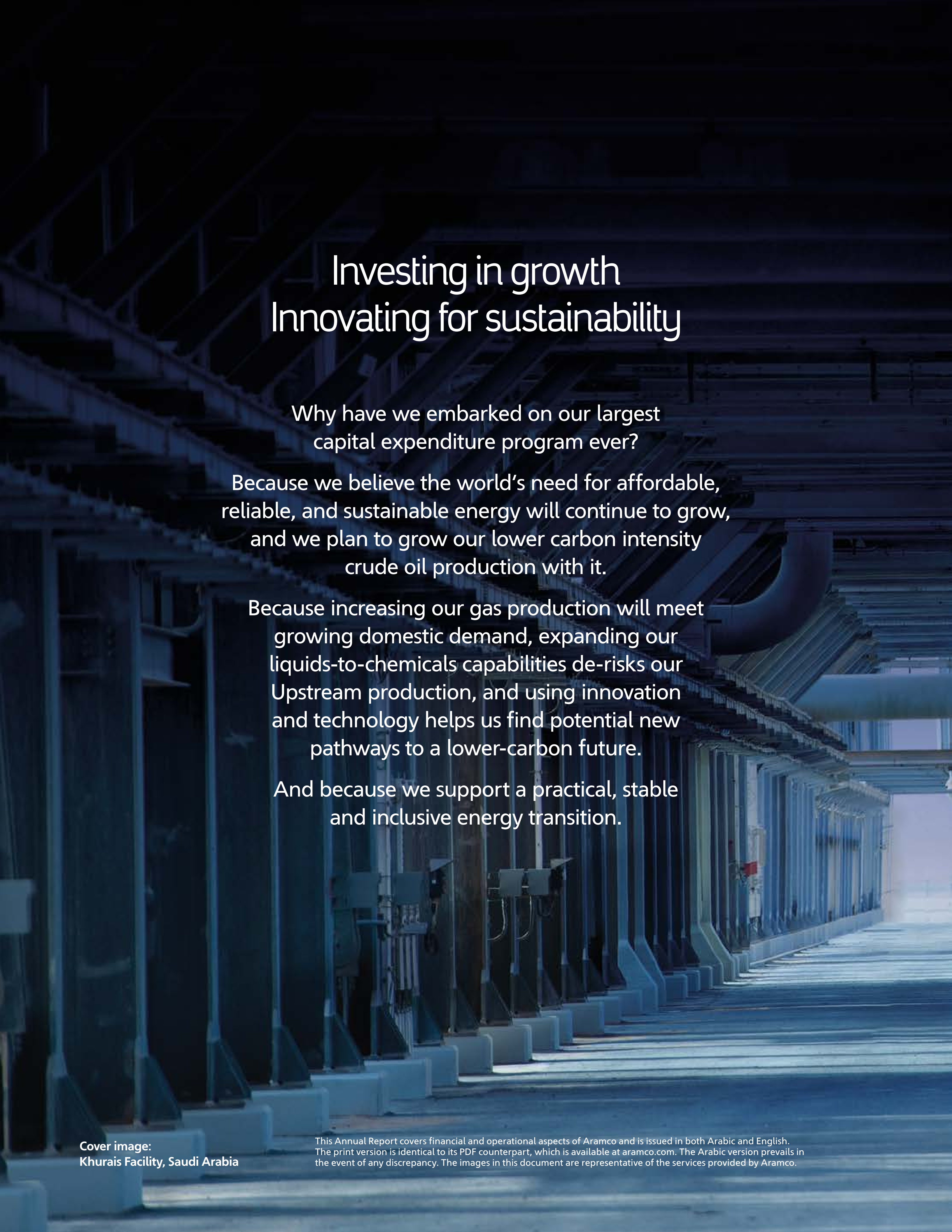
أرامكو السعودية
saudi aramco

annual report 2022



Investing in growth
Innovating for sustainability

Why have we embarked on our largest capital expenditure program ever?

Because we believe the world's need for affordable, reliable, and sustainable energy will continue to grow, and we plan to grow our lower carbon intensity crude oil production with it.

Because increasing our gas production will meet growing domestic demand, expanding our liquids-to-chemicals capabilities de-risks our Upstream production, and using innovation and technology helps us find potential new pathways to a lower-carbon future.

And because we support a practical, stable and inclusive energy transition.

Cover image:
Khurais Facility, Saudi Arabia

This Annual Report covers financial and operational aspects of Aramco and is issued in both Arabic and English. The print version is identical to its PDF counterpart, which is available at aramco.com. The Arabic version prevails in the event of any discrepancy. The images in this document are representative of the services provided by Aramco.

We are Aramco, one of the world's largest integrated energy and chemicals companies

Our vision

Aramco's vision is to be the world's preeminent integrated energy and chemicals company, operating in a safe, sustainable and reliable manner.

Our mission

Aramco strives to provide reliable, affordable, and more sustainable energy to communities around the world, and to deliver value to its shareholders through business cycles by maintaining its preeminence in oil and gas production and its leading position in chemicals, aiming to capture value across the energy value chain and profitably growing its portfolio.

Our values

See more on page 19

Safety | **Citizenship** | **Integrity** | **Accountability** | **Excellence**

The information contained in Sections 1 – 6 of this Annual Report constitutes the Board of Directors' report.

See our online report
www.aramco.com/en/investors/annual-report

King Salman bin Abdulaziz Al-Saud
The Custodian of the Two Holy Mosques

His Royal Highness Prince Mohammed bin Salman bin Abdulaziz Al-Saud
Crown Prince and Prime Minister

1. Aramco overview and strategy

▲ **Hawiyah Gas Plant, Saudi Arabia**

Diversifying the energy mix

Aramco progressed multiple gas projects in 2022.

Commissioning activities for the gas compression projects at the Haradh and Hawiyah fields began, as did the Hawiyah Gas Plant expansion. Construction at the Hawiyah Unayzah Gas Reservoir Storage is in an advanced stage and injection activities have commenced. Work also continues at the Tanajib Gas Plant, which is expected to be onstream by 2025.

These projects support Aramco's strategy to invest in additional infrastructure to meet the large and growing domestic demand for low-cost, cleaner energy.

We hold nearly 90 years of global energy leadership

1933-1944

The birth of Arabian oil

1933 Crude oil Concession agreement signed with Standard Oil of California which created the California Arabian Standard Oil Company (CASOC) to manage the Concession.

1938 Oil discovered at Dammam Well No. 7.

1939 Oil exports began.

1944 CASOC renamed the Arabian American Oil Company.

1945-1965

Expansion

1948 Standard Oil Company of New Jersey, later Exxon, purchased 30% of Arabian American Oil Company, and Socony-Vacuum Oil Company, later Mobil, purchased 10% to help provide market outlets.

1949 Oil production hit 500 mbpd.

1952 Headquarters moved from New York City to Dhahran.

1958 Oil production exceeded 1 mmbpd.

1965 Oil production exceeded 2 mmbpd.

1966-1988

Making a name for itself

1971 Oil production averaged 4.5 mmbpd.

1973 The Saudi Government acquired an initial 25% participating interest in the Concession, which increased to 60% the following year.

1975 Decision made to build the Master Gas System, enabling one of the world's largest gas markets, transforming the national energy mix toward natural gas and building the cornerstone for the economy's industrialization.

1976 Became the world's leading oil producer in terms of volume produced in a single year.

1980 The Saudi Government increased its participation interest in the crude oil Concession rights, production, and facilities to 100%.

1988 Saudi Arabian Oil Company officially established.

1989-2017

A global company

1989 First international downstream joint venture established in the U.S.

1991 First Asian downstream joint venture established in South Korea.

1993 Aramco assumed the assets and operations of Saudi Arabian Marketing and Refining Company, a Government-owned in-Kingdom refining and international product marketing organization.

2009 Petro Rabigh, Aramco's first petrochemical plant, began production.

2011 Sadara Chemical Company formed.

2014 SATORP and YASREF refineries came online.

2017 Aramco acquired full ownership of Motiva.

2018-2022

Transformation and energy security

2018 Commercial production of unconventional resources commenced in north Arabia.

2019 $12.0 billion of Senior Unsecured Notes issued and listed on the London Stock Exchange.

Aramco became a public company with shares listed on the Saudi Exchange.

2020 Highest single-day crude oil production of 12.1 mmbpd.

Historic acquisition of a 70% stake in SABIC transformed Aramco into a major global petrochemicals producer.

2021 49% of Aramco Oil Pipelines Company sold to a consortium of local and international investors.

Announced ambition to achieve net-zero Scope 1 and Scope 2 greenhouse gas emissions across wholly-owned operated assets by 2050.

2022 49% of Aramco Gas Pipelines Company sold to a consortium of investors.

Established a $1.5 billion Sustainability Fund.

Successfully completed three landmark transactions with Polish refiner and fuel retailer PKN ORLEN, supporting expansion of Aramco's global downstream presence.

Highest single-day natural gas production record of 11.3 bscfd.

▲ **Offshore drilling rig and gas-oil separation plant, Arabian Gulf** (Photo taken 1956)

In 1951, after two years of exploration in the shallow Gulf waters, Aramco discovered the world's largest offshore oil field, Safaniyah, and commenced offshore production in 1957.

Today, Aramco is undertaking the largest capital expenditure program in its history, and intends to gradually increase the Company's Maximum Sustainable Capacity from 12.0 to 13.0 mmbpd.

Achieving record-setting performance and positioning ourselves for the future

"The future will most certainly favor the lowest-cost, least carbon-intensive producers, and Aramco is exceptionally well-placed in this respect."

Dear Shareholders,

2022 brought a strong recovery in crude oil prices, but also ongoing uncertainty in the global economy. Within this context Aramco remained steadfast in its purpose: to provide energy security to our customers while also doing our part to support a more practical, stable and inclusive energy transition.

I am immensely proud to report that in 2022 Aramco achieved a record-setting financial performance as a listed company. Our net income for the year was SAR 604.0 billion ($161.1 billion). This result allowed the Company to strengthen its balance sheet as we embarked on our largest ever capital spending program. Following this financial performance, the Board of Directors has declared a cash dividend of SAR 73.2 billion ($19.5 billion) for the fourth quarter of 2022, which raises the quarterly dividend by 4.0% compared to the previous quarter. This aligns with our dividend policy aiming to deliver a sustainable and progressive dividend. The Board has also recommended granting eligible shareholders one new additional bonus share for every 10 shares they hold.

These results are a testament to the character and dedication of our people, who have consistently shown they can generate value through changing market conditions. Increasing our cash dividend and recommending to grant bonus shares to eligible shareholders demonstrates our commitment to deliver value to our investors.

Strength, stability, solutions

We recognize that our results in 2022 were due in part to higher oil prices that were driven by a number of factors including global demand, geopolitical events, and long-term underinvestment in our industry.

This reality supports our Upstream strategy to focus on large-scale investment in new production, including growing our gas business and raising our crude oil Maximum Sustainable Capacity from 12.0 to 13.0 mmbpd. With energy demand expected to keep rising and planned industry investments failing to offset natural oil field depletion rates, we believe that extra capacity will be important to the global energy mix in the years ahead.

At the same time, we are continuing to build our Downstream business into a world-class operation. In 2022 we progressed with refining and chemicals projects in Saudi Arabia and Asia, while also expanding our presence in Europe.

Aramco's Downstream strategy reflects our belief that a significant share of future oil demand will come from petrochemicals, not least from products which are essential inputs for the energy transition. We estimate, for example, that eight to 11 tons of chemical products are required to produce one megawatt of renewable energy, on average. Aramco, for its part, is preparing for this future by expanding the integration of our refining and chemicals facilities, and investing in large-scale liquids-to-chemicals projects.

Investing in the Kingdom's economic development

In 2022 we continued to scale our investments in the Kingdom's industrial economy, which each year grows more diversified and dynamic. The Company is targeting five strategic domains — sustainability, digital, industrial, manufacturing, and social innovation — all of which complement Aramco's supply chain. Today we offer support to companies at every stage of the growth cycle, from start-ups to small- and medium-enterprises to companies with the potential to become Saudi national champions. In March 2023, we signed a framework agreement with the Kingdom's Private Sector Partnership Reinforcement Program — known as Shareek — as we seek to foster new businesses and contribute to the Kingdom's economic development.

This strategy enhances Aramco's supply chain resilience, helping to ensure that more of the products and services we rely on can be provided right on our doorstep. It is also creating jobs for our fellow citizens.

The future favors Aramco

The global energy transition is both a long-term challenge and opportunity to leverage Aramco's strengths and capabilities to deliver increasingly sustainable energy solutions. This past year has also highlighted the scale and complexity of what is required to meet the energy security challenges of the future.

No single solution will address the challenge ahead. No single technology will provide the energy necessary to support a $100 trillion global economy. Leveraging our unique scale and resources, we are exploring multiple pathways to support our aspirations for a lower-carbon future for Aramco, including energy efficiency, carbon capture, utilization, and storage, carbon offsetting, and renewables.

Ultimately, we believe the world will continue to need oil and gas for the foreseeable future. Indeed, the future will most certainly favor the lowest-cost, least carbon-intensive producers, and Aramco is exceptionally well-placed in this respect.

Supporting our customers, our partners and the nation to decarbonize

It makes sense for the Company to focus first on the greenhouse gas emissions we can directly influence — our Scope 1 and 2 GHG emissions from wholly-owned operated assets — while also supporting our customers' efforts to decarbonize.

This is why we continue to work closely with the automotive industry to develop lower-carbon synthetic fuels and high efficiency engines, and with the materials industry to develop solutions to complement steel and cement. For industries with hard-to-abate emissions, we plan to be a significant exporter of lower-carbon hydrogen which has the potential to assist with renewable energy storage. 2022 saw further work to develop this vital new market.

We remain committed supporters of the Saudi Green Initiative (SGI) — a massive program of reforestation and clean energy deployment in the Kingdom of Saudi Arabia — as well as the SGI's regional counterpart, the Middle East Green Initiative. We strongly back the Kingdom's aim to reach net-zero emissions by 2060 through the circular carbon economy approach, which is supported by our ambition to achieve net-zero Scope 1 and Scope 2 greenhouse gas emissions by 2050 across wholly-owned operated assets.

The foundation for Aramco's success

I want to take this opportunity to pay tribute to the leadership of the Custodian of the Two Holy Mosques King Salman bin Abdulaziz Al-Saud, and His Royal Highness Prince Mohammed bin Salman bin Abdulaziz Al-Saud, Crown Prince and Prime Minister of the Kingdom of Saudi Arabia. Their vision for the future of the Kingdom is an inspiration and a guide to everyone at Aramco. I also want to thank the Kingdom's Ministry of Energy for their continued support of Aramco.

Our success in 2022 would also not have been possible without our people — a brilliant team of skilled professionals who are deeply dedicated to their work and mission.

Finally, my thanks go out to you, our shareholders, for continuing to place your trust in our great Company.

H.E. Yasir O. Al-Rumayyan
Chairman of the Board of Directors

Creating value and delivering our strategy

"We are strategically positioning Aramco to be a key player in a practical, stable and inclusive global energy transition."

Dear Shareholders,

For Aramco, 2022 was a year with notable achievements on a number of significant fronts.

Financially, the Company recorded its highest annual profits as a listed company as global crude oil prices strengthened compared to the previous year. Operationally, we embarked on the largest capital expenditure program in Aramco's history, driven by our growth strategy and net-zero ambition.

Geographically, we continued to broaden our Downstream portfolio with strategic investments, including in Asia and Europe. Meanwhile, locally we expanded our efforts to further strengthen our supply chain while simultaneously helping drive in-Kingdom economic growth.

Preserving upstream preeminence

While there are some who maintain that anyone still expanding their hydrocarbon production capacity is going to end up on the wrong side of history, we firmly believe we are on the right side of reality. The simple fact is that the world is expected to continue to need oil and gas for the foreseeable future — as a source of energy and also as foundational building blocks for countless everyday products. At the same time, we are aiming to significantly reduce oil and gas emissions.

Accordingly, in 2022 we continued to strengthen our crude oil production capabilities. This included ongoing work to raise our crude oil Maximum Sustainable Capacity by an additional one million barrels per day by 2027. We expect the Marjan and Berri offshore increments to come onstream in 2025.

Development of the Jafurah unconventional gas field continues, with initial production expected to commence in 2025, gradually increasing to 2.0 bscfd by 2030. Meanwhile, the Hawiyah Unayzah Gas Reservoir Storage, the first underground natural gas storage project in the Kingdom, has commenced injection activities.

The project aims to enable surplus natural gas to be reinjected into the reservoir during off-peak periods and reintroduced into the Master Gas System as demand increases.

During the year, our exploration activities resulted in the discovery of two unconventional gas fields in the Kingdom's eastern region.

Expanding downstream integration

In 2022 we also made a number of important strides to enhance our global Downstream business in target geographies and markets.

In Asia, Aramco and our S-OIL affiliate made a final investment decision to develop one of the world's largest refinery-integrated petrochemical steam crackers in South Korea, which aligns with our strategy to maximize the crude-to-chemicals value chain. The project represents the first large-scale commercialization of our thermal crude-to-chemicals technology. We also announced our decision to participate in the development of a liquids-to-chemicals complex in northeast China.

In Europe, we closed transactions to acquire a 30% stake in a refinery in Poland, sole ownership of an associated wholesale business, and a 50% stake in a jet fuel marketing joint venture. Through these transactions we expanded our downstream European presence and increased our integrated refining and petrochemicals capacity.

In August 2022, we signed an equity purchase agreement for Valvoline's global products business. This acquisition transaction, which is expected to complement Aramco's own line of premium-branded lubricant products, closed in March 2023.

Here in the Kingdom, we have made a final investment decision with our partner, TotalEnergies, to construct a petrochemical complex in Jubail that seeks to convert internally produced refinery off-gases and naphtha into higher value chemicals.

Aramco's integration of SABIC continues to progress ahead of plan with synergies being realized in multiple areas. Our goal is to leverage the significant potential of our products to meet rising global demand for petrochemicals, which we believe will be critical to the materials transition required to support a lower-carbon future.

Advancing our net-zero ambition

We see the world's shift towards a lower-carbon energy future as not only an obligation, but also an opportunity. Indeed, as one of the more reliable suppliers, lower-cost and lower carbon-intensive producers of crude oil in the world, Aramco has a number of competitive advantages.

As part of our journey towards net-zero, Aramco announced the creation of a SAR 5.6 billion ($1.5 billion) sustainability-focused venture capital fund that will be among the largest of its kind globally. In partnership with the Ministry of Energy, we signed a Joint Development Agreement to begin building one of the biggest carbon capture and storage hubs in the world.

In collaboration with SABIC Agri-Nutrients, we also delivered the world's first accredited commercial shipment of lower-carbon blue ammonia. And we were one of the first ever purchasers of carbon credits in the regional Voluntary Carbon Market's inaugural auction.

Localizing our supply chain

We continue to encourage the development of materials and manufacturing capabilities within the Kingdom as part of our ongoing efforts to improve the resiliency of Aramco's supply chain and support national economic development.

In 2022 this included building on our iktva program as we entered into over 90 agreements to build long-term collaborative relationships with strategic local suppliers. In January 2023, we signed over 100 agreements and Memoranda of Understanding at the 7th edition of the iktva Forum and Exhibition to help advance a diverse, sustainable, and globally competitive industrial ecosystem. We embarked on a major expansion of our Namaat industrial investment program, as well as launching Taleed, a new program dedicated to accelerating the growth of small- and medium-enterprises in the Kingdom. We have also signed a framework agreement with the Kingdom's Shareek program that will support our efforts to both localize our supply chain and expand domestic economic growth.

Additionally, to build local artificial intelligence (AI) technology capacity, Aramco and a private sector partner announced the establishment of a Global AI Corridor. Designed to develop and commercialize complex AI solutions, the Corridor will also train Saudi talent, support start-ups, and build a local AI ecosystem.

Continuing to create value

In 2022, Aramco delivered an exceptional performance. The greatest reason for this success is the dedication and commitment of the men and women of Aramco. Each day they come to work united by the knowledge they are creating value for our shareholders and our customers, as well as contributing to the prosperity and progress of countries and communities around the world.

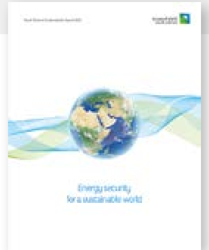
Looking ahead, we remain well-placed to adapt as required and respond as necessary to changing market conditions. As the actions and activities outlined in this Report suggest, we are strategically positioning Aramco to be a key player in a practical, stable and inclusive global energy transition.

Amin H. Nasser
President and Chief Executive Officer

Year of achievements

Aramco Gas Pipelines Company
Aramco completed its energy infrastructure deal resulting in a consortium of investors acquiring a 49% stake in Aramco Gas Pipelines Company (AGPC), for SAR 58.1 billion ($15.5 billion).

Inaugural Sustainability Report
Aramco's 2021 Sustainability Report was published.



Compression projects
The compression projects at the Haradh and Hawiyah fields commenced commissioning activities. Full capacity is expected to be reached in 2023.

Formula One partnership
Announced a partnership with the Aston Martin Cognizant Formula One™ Team.

Ghawar-1 supercomputer
The Ghawar-1 supercomputer, the second fastest supercomputer in the MENA region after Aramco's Dammam-7, was successfully deployed.

January February March April May June July

Liquids-to-chemicals complex
Aramco announced its final investment decision to participate in the development of a major integrated refinery and petrochemical complex in northeast China.

MENA regional Voluntary Carbon Market
Aramco signed a Memorandum of Understanding (MoU) to become one of five inaugural partners of the first MENA regional Voluntary Carbon Market.

Hawiyah Gas Plant expansion
The Hawiyah Gas Plant expansion, part of the Haradh gas increment program, began commissioning activities and is expected to be onstream in 2023.

International Sustainability & Carbon Certification Plus (ISCC+)
Aramco and SATORP obtained the ISCC+ credential for their joint waste plastic recycling initiative.

$1.5 billion Sustainability Fund

Aramco established a SAR 5.6 billion ($1.5 billion) Sustainability Fund to invest in technology needed to support a stable and inclusive energy transition.

Expanded presence in Europe

Three successful transactions with Polish refiner and fuel retailer PKN ORLEN were completed, expanding Aramco's presence in the European downstream sector.

Reinforced supply chain

Through its in-Kingdom Total Value Add (iktva) program, Aramco entered into over 90 agreements with an estimated value of SAR 64.9 billion ($17.3 billion) with strategic local suppliers. The local component of the Company's overall expenditure across its supply chain now stands at 63.0%.

Marafiq initial public offering

The Power and Water Utility Company for Jubail and Yanbu, known as Marafiq, successfully executed its IPO of 29.2% of its shares and the listing of its shares on the Saudi Exchange.

August September October November December

Valvoline Global Products agreement

Aramco signed an equity purchase agreement to acquire Valvoline Inc.'s global products business. The transaction closed in March 2023.

Lower-carbon fuels

An MoU was signed with Formula Motorsport Limited to introduce the use of alternative, lower-carbon fuels in the Formula 2 and Formula 3 racing championships beginning in 2023.

Maximizing crude-to-chemicals value chain

Aramco agreed to develop one of the world's largest refinery-integrated petrochemical steam crackers in South Korea through its S-OIL affiliate, which will convert crude oil into petrochemical feedstock.

Carbon capture and storage hub

A joint development agreement between Aramco and the Ministry of Energy was signed to construct one of the largest planned carbon capture and storage hubs in the world in Jubail, Saudi Arabia.

In-Kingdom petrochemical complex

Aramco and TotalEnergies made a final investment decision to construct a large petrochemical complex in Saudi Arabia.

Luberef initial public offering

Saudi Aramco Base Oil Company (Luberef) successfully executed its IPO of 29.7% of its shares and the listing of its shares on the Saudi Exchange.

First commercial blue ammonia shipment

Aramco and SABIC Agri-Nutrients collaborated on the world's first commercial shipment of certified blue ammonia to South Korea.

Capturing value across the hydrocarbon chain

Inputs

Operations

Total hydrocarbon reserves[1]
(billion boe)
258.8

Net chemicals production capacity[2]
(million tons per year)
56.3

Net refining capacity
(mmbpd)
4.1

Maximum Sustainable Capacity
(mmbpd)
12.0

Human

Company employees[3]
70,496

Relationships

Stakeholders:
- Customers
- Suppliers
- Partners
- Governments

Countries of operations
50+

Domestic and foreign subsidiaries, joint arrangements, and associates
300+

Financial

Capital expenditures
(billion)
SAR 141 $38

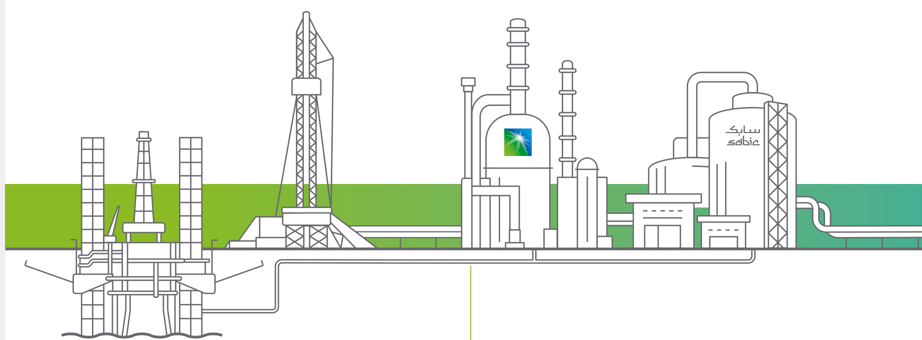
Net debt[4]
(billion)
SAR (123) $(33)

Average capital employed[4]
(billion)
SAR 1,925 $514

1. Hydrocarbon reserves of Saudi Arabian Oil Company (the Company) as at December 31, 2022, under the Concession agreement.
2. Excludes SABIC Agri-Nutrients and Metals (Hadeed) businesses.
3. Refer to Section 3: Sustainability for further information.
4. For definition of average capital employed and net debt, refer to "Non-IFRS measures reconciliations and definitions."
5. Total liquids is comprised of crude oil, NGL and condensate.
6. Applies to Saudi Arabian Oil Company (the Company).
7. Includes income taxes, royalties, and dividends.

Capturing value

Integrated upstream and downstream operations



Low cost, lower carbon-intensive upstream production

Unique operational flexibility and opportunities to rapidly increase crude oil production

Total hydrocarbon production
(mmboed)
13.6

Total liquids production[5]
(mmbpd)
11.5

Major integrated refiner and petrochemical producer with a global network of reliable assets in key regional markets and hubs

Upstream production monetized through a high quality external customer base and captive downstream system

Innovation

Decarbonizing operations and developing lower-carbon solutions and noncombustible uses for products

Carbon capture, utilization, and storage

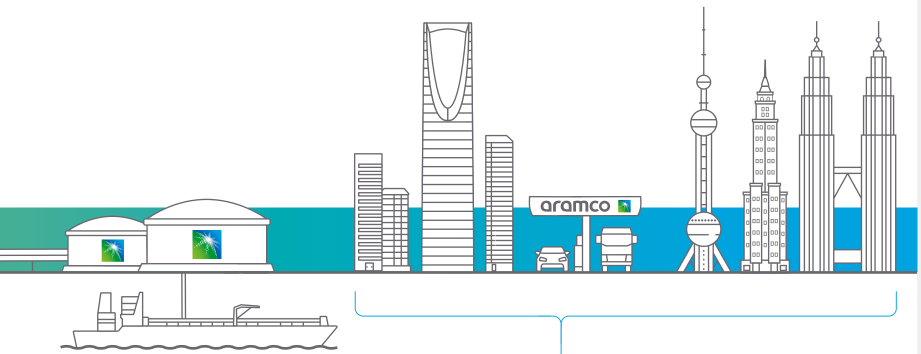
Blue ammonia

Underpinned by core values

Safety

Citizenship

Marketing and distribution



Integrated trading business enables optimization of product supplies to maximize returns

Reliable supplier of crude oil, refined products, gas, NGL, and chemicals

Exclusive access to the Kingdom's large and growing gas market

World-class partners and customer base provide access to high-growth markets and material demand centers

Crude-to-chemicals

Renewables

Synthetic fuels

Nonmetallics

Outcomes and impacts

Operations

Products produced:

- Crude oil
- Gas
- Refined products
- Chemicals
- Base oils and lubricants
- Electricity
- Lower-carbon energy solutions

Upstream carbon intensity[3]
(kg of CO_2e/boe)
10.3

Reliability[6]
(%)
99.9

Scope 1 emissions[3]
(million metric tons of CO_2e)
55.7

Scope 2 emissions[3]
(million metric tons of CO_2e)
16.1

Power supplied to the national grid
(gigawatts)
1.3

Freshwater consumption[3]
(million cubic meters)
93.60

Human

Lost time injuries/illnesses rate[3]
(per 200,000 work hours)
0.014

Total recordable case frequency[3]
(per 200,000 work hours)
0.050

Tier 1 process safety events[3]
11

Fatalities[3]
5

Relationships

In-Kingdom Total Value Add (iktva)[3]
(%)
63.0

Payments to the Government[7]
(billion)
SAR 847 $226

Financial

Net income
(billion)
SAR 604 $161

Free cash flow*
(billion)
SAR 557 $149

Dividends paid
(billion)
SAR 281 $75

Return on Average Capital Employed (ROACE)*
(%)
31.6

* Non-IFRS measure: refer to "Non-IFRS measures reconciliations and definitions" for further information.

Integrity

Accountability

Excellence

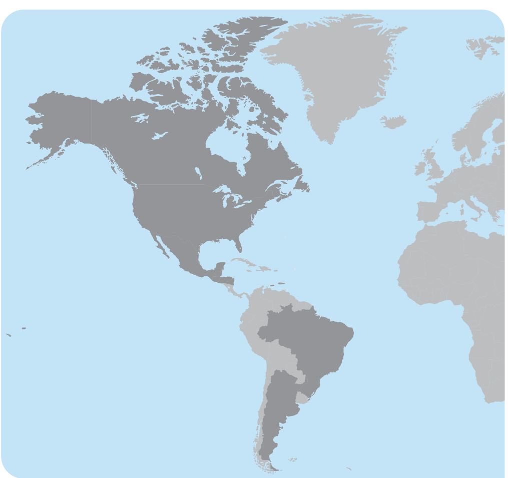
Global operations

Middle East and Africa

Bahrain	
Egypt, Jordan, Kenya, Lebanon, Liberia, Mauritania, Tunisia	
Morocco, South Africa	
United Arab Emirates	
Saudi Arabia	

Asia and Australia

Australia, Indonesia, Pakistan	
Malaysia, Singapore, Thailand, Vietnam	
India	
China, Japan, South Korea	



Americas

Argentina, Brazil, Canada, Mexico	
United States of America	
British Virgin Islands, Bermuda, Curaçao, The Independent State of Samoa	

Europe

Czech Republic, Finland, Guernsey, Hungary, Luxembourg, Switzerland,	
Estonia	
Austria	
Russia	
Denmark, Greece, Sweden, Turkey	
Belgium, Germany, Italy, Poland	
France	
Netherlands, Spain, United Kingdom	

Countries of operations — as at December 31, 2022
Subsidiary* offices
Crude oil and natural gas production facilities
Refining, petrochemical and manufacturing facilities
Terminals and distribution hubs
Aramco retail fuels network
Technology and innovation centers

* Subsidiaries are separate legal entities from the Company.

One of the world's largest integrated energy and chemicals companies

Overview

Aramco is one of the world's largest integrated energy and chemicals companies. Aramco's operating segments are Upstream and Downstream, which are supported by corporate activities. Aramco's Upstream operations are primarily based in Saudi Arabia, while the Downstream business is global.

In 2022, Aramco's average hydrocarbon production was 13.6 mmboed, including total liquids of 11.5 mmbpd. As at December 31, 2022, based on the initial 40-year period and 20-year extension of the Concession, Aramco's reserves stood at 258.8 billion boe, including 200.8 billion barrels of crude oil and condensate, 25.2 billion barrels of NGL, and 201.9 tscf of natural gas. In addition, as at December 31, 2022, Aramco had a gross refining capacity of 7.1 mmbpd and net chemicals production capacity of 56.3[1] million tons per year.

Upstream

The Upstream segment's activities consist of exploring for, developing, and producing crude oil, condensate, natural gas and NGL. The Government determines the Kingdom's maximum level of crude oil production in the exercise of its sovereign prerogative and requires Aramco to maintain Maximum Sustainable Capacity (MSC). As at December 31, 2022, Aramco's MSC was maintained at 12.0 mmbpd of crude oil. Aramco's principal fields are located in close proximity to each other within the Central and Eastern Provinces of the Kingdom. An extensive pipeline network connects Aramco's fields, processing plants, and other facilities. The produced crude oil, condensate, natural gas and NGL travel through Aramco's pipelines to multiple facilities for processing into refined and petrochemical products, or to domestic customers or export terminals.

Aramco is the exclusive supplier of natural gas in the Kingdom and its gas portfolio is rich in liquids, demonstrated by the production of both NGL and unblended condensate. Aramco owns and operates the Master Gas System (MGS), which is an extensive network of pipelines that connects its key gas production and processing sites throughout the Kingdom.

Aramco seeks to further expand its oil and gas reserves through new field discoveries, new reservoir additions in existing fields, and delineation and reassessment of existing reservoirs and fields.

Downstream

Aramco has a large and growing, strategically integrated global downstream business that provides opportunities to secure and de-risk liquids demand and capture incremental value from the hydrocarbon supply chain by selling to its dedicated system of domestic and international refineries and petrochemical plants. The Downstream segment's activities consist of refining and petrochemicals, base oils and

1. Excludes SABIC Agri-Nutrients and Metals (Hadeed) businesses.

Unrivaled reserves

258.8 B boe

Aramco's hydrocarbon reserves under the Concession agreement

(December 31, 2022)

200.8 B bbl

of crude oil and condensate

25.2 B bbl

of NGL

▲ Ju'aymah, Saudi Arabia

lubricants, retail operations, distribution, supply and trading, and power generation. Together, these support the Upstream and Downstream businesses by enabling optimization of crude oil sales and product placement through Aramco's significant infrastructure network of pipelines and terminals, and to access shipping and logistics resources.

Aramco's downstream investments diversify its revenue and integrate its oil and gas operations to optimize value across the hydrocarbon chain, supporting crude oil and gas demand and facilitating the placement of its crude oil. Aramco also has an integrated petrochemicals business within its Downstream segment that produces basic chemicals, such as aromatics, olefins and polyolefins, as well as more complex products, such as polyols, isocyanates and synthetic rubber.

Corporate

Aramco's Upstream and Downstream segments, as well as the overall business, are supported by corporate activities. These include technical services essential to the success of Aramco's core business, as well as human resources, finance, legal, corporate affairs and IT. The integrated corporate development organization optimizes Aramco's asset portfolio by assessing and monetizing certain existing assets, as well as evaluating investments related to the Kingdom's economic development and improving access to services and parts to enhance operational efficiency. Aramco's corporate development activities also seek to build a world-class local supply chain to serve the needs of the Company and its partners. For more information, see Section 2: Results and performance.

