

The background of the entire page is a close-up, high-angle photograph of numerous stacked steel pipes. The pipes are arranged in a grid-like pattern, with their circular ends facing the viewer. The lighting is dramatic, highlighting the metallic sheen of the pipe edges and creating deep shadows within the hollow centers, which appear dark and almost black. The overall composition is repetitive and industrial.

2020

**Annual
Report**



Tenaris Saudi Steel Pipes



STEEL PIPE



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A black and white photograph of an industrial facility, likely a steel mill or construction site. In the foreground, there are several large, dark, cylindrical objects, possibly steel pipes or beams, stacked in rows. In the background, there are large industrial structures, including cranes and a building with windows. A teal-colored rectangular box is overlaid on the left side of the image, containing the number '01' and the text 'The Company'.

01

The
Company

Leading Indicators

	2020	2019	2018
Financial Indicators (Millions of SAR)			
Sales	509	672	646
EBITDA ⁽¹⁾	14	10	(3)
Adjusted EBITDA ⁽¹⁾	34	12	(3)
Net Income	(34)	(27)	(169)
Cash Flow from Operations	47	49	(6)
Capital Expenditures	(16)	(6)	(32)
Free Cash Flow ⁽²⁾	31	43	(38)
Balance Sheet (Millions of SAR)			
Total Assets	1,110	1,119	1,152
Total Borrowings	366	287	312
Total Liabilities	617	591	593
Net Debt	217	248	288
Shareholders' Equity	493	528	559
Gearing Ratio ⁽³⁾	2.3x	2.1x	1.9x
People			
Number of employees	380	832	846
Saudization %	54	47	49

(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 the Annual Report of the business operations and performance of Saudi Steel Pipe Company (“SSP”) and its subsidiary (collectively referred to as “the Group”) for the fiscal year ended on 31/12/2020, as stipulated in the applicable laws, regulations and disclosure requirements of the Capital Market Authority.

This report, and the consolidated financial statements, reflect the Group performance during the year 2020 and summarizes its activities.

2020 was no ordinary year, measures taken around the world to contain the COVID-19 pandemic had a severe impact on global oil demand which caused a collapse in prices and rapid build up of excess inventories, and the consequent drop in investments in capital projects and drilling activity at the global and local levels. Due to similar reasons, non-Oil & Gas industries dynamics were also dramatically impacted. The Group’s operations, and those of its main suppliers and customers, have been severely affected by the repercussions of COVID-19, particularly during the second quarter of the year. Despite all of that, we persistently continued the initiatives and programs we sat last year for the new growth and transformational phase in SSP history.

In this context, the Group priority has been to safeguard the health and safety of its employees, customers and suppliers for which several measures have been implemented in full compliance with all local and international best practices.

During this period, management has also taken several actions to optimize structural costs, improve manufacturing processes and technology, contain expenses and preserve liquidity while delivering on efficiency opportunities without compromising the Company long-term strategic goals. As a result, SSP came out of these difficult times stronger with a more resilient structure.

We will continue working to strengthen our sustainable growth based on SSP values and strong commitment towards innovation, transformation, transparency, service to our customers and care for our employees and our environment. Also, SSP continues to be committed to attracting and developing Saudi talents.

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

The Board of Directors would like to extend its sincere thanks and gratitude to His Royal Highness the Custodian of the Two Holy Mosques, and His Highness the Crown Prince, and the government 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 employees for their efforts and achievements. And we would like to thank as well our customers, suppliers and shareholders for their continuing 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

SSP was initially incorporated as a limited liability mixed industrial company (Saudi-Korean) in 1980, then transformed in 2008 to a closed joint stock company, to finally become a public joint stock company in 2009. 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 60" 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 International, and Saudi Arabian national standards. SSP received ISO 9001, OHSAS 18001, and ISO 14001 certifications respectively for Quality, Safety and Environmental management. 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. This company produces heat exchangers, pressure vessels, reactors and condensers.
- 35% of Global Pipe Company Ltd. 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.
- 20% of Chemical Development Co. Ltd., a holding company established to develop industrial projects. The main project of CDC is the polysilicon 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 380 employees with a Saudization index over 54%.

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.



The Group has six factories in the 2nd Industrial City of Dammam as follows.

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

1.

SOD

Small Outside
Diameter Pipes Plant

PRODUCTION

Pipes (black and galvanized).

SIZES

From 1/2 to 4" OD.

PRODUCTION LINES

3.

TOTAL PRODUCTION CAPACITY

80 thousand per year.

APPLICATIONS

Industrial and construction segments of the MENA region.

2.

MOD

Medium Outside
Diameter Pipes Plant

Commissioned in 2018, and fully qualified during 2019.

PRODUCTION

Pipes.

SIZES

From 2 to 8" OD.

TOTAL PRODUCTION CAPACITY

120 thousand per year.

APPLICATIONS

Energy, industrial, and construction segments of the MENA region.

3.

LOD

Large Outside
Diameter Pipes Plant

PRODUCTION

Pipes.

SIZES

From 6 to 20" OD.

PRODUCTION LINES

3.

TOTAL PRODUCTION CAPACITY

200 thousand tons per year.

APPLICATIONS

Energy, industrial, and construction segments of the MENA region.

4.

PIPES BENDING PLANT

PRODUCTION

Pipe bending and heat treatment services.

SIZES

From 2 to 64" OD.

PRODUCTION LINES

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

APPLICATIONS

Energy, industrial, and construction segments of the MENA region.

5.

PIPES COATING PLANT

PRODUCTION

Pipe coating.

SIZES

From 4 to 30" OD.

PRODUCTION LINES

1

TOTAL PRODUCTION CAPACITY

1,000,000 m² per year.

APPLICATIONS

Energy, industrial and construction segments of the MENA region.

6.

TITANIUM AND STEEL MANUFACTURING COMPANY

PRODUCTION

Pressure vessels and heat exchangers.

PRODUCTION LINES

—

TOTAL PRODUCTION CAPACITY

3500 - 4000 tons per year.

APPLICATIONS

Oil and gas, water desalination and other plants as will be further explained in the Investments and Related Companies section.

Business Operations Results

Sales

The Group sales in 2020 were distributed according to the different business activities as follows:

THOUSANDS SAR

Activity	Sales	Percentage (%)
Pipes (ERW)	463,933	91%
Services (Coating and Bending)	8,728	2%
Trading	2,236	0%
Titanium and Steel Manufacturing Co.	33,615	7%
Total	508,512	100

2020 results of Global Pipe Company (Associate) were as follows:

THOUSANDS SAR

Activity	Annual Sales	SSP's shares of net profit (35%)
Pipes (LSAW)	288,946	4,771

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.

