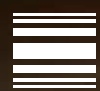


The background of the cover is a close-up, low-angle shot of industrial machinery. A large, glowing orange-red molten metal stream is being processed, likely in a steel mill. The scene is dimly lit, with the primary light source being the intense heat of the metal, creating a dramatic, high-contrast environment. The machinery is dark and metallic, with various bolts and components visible.

**2021**

**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 steel beams stacked in rows. In the background, there are large industrial structures, including cranes with complex metal frameworks and pulleys. The sky is bright and clear. 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

	2021	2020	2019
<b>Financial Indicators (Millions of SAR)</b>			
Sales	373	475	583
<b>EBITDA <sup>(1)</sup></b>	<b>40</b>	<b>10</b>	<b>24</b>
<b>Adjusted EBITDA <sup>(1)</sup></b>	<b>45</b>	<b>30</b>	<b>26</b>
Net Profit (loss)	1	(34)	(27)
Cash Flow from Operations	62	47	49
Capital Expenditures	(7)	(16)	(6)
<b>Free Cash Flow <sup>(2)</sup></b>	<b>55</b>	<b>31</b>	<b>43</b>
<b>Balance Sheet (Millions of SAR)</b>			
Total Assets	972	1,110	1,119
Total Borrowings	227	366	287
Total Liabilities	477	617	591
<b>Net Debt</b>	<b>128</b>	<b>217</b>	<b>248</b>
Shareholders' Equity	495	493	528
<b>Gearing Ratio <sup>(3)</sup></b>	<b>3.9x</b>	<b>2.3x</b>	<b>2.1x</b>
<b>People</b>			
Number of employees	284	380	832
Saudization %	57	54	47

(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 31/12/2021, 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 2021 and summarizes its activities.

Following a turbulent 2020; during the year 2021 we saw the far-reaching effects of the COVID-19 pandemic impacting every angle of our lives. Newer variants and unequal access to vaccines, continued to generate relevant uncertainty and volatility. In this environment the Group’s operations, and those of its main suppliers and customers, continued to be impacted.

As the year progressed, some positive developments started to appear with the global economy back to growth and physical mobility and trade being re-established. The positive trends during the year triggered an initial recovery of global economy and the restart of investments in capital projects and drilling activity at the global and local levels. Non-Oil & Gas industries followed similar trends. We persistently looked at all opportunities and materialized many of the initiatives and programs we formerly launched for the growth, sustainability, and the transformation of SSP.

During this period, the Group’s priority continued to be to safeguard the health and safety of its employees, customers and suppliers implementing all necessary measures in full compliance with all local and international best practices.

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 optimize structural costs, improve manufacturing processes and technology, foster innovation, expand our customer base, contain expenses and preserve liquidity while consolidating the already achieved efficiency opportunities without compromising the SSP long-term strategic goals. As a result, SSP improved its profitability, and came out of these difficult times stronger and with a more resilient structure.



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.

SSP 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 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, to His Highness the Crown Prince and to 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 talented and loyal 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 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 International, and Saudi Arabian national 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. This company produces heat exchangers, pressure vessels, reactors and condensers. 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.
- 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 284 employees with a Saudization index over 57%.

## 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 five factories in the 2nd Industrial City of Dammam.

The pipes produced by SSP undergo multiple nondestructive, 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.

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

#### PRODUCTION

Pipes.

#### SIZES

From 2 to 8" OD.

#### PRODUCTION LINES

1.

#### 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

1.

#### 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 m<sup>2</sup> per year.

---

### APPLICATIONS

Energy, industrial and construction segments of the MENA region.

## Business Operations Results

### Sales

The SSP sales in 2021 were distributed among different business activities as follows:

THOUSANDS SAR

Activity	Sales	Percentage (%)
Pipes (ERW)	351,188	94
Services (Coating and Bending)	9,196	2
Accessories	13,101	4
<b>Total</b>	<b>373,485</b>	<b>100</b>

The TSM (Subsidiary) and Global Pipe Company (Associate) sales in 2021 were as follows:

THOUSANDS SAR

Company	Relationship	Activity	Percentage of Ownership (%)	Annual Sales	SSP's share of net profit (loss)
TSM	Subsidiary	Process Equipment	100	2,620	18,920
Global Pipe Company	Associate	Pipes (LSAW)	35	200,950	(5,227)

### 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.

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". Refer to section "Investment and Related Companies" for more information about the sale of TSM main operating assets during 2021.