Aramco's corporate activities are underpinned by its commitment to good governance and leadership, which includes sustainability practices (Section 3: Sustainability), risk management (Section 4: Risk), and corporate governance (Section 5: Corporate governance).

201.9 tscf

of natural gas

Our values

Safety

Safety is an integral part of Aramco's culture. We are committed to providing a safe and respectful working environment for all with the appropriate safety procedures and policies in place on-site and within the community.

Citizenship

No matter where in the world we are conducting business, it is important to be known as a good corporate citizen and to be a positive influence within communities. As a global company in Saudi Arabia, we take this role seriously.

Integrity

The integrity of business at Aramco is based on the ethical standards of our employees in our everyday operations. Integrity is a precious asset, it is our reputation. The foundation of corporate integrity is personal integrity.

Accountability

Accountability means all employees at Aramco take responsibility for their actions in meeting corporate objectives. Accountability for achieving Aramco's overarching business objectives starts with the goals and objectives outlined by the President and CEO, for its business lines, and pervades through Aramco.

Excellence

At Aramco, excellence translates into all aspects of our workplace. It is our personal and group commitment to doing what we do well. We drive for best results and are agile in addressing new challenges.

Continued energy demand growth

Global

Despite geopolitical tensions, high inflation and sharply rising interest rates that formed strong economic headwinds, the global economy expanded by an estimated 3.1% in 2022, compared to 6.1% in 2021. Global GDP growth is expected to slow to a meager 1.5% in 2023 as these headwinds are expected to continue into 2023.[1]

In 2022 worldwide oil demand is estimated to have increased by 2.5 mmbpd to 99.8 mmbpd, while global oil supply is estimated to have averaged 100.8 mmbpd.[2] Despite this oversupplied position, the ICE Brent crude oil price averaged $99 per barrel in 2022, approximately 39.8% higher than the average of $71 per barrel in 2021, as market conditions in the first half of the year drove prices to a peak of $128 per barrel.

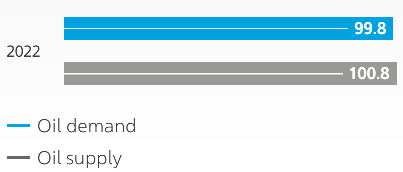
Domestic

The Kingdom's GDP is estimated to have grown by 8.7% in 2022 compared to 3.9% growth in 2021, driven by the continued economic recovery from the COVID-19 pandemic which fueled a 15.4% growth in oil activities. Non-oil activities rose 5.4%, including Government services activities which grew 2.6%.[3]

In line with robust economic performance, domestic energy demand grew by an estimated 6.3% in 2022. Demand growth was particularly strong for the transportation sector, which witnessed a rise of about 9.2% largely on the back of continued recovery in international air travel.

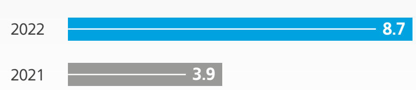
Oil demand and supply

(mmbpd)



Kingdom GDP growth

(%)



1. Oxford Economics.
2. IHS Markit Global Crude Oil Markets Outlook.
3. General Authority for Statistics, Kingdom of Saudi Arabia.

Positioning Aramco for the future

Aramco's strategy is driven by its belief that reliable and affordable energy supplies, including oil and gas, will be required to meet the world's growing energy demand, and that new lower-carbon energy supplies will gradually complement conventional sources. Aramco continues to work to achieve further reductions in its carbon footprint, enabled by technology and greater efficiency of energy use by all stakeholders. The world's demand for affordable, reliable and more sustainable energy will continue to grow, and we believe it can best be met by a broad mix of energy solutions.

Within this context, Aramco's vision is to be the world's preeminent integrated energy and chemicals company, operating in a safe, sustainable and reliable manner.

Aramco strives to provide reliable, affordable, and more sustainable energy to communities around the world, and to deliver value to its shareholders through business cycles by maintaining its preeminence in oil and gas production and its leading position in chemicals, aiming to capture value across the energy value chain and profitably growing its portfolio.

Our strategic themes

To achieve its vision, Aramco focuses on four strategic themes across its businesses:

Upstream preeminence

As the principal engine of value generation, the Company intends to maintain its position as the world's largest crude oil company by production volume and one of the lowest-cost producers. The Company's vast reserves base, spare capacity, and unique operational flexibility allow it to effectively respond to changes in demand.

Downstream integration

The Company has a dedicated system of domestic and internationally wholly-owned and affiliated refineries that are critical to monetizing its upstream production. Through continued strategic integration, the Company captures additional value across the hydrocarbon chain.

Lower-carbon initiatives

The Company aims to lower the net carbon emissions of its operations and to support the global energy transition through development of lower-carbon products and solutions across the energy, chemicals, and materials sectors.

Localization and the promotion of national champions

The Company facilitates the development of a diverse, more sustainable and globally competitive in-Kingdom energy ecosystem to underpin the Company's competitiveness and support the Kingdom's economic development.

Our key enablers

Aramco's strategy requires a number of enablers to be successful, including:

People

Aramco recognizes the need to prepare its workforce of the future, thereby ensuring its capabilities match the requirements of its strategies, by (i) advancing technical and professional skills, developing commercial and leadership competencies and supporting the progress of localization, and (ii) focusing on diversity and inclusion.

Technology

Aramco's technology program aims to develop new solutions for its Upstream and Downstream businesses, and to help in diversifying its product portfolio, grow its business sustainably and achieve its net-zero ambition.

Portfolio optimization

Aramco seeks to unlock value, enhance its capital structure and reallocate capital to higher growth and return investments. Aramco has a comprehensive and disciplined internal approval process for capital expenditures, new projects and debt issuance.

How we deliver value

Aramco seeks to deliver value across four dimensions:

Profitability

By reinforcing its competitive positions across its upstream and downstream activities.

Resilience

Both operational and financial, enabling the Company to declare dividends on a regular basis with a view to building long-term shareholder value and providing sustainable dividend growth through crude oil price cycles and to maintain a high investment-grade credit rating.

Growth

Both in its traditional oil and gas activities and new businesses.

Sustainability

As a core element of Aramco's operational philosophy.

Upstream preeminence

Oil

Aramco intends to maintain its position as the world's largest crude oil company by production volume. Its reserves, operational capabilities and spare capacity allow it to increase production in response to demand.

Notwithstanding the energy transition, global demand for crude oil is expected to continue to increase for many years to come. To meet this demand, new oil discoveries and developments will be needed to offset the natural decline in production from currently producing fields. Aramco believes there has been significant industry-wide underinvestment in crude oil exploration and production by other companies which could result in a supply gap in the mid- to long-term. Aramco intends to continue to invest in crude oil exploration and production through oil price cycles in order to meet this expected continued global demand growth, and believes that its low lifting costs, low capital intensity and lower upstream carbon intensity uniquely position it to benefit from these investments. Aramco believes that it produces crude oil with one of the lowest upstream carbon intensities, which positions it to benefit from continued pressure on the oil and gas industry to reduce the environmental impact of the industry's operations. Through reliable and lower carbon intensity production, Aramco aims to support energy access and security through the energy transition.

The Company maintains its level of crude oil production by balancing production between maturing areas and newer production sources, tapping into new reservoirs when required to optimize the depletion rate of its fields. It also maintains its low-cost position due to the unique nature of the Kingdom's geological formations, favorable onshore and shallow water offshore environments in which Aramco's reservoirs are located, synergies from Aramco's use of its large infrastructure and logistics networks, its low depletion rate operational model, and its scaled application of technology.

Aramco seeks to maintain its position as one of the world's most reliable crude oil suppliers. The Government determines the Kingdom's maximum level of crude oil production in the exercise of its sovereign prerogative and requires Aramco to maintain an MSC in excess of its current production in accordance with the Hydrocarbons Law.

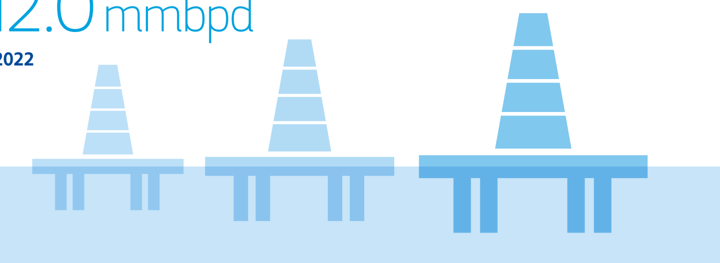
In line with the Government's mandate to increase crude oil MSC to 13.0 mmbpd, Aramco is proceeding with plans to gradually reach the mandated MSC. The spare capacity afforded by maintaining an MSC provides operational flexibility to increase its production. While Aramco has a robust field maintenance philosophy that emphasizes the reliability of its upstream operations, the MSC provides an alternative supply option in the event of unplanned production outages.

Strategy in action

Aramco intends to gradually increase crude oil Maximum Sustainable Capacity from 12.0 mmbpd to 13.0 mmbpd.

12.0 mmbpd
2022

13.0 mmbpd
2027



Aramco utilizes term agreements for selling crude oil to major consumers globally. These agreements provide supply predictability to customers by standardizing price and delivery terms to major regional demand centers. Aramco continues to invest in its sophisticated and extensive crude oil distribution and dispatch system, which maintains Aramco's supply reliability.

The Company also seeks to preserve its position as one of the world's lowest upstream carbon intensive sources of crude oil production.

Gas

Aramco plans to further expand its gas business, including the development of its unconventional gas resources, increasing production and investing in additional infrastructure to meet the large and growing domestic demand for lower-cost energy. Domestic gas demand growth is driven by power generation, water desalination, petrochemical production, and other industrial consumption in the Kingdom.

An important additional benefit of Aramco's gas production is the significant NGL and condensate yields, which supplement crude oil production and provide feedstock to the refining and petrochemical industries.

Downstream integration

Aramco intends to continue the strategic integration of its Upstream and Downstream businesses to facilitate the placement of the Company's crude oil in larger offtake volumes through a dedicated system of domestic and international wholly-owned and affiliated refineries, allowing it to capture additional value across the hydrocarbon chain, expand its sources of earnings, and provide resilience to oil price volatility.

Aramco's 70% equity interest in SABIC supports the significant expansion of Aramco's downstream activities, particularly in its chemicals business, and provides additional opportunities for Aramco to supply mixed feedstock of crude oil, refinery products and gas to manufacture petrochemical products. Changing patterns of demand, including growth in chemicals demand and the long-term risk of decline in fuels demand, are driving the Company's strategy to favor investments in facilities with high liquids-to-chemicals conversion rates.

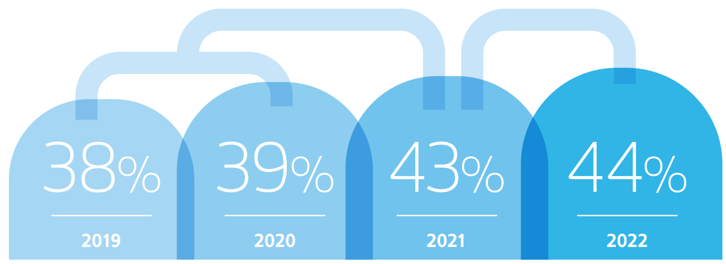
Geographically, Aramco intends to enhance both its domestic and global Downstream businesses in key high-growth geographies such as China, India and Southeast Asia, which are integral to Aramco's existing business and future expansion strategy, as well as in other attractive markets. Aramco also intends to maintain its presence in key large countries, such as the United States, and in countries that rely on imported crude oil, such as Japan and South Korea.

Aramco continues to expand global recognition of its brands. One aspect of this strategy is to introduce its brands to existing domestic and international marketing businesses, including at retail service stations, and further develop its petrochemicals, base oil and lubricants brands. As new marketing activities are added to its business portfolio, Aramco intends to use its own brands to build recognition of its position in the global energy sector.

Strategy in action

Aramco's dedicated system of domestic and international refineries provide secure demand for Upstream crude production.

Upstream crude oil production utilized by Aramco's downstream operations



Lower-carbon initiatives

Aramco's strategy for lower carbon intensity energy, which seeks to address climate-related risks and opportunities, aims to de-risk its businesses and maintain competitiveness and differentiation in carbon-constrained scenarios.

The strategy has two main dimensions: lower the net carbon emissions of the Company's operations over time with the ambition to achieve net-zero Scope 1 and Scope 2 greenhouse gas emissions across wholly-owned operated assets by 2050; and develop lower-carbon products and solutions across the energy, chemicals, and materials space.

- Lowering the Company's own net carbon emissions calls for managing, reducing, and balancing carbon emissions across operations through a raft of measures that span efficiency gains, renewable power, carbon capture, utilization, and storage, and multiple offset initiatives.
- Developing lower-carbon products and solutions aims primarily to sustain and diversify demand for oil and gas through competitive technologies and selective business initiatives. These include blue hydrogen and ammonia, lower-carbon fuels, and gas to complement renewables in the domestic energy mix and to reduce liquids-burning in power generation. These initiatives are expected to help the Company participate in the growing market for lower-carbon products and solutions. Aramco is pursuing offering carbon capture and storage as a service to third parties, and is pursuing investments in renewables that align with its other lower-carbon initiatives.

Strategy in action

Aramco is targeting the production of up to

11 million tons

of blue ammonia per annum by 2030

Aramco aims to grow its business sustainably by leveraging technology and innovation to lower its climate impact. The Company intends to maintain its position amongst the leaders in upstream carbon intensity, with one of the lowest carbon footprints per unit of hydrocarbons produced.

Key enablers

People

Aramco recognizes the need to prepare its workforce of the future, thereby ensuring the Company's capabilities match the requirements of its strategy. There are two key dimensions to this enabler:

- Enabling the Company's growth ambitions by advancing technical and professional skills, developing commercial and leadership competencies, and supporting the progress of localization.
- Making the Company more sustainable, with a focus on diversity and inclusion.

Technology

Aramco's technology program aims to develop new solutions for its Upstream and Downstream businesses, and to help in diversifying its product portfolio and grow its business sustainably. An increasing share of its investment in technology and research and development addresses the sustainability objective. Such sustainability requires not only fast and large-scale deployment of existing solutions, such as renewable energy, carbon capture, utilization, and storage, and nature-based solutions, but also the creation and advancement of new lower-carbon solutions that aim to have both environmental and commercial potential.

Localization and the promotion of national champions

In addition to Aramco's core businesses, the Company is seeking to foster new businesses that will increase the long-term reliability and competitiveness of the Company's ecosystem, as well as contributing to the Kingdom's economic development. This is key to ensuring Aramco's long-term cost and productivity leadership, sustainability, and resilience. The objectives are two-fold: to localize the Company's supply chain and promote national champions.

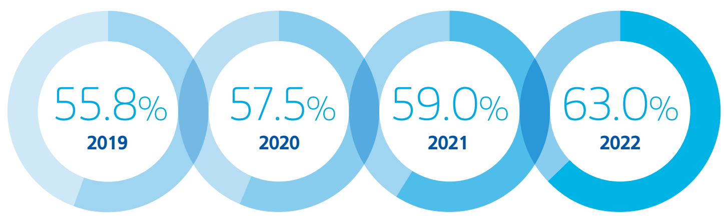
- Aramco aims to strengthen its supply chain through its localization efforts and utilizes the Kingdom's Shareek program which provides a framework to incentivize in-Kingdom investments. As part of this strategy, Aramco seeks to increase the use of in-Kingdom suppliers of goods and services to 70.0% through its in-Kingdom Total Value Add (iktva) program.
- Through its Namaat industrial investment program, Aramco intends to drive continued growth and development of a resilient and sustainable domestic supply chain to strengthen and expand the in-Kingdom private sector.
- The Company's Taleed program seeks to accelerate the growth of small- and medium-enterprises (SMEs) across multiple sectors in the sustainability, digital, manufacturing, industrial, and social innovation domains.

Strategy in action

Aramco, through its in-Kingdom Total Value Add (iktva) program, is helping to build a world-class local supply chain.

aramco iktva

iktva



Examples of the new solutions that Aramco believes will positively impact its business sustainability, and which are being actively pursued, include:

- Directly converting liquids to chemicals;
- Producing hydrogen from hydrocarbons while capturing and storing associated emissions;
- Expanding nonmetallic applications;
- Accelerating large-scale deployment of carbon capture, utilization, and storage;
- Enabling sustainable transport through more efficient engines and lower-carbon fuels; and
- Accelerating technology-based offsetting solutions, such as direct air capture.

Portfolio optimization

Through portfolio optimization, Aramco seeks to unlock value, enhance its capital structure and reallocate capital to higher growth and return investments. Aramco has a comprehensive and disciplined internal approval process for capital expenditures, new projects and debt issuance. It analyzes future projects based on strategic, operational, commercial, and financial targets. Aramco's unique reserves and resource base, operational flexibility, field management practices, and strong cash flow generation serve as a foundation for its low gearing and flexibility to allocate capital.

2. Results and performance

▲ **PRefChem petrochemical complex, Johor, Malaysia**

Strategic global growth

Aramco intends to enhance both its domestic and global Downstream businesses in key high-growth geographies.

In 2022, Aramco's Malaysia-based investment in refining and petrochemical joint ventures with PETRONAS, collectively known as PRefChem, restarted operations and is ramping up gradually with a continued focus on safety and sustainability.

Aramco's investment in PRefChem provides an expansion opportunity in an important high-growth market and offers new geographies for placing its crude oil production.

Exceptional performance

Financial highlights

Net income
(billion)

SAR 604
$161
2021: $110

EBIT*
(billion)

SAR 1,149
$307
2021: $208

Free cash flow*
(billion)

SAR 557
$149
2021: $107

Net cash provided by operating activities
(billion)

SAR 698
$186
2021: $139

Capital expenditures
(billion)

SAR 141
$38
2021: $32

Dividends paid
(billion)

SAR 281
$75
2021: $75

Dividends paid per share

SAR 1.31
$0.35
2021: $0.37

ROACE*
(%)

31.6
2021: 24.4

Gearing*
(%)

(7.9)
2021: 12.0[1]

Earnings per share
(basic and diluted)

SAR 2.72
$0.72
2021: $0.48[2]

Average realized crude oil price
($/barrel)

100.2
2021: 70.5

▲ 'Ain Dar gas-oil separation plant-1, Saudi Arabia

1. Gearing ratio has been amended to reflect Aramco's revised gearing definition.
2. Earnings per share have been adjusted to reflect the effect of the bonus shares issuance.
* Non-IFRS measures: refer to "Non-IFRS measures reconciliations and definitions" for further details.

Operational highlights

MSC
(mmbpd)
12.0
2021: 12.0

Total hydrocarbon production
(mmboed)
13.6
2021: 12.3

Total liquids production[3]
(mmbpd)
11.5
2021: 10.4

Net refining capacity
(mmbpd)
4.1
2021: 4.0

Net chemicals production capacity[4]
(million tons per year)
56.3
2021: 54.2

Reliability[5]
(%)
99.9
2021: 99.9

Upstream carbon intensity[6]
(kg of CO_2e/boe)
10.3
2021: 10.7

Flaring intensity[6]
(scf/boe)
4.60
2021: 5.51

Total recordable case frequency[6]
(per 200,000 work hours)
0.050
2021: 0.054

3. Total liquids is comprised of crude oil, NGL and condensate.
4. Excludes SABIC Agri-Nutrients and Metals (Hadeed) businesses.
5. Applies to Saudi Arabian Oil Company (the Company).
6. Refer to Section 3: Sustainability for further information.

Capturing growth opportunities and generating long-term value

"Aramco's unprecedented financial results for 2022 reinforce our ability to generate consistent value for our shareholders across price cycles, while also providing energy supply stability to our customers."

Dear Shareholders,

In 2022, Aramco delivered exceptional financial results with unrivaled profitability despite continued economic uncertainty in the global economy.

The year itself was divided into two distinct parts for the energy market. In the first half, we saw upward pressure on energy prices driven by low crude and refined product inventories, as well as geopolitical events. In the second half of 2022, market conditions softened as global inflationary concerns impacted growth in crude oil demand.

Throughout 2022, we continued our long-standing emphasis on maintaining a robust balance sheet, cash generating ability, prudent cash and debt management, as well as delivering exceptional shareholder returns. For the year ended December 31, 2022, Aramco posted record net income as a public company of SAR 604.0 billion ($161.1 billion) and free cash flow of SAR 557.0 billion ($148.5 billion). We generated strong capital returns with ROACE of 31.6%, and continued to strengthen our balance sheet as reflected by our gearing ratio improving to (7.9)% compared to 12.0% at the end of 2021.

Following these results, the Board of Directors declared a fourth quarter cash dividend of SAR 73.2 billion ($19.5 billion), representing a 4.0% increase compared to the previous quarter, as aligned with our dividend policy aiming to deliver a sustainable and progressive dividend. Additionally, the Board has recommended capitalizing SAR 15.0 billion ($4.0 billion) of retained earnings to support the distribution of bonus shares to eligible shareholders in the amount of one share for every 10 shares held.

Supporting our growth ambitions

Aramco's financial framework is designed to support our growth ambitions by providing significant flexibility to navigate through crude oil price cycles, while also creating long-term value for our shareholders.

This framework continues to be supported by three main pillars, the first of which is the prudent optimization of Aramco's capital structure in order to maintain a high investment-grade credit rating with sufficient capacity. During the year we strategically directed cash flow towards deleveraging our balance sheet, making partial prepayments totaling SAR 66.8 billion ($17.8 billion) of the deferred consideration related to the SABIC acquisition, thereby reducing the principal amounts of the associated promissory notes. This resulted in savings of approximately SAR 8.3 billion ($2.2 billion).

The second pillar of our financial framework centers on continuing to diversify our funding sources and optimize funding costs to provide maximum optionality and execution flexibility. In 2022, this included signing a five-year agreement for SAR 37.5 billion ($10.0 billion) to replace certain unsecured revolving credit facilities.

The third and final pillar is maintaining our capital discipline and financial prudence through crude oil price cycles. We believe oil and gas will remain a key part of the energy mix over the longer term in order to satisfy the world's need for affordable, reliable and stable energy. Accordingly, our capital expenditures in 2022 increased by 18.0% to SAR 141.2 billion ($37.6 billion) as we continued to make long-term investments across the hydrocarbon chain to further our growth ambitions.

These investments included expanding our downstream European presence with the closing of three landmark transactions with Polish refiner and fuel retailer PKN ORLEN. Aramco also signed an equity purchase agreement to acquire Valvoline Inc.'s global products business for SAR 9.9 billion ($2.65 billion) in the third quarter of 2022. This strategic acquisition, which closed in March 2023, is expected to complement Aramco's line of premium-branded lubricant products and enhance our global base oils production capabilities.

Investing in the energy transition

At the same time, we are investing in key energy transition-related solutions, including the development of cleaner fuel technologies, lower-carbon hydrogen, renewables, and carbon capture, utilization, and storage.

These future-focused investments are already making progress. Aramco, through our SASREF and SABIC Agri-Nutrients subsidiaries, was granted the world's first independent certification for production of blue ammonia and hydrogen in the third quarter of 2022, as well as collaborating on the world's first commercial shipment of lower-carbon blue ammonia in the fourth quarter of 2022.

The SAR 5.6 billion ($1.5 billion) Sustainability Fund that we announced in 2022 is another example of our desire to invest in innovation. The Fund is being managed by Aramco Ventures, our venture capital arm, and will focus on making investments in innovative technologies that support our 2050 net-zero ambition.

With petrochemicals positioned to provide essential inputs for the energy transition, we are also investing to grow our net chemicals production capacity and announcing expansion projects in the Kingdom and in Asia. Since the acquisition of SABIC, Aramco has sought to achieve synergies in procurement, supply chain, marketing, feedstock optimization, stream integration, operations, and maintenance. Aramco estimates that it has generated incremental EBITDA synergies of approximately SAR 8.1 billion ($2.15 billion) and is targeting the capture of approximately SAR 11.3 billion to SAR 15.0 billion ($3.0 billion to 4.0 billion) in annual recurring EBITDA synergies by 2025.

Expanding our capital market presence

In the fourth quarter of 2022, two companies that Aramco holds interests in completed initial public offerings with listings on the Saudi Exchange.

The IPO of the Power and Water Utility Company for Jubail and Yanbu, known as Marafiq, resulted in Aramco's effective equity ownership being reduced from 42.2% to 29.8%. Aramco received SAR 1.7 billion ($0.44 billion) from the sale of this portion of our stake in Marafiq. Our majority-owned base oil subsidiary, Luberef, also completed its IPO; however, no proceeds from this public offering were received as we retained our entire 70% stake.

Both IPOs reinforce our efforts to increase Aramco's participation and presence in capital markets, expand our shareholder base, and provide existing and new investors with additional avenues to capture value that Aramco and its subsidiaries generate.

Focusing on value creation

Aramco's unprecedented financial results for 2022 reinforce our ability to generate consistent value for our shareholders across price cycles, while providing energy supply stability to our customers.

Our aim is to continue to deliver a sustainable and progressive dividend while focusing on long-term value creation. Going forward, continued agility, resilience, and fiscal discipline will remain the cornerstones of our financial approach as we continue to lay the foundation for Aramco to be a leading energy player as the world moves towards a lower-carbon future.

Ziad T. Al Murshed
Executive Vice President & Chief Financial Officer

Strong global energy demand

The financial information of Aramco set forth below, as at December 31, 2022 and 2021, and for the years then ended, has been derived without material adjustment from, and is qualified in its entirety by, the financial statements contained in Section 7: Consolidated financial statements. It should be read in conjunction with the financial statements, Section 4: Risk, and other financial data included elsewhere in this Annual Report.

Key factors affecting Aramco's financial results

The following is a discussion of the most significant factors that have impacted Aramco's financial position, results of operations, and cash flows for the year ended December 31, 2022.

Supply, demand, and prices for hydrocarbons, and refined and chemicals products

Aramco's results of operations and cash flows are primarily driven by market prices and volumes sold of hydrocarbons, as well as refined and chemicals products. Global demand for petroleum products in 2022 increased as compared to 2021, resulting in higher prices for hydrocarbons, and improved margins for refined products.

In the Kingdom, the Government regulates the oil and gas industry and establishes the Kingdom's maximum level of hydrocarbon production in the exercise of its sovereign prerogative. Accordingly, the Government may in its sole discretion increase or decrease the Kingdom's maximum hydrocarbon production levels at any time based on its strategic energy security goals or for any other reason. Therefore, Aramco's results of operations and cash flows may depend in part on these sovereign decisions with respect to production levels.

Portfolio and funding optimization

The Company completed a SAR 58.1 billion ($15.5 billion) energy infrastructure transaction in February 2022. The transaction involved the sale of a 49% equity interest in a newly formed subsidiary, Aramco Gas Pipelines Company (AGPC), to a consortium of investors led by BlackRock Real Assets and Hassana Investment Company. As part of the transaction, AGPC leased usage rights in Aramco's gas pipelines network and leased them back to Aramco for a 20-year period. In return, AGPC will receive a tariff payable by Aramco for specified gas products that flow through the pipelines network. Under the terms of the transaction, Aramco will continue to retain full legal ownership and operational control of its gas pipelines network and the transaction does not impose any restrictions on Aramco's gas production volumes. The transaction resulted in an increase in cash and cash equivalents and non-controlling interests.

With respect to the deferred consideration related to the SABIC acquisition, in January 2022 Aramco made a partial prepayment of SAR 28.6 billion ($7.6 billion), which reduced the principal amounts of two promissory notes by a total of SAR 30.0 billion ($8.0 billion). In addition, in June 2022 Aramco made a partial prepayment of SAR 38.2 billion ($10.2 billion), which reduced the principal amounts of two promissory notes by a total of SAR 45.0 billion ($12.0 billion). Further, Aramco paid an installment of SAR 33.8 billion ($9.0 billion) due on April 7, 2022. These resulted in a decrease in total borrowings and cash and cash equivalents and a net gain of SAR 3.1 billion ($0.82 billion) during the year.

In April 2022, the Company entered into a new five-year agreement for unsecured revolving credit facilities amounting to SAR 37.5 billion ($10.0 billion), to replace facilities that expired during the year. The new facilities are an aggregation of a USD denominated facilities of SAR 30.0 billion ($8.0 billion) and a SAR denominated Shari'a compliant Murabaha facility of SAR 7.5 billion ($2.0 billion). The Company has the option of up to two extensions, each for one year, and any advanced amounts will be used for general corporate and working capital purposes. As at December 31, 2022, no amounts have been drawn against these facilities.

Bonus share distribution and Government share transfer

On May 12, 2022, at the Company's Extraordinary General Assembly, the Board of Directors' recommendation was approved to capitalize SAR 15.0 billion ($4.0 billion) of the Company's retained earnings to support the distribution of bonus shares to shareholders, in the amount of one share for every 10 shares held. This resulted in an increase in Aramco's issued ordinary shares from 200 billion to 220 billion and a corresponding increase in share capital of SAR 15.0 billion ($4.0 billion).

In February 2022, the Government transferred eight billion ordinary shares, or 4% of the Company's share capital, to the PIF, the sovereign wealth fund of the Kingdom. Following the transfer, the Government remains the Company's largest shareholder, retaining a 94.19% direct shareholding. This private transfer did not affect the Company's total number of issued shares and does not have any impact on the Company's operations, strategy, dividend distribution policy, or governance framework.

Summarized consolidated statement of income

All amounts in millions unless otherwise stated	SAR Year ended December 31 2022	SAR 2021	USD* Year ended December 31 2022	USD* 2021	% change
Revenue and other income related to sales	**2,266,373**	1,501,758	**604,366**	400,468	**50.9%**
Operating costs	**(1,122,296)**	(729,840)	**(299,279)**	(194,624)	**53.8%**
Operating income	**1,144,077**	771,918	**305,087**	205,844	**48.2%**
Income before income taxes and zakat	**1,152,962**	769,521	**307,456**	205,206	**49.8%**
Income taxes and zakat	**(548,957)**	(357,125)	**(146,388)**	(95,234)	**53.7%**
Net income	**604,005**	412,396	**161,068**	109,972	**46.5%**
Average realized crude oil price ($/bbl)			**100.2**	70.5	**42.1%**
ROACE**	**31.6%**	24.4%	**31.6%**	24.4%	**7.2 pp**

* Supplementary information is converted at a fixed rate of U.S. dollar 1.00 = SAR 3.75 for convenience only.

** Refer to "Non-IFRS measures reconciliations and definitions" for further details.

Financial results

Aramco's strong earnings and cash flows in 2022 reflect strong global energy demand, coupled with Aramco's unique operational flexibility and low cost base.

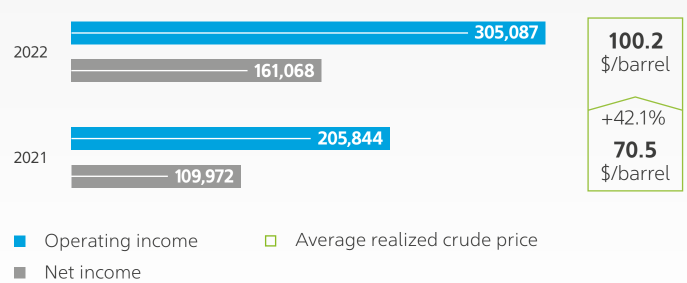
Revenue and other income related to sales for the year ended December 31, 2022, were SAR 2,266,373 ($604,366), compared to SAR 1,501,758 ($400,468), for the year ended December 31, 2021. The increase of 50.9% was primarily driven by higher crude oil, refined and chemical products prices and stronger volumes sold.

Operating costs increased by SAR 392,456 ($104,655), or 53.8%, from SAR 729,840 ($194,624) to SAR 1,122,296 ($299,279), for the years ended December 31, 2021 and 2022, respectively. This was mainly due to an increase in production royalties largely attributable to higher average effective royalty rate, resulting from stronger crude oil prices, and higher sales volumes. Operating costs also rose due to increased purchases of crude oil, refined, and chemical products driven by higher prices and volumes.

Income before income taxes and zakat increased by SAR 383,441 ($102,250), or 49.8%, which predominantly reflects the impact of higher crude oil prices and volumes sold, and stronger refining margins. This was partially offset by higher production royalties and an increase in total purchases.

Income taxes and zakat for the year ended December 31, 2022, was SAR 548,957 ($146,388), compared to SAR 357,125 ($95,234) in 2021. The increase was primarily driven by higher taxable income recorded in 2022.

Income vs. average realized crude price
($ million)



Summarized consolidated balance sheet

	SAR		USD*		
	As at December 31		As at December 31		
All amounts in millions unless otherwise stated	**2022**	2021	**2022**	2021	**% change**
Total assets	**2,492,924**	2,162,690	**664,780**	576,718	**15.3%**
Total liabilities	**826,777**	882,022	**220,474**	235,206	**(6.3)%**
Significant balance sheet movements:					
Short-term investments	**281,215**	27,073	**74,991**	7,219	**938.7%**
Property, plant and equipment	**1,303,266**	1,244,316	**347,538**	331,818	**4.7%**
Inventories	**100,528**	74,703	**26,808**	19,921	**34.6%**
Trade receivables	**164,442**	140,373	**43,851**	37,433	**17.1%**
Cash and cash equivalents	**226,047**	299,579	**60,279**	79,888	**(24.5)%**
Non-controlling interests	**217,231**	167,411	**57,928**	44,643	**29.8%**
Borrowings (non-current and current)	**393,144**	510,921	**104,838**	136,246	**(23.1)%**
Deferred income tax liabilities	**122,311**	74,850	**32,616**	19,960	**63.4%**
Trade and other payables	**135,390**	124,689	**36,104**	33,251	**8.6%**
Income taxes and zakat payable	**104,978**	90,525	**27,995**	24,140	**16.0%**
Gearing**	**(7.9)%**	12.0%	**(7.9)%**	12.0%	**(19.9) pp**

* Supplementary information is converted at a fixed rate of U.S. dollar 1.00 = SAR 3.75 for convenience only.

** Comparative ratios have been amended to reflect Aramco's revised gearing definition. Refer to "Non-IFRS measures reconciliations and definitions" for further details.

Financial position

Total assets were SAR 2,492,924 ($664,780) as at December 31, 2022, compared to SAR 2,162,690 ($576,718), as at December 31, 2021. The movement was largely due to an increase in short-term investments, property, plant and equipment, inventories, and trade receivables. This was partially offset by a decrease in cash and cash equivalents balance.

The increase in short-term investments reflects greater allocation of funds from cash and cash equivalents to USD and SAR denominated term deposits with a maturity of more than 90 days.

The increase in property, plant and equipment reflects higher upstream capital expenditures in relation to drilling and development activities related to increasing crude oil MSC and gas projects.