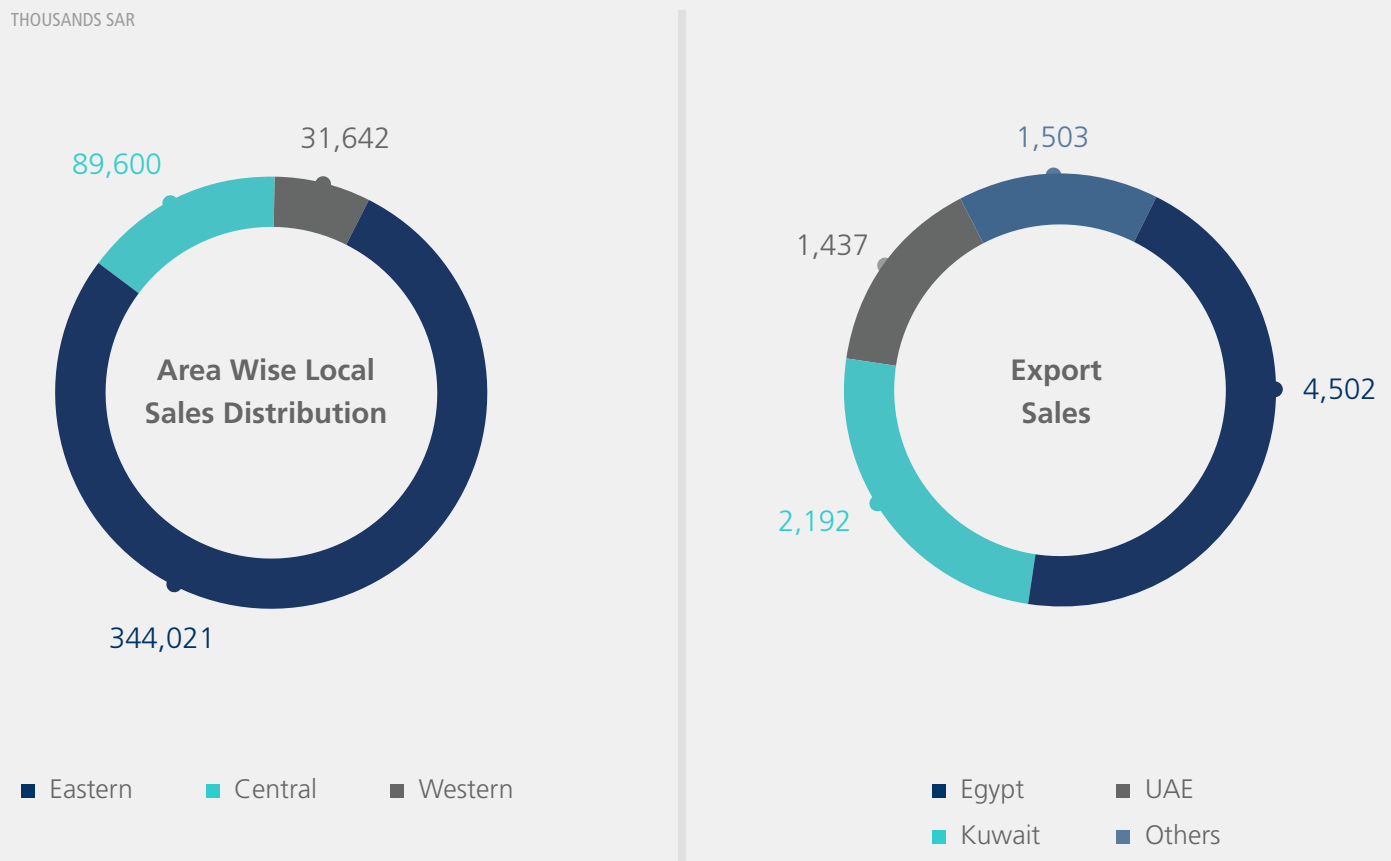
Geographical Distribution

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

THOUSANDS SAR

Year	Geographical analysis of the Company total Sales		
	Total Sales	Local Sales	Exports
2020	474,897	465,263	9,633

THOUSANDS SAR



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

THOUSANDS SAR

Year	Company	Relationship	Geographical Analysis		
			Total Sales	Local Sales	Exports
2020	Titanium & Steel Manufacturing Co.	Subsidiary	33,615	33,615	–
2020	Global Pipe Company	Associate	288,946	178,205	110,741

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 admired 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:

- Safety: Nothing is more important than the health and safety of everyone who enters our mills or uses our products and services.
- 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.
- Communicating transparently with our shareholders, customers, employees, suppliers and local communities.
- Conducting business in accordance with the highest ethical standards.
- Caring for our people, offering them opportunities for development and continuous learning and rewarding them based on merit and achievement.

- Addressing climate change and minimizing the environmental impact in all of our operations.
- Promoting long-term sustainability of our business and our local communities with a focus on education and excellence.
- 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.
- Managing rationally, taking decisions after duly analyzing the relevant information.
- Using our resources wisely, operating without waste or excess.
- Embracing diversity in all its forms (culture, gender, creed, race, nationality and generation) as a factor that creates value, and ensuring a work environment free from any form of harassment.

Milestones

Among the most relevant results of the year 2020, the following achievements can be highlighted.

An Improved Health, Safety & Environmental (HSE) Culture:

- Set up and implementation of preventive measures to control pandemic and outbreak of communicable disease "COVID-19" in offices and in Production areas.
- Relevant improvement in the IFR (Injury Frequency Rate) value and the number of events overall during 2020 with zero major accident reported as a well as improvement in all indicators.

- Improvement of Contractors Safety throughout setting up and implementation of minimum HSE Requirement for contractors and improvement of the safety Culture.
- Digitalizing controls and safe practices, implementation of Forklift and Crane Online Pre-use Checklist.
- More than 70 Improvement plan implemented to mitigate and reduce High risk activities and conditions.
- Continuous Safety Training for qualification and certification.

Focused on Human Resources (HR) and Training:

- Despite Covid-19 imposed challenges, 8.7 thousand man hours of training were provided to SSP workforce during the year.
- Degreed (Formal on-line learning platform) was launched in April 2020, in which 1.0 thousands training hours were completed by SSP employees.
- Three managers from SSP were selected to participate in Management Essential program (a year long program supporting young managers to learn, develop and grow in management fundamentals).
- Completion of the first Performance Management Process (PMP) using the PMP system implemented last year which provide performance and potential evaluation based on agreed work plan objectives and the degree of applied competencies.
- Continuous interaction with Tenaris Industrial experts allowing for rapid knowledge sharing and adoption of best practices.

Strong Operations, Supply Chain, & Quality Improvements:

- Qualification of LP Sour material, and production and delivery of large orders for LP Sour and Non-sour.
- Significant improvement in material efficiency, especially in Line Pipe Sour and OCTG production. Reduction of more than 12% in steel losses. Significant increase in labor efficiency and in Possible Utilization, particularly in LOD by 17%. Overall Industrial Cost Efficiency improvement, 76% lower accumulated efficiency deviation compared to prior year.
- SSP Quality Management System has been successfully transitioned to Tenaris global industrial QMS, getting the approvals of ISO 9001 and API Q1, and implemented the main Quality tools. The quality system deployment has given clear visibility of Rejection-Rework rates and causes allowing SSP to take on-time actions that reduced these KPIs. Zero claims for Line Pipe and OCTG.
- Reduction of aged work in progress inventory in all production facilities and in aged repair, maintenance and operation (MRO) spare parts, supplies and material.
- Improved procurement process, sales forecasts accuracy and the development of tools to forecasts material requirements and visibility on plant loads and inventories.
- Others: Modon Operation permit and PME permit for all facilities, new products capabilities and qualifications, Tandem/AUTO/SAP systems consolidation.

A Strengthened Control Environment:

- SSP implemented new policies in accordance with CMA regulations and best international standards. Among others: Risk management policy, disclosure policy, financial and accounting policy, human resource policy, human rights policy and policy of diversity and work environment free of harassment.
- Implementation of SOX controls to certain processes together with additional procedures to improve the safety, efficiency and operations of SSP.
- SSP continued to optimize cash/debt management, followed plan to reduce working capital and reviewed credit lines and insurance policies to guarantee sustainability and growth of its operations.