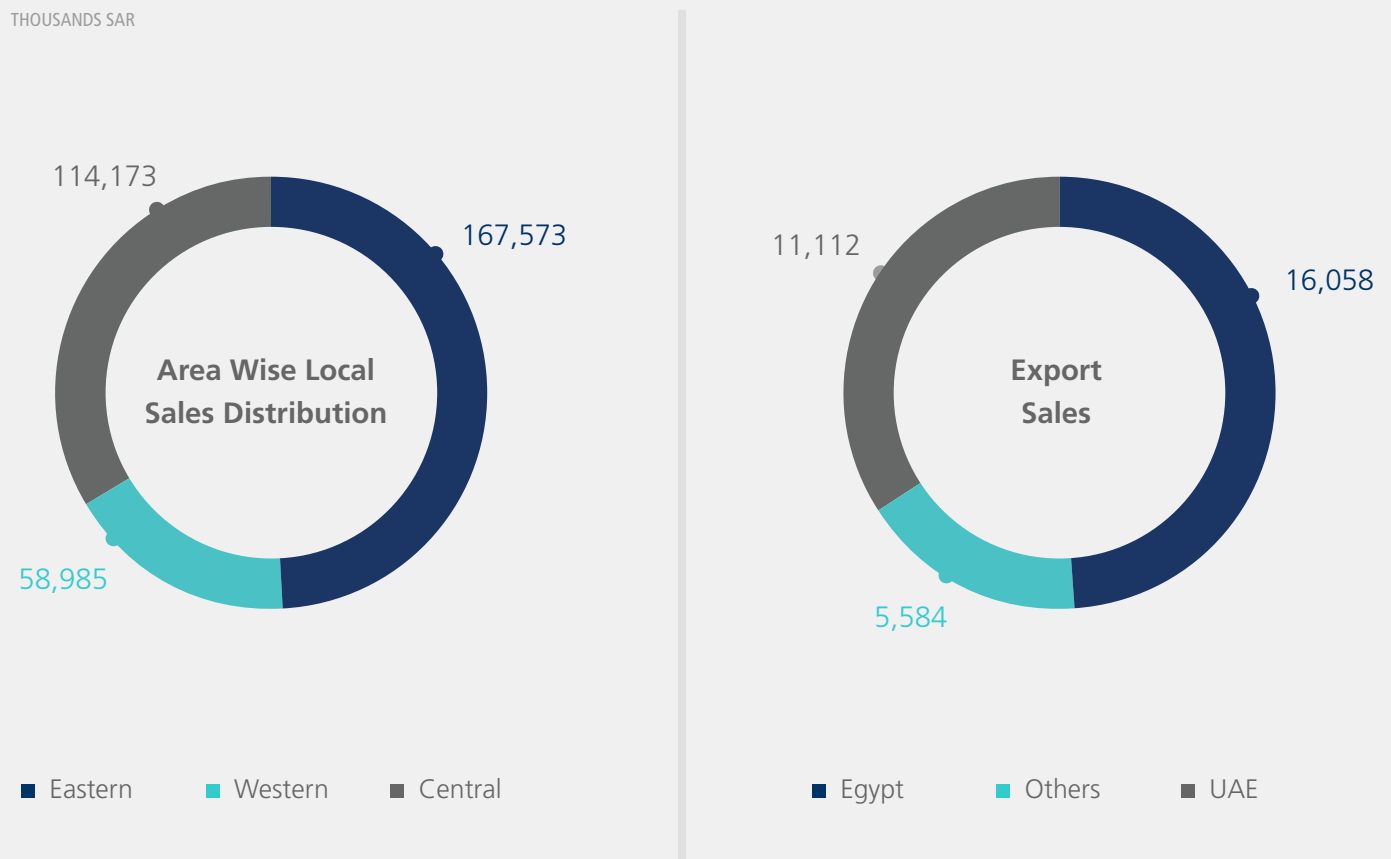
## Geographical Distribution

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
2021	373,485	340,731	32,754

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
2021	Titanium & Steel Manufacturing Co.	Subsidiary	2,620	2,620	–
2021	Global Pipe Company	Associate	200,950	147,058	53,892

## 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 2021, the following achievements can be highlighted:

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

- 100% COVID-19 vaccinated employees' population.
- Continuous improvement in preventive measures and activities for both conditional issues and behavioral acts that improved the HSE indicators overall during 2021, reducing dramatically the number of incidents, continuing the pattern of zero major accident.

- Several actions taken to improve electrical energy consumption leading to the reduction of CO<sub>2</sub> emissions.
- Implementation of Health Care Program aiming at improving our people's awareness of their state of health and granting them an opportunity to take preventive actions, at individual level.

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

- New remuneration and compensation policy according to best international standards was approved and implemented for both white collar and blue collar.
- 4.5 thousand training man-hours were provided to SSP workforce during 2021.
- Two Managers from SSP graduated from the Management Essential Program and two other enrolled in the 2021 edition. Management Essential Program is a year-long program that aims at supporting young managers to learn, develop and grow in management fundamentals.
- Performance Management Process (PMP) took place in July 2021 covering all the professional employee population of SSP. The PMP Process was conducted using the PMP system a tool to evaluate performance and potential of employees based on the agreed work plan objectives and the degree of applied competencies. In addition, shop floor employees' performance and potential were evaluated for the first time in 2021, using the PMP for Shop Floor Employees System. This process covered the whole population of shop floor employees in SSP focusing on evaluating their applied competencies throughout the year.