The higher inventories balance is primarily due to an increase in crude and refined products inventories compared to the prior year, which is predominantly associated with higher product prices at year end.

The increase in trade receivables is mainly attributable to higher revenue associated with the impact of stronger sales prices and volumes at year-end.

The lower cash and cash equivalents balance is mainly due to an increased allocation to short-term investments, higher cash paid for settlement of income, zakat and other taxes, and net repayment of borrowings. This was partially offset by higher earnings during the year.

Total liabilities were SAR 826,777 ($220,474) at December 31, 2022, compared to SAR 882,022 ($235,206), as at December 31, 2021. The decrease principally reflects the impact of reduction in borrowings during the current year, partially offset by higher deferred income tax liabilities, trade and other payables, and income taxes and zakat payable.

The reduction in borrowings was mainly driven by the payment of the deferred consideration related to the SABIC acquisition.

The increase in deferred income tax liabilities is mainly driven by changes in taxable temporary differences associated with property, plant and equipment, provisions, and post-employment benefit obligations.

Trade and other payables increased primarily as a result of higher purchases reflecting the impact of an increase in product prices. Income taxes and zakat payable increased due to the impact of higher taxable income in 2022.

Non-controlling interests was SAR 217,231 ($57,928) at December 31, 2022, compared to SAR 167,411 ($44,643), at December 31, 2021. The increase was largely driven by the sale of equity interest in AGPC associated with Aramco's gas pipeline transaction.

Summarized consolidated statement of cash flows

	SAR		USD*		
	Year ended December 31		Year ended December 31		
All amounts in millions unless otherwise stated	**2022**	2021	**2022**	2021	**% change**
Net cash provided by operating activities	**698,152**	522,601	**186,174**	139,360	**33.6%**
Net cash used in investing activities	**(389,009)**	(135,741)	**(103,736)**	(36,197)	**186.6%**
Net cash used in financing activities	**(382,675)**	(294,513)	**(102,047)**	(78,537)	**29.9%**
Cash and cash equivalents at end of the year	**226,047**	299,579	**60,279**	79,888	**(24.5)%**
Capital expenditures	**(141,161)**	(119,645)	**(37,643)**	(31,905)	**18.0%**
Free cash flow**	**556,991**	402,956	**148,531**	107,455	**38.2%**

* Supplementary information is converted at a fixed rate of U.S. dollar 1.00 = SAR 3.75 for convenience only.

** Refer to "Non-IFRS measures reconciliations and definitions" for further details.

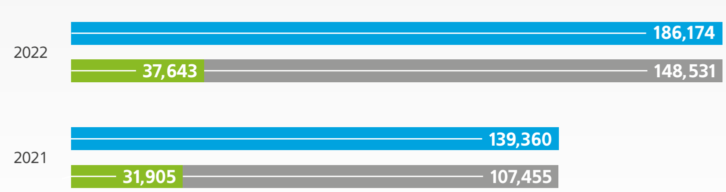
Cash flows

Net cash provided by operating activities was SAR 698,152 ($186,174) for the year ended December 31, 2022, compared to SAR 522,601 ($139,360) reported in 2021. The increase of SAR 175,551 ($46,814) mainly reflects higher earnings resulting from stronger crude oil prices and volumes sold, and improved refining margins. This was partially offset by an increase in cash paid for the settlement of income, zakat and other taxes.

Net cash used in investing activities was SAR 389,009 ($103,736) for the year ended December 31, 2022, compared to SAR 135,741 ($36,197) in 2021, an outflow of SAR 253,268 ($67,539). This was primarily due to an increase in short-term investments and higher upstream capital expenditures during the year.

Net cash used in financing activities was SAR 382,675 ($102,047) in 2022, compared with SAR 294,513 ($78,537) in 2021. The increase in financing-related cash outflows of SAR 88,162 ($23,510) primarily reflects higher repayment of borrowings largely attributable to the payment of deferred consideration related to the SABIC acquisition and the reduction in cash proceeds from borrowings. This was partially offset by cash received in connection with Aramco's gas pipeline transaction.

Cash flows
($ million)



Non-IFRS measures reconciliations and definitions

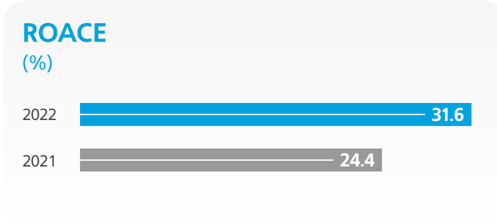
This Annual Report includes certain non-IFRS financial measures (ROACE, free cash flow, gearing and EBIT) that Aramco uses to make informed decisions about its financial position, operating performance or liquidity. These non-IFRS financial measures have been included in this Report to facilitate a better understanding of Aramco's historical trends of operation and financial position.

Aramco uses non-IFRS financial measures as supplementary information to its IFRS-based operating performance and financial position. The non-IFRS financial measures are not defined by, or presented in accordance with, IFRS. The non-IFRS financial measures are not measurements of Aramco's operating performance or liquidity under IFRS and should not be used instead of, or considered as alternatives to, any measures of performance or liquidity under IFRS. The non-IFRS financial measures relate to the reporting periods described in this Annual Report and are not intended to be predictive of future results. In addition, other companies, including those in Aramco's industry, may calculate similarly titled non-IFRS financial measures differently from Aramco. Because companies do not necessarily calculate these non-IFRS financial measures in the same manner, Aramco's presentation of such non-IFRS financial measures may not be comparable to other similarly titled non-IFRS financial measures used by other companies. As such, these measures should be read and interpreted in conjunction with the financial statements and other financial data included elsewhere in this Report.

Return on average capital employed (ROACE)

ROACE measures the efficiency of Aramco's utilization of capital. Aramco defines ROACE as net income before finance costs, net of income taxes and zakat, as a percentage of average capital employed, calculated on a 12-month rolling basis. Average capital employed is the average of total borrowings plus total equity at the beginning and end of the applicable period. Aramco utilizes ROACE to evaluate management's performance and demonstrate to its shareholders that capital has been used effectively.

ROACE for the year ended December 31, 2022, was 31.6%, compared to 24.4% in 2021. This increase was mainly attributable to higher earnings, primarily reflecting stronger crude oil prices and volumes sold, and improved refining margins. This was partially offset by higher average capital employed during the year due to an increase in total equity associated with higher earnings.



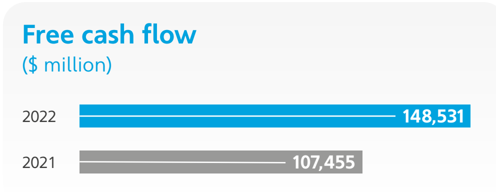
All amounts in millions unless otherwise stated	SAR Twelve months ended December 31 2022	SAR 2021	USD* Twelve months ended December 31 2022	USD* 2021
Net income	**604,005**	412,396	**161,068**	109,972
Finance costs, net of income taxes and zakat	**4,441**	6,029	**1,185**	1,608
Net income before finance costs, net of income taxes and zakat	**608,446**	418,425	**162,253**	111,580
As at period start:				
Non-current borrowings	**436,371**	436,920	**116,366**	116,512
Current borrowings	**74,550**	99,157	**19,880**	26,442
Total equity	**1,280,668**	1,101,094	**341,512**	293,625
Capital employed	**1,791,589**	1,637,171	**477,758**	436,579
As at period end:				
Non-current borrowings	**318,380**	436,371	**84,901**	116,366
Current borrowings	**74,764**	74,550	**19,937**	19,880
Total equity	**1,666,147**	1,280,668	**444,306**	341,512
Capital employed	**2,059,291**	1,791,589	**549,144**	477,758
Average capital employed	**1,925,440**	1,714,380	**513,451**	457,169
ROACE	**31.6%**	24.4%	**31.6%**	24.4%

* Supplementary information is converted at a fixed rate of U.S. dollar 1.00 = SAR 3.75 for convenience only.

Free cash flow

Aramco uses free cash flow to evaluate its cash available for financing activities, including dividend payments. Aramco defines free cash flow as net cash provided by operating activities less capital expenditures.

Free cash flow in 2022 was SAR 556,991 ($148,531), compared to SAR 402,956 ($107,455) in 2021, an increase of SAR 154,035 ($41,076), or 38.2%. This was predominantly due to higher operating cash flows, largely driven by stronger crude oil prices and volumes sold, and improved refining margins. This was partially offset by higher cash paid for the settlement of income, zakat and other taxes, and an increase in upstream capital expenditures.



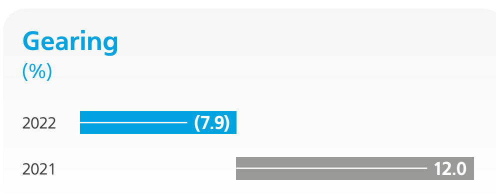
	SAR		USD*	
	Year ended December 31		Year ended December 31	
All amounts in millions unless otherwise stated	**2022**	2021	**2022**	2021
Net cash provided by operating activities	**698,152**	522,601	**186,174**	139,360
Capital expenditures	**(141,161)**	(119,645)	**(37,643)**	(31,905)
Free cash flow	**556,991**	402,956	**148,531**	107,455

* Supplementary information is converted at a fixed rate of U.S. dollar 1.00 = SAR 3.75 for convenience only.

Gearing

Gearing is a measure of the degree to which Aramco's operations are financed by debt and reflects available liquidity held in current and non-current investments and cash management instruments. Aramco defines gearing as the ratio of net (cash) / debt (total borrowings less cash and cash equivalents, short-term investments, investments in debt securities (current and non-current), and non-current cash investments) to total equity and net (cash) / debt. Management believes that gearing is widely used by analysts and investors in the oil and gas industry to indicate a company's financial health and flexibility.

Aramco's gearing ratio was (7.9)% as at December 31, 2022, compared to 12.0% as at December 31, 2021. The decrease in gearing reflects the impact of net cash position and higher total equity, predominantly driven by stronger earnings as a result of higher crude oil prices and volumes sold, and improved refining margins.



	SAR		USD*	
	As at December 31		As at December 31	
All amounts in millions unless otherwise stated	**2022**	2021	**2022**	2021
Total borrowings (current and non-current)	**393,144**	510,921	**104,838**	136,246
Cash and cash equivalents	**(226,047)**	(299,579)	**(60,279)**	(79,888)
Short-term investments	**(281,215)**	(27,073)	**(74,991)**	(7,219)
Investments in debt securities (current and non-current)[1]	**(8,565)**	(8,966)	**(2,282)**	(2,391)
Non-current cash investments	**–**	–	**–**	–
Net (cash) / debt	**(122,683)**	175,303	**(32,714)**	46,748
Total equity	**1,666,147**	1,280,668	**444,306**	341,512
Total equity and net (cash) / debt	**1,543,464**	1,455,971	**411,592**	388,260
Gearing[2]	**(7.9)%**	12.0%	**(7.9)%**	12.0%

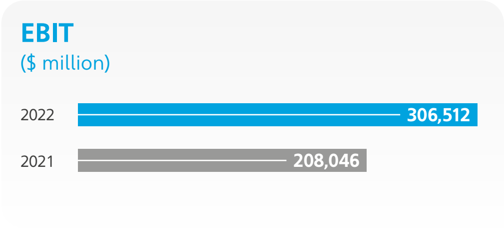
* Supplementary information is converted at a fixed rate of U.S. dollar 1.00 = SAR 3.75 for convenience only.

1. As at December 31, 2022, investments in debt securities (current and non-current) are comprised of SAR 906 ($240) and SAR 7,659 ($2,042) which form part of other assets and receivables under current assets, and investments in securities under non-current assets, respectively. As at December 31, 2021, the investments in debt securities (current and non-current) are comprised of SAR 1,515 ($404) and SAR 7,451 ($1,987) which form part of other assets and receivables under current assets, and investments in securities under non-current assets, respectively.
2. Comparative ratios have been amended to reflect Aramco's revised gearing definition. Aramco's gearing ratio based on its previously disclosed definition is 9.1% and 14.2% as at December 31, 2022, and December 31, 2021, respectively.

Earnings before interest, income taxes and zakat (EBIT)

Aramco defines EBIT as net income plus finance costs and income taxes and zakat, less finance income. Aramco believes EBIT provides useful information regarding its financial performance to analysts and investors.

EBIT for 2022 was SAR 1,149,419 ($306,512), compared to SAR 780,174 ($208,046) in 2021. This increase of SAR 369,245 ($98,466), or 47.3%, mainly represents the impact of stronger crude oil prices and volumes sold, and improved refining margins, partially offset by an increase in purchases and production royalties.



	SAR		USD*	
	Year ended December 31		Year ended December 31	
All amounts in millions unless otherwise stated	**2022**	2021	**2022**	2021
Net income	**604,005**	412,396	**161,068**	109,972
Finance income	**(12,425)**	(1,405)	**(3,313)**	(375)
Finance costs	**8,882**	12,058	**2,369**	3,215
Income taxes and zakat	**548,957**	357,125	**146,388**	95,234
Earnings before interest, income taxes and zakat	**1,149,419**	780,174	**306,512**	208,046

* Supplementary information is converted at a fixed rate of U.S. dollar 1.00 = SAR 3.75 for convenience only.

Upstream overview

Nasir K. Al-Naimi
Executive Vice President, Upstream

"Upstream's steadfast commitment and outstanding performance has resulted in a record-breaking year. By prioritizing safety, maintaining reliability and committing to expansion, Upstream demonstrated Aramco's role in stabilizing markets while reinforcing our crucial, long-term role in the orderly transition to a net-zero future."

The Upstream segment's activities consist of exploring for, developing and producing crude oil, condensate, natural gas and NGL. Aramco manages the Kingdom's unique reserves and resource base to optimize production and maximize long-term value pursuant to the Hydrocarbons Law, which mandates Aramco's hydrocarbon operations, promotes long-term productivity of the Kingdom's reservoirs and, supports the prudent stewardship of its hydrocarbon resources.

As set out in the Concession, Aramco has the exclusive right to explore, develop and produce the Kingdom's hydrocarbon resources, except in the Excluded Areas, for an initial period of 40 years, which will be extended by the Government for 20 years provided Aramco satisfies certain conditions commensurate with current operating practices. In addition, the Concession may be extended for an additional 40 years beyond the prior 60-year period subject to Aramco and the Government agreeing to the terms of the extension. The provision of a specified term in the Concession impacts the calculation of Aramco's reserves as compared to the Kingdom's reserves in the fields Aramco operates. The Concession also requires Aramco to meet domestic demand for certain hydrocarbons, petroleum products and LPG through domestic production or imports.

As at December 31, 2022, Aramco's reserves under the Concession agreement were 258.8 billion boe (2021: 253.6 billion boe), including 200.8 billion barrels (2021: 196.9 billion barrels) of crude oil and condensate, 25.2 billion barrels (2021: 25.2 billion barrels) of NGL, and 201.9 tscf (2021: 194.5 tscf) of natural gas.

The Government determines the Kingdom's maximum level of crude oil production in the exercise of its sovereign prerogative and requires Aramco to maintain Maximum Sustainable Capacity (MSC) in excess of its then current production in accordance with the Hydrocarbons Law. MSC was maintained at 12.0 mmbpd for the year ended December 31, 2022. In line with the Government's mandate for MSC to be increased to 13.0 mmbpd, Aramco is proceeding with plans to reach the mandated MSC by 2027. The spare capacity afforded by maintaining an MSC provides operational flexibility to increase its production. It also uses this spare capacity as an alternative supply option in case of unplanned production outages and to maintain its production levels.

Upstream competitive strengths

Unrivaled scale

Unrivaled scale of crude oil and condensate production, and conventional proved reserves.

Long reserves life

Long reserves life and proven track record of low-cost reserves replacement.

In 2022, Aramco maintained its position as one of the world's largest producers of crude oil and condensate with an average total daily hydrocarbon production of 13.6 mmboed (2021: 12.3 mmboed). For the year ended December 31, 2022, approximately 85% (2021: 84%) of the aggregate hydrocarbon production consisted of liquids, which generally command a higher margin.

In 2022, Aramco also maintained its position as one of the lowest-cost producers globally. The average upstream lifting cost was SAR 11.44 ($3.05) per boe produced (2021: SAR 11.40 ($3.04)), while upstream capital expenditures averaged SAR 20.3 ($5.4) (2021: SAR 18.4 ($4.9)) per boe produced. This competitive advantage is a result of the Company's robust fiscal discipline, its low depletion rate operational model, the unique nature of the Kingdom's geological formations, favorable onshore and shallow water offshore environments in which Aramco's reservoirs are located, synergies available from Aramco's use of its large infrastructure and logistics networks, and its scaled application of technology. Given the quality of most of Aramco's reservoirs and its operational model, it is possible to achieve high recovery factors while maintaining relatively low water cut levels for long periods of time.

Key events in 2022

Progressed with the Government's mandate for MSC to be increased from 12.0 mmbpd to 13.0 mmbpd by 2027.

Progressed with the development of the Jafurah unconventional gas field.

Maintained total hydrocarbon reserves under the Concession agreement at 258.8 billion boe.

Maintained low upstream carbon intensity of 10.3 kg of CO_2e/boe.

Maintained its low-cost position with average lifting cost and average capital expenditures of SAR 11.44 ($3.05) and SAR 20.3 ($5.4) per boe produced, respectively.

Outlook for 2023

Aramco will continue its investments in future growth projects, including the MSC expansion to 13.0 mmbpd as well as growing its gas production capacity, to meet future demand growth.

Active management

Unique ability to capture value through exclusive active management of the world's largest conventional hydrocarbons reserves base.

Multiple crude grades

Ability to produce multiple crude grades with access to global delivery points.

Low upstream carbon intensities

Crude oil extraction with one of the lowest average upstream carbon intensities in the industry.

Large upstream capital projects

Ability to execute some of the world's largest upstream capital projects.

Unique operational flexibility

Unique operational flexibility and opportunities to rapidly increase its crude oil production.

High-quality gas reserves

Extensive high-quality gas reserves with exclusive access to the Kingdom's large and growing domestic marketplace.

Low lifting cost

Low lifting cost and capital expenditures per barrel of oil equivalent produced.

Upstream hydrocarbon production

		Year ended December 31		
		2022	2021	**% change**
Total liquids[1]	mbpd	**11,540**	10,359	**11.4%**
Total gas[2]	mmscfd	**10,617**	10,136	**4.7%**
Total hydrocarbon production[3]	mboed	**13,617**	12,343	**10.3%**

1. Total liquids is comprised of crude oil, NGL and condensate.
2. Total gas includes natural gas and ethane.
3. Total hydrocarbon production (mboed) is derived from mmscfd (for natural gas and ethane) by dividing the relevant product production by 5.400 (in the case of natural gas) and 3.330 (in the case of ethane).

Upstream financial results

	SAR		USD*		
	Year ended December 31		Year ended December 31		
All amounts in millions unless otherwise stated	**2022**	2021	**2022**	2021	**% change**
Revenue and other income related to sales (including inter-segment revenue)	**1,573,405**	1,015,437	**419,575**	270,783	**54.9%**
Earnings before interest, income taxes and zakat	**1,092,425**	750,118	**291,313**	200,031	**45.6%**
Capital expenditures – cash basis	**109,789**	88,758	**29,277**	23,669	**23.7%**

* Supplementary information is converted at a fixed rate of U.S. dollar 1.00 = SAR 3.75 for convenience only.

Earnings before interest, income taxes and zakat (EBIT) for the year ended December 31, 2022, totaled SAR 1,092,425 ($291,313), compared to SAR 750,118 ($200,031) in 2021, an increase of SAR 342,307 ($91,282), or 45.6%. These outstanding results were mainly driven by growth in global energy demand resulting in stronger average realized crude oil prices and reinforced by higher crude oil volumes sold. Such increase in EBIT was partly offset by higher crude oil production royalties.

Capital expenditures in 2022 increased by 23.7%, compared to the year ended December 31, 2021, from SAR 88,758 ($23,669) to SAR 109,789 ($29,277). This increase reflects higher drilling and development activities related to increasing crude oil MSC, and gas projects.

Crude oil

Overview

Aramco actively manages its prolific reserves base to maximize long-term value while optimizing ultimate recovery from its fields. Because of the size, number, and spare capacity of its fields, the Company is able to maintain its level of overall production by tapping into new reservoirs when required to improve long-term value through portfolio capacity optimization. Diversification of supply sources for crude oil from fresh reservoirs has the benefit of allowing lower depletion rates from existing fields and deferring costs for additional wells and facilities to handle higher total fluid displacement rates at such fields.

Aramco's principal fields are located in close proximity to each other within the Central and Eastern Provinces of the Kingdom. Aramco believes that its portfolio includes the world's largest discovered conventional onshore oil field (Ghawar) and largest discovered conventional offshore oil field (Safaniyah). The crude oil, condensate, natural gas and NGL that Aramco produces from its fields travel through the extensive network of pipelines to multiple facilities for processing into refined and petrochemical products, or to domestic customers or export terminals. In particular, Aramco's East-West Pipeline is critical in linking oil production facilities in the Eastern Province with Yanbu' on the west coast, and providing flexibility to export from the east and west coasts of the Kingdom.

Aramco owns and operates the Abqaiq facility, which is its largest oil processing facility and the largest crude oil stabilization plant in the world. Aramco also operates four crude export terminals that contribute to its operational flexibility and supply reliability. In addition, Aramco has strategic international delivery points located in Rotterdam (the Netherlands), Sidi Kerir (Egypt), and Okinawa (Japan).

Aramco consistently produces five grades of Arabian crude oil: Arabian Super Light, Arabian Extra Light, Arabian Light, Arabian Medium, and Arabian Heavy. These crude grades and the wide range of blends that can be produced from them are compatible with most global refineries. In 2022, Arabian Super Light, Arabian Extra Light and Arabian Light accounted for approximately 68% (2021: 66%) of Aramco's total crude oil production and were classified as premium grades. In 2022, Aramco's Downstream business was the largest customer of the Upstream crude oil production, utilizing 44% (2021: 43%), while the remainder was sold to international and domestic third-party customers.

Performance and achievements

▲ **Aramco offshore wellhead, Arabian Gulf**

Upstream continues to invest in cutting-edge technologies and digital transformation programs. Aramco successfully deployed the Ghawar-1 supercomputer for reservoir simulation. The supercomputer is the second fastest in the MENA region after Aramco's Dammam-7. It is expected to increase the number of completed simulation runs, enabling the Company to exploit more opportunities from its existing resources.

The Manifa field development project was recognized as the Upstream Project of the Year at the 2022 Middle East Energy Awards. Aramco continues to show its leadership in both operational excellence and environmental protection through its careful development, management, and production of the Manifa field, which includes innovative solutions for protecting the fragile marine ecosystem.

Construction and engineering activities for the Marjan and Berri crude oil increments continue to progress, and are expected to add production capacity of 300 mbpd and 250 mbpd, respectively, by 2025.

Construction activities are continuing on the Dammam development project, which is expected to add 25 mbpd and 50 mbpd of crude oil by 2024 and 2027, respectively.

The Zuluf crude oil increment is in the engineering phase, and is expected to provide a central facility to process a total of 600 mbpd of crude oil from the Zuluf field by 2026. The facility will also be equipped to process associated gas, condensate, and produced water.

Gas and NGL

Overview

Aramco's nonassociated gas fields vary widely in reservoir properties, depths, pressures and compositions. In general, the southern area around the Ghawar field has rich gas at moderate depths and permeability, while the northern offshore fields (Karan, Arabiyah and Hasbah) have leaner gas in deeper reservoirs with high permeability. Additionally, Aramco's crude oil production provides a base load of associated gas, which is rich in liquids.

Aramco's primary natural gas processing and fractionation facilities are located in Ghawar and the northern and western areas of the Kingdom. The Company's facilities are strategically located near its fields to reduce transportation and pipeline compression costs, as well as the time required to deliver gas products to market. As at December 31, 2022, the total conventional and unconventional raw gas processing capacity was 18.3 bscfd (2021: 18.3 bscfd), which primarily feeds into the Master Gas System (MGS), an extensive network of pipelines that connects Aramco's key gas production and processing sites throughout the Kingdom.

Pursuant to the Concession, Aramco is the exclusive supplier of natural gas in the Kingdom. Aramco sells natural gas to power generation plants primarily pursuant to long-term contracts and to customers in the Kingdom's industrial sector. The supply of natural gas to domestic customers is regulated by the Law of Gas Supplies and Pricing (which is replaced by the Energy Supplies Law that became effective on March 7, 2023), and the prices paid by domestic customers are set by resolutions issued from time to time by the Council of Ministers. Aramco also exports a portion of its NGL production.

In 2022, Aramco's average gas production was approximately 10.6 bscfd (2021: 10.1 bscfd) including both natural gas and ethane. The Company also achieved a historic single-day production record of 11.3 bscfd of natural gas.

Aramco continued to progress a number of major gas projects within the Kingdom to meet growing domestic demand.

Performance and achievements

▲ **Hawiyah Gas Compression Plant, Saudi Arabia**

The compression projects at the Haradh and Hawiyah fields have commenced commissioning activities and are expected to achieve full capacity in 2023.

The Hawiyah Gas Plant expansion, part of the Haradh gas increment program, has started commissioning activities and is expected to be onstream in 2023.

Construction at the Hawiyah Unayzah Gas Reservoir Storage is at an advanced stage and has commenced injection activities. It is the first underground natural gas storage project in the Kingdom and will enable surplus natural gas to be injected into the reservoir during off-peak periods. The program is designed to provide up to 2.0 bscfd of natural gas for reintroduction into the Kingdom's MGS by 2024.

Construction continues at the Tanajib Gas Plant, part of the Marjan development program. Once completed, the project will add 2.6 bscfd of additional processing capacity from Marjan, Safaniyah and Zuluf fields. The project is expected to be onstream by 2025.

Aramco progressed with design and initial construction activities of the Jafurah Gas Plant, part of the development of the Jafurah unconventional gas field that is expected to expand gas production and is a key component of Aramco's unconventional gas program. The facility will be developed in two phases and is expected to have a raw gas processing capacity of 3.1 bscfd upon completion in 2027. The Jafurah field is expected to commence production in 2025 and will gradually increase natural gas deliveries to reach a sustainable rate of 2.0 bscfd by 2030, which is expected to provide feedstock for hydrogen and ammonia production and will help meet expected growing local energy demand.

Exploration

Overview

Through Aramco's exploration program, the Company continued its efforts to achieve the strategic objectives and associated targets of growing the Kingdom's oil and nonassociated gas initially in place endowments. Aramco has historically replaced reserves on an organic basis through revisions of reserve estimates at existing fields and through delineation and exploration to identify new fields. As a result, the Kingdom's estimated proved reserves at the largest oil fields operated by Aramco have increased since the time of original production. Aramco's exploration program is aligned with strategic value drivers to maximize profitability and lower future finding and development costs through exploring for high-value premium crude and accelerating infrastructure-led gas exploration and delineation programs.

Crude oil

The majority of Aramco's current crude oil exploration activities are focused in the Eastern Province, with smaller scale of exploration activities in known hydrocarbon-bearing basins in the Rub' al-Khali, Northwest, and Summan regions. Aramco places a strong emphasis on improving the operational performance of its drilling activities by applying innovative technologies and benchmarking of key metrics to identify trends and potential areas for enhancement. Aramco believes that its approach to drilling and development has led to high levels of well integrity.

Natural gas

Aramco's nonassociated gas exploration activities have yielded a number of major discoveries, with particular success in the Ghawar area and in deep reservoirs in the Arabian Gulf. Aramco has enjoyed high success rates in locating new reserves in known hydrocarbon-bearing basins adjacent to its existing fields and production infrastructure, allowing it to meet growing domestic demand at low cost, while also exploring in new basins with high potential. Aramco is looking to further expand its natural gas reserves through new field discoveries, new reservoir additions in existing fields, and the delineation and reassessment of existing reservoirs and fields.

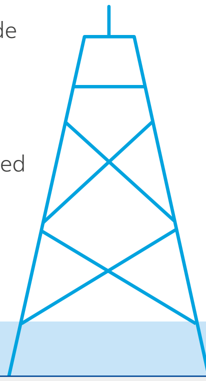
Unconventional resources

Aramco, through its unconventional resource program, is assessing several areas within the Kingdom for their potential to deliver gas and associated liquids to help meet future domestic energy needs. The unconventional resource program consists of exploration activities, pilots, producing wells and production facilities, with the objective of developing unconventional gas resources in support of the Kingdom's growing demand for gas, and to offset the use of crude oil for power generation.

Strategy in action

Upstream preeminence

Aramco plans to expand its gas business to provide feedstock for hydrogen and ammonia production, and help meet expected growing local energy demand.



Jafurah gas basin drilling commences

200 tscf
unconventional gas

Performance and achievements

▲ **Reservoir modeling, Dhahran, Saudi Arabia**

Aramco's exploration activities resulted in the discovery of two unconventional gas fields in the Kingdom's eastern region.

Downstream overview

Mohammed Y. Al Qahtani
Executive Vice President, Downstream

"Aramco's unwavering focus on operational excellence, reliability and safety paved the way for record-breaking Downstream profitability in 2022, capturing improved refining margins. Delivering on our Downstream transformation program, and the successful execution of strategic acquisitions, has further enhanced Aramco's position as a leader in the global downstream sector."

Aramco has a large and growing, strategically integrated global Downstream business. The Downstream segment's activities consist of refining and petrochemicals, base oils and lubricants, retail operations, distribution, supply and trading, and power generation. These activities support Aramco's Upstream and Downstream operations by enabling it to optimize crude oil sales and product placement through its significant infrastructure network of pipelines and terminals, and access to shipping and logistics resources.

The strategic integration of Aramco's Upstream and Downstream segments provides opportunities for Aramco to secure and de-risk liquids demand and capture incremental value from the hydrocarbon supply chain by selling to its dedicated system of domestic and international refineries and petrochemical plants. In addition, the integration of Aramco's refining and chemicals manufacturing assets provides an opportunity to capture additional value and continue to improve the balance of fuels and chemicals production. In 2022, the crude oil utilized by Aramco's downstream operations accounted for 44% (2021: 43%) of the Company's crude oil production.

Aramco's downstream investments diversify its revenue and integrate its oil and gas operations to optimize value across the hydrocarbon chain, supporting crude oil and gas demand and facilitating the placement of its crude oil. Aramco's net refining capacity was 4.1 mmbpd at December 31, 2022, (2021: 4.0 mmbpd), while the gross refining capacity at December 31, 2022 was 7.1 mmbpd (2021: 6.8 mmbpd).

Aramco also has an integrated petrochemicals business within its Downstream segment, which captures additional incremental value. Aramco's chemicals business spans production of basic chemicals, such as aromatics, olefins and polyolefins, to more complex products, such as polyols, isocyanates, and synthetic rubber.

In June 2020, SABIC, a globally diversified chemicals company with manufacturing in the Americas, Europe, Middle East, and Asia Pacific, became an integral member of the Aramco group. Aramco's majority interest in SABIC increases the proportion of petrochemicals production in Aramco's Downstream portfolio and supports its downstream growth ambitions. The chemicals business continues to grow through capacity expansions and new investments, and operates in over 50 countries with a net chemicals production capacity[1] of 56.3 million tons per year as at December 31, 2022, (2021: 54.2 million tons per year).

Downstream competitive strengths

Captive downstream system

Ability to monetize upstream production into a high-quality external customer base and through a captive downstream system.

Reliable supplier

Strong track record of supply reliability.

1. Excludes SABIC Agri-Nutrients and Metals (Hadeed) businesses.

The Downstream segment began to implement a transformation program in 2021, seeking to realize incremental value from its portfolio through yield enhancements, stream integration and cost reductions. In support of this effort, a new Downstream operating model has been implemented, creating a more agile business. The ongoing transformation program has delivered estimated incremental EBIT of over SAR 7.5 billion ($2.0 billion) in 2022.

Key events in 2022

Successfully completed three landmark transactions with Polish refiner and fuel retailer PKN ORLEN, to grow its integrated refining and petrochemicals capacity.

Announced a partnership with the Aston Martin Cognizant Formula One™ Team to harness the shared commitment to engineering excellence and innovation.

Announced its final investment decision to participate in the development of a major integrated refinery and petrochemical complex in northeast China.

Signed an equity purchase agreement to acquire Valvoline Inc.'s global products business (Valvoline Global Products) for SAR 9.9 billion ($2.65 billion) that closed in March 2023.

SASREF and SABIC Agri-Nutrients received the world's first independent certifications for production of blue ammonia and hydrogen.

Aramco, in collaboration with SABIC Agri-Nutrients, has completed the world's first commercial shipment of certified blue ammonia to South Korea.

Aramco and SATORP obtained the International Sustainability & Carbon Certification Plus (ISCC+) credential for their joint waste plastic recycling initiative.

Saudi Aramco Base Oil Company, known as Luberef and a non-wholly-owned subsidiary of Aramco, listed its shares on the Saudi Exchange.

The Power and Water Utility Company for Jubail and Yanbu, known as Marafiq and an associate of Aramco, listed its shares on the Saudi Exchange.

Aramco and its affiliate, S-OIL, made a final investment decision to develop one of the world's largest refinery-integrated petrochemical steam crackers.

Aramco and TotalEnergies made a final investment decision for the construction of a large petrochemical complex in Saudi Arabia.

Maintained Aramco's strong reputation for dependable operations with 99.9%[1] reliability.

1. Applies to Saudi Arabian Oil Company (the Company).

Outlook for 2023

Aramco's Downstream segment will continue to integrate across the value chain with investments throughout its operations as it seeks to create additional value while diversifying the portfolio and mitigating the volatility of earnings.

To continue creating value, the Downstream segment aims to increase refining capacity, grow liquids-to-chemicals production, expand trading activities, and leverage the Downstream transformation program to further enhance its earning potential.

Major integrated refiner

Major integrated refiner with a global network of reliable assets in key regional markets and hubs.

Large global refining & petrochemical portfolio

Scale advantage with one of the largest refining and petrochemicals portfolios globally.

World-class partners

World-class partners that provide access to additional geographies, technological expertise, operational know-how, and marketing capabilities.

Integrated trading

Integrated trading activities enable it to optimize the supply of its products to maximize returns.

Large downstream capital projects

Ability to execute some of the world's largest downstream capital projects.

Downstream financial results

	SAR		USD*		
	Year ended December 31		Year ended December 31		
All amounts in millions unless otherwise stated	**2022**	2021	**2022**	2021	**% change**
Revenue and other income related to sales (including inter-segment revenue)	**1,199,714**	823,028	**319,924**	219,474	**45.8%**
Earnings before interest, income taxes and zakat	**79,292**	62,190	**21,145**	16,584	**27.5%**
Capital expenditures – cash basis	**29,541**	28,724	**7,878**	7,660	**2.8%**

* Supplementary information is converted at a fixed rate of U.S. dollar 1.00 = SAR 3.75 for convenience only.