Executed Critical Investments:

- Multiple HSE investments were done to improve HSE conditions and eliminate/mitigate risks.
- Multiple investments in new Cabins, Debottlenecking projects, Waste Management areas, Pipes Handling and tooling to allow production of new products.
- Band saw and tooling for Line 4 along with layout modification, improvement in stoppages and line unbalance, new pipe storage racks, and automation and data matrix implementation.
- Welding process control and automation using Tenaris licensed technologies for automatic process control based on thermographic cameras.
- Automation systems to improve finishing line productivity, updating PLC, reducing cycle time and improving traceability systems with data matrix cameras reducing manual entries.
- Improvements and renovations in labor camp.

Financial:

- Implementation of comprehensive plan that included among other steps, optimizing structural costs and preserving liquidity while delivering on efficiency opportunities without compromising its long-term strategic goals, monitoring and control of general and other expenses.
- Obtained additional financing and re-scheduled SIDF term loan to strengthen the Company balance sheet and liquidity. In addition, SSP managed to optimize its sources of financing and significantly reduce its financing cost compared to prior year despite the increase in borrowings to finance the ramp up operations in the second half of 2020.
- Reduction of net debt from 248 million SAR in 2019 to 217 million SAR in 2020.

Investments and Related Companies

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

1. Titanium & Steel Manufacturing Co. Ltd. (TSM)

TSM started as a joint venture named "Titanium & Steel Manufacturing Company Ltd." and its trade name "TSM Arabia", with the Korean company "TSM" with a total investment exceeding 100 Million SAR and a paid-up capital of 32 Million SAR to produce the below products:

- Heat exchangers.
- Pressure vessels.
- Reactors and condensers.
- High quality pipe spools.

These products are used in oil and gas plants, petrochemical industries, power generators and water desalination.

In 2017, SSP acquired all of the Korean partner shares in TSM to raise its ownership percentage in TSM from 70% to 100%.

2. Global Pipe Company (GPC)

GPC started as a joint venture named "Global Pipe Company" with German Erndtebrücker Eisenwerk Hermann Klein & Co. GmbH. (EEW), and local shareholders, with a paid-up capital of 125 million SAR. GPC is located in Jubail City and produces the Longitudinally Submerged Arc Welded Pipes (LSAW) for the energy, industrial and construction segments of the MENA.

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, with additional investments in a new forming and finishing line.

SSP owns 35% of all of the issued shares of GPC.

3. 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 is the polysilicon factory located in Jubail city established in cooperation with the Korean company KCC. Due to the sharp decline in the prices of polysilicon 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 shutdown.

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.

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

Company	Core Activities	Location	State of Incorporation	Ownership (%)
TSM	Manufacturing of heat exchangers, pressure vessels, reactors, condensers and pipe connectors.	KSA	KSA	100
GPC	Manufacturing of large OD welded pipes (LSAW) with high thickness and diameters.	KSA	KSA	35
CDC	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 (%)
TSM	3.2 Million	SSP	3,200,000	100
GPC	12.5 Million	SSP	4,375,000	35
		EEW	4,375,000	35
		Ahmed Hamad Al Khonaini	2,500,000	20
		Pan Gulf Holding	1,250,000	10
CDC	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 and Sons holding Company	2,640,800	8.8
		Abdullah AlHamd Al Sagr and Brothers Company (Kuwait)	2,546,488	8.5
		Others (19 shareholders)	9,871,604	32.9

Principal Risks and 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:

1. 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 & 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.

2. Risks Relating to Our Business

- Adverse economic, or political conditions, in the countries where SSP sells our products and services may decrease our sales or disrupt our manufacturing operations, thereby adversely affecting our 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 our manufacturing processes could adversely affect our operations, customer service levels and financial results.

- 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.
- 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.
- Cyberattacks could have a material adverse impact on SSP' business and results of operation.

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

Due to the continued uncertainties around the extent and duration of Covid-19 pandemic and its effect on the energy industry and other relevant industries, SSP is unable to determine the expected impact on the Company future business and financial outlook.

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

Human Resources

1. Saudization

The table below shows the percentage of Saudi citizens in the Group by main departments. In 2020 it increased to 54% of the Group's total workforce as compared to 47% by end of 2019. SSP continues to be in the "excellent" range according to the criteria of the "NETAQAT" program.

Year ended 31 December 2020				
Section	Total	Saudi	Non-Saudis	Saudization Ratio (%)
Executive Management	4	1	3	25
Administrative Affairs	80	47	33	59
Sales	9	7	2	78
Accounting	7	3	4	43
Quality Assurance	34	9	25	26
Production	246	140	106	57
Total	380	207	173	54

SSP is fully committed to Saudi Vision 2030 and continues to strengthen its engagement towards gender diversity, hiring 2 more Saudi national females in 2020 and reaching a total of 7 Saudi national female employees in SSP.

SSP mid term commitment continues to be building on local talent, hiring and developing Saudi nationals.

The table below shows the 2019 figures of the Group:

Year ended 31 December 2019				
Section	Total	Saudi	Non-Saudis	Saudization Ratio (%)
Executive Management	6	2	4	33
Administrative Affairs	132	69	63	52
Sales	21	13	8	62
Accounting	12	7	5	58
Quality Assurance	50	12	38	24
Production	611	288	323	47
Total	832	391	441	47

2. Global Trainee and Management Essentials 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 2020, a Saudi female joined the company under the Global Trainee Program (GTP).

As of December 31, 2020, six Saudi young professional talents were enrolled in the program in SSP, including 2 female engineers. 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 2020, three managers from SSP were selected to participate in this program.

3. Performance Management Process

During 2020, the first Performance Management Process (PMP) was completed in SSP, using the PMP system. The system allowed employees and their supervisors to define and agree on Work Plan for the year with flexibility to update Work Plan during the year. Performance evaluation was done based on achievement on work plan objectives and degree of applied competencies and has been calibrated and normalized in a final Performance Committee.

4. Training

In April 2020, SSP launched Degreed, an on-line learning platform that offers SSP employees a variety of training alternatives in various fields. During 2020, more than 1,030 training hours were completed by SSP employees through the Degreed platform.

Despite the challenges faced due to COVID-19 pandemic, SSP managed to provide more than 8.7 thousand man-hours training to its workforce during 2020, taking into consideration all the required precautions and preventive measures.

Employee Category	Safety	Others	Total	Safety Training (%)
Shop Floor	1,287	4,044	5,331	24
Staff	426	2,929	3,355	13
Total	1,713	6,973	8,686	20

In October 2020, SSP launched the HR Industrial Transformation Project. The project, that involves contributors from Operation, Quality, HSE and HR, aims to focus on increasing safety and technical knowledge of the workforce and allowing more flexibility in the industrial system by qualifying part of the employees for secondary jobs. More than 900 training hours and on-the-job-training of more than 94 employees were completed by December 2020 through this project.

02

Corporate Governance

Internal Controls

The internal control system, and its effective procedures, play a key role in achieving the company's objectives and providing assurance to stakeholders.

The Executive Management is responsible to establish, and maintain, an effective system of internal controls that facilitates the achievement of its business objectives, ensures the reliability of its financial reporting and its compliance with applicable laws and regulations.

In accordance with its authorities and responsibilities, the Audit Committee has reviewed the 2020 Executive management progress in closing open audit findings, internal and external auditor reports.

In light of the above, and considering the actions performed by management to address reported audit findings, the Committee did not notice any material weakness in the company's internal control system. It is worth noting that any internal control system regardless of its degree of efficiency and effectiveness cannot provide absolute assurance.