- In 2021, three young engineers - one female and two male engineers – graduated successfully from TenarisUniversity Global Trainee Program (GTP) in SSP. The GTP is a strategic development tool that aims at providing junior professionals the chance to learn and develop and potentially built to be the future leaders of the Company.
- Ten professional employees from SSP were recognized for achieving a seniority milestone of 5, 10, 15, 20 or 25 years in the Company.

#### **Strong Operations, Supply Chain, & Quality Improvements:**

- Saudi Aramco awarded SSP among the best large manufacturers in the "2021 Saudi Aramco Local Manufacturers Quality Award".
- Achieved Premium connections qualification for certain TenarisHydril connections which will allow SSP to expand its offering of premium product portfolio.
- Received the new 9com rating from Saudi Aramco for the manufacture of certain accessories, which will allow SSP to sell these type of products as an approved supplier of Saudi Aramco.
- Received the ISO 17025 certification by the American Association for Laboratory Accreditation.
- Development and production of special requirements Line Pipe API for hydrogen and nitrogen distribution.
- Development of new dimension OCTG API products.
- Development and production of special grade bends requiring special Heat treatment process of Normalizing and tempering.

## **Strong Operations, Supply Chain, & Quality Improvements (cont'd):**

- Continued reduction in working capital by reducing the inventory level and aged stock, maintenance and operation (MRO) spare parts, supplies and material.
- Prepared the ground for increased exports by exporting trails orders to different regions.
- Deployment of:
  - New instrument Calibration & Controls.
  - New IT tool for traceability of testing samples in the laboratory using barcode labels and scan guns for bar code reader. The deployment of this identification method enhances the reliability of the management of the samples by minimizing human interaction and avoid human error.
  - New Certification tool (Tandem MTC) for oil and gas products. The deployment of this material test certification tool allows automatic control of test sampling and data control by minimizing human interaction and avoid human error on data transfer.

## **A Strengthened Control Environment:**

- SSP implemented policies in accordance with CMA regulations and best international standards. Among others: a Policy on Business Conduct, a Code of Conduct, Transparency Policy, Conflict of Interest Policy, Code of Ethics for Senior Financial Officers and Anti-Fraud Policy, Risk management policy, disclosure policy, financial and accounting policy, human resources policy, human rights policy and policy of diversity and work environment free of harassment.
- SSP also implemented several HSE & Quality policies, together with additional procedures to

improve the safety, efficiency and operations of SSP.

- SSP continued with the implementation of SOX controls to certain processes. In addition, the company applied Book & Records controls.

## **Executed Critical Investments:**

- Completion of level 2 Auto installation in the finishing line of the Large Outside Diameter factory.
- Completion of critical cranes revamping.
- New process control tooling.
- Installation of new band saw.
- Adequation of OCTG line for accessories production.
- Continuation of improvement in SSP housing camp.
- Various repairs and maintenance.

## **Financial:**

- Continuing Cost and efficiency improvements which resulted in an increased EBITDA from 10 million SAR in 2020 to 40 million SAR in 2021, despite the lower sales volume in 2021.
- As a result of improvement in the profitability, working capital management and strict cash discipline, SSP recorded a positive free cash flow of 55.2 million SAR in 2021 compared to 31.2 million SAR in 2020.
- Net debt decreased to 128 million SAR as at the end of 2021, from 217 million SAR as at the end of 2020. This improvement reflects positive free cash flow generated, in addition to proceeds resulting from the sale of the main operating assets of TSM.

## 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.", its trade name being "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, and raised its ownership in TSM from 70% to 100%.

During 2021, TSM entered into a definitive asset purchase agreement with Koch Chemical Technology Group Saudi Arabia Limited for the sale of its main operating assets and some spare and consumables, having net book value of SR 16.7 million, for a price of SR 36.4 million (equivalent to USD 9.7 million, exclusive of applicable taxes). The closing of the sale took place on September 30, 2021, after all required approvals, including the approval by the General Authority for Competition, were obtained. The full sale proceeds have been received.

### 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 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 per year, 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 was 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:**

<b>Company</b>	<b>Core Activities</b>	<b>Location</b>	<b>State of Incorporation</b>	<b>Ownership (%)</b>
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:**

<b>Company</b>	<b>Total number of shares</b>	<b>Shareholders</b>	<b>Number of shares</b>	<b>Ownership (%)</b>
TSM	3.2 Million	SSP	3,200,000	100
GPC	25 Million	SSP	8,750,000	35
		EEW	8,750,000	35
		Ahmed Hamad Al Khonaini	5,000,000	20
		Pan Gulf Holding	2,500,000	10
		CDC	30 Million	SSP
		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 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.