Earnings before interest, income taxes and zakat (EBIT) for the year ended December 31, 2022, was SAR 79,292 ($21,145), compared to SAR 62,190 ($16,584) in 2021. These robust earnings reflect higher trading and improved refining margins, partially offset by lower chemicals margins.

Capital expenditures for 2022 were SAR 29,541 ($7,878), in line with expenditures of SAR 28,724 ($7,660) in 2021.

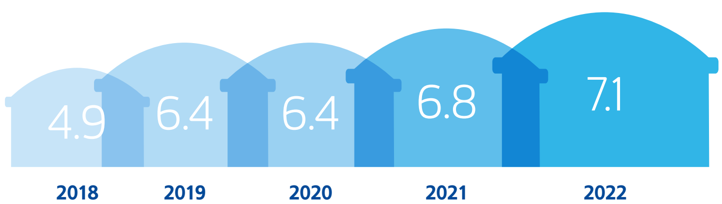
Refining

Strategy in action

Downstream integration

Expanding placement of Aramco's crude oil in its downstream operations allows it to capture additional value, expand its sources of earnings, and provide resiliency to oil price volatility.

Gross refining capacity (mmbpd)



Overview

Aramco operates one of the world's largest refining businesses, with gross refining capacity of 7.1 mmbpd as at December 31, 2022, (December 31, 2021: 6.8 mmbpd), and net refining capacity of 4.1 mmbpd (December 31, 2021: 4.0 mmbpd). Aramco's refining operations are conducted in the Kingdom and internationally through wholly-owned and affiliated refineries. The refining operations allow Aramco to transform its crude oil and NGL into refined products for sale within the Kingdom and internationally.

Specifically, Aramco designs and configures its refining system to optimize production using the crude oil it produces. This helps reduce supply chain cost and improves efficiency in refining operations, and therefore the supply of refined products to its downstream customers.

Domestic refining

Aramco's in-Kingdom refineries, both wholly-owned and affiliated, receive their crude oil supply from Aramco's upstream production. These refineries accounted for 63% of Aramco's net refining capacity in 2022 (December 31, 2021: 64%). Together with the local distribution system, this provides Aramco unique access to the large domestic marketplace to which it is the sole supplier.

In 2022, Aramco placed 26% (2021: 27%) of its crude oil production to in-Kingdom wholly-owned and affiliated refineries. Aramco's equity share of refined products and the refined products produced through its wholly-owned refineries located within the Kingdom are primarily distributed wholesale to domestic fuel retailers and industrial customers through Aramco's pipelines, distribution and terminals system.

Aramco has five wholly-owned and four domestic affiliated refineries in the Kingdom, which help to meet domestic refined product demand. Through long-term supply agreements with these ventures, Aramco has the right to supply all crude processed at these refineries.

Refining continued

International refining

In addition to increasing its in-Kingdom refining capability, Aramco seeks to expand its strategically integrated Downstream business in high-growth economies such as China, India, and Southeast Asia, while maintaining its current participation in material demand centers, such as the United States and Europe, and countries that rely on importing crude oil, such as Japan and South Korea.

Aramco has invested in two refining and petrochemical joint ventures with PETRONAS, collectively known as PRefChem. These assets are located in Johor, Malaysia, adjacent to Singapore, Asia's refined products trading hub. Aramco will provide a significant proportion of PRefChem's crude supply under a long-term supply agreement. Aramco believes this presents an expansion opportunity in Southeast Asia and opens up new markets for its crude oil production.

In 2022, Aramco's weighted average ownership percentage in its international refineries was 41% (2021: 41%), but it supplied an average of 56% (2021: 54%) of the crude oil used by those refineries. This crude placement provides significant benefits to Aramco's operations, including a secure and reliable supply of high-quality crude oil, which helps to ensure a secure and reliable supply of refined products to its downstream customers.

The net refining capacity of Aramco's international wholly-owned and affiliated refineries was 1.5 mmbpd (2021: 1.5 mmbpd). Product sales by Aramco's international ventures are facilitated through multiple distribution channels, including systems owned by the respective affiliates through a network of approximately 17,000 branded service stations.

Performance and achievements

▲ **Gdańsk Refinery, Poland**

Aramco completed three landmark transactions with Polish refiner and fuel retailer PKN ORLEN to expand Aramco's presence in the European downstream sector and increase its crude exports to Poland through investments in Poland's refining, wholesale, and jet fuel marketing segments for total consideration of SAR 1.8 billion ($0.5 billion). Aramco has acquired equity stakes of 30% in a 210 mbpd refinery, 100% in an associated wholesale business, and 50% in a jet fuel marketing joint venture.

Aramco announced its final investment decision to participate in the development of a major integrated refinery and petrochemical complex in northeast China. The Huajin Aramco Petrochemical Company (HAPCO) joint venture, comprised of Aramco, North Huajin Chemical Industries Group Corporation, and Panjin Xincheng Industrial Group, will develop a liquids-to-chemicals complex including a 300 mbpd refinery and petrochemical units. This presents an opportunity for Aramco to supply up to 210 mbpd of crude oil feedstock to the complex. The transaction is subject to finalization of transaction documentation, regulatory approvals, and closing conditions.

Aramco's Malaysia-based investment in refining and petrochemical joint ventures with PETRONAS, collectively known as PRefChem, has successfully restarted operations in May 2022, and is ramping up gradually with a continued focus on safety and sustainability. Aramco's investment in PRefChem provides an expansion opportunity in an important high-growth market and offers new geographies for placing its crude oil production.

Chemicals

Overview

Aramco's chemicals business represents an extension of the hydrocarbon value chain and strategically complements its refining operations. Aramco's chemicals business, including its interest in SABIC, operates in over 50 countries and produces a range of chemicals. Aramco's growing operations in chemicals include participation in high-growth chemicals markets with demand from industries such as packaging, automotive, and appliances.

Following the acquisition of SABIC, Aramco is a major global producer of petrochemicals with manufacturing in the Americas, Europe, Middle East, and Asia Pacific. The acquisition also expands Aramco's capabilities in procurement, manufacturing, marketing and sales. SABIC is an industry leader in multiple chemical segments, and produces a wide range of products, including olefins, methanol, MTBE, aromatics, glycols, linear alpha olefins, polyethylene, polypropylene, polyethylene terephthalate, polyvinyl chloride, polystyrene, polycarbonate, and engineering thermoplastics and their blends.

Since the acquisition of SABIC, Aramco has sought to achieve synergies in procurement, supply chain, marketing, feedstock optimization, stream integration, operations, and maintenance. Aramco estimates that it has generated incremental EBITDA synergies of approximately SAR 8.1 billion ($2.15 billion) and is targeting the capture of approximately SAR 11.3 billion to SAR 15.0 billion ($3.0 billion to 4.0 billion) in annual recurring EBITDA synergies by 2025.

Aramco also conducts petrochemical manufacturing through affiliates located in the Kingdom, China, Japan, South Korea, Malaysia, the United States, and the Netherlands, with other key industry players, including Dow (Sadara), Sumitomo (Petro Rabigh), TotalEnergies (SATORP), PETRONAS (PRefChem), and Sinopec (YASREF and FREP). Through these affiliates and joint ventures, Aramco produces a wide range of commodity and differentiated petrochemicals.

Aramco's chemicals business continues to grow through capacity expansion and new investments. Including SABIC, Aramco had a net chemicals production capacity[1] of 56.3 million tons per year as at December 31, 2022, (2021: 54.2 million tons per year).

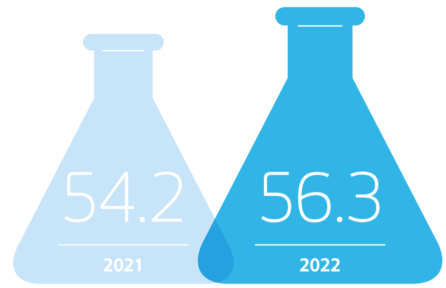
1. Excludes SABIC Agri-Nutrients and Metals (Hadeed) businesses.

Strategy in action

Downstream integration

Changing patterns of demand, including forecasted growth in chemicals, is driving Aramco's decision to favor investments in facilities with high liquids-to-chemicals conversion rates.

Net chemicals production capacity[1] (million tons per year)



Performance and achievements

Marking yet another significant step in SABIC establishing itself as the primary chemicals arm and an integral member of the Aramco group, Aramco completed the transfer of its PRefChem polymers and mono-ethylene glycol offtake rights to SABIC.

Aramco and SATORP have obtained the ISCC+ credential for their joint waste plastic recycling initiative. The two entities join SABIC in holding this certification, a global standard for recycled and bio-based materials. The initiative aims to establish the first petrochemical circular value chain in the Kingdom to produce polymers from plastic waste, reducing the impact of single-use plastic on the environment.

SASREF and SABIC Agri-Nutrients received the world's first independent certifications for production of blue ammonia and hydrogen. The certifications, granted by a leading independent agency, verify that a significant amount of the CO_2 associated with the manufacturing process of blue ammonia and hydrogen has been captured and utilized in downstream applications instead of emitted. Aramco, in collaboration with SABIC Agri-Nutrients, has completed the world's first commercial shipment of certified blue ammonia to South Korea.

Aramco and TotalEnergies have made a final investment decision for the construction of a large petrochemical complex in Saudi Arabia. The complex, known as Amiral, will be owned, operated, and integrated with the existing SATORP refinery located in Jubail, Saudi Arabia. The petrochemical complex will enable SATORP to help advance Aramco's liquids-to-chemicals strategy. The investment decision is subject to customary closing conditions and approvals.

Aramco and its affiliate, S-OIL, have made a final investment decision to develop one of the world's largest refinery-integrated petrochemical steam crackers in line with the Company's strategy to maximize the crude-to-chemicals value chain. The SAR 26.3 billion ($7.0 billion) Shaheen project will be located at S-OIL's existing site in Ulsan, South Korea, with a planned capacity to produce up to 3.2 million tons of petrochemicals annually.

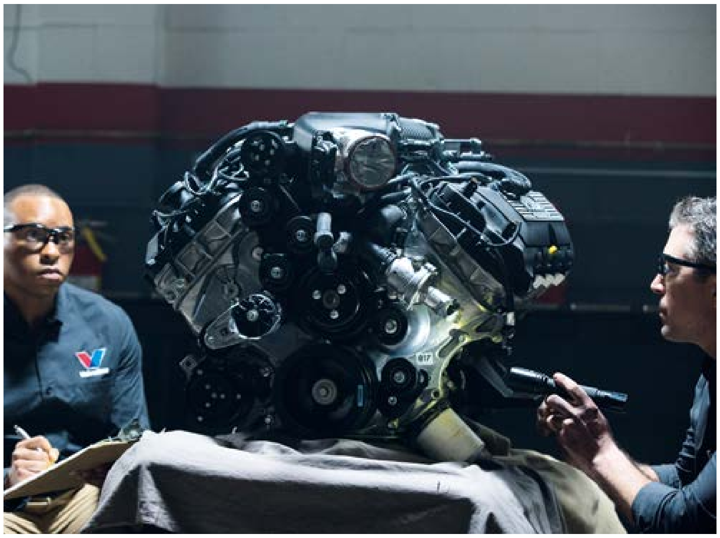
Base oils and lubricants

Overview

In keeping with Aramco's strategy to capture incremental value across the hydrocarbon chain, Aramco's growing presence in the Kingdom's domestic lubricants market offers consumers a new line of lubricant products. These products are engineered to the highest of standards that meet the latest lubricant specifications required by original equipment manufacturers.

Aramco's three major producers and marketers of base oils, Luberef, Motiva and S-OIL, continue to deliver high-quality and technically differentiated products to its global customer base. Aramco markets its base oil products using the official Aramco brands: aramcoDURA® (Group I), aramcoPRIMA® (Group II), and aramcoULTRA® (Group III).

Performance and achievements



Valvoline research and development, United States

Aramco signed an equity purchase agreement to acquire Valvoline Inc.'s global products business (Valvoline Global Products) for SAR 9.9 billion ($2.65 billion). This strategic acquisition is expected to complement Aramco's line of premium-branded lubricant products, optimize its global base oils production capabilities, and expand Aramco's own R&D activities and partnerships with original equipment manufacturers. The transaction closed in March 2023.

In December 2022, Saudi Aramco Base Oil Company, known as Luberef and a non-wholly-owned subsidiary, successfully executed its IPO of 29.7% of its shares and the listing of its shares on the Saudi Exchange. Luberef is among the largest base oil producers in the Kingdom, and Aramco continues to own 70.0% of Luberef following the IPO.

Aramco announced a partnership with the Aston Martin Cognizant Formula One™ Team to harness the shared commitment to engineering excellence and innovation. Through the partnership, Aramco aims to drive development of high performance more sustainable fuels and advanced lubricants, grow awareness of its high-quality products, and support its ambition to supply premium fuels and lubricants to the global automotive sector.

In 2022, Aramco sold 4.6 million tons (2021: 4.5 million tons) of base oils, maintaining its position as one of the leading marketers of base oils globally.

Retail operations

Overview

Aramco has developed a retail strategy that focuses on establishing its own brand presence in the Kingdom as part of its long-term goal to be a primary global retail player. This includes offering consumers a new line of automotive services, coupled with branded finished lubricant products, as part of its commitment to diversify its Downstream portfolio.

Performance and achievements

▲ **Khobar, Saudi Arabia**

Aramco and TotalEnergies continue to grow their joint network of retail service stations throughout the Kingdom. This follows the signing of a joint venture agreement between Aramco and TotalEnergies in 2019, with plans to significantly upgrade a network of more than 200 service stations and expand the range of quality retail services available across the Kingdom. This network will comprise Aramco and TotalEnergies-branded stations, providing motorists with premium fuels and retail services.

Aramco has continued to grow its fuel retail presence through its affiliates, with approximately 17,000 service stations worldwide with more than 5,200 located in the United States, more than 5,300 in China and South Korea, more than 6,100 in Japan, and more than 200 in Saudi Arabia.

Pipelines, distributions and terminals

Overview

Aramco's Kingdom-wide distribution network includes pipelines, bulk plants, air refueling sites, and terminals that deliver crude oil, NGL, natural gas, and refined products. The pipelines and bulk plants network, and the terminals on the east and west coast, enable the transportation of hydrocarbons for export and for delivery to customers across the Kingdom. Further, Aramco's East-West Pipeline links oil production facilities in the Eastern Province with Yanbu' on the west coast, providing flexibility to export from the east and west coasts of the Kingdom.

Aramco's MGS, an extensive network of pipelines that connects its key gas production and processing sites with customers throughout the Kingdom, is currently undergoing an expansion. The system's current capacity is 9.6 bscfd of natural gas and supplies eastern, central, and western industrial complexes. The MGS Expansion Phase II will increase overall gas supply capacity from 9.6 bscfd to 12.5 bscfd to accommodate the increase in the Kingdom's natural gas demand, including expansion of the East-West MGS to ultimately deliver 5.2 bscfd to the central and western regions to support future utility and industrial development.

In addition, Aramco has a 15% equity interest in the Arab Petroleum Pipeline Company (Sumed Company), a joint venture which operates the Sumed pipeline. The pipeline runs from the Red Sea to the Mediterranean Sea through Egypt and provides an alternative to the Suez Canal.

Performance and achievements

▲ **Yanbu South Terminal, Saudi Arabia**

In February 2022, the Company completed a SAR 58.1 billion ($15.5 billion) energy infrastructure deal with a consortium of investors led by BlackRock Real Assets and Hassana Investment Company to sell a 49% interest in a newly formed subsidiary, Aramco Gas Pipelines Company (AGPC). Aramco will continue to retain full legal ownership and operational control of its gas pipelines network, and the transaction does not impose any restrictions on Aramco's gas production volumes. This transaction represents significant progress in Aramco's asset optimization program, unlocks additional value from its diverse asset base, and underscores Aramco's commitment to long-term value creation.

In 2022, the operational resilience of the Company's infrastructure was demonstrated with hydrocarbons continuing to be delivered to customers safely and on time. The well-established emergency response systems and contingency plans aim to prepare the Company to respond effectively to potential incidents.

Supply and trading

Overview

Aramco manages crude oil sales operations, along with a large and growing portfolio of refining and chemicals facilities in Asia, Europe, and North America. As part of its strategy to unlock additional value, Aramco is expanding its crude oil, refined products and chemicals trading to significantly grow total traded volumes over the next few years.

Aramco is pursuing a globally integrated business model to capture additional value through greater market access and coverage as it seeks to grow its worldwide trading activities.

Aramco's trading activities are conducted primarily through Aramco Trading Company (ATC) and its subsidiaries. In addition to its expanding trading activities in crude oil, refined products and chemicals, Aramco sees the potential to grow its trading activities and has progressed a number of initiatives to offer products with a lower-carbon footprint including the trading of biofuels. In 2022, ATC concluded its first biofuel transaction after obtaining the ISCC certification to trade products with a lower-carbon footprint.

Aramco is well positioned to use its production and distribution network to optimize its supply and trading capabilities. By optimizing the production, refining and distribution processes and integrating them with its trading business, Aramco seeks to ensure that customers receive reliable service and consistent products. In addition, there is the potential to optimize product flows on a domestic and international basis across regional and global supply chains to maximize value.

These operations support Aramco's upstream and downstream activities by enabling it to optimize crude oil sales and product placement through its significant infrastructure network of pipelines and terminals, and access to shipping and logistics resources. Aramco also maintains flexibility to respond to fluctuations in demand through its five crude grades and MSC.

Strategy in action

Downstream integration

Aramco seeks to maintain its position as one of the world's most reliable crude oil suppliers.

Reliability

2019	2020	2021	2022
99.2%	99.9%	99.9%	99.9%

Performance and achievements

Aramco advanced its strategy to expand and integrate its global trading operations by agreeing to an internal reorganization of its U.S. trading business, which closed on January 3, 2023. ATC, through its subsidiaries, acquired Motiva's U.S. trading business, which provides ATC with the platform to supply Motiva with crude oil and feedstocks and to offtake and trade refined products and chemicals generated by Motiva. The acquisition will provide ATC with access to incremental volumes and markets that are expected to strengthen its trading capabilities.

In 2022, Aramco traded an average of 6.7 mmbpd (2021: 5.7 mmbpd) of crude oil and refined petroleum products, and 2.7 million tons of liquid chemical products (2021: 2.4 million tons). In 2022, Aramco's total crude oil exports averaged 7.1 mmbpd (2021: 6.3 mmbpd).

The Company continued to demonstrate its strong operational flexibility and supply reliability by delivering crude and other products in a timely manner with 99.9% reliability in 2022 (2021: 99.9%).

Power

Overview

As at December 31, 2022, Aramco's power operations comprised 17 captive power plants (2021: 17) and associated transmission and distribution assets located across the Kingdom. These assets are primarily designed to provide electricity and steam to Aramco's oil and gas production facilities, gas processing plants and wholly-owned refineries in a safe, reliable and efficient manner. Some of these power assets are wholly-owned while others are owned by joint ventures in which Aramco has an ownership interest. Aramco also enters into offtake arrangements with independent power producers.

In addition, Aramco currently owns a 6.9% stake in the Saudi Electricity Company (SEC), the Kingdom's national electricity utility company, and an effective 29.8% (2021: 42.2%) stake in Marafiq, a domestic utility company that serves the industrial areas of Jubail and Yanbu'.

The Company also remains committed to the global energy transition and views renewable energy as a complement to its own energy products, supported by vast solar and wind resources in-Kingdom.

Performance and achievements

▲ **Abqaiq Plants, Saudi Arabia**

In 2022, Aramco generated 4.8 GW (2021: 5.2 GW) of power, of which 3.5 GW (2021: 3.3 GW) were used to meet internal demand, and 1.3 GW (2021: 1.3 GW) of spill power was transferred to the national grid. In 2021, the Fadhili Power Plant joint venture supplied 0.6 GW to SEC.

In November 2022, The Power and Water Utility Company for Jubail and Yanbu (Marafiq), an associate of Aramco, successfully executed its IPO of 29.2% of its shares and the listing of its shares on the Saudi Exchange. The IPO was comprised of shares offered by the majority shareholders of Marafiq, including Saudi Aramco Power Company and SABIC, in proportion to their shareholding. Following completion of the IPO, the effective equity ownership of Aramco's subsidiaries in Marafiq was reduced from 42.2% to 29.8%.

Corporate overview

Aramco's corporate activities primarily support the activities of its Upstream and Downstream segments, as well as the overall business. The corporate activities include technical services that are essential to the success of Aramco's core business, as well as human resources, finance, legal, corporate affairs, and information technology.

Aramco's integrated corporate development organization is mandated to maximize value creation by efficiently executing portfolio optimization and growth opportunities in line with corporate strategies. This would enable the Company to unlock the value of its assets and redeploy capital toward opportunities with growth prospects and attractive returns.

Performance and achievements

As part of its portfolio optimization efforts, in February 2022 the Company completed a SAR 58.1 billion ($15.5 billion) energy infrastructure deal with a consortium of investors led by BlackRock Real Assets and Hassana Investment Company to sell a 49% interest in a newly formed subsidiary, Aramco Gas Pipelines Company (AGPC). As part of the transaction, AGPC leased usage rights in Aramco's gas pipelines network and leased them back to Aramco for a 20-year period. In return, AGPC will receive a tariff payable by Aramco for specified gas products that flow through the pipelines network. Aramco will continue to retain full legal ownership and operational control of its gas pipelines network and the transaction does not impose any restrictions on Aramco's gas production volumes.

Ensuring optionality through diversified funding sources is an important component of Aramco's financial strategy. As part of Aramco's focus on optimizing funding costs, in April 2022 Aramco signed a five-year agreement for SAR 37.5 billion ($10.0 billion) of certain revolving credit facilities.

These transactions demonstrate investor confidence in Aramco's long-term outlook, while reinforcing Aramco's role as a catalyst for attracting significant foreign institutional investors into the Kingdom.

Aramco's corporate development activities also seek to build a world-class local supply chain to serve the needs of the Company and its partners. Under Aramco's National Champions program, which encompasses a set of unique initiatives to drive in-Kingdom business development, the Company seeks to facilitate the creation of a diverse, sustainable, and globally competitive in-Kingdom energy sector. This includes the iktva, Namaat, and Taleed initiatives, which together support in-Kingdom economic growth, innovation, job creation, and small- and medium-enterprise (SME) development.

In 2022, Aramco entered into over 90 agreements under iktva with an estimated value of SAR 64.9 billion ($17.3 billion) to build long-term collaborative relationships with strategic local suppliers. In January 2023, Aramco signed over 100 agreements and Memoranda of Understanding (MoU) to help advance a diverse, sustainable, and globally competitive industrial ecosystem.

Additionally, the Company launched the Taleed program in October 2022, which strives to accelerate SME growth across multiple sectors. Thirty MoUs have been signed with leading public and private partners to enable development of the SME ecosystem.

▶ **Procurement & Supply Chain Control Tower, Dhahran, Saudi Arabia**

Corporate financial results

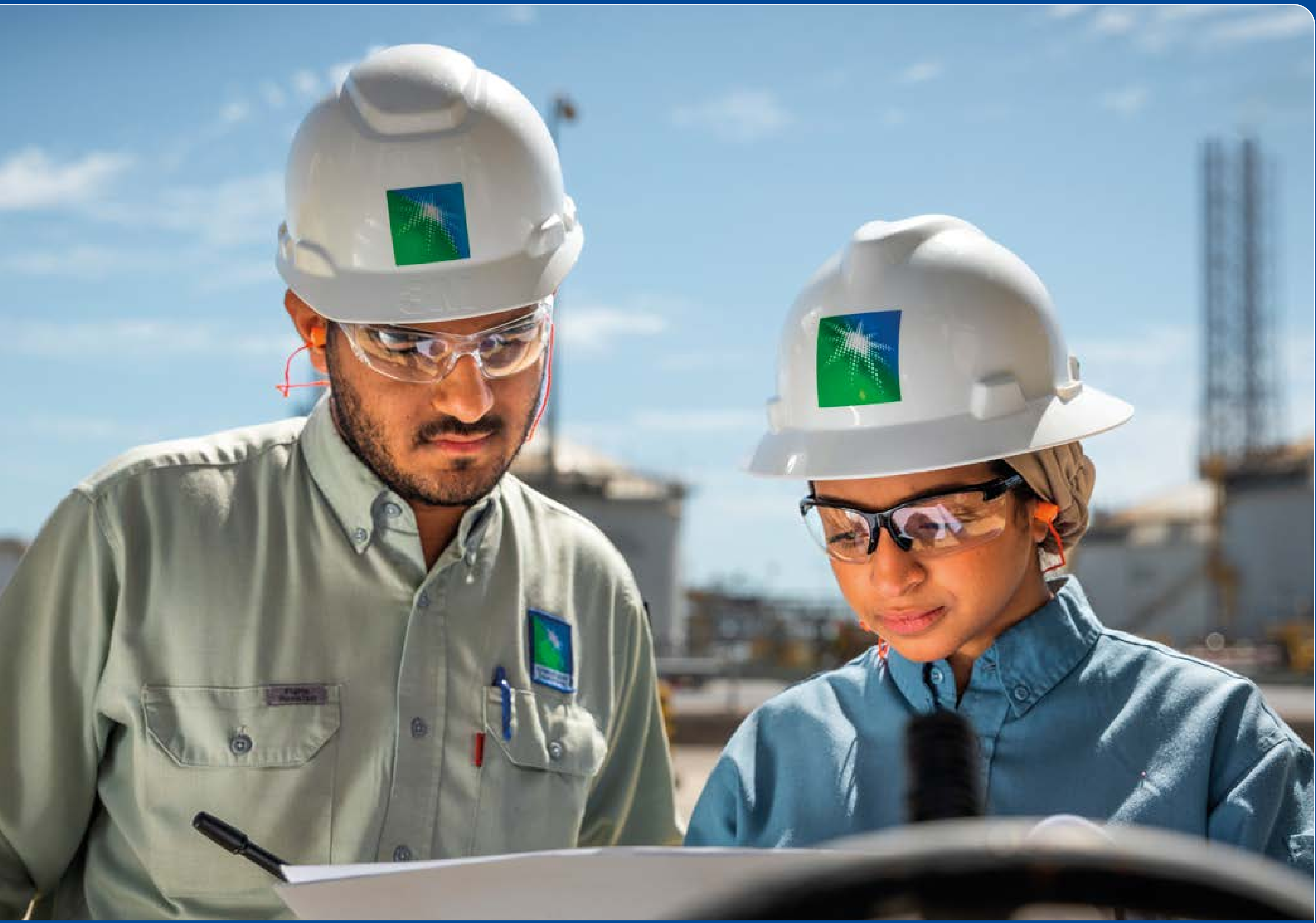
All amounts in millions unless otherwise stated	SAR Year ended December 31		USD* Year ended December 31		
	2022	2021	**2022**	2021	**% change**
Earnings (losses) before interest, income taxes and zakat	**(19,667)**	(13,533)	**(5,245)**	(3,609)	**45.3%**
Capital expenditures – cash basis	**1,831**	2,163	**488**	577	**(15.3)%**

* Supplementary information is converted at a fixed rate of U.S. dollar 1.00 = SAR 3.75 for convenience only.

Earnings (losses) before interest, income taxes and zakat (EBIT) are principally driven by the cost of the corporate organization, the affiliates recognized under the corporate segment, and the corporate outreach and citizenship activities. The increase in losses in 2022 was mainly attributable to the unfavorable impact of higher discount rates on employee home loans, and loss on investments in equity securities.

Corporate capital expenditures decreased during the year due to completion of certain community development projects and lower expenditures related to various industrial support projects.

3. Sustainability



▲ Ras Tanura Refinery,
Saudi Arabia

Net-zero ambition

In 2021, Aramco announced its ambition to achieve net-zero Scope 1 and Scope 2 greenhouse gas emissions across wholly-owned operated assets by 2050.

In support of this ambition, Aramco has set interim targets to reduce or mitigate net Scope 1 and Scope 2 GHG emissions from the Company and its operationally controlled entities by 52 mmtCO_2e compared to 2035 business as usual forecast emissions.

aramco

Commitment to act responsibly

Sustainability is embedded within the Aramco strategy. The long-term sustainability of the business will be driven by the Company's ability to leverage its competitive position while reducing its emissions. Acting responsibly across all aspects of its business will enable Aramco to successfully navigate and benefit from a lower emissions future.

Sustainability governance

Aramco's Board of Directors oversee sustainability efforts through the Sustainability, Risk and Health, Safety and Environment (HSE) Committee. The Committee reviews and provides oversight on sustainability, risk and HSE policies and practices to ensure they are discussed, understood, owned, and promoted at the Board level. The Committee receives quarterly updates from management regarding the Company's performance across a range of sustainability key performance indicators (KPIs), and provides oversight with respect to strategy, goals, and important areas of focus. The Sustainability, Risk and HSE Committee reports its findings to the Board.

At a management level, the Company's Sustainability Steering Committee (SSC) aligns all sustainability-related activities under the guidance and oversight of a single body. The SSC is comprised of Aramco Senior Vice Presidents representing business lines and administrative areas, and is led by the Executive Vice President of Strategy and Corporate Development. The SSC reports to both the Strategy Council and Management Committee, and is responsible for identifying sustainability issues and their impact on long-term value creation for the business and stakeholders. See Section 4: Risk for more information on Aramco's risk management framework, and Section 5: Corporate governance for the Sustainability, Risk and HSE Committee Report.

Four areas of focus

Aramco has identified the following four sustainability focus areas to oversee its sustainability performance:

- Climate change and the energy transition;
- Safe operations and people development;
- Minimizing environmental impact; and
- Growing societal value.

Aramco takes both a strategic and operational approach as it seeks to address these significant areas, and has identified KPIs for each focus area. A high-level overview of the 2022 sustainability performance is provided in this section. Aramco will elaborate on its overall sustainability performance and plans in its upcoming 2022 Sustainability Report.

Four areas of focus

Climate change and the energy transition

See page 62

Safe operations and people development

See page 64

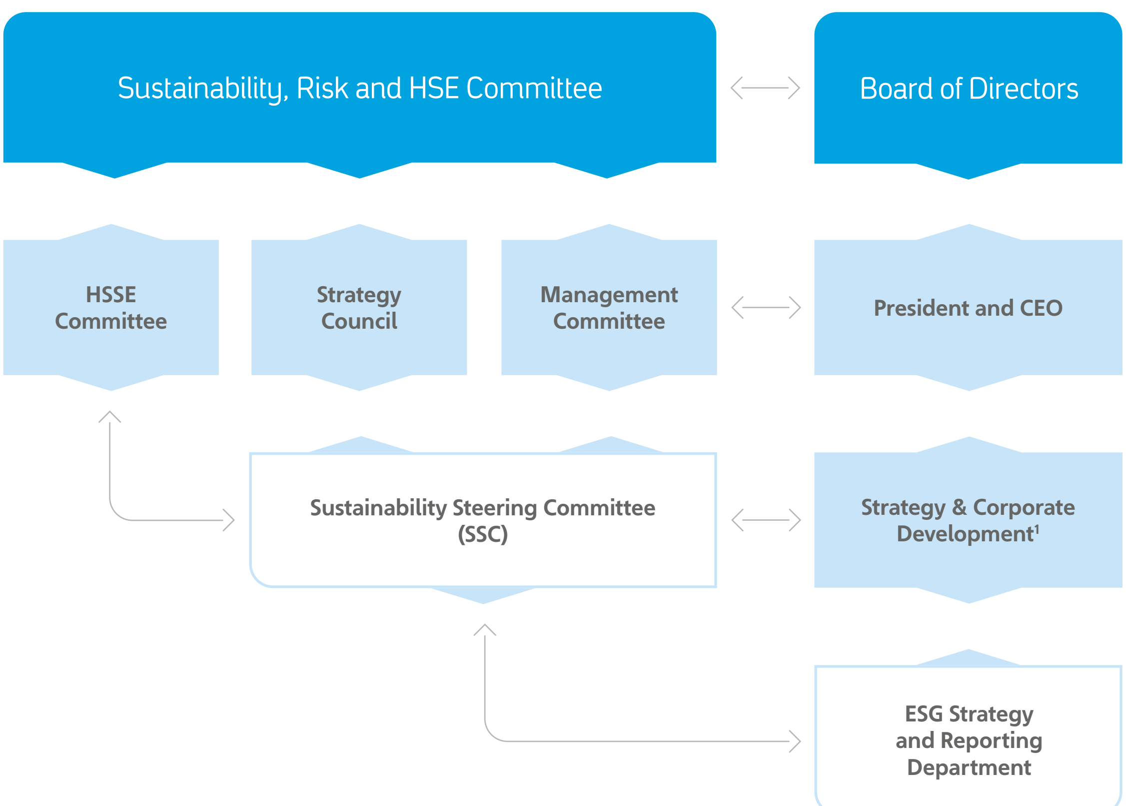
Minimizing environmental impact

See page 65

Growing societal value

See page 66

Sustainability governance management framework



1. Effective January 1, 2023, the Corporate Development business line title was updated to Strategy & Corporate Development.

Climate change and the energy transition

The challenge of decoupling economic growth from greenhouse gas emissions is clear. Events over the last year have underlined further that energy security is equally important and highlighted ongoing underinvestment in energy sources. Both COVID-19 and geopolitical events have provided a reminder that the transition of the global economy, energy systems, and materials towards a lower-carbon future is complex, multi-dimensional, and will stretch across generations.

Alternatives to traditional hydrocarbon-based energy sources are progressing, but, on their own, are not yet ready to meet the world's energy demands and ensure a smooth energy transition. Oil demand is expected to grow for the rest of the decade and the world will likely continue to need oil and gas for the foreseeable future.

With access to some of the world's largest hydrocarbon resources, Aramco has a role to play in helping the world navigate towards a lower-carbon future. The production of hydrocarbons accompanied by carbon capture technology, in which Aramco is investing, could complement emerging alternatives and serve as an integral component of the future energy mix.

Aramco aims to leverage its strengths and strives to maximize the value of the energy it produces, while seeking to reduce the negative impact of greenhouse gases. And it is not just about energy; hydrocarbons could also be essential to the development of potential new materials that are expected to play a significant role in the energy transition. Advanced, durable materials are essential for manufacturing wind turbines, solar panels, transportation, storage devices, and infrastructure.

The Company's many decades of careful long-term reservoir management and technology investments underpin its low-cost, efficient operations that have helped it maximize value from the Kingdom's resources.

Supporting this is the ambition to achieve net-zero Scope 1 and Scope 2 greenhouse gas emissions by 2050 across wholly-owned operated assets, and achieve zero routine flaring by 2030. This is an important part of the Company's focus on long-term value creation, and complements the Kingdom's aim to reach net-zero emissions by 2060 through the circular carbon economy approach.