Compliance with CMA Corporate Governance Regulations

SSP has implemented the provisions required by the Corporate Governance 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 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 Nominations Committee.	
70	Composition of the Risk Management Committee.	These are guiding articles.
71	Competencies of the Risk Management Committee.	Based on article 50, the Board does not consider necessary the establishment of a Risk management committee. During 2020 the Board approved the Company's risk management policy which is in effect.
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.	SSP has an internal auditing department and adequate internal control systems in place and the risk management tasks are currently being performed by operational departments.
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.

Corporate Governance cont'd.

Article # / paragraph	Text of article /item	Comments
87	Social responsibility	These are guiding articles.
88	Social initiatives	SSP makes many social and charitable contributions as reflected in "Social Contribution" section.
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 is updating the Company's website periodically, based on disclosure regulations requirements.
95	Formation of the Corporate Governance 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 and Executive Management

1. SSP Board of Directors

(9 Members)

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

The term of the current BoD runs from 7 June 2019 until 6 June 2022.

The following table summarizes the composition of the BoD as of December 31st, 2020, members positions, and classification, according to the CGR:

Board Member	Position	Classification
Ahmed M. Al-Debasi	Chairman of the Board of Directors	Non-Executive
Carlos Ferreyra	Vice-Chairman of the Board of Directors.	Non-Executive
Mariano Armengol L.	Member of the Board of Directors & Managing Director	Executive
Mousa Al-Mousa	Member of the Board of Directors.	Independent
Almohaned Al-Shathre	Member of the Board of Directors	Non-Executive
Hoon Park	Member of the Board of Directors	Non-Executive
Majed Al-Dakheel	Member of the Board of Directors	Independent
Salman Ahmed Akbar	Member of the Board of Directors	Independent
Renwar Berzinji	Member of the Board of Directors	Non-Executive

The following information is updated as of December 31st, 2020.

Ahmed M. Al-Debasi

Mr. Al Debasi is the Chairman of the Company's BoD. He is also Member of the Board of Directors of Titanium and Steel Manufacturing Co. (100% owned by SSP), Middle East Paper Manufacturing & Production Co. (Public Joint Stock Company), East Pipes Integrated Co. for Industry (Closed Joint Stock Company), and Three Dimension Enterprises (Limited Liability Company). Previously he served as Vice Chairman & Managing Director, CEO, General Manager and Marketing Manager for SSP. Mr. Al Debasi has 37 years of experience in the Tubular Industry. He holds a Bachelor Degree of Business Administration.

Carlos Ferreyra

Mr. Ferreyra is the Vice-Chairman of the Company's BoD. He is also Member of the Board of Directors of Titanium and Steel Manufacturing Co. (100% owned by SSP), Tenaris Saudi Arabia Co. Ltd, Tenaris Baogang Baotou Steel Pipes, Tenaris Global Services Australia PTY Ltd, and Tenaris Global Services Egypt SAE.

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 L.

Mr. Armengol is a Member of the Company's BoD and holds the Managing Director & Chief Executive Officer positions for SSP. He is also Member of the Board of Directors of Titanium and Steel Manufacturing Co. (100% owned by SSP) and Global Pipe Company (35% owned by SSP). Previously, he was a Member of Board of Directors for Tenaris Global Services (Switzerland) SA and also served as Tenaris Pipeline Service Vice President. Mr. Armengol has 24 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 187 from Harvard University.

Mousa Al-Mousa

Mr. Mousa has more than 38 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.

Almohaned Al-Shathree

Mr. Al-Shathree is a Member of the Company's 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 10 years of experience in different administration positions.

Hoon Park

Mr. Park is a Member of the Company's 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 26 years of experience in the Tubular

Industry and management.

Mr. Park holds a PhD Architectural Engineering.

Majed Al-Dakheel

Mr. Majed is a Member of the Company's BoD. He was a member in the Board of Directors at SIMAH The Saudi Credit Bureau.

Mr. Majed has over 19 years of experience in the financial and banking sector, and currently acts as the executive vice president of finance at the Social Development Bank.

Mr. Majed holds a Bachelor degree of Accounting since 2001.

Salman Ahmed

Mr. Ahmed is a Member of the Company's BoD and chairs the Remuneration & Nomination 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 43 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.

Renwar Berzinji

Mr. Berzinji is a Member of the Company's 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.

2. SSP Executive Management

(5 key positions)

Mariano Armengol L.

Mr. Armengol is a Member of the Company's BoD and holds the Managing Director & Chief Executive Officer positions for SSP (Ad-interim, Mr. Armengol assumed commercial responsibilities) . He is also Member of the Board of Directors of Titanium and Steel Manufacturing Co. (100% owned by SSP) and Global Pipe Company (35% owned by SSP). Previously, he was a member of Board of Directors of Tenaris Global Services (Switzerland) SA and also served as Tenaris Pipeline Service Vice President..

Mr. Armengol has 24 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 187 from Harvard University.

Mohammed Anwar Alshakhouri

Mr. Alshakhouri serves as the Chief Financial Officer in SSP. He has +13 years of cross-industry experience working in different multi-national companies in Saudi Arabia serving in financial and accounting positions.

Mr. Alshakhouri holds a Bachelor degree in Accounting from King Fahad University of Petroleum and Minerals.

Jacobo R. Montaña

Mr. Montaña serves as Operations Senior Director in SSP. 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 28 years of industrial experience combined with operations positions and management of multicultural teams.

Yves Walid

Mr. Walid served as Commercial Director for Oil & Gas sector in SSP until June 30, 2020.

Previously, he held positions as Managing Director for Tenaris Saudi Arabia, Regional Sales Manager and Sales Manager GCC in Tenaris.

Mr. Walid is an Industrial Engineer with 23 years of experience in the Oil & Gas Industry and commercial positions.

Mohammed Al-Bawardi

Mr. Al-Bawardi served as Commercial Director for Non-Oil & Gas sector in SSP until July 15, 2020.

Previously, he held the position of VP Commercial Director for SSP. Mr. Al-Bawardi holds a Bachelor of Mechanical Engineering and has a combined 24 years of experience serving in commercial positions.

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

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

The name of the interest	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	-	-	-	-	-	-

4. 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	Membership classification Independent/non-executive/ executive	The name of companies in which a member of the Board of Directors is a current board member or manager	The name of companies in which a member of the Board of Directors is a previous board member or manager
Ahmed M. Al-Debasi	Non-Executive	<p>Inside the Kingdom:</p> <p>Titanium & Steel Manufacturing Company Ltd. (100% owned by SSP). Middle East Paper Manufacturing & Production Co. (Public Joint Stock). East Pipes Integrated Co. for Industry (Closed Joint Stock Co). Three Dimensions Enterprises Company (Limited).</p> <p>Outside the Kingdom:</p> <p>None</p>	<p>Inside the Kingdom:</p> <p>None</p> <p>Outside the Kingdom:</p> <p>None</p>
Carlos Ferreyra	Non-Executive	<p>Inside the Kingdom:</p> <p>Titanium & Steel Manufacturing Company Ltd. (100% owned by SSP). Tenaris Saudi Arabia Co. Ltd.</p> <p>Outside the Kingdom:</p> <p>Tenaris Baogang Baotou Steel Pipes Tenaris Global Services Australia PTY Ltd. Tenaris Global Services Egypt SAE.</p>	<p>Inside the Kingdom:</p> <p>None</p> <p>Outside the Kingdom:</p> <p>Tenaris Global Services Nigeria Ltd. Pipe Coaters Nigeria Ltd. Amaja Tubulars Services Ltd (Ghana).</p>
Mariano Armengol L.	Executive	<p>Inside the Kingdom:</p> <p>Titanium & Steel Manufacturing Company Ltd. (100% owned by SSP). Global Pipe Company (Limited).</p> <p>Outside the Kingdom:</p> <p>None</p>	<p>Inside the Kingdom:</p> <p>None</p> <p>Outside the Kingdom:</p> <p>Tenaris Global Services (Switzerland) Sarl.</p>

