelor of Science degree in Business Administration from Sogang University (Seoul, Rep. of Korea)

## Majed Al-Dakheel

### Member of the Board of Directors

Independent

Mr. Majed is a Member of the BoD. He was a member in the Board of Directors at SIMAH The Saudi Credit Bureau. Mr. Majed has over 21 years of experience in the financial and banking sector, and currently acts as the executive vice president of finance at the Social Development Bank and holds a Bachelor degree of Accounting since 2001.

## Renwar Berzinji

### Member of the Board of Directors

Non-Executive

Mr. Berzinji is a member of the BoD. He is also member of the Board of Directors of Tenaris Saudi Arabia Co. Ltd. He also serves as Commercial VP for MENA & India at Tenaris, where he previously held different commercial positions managing international teams. Mr. Berzinji holds a Bachelor of Mechanical Engineering from UT Austin and a Masters of Business Administration from Kellogg - Northwestern University.

## **Ahmed M. Al-Debasi\***

### **Chairman of the Board of Directors**

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Mr. Al Debasi was the Chairman of the BoD and was a member of the Board of Directors of Titanium and Steel Manufacturing Co. Ltd. (100% owned by SSP). He is a member of the board of Middle East Paper Manufacturing & Production Co. (Public Joint Stock Company) and East Pipes Integrated Co. for Industry (Public Joint Stock Company).

Previously he served as Vice Chairman & Managing Director, CEO, General Manager and Marketing Manager for SSP.

Mr. Al Debasi has 39 years of experience in the Tubular Industry. He holds a Bachelor Degree of Business Administration.

## **Almohaned Al-Shathree\***

### **Member of the Board of Directors**

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Mr. Al-Shathre was a member of the BoD.

He currently acts as Regional and Corporate Communication Senior Director for Sela.

Previously, he served as Director of Commercial Relations and Governmental sales for Flynas, Human Resource Relations Manager for Nas Holding and Quality Inspector for Saudi Naval Support Company Limited and Public Relations and Events Manager for Bahri.

He holds a Bachelor of Administration Sciences degree and has 11 years of experience in different administration positions.

Term ended June 6, 2022

## **Mousa Al-Mousa\***

### **Member of the Board of Directors**

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Mr. Mousa was a member of the BoD and chaired the Audit Committee. He has more than 40 years of experience in Finance and Management. He acts as Financial & Management Advisor for several private companies. He was advisor of Promontory Financial Group, a US company owned by IBM and a former Member of the Advisory Board for the College of Business at Prince Mohammed Ben Fahad University. Previously, he was the Regional General Manager for Corporate & Investment Banking and Senior Credit Officer – Eastern Province - Samba Financial Group, He was also a Co-pilot in SAUDIA Airlines.

Mr. Mousa holds a BS Degree in Economics from ASU – Arizona - USA, Senior Credit Officer Certificates from Citibank & Certificate in Executive Management from Columbia University - NY, USA. He also holds Commercial Airline Licenses from UK & USA.



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# SSP Executive Management

(3 key positions)

## **Mariano Armengol Lamazares**

Mr. Armengol is a member of the BoD and holds the Managing Director & Chief Executive Officer positions for SSP. He is also Chairman of the Board of Director of Global Pipe Company and member of the Board of Directors of Titanium and Steel Manufacturing Co. Ltd. (100% owned by SSP). Previously, he was a member of the Board of Directors of Tenaris Global Services (Switzerland) SA and also served as Tenaris Pipeline Service Vice President. Mr. Armengol has 26 years of experience in the Oil & Gas Industry, holding management roles in commercial and technical departments. He holds a Bachelor Degree in Chemistry from Havana University and an Advanced Management Program from Harvard University.

## **Mohammed Anwar Alshakhouri**

Mr. Alshakhouri serves as Chief Financial Officer in SSP. He has more than 15 years of cross- industry experience working in different multi-national companies in Saudi Arabia serving in financial and accounting positions. He is also a Board Member & Secretary of the Board of Global Pipe Company. Mr. Alshakhouri holds a Bachelor degree in Accounting from King Fahad University of Petroleum & Minerals, he is also a Certified Public Accountant & a Certified Treasury Professional.

## **Jacobo R. Montaña**

Mr. Montaña served as Operations Senior Director in SSP until August 7<sup>th</sup>, 2022. Previously, he held the roles of Operations Director for Tenaris Saudi Arabia, Maintenance Manager for Tenaris TAVSA Venezuela and Plant Manager in Siemens representative Workshop for High Power motors maintenance. Mr. Montaña is an Electrical Engineer with 29 years of industrial experience combined with operations positions and management of multicultural teams.

## **Luis F. Moreno**

Mr. Moreno serves as Operations Senior Director in SSP from August 8<sup>th</sup>, 2022. Previously, he held the roles of Operations Director, Maintenance Manager and Production Coordinator for Tenaris Saudi Arabia and Finishing Coordinator, Finishing Engineer and Shift Leader for Tenaris TAVSA Venezuela. He is a Mechanical Engineer with more than 16 years of industrial experience in the Oil & Energy industry, with a complete career through Production and Maintenance Operations, assuming leading positions, skilled in communication, coaching and development of teams.



## Change in SSP's share ownership percentage of the Chairman & the Board Members, the Senior Executives & their spouses and children

Description of any interest that belongs to BoD members, their spouses and children in the equity shares or debt instruments of the Group companies.