As disclosed in the 2021 Sustainability Report, interim targets have been set to reduce or mitigate net Scope 1 and Scope 2 GHG emissions from the Company and its operationally controlled entities by 52 mmtCO_2e compared to 2035 business as usual forecast emissions, and reduce upstream carbon intensity by at least 15% by 2035 compared to a 2018 baseline.

To achieve these targets, Aramco focuses on five key levers: energy efficiency across upstream and downstream assets; further reductions in methane and flaring; increased use of renewable energy sources; carbon capture, utilization, and storage; and development or purchase of offsets to help address hard-to-abate emissions. Within these levers are targets to achieve carbon capture, utilization, and storage (CCUS) capacity of 11 mmtCO_2e annually by 2035, and plans to invest in or to have made a final investment decision with respect to 12 gigawatts of solar PV and wind projects by 2030.

During 2022, Aramco achieved the following:

- In partnership with the Ministry of Energy, announced plans for one of the largest scale carbon capture and storage hubs globally.
- Established a $1.5 billion Sustainability Fund, one of the largest of its kind in the world. The Fund's initial focus areas will include CCUS, greenhouse gas emissions, energy efficiency, nature-based solutions, digital sustainability, hydrogen, ammonia, and synthetic fuels.
- Aramco subsidiaries SASREF and SABIC Agri-Nutrients received the world's first independent certifications for production of blue ammonia and hydrogen. In collaboration with SABIC Agri-Nutrients, Aramco also delivered the world's first accredited commercial shipment of lower-carbon blue ammonia to South Korea.
- Through its wholly-owned subsidiary Aramco Trading Company, the Company participated in the Middle East and North Africa (MENA) region's first voluntary carbon credits auction.

GHG emissions

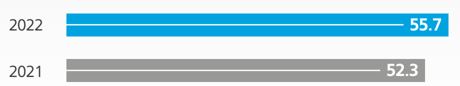
Despite increased hydrocarbon production of 10.3% in 2022, total emissions (Scope 1 emissions and Scope 2 emissions) from the Company and its operationally controlled entities increased by only 5.9% compared to the previous year. This was enabled by more efficient operations and a reduction in flaring intensity by 16.5% compared to the previous year due to improved operations of the Company's in-house flare gas recovery systems across several facilities.

An important metric for Aramco is the carbon intensity of upstream operations, which is among the lowest in the industry per barrel of oil equivalent and achieved through efficient operations, active management of the Company's prolific reservoirs, and sound engineering. In 2022, upstream carbon intensity decreased by 3.7% compared to the previous year and continues to be amongst the lowest of major oil producers in the world.

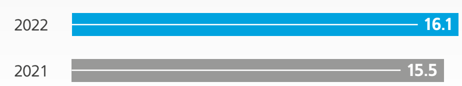
Aramco is leveraging its R&D and technology initiatives to develop, demonstrate and, ultimately, implement innovative approaches that could help lower emissions across the oil and gas industry. And some of these could have application in other emission-intensive industries.

Aramco strives to reduce flaring across its business, with investment including flare gas recovery systems and programs to improve asset integrity, energy efficiency, leak detection, and repairs. As a signatory to the World Bank's "Zero Routine Flaring by 2030" initiative, the Company shares best practices and knowledge with its peers so that its work has a broader and more positive impact.

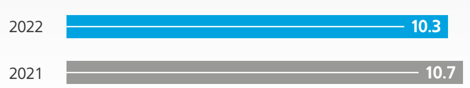
Scope 1 emissions[1,2,3,4]
(million metric tons of CO_2e)



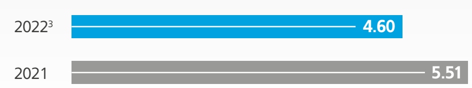
Scope 2 emissions[1,2,3,4]
(million metric tons of CO_2e)



Upstream carbon intensity[3]
(kg of CO_2e/boe)



Flaring intensity[2,4]
(scf per boe)



1. The Company's GHG emissions reporting is based on the World Resources Institute (WRI) and World Business Council for Sustainable Development (WBCSD) GHG protocol guidelines. The Company reports emissions using the operational control basis for measurement.
2. The Company's GHG emissions inventory includes emissions from wholly-owned in-Kingdom operated assets, SASREF, Motiva, and ARLANXEO.
3. 2022 figures for Scope 1 emissions, Scope 2 emissions, upstream carbon intensity, and flaring intensity have undergone ISAE3000 (revised) limited assurance and assurance results will be published on the Aramco website in Q2 2023. The 2021 figures for Scope 1 emissions, Scope 2 emissions, and upstream carbon intensity have undergone external limited assurance and can be viewed in the 2021 Sustainability Report.
4. The Jazan Refinery is excluded from the GHG emissions and flaring inventories.

Safe operations and people development

Aramco conducts business in a manner that aims to prevent incidents with the potential to impact people, damage assets, or harm the environment. The Company adheres to the Occupational Safety and Health Administration Standards in developing and reporting its health and safety performance metrics.

While the Company endeavors to have strong controls in place to mitigate the risk of operational incidents, five fatalities (one employee and four contractors) sadly occurred during the year. The Company and its operationally controlled entities also experienced 11 Tier 1 process safety events[1]. Compared to 2021, the total recordable case (TRC) frequency improved by 7.4% and the loss time injuries/illnesses (LTI) rate improved by 17.6%. All incidents have been investigated during the year, with root causes identified, corrective actions implemented, and lessons shared with all relevant parties to limit the risk of reoccurrence.

To protect its workforce, the Company implements its enterprise-wide safety focus with robust policies and standards under the stewardship of the Company's Health, Safety, Security and Environment (HSSE) Committee. Aramco also deploys its subject matter experts to independently verify the compliance and implementation of its Safety Management System, and establish appropriate action plans to further improve its safety performance and environment.

1. An unplanned or uncontrolled release of any material, including nontoxic and nonflammable materials, from a process that results in one or more of the consequences listed in API Recommended Practice-754.

	2022[2]	2021[2]
Tier 1 process safety events	**11**	11
TRC frequency[3,4]	**0.050**	0.054
LTI rate[3,4,5]	**0.014**	0.017
Number of fatalities[3,5]	**5**	1

2. The Company and its operationally controlled entities.
3. Total workforce (employees and contractors).
4. Per 200,000 work hours.
5. 2022 figures are undergoing ISAE3000 (revised) limited assurance and may be subject to change. Assurance results will be published on the Aramco website in Q2 2023. The 2021 figure for number of fatalities has undergone ISAE3000 limited assurance and assurance results can be viewed at 2021-independent-assurance-statement-of-social--energy-intensity-kpis.pdf.

The Company promotes and supports diversity and inclusion (D&I), occupational health, and mental well-being.

Over the past five years, Aramco's commitment to D&I has resulted in the percentage of female hires increasing due to a concerted effort to achieve strategic targets and KPIs administered under a dedicated Diversity and Inclusion Division. There has been an increase of 22.6% for females in leadership positions at the Company from 2021 to 2022 with strategic plans to continue on this upward trajectory.

A major contributor to Aramco's success in boosting diversity has been the establishment of diversity and inclusion corporate targets, and KPIs on female representation, women in leadership, and people with disabilities representation.

Aramco has a proud history of providing opportunities for education and training over many decades. These include offering world-class training, first-rate vocational programs, and a suite of opportunities to fulfill employees' career ambitions. The Company has delivered leadership and targeted development programs to over 18,500 employees through the Leadership Center, a world-class facility located in Ras Tanura, and through affiliation with top-ranked business schools and leading development partners such as Harvard, Wharton, and the London Business School.

	2022[6]	2021[6]
Company employees	**70,496**	68,493
Female employees (%)	**6.4**	5.6
Female employees in leadership positions (%)	**3.8**	3.1

6. Applies to Saudi Arabian Oil Company (the Company).

Minimizing environmental impact

Aramco is implementing best practice environmental management systems and investing in initiatives that improve natural habitats and reduce damage to shared resources as the Company aspires to create a legacy for future generations.

One of the ways this is achieved is by seeking to limit groundwater use in operations and protecting sensitive ecological areas to support Aramco's efforts to preserve the Kingdom's environment and any areas in which it operates.

Headquartered in one of the most arid environments in the world, water management has been an essential focus of Aramco since inception. Today that includes:

- Assigning value to groundwater used for projects to incentivize the use of alternative sources.
- Seeking to reduce dependence on nonrenewable groundwater by using alternative water sources like seawater, treated sewage effluent, and treated reject streams, including significant investment in desalination.

In 2022 freshwater consumption was 93.60 million cubic meters compared to 94.61 million cubic meters in 2021. This reduction is mainly the result of conservation efforts.

Aramco strives to achieve zero spills. There were 15 hydrocarbon spills in 2022 with two of the spills responsible for more than 99% of the total volume spilled. Eighty-nine percent of the contaminated soil related to one of the spills was removed to rehabilitate the affected area and further cleanup operations are ongoing. All of the spilled oil related to the second spill was recovered.

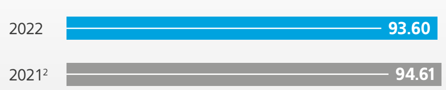
The Company captures lessons learned from any hydrocarbon spill and shares them across its business. It also seeks to improve its spill prevention processes, asset integrity and inspection, response to hydrocarbon spill emergencies, and its hydrocarbon recovery processes. The Company is also continuously training and conducting drills to ensure competency and readiness during emergency situations.

Natural climate solutions

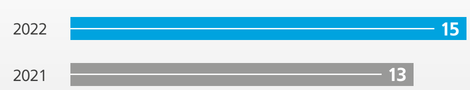
During the year, Aramco planted 11 million mangrove seedlings in-Kingdom, bringing the cumulative total to 24 million mangrove seedlings. The Company also completed the third phase of its million trees initiative, bringing the total number of native trees planted in-Kingdom to three million. Mangroves have the capacity to act as carbon sinks, supporting the decarbonization plan. The replanting of mangrove coastlines supports increased biodiversity of fauna and flora. Aramco's biodiversity policy highlights the Company's aspiration to have a net positive impact on biodiversity across its operations.

Freshwater consumption[1]

(million cubic meters)

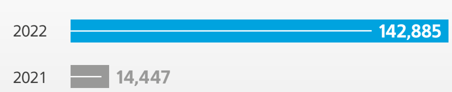


Number of hydrocarbon spills[1,3]



Volume of hydrocarbon spills[1]

(barrels)



1. Applies to in-Kingdom wholly-owned and operated assets, SASREF, Motiva, and ARLANXEO.
2. The 2021 freshwater consumption figure has been restated from the 2021 Annual Report to reflect the expanded boundary to include in-Kingdom wholly-owned and operated assets, SASREF, Motiva, and ARLANXEO.
3. Oil spill incidents with volume greater than one barrel.

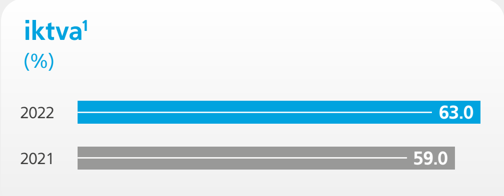
Growing societal value

Aramco believes its commitment and investment in training, skills development, and nurturing of in-Kingdom partnerships has contributed to the development of the labor force in Saudi Arabia, while adding robustness to the Company's supply chain through localization.

Aramco's National Champions program encompasses a set of unique programs focused around five strategic domains — sustainability, digital, industrial, manufacturing, and social innovation — that drive development from an initial idea to a small- and medium-enterprise (SME) through to global businesses, and aligns with the Kingdom's Vision 2030 and its Shareek Private Sector Partnership Reinforcement Program (Shareek). In March 2023, the Company signed a Shareek framework agreement in support of Aramco's efforts to localize its supply chain and ensure its long-term cost and productivity leadership, sustainability, and resilience, while contributing to the Kingdom's economic development.

The Company's in-Kingdom Total Value Add (iktva) program is an ongoing success. Through the program, the local component of the Company's overall expenditure across its supply chain now stands at 63.0%, with a target to grow to 70.0% by 2025. Billions of dollars in economic activity that historically would have left the Kingdom instead remained to serve the interests of the Company and support the local economy.

In 2022 alone, Aramco entered into over 90 agreements with an estimated value of SAR 64.9 billion ($17.3 billion) to build long-term collaborative relationships with strategic local suppliers. In January 2023, Aramco signed over 100 agreements and Memoranda of Understanding (MoU) to help advance a diverse, sustainable, and globally competitive industrial ecosystem.



1. Applies to Saudi Arabian Oil Company (the Company).

Alongside iktva and Shareek is Aramco's Namaat industrial investment program and the Taleed SME growth program. At the end of 2022, 61 investments had been made through Namaat with an aim to create jobs for Saudis and expand the Kingdom's energy and chemicals value chains. The Taleed program, launched in October 2022, aims to accelerate SME growth across multiple sectors. Taleed strives to deliver SAR 3.0 billion ($0.8 billion) in funding and financial solutions to support SME development. Aramco is partnering with a wide range of entities to deliver Taleed initiatives, and 30 MoUs have been signed with leading public and private partners to enable development of the SME ecosystem.

Supporting Saudi Arabia's economy

In addition to its core businesses, Aramco seeks to localize the Company's supply chain and promote national champions.

In-Kingdom Total Value Add (iktva) program

90+ agreements

Estimated value of SAR 64.9 billion ($17.3 billion) in 2022

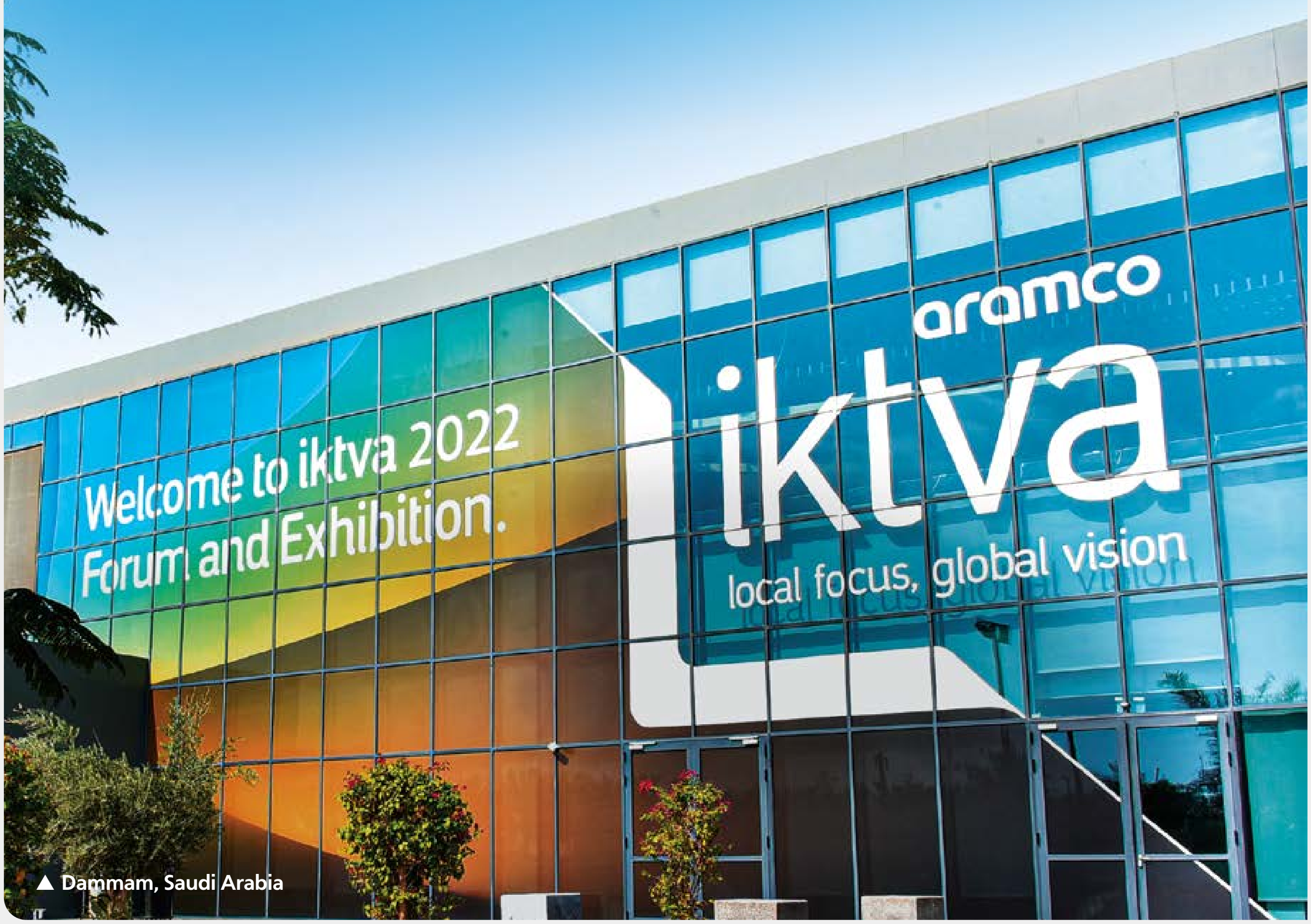
Namaat industrial investment program

61 investments

Taleed program

5 strategic partners

SAR 3 billion ($0.8 billion) in funding and financial solutions



▲ Dammam, Saudi Arabia

4. Risk

▲ **Abqaiq Plants, Saudi Arabia**

Operational resilience

Aramco, through a system based on ISO 31000 principles and guidelines, integrates managing strategic, operational, compliance and financial risks into its annual planning cycle.

The Company adds to its operational resilience through localization, and has 63.0% local content across its procurement chain, with a focus on using more sustainable materials.

During 2022, building on its exceptional history for energy supply stability, Aramco achieved 99.9% reliability.

Managing risk exposure

Risk objectives

Aramco operates in an industry characterized by price volatility, hazardous operations, and uncertain project outcomes. Taking informed risks is an inherent and necessary part of doing business. Aramco manages its strategic, operational, compliance and financial risks by continuously assessing them and undertaking appropriate responses. Business decisions are made after due consideration of rewards and associated risks.

Risk management framework

The Board of Directors provides risk oversight as a component of its strategic leadership. The Sustainability, Risk and HSE Committee of the Board oversees the risk management framework and monitors specific risks.

The primary role of the Sustainability, Risk and HSE Committee is to monitor overall management of risk and activities relating to health, safety and the environment and to assist the Board of Directors with:

I. Leadership, direction, and oversight with respect to the Company's risk appetite, risk tolerance, risk framework, and risk strategy;

II. Governance and management of strategic, operational, sustainability, and environmental, social and governance (ESG) related risks; and

III. Assisting the Board and the Audit Committee to foster a culture within the Company that emphasizes and demonstrates the benefits of risk management. The Audit Committee focuses on financial risks, including financial reporting and treasury risks, as well as on internal and external compliance.

Aramco's enterprise risk management (ERM) framework follows the Three Lines Model. The operating businesses and support organizations form the first line, as risk owners, and have primary responsibility for identifying and managing their risks. The second line comprises dedicated risk management functions, responsible for monitoring and reporting on risks, and providing guidance to risk owners. Risk management functions include Loss Prevention, Environmental Protection, Information Security, Corporate Emergency Management and Continuity, Corporate Compliance, and Financial Risk Management organizations, as well as the Corporate Enterprise Risk Management group.

Internal Audit, as the third line, provides management and the Audit Committee with independent assurance on the effectiveness of internal control systems. Aramco's Global ERM Policy requires subsidiaries and operationally controlled affiliates to manage risks in a structured manner, overseen by their Boards of Directors. Aramco also encourages affiliates to apply ERM principles and practices to their management of risks.

Management-level oversight of the ERM framework is provided by the Management Committee, chaired by the President and CEO. He also chairs the HSSE Committee, which oversees health, safety, security, and environmental risk management; the Strategy Council, which reviews matters of strategic risk; and the Conflicts of Interest and Business Ethics Committee. Various other management-level committees oversee specific risk-related topics, such as the Sustainability Steering Committee and the Information Security Risk Management Steering Committee.

Business risk assessment

The process by which individual organizations identify, assess, mitigate, monitor and report risks to the achievement of business objectives is integrated into Aramco's annual planning cycle through a system based on ISO 31000 principles and guidelines. This includes the escalation, as appropriate, of risk ownership through Aramco's organizational levels, resulting in a hierarchy of risks from individual departmental risks to corporate risks. Annually, the Management Committee reviews the composition of the top risks, taking into consideration risks reported from the businesses and a top-down scan for new and emerging risks. The Management Committee is updated quarterly on individual risks, and every year several risks are presented in detail to the Management Committee and the Board's Sustainability, Risk and HSE Committee.

Decision-making

To reduce planning uncertainty and help manage the variability of outcomes, Aramco has embedded risk assessment into its strategic and investment planning. Strategic scenarios are stress-tested, and individual projects and investments pass through a gated decision process that includes risk assessments and value assurance reviews.

Enterprise risk management framework

Board

Sustainability, Risk and HSE Committee

Audit Committee

Executive team

Management Committee

The framework is based on the Three Lines Model

First line	Second line	Third line
Business assets and facilities	**Risk and control functions**	**Internal audit**
Identify and manage risk	Monitor and report risk, and provide guidance	Provide independent assurance on the effectiveness of internal control systems

Principal risk categories

Risks related to Aramco's operations and activities

See page 72

Legal and regulatory risks

See page 80

Risks related to the Kingdom

See page 84

Understanding risks

The following risks do not necessarily comprise all the risks affecting Aramco. There may be additional risks that Aramco is currently not aware of, or that Aramco currently believes are immaterial, which may in the future become material or affect Aramco's business, financial position and results of operations, or the market price of the shares. As a result of these and other risks, the forward-looking events and circumstances discussed in this Annual Report might not occur in the way Aramco expects, or at all. All forward-looking statements in this Annual Report should be considered in light of these explanations and shareholders should not put undue reliance on forward-looking statements.

The risks described in this section are not presented in order of priority based on their importance or expected effect on Aramco.

Risks related to Aramco's operations and activities

Aramco's results of operations and cash flow are significantly impacted by international crude oil supply and demand and the price at which it sells crude oil.

Sales of crude oil are the largest component of Aramco's consolidated revenue and other income related to sales, accounting for 47.0%, and 50.3% for the years ended December 31, 2021 and 2022, respectively. Accordingly, Aramco's results of operations and cash flow are significantly impacted by the price at which it sells crude oil.

International crude oil supply and demand and the sales price for crude oil are affected by many factors that are beyond Aramco's control, including the following:

- Markets' expectations with respect to future supply, demand and price of petroleum and petroleum products;
- Global economic and political conditions and geopolitical events, including any that impact international trade (including trade routes);
- Decisions regarding production levels by the Kingdom or other producing states (the Kingdom is a member country of OPEC);
- The impact of natural disasters and public health pandemics or epidemics (such as COVID-19) on supply and demand for crude oil, general economic conditions, and the ability to deliver crude oil;
- The development of new crude oil exploration, production and transportation methods or technological advancements in existing methods;
- Capital investments of oil and gas companies relating to the exploration, development and production of crude oil reserves;
- The impact of climate change on the demand for, and price of, hydrocarbons (see risk — Climate change concerns and impacts could reduce global demand for hydrocarbons and hydrocarbon-based products and could cause Aramco to incur costs or invest additional capital);
- Changes to environmental or other regulations or laws applicable to crude oil and related products or the energy industry (see risk — Aramco's operations are subject to environmental protection, health and safety laws and regulations, and increased concerns regarding the safe use of chemicals and plastics and their potential impact on the environment have resulted in more restrictive regulations and could lead to new regulations);
- Prices and availability of alternative energies, including renewable energy;
- The electrification of transportation, technological developments in the cost or endurance of fuel cells for electric vehicles, and changes in transportation-mode preferences, including ride-sharing;
- Weather conditions affecting supply and demand;
- Fluctuations in the value of the U.S. dollar, the currency in which crude oil is priced globally; and
- Crude oil trading activities.

Continued

Aramco's results of operations and cash flow are significantly impacted by international crude oil supply and demand and the price at which it sells crude oil.

International crude oil prices have fluctuated significantly in the past and may remain volatile. Between January 2016 and February 2020, Brent prices generally fluctuated between $40 and $65 per barrel. Brent prices fell below $23 per barrel in mid-March 2020 in response to the COVID-19 pandemic and other supply and demand factors, and did not recover to above $60 per barrel until February 2021. Since then, Brent prices have increased and rose significantly in February 2022 in response to the Russia-Ukraine conflict, related international sanctions and other macroeconomic factors, reaching $128 per barrel in the first half of 2022. On October 5, 2022, OPEC+ decided to cut oil production quotas by two million barrels per day starting in November 2022. As of December 31, 2022, the Brent price was $85.9 per barrel.

Fluctuations in the price at which Aramco sells crude oil could cause its results of operations and cash flow to vary significantly. In addition, decreases in the price at which Aramco is able to sell its crude oil could have a material adverse effect on Aramco's results of operations and cash flow.

Aramco operates in a highly competitive environment. Competitive pressure could have a material adverse impact on the price at which it sells crude oil and other products.

The sale of crude oil outside the Kingdom is very competitive. Aramco's primary competitors for the sale of crude oil outside the Kingdom include national and international oil companies, many of which have substantial crude oil reserves and financial resources. The primary factors affecting competition are the price, reliability, quantity, quality and geographic location of crude oil produced. Increased competitive pressures could have a material adverse impact on prices at which Aramco can sell crude oil and its regional and global market share.

In addition, outside the Kingdom, refining and petrochemical plants in Aramco's downstream segment are subject to competition in the geographies into which they sell refined products or petrochemicals. Competitors include, but are not limited to, refining and petrochemical plants located in, or in close proximity to, relevant markets, and in the case of refining and petrochemical plants that are net importers, from other international producers. Operating efficiencies and production costs are key factors affecting competition for refined products and chemicals. Accordingly, if the operating efficiencies and production costs of Aramco's refineries are not sufficiently competitive in the geographies they serve, Aramco's business, financial position and results of operations could be materially and adversely impacted.

Climate change concerns and impacts could reduce global demand for hydrocarbons and hydrocarbon-based products and could cause Aramco to incur costs or invest additional capital.

Climate change concerns manifested in public sentiment, government policies, laws and regulations, international agreements and treaties, lawsuits against energy companies, company net-zero ambition and other commitments, investor pressure, fossil fuel divestment campaigns and other actions may reduce global demand for hydrocarbons and hydrocarbon-based products and propel a shift toward lower carbon intensity fossil fuels, such as gas, or alternative energy sources. In particular, increasing pressure on governments, businesses, organizations and individuals to reduce GHG emissions has led to a variety of actions that aim to reduce the use of fossil fuels, including international agreements to reduce GHG emissions. For example, the Paris Agreement became effective in November 2016, and many countries that have ratified the Paris Agreement are adopting domestic measures to meet their goals, which include reducing their use of fossil fuels and increasing their use of alternative energy sources. The landscape of GHG related laws and regulations has been in a state of constant reassessment and it is difficult to predict with certainty the ultimate impact GHG related laws, regulations and international agreements will have on Aramco. In addition, jurisdictions in which Aramco operates or its products are sold that are not currently subject to GHG regulation may become regulated and existing GHG regulations may become more stringent. A reduction in demand for hydrocarbons and hydrocarbon-based products could have a material adverse effect on Aramco's business, financial position and results of operations.

Risks related to Aramco's operations and activities continued

Continued

Climate change concerns and impacts could reduce global demand for hydrocarbons and hydrocarbon-based products and could cause Aramco to incur costs or invest additional capital.

In line with the Kingdom's announced aims and the Saudi Green Initiative, Aramco announced its ambition to achieve net-zero Scope 1 and Scope 2 greenhouse gas emissions across its wholly-owned operated assets by 2050, which in turn will help support the Kingdom's aim to reach net-zero emissions by 2060 through the circular carbon economy approach. Aramco may incur substantial costs and capital expenditures to achieve its net-zero ambitions. If Aramco does not meet its announced net-zero targets, or if Aramco's efforts do not meet increasing societal or stakeholder expectations and standards, Aramco may be exposed to claims and its reputation, employee retention and business may be negatively impacted.

Terrorism and armed conflict may materially and adversely affect Aramco.

Aramco's facilities have been targeted by terrorist and other attacks. In March 2022, a storage facility in Jiddah was subject to attack by unmanned aerial vehicles and missiles and, in March 2021, the Riyadh Refinery was subject to an attack by unmanned aerial vehicles. In addition, in September 2019, the Abqaiq facility and the Khurais processing facility were subject to attack by unmanned aerial vehicles and missiles. As a result of the attacks on the Abqaiq facility and the Khurais processing facility, crude oil production and associated gas production were temporarily reduced and Aramco took a number of actions to minimize the impact of lower Arabian Light and Arabian Extra Light production by tapping into Aramco's inventories located outside of the Kingdom and swapping crude oil grades of deliveries to Arabian Medium and Arabian Heavy.

Furthermore, in both May and August 2019, the East-West pipeline and the Shaybah field, respectively, were targeted by unmanned aerial vehicle attacks. These attacks resulted in a brief shutdown of the pipeline and fires and damage to the processing and cogeneration infrastructure at the Shaybah NGL facility.

Additional terrorist or other attacks or armed conflict could impact Aramco's operations and have a material adverse effect on Aramco's business, financial position and results of operations, could cause Aramco to expend significant funds and could impact the market price of the shares.

Aramco exports a substantial portion of its crude oil and refined products to customers in Asia, and adverse economic or political developments in Asia could impact its results of operations.

Aramco exports a substantial portion of its crude oil and refined products to customers in Asia. In 2021 and 2022, customers in Asia, including Aramco's affiliated refineries located in Asia, purchased 81% and 79%, respectively, of its crude oil exports. Aramco expects to export additional crude oil to Asia as new downstream assets in Asia commence operations. In addition, the refined, chemical, petrochemical, base oil and finished lubricant products that are produced at Aramco's joint ventures and international operations in Asia are generally sold locally and exported to other Asian countries.

Since early 2020, economic conditions in Asia have been significantly impacted by the outbreak of COVID-19. If there is a prolonged slowdown in economic growth, an economic recession or other adverse economic or political development in Asia, Aramco may experience a material reduction in demand for its products by its customers located in the region. Moreover, any such development in other parts of the world (including political and social instability or armed conflict) may result in other producers supplying surplus capacity to Asia, thereby increasing competition for customers in Asia, which could negatively impact the prices at which Aramco sells its products to customers there. A significant decrease in demand for Aramco's products in Asia could have a material adverse effect on its business, financial position and results of operations.

Aramco is subject to operational risks and hazards that may have a significant impact on its operations or result in significant liabilities and costs.

Aramco is subject to operational risks common in the oil and gas and petrochemical industries, including the following:

- crude oil or gas spills, pipeline leaks and ruptures, storage tank leaks and accidents involving explosions, fires, blow outs and surface cratering;
- power shortages or failures;
- mechanical or equipment failures;
- transportation interruptions and accidents;
- tropical monsoons, storms, floods and other natural disasters (including weather conditions associated with climate change);
- chemical spills, discharges or releases of toxic or hazardous substances or gases; and
- changes in laws and regulations that could require Aramco to update or modify its methods of production, processing, storage or transportation of products.

These risks could result in damage to, or destruction of, Aramco's properties and facilities, death or injury to people and harm to the environment, which could have a significant impact on its operations or result in significant liabilities and remediation costs. In addition, Aramco is not insured against all risks and insurance in connection with certain risks and hazards may not be available (see risk — Aramco could be subject to losses from risks related to insufficient insurance). To the extent a subcontractor is responsible for the damage, Aramco's recourse to the relevant subcontractor may be limited by contract or the financial viability of such subcontractor. Such occurrences could also interrupt Aramco's operations, delay Aramco projects or damage its reputation, which could have a material adverse effect on its business.

Furthermore, the majority of Aramco's assets are located in the Kingdom and it relies heavily on a cross country pipeline system and terminal facilities to transport crude oil and products through the Kingdom. Aramco also depends on critical assets to process its crude oil, such as the Abqaiq facility, which is its largest oil processing facility and processes a significant amount of Aramco's daily produced crude oil. The East-West pipeline, the Shaybah NGL facility, the Abqaiq facility and the Khurais processing facility have been subject to attacks in 2019. If Aramco's critical transport systems or processing facilities were subject to a significant disruption, it could have a material adverse effect on Aramco's business, financial position and results of operations (see risk — Terrorism and armed conflict may materially and adversely affect Aramco).

The resurgence of COVID-19 or outbreaks of other infectious diseases and its impact on business and economic conditions, may have negative effects on Aramco's business, financial position, cash flow, results of operations, and price of its securities.

The COVID-19 pandemic and measures taken to combat it have had a widespread impact on business and economic conditions, including on the demand for crude oil, natural gas, refined products and petrochemicals. Public health authorities and governments at local, national and international levels implemented various measures to respond to the pandemic, including restrictions on travel, voluntary and mandatory quarantines, workforce reductions of personnel who are deemed to be nonessential and restrictions on business activities. These measures led to lower demand for crude oil, natural gas, refined products and petrochemicals which has had, and may continue to have, a direct impact on Aramco's operations. In addition, the COVID-19 pandemic has resulted in volatility in global capital markets and investor sentiment, which may affect the availability, amount and type of financing available to Aramco.

Aramco is not able to predict how long the COVID-19 pandemic will persist or if there will be further resurgences or new variants of COVID-19 or outbreaks of other infectious diseases, how long measures that are introduced to respond will be in place or if additional restrictive measures may be introduced. It also cannot predict how long the effects and the efforts to contain them will continue to impact its business after such outbreaks are under control.

In addition, if a significant percentage of Aramco's workforce is unable to work, or if Aramco is required to close facilities because of illness or government restrictions, Aramco's operations and business may be negatively affected.

Risks related to Aramco's operations and activities continued

Estimates of proved hydrocarbon reserves depend on significant interpretations, assumptions and judgments. Any significant deviation or changes in existing economic and operating conditions could affect the estimated quantity and value of Aramco's proved reserves.

Aramco's reserve estimates conform to the SPE-PRMS definitions and guidelines, which are internationally recognized industry standards promulgated by the Society of Petroleum Engineers, the World Petroleum Council, the American Association of Petroleum Geologists, the Society of Petroleum Evaluation Engineers, the Society of Exploration Geophysicists, the Society of Petrophysicists and Well Log Analysts and the European Association of Geoscientists & Engineers. Reserve estimation is an inherently complex process that principally relies on a combination of knowledge, experience and judgment. Aramco's and D&M's estimates of the quantity of Aramco's proved hydrocarbon reserves depend on significant interpretations, assumptions and judgments relating to available geological, geophysical, engineering, contractual, economic and other information, and take into account existing economic and operating conditions and commercial viability as at the date the reserve estimates are made.