Participation of SSP board members in other companies' boards cont'd

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	Membership classification Independent/non-executive/ executive	The name of companies in which a member of the Board of Directors is a current board member or manager	The name of companies in which a member of the Board of Directors is a previous board member or manager
Mousa Al-Mousa	Independent	<p>Inside the Kingdom: Al Yusr Leasing and Finance Co. (Closed Joint Stock) - Independent Board Member and Chairman of Executive Committee. Rabiah and Nassar Group (Closed Joint Stock) - the Audit Committee Chairman.</p> <p>Outside the Kingdom: None</p>	<p>Inside the Kingdom: Takween Advanced Industries Company (Public Joint Stock). Saudi Paper Manufacturing Co. (Public Joint Stock). Ayan (formerly Al-Ahsa) Development Co. (Public Joint Stock).</p> <p>Outside the Kingdom: None</p>
Almohaned Al-Shathre	Non-Executive	<p>Inside the Kingdom: None</p> <p>Outside the Kingdom: None</p>	<p>Inside the Kingdom: None</p> <p>Outside the Kingdom: None</p>
Hoon Park	Non-Executive	<p>Inside the Kingdom: None</p> <p>Outside the Kingdom: Hu Steel Korea Co. (Limited)</p>	<p>Inside the Kingdom: None</p> <p>Outside the Kingdom: None</p>
Majed Al-Dakheel	Independent	<p>Inside the Kingdom: None</p> <p>Outside the Kingdom: None</p>	<p>Inside the Kingdom: SIMAH The Saudi Credit Bureau</p> <p>Outside the Kingdom: None</p>

Participation of SSP board members in other companies' boards cont'd

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	Membership classification Independent/non-executive/ executive	The name of companies in which a member of the Board of Directors is a current board member or manager	The name of companies in which a member of the Board of Directors is a previous board member or manager
Salman Ahmed	Independent	<p>Inside the Kingdom: SABB Takaful Company – Independent Board Member; Chairman Audit Committee. Yanal Finance Company – Member Audit Committee.</p> <p>Outside the Kingdom: Albaraka Bank Pakistan Limited – Member Board of Directors; Chairman of Risk Committee; Member of Executive Committee. Tullet Liberty WLL –Director.</p>	<p>Inside the Kingdom: Al Istithmar Capital -Member Audit Committee. Medgulf Saudi Arabia - Member Audit Committee.</p> <p>Outside the Kingdom: Manara Equity Partners BSC(c) -Director. Manara Wartsila Power Limited -Director. Ansbacher Trust Company Limited - Director.</p>
Renwar Berzinji	Non-Executive	<p>Inside the Kingdom: Tenaris Saudi Arabia Co. Ltd.</p> <p>Outside the Kingdom: None</p>	<p>Inside the Kingdom: None</p> <p>Outside the Kingdom: None</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").
Mariano Armengol L.*	Tenaris Global Services Switzerland Sarl*	Tenaris Group is engaged in the manufacturing of ERW Pipes in Argentina, USA, and Brazil.
Hoon Park	Hu Steel Korea Co.	Board Member of Tenaris Global Services Switzerland Sarl, a company within the Tenaris Group.
Renwar Berzinji	Tenaris Saudi Arabia Co. Ltd.	The Board Member is a Board Member of Hu Steel Korea Co. Ltd. Hu Steel Korea Ltd. manufactures ERW pipes in Korea.
		Board Member of Tenaris Saudi Arabia Co. Ltd, a company within the Tenaris Group.

(* Mr. Armengol resigned as member of the board of Tenaris Global Services Switzerland Sarl effective February 13, 2020.

5. Participation of SSP BoD members in Board meetings

During 2020, 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 # 91 - 19/02/2020	Meeting #92 - 29/04/2020	Meeting # 93 - 09/09/2020	Meeting # 94 - 04/10/2020	Total
Ahmed M. Al-Debasi	✓	✓	✓	✓	4
Mariano Armengol Lamazares	✓	✓	✓	✓	4
Carlos Ferreyra	✓	✓	✓	✓	4
Mousa Al-Mousa	✓	✓	✓	✓	4
Hoon Park	✓	✓	✓	✓	4
Majed Al-Dakheel*	X	X	X	✓	1
Almohaned Al-Shathree	✓	✓	X	X	2
Renwar Berzinji	✓	✓	✓	✓	4
Nader Ashoor**	✓	✓	X	X	2
Salman Ahmed	✓	✓	✓	✓	4

(*) Appointed on October 27, 2020.

(**) Resigned on September 1, 2020.

6. SSP BoD Committees

SSP BoD has formed three committees, namely:



The Strategic Committee

The Strategic Committee is composed by the following three members:

Name	Post
Ahmed M. Al-Debasi	Member of the BoD (Non-Executive) and Chairman
Carlos Ferreyra	Member of the BoD (Non-Executive) and Vice-Chairman
Mariano Armengol L.	Member of the BoD (Executive), Managing Director and Chief Executive Officer

The functions and responsibilities of the Committee include the following:

- Proposing the strategic paths of the company and raising them to the management board.
- Follow-up, update and review of the company's long, medium and short-term strategic plans.
- Auditing approved capital expenditures and monitoring the Company's financial performance and annual workplans.

- Following up the implementation of the Company's budgets and analyzing the causes of any deviations found and submitting recommendations thereon.
- Recommending the entry into new investments or industrial projects as well as the development and upgrading of existing activities.

The BoD resolved in its #91 meeting to cancel the strategic committee and to reassume the functions and responsibilities of the Committee.

The Audit Committee

The Audit Committee is composed by three members.

On September 1, 2020, the BoD accepted the resignation of Mr. Nader Ashoor as BoD and Audit Committee member, which was effective as of the resolution's date. On October 27, 2020, the BoD approved the appointment of Mr. Maged Mohammed Al-Dakheel as a BoD and Audit Committee member based on the RNC's recommendation, Mr. Al-Dakheel will complete the remaining period of the term of his predecessor at the BoD and Audit Committee (6 June, 2022).

On November 4, 2020, the BoD accepted the resignation of Mr. Carlos Ferreyra as Audit Committee member, which was effective as of the resolution's date. The BoD approved the appointment of Mr. Claudio Andres Tocco as Audit Committee member with effect as of 4 November 2020, Mr. Tocco will complete the remaining period of the term of his predecessor at the Audit Committee (6 June 2022).

The term of the Audit Committee members runs from 7 June 2019 until 6 June 2022.

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, regarding whether the Board's report and the Company's financial statements are fair, balanced, understandable, and contain 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; and
- Examining the accounting policies followed by the Company and providing its opinion and recommendations to the Board thereon.

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

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; and
- 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, 2020:

Name	Post
Mousa Al-Mousa	Member of the BoDs (Independent) and Chairman of the Committee
Claudio Andres Tocco	Audit Committee member
Majed Al-Dakheel	Member of the BoD (Independent)

Mr. Claudio Tocco has an extensive experience in finance, accounting, internal control and governance, with almost 27 years in the tubular industry.

He is currently the Finance Director for Asia Pacific at Tenaris. Previously he has held several managerial positions in Latin America and Asia.

He currently serves as vice-chairman of Seamless Pipe Indonesia Jaya, Chairman of Tenaris Global Services Japan, Managing Director of Hydril Private

(Singapore) and board member in Tenaris Qindao Steel Pipes Ltd, Tenaris Global Services Australia and Tenaris Global Services Thailand.