Name of Member	Beginning of the year		End of year		Percentage change	Net Change
	Number of shares	Debt instrument	Number of shares	Debt instrument		
Ahmed M. Al-Debasi	-	-	-	-	-	-
Carlos Ferreyra	-	-	-	-	-	-
Mariano Armengol L.	-	-	-	-	-	-
Mousa Al-Mousa	5,000	-	5,000	-	-	-
Almohaned Al-Shathre	1,000	-	1,000	-	-	-
Hoon Park	-	-	-	-	-	-
Majed Al-Dakheel	-	-	-	-	-	-
Salman Ahmed Akbar	-	-	-	-	-	-
Renwar Berzinji	-	-	-	-	-	-

## Participation of SSP board members in other companies' boards

The table below shows the current and previous participation of SSP board members in other companies' boards:

Names of companies in or outside the Kingdom in which a member of the BoD of SSP is a board member or manager

Name of Member	Current Board Member or Manager	Previous Board Member or Manager
<p>Mohammad A. Alshayea</p> <p>Independent</p>	<p><b>Inside the Kingdom:</b></p> <p>Saudi Gelatin and Capsules – Board Member.</p> <p>KIDANA – Audit Committee Member.</p> <p>Hedab Alkhaleej – Board Member and Chairman of the Audit Committee.</p> <p>Amlak International Finance – Board Member, Member of Risk Committee and Chairman of the Audit Committee.</p> <p>Al Rabie Saudi Foods – Audit Committee Member.</p> <p>Alessa Industries Company – Board Member and Chairman of the Audit Committee.</p> <p>National Transformation Program Center – Audit Committee Member.</p> <p>the General Authority for Competition – Board Member and Member of the Audit Committee.</p> <p>Riyadh Cement – Audit Committee Member.</p> <p>HSBC Saudi Arabia – Board Member and Chairman of the Audit Committee.</p> <p><b>Outside the Kingdom:</b></p> <p>None</p>	<p><b>Inside the Kingdom:</b></p> <p>SABB Takaful – Chairman of the Board and Chairman of the Executive Committee.</p> <p>NAJM for Insurance Services – Board Member.</p> <p>Saudi Ground Services - Board Member, Executive Committee Member and Chairman of Audit committee.</p> <p>The Public Pension Fund – Board Member.</p> <p>STUSID Bank - Board Member and Chairman of the Audit Committee. AML/CTF Topical Trust Fund established by IMF – Member of Steering Committee.</p> <p>Permanent Committee of Anti Money Laundering – Vice Chairman Training Committee within SAMA – Member and then Chairman of the Committee.</p> <p>The Accounting and Auditing Organization for the GCC – Board Member.</p> <p>The Saudi Organization for CPAs – Member of the Accounting Standards Committee</p> <p><b>Outside the Kingdom:</b></p> <p>STUSID Bank</p> <p>AML/CTF Topical Trust Fund</p> <p>Steering Committee</p>
<p>Youngwook Chang</p> <p>Independent</p>	<p><b>Inside the Kingdom:</b></p> <p>Zedan Group</p> <p><b>Outside the Kingdom:</b></p> <p>None</p>	<p><b>Inside the Kingdom:</b></p> <p>None</p> <p><b>Outside the Kingdom:</b></p> <p>None</p>

Names of companies in or outside the Kingdom in which a member of the BoD of SSP is a board member or manager

Name of Member	Current Board Member or Manager	Previous Board Member or Manager
<p>Carlos Ferreyra</p> <p>Non-Executive</p>	<p><b>Inside the Kingdom:</b></p> <p>Global Pipe Company</p> <p>Titanium &amp; Steel Manufacturing Company Ltd. (100% owned by SSP).</p> <p>Tenaris Saudi Arabia Co. Ltd.</p> <p><b>Outside the Kingdom:</b></p> <p>Tenaris Baogang Baotou Steel Pipes</p> <p>Tenaris Global Services Australia PTY Ltd. Tenaris Global Services SAE (Egypt), Tenaris Etihad Tubulars - Sole Proprietorship L.L.C., Tenaris Global Services Far East Pte. Ltd., Tenaris Qingdao Steel Pipes Ltd</p>	<p><b>Inside the Kingdom:</b></p> <p>None</p> <p><b>Outside the Kingdom:</b></p> <p>Tenaris Global Services Nigeria Ltd.</p> <p>Pipe Coaters Nigeria Ltd. Amaja Tubulars Services Ltd (Ghana).</p>
<p>Salman Ahmed Akbar</p> <p>Independent</p>	<p><b>Inside the Kingdom:</b></p> <p>Yanal Finance Company – Independent Board Member and Member of Audit Committee and Member of Risk Committee.</p> <p><b>Outside the Kingdom:</b></p> <p>Tullet Liberty WLL –Director.</p>	<p><b>Inside the Kingdom:</b></p> <p>SABB Takaful Company – Independent Board Member Chairman Audit Committee.</p> <p>Al Istithmar Capital -Member Audit Committee.</p> <p>Medgulf Saudi Arabia - Member Audit Committee</p> <p><b>Outside the Kingdom:</b></p> <p>Albaraka Bank Pakistan Limited – Member Board of Directors; Chairman of Risk Committee; Member of Executive Committee.</p> <p>Manara Equity Partners BSC(c)- Director.</p> <p>Manara Wartsila Power Limited- Director.</p> <p>Ansbacher Trust Company Limited - Director</p>

Names of companies in or outside the Kingdom in which a member of the BoD of SSP is a board member or manager

Name of Member	Current Board Member or Manager	Previous Board Member or Manager
<p>Hoon Park</p> <p>Non-Executive</p>	<p><b>Inside the Kingdom:</b></p> <p>None</p> <p><b>Outside the Kingdom:</b></p> <p>Hu Steel Korea Co. (Limited)</p>	<p><b>Inside the Kingdom:</b></p> <p>None</p> <p><b>Outside the Kingdom:</b></p> <p>None</p>
<p>Majed Al-Dakheel</p> <p>Independent</p>	<p><b>Inside the Kingdom:</b></p> <p>None</p> <p><b>Outside the Kingdom:</b></p> <p>None</p>	<p><b>Inside the Kingdom:</b></p> <p>SIMAH The Saudi Credit Bureau</p> <p><b>Outside the Kingdom:</b></p> <p>None</p>
<p>Yves Walid</p> <p>Non-Executive</p>	<p><b>Inside the Kingdom:</b></p> <p>Tenaris Saudi Arabia Co. Ltd</p> <p><b>Outside the Kingdom:</b></p> <p>None</p>	<p><b>Inside the Kingdom:</b></p> <p>None</p> <p><b>Outside the Kingdom:</b></p> <p>None</p>
<p>Renwar Berzinji</p> <p>Non-Executive</p>	<p><b>Inside the Kingdom:</b></p> <p>Tenaris Saudi Arabia Co. Ltd</p> <p><b>Outside the Kingdom:</b></p> <p>None</p>	<p><b>Inside the Kingdom:</b></p> <p>None</p> <p><b>Outside the Kingdom:</b></p> <p>None</p>
<p>Mariano Armengol Lamazares</p> <p>Executive</p>	<p><b>Inside the Kingdom:</b></p> <p>Global Pipe Company</p> <p>Titanium &amp; Steel Manufacturing Company Ltd. (100% owned by SSP).</p> <p><b>Outside the Kingdom:</b></p> <p>None</p>	<p><b>Inside the Kingdom:</b></p> <p>None</p> <p><b>Outside the Kingdom:</b></p> <p>Tenaris Global Services (Switzerland) Sarl.</p>