### 2. 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.

- 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.
- 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 SSP Financial Statements should be construed under the current new circumstances.

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

### 1. Saudization

The table below shows the percentage of Saudi citizens in the Group by main departments. In 2021 it increased to 57% of the Group's total workforce as compared to 54% by end of 2020. SSP continues to be in the "excellent" range according to the criteria of the "NETAQAT" program.

Year ended 31 December 2021				
Section	Total	Saudi	Non-Saudis	Saudization 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>

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 2020 figures of the Group:

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
<b>Total</b>	<b>380</b>	<b>207</b>	<b>173</b>	<b>54</b>

## 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 2021, four Saudi young professionals joined the company under the Global Trainee Program (GTP). Three global trainees who graduated in 2021 are offered the opportunity to attend the Tenaris University Industrial Camp in Argentina.

As of December 31, 2021, seven Saudi young professional talents are enrolled in the program in SSP, including one female engineer. 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 2021, a current manager from SSP graduated from this program and two were enrolled in the new edition.

### 3. Performance Management Process

During 2021, 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 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

During 2021, SSP provided around 4.5 thousand man-hours training to its workforce.

These training hours are a combination of classroom courses, online courses and on the job training.

In 2021, an employee of SSP was enrolled in a one-year long NDT L3 certification program with the aim of strengthening the technical knowledge in the company and training and preparing SSP inspection team.

Employee Category	Safety	Others	Total	Safety Training (%)
Shop Floor	1,477	2,101	3,578	41
Staff	99	796	895	11
<b>Total</b>	<b>1,576</b>	<b>2,997</b>	<b>4,473</b>	<b>35</b>



# 02

## Corporate Governance





## Internal Controls

The Internal Control System and the effectiveness of its procedures play a key role in achieving the Company's objectives and providing assurance to Stakeholders.

The Executive Management is responsible for establishing and maintaining a Internal Control System that is effective, comprehensive, and at a reasonable cost, that contributes to achieving its objectives and ensures the accuracy and integrity of financial reports and compliance with applicable laws and regulations.

According to its authority and responsibilities, the Audit Committee has reviewed the reports submitted by External and Internal Auditors for the year 2021 and the progress made by management in closing pending audit findings.

The Audit Committee did not notice any fundamental weakness in the Company's Internal Control System. Considering that, any internal control system, regardless of its efficiency and effectiveness, cannot provide absolute assurance.

## 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 Nominations Committee.	
70	Composition of the Risk Management 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	Competencies of the Risk Management 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.	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 <sup>(1)</sup> and <sup>(2)</sup> of article 85.

Corporate Governance cont'd.

Article # / paragraph	Text of article /item	Comments
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 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, 2021, 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, 2021.

### **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 (Public Joint Stock Company). Previously he served as Vice Chairman & Managing Director, CEO, General Manager and Marketing Manager for SSP. Mr. Al Debasi has 38 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, 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 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 the Board of Directors of Tenaris Global Services (Switzerland) SA and also served as Tenaris Pipeline Service Vice President. Mr. Armengol has 25 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.

### **Mousa Al-Mousa**

Mr. Mousa has more than 39 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 11 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 27 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 20 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 44 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

(3 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. Mr. Armengol also assumed commercial responsibilities Ad-interim . He is also Member of the Board of Directors of Titanium and Steel Manufacturing Co. Ltd. (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 25 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 14 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 29 years of industrial experience combined with operations positions and management of multicultural teams.