He holds a Bachelor degree in Industrial Engineering, graduated from the Rosario National University, Argentina in 1993.

The Committee held seven meetings (7) during the year 2020. Dates and attendance is shown in the following table:

Name of member	# 45 22/01 2020	# 46 19/02 2020	# 47 28/04 2020	# 48 20/05 2020	# 49 09/07 2020	# 50 05/08 2020	# 51 04/11 2020	Reviews	Total
Mousa Al-Mousa	✓	✓	✓	✓	✓	✓	✓	-	7
Nader Ashoor	✓	✓	✓	✓	✓	✓	-	Until 01/09/2020	6
Carlos Ferreyra	✓	✓	✓	✓	X	✓	✓	Until 04/11/2020	6
Majed Al-Dakheel	-	-	-	-	-	-	✓	Starting 27/10/2020	1
Claudio Andres Tocco	-	-	-	-	-	-	-	Starting 04/11/2020	0

The Remuneration and Nominations Committee:

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

New members of the RNC were elected for the period commencing on June 7, 2019 and ending on June 6, 2022.

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, and presenting such policy to the Board in preparation for approval by the General Assembly, provided that such policy follows standards that linked to performance, and disclosing and ensuring the implementation of such policy; Clarify the relationship between the rewards awarded and the applicable remuneration policy, and indicate 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.

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 Senior Executive Management;
- Setting procedures to be followed if the position of a member of the Board or a Senior Executive becomes vacant; and

- Determining the strengths and weaknesses of the Board and recommending remedy solutions that serve the Company's interests.

The Remuneration and Nominations Committee is composed of the following members as of December 31st, 2020:

Name	Post
Salman Ahmed	Member Board of Directors (Independent) – Chairman of the Committee
Renwar Berzinji	Member of the Board of Directors (Non-Executive)
Almohaned Al-Shathree	Member of the Board of Directors (Non-Executive)

The Remuneration and Nominations Committee held four (4) meetings during the year 2020 as shown in the following table:

Name of member	# 12 - 26/04 2020	# 13 - 03/09 2020	# 14 - 07/10 2020	# 15 - 31/12 2020	Total
Salman Ahmed	✓	✓	✓	✓	4
Renwar Berzinji	✓	✓	✓	✓	4
Almohaned Al-Shathree	✓	✓	✓	✓	4

7. Remuneration and Compensation for SSP BoD members and senior executives

According to the bylaws of SSP, 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:

- The Board Member shall be granted a fixed annual remuneration of SR 200,000 per year, provided that he attend no less than 75% of the number of meetings, and proportionately calculated if his attend is less than that.
- An attendance allowance of SR 3,000 will be paid per attended meeting of the Board of Directors and committee meetings.
- Committee members shall be granted an annual remuneration of SR 50,000 per committee, provided that he attend no less than 75% of the number of meetings, and proportionately calculated if his attend is less than that.
- The Chairman of the Audit Committee shall grant an annual remuneration of SR 100,000, provided that he attend no less than 75% of the number of meetings, and proportionately calculated if his attend is less than that.

Board of directors and committee members initiative

In 2020G Given the market situation due to COVID-19 pandemic the Members of the Board and committees decided to either reduce or completely waive the remuneration SSP would have granted to them according to the Remuneration policy. Below the detail:

Full waiver in their capacity as board members and committee members

- Mr. Mariano Armengol.
- Mr. Carlos Ferreyra.
- Mr. Renwar Berzinji.

10% reduction of the remuneration in their capacity as board members:

- Mr. Ahmed AlDebasi
- Mr. Mousa Almousa.
- Mr. Salman Akbar.
- Mr. Maged Aldakhil.
- Mr. Almohaned AlShathre.
- Mr. Hoon Park.
- Mr. Nader Ashoor.

10% reduction of the remuneration in his capacity as the chairman of the Remuneration and Nomination Committee:

- Mr. Salman Akbar.

A. Board Members Remuneration

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

	Fixed Compensations (SAR)						Variable Compensations (SAR)									
	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	Total	Share of profit	Periodic compensations	Short term incentive plans	Long term incentive plans	Value of granted shares	Total	End of service benefit	Grand Total	Expenses allowance
First: Independent Members																
Mousa Al-Mousa*	180,000	10,800	121,000	-	-	20,000	331,800	-	-	-	-	-	-	-	331,800	-
Nader Ashoor*	90,000	5,400	68,000	-	-	-	163,400	-	-	-	-	-	-	-	163,400	-
Salman Ahmed**	180,000	10,800	55,800	-	-	-	246,600	-	-	-	-	-	-	-	246,600	-
Majed Al-Dakheel*	45,000	2,700	10,143	-	-	-	57,843	-	-	-	-	-	-	-	57,843	-
Total	495,000	29,700	254,943	-	-	-	799,643	-	-	-	-	-	-	-	799,643	-
Second: Non-Executive Members																
Hoon Park	180,000	10,800	-	-	-	-	190,800	-	-	-	-	-	-	-	190,800	-
Ahmed M. Al-Debasi*	180,000	10,800	-	-	-	-	190,800	-	-	-	-	-	-	-	190,800	-
Almohaned Al-Shathre*	90,000	5,400	62,000	-	-	-	157,400	-	-	-	-	-	-	-	157,400	-
Carlos Ferreyra***	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Renwar Berzinji***	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	450,000	27,000	62,000	-	-	-	539,000	-	-	-	-	-	-	-	539,000	-
Third: Executive Members																
Mariano Armengol***	-	-	-	-	891,221	-	891,221	-	-	-	-	-	-	-	891,221	-
Grand Total	945,000	57,700	316,943	-	891,221	20,000	2,229,864	-	-	-	-	-	-	-	2,229,864	-

(*) Agreed on 10% reduction of their remunerations as board members.

(**) Agreed on 10% reduction of his remunerations as board and committee member.

(***) Waived all their remunerations as board and committee members.

B. Committee Members Remuneration

	Fixed compensations (SAR)	Attendance allowance (SAR)	Total (SAR)	Notes
The Audit Committee Members				
Mousa Al-Mousa (Committee Chairman)	100,000	21,000	121,000	
Nader Ashoor	50,000	18,000	68,000	Resigned on 01/09/2020
Carlos Ferreyra *	–	–	–	Resigned on 04/11/2020
Majed Al-Dakheel	7,143	3,000	10,143	Appointed on 27/10/2020
Claudio Andres Tocco	–	–	–	Appointed on 04/11/2020
Total	157,143	42,000	199,143	
The Remuneration and Nomination Committee Members				
Salman Ahmed (Committee Chairman)**	45,000	10,800	55,800	
AlMohaned Al-Shathre	50,000	12,000	62,000	
Renwar Berzinji*	–	–	–	
Total	95,000	22,800	117,800	

(*) Waived all their remuneration as committee members.

(**) Agreed on 10% reduction of his remunerations as a committee member.

C. Group Senior Executives Compensations

ALL AMOUNTS IN SAR

	Fixed Compensations				Variable Compensation						End of service benefit	Total executives remuneration from the board, if any	Grand Total
	Salaries	Allowances and others	In kind benefits (non-cash)	Total	Periodic compensations	Profits	Short term incentive plans	Long term incentive plans	Value of granted shares	Total			
Senior Executives*	2,685,788	2,133,329	–	4,819,117	88,363	–	–	–	–	88,363	133,750	–	5,041,230

(*) Senior Executives include: Managing Director and Chief Executive Officer, Chief Financial Officer, Commercial Director (O&G) (Jan 1 to Jun 30 2020), Commercial Director (Non-O&G) (Jan 1 to Jul 15 2020), Operations Senior Director and the Subsidiary General Manager.