The table below shows the participation of SSP board members in boards of companies competing with, or performing similar activities to such of SSP:

Name of Member	Company Name	Company activity
Carlos Ferreyra	Tenaris Saudi Arabia Co. Ltd.	Board Member of Tenaris Saudi Arabia Co. Ltd which is within the group of companies of Tenaris ("Tenaris Group").  Tenaris Group is engaged in the manufacturing of ERW Pipes in Argentina, USA, Brazil, Canada and Colombia
Hoon Park	Hu Steel Korea Co.	The Board Member is a Board Member of Hu Steel Korea Co. Ltd.  Hu Steel Korea Ltd manufactures ERW pipes in Korea.
Renwar Berzinji	Tenaris Saudi Arabia Co. Ltd.	Board Member of Tenaris Saudi Arabia Co. Ltd, a company within the Tenaris Group
Yves Walid	Tenaris Saudi Arabia Co. Ltd	Board member of Tenaris Saudi Arabia Co. Ltd, a company within the Tenaris Group

## Participation of SSP BoD members in Board meetings

During 2022, the BoD of SSP held four (4) board meetings.

Members who have not attended any of the meetings have appointed another member to represent them in attendance and voting, and the following table shows the attendance to each board meeting:

Name of Member	Meeting # 99 08/03/2022	Meeting #100 07/06/2022	Meeting #101 03/08/2022	Meeting #102 03/11/2022	TOTAL
Ahmed M. Al-Debasi*	●	×	×	×	1
Mousa Al-Mousa*	●	×	×	×	1
Almohaned Al-Shathre*	●	×	×	×	1
Mohammad A. Alshayea**	×	●	●	●	3
Carlos Ferreyra	●	●	●	●	4
Mariano Armengol L.	●	●	●	●	4
Salman Ahmed Akbar	●	●	●	●	4
Youngwook Chang**	×	●	●	●	3
Hoon Park	●	●	●	●	4
Majed Al-Dakheel	●	●	●	●	4
Yves Walid**	×	●	●	●	4
Renwar Berzinji	●	●	●	●	4
<b>Total</b>	<b>9</b>	<b>9</b>	<b>9</b>	<b>9</b>	

\* Term ended on June 6, 2022

\*\* Term started June 7, 2022

● attended

× did not attend

# SSP BoD Committees

SSP BoD has formed two committees, namely:

- The Audit Committee
- Remuneration and Nominations Committee

## The Audit Committee

The Audit Committee is composed by three members.

New members of the Audit Committee were elected in the 17th Ordinary General Assembly held on May 24th, 2022. The term of the current Audit Committee members elected on May 24th, 2022 runs from June 7th 2022 until June 6th 2025.

The functions and responsibilities of the Audit Committee include the following:

### Financial Reporting

Analyzing the Company's interim and annual financial statements before presenting them to the Board and providing its opinion and recommendations thereon to ensure their integrity, fairness and transparency;

Providing its technical opinion, at the request of the Board, including whether the Board's report and the Company's financial statements are fair, balanced, understandable, and contains information that allows shareholders and investors to assess the Company's financial position, performance, business model, and strategy;

Analyzing any important or non-familiar issues

contained in the financial reports;

Accurately investigating any issues raised by the Company's chief financial officer or any person assuming his/her duties or the Company's compliance officer or external auditor;

Examining the accounting estimates in respect of significant matters that are contained in the financial reports

Examining the accounting policies followed by the Company and providing its opinion and recommendations to the Board thereon.

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### Internal Audit

Examining and reviewing the Company's internal and financial control systems and risk management system;

Analyzing the internal audit reports and following up the implementation of the corrective measures in respect of the remarks made in such reports;

Monitoring and overseeing the performance and activities of the internal auditor and internal audit department of the Company, if any, to ensure the availability of the necessary resources and their

effectiveness in performing the assigned activities and duties. If the Company has no internal auditor, the Audit Committee shall provide a recommendation to the Board on whether there is a need to appoint an internal auditor.

Providing a recommendation to the Board on appointing the manager of the internal audit unit or department, or the internal auditor and suggest his/her remuneration.

## External Auditor

Providing recommendations to the Board to nominate external auditors, dismiss them, determine their remuneration, and assess their performance after verifying their independence and reviewing the scope of their work and the terms of their contracts;

Verifying the independence of the external auditor, its objectivity, fairness, and effectiveness of the audit activities, taking into account the relevant rules and standards;

Reviewing the plan of the Company's external auditor and its activities, and ensuring that it does not provide any technical or administrative works that are beyond its scope of work, and provides its opinion thereon;

Responding to queries of the Company's external auditor

Reviewing the external auditor's reports and its comments on the financial statements and following up the procedures taken in connection therewith.

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## Ensure Compliance

Reviewing the findings of the reports of supervisory authorities and ensuring that the Company has taken the necessary actions in connection therewith;

Ensuring the Company's compliance with the relevant laws, regulations, policies and instructions;

Reviewing the contracts and proposed Related Party transactions, and providing its recommendations to the Board in connection therewith;

Reporting to the Board any issues in connection with what it deems necessary to take action on, and providing recommendations as to the steps that should be taken.