### 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 and 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><b>Inside the Kingdom:</b></p> <p>Titanium &amp; Steel Manufacturing Company Ltd. (100% owned by SSP). Middle East Paper Manufacturing &amp; Production Co. (Public Joint Stock). East Pipes Integrated Co. for Industry (Public Joint Stock).</p> <p><b>Outside the Kingdom:</b></p> <p>None</p>	<p><b>Inside the Kingdom:</b></p> <p>Three Dimensions Enterprises Company (Limited).</p> <p><b>Outside the Kingdom:</b></p> <p>None</p>
Carlos Ferreyra	Non-Executive	<p><b>Inside the Kingdom:</b></p> <p>Titanium &amp; Steel Manufacturing Company Ltd. (100% owned by SSP). Tenaris Saudi Arabia Co. Ltd.</p> <p><b>Outside the Kingdom:</b></p> <p>Tenaris Baogang Baotou Steel Pipes 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. Pipe Coaters Nigeria Ltd. Amaja Tubulars Services Ltd (Ghana).</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
Mariano Armengol L.	Executive	<p><b>Inside the Kingdom:</b> Titanium &amp; Steel Manufacturing Company Ltd. (100% owned by SSP). Global Pipe Company (Limited).</p> <p><b>Outside the Kingdom:</b> None</p>	<p><b>Inside the Kingdom:</b> None</p> <p><b>Outside the Kingdom:</b> Tenaris Global Services (Switzerland) Sarl.</p>
Mousa Al-Mousa	Independent	<p><b>Inside the Kingdom:</b> 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><b>Outside the Kingdom:</b> None</p>	<p><b>Inside the Kingdom:</b> 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><b>Outside the Kingdom:</b> None</p>
Almohaned Al-Shathre	Non-Executive	<p><b>Inside the Kingdom:</b> None</p> <p><b>Outside the Kingdom:</b> None</p>	<p><b>Inside the Kingdom:</b> None</p> <p><b>Outside the Kingdom:</b> None</p>
Hoon Park	Non-Executive	<p><b>Inside the Kingdom:</b> None</p> <p><b>Outside the Kingdom:</b> Hu Steel Korea Co. (Limited)</p>	<p><b>Inside the Kingdom:</b> None</p> <p><b>Outside the Kingdom:</b> 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
Majed Al-Dakheel	Independent	<p><b>Inside the Kingdom:</b> None</p> <p><b>Outside the Kingdom:</b> None</p>	<p><b>Inside the Kingdom:</b> SIMAH The Saudi Credit Bureau</p> <p><b>Outside the Kingdom:</b> None</p>
Salman Ahmed	Independent	<p><b>Inside the Kingdom:</b> SABB Takaful Company – Independent Board Member; Chairman Audit Committee. Yanal Finance Company – Director and Member of Audit Committee and Member of Risk Committee.</p> <p><b>Outside the Kingdom:</b> Tullet Liberty WLL –Director.</p>	<p><b>Inside the Kingdom:</b> Al Istithmar Capital -Member Audit Committee. Medgulf Saudi Arabia - Member Audit Committee.</p> <p><b>Outside the Kingdom:</b> Albaraka Bank Pakistan Limited – Member Board of Directors; Chairman of Risk Committee; Member of Executive Committee. Manara Equity Partners BSC(c) -Director. Manara Wartsila Power Limited -Director. Ansbacher Trust Company Limited - Director.</p>
Renwar Berzinji	Non-Executive	<p><b>Inside the Kingdom:</b> Tenaris Saudi Arabia Co. Ltd.</p> <p><b>Outside the Kingdom:</b> None</p>	<p><b>Inside the Kingdom:</b> None</p> <p><b>Outside the Kingdom:</b> 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").
Hoon Park	Hu Steel Korea Co.	Tenaris Group is engaged in the manufacturing of ERW Pipes in Argentina, USA, Brazil, Canada and Colombia. 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.

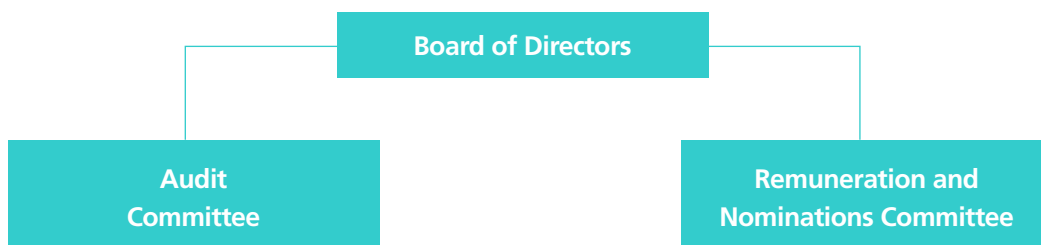
## 5. Participation of SSP BoD members in Board meetings

During 2021, 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 # 95 - 02/03/2021	Meeting #96 - 16/06/2021	Meeting # 97 - 14/09/2021	Meeting # 98 - 01/12/2021	Total
Ahmed M. Al-Debasi	✓	✓	✓	✓	4
Mariano Armengol Lamazares	✓	✓	✓	✓	4
Carlos Ferreyra	✓	✓	✓	✓	4
Mousa Al-Mousa	✓	✓	✓	✓	4
Hoon Park	✓	X	✓	✓	3
Majed Al-Dakheel	✓	✓	✓	✓	4
Almohaned Al-Shathree	✓	✓	✓	✓	4
Renwar Berzinji	✓	✓	✓	✓	4
Nader Ashoor	✓	✓	✓	✓	4
Salman Ahmed	✓	✓	✓	✓	4

SSP BoD has formed two committees, namely:



## 6. SSP BoD Committees

### The Audit Committee

The Audit Committee is composed by three members.

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, 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; 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.
- 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.