There can be no assurance that the interpretations, assumptions and judgments utilized by Aramco to estimate proved reserves, or those utilized by D&M for the purposes of preparing its certification letter, will prove to be appropriate or accurate. Any significant deviation from these interpretations, assumptions or judgments could materially affect the estimated quantity or value of Aramco's proved reserves. In addition, these estimates could change due to new information from production or drilling activities, changes in economic factors, including changes in the price of hydrocarbons, changes to laws, regulations or the terms of the Concession or other events. Further, declining hydrocarbon prices may cause certain proved reserves to no longer be considered commercially viable, which could result in downward adjustments to Aramco's estimates of its proved reserves, impairment of its assets or changes to its capital expenditures and production plans. Moreover, proved reserve estimates are subject to change due to errors in the application of published rules and changes in guidance. Any material reduction in the quantity or value of Aramco's proved reserves could adversely affect Aramco's business and reputation.

The independent third-party certification with respect to the Kingdom's estimated reserves does not cover the entirety of its reserves.

Aramco retained independent petroleum consultants, D&M, to audit, as at December 31, 2021, reservoirs Aramco believes accounted for approximately 85% of its proved oil reserves to which it has rights under the Concession and remain to be produced after December 31, 2021, but before December 31, 2077 (the end of the initial 40-year term of the Concession plus the first 20-year extension). Aramco chose this scope because of the overall scale of the Kingdom's reserves and the concentration of deposits in the major reservoirs that were assessed. Further independent assessment of the Kingdom's smaller reservoirs would have taken several years to complete. D&M's reserves estimation of 217.0 billion barrels of oil equivalent reserves for the reservoirs it evaluated was within the no material difference category (within 5% of Aramco's internal estimation for the same reservoirs) for the same Concession time period.

There is no independent third-party certification letter with respect to the balance of the Kingdom's proved oil equivalent reserves or as at a more recent date than December 31, 2021. Any material deviation in the quantity of proved reserves could have a material adverse effect on Aramco's financial condition and reputation.

Aramco could be subject to losses from risks related to insufficient insurance.

Aramco insures against risk primarily by self-insuring through its captive insurance subsidiary, Stellar, which provides insurance exclusively to Aramco. Aramco also obtains insurance in certain areas from third-party providers in excess of the coverage provided through Stellar.

Aramco does not insure against all risks and its insurance may not protect it against liability from all potential events, particularly catastrophic events such as major crude oil spills, environmental disasters, terrorist attacks or acts of war. In addition, it does not maintain business interruption insurance for disruptions to its operations and certain of its operations are insured separately from the rest of its business. Furthermore, there can be no assurance that Aramco can continue to renew its existing levels of coverage on commercially acceptable terms, or at all. As a result, it could incur significant losses from uninsured risks or risks for which its insurance does not cover the entire loss. Any such losses could have a material adverse effect on Aramco's business, financial position and results of operations.

Aramco's ability to achieve its strategic growth objectives depends on the successful delivery of current and future projects and achieving these objectives may not have the anticipated impact.

Aramco's ability to achieve its strategic growth objectives depends, in part, on the successful, timely and cost-effective delivery of capital projects, which are carried out by Aramco or by it along with joint ventures or partners and affiliates. Aramco faces numerous challenges in developing such projects, including the following:

- fluctuations in the prices for hydrocarbons, which may impact its ability to finance its projects from its cash flow from operating activities or make projects less economically feasible or rendered uneconomic;
- making economic estimates or assumptions based on data or conditions, including demand and price assumptions, which may change;
- constraints on the availability and cost of skilled labor, contractors, materials, equipment and facilities;
- its ability to obtain funding necessary for the implementation of the relevant project on terms acceptable to it, or at all;
- difficulties in obtaining necessary permits, complying with applicable regulations and changes to applicable law or regulations;
- difficulties coordinating multiple contractors and subcontractors involved in complex projects;
- its ability to find major global industry partners and new opportunities for downstream investments globally;
- market factors outside of its control affecting its ability to fund such projects, including constraints that prevent or limit financing providers' ability to invest in hydrocarbons-related projects; and
- undertaking projects or ventures in new lines of business in which Aramco has limited or no prior operating experience.

These challenges have led and could lead to delays in the completion of projects and increased project costs. If projects are delayed, cost more than expected or do not generate the expected return, Aramco's operations and expected levels of production could be impacted. These occurrences could result in Aramco recognizing impairments on its projects, assuming liabilities of joint ventures or partners and affiliates or other consequences, any of which could have a material adverse effect on Aramco's business, financial position and results of operations.

Aramco is pursuing lower carbon intensity products and operations to address climate-related risks and opportunities, including through lowering net carbon emissions. Other oil and gas companies may benefit from governmental incentives, such as financial incentives provided by the U.S. Inflation Reduction Act enacted in August 2022 for clean energy, including hydrogen, energy storage, clean energy vehicles and carbon capture, utilization and storage. If Aramco is unable to avail itself of similar incentives, its competitive position may be impacted. In addition, Aramco's ability to develop low carbon products and solutions will also depend on the market acceptance of and regulatory support for these products.

Risks related to Aramco's operations and activities continued

Continued

Aramco's ability to achieve its strategic growth objectives depends on the successful delivery of current and future projects and achieving these objectives may not have the anticipated impact.

In addition, the financial impact resulting from certain of Aramco's strategic growth projects and from its ambition to achieve net-zero Scope 1 and Scope 2 greenhouse gas emissions across its wholly-owned operated assets by 2050 is uncertain. There is a risk that even if Aramco is able to achieve its strategic growth objectives, their impact on its business may not be as profitable or as beneficial as anticipated, which may have a material adverse effect on its business, financial position and results of operations.

Furthermore, many of Aramco's projects require significant capital expenditures. If cash flow from operating activities and funds from external financial resources are not sufficient to cover Aramco's capital expenditure requirements, Aramco may be required to reallocate available capital among its projects or modify its capital expenditure plans, which may result in delays to, or cancellation of, certain projects or deferral of certain capital expenditures. Any change to Aramco's capital expenditure plans could, in turn, have a material adverse effect on Aramco's growth objectives and its business, financial position and results of operations.

Aramco's historical results of operations may not be directly comparable from year to year.

In recent years, the Government has adopted a number of changes to the fiscal regime under which Aramco operates. These changes have a material impact on Aramco's results of operations and make its consolidated financial statements for certain periods less directly comparable, particularly with respect to revenue and other income related to sales, production royalties, other taxes, income taxes and zakat. Accordingly, Aramco's historical results of operations are not necessarily determinative of its likely future cash flows, results of operations or rate of growth, and its past performance should not be relied upon as an indication of its future performance. For a more detailed discussion of the fiscal regime changes and their effect on Aramco's consolidated financial statements, see Section 2: Results and performance, Section 6: Additional financial and legal information, and Section 7: Consolidated financial statements.

Aramco may not realize some or all of the expected benefits of recent or future acquisitions, including the acquisition of a 70% equity interest in SABIC.

Aramco has engaged in, and may continue to engage in, acquisitions of businesses, technologies, services, products and other assets from time to time. Any such acquisition entails various risks, including that Aramco may not be able to accurately assess the value, strengths and weaknesses of the acquisition or investment targets, effectively integrate the purchased businesses or assets, achieve the expected synergies or recover the purchase costs of the acquired businesses or assets. Aramco may also incur unanticipated costs or assume unexpected liabilities and losses in connection with any business or asset it acquires, including in relation to the retention of key employees, legal contingencies (such as, contractual, financial, regulatory, environmental or other obligations and liabilities) and risks related to the acquired business, and the maintenance and integration of procedures, controls and quality standards. These difficulties could impact Aramco's ongoing business, distract its management and employees and increase its expenses which could, in turn, have a material adverse effect on its business, financial position and results of operations.

On June 16, 2020, Aramco acquired the PIF's 70% equity interest in SABIC for total consideration of SAR 259.1 billion ($69.1 billion). For the acquisition to be successful for Aramco, it will need to manage its ownership stake in SABIC in a manner which supports the optimization of SABIC's performance. The realization of such benefits may be affected by a number of factors, many of which are beyond Aramco's control. Failure to realize some or all of the anticipated benefits of the acquisition may impact Aramco's financial performance and prospects, including the growth of its downstream business.

Aramco is exposed to risks related to operating in several countries.

A substantial portion of Aramco's downstream operations are conducted outside the Kingdom. Risks inherent in operating in several countries include, without limitation:

- complying with, and managing changes to and developments in, a variety of laws and regulations, including, without limitation, with respect to price regulations, data privacy, cybersecurity, the environment, forced divestment of assets, expropriation of property and cancellation or forced renegotiation of contract rights;
- complying with tax regimes in multiple jurisdictions and the imposition of new or increased withholding or other taxes or royalties;
- the imposition of new, or changes to existing, transfer pricing regulations or the imposition of new restrictions on foreign trade, investment or travel;
- adverse changes in economic and trade sanctions, import or export controls and national security measures resulting in business disruptions, including delays or denials of import or export licenses or blocked or rejected financial transactions;
- conducting business with subsidiaries, joint operations and joint ventures and their potential challenges implementing policies and procedures consistent with the Company's policies and procedures; and
- fluctuations in foreign currency exchange rates.

Operating in several countries also requires significant management attention and resources. The occurrence of any of these risks may be burdensome and could have a material adverse effect on Aramco's business, financial position and results of operations.

Aramco is dependent on Senior Management and key personnel.

Aramco operates in a competitive environment, and its success depends upon its ability to identify, hire, develop, motivate and retain highly-qualified Senior Management and other key personnel. Aramco's Senior Management and other key personnel may voluntarily terminate their employment with Aramco or leave their positions due to reasons beyond Aramco's control. If Aramco experiences a large number of departures of its oil and gas experts in a relatively short period of time, attracting and retaining a sufficient number of replacement personnel may be challenging. If Aramco is unable to hire and retain Senior Management and other key personnel with requisite skills and expertise, it could have a material adverse effect on Aramco's business, financial position and results of operations.

Aramco's operations are dependent on the reliability and security of its IT systems.

Aramco relies on the security of critical information and operational technology systems for, among other things, the exploration, development, production, storage and distribution of hydrocarbons, the processing, use and security of financial records, proprietary information, intellectual property, personal information and operating data, and communications with management, personnel and business partners. Cyber incidents may negatively impact these or other functions and, particularly in relation to industrial control systems, may result in physical damage, injury or loss of life and environmental harm. Aramco's systems are a high-profile target for sophisticated cyberattacks by nation states, criminal hackers and competitors, and it routinely fends off malicious attempts to gain unauthorized systems access. While Aramco seeks to maintain a secure network infrastructure to protect against critical data loss and to ensure operational integrity and continuity, there is a risk that determined attackers with access to the necessary resources could successfully penetrate its systems. Attempts to gain unauthorized access to Aramco networks have been successful in the past, including a 2012 cyberattack in which Aramco resorted to manual procedures for certain nonoperational related matters while the breach was contained. To date, none of these attempts have been material to Aramco's financial performance or reputation. Nonetheless, the nature and breadth of any potential future cyberattack remain unknown and technology that has allowed an increase in remote working arrangements may increase the risk of cybersecurity incidents, data breaches or cyberattacks. Such incidents could result in significant costs, including investigation and remediation expenses, regulatory scrutiny, legal liability and the loss of personal or sensitive business or third-party information, and could have a material adverse effect on Aramco's operations and reputation.

Legal and regulatory risks

Aramco is and has been subject to significant litigation and other actions.

Aramco is and has been subject to significant litigation, primarily in the United States and the Kingdom. Some of the most significant U.S. litigation has involved allegations of violations of antitrust laws arising, in part, from the Kingdom's membership and participation in OPEC. Such antitrust litigation sought extensive relief, including treble damages, divestiture of assets in the United States and disgorgement of profits. If granted, this relief could have had a material adverse impact on Aramco. To date, the OPEC-related antitrust lawsuits have been dismissed on the basis of various sovereign defenses under U.S. law. However, there is no assurance that Aramco will prevail on the basis of these defenses in the future in connection with OPEC-related or other lawsuits, and Aramco and its affiliates could be subject to similar claims elsewhere in the future where it may not have similar defenses. In addition, there is a risk that laws could be enacted in the future that would expressly remove or weaken certain sovereign defenses.

In addition, increasing attention on climate change risks may result in increased litigation against Aramco and its affiliates. Claims relating to climate change matters have been filed against companies in the oil and gas industry by private parties, shareholders of such companies, public interest organizations, state attorneys general, cities and other localities, especially in the United States and Europe. These lawsuits seek a variety of remedies, including financial compensation for alleged past and future damages resulting from climate change and court orders requiring energy companies to reduce GHG emissions. Furthermore, oil and gas companies have been subject to a growing number of lawsuits alleging damages from the companies' contributions to climate change, failure to protect the environment from the effects of their operations, concealing information about the consequences of the use of their products on climate change and similar matters. Motiva has been named in several of these lawsuits, and Aramco and its affiliates may be named in similar lawsuits in the future.

In addition, oil and gas companies are also increasingly subject to lawsuits based on allegations that certain public statements regarding environmental, social and governance (ESG) matters or net-zero or carbon neutrality targets are made without clear plans, exaggerate spending on energy that comes from sources other than fossil fuels, lack details or factual support or rely too heavily on carbon or other offsets or technologies that are not yet viable or scalable and therefore are false and misleading "greenwashing" campaigns or that climate-related disclosures made by companies are inadequate. Aramco could be subject to such lawsuits if it makes these types of statements and its customers or investors believe they have been harmed as a result. Motiva is subject to this type of lawsuit where a state government in the United States alleged that Motiva engaged in greenwashing and misled consumers about the consequences of the use of its products on climate change.

Litigation could result in substantial costs (including civil or criminal penalties, or both, damages or the imposition of import trade measures) and require Aramco to devote substantial resources and divert management attention, any of which may have a material adverse effect on its business, financial position and results of operations.

Moreover, exports of crude oil, refined products and petrochemicals by Aramco or its affiliates to foreign countries may be affected by litigation, regulatory actions, investigations, disputes or agreements that lead to the imposition of import trade measures, including anti-dumping and countervailing duties, safeguard measures, import licensing and customs requirements, and new or increased tariffs, quotas or embargoes. The possibility and effect of any such measures will depend on the laws governing the foreign country to which the applicable products are being exported and applicable international trade agreements. Foreign countries may take such measures for political or other reasons, including reasons unrelated to Aramco actions or operations. Because the majority of Aramco's products are exported, any such measures may have a material adverse effect on Aramco's business, financial position and results of operations.

Continued

Aramco is and has been subject to significant litigation and other actions.

In addition, the Kingdom is a party to international trade agreements, such as World Trade Organization agreements, that include commitments by the Kingdom with respect to the composition of its laws, regulations and practices that impact international trade. The Kingdom may become a party to other such agreements in the future. Compliance by the Kingdom with any such commitments may directly or indirectly impact Aramco and could cause it to alter its operations in a manner that is costly or otherwise has a material adverse effect on its business, financial position or results of operations. If the Kingdom fails to comply with these commitments, Aramco's business operations could be exposed to scrutiny and Aramco or its affiliates' exports could be subject to potential remedial measures, such as duties, which could have a material adverse effect on Aramco's business, financial position and results of operations.

Aramco operates in a regulated industry and its business may be affected by regulatory changes.

The oil and gas industry in the Kingdom is a regulated industry. Any change in the Kingdom's laws, regulations, policies or practices relating to the oil and gas industry could have a material adverse effect on Aramco's business, financial position and results of operations. In addition, although the Concession provides for an initial period of 40 years, which will be extended by the Government for 20 years provided Aramco satisfies certain conditions commensurate with current operating practices (and may be amended and extended for an additional 40 years thereafter subject to Aramco and the Government agreeing on the terms of the extension), there is no assurance that the Government will not revoke the Concession in whole or in part or adversely change Aramco's rights in respect of the Concession, which would have a significant adverse effect on Aramco's business, financial position and results of operations.

Violations of applicable sanctions and trade restrictions, as well as anti-bribery and anti-corruption laws, could adversely affect Aramco.

Aramco currently conducts business, and could in the future decide to take part in new business activities, in locations where certain parties are subject to sanctions and trade restrictions, as well as anti-bribery and anti-corruption laws, imposed by the United States, the European Union, the United Kingdom and other sanctioning or regulatory bodies. Laws and regulations governing sanctions, trade restrictions and bribery and corruption are complex and are subject to change. For example, sanctions activities against Russia and individuals and companies connected to the Russian government or its officials have increased following the start of the Russia-Ukraine conflict and additional sanctions could be imposed in the future that may adversely impact Aramco's businesses.

There can be no assurance that Aramco's corporate governance, compliance and ethics policies and procedures (including with respect to sanctions and trade restrictions, anti-bribery and anti-corruption) will protect it from the improper conduct of its employees or business partners, which conduct could result in substantial civil or criminal penalties. If Aramco were to be sanctioned in the future, as a result of its transactions with other parties or otherwise, such sanctions could result in asset freezes against Aramco, restrictions on investors trading securities issued by Aramco or other adverse consequences. Such penalties or sanctions could have a material adverse effect on Aramco's business, financial position and matter of operations.

Legal and regulatory risks continued

Aramco is required to obtain, maintain and renew governmental licenses, permits and approvals in order to operate its businesses.

The rights granted to Aramco under the Concession represent Aramco's licenses, permits and approvals necessary to conduct business in the Kingdom with respect to hydrocarbons operations and related activities. However, Aramco is required to obtain and renew any license, permit or approval that is required under the Hydrocarbons Law, GSPR (which is replaced by the Energy Supplies Law) or with respect to certain other activities unrelated to hydrocarbons operations. There can be no assurance that the relevant authorities will issue any such licenses, permits or approvals in the time frame anticipated by Aramco, or at all. Any unforeseen failure to renew, maintain or obtain the required permits and approvals, or the revocation or termination of existing licenses, permits and approvals, may interrupt Aramco's operations, could result in financial and other penalties and could have a material adverse effect on Aramco's business, financial position and results of operations.

Aramco's operations are subject to environmental protection, health and safety laws and regulations and increased concerns regarding the safe use of chemicals and plastics and their potential impact on the environment have resulted in more restrictive regulations and could lead to new regulations.

Aramco's operations are subject to laws and regulations relating to environmental protection, health and safety. These laws and regulations govern, among other things, the generation, storage, handling, use, disposal and transportation of hazardous materials, the emission and discharge of hazardous materials, groundwater use and contamination and the health and safety of Aramco's employees and the communities in which it operates. Compliance with these obligations can result in significant expenditures. If Aramco fails to comply with applicable laws and regulations, it could be subject to fines or the partial or total shutdown of related operations. Aramco has, from time to time, shutdown certain facilities in order to ensure compliance with applicable laws and regulations.

The implementing regulation for air quality was issued pursuant to the resolution of the Minister of Environment, Water and Agriculture number (512258/1/1442) dated 24/09/1442H (corresponding to May 6, 2021) in accordance with the Environmental Law issued by Royal Decree No. M/165, dated 19/11/1441H (corresponding to July 10, 2020), and became effective on January 13, 2021. The implementing regulation for air quality imposes significantly more stringent limits on emissions from various types of facilities, compared to earlier regulations, and the Company is currently engaged in discussions with the regulator to clarify or reconsider certain requirements set out under this regulation. Depending on the outcome of the Company's discussions with the regulator, there is a risk that significant costs could be required to bring Aramco's facilities into compliance with this regulation.

In addition, a stricter interpretation of existing laws and regulations, any changes in these laws and regulations or the enactment of new laws and regulations may impose new obligations on Aramco or otherwise adversely affect Aramco's business, financial position and results of operations.

Aramco may also (i) incur significant costs associated with the investigation, clean up and restoration of contaminated land, water or ecosystems, as well as claims for damage to property and (ii) face claims of death or injury to persons resulting from exposure to hazardous materials or adverse impacts on natural resources and properties of others resulting from its operations (including potentially from the transportation of hazardous substances and products, feedstock or chemical pollution). Any such costs or liabilities could have a material adverse effect on Aramco's business, financial position and results of operations. In particular, in the United States, Motiva and other companies in the petroleum refining and marketing industry historically used MTBE as a gasoline additive. Motiva is a party to pending lawsuits concerning alleged environmental impact associated with historic releases of MTBE in the United States, many of which involve other petroleum marketers and refiners. Plaintiffs in these MTBE lawsuits generally seek to spread liability among large groups of oil companies and seek substantial damages. Additional lawsuits and claims related to the use of MTBE, including personal-injury claims, may be filed in the future. Motiva could be subject to material liabilities relating to MTBE claims.

Continued

Aramco's operations are subject to environmental protection, health and safety laws and regulations and increased concerns regarding the safe use of chemicals and plastics and their potential impact on the environment have resulted in more restrictive regulations and could lead to new regulations.

Moreover, concerns regarding chemicals and plastics, including their safe use and potential impact on the environment, and how plastics contribute to climate change, reflect a growing trend in societal demands for increasing levels of product safety, less plastic use, environmental protection and recycling. These concerns have led to more restrictive regulations and could lead to new regulations. They could also manifest themselves in shareholder proposals, delays or failures in obtaining or retaining regulatory approvals, increased costs related to complying with more restrictive regulations, delayed product launches, lack of market acceptance, lower sales volumes or discontinuance of chemicals or plastics products, continued pressure for more stringent regulatory intervention and increased litigation. These consequences could also have an adverse effect on Aramco's business, financial position, results of operations and reputation.

The mechanism for equalization compensation Aramco receives from the Government in respect of domestic sales of certain hydrocarbons may be changed.

The Concession requires Aramco to meet domestic demand for certain hydrocarbons, petroleum products and LPG through domestic production or imports. In addition, pursuant to the Kingdom's regulatory regime, Aramco is required to sell crude oil and certain refined products to third parties in the Kingdom at the Government's regulated prices. The regulated prices for these products have historically generated less revenue for Aramco than if the same products had been sold for export.

Pursuant to an equalization mechanism, the Government compensates Aramco for the revenue it directly forgoes as a result of selling these products in the Kingdom at regulated prices. Under this mechanism, Aramco receives compensation for the difference between regulated prices and equalization prices in respect of such sales.

Furthermore, in the Kingdom, natural gas prices are regulated by the Government and the price that domestic customers pay is traditionally set by the Council of Ministers. Effective September 17, 2019, the Government implemented an equalization mechanism to compensate Aramco for the revenue it directly forgoes as a result of selling Regulated Gas Products in the Kingdom at Domestic Gas Prices, in the event that the Government does not adjust the Domestic Gas Prices to meet the pricing of the gas projects in order to ensure Aramco receives a commercial rate of return on each project. Under this mechanism, Aramco receives compensation for the difference between Domestic Gas Prices and Blended Prices in respect of such sales.

No assurance can be given that either equalization mechanism will not be revoked or amended on terms less favorable to Aramco than the existing mechanism. In addition, in the event that the equalization price is less than the regulated price, in the case of liquids, or the Blended Price is less than the Domestic Gas Price, in the case of natural gas, the difference would be due from Aramco to the Government. Any such event could have a material adverse effect on Aramco's earnings, cash flow, financial position and results of operations.

Legal and regulatory risks continued

Aramco is required to separate its downstream business into an independent legal entity within a certain time period as a condition of the Government allowing the general corporate tax rate to apply to Aramco's downstream business.

Effective January 1, 2020, the tax rate applicable to Aramco's downstream activities is, for a five-year period, the general corporate tax rate of 20% that applies to all similar domestic downstream companies under the Income Tax Law, rather than the 50% to 85% multitiered structure of income tax rates that previously applied to domestic oil and hydrocarbon production companies. In order for the general corporate tax rate to apply to Aramco's downstream business, Aramco is required to separate its downstream activities (from the oil and hydrocarbon production activities) into an independent legal entity before December 31, 2024. If Aramco does not comply in separating its downstream business within this five-year period and is not granted an extension, Aramco's downstream business will be taxed retroactively on an annual basis for such five-year period in accordance with the multitiered tax rates applicable to domestic oil and hydrocarbon production companies. In such case, Aramco may be required to pay the difference in taxes due to the Government, which could adversely affect its financial position.

Risks related to the Kingdom

The Government determines the Kingdom's maximum level of crude oil production and target MSC.

The Government determines the Kingdom's maximum level of crude oil production in the exercise of its sovereign prerogative. Accordingly, the Government may in its sole discretion increase or decrease the Kingdom's maximum level of crude oil production at any time based on its sovereign energy security goals or for any other reason, which may be influenced by, among other things, global economic and political conditions and their corresponding impact on the Kingdom's policy and strategic decisions with respect to exploration, development and production of crude oil reserves.

In order to facilitate rapid changes in production volumes, the Government requires Aramco to maintain MSC in excess of its then current production in accordance with the Hydrocarbons Law and has the exclusive authority to set MSC. MSC refers to the average maximum number of barrels per day of crude oil that can be produced for one year during any future planning period, after taking into account all planned capital expenditures and maintenance, repair and operating costs, and after being given three months to make operational adjustments. Aramco incurs substantial costs to maintain MSC and has historically utilized a significant amount of this spare capacity. However, there can be no assurance that it will utilize spare capacity in the future. The Government has decided in the past and may in the future decide to increase MSC. MSC was 12.0 million barrels of crude oil per day from January 1, 2019, to December 31, 2022. In line with the Government's 2020 mandate for MSC to be increased to 13.0 million barrels of crude oil per day, Aramco is proceeding with its plans to reach the mandated MSC by 2027. Future increases in MSC could require Aramco to incur significant additional capital expenditures.

The Government's decisions regarding maximum level of crude oil production and MSC, and Aramco's costs of complying with such decisions, may not maximize returns for Aramco. For example, Aramco may be precluded from producing more crude oil in response to either a decrease or increase in prices, which may limit its ability to generate additional revenue or to increase its production of downstream products. Any of these actions could have a material adverse effect on Aramco's business, financial position and results of operations.

If growth in domestic gas demand is less than expected, Aramco may not receive its expected return on its gas infrastructure investments.

The Concession requires that Aramco meet domestic demand for gas and, according to IHS Markit, domestic demand for gas is expected to grow by a CAGR of 4.0%. In response to the expected increase in demand for gas in the Kingdom, Aramco is undertaking several projects to grow its gas supply. Aramco's gas infrastructure investment costs may include costs related to well drilling, upgrades to existing facilities and the construction of new facilities to handle additional volumes, including gas processing facilities, pipelines and distribution networks including MGS, and storage facilities. Aramco is compensated for its sales of natural gas to domestic consumers based on usage.

Therefore, if the forecasted growth in domestic demand for natural gas is less than expected, Aramco may not receive its expected return on its gas infrastructure investments, which may have a material adverse effect on its business, financial position and results of operations.

The Kingdom's public finances are highly connected to the hydrocarbon industry.

The oil sector accounted for 38.6% and 40.9% of the Kingdom's real GDP in the years ended December 31, 2021 and 2022, respectively. In addition, oil revenues accounted for 58.2% and 68.2% of the Government's total revenues in the years ended December 31, 2021 and 2022, respectively.[1] The Government is expected to continue to rely on royalties, taxes, dividends from Aramco and other income from the hydrocarbon industry for a significant portion of its revenue. Any change in crude oil, condensate, NGL, oil product, chemical and natural gas prices or other occurrences that negatively affect Aramco's results of operations could materially affect the macroeconomic indicators of the Kingdom, including GDP, balance of payments and foreign trade and the amount of cash available to the Government. A shortfall in funding to the Government or a decision to seek more revenue from hydrocarbons may lead the Government to change the fiscal regime to which hydrocarbon producers in the Kingdom, including Aramco, are subject. Any such change could have a material adverse effect on Aramco's business, financial position and results of operations.

Political and social instability and unrest and actual or potential armed conflicts in MENA may affect Aramco's results of operations and financial position.

Aramco is headquartered and conducts much of its business in MENA. The MENA region is strategically important geopolitically and has been subject to political and security concerns and social unrest. For example, in recent years, a number of countries in the region have witnessed significant social unrest, including widespread public demonstrations and, in certain cases, armed conflict, terrorist attacks, diplomatic disputes, foreign military intervention and change of government. Such social unrest and other political and security concerns may not abate, may worsen and may spread to additional countries. Some of Aramco's facilities, infrastructure and reserves are located near the borders of countries that have been or may be impacted. No assurance can be given that these political or security concerns or social unrest will not have a material adverse effect on Aramco's business, financial position and results of operations.

In addition, the majority of Aramco's crude oil production is exported using international supply routes. In particular, the Strait of Hormuz and the Suez Canal are key shipping routes for Aramco's crude oil and are located in areas subject to political or armed conflict from time to time. For example, in May 2019, four oil tankers, including two owned by the National Shipping Company of Saudi Arabia (Bahri), were sabotaged near the Strait of Hormuz and, in July 2019, a British oil tanker was seized by Iranian forces in the Strait of Hormuz. In addition, in April and July 2018, Yemen's Houthi group attacked tankers operated by the National Shipping Company of Saudi Arabia (Bahri) off the coast of Yemen. Any political or armed conflict or other event, including those described above, that impacts Aramco's use of the Strait of Hormuz, Suez Canal or other international shipping routes could have a material adverse effect on Aramco's business, financial position and results of operations.

1. General Authority for Statistics, Kingdom of Saudi Arabia.

Risks related to the Kingdom continued

Continued

Political and social instability and unrest and actual or potential armed conflicts in MENA may affect Aramco's results of operations and financial position.

Moreover, the majority of Aramco's assets and operations are located in the Kingdom and accordingly, may be affected by the political, social and economic conditions from time to time prevailing in or affecting the Kingdom or the wider MENA region. Any unexpected changes in political, social or economic conditions may have a material adverse effect on Aramco, which could in turn have a material adverse effect on Aramco's business, financial position and results of operations or investments that Aramco has made or may make in the future.

Furthermore, any of the events described above may contribute to instability in MENA and may have a material adverse effect on investors' willingness to invest in the Kingdom or companies that are based in the Kingdom, which may in turn adversely affect the market value of the shares.

Aramco's financial position and results of operations may be adversely affected if the Kingdom stops pegging the SAR to the U.S. Dollar.

Aramco has determined that the U.S. Dollar is its functional currency because a substantial amount of its products are traded in U.S. Dollars in international markets. A portion of Aramco's capital expenditures and operating expenses are denominated in Saudi Riyals, while a significant portion of its revenues and long-term liabilities are denominated in U.S. Dollars. The Saudi Riyal has been pegged to the U.S. Dollar in the Kingdom since 1986. If the Kingdom's policy of pegging the SAR to the U.S. Dollar were to change in the future and the SAR were to become stronger relative to the U.S. Dollar, Aramco may experience an increase in the SAR denominated costs of its operations. Such an increase could have a material adverse effect on Aramco's business, financial position and results of operations.

In addition, Aramco pays dividends to the Government, in its capacity as a shareholder of the Company, in U.S. Dollars and to other shareholders in SAR. If the SAR is no longer pegged to the U.S. Dollar and the SAR were to become stronger relative to the U.S. Dollar, Aramco may be required to expend additional cash to fund its SAR denominated dividends. Such changes could have a material adverse effect on Aramco's financial position.

The Government may direct Aramco to undertake projects or provide assistance for initiatives outside Aramco's core business, which may not be consistent with Aramco's immediate commercial objectives or profit maximization.

The Government has directed, and may in the future direct, Aramco to undertake projects or provide assistance for initiatives outside Aramco's core business in furtherance of the Government's macroeconomic, social or other objectives, leveraging Aramco's know-how, resources and operational capabilities. For instance, the Government has previously directed Aramco to develop and construct large infrastructure projects and provide management, logistical and other technical assistance for certain Government initiatives. The Concession requires that all Aramco contracts with any Government agency or any arrangement for the furnishing of hydrocarbons, services or otherwise shall be on a commercial basis and, on September 5, 2019, Aramco and the Government entered into a framework agreement to govern the furnishing of services by Aramco to the Government.

While these projects and initiatives have generally been of national importance to the Kingdom and in Aramco's long-term commercial interests, they have often been outside of Aramco's core businesses and have not always been consistent with its immediate commercial objectives or profit maximization. If the Government directs Aramco to undertake future projects other than on a commercial basis, Aramco's financial position and results of operation may be materially and adversely affected.

5. Corporate governance

▲ **Core Laboratories Center, Dhahran, Saudi Arabia**

Understanding reservoirs

Aramco geoscientists use technology and traditional techniques to carefully examine core samples and drill cuttings to yield knowledge about hydrocarbon reservoirs.

Through the Company's 2022 exploration activities, two new unconventional gas fields were discovered in the Kingdom's eastern region.

Since the 1930s, the Company has collected cores and cuttings, and Aramco's Core Laboratories Center in Dhahran houses more than 26,000 kilometers of samples.

Setting high governance standards

The Board of Directors (Board) of the Company acts as an oversight body for Company management, including providing strategic leadership and guidance, as well as assessing opportunities, risks, and risk mitigation controls of the Company. The Board also oversees the Company's governance, risk and compliance regime.

The Chairman of the Board is H.E. Yasir O. Al-Rumayyan. The current members of the Board include high-ranking Saudi Government officials and former senior executives from the international oil and gas, chemical, petroleum refining, petrochemical, and finance industries.

Committee membership key[1]

- Committee Chair
- Audit Committee
- Sustainability, Risk and HSE Committee
- Nomination Committee
- Compensation Committee

H.E. Yasir O. Al-Rumayyan

H.E. Dr. Ibrahim A. Al-Assaf

H.E. Mohammed A. Al-Jadaan

H.E. Mohammad M. Al-Tuwaijri

Mr. Andrew N. Liveris

Ms. Lynn Laverty Elsenhans

Mr. Peter L. Cella

Mr. Mark A. Weinberger

Mr. Stuart T. Gulliver

Mr. Khalid H. Al-Dabbagh

Mr. Amin H. Nasser

1. The Committee membership shown is as of March 13, 2023.

H.E. Yasir O. Al-Rumayyan

Chairman

Non-executive Director

H.E. Yasir O. Al-Rumayyan, 53, is the Chairman of the Board. H.E. Al-Rumayyan has served as a Director of the Company since 2016. Currently, H.E. Al-Rumayyan serves as Governor and Director of the Board of the PIF. He also serves as Chairman of the Board of the Saudi Decision Support Center of the Royal Court, as well as a Director on the Boards of Reliance Industries and Uber Technologies, Inc.

H.E. Al-Rumayyan also currently serves in the following capacities:

- Chairman of Aviation Services Company, since 2021;
- Chairman of LIV Golf Investment LTD, since 2021;
- Director of Oil Park Development Company, since 2021;
- Chairman of Newcastle United Football Club, since 2021;
- Chairman of Golf Saudi, since 2019;
- Director of NEOM Company, since 2019;
- Director of AMAALA Company, since 2019;
- Chairman of Saudi Arabian Mining Company (Ma'aden), since 2019;
- Director of The Red Sea Global Company, since 2018;
- Vice Chairman of Roshn Real Estate Company, since 2018;
- Director of Qiddiya Investment Company, since 2018;
- Chairman of Noon Investments Company, since 2017; and
- Chairman of Sanabil Investments Company, since 2017.