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 Remuneration & Nomination Committee.

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.

8. Transactions with Related Parties

During 2020, 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
Exiros Saudi Arabia Limited *	Carlos Andres Ferreyra Mariano Armengol L. Renwar A. M. Berzinji	Rental Services	3 years	74,476
Tenaris Saudi Arabia Ltd *	Carlos Andres Ferreyra Mariano Armengol L. Renwar A. M. Berzinji	Services Rendered	3 years	2,742,591
Rabiah and Nassar Group**	Mousa Al Mousa	Pipes sold	Spot	1,348,661

(*) All these services were made at arms length under agreements approved by the shareholders in the 14th Annual Shareholding Meeting dated 7th of May 2019, as announced on Tadawul's website. All agreements may be terminated by SSP, by written notice to Tenaris.

(**) 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 some related parties as shown in the following table:

Party	Member of the BoD	Nature of transaction	Contract duration	SAR
Hu Steel Korea Co.	Hoon Park	Services Received	Renewable annually	366,207
Dalmine S.P.A *	Carlos Andres Ferreyra Mariano Armengol L. Renwar A. M. Berzinji	IT Service	Renewable annually	619,505
Dalmine S.P.A *	Carlos Andres Ferreyra Mariano Armengol L. Renwar A. M. Berzinji	Service Received	3 years	3,215,353
Silcotub S.A *	Carlos Andres Ferreyra Mariano Armengol L. Renwar A. M. Berzinji	Services Received	Renewable annually	108,346
Silcotub S.A **	Carlos Andres Ferreyra Mariano Armengol L. Renwar A. M. Berzinji	Purchases	Spot	1,278,998
Tenaris Saudi Arabia Ltd *	Carlos Andres Ferreyra Mariano Armengol L. Renwar A. M. Berzinji	Trading Services	3 years	2,213,511
Tenaris Global Services Uruguay **	Carlos Andres Ferreyra Mariano Armengol L. Renwar A. M. Berzinji	Purchases	Spot	260,173
Tenaris Saudi Arabia Ltd ***	Carlos Andres Ferreyra Mariano Armengol L. Renwar A. M. Berzinji	Purchases	Spot	64,266
Exiros Saudi Arabia Limited *	Carlos Andres Ferreyra Mariano Armengol L. Renwar A. M. Berzinji	Services Received	3 years	1,989,124
NKK Tubes ***	Carlos Andres Ferreyra Mariano Armengol L. Renwar A. M. Berzinji	Purchases	Spot	37,734

Purchases and services received with some related parties (cont'd.)

Party	Member of the BoD	Nature of transaction	Contract duration	SAR
Siderca *	Carlos Andres Ferreyra Mariano Armengol L. Renwar A. M. Berzinji	Services Received	Renewable annually	1,329,703
Bupa Arabia for Cooperative Insurance Co. ****	Nader Ashoor	Insurance	Renewable annually	3,021,458

(*) All these purchases and services were made at arms length under agreements approved by the shareholders in the 14th Annual Shareholding Meeting dated 7th of May 2019, 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.

(***) Tenaris Saudi Arabia purchases related to masks not available in the market during COVID-19 performed at cost value without mark-up. NKK purchases related to spare parts with long lead time in the market performed at cost value without mark-up.

(****) Considered a related party based on the interpretation of the definition of CMA regulation. Include amortized changes of insurance policy up to the effective date of member resignation.

9. Dates of the SSP General Assemblies of the Shareholders held during 2020 and names of BoD members who attended

General Assembly	Date	Member of the Board of Directors
15th Annual General Assembly	28 June 2020	Ahmed M. Al-Debasi Carlos Ferrerya Mariano Armengol L. Mousa Al-Mousa Salman Ahmed Almohaned Al-Shathre Renwar Berzinji

10. Statement the Company's request for shareholders register during the fiscal year 2020

Reasons for Request	Date of request	Number of company requests for shareholders register
Company procedures	2 February 2020	1
Fifteenth General Assembly	28 June 2020	2
Company procedures	10 December 2020	3
Company procedures	31 December 2020	4

03

**Financial and
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.

1. Profitability

MILLION SAR

P&L	2020	2019	2018	2017	2016
Net Sales	509	672	646	696	605
Gross Margin	25	14	(2)	93	54
Operative (Loss) Income	(31)	(35)	(51)	45	(7)
Net results	(34)	(27)	(169)	19	(45)
EBITDA*	14	10	(3)	88	36
Adjusted EBITDA*	34	12	-	-	-

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

Our 2020 sales and results were severely affected by the repercussions of COVID-19 pandemic, the impact this had on our operations and those of our customers and supplier, and the impact this had on global oil demand which caused a collapse in prices and rapid build up of excess inventories, and the consequent drop in investments in drilling activity at the global and local levels. Refer to the next page for more details.

Net Sales decreased by 24% to 509 million SAR in 2020, compared to 672 million SAR in 2019, reflecting a 7% decrease in tubular sales volumes and an 83% decrease in services. Additionally, process equipment revenues recorded a 62% decrease in comparison to 2019.

Gross Margin increased by 86% to 25 million SAR in 2020, compared to 14 million SAR in 2019 mainly as a result of the steps taken by management to improve efficiency and optimize direct structural costs despite the very challenging economic environment in 2020 and the lower net sales as explained above.

Operative Loss decreased by 11% to (31) million SAR in 2020, compared to (35) million SAR in 2019 mainly as a result of the improved gross margin as

explained above and the additional steps taken by management to optimize indirect structural costs, general and other expenses. In addition, general expenses in 2020 include (20) million SAR non-recurring indemnity charges resulting from workforce rightsizing exercise executed by management mainly in the first half of 2020.

Net Results amounted to (34) million SAR in 2020, compared to (27) million SAR in 2019 mainly as a result of the lower net zakat and tax benefit and the lower results of Global Pipe Company partially offset by the decrease in operative loss as explained above and the decrease in financial charges as a result of management efforts to optimize its financing portfolio and the efficient management of cash flows and liquidity.

EBITDA is an approximation to pre-tax operating cash flow and reflects cash generation from the operation before working capital variation. The Group recorded an increased EBITDA amounting to 14 million SAR in 2020 compared to 10 million SAR in 2019, evidencing an improvement despite all the challenges of 2020. Excluding non-recurrent charges, adjusted EBITDA is 34 million SAR in 2020 compared to 12 million SAR in 2019.

The global propagation of the (SARS-COV-2) coronavirus (“COVID-19”) earlier in 2020 and the consequent declaration of COVID-19 as a global pandemic by the World Health Organization, has seen most countries, including the Kingdom of Saudi Arabia, implementing several necessary control measures, including, without limitation, travel and business activity restrictions, curfews and a variety of other health and safety protocols. The result was a global economic slowdown, and a complex energy industry environment with unprecedented oversupply.

Measures taken around the world to contain the pandemic had a severe impact on global oil demand which caused a collapse in prices and rapid build up of excess inventories, and the consequent drop in investments in drilling activity at the global and local levels. The Group’s operations, and those of its main suppliers and customers, have been severely affected by the repercussions of COVID-19. In particular, during the months of April and May 2020, the lockdown imposed on Qatif and Dammam 2nd Industrial City (where the Group’s facilities are located) and the resulting restrictions imposed on the mobility of workforce and on the activity in the industrial facilities, had a significant impact on the Group’s operations and financial results. This resulted in a negative EBITDA of (23) SAR million in first half of 2020 (“1H20”) compared to 16 million SAR in first half 2019 (“1H19”). Adjusted EBITDA (excluding non-recurring charges) amounted to (8)

million SAR in 1H20. In addition, net loss for 1H20 amounted to (45) million SAR compared to (10) SAR million in 1H19.