### **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;

The Audit Committee is composed of the following Members as of December 31st, 2021:

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 28 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 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 four (4) meetings during the year 2021. Dates and attendance is shown in the following table:

Name of member	# 52 - 24/02 2021	# 53 - 27/04 2021	# 54 - 04/08 2021	# 55 - 03/11 2021	Total
Mousa Al-Mousa	✓	✓	✓	✓	4
Majed Al-Dakheel	✓	✓	✓	✓	4
Claudio Andres Tocco	✓	✓	✓	✓	4



## **The Remuneration and Nominations Committee:**

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

The term of the RNC members run from June 7, 2019 until 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, 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.

### **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; 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, 2021:

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 2021 as shown in the following table:

Name of member	# 16 16/03 2021	# 17 17/07 2021	# 18 18/11 2021	# 19 19/12 2021	Total
Salman Ahmed	✓	✓	✓	✓	4
Renwar Berzinji	✓	✓	✓	✓	4
Almohaned Al-Shathre	✓	✓	✓	✓	4

## 7. 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.

## 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)						Grand 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	Total	Share of profit	Periodic compensations	Short term incentive plans	Long term incentive plans	Value of granted shares		Total	End of service benefit
Mousa Al-Mousa	200,000	12,000	112,000	-	-	-	324,000	-	-	-	-	-	-	-	324,000
Salman Ahmed	200,000	12,000	62,000	-	-	-	274,000	-	-	-	-	-	-	-	274,000
Majed Al-Dakheel	200,000	12,000	62,000	-	-	-	274,000	-	-	-	-	-	-	-	274,000
<b>Total</b>	<b>600,000</b>	<b>36,000</b>	<b>236,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>872,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>872,000</b>
Hoon Park	200,000	9,000	-	-	-	-	209,000	-	-	-	-	-	-	-	209,000
Ahmed M. Al-Debasi	200,000	12,000	-	-	-	-	212,000	-	-	-	-	-	-	-	212,000
Almohaned Al-Shathre	200,000	12,000	62,000	-	-	-	274,000	-	-	-	-	-	-	-	274,000
Carlos Ferreyra	200,000	12,000	-	-	-	20,000	232,000	-	-	-	-	-	-	-	232,000
Renwar Berzinji	200,000	12,000	62,000	-	-	-	274,000	-	-	-	-	-	-	-	274,000
<b>Total</b>	<b>1,000,000</b>	<b>57,000</b>	<b>124,000</b>	<b>-</b>	<b>-</b>	<b>20,000</b>	<b>1,201,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,201,000</b>
Mariano Armengol	200,000	12,000	-	-	1,090,123	-	1,302,123	-	-	-	-	-	-	-	1,302,123
<b>Grand Total</b>	<b>1,800,000</b>	<b>105,000</b>	<b>360,000</b>	<b>-</b>	<b>1,090,123</b>	<b>20,000</b>	<b>3,375,123</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,375,123</b>

## B. Committee Members Remuneration

	Fixed compensations (SAR)	Attendance allowance (SAR)	Total (SAR)
<b>The Audit Committee Members</b>			
Mousa Al-Mousa (Committee Chairman)	100,000	12,000	112,000
Majed Al-Dakheel	50,000	12,000	62,000
Claudio Andres Tocco	50,000	12,000	62,000
<b>Total</b>	<b>200,000</b>	<b>36,000</b>	<b>236,000</b>
<b>The Remuneration and Nomination Committee Members</b>			
Salman Ahmed (Committee Chairman)	50,000	12,000	62,000
AlMohaned Al-Shathre	50,000	12,000	62,000
Renwar Berzinji	50,000	12,000	62,000
<b>Total</b>	<b>150,000</b>	<b>36,000</b>	<b>186,000</b>

## 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*	1,924,185	881,192	–	2,805,377	341,200	–	–	–	–	341,200	186,106	212,000	3,544,683

(\*) 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 subparagraph (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 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 2021, 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 Mariano Armengol L. Renwar A. M. Berzinji	Services agreement	3 years	3,769,543
Tenaris Saudi Arabia Limited ("TESA")	Carlos Andres Ferreyra Mariano Armengol L. Renwar A. M. Berzinji	Sales	Spot	1,527,944
Tenaris Saudi Arabia Limited ("TESA")	Carlos Andres Ferreyra Mariano Armengol L. Renwar A. M. Berzinji	Other sales	Spot	15,455
Exiros Saudi Arabia Limited	Carlos Andres Ferreyra Mariano Armengol L. Renwar A. M. Berzinji	Rental Services	Spot	34,687
Tenaris Global Services Uruguay	Carlos Andres Ferreyra Mariano Armengol L. Renwar A. M. Berzinji	Sales	3 years	1,526,265
Tenaris Global Services Far East Pte Ltd	Carlos Andres Ferreyra Mariano Armengol L. Renwar A. M. Berzinji	Services	Spot	30,447
Rabiah and Nassar Group **	Mousa Al Mousa	Sales	Spot	1,396,093