H.E. Al-Rumayyan has also held the following positions:

- Director of Red Sea Cruises Company from 2019 to 2022;
- Vice Chairman of Saudi Information Technology Company (SITE) from 2019 to 2022;
- Director of ARM Limited from 2018 to 2022;
- Director on the Board of SoftBank Group Corp. from 2017 to 2020;
- Member of the Board of Governors of the Islamic Development Bank from 2016 to 2020;
- Director of the Saudi Industrial Development Fund from 2016 to 2020;
- CEO and Director of Saudi Fransi Capital LLC from 2011 to 2015;
- Director of the Saudi Exchange (Tadawul) in 2014;
- Director of Corporate Finance and Issuance, CMA from 2008 to 2010; and
- Head of International Brokerage for Saudi Hollandi Bank from 1994 to 2004.

H.E. Al-Rumayyan obtained a B.S. in Accounting from King Faisal University in 1993 and completed a General Management Program at Harvard Business School in 2007.

H.E. Dr. Ibrahim A. Al-Assaf

Deputy Chairman

Non-executive Director

H.E. Dr. Ibrahim A. Al-Assaf, 74, has served as a Director of the Company since 1999. Currently, H.E. Dr. Al-Assaf serves as a Minister of State of the Kingdom and a member of the Council of Ministers, the Council of Political and Security Affairs, and the Council of Economic and Development Affairs. He also serves as a Director on the Board of the PIF.

H.E. Dr. Al-Assaf has also served in the following capacities:

- Minister of Foreign Affairs from 2018 to 2019;
- Minister of State of the Kingdom from 2016 to 2018;
- Chairman of Sanabil Investments from 2009 to 2017;
- Minister of Finance of the Kingdom from 1996 to 2016;
- Governor of the International Monetary Fund from 1996 to 2016;
- Governor of the World Bank from 1996 to 2016;
- Governor of the Arab Monetary Fund from 1996 to 2016; and
- Governor of the Islamic Development Bank from 1996 to 2016.

H.E. Dr. Al-Assaf obtained a B.S. in Economics and Political Science from King Saud University in 1971, an M.A. in Economics from the University of Denver in 1976 and earned a Ph.D. in Economics from Colorado State University in 1982.

H.E. Mohammed A. Al-Jadaan

Director

Non-executive Director

H.E. Mohammed A. Al-Jadaan, 59, has served as a Director of the Company since 2018. Currently, H.E. Al-Jadaan serves as the Minister of Finance of the Kingdom and a member of the Council of Ministers. He also serves as a member of the Council for Economic and Development Affairs of Saudi Arabia.

H.E. Al-Jadaan also currently serves in the following capacities:

- Chairman of the General Authority for Awqaf, since 2022;
- Director of Economic Cities and Special Zones Authority, since 2022;
- Chairman of the Zakat, Tax and Customs Authority, since 2021;
- Chairman of Expenditure & Projects Efficiency Authority, since 2021;
- Chairman of Saudi Authority for Accredited Valuers, since 2021;
- Chairman of the National Center of Government Resources Systems, since 2021;
- Director of Digital Government Authority, since 2021;
- Director of Royal Commission for Makkah City and Holy Sites, since 2021;
- Chairman of the General Organization for Social Insurance, since 2020;
- Member of the Board of Trustees of King Abdullah University of Science and Technology, since 2020;
- Director of General Authority for Statistics, since 2020;
- Chairman of the National Center for Privatization & PPP (NCP), since 2019;
- Chairman of the National Debt Management Center, since 2019;
- Director of the Saudi Data and Artificial Intelligence Authority (SDAIA), since 2019;
- Director of King Abdulaziz City for Science and Technology, since 2019;
- Director of the Royal Commission for Riyadh City, since 2019;
- Committee Chairman of the Privatization Program Committee, since 2019;
- Chairman of the Non-Oil Revenue Center, since 2018;
- Chairman of the State Properties General Authority, since 2018;
- Committee Chairman of the Fiscal Sustainability Program Committee, since 2017;
- Committee Chairman of the Financial Sector Development Program Committee, since 2017;
- Committee Chairman of the Fiscal Balance Program Committee, since 2017;
- Director of National Development Fund, since 2017;
- Director of General Authority for Military Industries, since 2017;
- Director of the PIF, since 2016;
- Director of Military Industries Corporation, since 2016;
- Member of the Board of Governors of the Islamic Development Bank, since 2016;
- Member of the Board of Governors of the International Monetary Fund, since 2016;
- Member of the Board of Governors of the World Bank, since 2016;
- Member of the Board of Governors of the Arab Fund for Economic and Social Development, since 2016;
- Member of the Board of Governors of the Arab Monetary Fund, since 2016;
- Member of the Board of Governors of the Arab Bank for Economic Development in Africa, since 2016;
- Member of the Board of Governors of the Asia Infrastructure Investment Bank, since 2016;
- Member of the Board of Governors of the Arab Authority for Agricultural Investment and Development, since 2016; and
- Member of the Board of Governors of the Arab Investment and Export Credit Guarantee Corporation, since 2016.

H.E. Al-Jadaan has also served in the following capacities:

- Acting Minister of Economy and Planning from 2020 to 2021;
- Chairman of the CMA from 2015 to 2016; and
- Co-founder and Managing Partner of Al-Jadaan & Partners Law Firm from 1996 to 2015.

H.E. Al-Jadaan obtained a B.A. in Islamic Shari'a and Islamic Economics from Imam Muhammad bin Saud Islamic University in 1986, and earned a degree in Legal Studies from the Institute of Public Administration, Riyadh in 1998.

H.E. Mohammad M. Al-Tuwaijri

Director

Non-executive Director

H.E. Mohammad M. Al-Tuwaijri, 56, has served as a Director of the Company since 2018. Currently, H.E. Al-Tuwaijri serves as an advisor to the Saudi Royal Court at the Minister Level on International and Local Economic Strategic matters. He also serves as a member of the Council for Economic and Development Affairs (CEDA), Vice Chairman of the National Development Fund (NDF), a member of the Strategic Management Committee, a member of the Finance Committee at the Saudi Royal Court, a member of the Supreme Coordination Committee for Crisis Challenges, a Director of the PIF, and a Director of the Royal Commission for Makkah City and Holy Sites (RCMC).

H.E. Al-Tuwaijri also currently serves in the following capacities:

- Member of the Board of Trustees of King Abdullah University of Science and Technology (KAUST), since 2022;
- Chairman of the National Infrastructure Fund Steering Committee, since 2022;
- Director of the Aviation Services Company, since 2022;
- Director of the Public Pension Agency, since 2020;
- Chairman of the Investment and the Audit Committees of the RCMC Board, since 2019;
- Chairman of the Investment Committee of the PIF Board, since 2019;
- Chairman of the Center for the National Transformation Program, since 2017; and
- Chairman of the Executive Committee of the NDF, since 2017.

H.E. Al-Tuwaijri has also served in the following capacities:

- Director of the General Organization for Social Insurance from 2020 to 2022;
- Supervisor of the National Risk Unit at the Royal Court from 2017 to 2021;
- Minister of Economy and Planning of the Kingdom; member of the Council of Ministers; Chairman of the Standing Committee of CEDA; Chairman of the Board of Directors of the National Project Management, Operation and Maintenance Organization (Mashroat), and the General Authority for Statistics; Secretary General of the National Center for Performance Measurement "Adaa"; and Director of Saudi Arabian Airlines from 2017 to 2020;
- Chairman of the National Center for Privatization & PPP from 2019 to 2020;
- Chairman of the National Center for Strategic Development Studies from 2016 to 2020;
- Director of the Saudi Data and Artificial Intelligence Authority (SDAIA) from 2019 to 2020;
- Director of the National Information Center from 2018 to 2020;
- Vice Chairman and Chief Executive Officer of HSBC Middle East, North Africa and Turkey; Regional Head of Global Banking & Markets, HSBC MENA from 2010 to 2016; and
- Managing Director and Chief Executive Officer of J.P. Morgan Saudi Arabia from 2007 to 2010.

H.E. Al-Tuwaijri earned a B.A. from King Faisal Air Academy in 1986 and an MBA from King Saud University in 1998.

Mr. Andrew N. Liveris

Director

Independent Non-executive Director

Mr. Andrew N. Liveris, 68, has served as an independent Director of the Company since 2018. Currently, Mr. Liveris serves as Chairman of the Board of Lucid Motors, Deputy Chairman of the Board of Worley Parsons, and a Director on the Boards of IBM Corporation and Novonix. He also serves as the Chairman of the BlackRock Long-Term Private Capital Operating Committee, and on the Board of Trustees of KAUST, the United States Council for International Business, and on the Australian Foundation Minderoo. He is the founder and Chairman of The Hellenic Initiative and was named the President of the Brisbane Organizing Committee for the 2032 Olympic and Paralympic Games. He is also an advisor to Teneo and the PIF, and a member of the Advisory Boards of Sumitomo Mitsui Banking Corporation (SMBC), NEOM, and Salesforce.com, Inc.

Mr. Liveris has also served in the following capacities:

- Executive Chairman on the Board of DowDuPont Inc. from 2017 to 2018; and
- Chairman, President and CEO of The Dow Chemical Company from 2006 to 2018.

Mr. Liveris obtained a B.S. in Chemical Engineering from the University of Queensland in 1975, graduating with first class honors and awarded the University Medal. He was awarded honorary doctorates in Science from the University of Queensland in 2005, in Commercial Sciences from the University of Central Michigan in 2006, in Engineering from Michigan State University in 2015, and Laws from the Northwood University in 2015.

Ms. Lynn Laverty Elsenhans

Director

Independent Non-executive Director

Ms. Lynn Laverty Elsenhans, 66, has served as an independent Director of the Company since 2018. Currently, Ms. Elsenhans serves as a Director on the Board of Baker Hughes Company.

Ms. Elsenhans has also served in the following capacities:

- Director of GlaxoSmithKline plc from 2012 to 2022;
- Director of Baker Hughes, a GE Company from 2017 to 2019;
- Director of Baker Hughes Inc. from 2012 to 2017;
- Director of Flowserve Corporation from 2014 to 2017;
- Director of International Paper Company from 2007 to 2012;
- President and CEO of Sunoco, Inc. from 2008 to 2012, becoming Chairwoman in 2009; and
- Chairwoman of Sunoco Logistics Partners from 2008 to 2012, becoming CEO in 2010.

Ms. Elsenhans obtained a B.A. in Applied Mathematics from Rice University in 1978, and an MBA from Harvard University in 1980.

Mr. Peter L. Cella

Director

Independent Non-executive Director

Mr. Peter L. Cella, 65, has served as an independent Director of the Company since 2018. Currently, Mr. Cella serves as a Director on the Boards of Frontdoor, Inc., Inter Pipeline, and Critica Infrastructure.

Mr. Cella has also served in the following capacities:

- Director of ServiceMaster Global Holdings from 2017 to 2018;
- President and CEO, and a Director of Chevron Phillips Chemical Company from 2011 to 2017;
- Director of the American Chemistry Council from 2011 to 2017;
- Director of Junior Achievement of Southeast Texas from 2011 to 2017; and
- Senior Vice President for North America Petrochemicals for BASF Corporation from 2006 to 2011.

Mr. Cella obtained a B.S. degree in Finance from the University of Illinois at Urbana-Champaign in 1979, and an MBA from Northwestern University in 1981.

Mr. Mark A. Weinberger

Director

Independent Non-executive Director

Mr. Mark A. Weinberger, 61, has served as an independent Director of the Company since 2020. Currently, Mr. Weinberger serves on the Board of Directors of MetLife, Inc., Johnson & Johnson, and he is a member and on the Board of Trustees for the United States Council for International Business (USCIB), Greater Washington Partnership, The Concord Coalition, Emory University, and Case Western Reserve University. He is a Strategic Advisor to the Board of FCLTGlobal. He is a Senior Advisor to Chief Executives for Corporate Purpose (CECP), Stone Canyon Industries Holdings, Tanium and Teneo. He is an Executive Advisor to G100 and World 50. Mr. Weinberger is on the Board and the CEO Advisory Council of JUST Capital Foundation, Inc. In addition, he sits on the Board of Directors of the National Bureau of Economic Research (NBER), the Board of Advisors of American Council of Capital Formation, and is a member of the Economic Strategy Group, a program of the Aspen Institute. Mr. Weinberger is also a member of the Advisory Board of the Liveris Academy for Innovation and Leadership at The University of Queensland.

Mr. Weinberger has also served in the following capacities:

- Global Chairman and CEO of Ernst & Young (EY) from 2013 to 2019, and a Director since 2000, during which time he held a series of roles;
- Director on the Board of U.S. Business Roundtable from 2014 to 2019;
- Director on the Board of Catalyst, Inc. from 2013 to 2019;
- Co-Founder and Principal of Washington Counsel, P.C. (acquired by EY) from 1996 to 2000;
- Partner at Oldaker, Ryan & Leonard from 1995 to 1996;

- Member of the International Business Council at the World Economic Forum from 2013 to 2019;
- Global Agenda Steward for Economic Progress at the World Economic Forum; and
- Chairman of the International Business Leaders Advisory Council (IBLAC) from 2017 to 2018.

Mr. Weinberger has also served the U.S. government in the following capacities:

- Member of the President's Strategic and Policy Forum under President Trump in 2017;
- Member of the President's Infrastructure Task Force under President Obama from 2015 to 2016;
- Assistant Secretary of the U.S. Department of Treasury (Tax Policy) in 2001 and 2002;
- Member of the Social Security Administration Advisory Board (appointed by President Clinton) in 2000;
- Chief of Staff to U.S. President Bill Clinton's Bipartisan Commission on Entitlement and Tax Reform in 1994; and
- Chief Tax and Budget Counsel, U.S. Senate to Senator John C. Danforth (R-Missouri) from 1991 to 1994.

Mr. Weinberger obtained a B.A. in Economics from Emory University in 1983. He also earned an MBA and a J.D. from Case Western Reserve University in 1987, and an L.L.M. in Taxation from Georgetown University Law Center in 1991. He has an honorary doctorate from the Kogod School of Business at American University in Washington, D.C.

Mr. Stuart T. Gulliver

Director

Independent Non-executive Director

Mr. Stuart Gulliver, 64, has served as an independent Director of the Company since 2021. Mr. Gulliver currently serves as a Director on the Boards of the Saudi British Bank, Airport Authority Hong Kong, and Jardine Matheson. He serves on the international advisory council for the Hong Kong Stock Exchange. He also serves as the Chairman for Maggie's Centres.

Mr. Gulliver has also served in the following capacities:

- Group Chief Executive Officer with HSBC Holdings plc from 2011 to 2018;
- Chairman of the Hong Kong and Shanghai Banking Corporation from 2011 to 2018;
- Executive Director of HSBC Holdings plc from 2008 until 2018;
- Executive Director of the Hong Kong and Shanghai Banking Corporation from 2006 to 2018;
- Chairman of HSBC Private Banking Holdings (Suisse) SA from 2010 to 2011, and HSBC France from 2009 to 2012;
- Deputy Chairman of HSBC Trinkaus & Burkhardt AG from 2007 to 2011, and a member of its Supervisory Board from 2006 to 2011;
- Group Managing Director, USA with HSBC from 2004 to 2011;
- Chairman of HSBC Bank plc, and HSBC Bank Middle East Limited, in 2010;
- Chief Executive Officer, Global Banking Markets & Global Asset Management with HSBC from 2006 to 2010;
- Co-head of Corporate Investment Banking and Markets from 2003 to 2006;
- Group General Manager at HSBC from 2000 to 2004;
- Head of Treasury and Capital Markets Asia Pacific for HSBC 1996 to 2002; and
- Joined HSBC as graduate trainee in 1980.

Mr. Gulliver obtained an M.A. in Jurisprudence from the University of Oxford in 1980.

Mr. Khalid H. Al-Dabbagh

Director

Non-executive Director

Mr. Khalid H. Al-Dabbagh, 61, has served as Director of the Company since 2021. Currently, Mr. Al-Dabbagh also serves as Chairman of the Board of Directors for Saudi Basic Industries Corporation (SABIC), and Director on the Board of Governors of the GCC Board Directors Institute.

Mr. Al-Dabbagh has also served in the following capacities at Aramco:

- Senior Vice President Finance, Strategy & Development from 2018 to 2021;
- Financial Controller from 2012 to 2018;
- Treasurer from 2010 to 2012;
- Manager of the Business Analysis Department, with Strategy & Marketing Analysis from 2008 to 2010;
- Acting Executive Director of Marketing, Supply and Joint Venture Coordination, 2008;
- Manager of Crude Oil Sales and Marketing, 2008;
- Director of Joint Venture Development and Support from 2006 to 2008;
- President and Chief Executive Officer for Saudi Petroleum International, Inc. in New York from 2003 to 2006; and
- Managing Director for Saudi Petroleum Limited in Tokyo from 2001 to 2003.

Mr. Al-Dabbagh has also previously served as:

- Chairman of the Board of Saudi Aramco Development Company (SADCO) from 2018 to 2021;
- Board member of the Pengerang Refining and Petrochemical (PRefChem) from 2018 to 2020;
- Chairman of the Wisayah Investment Management Company from 2019 to 2021;
- Board Director of Sadara Chemical Company from 2015 to 2018;
- Board Director of ARLANXEO Holding B.V. from 2016 to 2018;
- Board member of Saudi Aramco Energy Ventures LLC from 2015 to 2018;
- Board member of the Saudi Aramco Entrepreneurship Center from 2014 to 2017;
- Board member of Aramco Trading Company (ATC) and the Chairman of its Board Audit Committee from 2011 to 2013;
- Board Director of Saudi Aramco Base Oil Company (Luberef) from 2009 to 2011;
- Board Director of Fujian Refining and Petrochemical Company from 2007 to 2009;
- Vice Chairman of Sinopec SenMei Products Company from 2007 to 2009;
- Board member of Showa Shell Sekiyu K.K. from 2007 to 2009; and
- Board member of the Arab Petroleum Pipeline Company (Sumed) from 2000 to 2001.

Mr. Al-Dabbagh obtained a B.S. degree in Industrial Engineering from the University of Toledo in 1985, and has completed a number of executive leadership programs including the Senior Executive Programme at London Business School.

Mr. Amin H. Nasser

Director, President & Chief Executive Officer

Executive Director

Mr. Amin H. Nasser, 64, has served as the President and CEO of the Company since 2015. Mr. Nasser has been a Director since 2010. Currently, Mr. Nasser is a member of the International Advisory Board of KFUPM, the Board of Trustees of KAUST, the World Economic Forum's International Business Council (IBC), the Massachusetts Institute of Technology Presidential CEO Advisory Board, and the JP Morgan International Council.

Prior to serving as President and CEO, Mr. Nasser served in a number of leadership positions at the Company, including as Senior Vice President of Upstream from 2007 to 2015, and VP of Petroleum Engineering and Development from 2006 to 2007.

Mr. Nasser obtained a B.S. in Petroleum Engineering from KFUPM in 1982. He also completed the Senior Executive Program at Columbia University in 2002, the Saudi Aramco Global Business Program in 2000, and the Saudi Aramco Management Development Seminar in Washington, D.C. in 1999.

Company and industry insight

Mr. Amin H. Nasser
President & Chief Executive Officer[1]

Mr. Nasir K. Al-Naimi
Executive Vice President[2], Upstream

Mr. Mohammed Y. Al Qahtani
Executive Vice President[2], Downstream

Mr. Ziad T. Al Murshed
Executive Vice President[2] & Chief Financial Officer

Mr. Abdulaziz M. Al Gudaimi[3,4]
Executive Vice President[2], Corporate Development

Mr. Ahmad A. Al Sa'adi
Executive Vice President[2], Technical Services

Mr. Nabeel A. Al Mansour
Executive Vice President[2], General Counsel & Corporate Secretary

Mr. Nabeel A. Al-Jama'
Executive Vice President[2], Human Resources & Corporate Services

1. Please see the Board of Directors' biographies subsection.
2. In October 2022, the Board resolved to change the job titles of Senior Management as well as the officers of the Company to be closer in line with those broadly used in the market, effective January 1, 2023. Pursuant to this resolution, the title of Senior Vice President has been changed to Executive Vice President; the title of Vice President to Senior Vice President and title of General Manager to Vice President. These changes are limited to job titles only, and do not affect organizational or reporting structures.
3. As of December 1, 2022, Mr. Abdulaziz M. Al Gudaimi retired from Saudi Aramco.
4. Effective January 1, 2023, Mr. Ashraf A. Al Ghazzawi is the Acting Executive Vice President of Strategy & Corporate Development.

Mr. Nasir K. Al-Naimi

Executive Vice President, Upstream

Mr. Nasir K. Al-Naimi was appointed Senior Vice President of Upstream effective April 1, 2021, having served as Business Line Head for the organization since September 2020. Prior to this, he served as Vice President, Petroleum Engineering & Development from 2016 to 2020, and as Vice President, Northern Area Oil Operations from 2012 to 2016.

Mr. Al-Naimi joined the Company in 1980 as an Engineering Aide in the Planning & Administration Services Division before being sponsored to earn his Bachelor of Science degree in Petroleum Engineering from the University of Southern California in 1985. He has taken part in several leadership training programs, including the Asian Business & Culture Program, the London Business School Senior Executive Program, and the President's Leadership Challenge.

Upon his return to the Kingdom, he joined Petroleum Engineering's Professional Development Program, working in Zuluf, Marjan, and Manifa Production before moving to Safaniyah Producing Operations in 1993 as Senior Operations Advisor.

Between 1994 and 1997, Mr. Al-Naimi was Superintendent of Oil Operations for Zuluf Offshore Producing Operations, Northern Area Producing Well Services, and Abu Ali Producing Operations. In 1997, he began working with Crude Oil Sales & Marketing and Product Sales & Marketing, a role he held until 2000, when he became Senior Marketing Manager of Gasoline Distillates & Sulfur Marketing.

Mr. Al-Naimi also undertook several assignments as Manager of Product Sales & Marketing before becoming Manager of Marketing Services for Saudi Petroleum International Inc. in New York in December 2001. He returned to the Kingdom in 2003 initially as Manager of the Marine Department, and later as Manager, Mechanical Services Shops in 2004.

In 2007, he was named Manager, Terminals, and took on several acting assignments as Executive Director of Industrial Services. In 2009, he was made General Manager of Southern Area Producing, before being elevated to Executive Director, Pipelines, Distribution & Terminals in 2010.

Mr. Al-Naimi was Chairman of the Board of Directors of Saudi Aramco Upstream Technology Company LLC (SAUTC) from 2021 until September 2022, having held the position of Vice Chairman since 2016. Previously, he was a Board member of Saudi Aramco Energy Ventures, Saudi Aramco Mobil Refinery Company Limited, and the Arabian Drilling Company.

Mr. Mohammed Y. Al Qahtani

Executive Vice President, Downstream

Mr. Mohammed Y. Al Qahtani was appointed Senior Vice President of Downstream effective September 13, 2020.

Over the course of his career, Mr. Al Qahtani has demonstrated versatile leadership in roles spanning the corporate, upstream, and downstream sectors. In 2008, he was appointed Chief Petroleum Engineer. In 2009, he assumed the position of Executive Director and then Vice President of Petroleum Engineering & Development, followed by roles as Vice President of Corporate Affairs and Vice President of Corporate Planning. In 2016, Mr. Al Qahtani became a member of corporate management and was named Senior Vice President of Upstream, a position he held until assuming his current role in Downstream.

Mr. Al Qahtani earned a B.S. degree in Petroleum Engineering from KFUPM in 1988, followed by a Master's degree and Doctorate in the same field from the University of Southern California in 1992 and 1996, respectively. He has taken part in several leadership and management training programs, including the IMD Leadership Program in Lausanne, Switzerland, the Saudi Aramco Management Development Seminar in Washington, D.C., the Oil Economies Seminar in London, the Career Development and Training Program in Bahrain, and the Oxford Energy Seminar in London.

In addition to leading the Downstream organization, Mr. Al Qahtani serves as Chairman of Aramco Trading Company (ATC), Motiva Enterprises, Saudi Aramco Jubail Refinery Company (SASREF), the King Salman Energy City Development Company (ECDC) and Saudi Aramco Total Refining and Petrochemical Company (SATORP). He is also a Board member of SABIC, the Saudi Arabian Mining Company (Ma'aden), S-Oil Corporation, the Dhahran Techno Valley Holding Company as well as the Gulf Petrochemicals and Chemicals Association (GPCA).

In addition, he is a member of the board of Advisors for the Bilateral U.S.-Arab Chamber of Commerce. Other boards on which he has served include the Saudi Council of Engineers, the Arabian Geophysical & Surveying Company Ltd., Pengerang Refining Company Sdn. Bhd. and Pengerang Petrochemical Sdn. Bhd. (collectively known as PRefChem) and the International Society of Petroleum Engineers.

Mr. Ziad T. Al Murshed

Executive Vice President & Chief Financial Officer

Mr. Ziad T. Al Murshed has over 26 years of experience in the industry and became Chief Financial Officer and Senior Vice President of Finance, Strategy & Development[1] in May 2022. He was appointed Acting Service Line Head for Finance, Strategy & Development in July 2021. Previously, Mr. Al Murshed had served as the Vice President of Fuels & Lubricants effective February 2021, having served as Vice President of International Operations from September 2019. Mr. Al Murshed had also previously served as Vice President, Downstream Growth & Integration from December 2018 to September 2019.

Prior to December 2018, Mr. Al Murshed served as Executive Director of New Business Development, a position to which he was assigned in June 2018 after being Head of that organization in an acting capacity since April 2017. Prior to his appointment as Acting Head, New Business Development, Mr. Al Murshed was General Manager and Head of Transaction Development with New Business Development, responsible for executing joint ventures, mergers and acquisitions, and divestitures, as well as third-party and other transactions.

Mr. Al Murshed joined the Company in 1991 and started his career as an engineer in Exploration and Producing. He then moved to Downstream in 1998 and assumed several responsibilities covering refining, marketing, and joint venture development and coordination.

From 2005 to 2008, he worked at Ras Tanura Refinery, where he was Superintendent of operations. In 2008, Mr. Al Murshed moved to Corporate Planning, where he was responsible for the Company's five-year business plan in Long Range Planning.

From 2010 to 2012, he served as Manager of the Yanbu' NGL Fractionation Department. In 2012, he became Manager of Business Analysis in Corporate Planning, later becoming the Director of Economic & Energy Analysis.

From 2013 to 2015, he was the Director of Strategic Planning.

Mr. Al Murshed holds a B.S. degree in Chemical Engineering from Arizona State University, and an MBA from the Sloan School of Management at the Massachusetts Institute of Technology. He is also a graduate of the General Management Program at Harvard Business School.

Mr. Al Murshed is a member of the Board of Directors of SABIC, and Chairman of the Wisayah Global Investment Company. He was appointed to the Board of Directors of S-OIL as a Director in June 2019 and held the position until March 2022.

1. Effective January 1, 2023, the Finance, Strategy & Development business line title was updated to Finance.

Mr. Abdulaziz M. Al Gudaimi

Executive Vice President, Corporate Development

Mr. Abdulaziz M. Al Gudaimi was appointed Senior Vice President of Corporate Development effective September 13, 2020, and held that position until his retirement from Saudi Aramco effective December 1, 2022. Prior to this, he was Senior Vice President of Downstream. Earlier to his appointment in Downstream, he served as the Vice President of Power Systems.

Previously, Mr. Al Gudaimi held similar leadership positions with Chemicals, Corporate Planning, and New Business Development. Prior to this, he was Vice President for Northern Area Oil Operations (NAOO).

Mr. Al Gudaimi began working for Saudi Arabian Marketing and Refining Company (SAMAREC) in 1983 at the Riyadh Refinery after graduating from King Fahd University of Petroleum & Minerals (KFUPM) with a B.S. degree in Petroleum Engineering. He later obtained an M.S. degree in Business Administration from the Massachusetts Institute of Technology's Sloan School of Management in 2001.

From April 2004 to June 2006, Mr. Al Gudaimi was President & CEO of Aramco Gulf Operations Company Ltd. (AGOC) in Al-Khafji.

Formerly, Mr. Al Gudaimi was Chairman of the Board of Directors for Aramco Trading Company (ATC), Motiva Enterprises LLC (Motiva), and Pengerang Refining Company Sdn. Bhd. and Pengerang Petrochemical Sdn. Bhd. (collectively known as PRefChem). He also served as a Board Director for S-Oil Corporation and was Chairman of the Board for ARLANXEO, Saudi Aramco Development Company (SADCO), and Saudi Aramco Total Refining & Petrochemical Company (SATORP), as well as a Board Director of the Royal Commission for Jubail & Yanbu (RCJY).

Mr. Ahmad A. Al Sa'adi

Executive Vice President, Technical Services

Mr. Ahmad A. Al Sa'adi was appointed Senior Vice President of Technical Services effective January 2016, after previously serving as the acting Service Line Head for the organization.

In his role, Mr. Al Sa'adi heads Aramco's Engineering Services, Project Management, Information Technology, Digital Transformation, and Procurement & Supply Chain Management. He also oversees the direction of corporate environmental and occupational health policies and provides guidance to management as to the impact of environmental trends.

In July 2010, Mr. Al Sa'adi became Vice President, Gas Operations, headquartered in 'Udhailiyah, and led a complex organization that consisted of seven gas processing centers.

Prior to this, he was Vice President of Pipelines, Distribution & Terminals, responsible for the transportation of oil, gas, and domestic fuel distribution through bulk plants and air fueling units, and the Kingdom's crude exports through terminals.

Mr. Al Sa'adi held the position of Chief Engineer of Aramco, and prior to that he was President & CEO of the Aramco Gulf Operations Company Ltd. (AGOC), and Chairman of the Joint Executive Committee of Al-Khafji Joint Operations (KJO), providing policy and direction to KJO.

He has served professionally and in a supervisory capacity domestically and internationally over a multitude of engineering, refining, and project management fields.

Mr. Al Sa'adi joined the Company in 1981 after earning a B.S. degree in Chemical Engineering from KFUPM. In 2000, he completed the Management Development Program at Harvard Business School.

Mr. Al Sa'adi is the Chairman of the Boards of the Sadara Chemical Company, Saudi Aramco Mobil Refinery (SAMREF), and the International Maritime Industries Company (IMIC) and Aramco Digital.

Mr. Nabeel A. Al Mansour

Executive Vice President, General Counsel & Corporate Secretary

Mr. Nabeel A. Al Mansour was appointed to the position of General Counsel and Corporate Secretary in May 2016. In 2017, Mr. Al Mansour was also appointed as Senior Vice President.

Mr. Al Mansour began his career with the Company in 1988 as a participant in the College Degree Program for Non-Employees, earning a B.S. degree in Systems Engineering from KFUPM in 1990.

Following participation in the Information Technology Professional Development Program and assignments with Engineering Services, he was selected in 1996 for the Company's Out-of-Kingdom Law Degree Program, through which he earned his Juris Doctor degree with honors in Law from Oklahoma City University in the U.S.

After completion of the bar exam and working for a leading U.S. law firm in New York, Mr. Al Mansour returned to the Kingdom in 2000 and joined the Aramco Law organization, where he held numerous positions of increasing scope and responsibility. He led the Aramco legal team that supported the development of Sadara Chemicals, and he led a number of legal teams in connection with oil and gas concessions and other investment agreements, including participating in negotiations with various international oil companies (IOCs) for significant investments in Saudi Arabia's nonassociated gas sector. He also served as Corporate Secretary to a number of joint venture companies established by Aramco and IOCs.

Mr. Al Mansour served as Associate General Counsel from April 2011 to February 2014, championing a multi-year strategic program in the Law organization, which led to transforming it into a best-in-class international legal organization. He was also responsible for overseeing multiple legal practice areas, including litigation, international trade, and project development and finance.

In February 2014, he was appointed Executive Director of Procurement & Supply Chain Management, overseeing the corporate supply chain, contracting activities, and the Company's global materials logistics operations. He was named Vice President of that organization in May 2015 and then, in October 2015, was appointed Deputy General Counsel in Law.

Mr. Nabeel A. Al-Jama'

Executive Vice President, Human Resources & Corporate Services

Mr. Nabeel A. Al-Jama' was appointed Senior Vice President of Human Resources and Corporate Services (HR&CS) effective July 1, 2020, following his service as Vice President of Corporate Affairs, a position he held since 2018.

He was previously Vice President of Human Resources from November 2017, after serving in the Office of the Minister of Energy, Industry and Mineral Resources since June 2016.

Mr. Al-Jama' had previously been appointed Vice President, Pipelines, Distribution & Terminals in May 2015. Prior to that, Mr. Al-Jama' had been Executive Director, Industrial Services, from January 2012 to January 2015.

He started with the Company in 1980 in the Home Ownership Division, after which he joined the Company's College Degree Program, earning a B.S. degree in 1985 and then an M.S. degree in 1998, both in Community & Regional Planning from KFUPM.

Mr. Al-Jama' returned to the Home Ownership Division in 1985, where he became Supervisor of the Home Ownership Unit in 1993 after serving in a variety of administrative roles.

In 1998, Mr. Al-Jama' became Director of Saudi Aramco Built Government Schools before taking on the role of Administrator, Home Ownership & Community Development, in September 2000. In February 2002, he became Manager of Central Community Services.

During that time, he completed several assignments in diverse organizations within Employee Relations & Training and the Central Community Services Department, as well as roles as acting General Manager of Medical Operations, acting Personnel Director, and acting Executive Director, Community, Buildings & Office Services.

Mr. Al-Jama' was elevated to General Manager, Training & Career Development, in 2006 before being assigned acting Executive Director, Community Services, in 2008. He was permanently assigned as Executive Director, Community Services, in 2009, and in 2012, he moved to Industrial Services. In February 2015, Mr. Al-Jama' transferred to Pipelines, Distribution & Terminals.

Mr. Al-Jama' is the Chairman of the Board for the Johns Hopkins Aramco Healthcare Company (JHAH). Until April 2021, he was a Board member of the Saudi Aramco Asia Company.

Overseeing our growth

The Company is supervised by a Board consisting of 11 Directors. The Board oversees the management of the Company and is vested with all authority to manage the business of the Company and supervise its affairs. The Board has the power to form any number of committees it deems necessary for effective governance, oversight, and operations of the Company, or to delegate all or some of its authorities to any of the committees, as it deems appropriate. The Capital Market Law, Companies Law and its implementing regulations, and the Bylaws along with the Company's internal governance regulations and policies, outline the duties and responsibilities of the Board.

Each of the Board's 11 Directors was elected at the Company's AGM convened on July 1, 2021, except for the President and Chief Executive Officer who is automatically appointed as a member of the Board, pursuant to the Bylaws. Each Director was elected for a term of three years until June 30, 2024, or until his or her replacement is duly elected. There is no limit on the number of terms that a Director may serve on the Board.