The Audit Committee is composed of the following members as of December 31st, 2022:

### Salman Ahmed Akbar

Post	Member of the BoDs (Independent) and Chairman of the Committee
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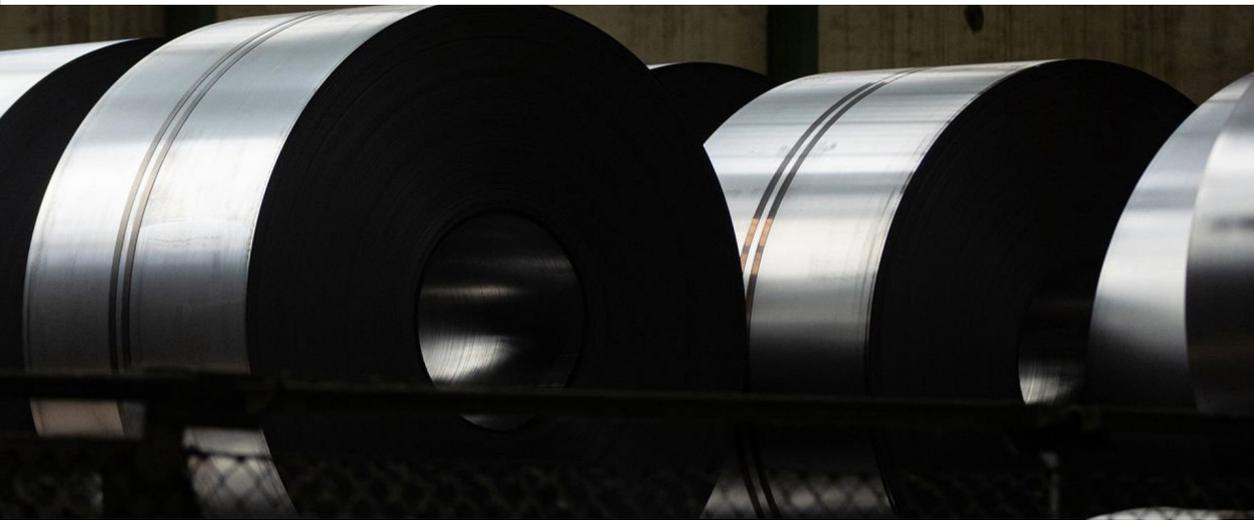
### Majed Al-Dakheel

Post	Member of the BoD (Independent)
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### Ruggero Signorelli

post	Audit Committee member
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Mr. Ruggero has 22 years of experience with around 18 years in the Tubular industry. He is currently Administration and Finance Senior Manager for North Sea and Africa at Tenaris Global Services Switzerland SA. He holds a Bachelor's degree in Business Economics from Università Cattolica del Sacro Cuore in Milan, Italy.



The Audit Committee held seven (7) meetings during the year 2022.

Dates and attendance is shown in the following table:

Name of Member	Meeting # 56 16/02/2022	Meeting # 57 27/04/2022	Meeting # 58 21/07/2022	Meeting # 59 01/08/2022	Meeting # 60 31/10/2022	Meeting #61 29/11/2022	Meeting # 62 19/12/2022	TOTAL
Mousa Al-Mousa*	●	●	×	×	×	×	×	2
Claudio Andres Tocco*	●	●	×	×	×	×	×	2
Majed Al-Dakheel	●	●	●	●	●	●	●	7
Salman Ahmed Akbar**	×	×	●	●	●	●	●	5
Ruggero Signorelli**	×	×	●	●	●	●	●	5

\*Committee member term ended June 6, 2022  
 \*\* Committee member term started June 7, 2022

● attended  
 × did not attend

# The Remuneration and Nominations Committee:

The Remuneration and Nominations Committee (RNC) is composed by three members.

New members of the Committee were elected in the BoD meeting held on June 7, 2022. The term of the current Committee members runs from June 7, 2022 until June 6, 2025.

The functions and responsibilities of the RNC include:

## Remuneration

- Preparing a clear policy for the remuneration of the Board members and its committees and the Executive Management, presenting such policy to the Board in preparation for approval by the General Assembly, provided that such policy follows standards that link remuneration to performance, and disclosing and ensuring the implementation of such policy; clarifying the relationship between the rewards awarded and the applicable remuneration policy, and indicating any fundamental deviation from the policy.
- Clarifying the relation between the paid remuneration and the adopted remuneration policy, and highlighting any material deviation from that policy.
- Periodically reviewing the remuneration policy and assessing its effectiveness in achieving its objectives; and
- Providing recommendations to the Board in respect of the remuneration of its members, the committees' members and Senior Executives, in accordance with the approved policy.

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## Nominations

- Suggesting clear policies and standards for membership of the Board and the Executive Management;
- Providing recommendations to the Board for the nomination or re-nomination of its members in accordance with approved policies and standards, taking into account that nomination shall not include any person convicted of a crime involving
- moral turpitude or dishonesty;
- Preparing a description of the capabilities and qualifications required for membership of the Board and Executive Management positions;
- Determining the amount of time that the member shall allocate to the activities of the Board;
- Annually reviewing the skills and expertise required of the Board members and the Executive Management;
- Reviewing the structure of the Board and the Executive Management and providing recommendations regarding changes that may be made to such structure;
- Annually ensuring the independence of Independent Directors and the absence of any conflicts of interest if a Board member also acts as a member of the Board of directors of another company;
- Providing job descriptions for the Executive, Non- Executive and Independent Directors and the Executive Management;
- Setting procedures to be followed if the position of a member of the Board or a Senior Executive becomes vacant;
- Determining the strengths and weaknesses of the Board and recommending remedy solutions that serve the Company's interests

The RNC is composed of the following members as of December 31st, 2022:

**Youngwook Chang**

Member of the BOD (Independent) – Chairman of RNC

**Renwar Berzinji**

Member of the BoD (Non-Executive)

**Almohaned Al-Shathree**

RNC member



The RNC held three (3) meetings during the year 2022 as shown in the following table:

Dates and attendance is shown in the following table:

Name of Member	Meeting#20 16-Feb-2022	Meeting#21 19-Sep-2022	Meeting#22 14-Dec-2022	TOTAL
Salman Ahmed Akbar*	●	×	×	1
Renwar Berzinji	●	●	●	3
Almohaned Al-Shathree	●	●	●	3
Youngwook Chang**	×	●	●	2
<b>Total</b>	<b>3</b>	<b>3</b>	<b>3</b>	

\* Term ended on June 6, 2022

\*\* Term started June 7, 2022

● attended

× did not attend



# Remuneration and Compensation for SSP BoD members and senior executives

According to the SSP bylaws, annual remuneration of BoD members, including the Chairman, which may consist of rewards, financial and non-financial benefits, shall not exceed 500 thousand SAR per member, shall be within the limits stipulated by the applicable laws, including Companies Regulations, and the entitlement to such remuneration shall be proportionate to the number of meetings attended by each member.