(\*) 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
Dalmine S.P.A *	Carlos Andres Ferreyra Mariano Armengol L. Renwar A. M. Berzinji	Technical services	3 years	1,516,059
Dalmine S.P.A *	Carlos Andres Ferreyra Mariano Armengol L. Renwar A. M. Berzinji	IT services	Renewable annually	19,151
Tenaris Saudi Arabia Limited ("TESA")	Carlos Andres Ferreyra Mariano Armengol L. Renwar A. M. Berzinji	Purchase	Spot	11,295
Exiros Saudi Arabia Limited *	Carlos Andres Ferreyra Mariano Armengol L. Renwar A. M. Berzinji	Services	3 years	1,835,750
Siderca S.A.I.C. *	Carlos Andres Ferreyra Mariano Armengol L. Renwar A. M. Berzinji	IT services	Renewable annually	146,136
Tenaris Global Services Uruguay **	Carlos Andres Ferreyra Mariano Armengol L. Renwar A. M. Berzinji	Purchase	Spot	5,183,484
Hu Steel Company Ltd.	Hoon Park	Services	Renewable annually	146,329
Tenaris Connections B.V.	Carlos Andres Ferreyra Mariano Armengol L. Renwar A. M. Berzinji	Services	3 years	20,931

(\*) 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.

## 9. Date of the SSP General Assembly of the Shareholders held during 2021 and names of BoD members who attended

General Assembly	Date	Member of the Board of Directors
16th Annual General Assembly	05 May 2021	Ahmed M. Al-Debasi Carlos Ferrerya Mariano Armengol L. Mousa Al-Mousa Salman Ahmed Almohaned Al-Shathre Renwar Berzinji Majed Al-Dakheel

## 10. Statement on the Company's request for shareholders register during the fiscal year 2021

Reasons for Request	Date of request	Number of company request for shareholders register
Company procedure	11 January 2021	1
Company procedure	07 March 2021	2
Company procedure	09 March 2021	3
Sixteen General Assembly	05 May 2021	4
Company Procedure	17 August 2021	5

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	2021	2020	2019	2018	2017
Net Sales	373	475	583	588	617
Gross Margin	27	19	22	14	88
Operative (Loss) Income	(5)	(33)	(20)	(27)	47
(Loss) / profit from continuing operations	(18)	(33)	(5)	(86)	25
Profit / (Loss) from discontinued operations	19	(1)	(22)	(83)	(6)
Net Results	1	(34)	(27)	(169)	19
<b>EBITDA*</b>	<b>40</b>	<b>10</b>	<b>24</b>	<b>16</b>	<b>90</b>
<b>Adjusted EBITDA*</b>	<b>45</b>	<b>30</b>	<b>26</b>	<b>16</b>	<b>90</b>

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

**Net Sales** decreased by 21% to 373 million SAR in 2021, compared to 475 million SAR in 2020, reflecting a decrease in tubular sales volumes partially offset by increase in services and accessories sales.

**Gross Margin** increased by 43% to 27 million SAR in 2021, compared to 19 million SAR in 2020 despite the decrease in net sales mainly as a result of the steps taken by management to improve efficiency and optimize direct structural costs.

**Operative Loss** decreased by 84% to (5) million SAR in 2021, compared to (33) million SAR in 2020 mainly as a result of the improved gross margin as explained above and the reduction of structural costs and service indemnity costs.

**Loss From Continuing Operations** decreased by 46% to (18) million SAR in 2021, compared to (33) million SAR in 2020 mainly as a result of the decrease in operative loss as described above; partially offset by a share of loss in an associate company (Global Pipe Company) amounting to (5) million SAR in 2021 compared to a share of profit amounting to SR 5 million SAR in 2020.

**Profit From Discontinued Operations** amounting to 19 million SAR in 2021, compared to loss from discontinued operations amounting to (1) million SAR in 2020 mainly as a result of the gain recorded in 2021 on the sale of the main operating assets of Company's wholly owned subsidiary Titanium Steel & Manufacturing Co. Ltd. (TSM).

**Net Results** of profit amounting to 1 million SAR in 2021, compared to a loss of (34) million SAR in 2020 mainly as a result of the decrease in loss from continuing operations and the profit recorded 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. The Company recorded an increased EBITDA amounting to 40 million SAR in 2021 compared to 10 million SAR in 2020. Excluding non-recurrent charges, adjusted EBITDA is 45 million SAR in 2021 compared to 30 million SAR in 2020.

## 2. Cash Flow

MILLION SAR

Cash Flow	2021	2020	2019	2018	2017
Net Cash provided by (used in) operating activities	62	47	49	(6)	65
Capital expenditures	(7)	(16)	(6)	(32)	(19)
<b>Free Cash Flow</b>	<b>55</b>	<b>31</b>	<b>43</b>	<b>(38)</b>	<b>46</b>

**Cash flow provided by operating activities** amounted to 62 million SAR in 2021, compared to 47 million SAR in 2020. This increase is mainly attributable to the improvement in profitability, working capital management, strict cash discipline and the reduction in employees indemnity payments.