The Group ramped up its operations after the lockdown measures imposed during Q2 2020 were lifted, such ramp up was supported by secured orders and raw materials to cover the majority of existing backlogs and sustain the Group’s operations and plant load throughout the second half of the year. In addition, a comprehensive action plan was implemented by management to introduce productivity and efficiency measures which included several actions to:

- Optimize structural costs and preserve liquidity while delivering on efficiency opportunities without compromising its long-term strategic goals and monitoring of general and other expenses.
- Optimize financing sources and obtaining additional financing lines to finance the ramp up in operations and working capital. In addition, rescheduling of SIDF Term loans to an extended repayment period to improve the Group liquidity and strengthen its balance sheet.
- Prioritizing of direct orders, managing credit and collection processes, implementing work-sharing programs, and applying to announced government support initiatives.

The result was a recovery of the Group results and a positive EBITDA of 38 million SAR for second half 2020 ("2H20") compared to a negative EBITDA of (6) million SAR for second half 2019 ("2H19"). Adjusted EBITDA (excluding non-recurring charges) amounted to 42 million SAR in 2H20. In addition, 2H20 recorded a net profit of 10 million SAR compared to a net loss of (17) million SAR in 2H19.

The below table summarizes the Group results for first and second half 2020 and 2019 (million SAR):

Net profit (loss)	2020	2019	EBITDA	2020	2019	Adjusted EBITDA	2020	2019
1H	(45)	(10)	1H	(23)	16	1H	(8)	16
2H	10	(17)	2H	38	(6)	2H	42	(4)
Total	(34)	(27)	Total	14	10	Total	34	12

2. Cash Flow

MILLION SAR

Cash Flow	2020	2019	2018	2017	2016
Net Cash provided by (used in) operating activities	47	49	(6)	65	76
Capital expenditures	(6)	(6)	(32)	(19)	(29)
Free Cash Flow	31	43	(38)	46	47

Cash flow provided by operating activities amounted to 47 million SAR in 2020, compared to 49 million SAR in 2019. This decrease is mainly attributable to the higher employees indemnity payments.

Our capital expenditure increased by 10 million SAR in 2020, to (16) million SAR from (6) million SAR in 2019. Capital expenditures for 2020 included mainly expenditures related to the implementation of state of art IT infrastructure, automation, improvements to some production and finishing lines, HSE and other expenditures.

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.

The Group maintained its cash discipline and effective working capital management, and as a result, generated a positive FCF of 31 million SAR in 2020, compared to a FCF of 43 million SAR in 2019. The decrease is mainly due to the increase in capital expenditures and the higher employees indemnity payments in 2020 as explained above.

3. Financial Position

MILLION SAR

Selected Consolidated financial position data	2020	2019	2018	2017	2016
Current Assets	427	413	428	402	374
Non-current Assets	683	706	724	813	847
Total Assets	1,110	1,119	1,152	1,215	1,221
Current Liabilities	179	210	222	169	147
Short Term Loans	258	180	139	105	143
Long Term Loan, current portion	30	47	38	34	26
Long Terms Loans	79	60	135	120	139
Other Non-Current Liabilities	72	93	59	58	53
Total Liabilities	617	591	593	486	510
Equity	493	528	559	730	711
Net Debts	217	248	288	245	279
Gearing Ratio	2.3	2.1	1.9	3.0	2.6

During 2020, the Group reduced significantly its **Net Debt** by 31 million SAR, from 248 million SAR in 2019 to 217 million SAR in 2020. Despite the increase in borrowings to finance the ramp up in operation in 2H20, the Group managed to optimize its sources of borrowings and significantly decrease

financial charges compared to prior year. Moreover, the Group maintains a solid solvency structure, well-capitalized.

Gearing ratio (Equity / Net Debt) improved in 2020, from 2.1x in 2019 to 2.3x in 2020.

4. Borrowings

Below is the movement in the Group's borrowings during 2020:

MILLION SAR

Lending Party	Original loan amount	Beginning balance	Additions	Repayment	Net financial charges accrued (paid)	Non-cash*	Ending balance	Period
Industrial Development Fund (SIDF)	185	107	2	(2)	1	0	108	4-8 Years
Industrial Development Fund (SIDF)	84	-	84	-	(2)	1	83	1 Year
Commercial Banks	-	180	404	(409)	(0)	-	175	6 Months
Total		287	490	(411)	(1)	1	366	

(*) Amortization of prepaid financial charges.

The Group requested to re-schedule the term loan with SIDF which was approved by SIDF in 2020 and hence the loans are classified in the statement of financial position according to

the revised repayment terms of the new contract. In addition, the Group obtained during 2020 a short term loan from SIDF to meet its working capital requirements.

5. Treasury Shares

MILLION SAR

	2020	2019
As of January 1 and December 31	11.5	11.5

The treasury shares held by SPP represent 2.26% of the share capital. Their market value amounts to SR 12.9 million as of December 31, 2020 (2019: 9.5 million). SSP initially acquired 700,000 shares offered to the public for the employee share program at the price of SR 25 per employee share options scheme, subsequently an additional 62,812 shares had been purchased at an average price of SR 29 per share. This employee share program is divided into four

types of shares, namely; free shares, credit shares, cash shares and future shares. During the year 2020 and 2019, the Group has not granted shares to employees. The remaining 457,689 shares will be distributed to the employees gradually according to the program. The employee shares program is initially recorded in the balance sheet as a deduction to shareholder's equity and this deduction is reduced upon issuance of shares to employees.

Profit Distributing Policy

The Company plans to distribute 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 the legal and regulatory considerations. The dividends shall be distributed in Saudi Riyals in accordance with the following policy as stated in the Company's bylaws:

1.

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

2.

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;

3.

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.

4.

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.

5.

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

6.

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

Statement	2020	2019	2018	2017	2016
Net profit (Million SAR)	(34)	(27)	(169)	19	(45)
Dividends distributed (Million SAR)	0	0	0	0	0
Number of shares (Million Shares)	51	51	51	51	51
Earnings per share (SAR/share)	–	–	–	0.38	–

Statutory Payments/Dues

The following is a statement on the Company's statutory payments/dues as of December 31, 2020:

Statement	2020		Description	Reasons
	Paid	Due to the end of the annual financial period and not paid		
Zakat	1,109,671	649,916	Zakat	To be paid in 2021
General Organization for Social Insurance	4,684,053	414,887	Dec. 2020	To be paid in Jan, 2021

Sanctions and Penalties

No sanctions or penalties were imposed on SSP during the year 2020.

Social Contribution

Since its inception, SSP has consistently made financial and in-kind contributions to social work, and the following table shows the amount of these contributions during the last five years:

Type of contribution	2020	2019	2018	2017	2016
Financial	90,000	179,952	304,592	673,500	1,434,601
In-kind	0	0	0	0	0
Total (SAR)	90,000	179,952	304,592	673,500	1,434,601

These contributions were distributed to some families who are in need, charities and some charitable projects.

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, 2020 in accordance with International Financial Reporting Standards as endorsed in KSA.

Representations

1.

The accounting records have been correctly prepared.

2.

The internal control system has been prepared on good basis and effectively implemented.

3.

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

2020

**Annual
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