As per the Remuneration Policy for Members of the BoD and Executive Management approved by the General Assembly on 27 December 2017 effective January 1, 2018:

Each BoD member shall be granted a fixed remuneration of **SR 200,000 per year**, provided that he attends no less than 75% of the total number of meetings held in the period, and proportionately calculated if his attendance rate is lower.

An attendance allowance of **SR 3,000** will be paid to each member per attended meeting of the BoD and committee meetings.

Committee members shall be granted an annual remuneration of **SR 50,000** per committee, provided that he attends no less than 75% of the total number of meetings held in the period, and proportionately calculated if his attendance rate is lower.

The Chairman of the Audit Committee shall be granted an annual remuneration of **SR 100,000**, provided that he attends no less than 75% of the total number of meetings, and proportionately calculated if his attendance is rate lower.



## Board Members Remuneration

The following are the details of remuneration and compensation for Board Members and Senior Executives:

Name of Member	Fixed Compensations (SAR)						Total
	Specified amount	Board attendance allowance	Committee attendance allowance	In kind benefits (non-cash)	Amounts received by board member for being worker, manager or for technical, administrative or consultancy services	Compensations for the chairman, managing director or secretary if he is a member	
<i>First: Independent Members</i>							
Mohammad Abdulaziz Alshayea	113,973	9,000	-	-	-	-	122,973
Youngwook Chang	113,973	9,000	34,493	-	-	-	157,466
Mousa Al-Mousa	86,027	3,000	49,014	-	-	-	138,041
Salman Ahmed Akbar	200,000	12,000	96,493	-	-	-	308,493
Majed Mohammed Al-Dakheel	200,000	12,000	71,000	-	-	-	283,000
<b>Total</b>	<b>713,973</b>	<b>45,000</b>	<b>251,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,009,973</b>
<i>Second: Non Executive Memebers</i>							
Carlos Andres Ferreyra	200,000	12,000	-	-	-	-	212,000
Hoon Park	200,000	12,000	-	-	-	-	212,000
Yves Walid	113,973	9,000	-	-	-	-	122,973
Renwar Berzinji	200,000	12,000	59,000	-	-	-	271,000
Ahmed M. Al-Debasi	86,027	3,000	-	-	-	-	89,027
Almohaned Al-Shathre	86,027	3,000	59,000	-	-	-	148,027
<b>Total</b>	<b>886,027</b>	<b>51,000</b>	<b>118,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,055,027</b>
<i>Third: Executive Memebers</i>							
Mariano Armengol Lamazares	200,000	12,000	-	-	1,043,769	-	1,255,769
<b>Grand Total</b>	<b>1,800,000</b>	<b>108,000</b>	<b>369,000</b>	<b>-</b>	<b>1,043,769</b>	<b>-</b>	<b>3,340,769</b>

## Variable Compensations (SAR)

Share of profit	Periodic compensations	Short term incentive plans	Short term incentive plans	Value of granted shares	Total	End of service benefit	Grand Total
-	-	-	-	-	-	-	122,973
-	-	-	-	-	-	-	157,466
-	-	-	-	-	-	-	138,041
-	-	-	-	-	-	-	308,493
-	-	-	-	-	-	-	283,000
-	-	-	-	-	-	-	<b>1,009,973</b>
-	-	-	-	-	-	-	212,000
-	-	-	-	-	-	-	212,000
-	-	-	-	-	-	-	122,973
-	-	-	-	-	-	-	271,000
-	-	-	-	-	-	-	89,027
-	-	-	-	-	-	-	148,027
-	-	-	-	-	-	-	<b>1,055,027</b>
-	-	-	-	-	-	-	1,255,769
-	-	-	-	-	-	-	<b>3,340,769</b>

## Committee Members Remuneration

Name of Member	Fixed compensations (SAR)	Attendance allowance (SAR)	Total (SAR)
<b>The Audit Committee Members</b>			
Salman Ahmed Akbar (Committee Chairman)*	56,986	15,000	71,986
Majed Mohammed Al-Dakheel	50,000	21,000	71,000
Ruggero Signorelli*	28,493	15,000	43,493
Mousa Al-Mousa**	43,014	6,000	49,014
Claudio Andres Tocco**	21,507	6,000	27,507
<b>Total</b>	<b>200,000</b>	<b>63,000</b>	<b>263,000</b>
<b>The Remuneration and Nomination Committee Members</b>			
youngwook chang (Committee Chairman)*	28,493	6,000	34,493
Salman Ahmed Akbar	21,507	3,000	24,507
Rawar Berzinji	50,000	9,000	59,000
Almohaned Al-Shathre	50,000	9,000	59,000
<b>Total</b>	<b>150,000</b>	<b>27,000</b>	<b>177,000</b>

\*committee member term started June 7, 2022

\*\*committee member term ended June 6, 2022



# Group Senior Executives Compensations

Senior Executives*	
<b>Fixed Compensations (SAR)</b>	All amount in SAR
Salaries	1,994,017
Allowances and others	1,033,936
In kind benefits (non-cash)	-
<b>Total</b>	<b>3,027,953</b>
<b>Variable Compensations (SAR)</b>	
Periodic compensations	446,216
Profits	-
Short term incentive plans	-
Long term incentive plans	-
Value of granted shares	-
<b>Total</b>	<b>-</b>
End of service benefit	230,473
<b>Total executives remuneration from the board, if any</b>	<b>212,000</b>
<b>Grand Total</b>	<b>3,916,645</b>

(\* ) Senior Executives include: Managing Director and Chief Executive Officer, Chief Financial Officer and Operations Senior Director. Pursuant to the Capital Market Authority Board Resolution Number 1-35-2018 Dated 9/7/1439H Corresponding to 26/3/2018G the remunerations of senior executives mentioned in sub-paragraph (b) of paragraph (4) of Article 93 of the CGR is to be disclosed collectively.

According to the Remuneration Policy for Members of the BoD and Executive Management remuneration of Company top executives is essential to ensure high qualification of the executive team, to secure succession planning and recruitment success.

The annual remuneration of Executive Management aims at granting a balanced compensation package which may consist of fixed remuneration, performance related remuneration and remuneration in the form of stocks as determined by the BoD upon recommendation by the RNC.