**Our capital expenditure** decreased by 9 million SAR in 2021, to (7) million SAR from (16) million SAR in 2020. Capital expenditures for 2021 included mainly expenditures related to automation, improvements to some production and finishing lines, HSE, IT 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 Company maintained its cash discipline and effective working capital management, and as a result, generated a positive FCF of 55 million SAR in 2021, compared to a FCF of 31 million SAR in 2020. The increase is mainly attributable to the higher cash flow provided by operating activities and the lower capital expenditures as explained above.

### 3. Financial Position

MILLION SAR

Selected Consolidated financial position data	2021	2020	2019	2018	2017
Current Assets	349	427	413	428	402
Non-current Assets	623	683	706	724	813
<b>Total Assets</b>	<b>972</b>	<b>1,110</b>	<b>1,119</b>	<b>1,152</b>	<b>1,215</b>
Current Liabilities	185	179	210	222	169
Short Term Loans	157	258	180	139	95
Long Term Loan, current portion	26	30	47	38	44
Long Terms Loans	44	79	60	135	120
Other Non-Current Liabilities	65	72	93	59	58
<b>Total Liabilities</b>	<b>477</b>	<b>617</b>	<b>591</b>	<b>593</b>	<b>486</b>
<b>Equity</b>	<b>495</b>	<b>493</b>	<b>528</b>	<b>559</b>	<b>730</b>
<b>Net Debts</b>	<b>128</b>	<b>217</b>	<b>248</b>	<b>285</b>	<b>245</b>
Gearing Ratio	3.9	2.3	2.1	2.0	3.0

During 2021, the Group reduced significantly its **Net Debt** by 89 million SAR, from 217 million SAR in 2020 to 128 million SAR in 2021. Moreover, the Group maintains a solid solvency structure, well-capitalized. This improvement is mainly attributable

to the free cash flow generated and the proceeds from the sale of TSM main operating assets.

**Gearing ratio** (Equity / Net Debt) improved in 2021, from 2.3x in 2020 to 3.9x in 2021.



## 4. Borrowings

Below is the movement in the Group's borrowings during 2021:

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	108	–	(39)	(1)	2	70	4-8 Years
Industrial Development Fund (SIDF)	84	83	–	(24)	–	0	59	1 Year
Commercial Banks	–	175	295	(371)	(1)	–	98	6 Months
<b>Total</b>		<b>366</b>	<b>295</b>	<b>(434)</b>	<b>(2)</b>	<b>2</b>	<b>227</b>	

(\*) Amortization of prepaid financial charges.

## 5. Treasury Shares

MILLION SAR

	2021	2020
As of January 1 and December 31	11.5	11.5

The treasury shares held by SSP represent 2.26% of the SSP share capital. Their market value amounts to SR 11.5 million as of December 31, 2021 (2020: 12.9 million). SSP initially acquired 700,000 shares for the employee share program at a price of SR 25 per share, subsequently additional 62,812 shares were purchased at an average price of SR 29 per share. [The employee share program is divided into

four types of shares, namely; free shares, credit shares, cash shares and future shares.] During 2020 and 2019, the Group did not granted shares to employees. Currently, the SSP holds 457,689 shares. 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 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 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 to shareholders as an additional share in the profits.

Statement	2021	2020	2019	2018	2017
Net profit (Million SAR)	1	(34)	(27)	(169)	19
Dividends distributed (Million SAR)	0	0	0	0	0
Number of shares (Million Shares)	51	51	51	51	51
Earnings per share (SAR/share)	0.02	–	–	–	0.38

## Statutory Payments/Dues

The following is a statement on SSP statutory payments/dues as of December 31, 2021:

Statement	2021		Description	Reasons
	Paid	Due to the end of the annual financial period and not paid		
Zakat	1,870,359	2,160,610	Zakat	To be paid in 2022
General Organization for Social Insurance	4,491,800	345,918	Dec. 2021	To be paid in Jan, 2022

## Sanctions and Penalties

No sanctions or penalties were imposed on SSP during the year 2021.

## Social Contribution

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

Type of contribution	2021	2020	2019	2018	2017
Financial	–	90,000	179,952	304,592	673,500
In-kind	–	0	0	0	0
<b>Total (SAR)</b>	–	<b>90,000</b>	<b>179,952</b>	<b>304,592</b>	<b>673,500</b>

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, 2021 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.

**2021**

**Annual  
Report**

[www.sspipe.com](http://www.sspipe.com)

 **Tenaris** Saudi Steel Pipes