The fixed remuneration is defined considering the job level, education qualifications, experience, skills, seniority of the executive and duties and responsibilities of the position. Remuneration aims at creating the required competitiveness to recruit and keep qualified and efficient employees and preserve the high level of skills according to Company needs. Due consideration of market conditions and alike companies' practice is given to avoid unjustifiable increase in remuneration and compensation.

In kind benefits are also included in Executive Management remuneration. Besides medical insurance, benefits are primarily housing-related allowances or equivalent, and transportation-related allowances or equivalent. End-of-service benefit represent the annual incremental value to the end-of-service severance provisions which is paid post-employment.

The variable remuneration is market-aligned and subject to the fulfilment of predefined performance indicators. Key performance indicators include short-term and long-term objectives, profitability indicators, solvency, liquidity, growth and objectives achievement aiming at encouraging Executive Management for the Company success and long – run development.

Executive Management remuneration has been consistent with the Remuneration Policy of SSP.



# Transactions with Related Parties

During 2022, the Company sold pipes, and provided services to the following parties through purchase orders and contracts, at the regular market price without any discrimination or reduction:

Party	Member of the BoD	Nature of transaction	Contract duration	SAR
Tenaris Saudi Arabia Limited ("TESA") *	Carlos Andres Ferreyra Yves Walid Renwar Berzinji	Sales	Initial 3 years Extended 2 years	4,254,068
Tenaris Global Services Uruguay *	Carlos Andres Ferreyra Yves Walid Renwar Berzinji	Services	Spot	341,559,943
Tenaris Global Services Far East Pte Ltd**	Carlos Andres Ferreyra Yves Walid Renwar Berzinji	Sales	Spot	32,603
Global Pipe Company**	Carlos Andres Ferreyra Mariano Armengol L. Mohammed Al Shakhouri	Sales	3 Years	631,865
Rabiah and Nassar Group ***	Mousa Al Mousa	Sales	Spot	239,355

(\*) All these services were made at arms length under agreements approved by the shareholders in the 14th and 17th Ordinary General Assemblies held on 7th of May 2019 and dated 24th of May 2022 respectively, as announced on Tadawul's website. All agreements may be terminated by SSP, by written notice to Tenaris.

(\*\*) These sales and services are related to orders placed at arm lengths and after conducting properly documented tender process.

(\*\*\*) Considered a related party based on the interpretation of the definition of CMA regulation. These sales were made at arm's length at regular market price.

The company also made purchases and received services through purchase orders and contracts with the following parties:

Party	Member of the BoD	Nature of transaction	Contract duration	SAR
Dalmine S.P.A. *	Carlos Andres Ferreyra Yves Walid Renwar A. M. Berzinji	Technical services	Initial 3 years Extended 2 years	121,105
Tenaris Saudi Arabia Limited ("TESA")***	Carlos Andres Ferreyra Yves Walid Renwar A. M. Berzinji	Services	Spot	14,112,549
Exiros Saudi Arabia Limited *	Carlos Andres Ferreyra Yves Walid Renwar A. M. Berzinji	Procurement Services	Initial 3 years Extended 2 years	2,161,254
Exiros Saudi Arabia Limited *	Carlos Andres Ferreyra Yves Walid Renwar A. M. Berzinji	Procurement Services	Initial 3 years Extended 2 years	2,161,254
Siderca S.A.I.C. *	Carlos Andres Ferreyra Yves Walid Renwar A. M. Berzinji	IT Services	Renewable annually	21,305
Tenaris Global Services Uruguay **	Carlos Andres Ferreyra Yves Walid Renwar A. M. Berzinji	Purchase	Spot	2,632,694
Tenaris Global Services Uruguay *	Carlos Andres Ferreyra Yves Walid Renwar A. M. Berzinji	Purchase	Initial 3 years Extended 2 years	1,320,477
Hu Steel Company Ltd.	Hoon Park	Services	Renewable annually	79,657
Tenaris Connections B.V.*	Carlos Andres Ferreyra Yves Walid Renwar A. M. Berzinji	Services	Renewable annually	2,142
Tenaris Connections B.V.*	Carlos Andres Ferreyra Yves Walid Renwar A. M. Berzinji	Royalties	Renewable annually	69,860
S.C. SilcoTub S.A.*	Carlos Andres Ferreyra Yves Walid Renwar A. M. Berzinji	IT services	Renewable annually	46,899
Tenaris Solutions East SRL*	Carlos Andres Ferreyra Yves Walid Renwar A. M. Berzinji	IT services	Renewable annually	45,268

(\*) All these services were made at arms length under agreements approved by the shareholders in the 14th and 17th Ordinary General Assemblies held on 7th of May 2019 and dated 24th of May 2022 respectively, as announced on Tadawul's website. All agreements may be terminated by SSP, by written notice to Tenaris.

(\*\*) These purchases are related to materials used in production. The orders were placed at arm lengths and after conducting properly documented tender process.

(\*\*\*) These services are related orders placed at arm lengths and after conducting properly documented tender process.

# General Assembly Held in 2022

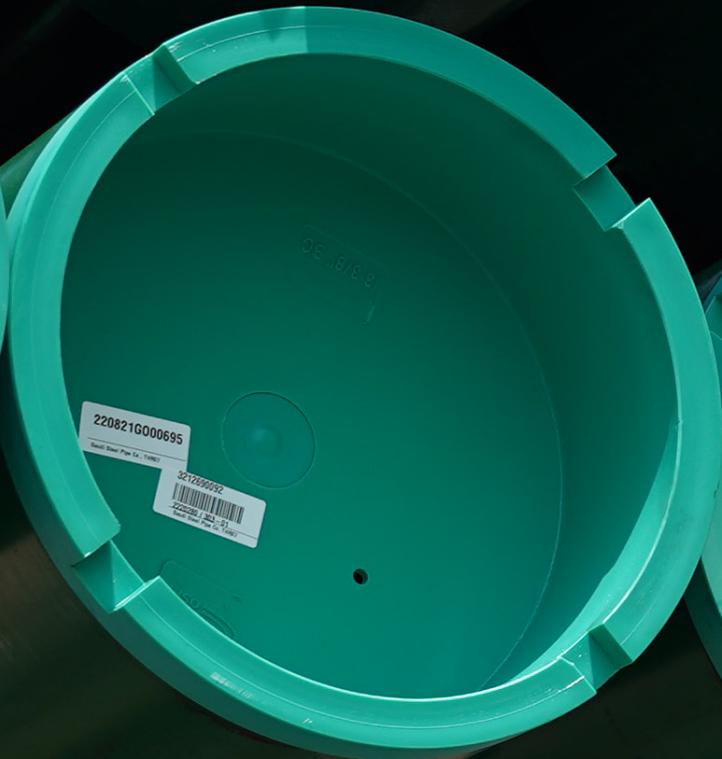
Date of the SSP General Assembly of the Shareholders held during 2022 and names of BoD members who attended

General Assembly	Date	Member of the Board of Directors
17th Annual General Assembly	24 May 2022	Carlos Ferrerya Mariano Armengol L. Mousa Al-Mousa Renwar Berzinji Majed Al-Dakhee Salman Ahmed Akbar

# Request for Shareholder's Register in 2022

Statement on the Company's request for shareholders register during the fiscal year 2022

Reasons for Request	Date of request	Number of company request for shareholders register
Company procedure	24 January 2022	1
Company procedure	15 May 2022	2
Seventeenth General Assembly	24 May 2022	3
Other	26 July 2022	4





03

# Financial & Other Information

# Financial Results

The following analysis of our financial condition and results of operations are based on, and should be read in conjunction with, our audited consolidated financial statements and the related notes.

We prepare our consolidated financial statements in conformity with IFRS.

## Profitability

P&L MILLION SAR	2022	2021	2020	2019	2018
Net Sales	748	373	475	583	588
Gross Margin	107	27	19	22	14
Operative (Loss) Income	70	(5)	(33)	(20)	(27)
(Loss) / profit from continuing operations	55	(18)	(33)	(5)	(86)
Profit / (Loss) from discontinued operations	(1)	19	(1)	(22)	(83)
Net Results	54	1	(34)	(27)	(169)
<b>EBITDA*</b>	<b>112</b>	<b>40</b>	<b>10</b>	<b>24</b>	<b>16</b>
<b>Adjusted EBITDA*</b>	<b>113</b>	<b>45</b>	<b>30</b>	<b>26</b>	<b>16</b>

(\*) EBITDA represent earnings before interest, tax, depreciation and amortization. Adjusted EBITDA excludes non-recurrent charges.



**Net Sales** increased by 100% to 747 million SAR in 2022, compared to 373 million SAR in 2021, mainly driven by higher tubular sales volume of export and Aramco, and the increase in tubular products prices. Services and accessories sales remained comparable to 2021.

**Gross Margin** increased by 296% to 107 million SAR in 2022 from 27 million SAR in 2021, mainly due to the higher sales volume, better mix of products sold and improved efficiencies.

**Operative profit** amounting to 70 million SAR in 2022, compared to a loss of (5) million SAR in 2021, mainly driven by the significant improvement in gross margin as explained above and the decrease in Administrative expenses to 23 million SAR in 2022 from 27 million SAR in 2021 (mainly due to the reduction of service indemnity costs). The aforementioned positive results were; partially offset by an increase in Selling, Marketing and Distribution expenses to 17 million SAR in 2022 (due to higher sales volumes) from 10 million SAR in 2021.

**Profit From Continuing Operations** amounting to 55 million SAR in 2022, compared to loss of (18) million SAR in 2021, mainly driven by the significant improvement in operative profit as explained above and the recorded share of profit in an affiliate (Global Pipe Company) amounting to 9 million SAR in 2022 compared to a share of loss amounting to (5) million SAR in 2021. The aforementioned positive results were; partially offset by an increase in net zakat and tax expense to 10 million SAR in 2022 from 1 million SAR in 2021 and an increase in finance charges to 14 million SAR in 2022 from 7 million SAR in 2021.

**Loss From Discontinued Operations** amounting to (1) million SAR in 2022, compared to profit from discontinued operations amounting to 19 million SAR in 2021 mainly due to the gain recorded in 2021 on the sale of the main operating assets of Company's wholly owned subsidiary TSM.

**Net Results of profit** amounting to 54 million SAR in 2022, compared to 1 million SAR in 2021 mainly driven by the recorded profit from continuing operations partially offset by the recorded loss from discontinued operations as explained above.

**EBITDA** Is an approximation to pre-tax operating cash flow and reflects cash generation from the operation before working capital variation. SSP recorded a positive EBITDA of 112 million SAR, 15% margin, compared to a positive EBITDA of 40 million SAR, 11% margin in 2021, mainly driven by higher sales volume, better mix of products sold and improved efficiencies.

**2022**

Increased 100%

**747 million SAR**

**2021**

**373 million SAR**

Increased by **296%**

**107 million SAR**

**27 million SAR**

Profit of

**70 million SAR**

Loss of

**(5) million SAR**

Profit of

**55 million SAR**

Loss of

**(18) million SAR**

Loss of

**(1) Million SAR**

Profit of

**19 million SAR**

Profit of

**54 million SAR**

Profit of

**1 million SAR**

15% Margin

**112 million**

11% Margin

**40 million SAR**

# Cash Flow

Cash Flow	2022 MILLION SAR	2021	2020	2019	2018
Net Cash (used in) provided by operating activities	(12)	62	47	49	(6)
Capital expenditures	(2)	(7)	(16)	(6)	(32)
<b>Free Cash Flow</b>	<b>(14)</b>	<b>55</b>	<b>31</b>	<b>43</b>	<b>(38)</b>

**Cash flow** used in operating activities amounted to (12) million SAR in 2022, compared to cash flow provided by operating activities amounting to 62 million SAR in 2021, mainly driven by the increase in working capital resulting from the higher level of activity.

**Our capital expenditure** decreased by 5 million SAR in 2022, to (2) million SAR from (7) million SAR in 2021.

**Free Cash Flow (FCF)** is a measure of financial performance, calculated as operating cash flow less capital expenditure. FCF represents the cash that a company is able to generate after spending the money required to maintain or expand its asset base.

SSP recorded a negative free cash flow of SR (14) million in 2022 compared to a positive free cash flow of 55 million in 2021, mainly driven by the increase in working capital resulting from the higher level of activity as explained above.

## 2021

Amounted

**12 million SAR**

## 2020

**62 million SAR**

Decreased by 5 million

**2 million SAR**

**7 million SAR**

negative

**14 million SAR**

Positive

**55 million SAR**



## Financial Position

Selected Consolidated financial position data	2022 MILLION SAR	2021	2019	2018	2017
Current Assets	448	349	413	428	402
Non-current Assets	590	623	706	724	813
<b>Total Assets</b>	<b>1,038</b>	<b>972</b>	<b>1,119</b>	<b>1,152</b>	<b>1,215</b>
Current Liabilities	200	185	210	222	169
Short Term Loans	66	157	180	139	95
Long Term Loan, current portion	58	26	47	38	44
Long Terms Loans	99	44	60	135	120
Other Non-Current Liabilities	64	65	93	59	58
<b>Total Liabilities</b>	<b>488</b>	<b>477</b>	<b>591</b>	<b>593</b>	<b>486</b>
<b>Equity</b>	<b>551</b>	<b>495</b>	<b>528</b>	<b>559</b>	<b>730</b>
<b>Net Debts</b>	<b>144</b>	<b>128</b>	<b>248</b>	<b>285</b>	<b>245</b>
Gearing Ratio	3.8	<b>3.9</b>	2.1	2.0	3.0

Due to a higher level of activity, working capital rose in 2022 resulting in a negative free cash flow of (14) million SAR. Consequently, **Net debt** increased to 144 million SAR as at the end of 2022 from 128 million SAR as at the end of 2021. The Group maintains a solid solvency structure, well

capitalized and has significantly improved its liquidity in 2022 (current ratio of 1.4 as at the end of 2022 compared to 1.0 as at the end of 2021)

**Gearing ratio** (Equity / Net Debt) remained comparable to 2021.



## Borrowings

Below is the movement in the Group's borrowings during 2022:

Lending Party	Original loan amount	Beginning balance	Additions	Repayment	Financial charges accrued (paid) & others, net	Ending balance	Period
Million SAR							
Industrial Development Fund (SIDF)	185	70	-	(26)	0	45	4-8 Years
Industrial Development Fund (SIDF)	84	59	-	(60)	1	-	1 Year
Industrial Development Fund (SIDF)	75	-	75	-	(1)	7	2 Years
The Saudi Investment Bank (SAIB)	45	-	45	(6)	0	39	4 Years
Commercial Banks	-	98	422	(455)	1	66	6-12 Months
<b>Total</b>	<b>-</b>	<b>228</b>	<b>542</b>	<b>(547)</b>	<b>0</b>	<b>223</b>	

These borrowing facility agreements are subject to certain financial and non-financial covenants. The Company is complying with all the covenants. Further, during the year, the Company repaid a loan to SIDF amounting to SR 60 million SAR and obtained a new loan amounting to 75.0 million SAR to meet its working capital requirements.



## Treasury Shares

As of January 1 and December 31

2022

**11.5 million SAR**

2021

**11.5 million SAR**

The treasury shares held by the Company represent 2.26% of the share capital. Their market value amounts to SR 8.2 million as of December 31, 2022 (2021: 11.5 million). These shares were initially acquired from shares offered to the public for an employee share program.

# Profit Distributing Policy

The Company aims at distributing an annual dividend to enhance the value of the return to shareholders commensurate with the Company's earnings, financial position, market conditions, general economic climate and other factors including the analysis of investment opportunities, re-investment requirements, cash needs, capital expenditure needs, business activities level and legal and regulatory considerations.

The dividend shall be distributed in Saudi Riyals in accordance with the following policy as stated in the Company's by-laws:

## 01.

The distribution of the annual net profits of the Company after deducting all general expenses and other costs as follows (as applicable);

## 03.

The Ordinary General Assembly, based on the proposal of the Board of Directors, may decide to apply an amount not exceeding (20%) of the net profits to form a reserve for designated purposes.

## 05.

From the remainder, a percentage representing (5%) of the Company's paid-up capital shall be distributed to the shareholders.

## 02.

Transfer (10%) of the net profit to statutory reserve, provided that the Ordinary General Assembly may decide to stop these transfers once statutory reserve reaches (30%) of the paid-up capital;

## 04.

The Ordinary General Assembly may elect to form other reserves, to the extent that achieves the interests of the Company or ensures the distribution of steady profits as much as possible to shareholders. The Ordinary General Assembly may also deduct from the net profits sums for the establishment of social institutions for the employees of the Company or for the assistance of existing ones.

## 06.

The Ordinary General Assembly may, upon the proposal of the Board of Directors elect to distribute the remainder to shareholders as an additional share in the profits.

Statement	2022 MILLION SAR	2021	2020	2019	2018
Net profit (Million SAR)	54	1	-34	-27	-169
Dividends distributed (Million SAR)	-	-	-	-	-
Number of shares (Million Shares)	51	51	51	51	51
Earnings per share (SAR/share)	1.07	0.02	-	-	-

# Statutory Payments/Dues

The following is a statement on SSP statutory payments/dues as of December 31, 2022:

Statement	Zakat	General Organization for Social Insurance
Paid	2,542,346	4,512,810
Due /accrued at the end of the annual financial period and not paid	9,193,279	345,918
Description	Zakat provision	Dec. 2022
Reasons	To be paid in Apr, 2023	To be paid in Jan, 2023

## Sanctions and Penalties

No sanctions or penalties were imposed to SSP during the year 2022.

# Social Contribution



## Tenaris Volunteers in Action program

Our employees participated in a beach clean-up to promote a cleaner environment in the communities where we operate.

The following table shows the amount of the contributions made during the last five years:

Type of contribution	2022 MILLION SAR	2021	2020	2019	2018
Financial	-	-	90,000	179,952	304,592
In-kind	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>90,000</b>	<b>179,952</b>	<b>304,592</b>

# Compliance with the Accounting Standards issued by the Saudi Organization for Certified Public Accountants

SSP's financial statements have been prepared during the fiscal year ended December 31, 2022 in accordance with International Financial Reporting Standards as endorsed in KSA.



## Representations

### 01.

The accounting records have been correctly prepared.

### 02.

The Internal Control System has been prepared on good basis and effectively implemented .

### 03.

There is no doubt about the ability of the source to continue its activity.

 **Tenaris** Saudi Steel Pipes