Board Committees

Currently, the Board has four standing committees: (i) Audit, (ii) Sustainability, Risk and HSE[1], (iii) Nomination, and (iv) Compensation. Each Committee meets regularly throughout the year, reports its actions and recommendations to the Board, and receives reports from management. All Board Committees have their respective charters that identify each Committee's roles, powers, and responsibilities. The primary responsibilities of each Committee are summarized below in each of the respective committee reports or statements, as applicable. Additionally, each Board Committee is chaired by an independent Non-executive Director.

Independence

The Company's Bylaws set forth requirements concerning the composition of its Board, including that the number of independent Directors must satisfy the minimum requirements of applicable laws and regulations in the Kingdom. Annually, the Board makes an affirmative determination regarding the independence of each Director based upon the recommendation of the Nomination Committee and in accordance with applicable laws and regulations. Applying these standards, the Board has determined that the following five Board members are independent Directors: Mr. Liveris, Ms. Elsenhans, Mr. Cella, Mr. Weinberger, and Mr. Gulliver.

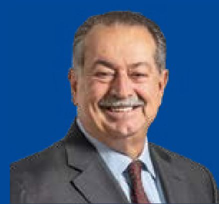
There are no existing conflicts of interest between any duties of any Director toward the Company and the Director's personal interests and/or other duties. Further, during the last fiscal year, none of the Directors participated in any competing business with the Company, according to the competition standards approved by the General Assembly.

The business address of each Director is the registered address of the Company.

1. At its May 2022 meeting, the Board approved to change the name of the Risk and HSE Committee to the Sustainability, Risk and HSE Committee.

Board Committees

Board

Audit Committee	Sustainability, Risk and HSE Committee	Nomination Committee	Compensation Committee
			
Ms. Lynn Laverty Elsenhans	**Mr. Peter L. Cella**	**Mr. Andrew N. Liveris**	**Mr. Mark A. Weinberger**
Chair	Chair	Chair	Chair

Overview of the Board[1]

Independence

Executive Director	Non-executive Director	Independent Non-executive Director
1	5	5

Nationality

UK	USA	Australia	Saudi Arabia
1	3	1	6

Age

50-55	56-60	61-65	66+
1	2	5	3

Tenure

0-2 years	3-4 years	5-10 years	11+ years
3	5	1	2

1. All Board statistics are as of March 13, 2023.

Board diversity and composition

The Board values diversity of talent, skills, viewpoints and experience, and believes that Board diversity of all types enhances the performance of the Board and provides significant benefits to the Company. Accordingly, the Nomination Committee considers the diversity of the Board with respect to these categories when reviewing its composition, as well as when nominating new Director candidates.

In its assessment of the Board's composition, the Nomination Committee also considers each Director's professional experience, integrity, honesty, judgment, independence, accountability, willingness to express independent thought, understanding of the Company's business and other factors that the Nomination Committee determines are pertinent in light of the current needs of the Board. The Nomination Committee also considers each Director's key skills and experience in light of the Company's strategy.

When identifying prospective candidates for the Board, the Nomination Committee considers the criteria described above and seeks individuals with successful leadership experience who have achieved prominence in their primary fields, and whose background demonstrates an understanding of business affairs as well as the complexities of a large, publicly listed company. In addition, candidates must have demonstrated an ability to think strategically and make decisions with a forward-looking focus, as well as the ability to assimilate relevant information on a broad range of complex topics. Moreover, candidates must have the ability to devote the time necessary to meet a Director's responsibilities.

The following table summarizes certain key characteristics of the Company's businesses and the associated qualifications, skills and experience that the Nomination Committee believes should be represented on the Board.

Business characteristics	Qualifications, skills and experience
• The Company is a complex, globally integrated energy and chemicals company with products sold around the world.	• Energy industry experience. • Broad international exposure.
• The Company's businesses are impacted by regulatory requirements and policies of various governmental entities around the world.	• Government and international trade experience.
• The Company's business is multifaceted and includes operations, transactions and partnerships in many jurisdictions.	• Expertise in audit, tax and global finance. • Global business leadership, knowledge and experience.
• Technology and innovation add significant value to the Company's operations.	• Engineering, technology, manufacturing and/or other technical knowledge and experience.
• The Company's customers are diverse and located in many countries around the world.	• Diversity of race, ethnicity, gender, cultural background or professional experience.
• Demand for many of the Company's products is directly tied to global economic conditions and is heavily influenced by global commodity, energy, construction, and transportation sectors.	• Experience in the evaluation of global economic conditions. • Knowledge of key global markets, including commodity, energy, and transportation sectors.
• The Board's responsibilities include understanding and overseeing the various risks facing the Company and ensuring that appropriate policies and procedures are in place to effectively manage these risks.	• Risk oversight/management expertise. • Executive and/or other significant leadership experience.
• Environmental performance and sustainable practices are increasingly critical drivers of the Company's strategic plans for long-term value creation.	• Environmental and sustainability expertise. • Regulatory and/or compliance experience.

Director skills and experience

Skills and experience	Definition	Members	
Financial experience	Brings valuable experience to the Board, including oversight of financial reporting and internal controls.	● ● ● ● ● ● ● ● ● ● ●	11
Risk management experience	Aids the Board in its risk oversight and can effectively identify, prioritize, and manage a broad spectrum of risks.	● ● ● ● ● ● ● ● ● ● ●	11
Energy and chemicals industry expertise	Demonstrates a practical understanding of the energy and chemicals industry and provides valuable perspective on issues specific to the Company's business.	● ● ● ● ●	5
Global business leadership experience	Provides perspective on diverse business environments, customers, and supply chains associated with the Company's global business and strategy.	● ● ● ● ● ● ● ●	8
Regulatory, legal, public policy, and government experience	Supports the Board in assessing and responding to evolving legal and regulatory environments.	● ● ● ● ●	5
Executive experience	Possesses a deep understanding of organizations and strategy to assist the Board in oversight of the Company's global operations and strategic planning.	● ● ● ● ● ● ● ●	8
Technology, innovation, and scientific experience	Assists the Board in overseeing the Company's leadership in technological change and innovation.	● ● ● ● ●	5
Other public company board experience	Aids the Board with an understanding of issues commonly faced by public companies, and provides insight on corporate governance practices and trends.	● ● ● ● ● ● ●	7

Board evaluations

The Board conducts an annual self-assessment, alternating between conducting its own assessment with the Nomination Committee overseeing the process and engaging with a third-party consultant to conduct the assessment at least once every three years. Director responses and feedback are reviewed and tracked over time to identify trends and determine appropriate items of focus to enhance the Board's performance. In 2022, the Board conducted its self-evaluation with the Nomination Committee overseeing the process and communication of the results to the Board.

2022 Board meeting attendance

In 2022 there were five Board meetings. There were no meeting attendances by proxy during 2022. Below is a record of attendance at these meetings for each Board member.

Members	Mar 18	May 13	Aug 12	Oct 31	Dec 14 & 15
H.E. Yasir O. Al-Rumayyan, Chairman	•	•	•	•	•
H.E. Dr. Ibrahim A. Al-Assaf, Deputy Chairman	•	•	•	•	•
H.E. Mohammed A. Al-Jadaan	•	•	•	•	•
H.E. Mohammad M. Al-Tuwaijri	•	•	•	•	•
Mr. Andrew N. Liveris	•	•	•	•	•
Ms. Lynn Laverty Elsenhans	•	•	•	•	•
Mr. Peter L. Cella	•	•	•	•	•
Mr. Mark A. Weinberger	•	•	•	•	•
Mr. Stuart T. Gulliver	•	•	•	•	•
Mr. Khalid H. Al-Dabbagh	•	•	•	•	•
Mr. Amin H. Nasser	•	•	•	•	•

Annual General Meeting of Shareholders

On May 12, 2022, the Company held its annual assembly through conducting an Extraordinary General Assembly Meeting. The meeting was held virtually. All of the Board members attended the EGM and the following items were voted upon, and approved by, the shareholders: (i) the 2021 Board of Directors' Report; (ii) the Board of Director's recommendation to increase the Company's capital by way of granting bonus shares through the capitalization of 15,000,000,000 Saudi Riyals from the Company's retained earnings.

The Company's shareholders play an integral role in the Company's overall governance framework. Pursuant to the CMA's Corporate Governance Regulations, members of the Board are required to attend the Company's General Assembly meetings. At such meetings, shareholders can provide their suggestions and remarks to the members of the Board.

2022 Audit Committee meeting attendance

Members	Mar 17	May 12	Aug 11	Oct 30	Dec 14
Ms. Lynn Laverty Elsenhans, Chair	•	•	•	•	•
H.E. Mohammed A. Al-Jadaan	•	•	•	•	•
Mr. Peter L. Cella	•	•	•	•	•
Mr. Mark A. Weinberger	•	•	•	•	•
Mr. Stuart T. Gulliver	•	•	•	•	•

The primary role of the Audit Committee is to monitor the Company's affairs and assist the Board and its Directors with oversight of the financial reporting and disclosure process, including oversight of:

- The integrity, effectiveness and accuracy of the Company's consolidated financial statements and reports, and the performance, soundness and effectiveness of the Company's internal controls, audit, financial reporting, and financial risk management systems;
- The qualifications and performance of the Company's internal auditor;
- The qualifications, independence, and performance of the Company's independent external auditor; and
- The Company's compliance with legal and regulatory requirements.

The Audit Committee met five times in 2022.

To enable the Audit Committee to fulfill its role, duties and objectives, the relevant key Company stakeholders and members of management participated in each of the Audit Committee meetings held in 2022 along with the Company's external auditor.

Key stakeholders and various members of management presented and provided input to the Audit Committee on certain matters including the integrity, effectiveness and accuracy of the Company's consolidated financial statements and reports, and the performance, soundness, and effectiveness of the Company's internal controls, audit, financial reporting and financial risk management.

The Audit Committee engages with:

- Management for the preparation and accuracy of the Company's consolidated financial statements;
- Management for the establishment of effective internal controls and procedures to ensure the Company's compliance with accounting standards, financial reporting procedures and applicable laws and regulations;
- The General Auditor for support in discharging the Audit Committee's responsibilities with respect to risk management, financial reporting processes, systems of internal control, and compliance with legal and regulatory requirements; and
- The external auditor in connection with the external auditor's annual audit and quarterly review, as applicable, of the consolidated financial statements.

As a matter of good governance, the Audit Committee performed its customary periodic review of the adequacy of its charter in light of practices of peers and global best practices.

Based on input and presentations from relevant key stakeholders and members of management, the Audit Committee endorsed several items in 2022 for Board approval, including:

- The 2021 Annual Report;
- The 2021 consolidated audited financial statements;
- The 2022 condensed consolidated interim (quarterly) financial reports; and
- The recommendation for the continued appointment of the Company's external auditor for the fiscal year 2023.

Further, the Audit Committee evaluated and received reports on various key issues including:

- A summary of the Company's internal auditing activities in 2021, covering areas such as assurance activities, advisory engagements, fraud risk management, and certain key initiatives taken during the year;
- Quarterly reports on the Company's ongoing internal auditing activities in 2022;
- The activities of the Company's Conflict of Interest and Business Ethics Committee;
- The financial performance in 2021 of the investments to fund the Company's benefit plans and approval of amendments to investment policies;

- A report on significant litigation matters;
- A review of the Company's financial risk management activities;
- A report on processes and internal controls for the subsidiary, Aramco Trading Company;
- A report on the Company's financing strategy;
- A review and approval of an amended Internal Auditing charter;
- The Company's 2023 global internal audit plan, including the related plan development approach and process;
- A report on the Company's financial framework;
- A report on the Company's Enterprise Tax Risk Management Framework;
- A report on managing enterprise-wide regulatory compliance risks through a global compliance framework; and
- A report on the Company's internal controls over financial reporting.

The Company's General Auditor was present at each of the Audit Committee meetings held in 2022. As part of his presentations to the Audit Committee, the General Auditor reported on the Company's internal auditing activities undertaken during the year. As part of the Audit Committee's review of the 2023 global internal audit plan, the Audit Committee sought to ensure that the plan is aligned with the key risks of the business.

Financial reporting and external audit
Two of the Audit Committee's key responsibilities are to monitor the integrity of the financial statements and to assess the effectiveness of the external auditor.

The Audit Committee has assessed that appropriate accounting policies have been adopted throughout the accounting period and that management has made reasonable estimates and judgments over the recognition, measurement, and presentation of the financial results.

At the Audit Committee's meetings in 2022 there were extensive reports and discussions with the external auditor and members of management regarding the financial statements, including detailed analysis of the financial performance and changes in the financial position of the Company, the process to prepare the final financial statements and the related independent review by the external auditor for the first, second and third quarters of the year.

The external auditor also presented to the Audit Committee members the 2022 External Audit Plan reviewing the process they would undertake to complete the audit of the 2022 annual financial statements. Also, at this meeting, the Audit Committee reviewed the external auditor's performance and independence for 2022 and did not identify any deficiencies.

At the 2021 AGM, the Company's shareholders appointed PricewaterhouseCoopers (PwC) for the 10-year period from 2021-2030 up to and including the first quarter of 2031. Therefore, PwC will not have to be appointed by the shareholders until fiscal year 2031. The Audit Committee endorsed, for approval by the Board, the continued appointment of PwC for 2023 and approved the engagement letter with PwC, setting out the terms and conditions for its services in 2023. Regardless of this shareholder appointment, the Company may, in its discretion, appoint, for approval by the shareholders, a different external auditor prior to the end of PwC's term.

In 2021, when recommending the appointment of PwC as the external auditor for 2022, the Audit Committee authorized management to engage PwC to perform certain limited other services, to ensure they, as external auditor, remain independent under the Saudi Organization for Chartered and Professional Accountants (SOCPA) standards and under guidance issued by the International Federation of Accountants. The principal limited other services provided by the external auditor in 2022 are mainly related to tax compliance.

The current audit partner will continue to act as global engagement audit partner for PwC, until the conclusion of the fiscal year-end 2023 audit, subject to satisfactory performance and continued engagement of PwC, as external auditor.

Internal controls
The Audit Committee is responsible for reviewing the adequacy and effectiveness of the Company's internal control and financial risk management systems. During the course of the year, the Audit Committee has considered various material controls, including financial, operational and compliance controls, and the Audit Committee is of the opinion that the Company's internal and financial control systems and risk management systems are effective and adequate.

2022 Sustainability, Risk and HSE Committee meeting attendance

Members	Mar 17	May 12	Aug 11	Oct 30
Mr. Peter L. Cella, Chair	•	•	•	•
H.E. Mohammad M. Al-Tuwaijri	•	•	•	•
Mr. Stuart T. Gulliver	•	•	•	•
Mr. Khalid H. Al-Dabbagh	•	•	•	•
Mr. Amin H. Nasser	•	•	•	•

The primary role of the Sustainability, Risk and HSE Committee is to monitor the Company's overall risk management and to assist the Board with:

- Leadership, direction, and oversight with respect to environmental, social and governance (ESG) matters;
- Governance and oversight of strategic and operational risks including providing leadership direction and oversight with respect to the Company's risk framework and risk strategy; and
- Assisting the Board and the Audit Committee, to foster a culture within the Company that emphasizes and demonstrates the benefits of risk management.

The Sustainability, Risk and HSE Committee held four meetings in 2022. During the year, it received updates from Management on routine assessments and reviews that were conducted regarding several corporate risks that the Company is actively managing, including those relating to, pandemics, market disruption, facility attacks, cost inefficiency, climate change effects, environmental compliance, and major industrial incidents. The Sustainability, Risk and HSE Committee also received updates on certain key health, safety and environmental matters that impact or that could potentially impact the Company.

Further, in 2022 the Sustainability, Risk and HSE Committee received updates on the Company's enterprise risk management (ERM) framework, the Company's Operational Excellence (OE) Program, and the Company's sustainability related issues and reporting framework. The Sustainability, Risk and HSE Committee received several updates relating to the Company's Sustainability Report and endorsed the 2021 Sustainability Report for approval by the Board.

The Sustainability, Risk and HSE Committee also received updates on: (i) a security-related incident that took place at the North Jeddah Bulk Plant, and the Company's response to the incident, (ii) investigations regarding work-related fatality incidents, and (iii) an assessment on relevant international trade risks for key Downstream investments.

In addition, the Sustainability, Risk and HSE Committee reviewed the Company's 2021 performance with respect to safety incidents and with respect to certain health, safety, and environmental metrics and targets. The Sustainability, Risk and HSE Committee also reviewed the Company's quarterly performance for the first three quarters in 2022 with respect to HSE metrics and targets, along with reviewing proposed HSE corporate key performance indicator metrics and targets for 2023.

Finally, in 2022, as a matter of good governance, the Sustainability, Risk and HSE Committee performed an internal review of its charter to ensure it remains in line with peers and global best practices. Based on the review that was conducted, the Sustainability, Risk and HSE Committee endorsed certain amendments to its charter to more explicitly address ESG and sustainability matters. The amendments to the charter were then approved by the Board at its May 2022 meeting. The Board also approved to change the name of the Risk and HSE Committee to the Sustainability, Risk and HSE Committee.

The Sustainability, Risk and HSE Committee continues to support the Board and the Company by carrying out its duties and responsibilities that include the following:

- Overseeing the Company's strategy, performance and reputation regarding ESG matters that contribute to long-term value creation throughout the Company's global business;
- Reviewing the Company's risk appetite;
- Reviewing the Company's operational and strategic risks, and the risk and control frameworks established to manage them, including risks that may arise in connection with the social, political, environmental, and public policy aspects of the Company's activities;
- Reporting on major strategic risk exposures and recommending steps to manage these risks to the Board; and
- Reviewing the effectiveness of the Company's policies, programs and practices with respect to safety, health, environment, social, and community relations issues, and making such recommendations to the Board with respect thereto as may be advisable.

The Sustainability, Risk and HSE Committee also carries out the functions and the duties and responsibilities of the Risk Management Committee described in the CMA's Corporate Governance Regulations.

2022 Nomination Committee meeting attendance

Members	Mar 17	Oct 30	Dec 14
Mr. Andrew N. Liveris, Chair	•	•	•
H.E. Yasir O. Al-Rumayyan	•	•	•
H.E. Dr. Ibrahim A. Al-Assaf	•	•	•
H.E. Mohammad M. Al-Tuwaijri	•	•	•
Mr. Khalid H. Al-Dabbagh	•	•	•

The primary role of the Nomination Committee is to lead the process of nominating, appointing and evaluating members of the Company's Board and to ensure the effectiveness of the Board and the individual Directors. The Nomination Committee also evaluates and makes recommendations with respect to the structure of the Board and composition of the Board's Committees. Further, the Nomination Committee evaluates and recommends to the Board the appointments of individuals (other than Directors) as Company officers, including those proposed to hold the title of Executive Vice President or higher. The Nomination Committee also proposes and makes recommendations to the Board with respect to the Company's relevant corporate governance practices and procedures.

The Nomination Committee held three meetings in 2022. In March 2022, the Nomination Committee verified the following with respect to the Directors that were Board members at that time: (i) the independence of five independent Directors; and (ii) the absence of any conflicts of interest. In addition, the Nomination Committee reviewed and analyzed the results from the 2021 Board self-assessment questionnaire and endorsed a proposed process for the 2022 Board and Board Committees' self-assessment process. The Nomination Committee also discussed a proposal for a formal Board succession planning process, to ensure the maintenance of an adequate pipeline of prospective, suitable Board candidates. Finally, the Nomination Committee endorsed for the Board's approval the appointment of certain individuals to serve as officers of the Company.

In October 2022, the Nomination Committee reviewed the 2022 self-assessment process for the Board and Board Committees and discussed and endorsed the proposed 2023 self-assessment process, to be externally-led by a board advisory consultant. In addition, the Nomination Committee reviewed the workshops conducted for the Directors in 2022, and reviewed and endorsed proposed workshops for the Directors in 2023. Further, the Nomination Committee reviewed the Company's succession planning process for Board members and Senior Executives. The Nomination Committee also determined to change the job titles of Senior Management as well as the officers of the Company to be closer in line with those broadly used in the market, effective January 1, 2023. Finally, the Nomination Committee endorsed for the Board's approval the appointment of certain individuals to serve as officers of the Company.

In December 2022, the Nomination Committee convened for a third time, for a further discussion of the Company's succession planning process for Board members and Senior Executives.

With respect to the means used by the Board to assess its performance and the performance of its members, the Nomination Committee oversaw the Board's 2022 self-assessment process which was conducted without third-party participation, following the Board's 2020 engagement with a third-party consultant. The self-assessment primarily consisted of responding to the same questionnaire as used in the 2021 engagement and comparing the results to determine any trends in the performance of the Board and its Committees.

Finally, as a matter of good governance, the Nomination Committee performed its customary periodic reviews of the adequacy of its charter in light of practices of peers and global best practices.

2022 Compensation Committee meeting attendance

Members	Mar 17	May 12	Oct 30	Dec 14
Mr. Mark A. Weinberger, Chair	•	•	•	•
H.E. Yasir O. Al-Rumayyan	•	•	•	•
H.E. Mohammed A. Al-Jadaan	•	•	•	•
Mr. Andrew N. Liveris	•	•	•	•
Ms. Lynn Laverty Elsenhans	•	•	•	•

The primary role of the Compensation Committee is to oversee the Company's policy on compensation and its implementation. The Compensation Committee reviews the annual individual compensation plans for Directors and Senior Executives. The Compensation Committee also reviews and approves the annual compensation plans of other Company executives.

The Compensation Committee held four meetings in 2022.

As part of its regular schedule of activities, the Compensation Committee discussed and evaluated remuneration policies and decisions applicable to the Company's key management personnel, including Directors and Senior Executives.

The Compensation Committee made recommendations to the Board on the annual Company-wide compensation plan and associated budget, and approved Director and Senior Executive compensation within the budget approved by the Board. The Compensation Committee also reviewed and endorsed the performance targets for use in variable pay plans and determined the overall performance of the Company for compensation purposes.

Compensation policy

The Company has a shareholder-approved policy which aims to ensure that its Directors and Executives are paid in a manner that promotes sustainable performance and is in the long-term interest of the Company and its shareholders, while attracting, retaining, and motivating the talent it requires to achieve its business goals.

Board remuneration

Table 1 below sets out the remuneration of Board members consistent with the Company's compensation policy and Bylaws.

Table 1: 2022 Board remuneration

	Fixed remuneration							Variable remuneration								
All amounts in SAR	Specific amount	Allowance for attending Board meetings	Total allowance for attending committee meetings	In-kind benefits	Remuneration for technical, managerial and consultative work	Remuneration of the Chairman, Managing Director or Secretary, if a member	Total	Percentage of the profits	Periodic remuneration	Short-term incentive plans	Long-term incentive plans	Granted shares (value)	Total	End-of-service award	Aggregate amount	Expenses allowance
Independent Directors																
Mr. Andrew N. Liveris	1,237,500	–	–	5,201	–	–	1,242,701	–	–	–	–	–	–	–	1,242,701	6,000
Ms. Lynn Laverty Elsenhans	1,237,500	–	–	5,201	–	–	1,242,701	–	–	–	–	–	–	–	1,242,701	9,000
Mr. Peter L. Cella	1,237,500	–	–	5,201	–	–	1,242,701	–	–	–	–	–	–	–	1,242,701	9,000
Mr. Mark A. Weinberger	1,237,500	–	–	5,201	–	–	1,242,701	–	–	–	–	–	–	–	1,242,701	6,000
Mr. Stuart T. Gulliver	1,125,000	–	–	5,201	–	–	1,130,201	–	–	–	–	–	–	–	1,130,201	4,500
Total	**6,075,000**	**–**	**–**	**26,005**	**–**	**–**	**6,101,005**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**6,101,005**	**34,500**
Non-executive Directors																
H.E. Yasir O. Al-Rumayyan	1,350,000	–	–	19,036	–	–	1,369,036	–	–	–	–	–	–	–	1,369,036	3,000
H.E. Dr. Ibrahim A. Al-Assaf	1,125,000	–	–	6,113	–	–	1,131,113	–	–	–	–	–	–	–	1,131,113	6,000
H.E. Mohammed A Al-Jadaan	1,125,000	–	–	6,113	–	–	1,131,113	–	–	–	–	–	–	–	1,131,113	3,000
H.E. Mohammad M. Al-Tuwaijri	1,125,000	–	–	6,113	–	–	1,131,113	–	–	–	–	–	–	–	1,131,113	4,500
Mr. Khalid H. Al-Dabbagh	1,125,000	–	–	4,639	–	–	1,129,639	–	–	–	–	–	–	–	1,129,639	8,250
Total	**5,850,000**	**–**	**–**	**42,014**	**–**	**–**	**5,892,014**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**5,892,014**	**24,750**
Executive Directors																
Mr. Amin H. Nasser	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total	**11,925,000**	**–**	**–**	**68,019**	**–**	**–**	**11,993,019**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**11,993,019**	**59,250**

In accordance with the Company's Bylaws, the Compensation Committee of the Board sets Director remuneration, without exceeding SAR 1.8 million for each member per year. Non-executive/independent members of the Board receive an annual fixed fee, a premium payment for those Directors chairing committees, reimbursement of any travel expenses, and health, welfare, and accommodation benefits for their service. Committee members receive no additional remuneration for their service on Board Committees, other than in the capacity as Chair of any committee. Executive members of the Board are not remunerated for their service as Directors.

Senior Executives remuneration

Table 2 sets out the aggregated remuneration paid to the Company's five highest paid Senior Executives, inclusive of the CEO and CFO positions.

Table 2: Total remuneration paid to the five highest paid executives including CEO and CFO

All amounts in SAR	Fixed remuneration				Variable remuneration								
	Salaries	Allowances	In-kind benefits	Total	Periodic remuneration	Profits	Short-term incentive plans	Long-term incentive plans	Granted shares (value)	Total	End-of-service award	Total remuneration for Board Executives, if any	Aggregate amount
Total	14,235,280	7,876,594	2,496,605	24,608,479	–	–	23,781,733	2,029,983	17,864,871	43,676,587	31,091,928	–	99,376,994

The Company's compensation framework for its Senior Executives is designed to provide a balanced compensation package that includes base pay, variable pay and benefits as follows:

- With respect to fixed remuneration, the Company considers the level and demands of the position, including duties and responsibilities, as well as the educational qualifications, practical experience, skills, performance, and seniority of the individual, all within the context of market conditions and pay practices of peers and other relevant companies.
- With respect to variable remuneration, the Company offers variable compensation that is market-aligned and subject to the fulfillment of predefined performance goals. Two key variable pay plans are used: (i) a Short-Term Incentive Plan (STIP), an annual cash-based plan designed to reward performance in three areas (financial, operational, and safety and sustainability); and, (ii) a Long-Term Incentive Plan (LTIP) designed to reward key financial, strategic and environmental/sustainability performance over a three-year period.

  The values reported for 2022 represent the awarded amount for the 2020 to 2022 performance period, granted in shares which vested on March 1, 2023, and the cash equivalent of dividend distributions on those shares during the performance period.
- Besides pension, savings plan and medical services, benefits are primarily housing-related allowances or equivalent, and transportation-related allowances or equivalent. The nature and levels of benefits for the Senior Executives are periodically reviewed and approved by the Compensation Committee.
- End-of-service awards represent the annual incremental value to the employee of pension provisions and end-of-service severance provisions, all of which are paid post-employment.

Directors' and Senior Executives' shareholdings and holdings in debt instruments

Table 3 illustrates shares held by Directors, their relatives, and changes that occurred during 2022. No Director has any interest in debt instruments issued by the Company or its subsidiaries, and there were no arrangements or agreements by which any of the Directors waived any salary or compensation.

Table 3: Board of Directors' rights to shares or debt instruments

Ownership of Directors

Description of any interest, contractually-based securities and subscription rights of the Directors and their relatives in the Company's/subsidiaries' shares or debt instruments.

	Beginning of the year		End of the year		
Name of interest holder	Number of shares	Debt instruments	Number of shares	Debt instruments	Net change
H.E. Yasir O. Al-Rumayyan	3,000,000	–	3,300,000	–	300,000
H.E. Dr. Ibrahim A. Al-Assaf	114,341	–	125,775	–	11,434
H.E. Mohammed A. Al-Jadaan	–	–	–	–	–
H.E. Mohammad M. Al-Tuwaijri	–	–	–	–	–
Mr. Andrew N. Liveris[1]	–	–	–	–	–
Ms. Lynn Laverty Elsenhans[1]	–	–	–	–	–
Mr. Peter L. Cella[1]	–	–	–	–	–
Mr. Mark A. Weinberger[1]	–	–	–	–	–
Mr. Stuart T. Gulliver[1]	–	–	–	–	–
Mr. Khalid H. Al-Dabbagh	235	–	258	–	23

Ownership of Directors' relatives[2]

	Beginning of the year		End of the year		
Name of interest holder	Number of shares	Debt instruments	Number of shares	Debt instruments	Net change
Relatives of H.E. Yasir O. Al-Rumayyan	–	–	–	–	–
Relatives of H.E. Dr. Ibrahim A. Al-Assaf	–	–	–	–	–
Relatives of H.E. Mohammed A. Al-Jadaan	–	–	–	–	–
Relatives of H.E. Mohammad M. Al-Tuwaijri	–	–	–	–	–
Relatives of Mr. Andrew N. Liveris[1]	–	–	–	–	–
Relatives of Ms. Lynn Laverty Elsenhans[1]	–	–	–	–	–
Relatives of Mr. Peter L. Cella[1]	–	–	–	–	–
Relatives of Mr. Mark A. Weinberger[1]	–	–	–	–	–
Relatives of Mr. Stuart T. Gulliver[1]	–	–	–	–	–
Relatives of Mr. Khalid H. Al-Dabbagh	3,927	–	4,641	–	714

1. Non-Saudi nationals not resident in Saudi Arabia are not allowed to be the registered legal owner of Company shares.
2. The term relatives, as defined under the Corporate Governance Regulations, refers to:
   – Fathers, mothers, grandfathers and grandmothers (and their ancestors);
   – Children and grandchildren and their descendants;
   – Siblings, maternal and paternal half-siblings; and
   – Husbands and wives.

Table 4 illustrates shares held by Senior Executives, their relatives, and changes that occurred during 2022. No Senior Executive has any interest in debt instruments issued by the Company or its subsidiaries and there were no arrangements or agreements by which any of the Senior Executives waived any salary or compensation.

Table 4: Senior Executives' rights to shares or debt instruments

Ownership of Senior Executives

Description of any interest, contractually-based securities and subscription rights of the Senior Executives and their relatives in the Company's/subsidiaries' shares or debt instruments.

	Beginning of the year		End of the year		
Name of interest holder	Number of shares	Debt instruments	Number of shares	Debt instruments	Net change
Mr. Amin H. Nasser	7,528	–	7,528	–	–
Mr. Mohammed Y. Al Qahtani	19,412	–	22,666	–	3,254
Mr. Abdulaziz M. Al Gudaimi	18,520	–	21,674	–	3,154
Mr. Ziad T. Al Murshed	235	–	258	–	23
Mr. Ahmad A. Al Sa'adi	17,854	–	20,868	–	3,014
Mr. Nabeel A. Al Mansour	1,569	–	2,958	–	1,389
Mr. Nabeel A. Al-Jama'	32,873	–	37,460	–	4,587
Mr. Nasir K. Al-Naimi	3,756	–	4,097	–	341

Ownership of Senior Executives' relatives[1]

	Beginning of the year		End of the year		
Name of interest holder	Number of shares	Debt instruments	Number of shares	Debt instruments	Net change
Relatives of Mr. Amin H. Nasser	23,157	–	25,417	–	2,260
Relatives of Mr. Mohammed Y. Al Qahtani	130,152	–	1,210	–	(128,942)
Relatives of Mr. Abdulaziz M. Al Gudaimi	–	–	2,111	–	2,111
Relatives of Mr. Ziad T. Al Murshed	950	–	258	–	(692)
Relatives of Mr. Ahmad A. Al Sa'adi	6,840	–	6,122	–	(718)
Relatives of Mr. Nabeel A. Al Mansour	–	–	–	–	–
Relatives of Mr. Nabeel A. Al-Jama'	8,036	–	10,971	–	2,935
Relatives of Mr. Nasir K. Al-Naimi	285	–	313	–	28

1. The term relatives, as defined under the Corporate Governance Regulations, refers to:
   – Fathers, mothers, grandfathers and grandmothers (and their ancestors);
   – Children and grandchildren and their descendants;
   – Siblings, maternal and paternal half-siblings; and
   – Husbands and wives.

The Company has adopted and implemented certain corporate governance policies and procedures specified in the Corporate Governance Regulations and continues to review and identify additional policies and procedures that it believes are appropriate for a company of its size, structure, and the industry in which it operates. Moreover, the Company has implemented a Code of Business Conduct which provides guidelines to the Directors, Senior Management, employees and contract employees of the Company and its controlled subsidiaries regarding, among other things, health, safety and environmental protection, competition and antitrust, anti-bribery and anti-corruption, international trade controls, insider trading, and compliance with applicable law.

Risk management

The Board routinely assesses the Company's risks that could impact its business model and/or future performance. The Company's risk management framework and risk factors are outlined in Section 4: Risk.

Board of Directors declarations

The Board declares the following:

- The accounting records were properly prepared;
- The system of internal control is sound in design and has been effectively implemented; and
- There are no doubts on the Company's ability to continue business.

Company declarations

SOCPA endorsed IFRS compliant

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) that are endorsed in the Kingdom, and other standards and pronouncements issued by SOCPA. The consolidated financial statements are also in compliance with IFRS as issued by the International Accounting Standards Board (IASB).

Interests in voting shares

There are no interests in any class of voting shares held by persons who have notified the Company of their holdings pursuant to Article 85 of the Rules on the Offer of Securities and Continuing Obligations. On February 13, 2022, the Government did inform the Company of the Government's transfer of 4% of the Company's total share capital to PIF. Therefore, the current ownership of the Government in the Company is 94.19%.

Investments made or any reserves set up for the benefit of employees

All amounts in millions SAR	**2022**	2021
Pension plans	**(7,481)**	(1,384)
Medical and other post-employment benefit plans	**11,370**	42,113
Net benefit liability	**3,889**	40,729

For details regarding investments made or any reserves set up for the benefit of employees, refer to Note 21 of the consolidated financial statements contained in Section 7.

Convertible debt instruments, contractual securities, preemptive right or similar rights issued or granted

On December 11, 2019, the Company acquired 117.2 million ordinary shares from the Government for the purposes of issuing them to employees through the Company's share plans. For further details, refer to Notes 16 and 17 of the consolidated financial statements contained in Section 7.

Conversion or subscription rights under any convertible debt instruments, contractually-based securities, warrants or similar rights issued or granted

The Company did not issue or grant any conversion or subscription rights under any convertible debt instruments, contractually-based securities, warrants or similar rights. Refer to the preceding paragraph for disclosure on convertible debt instruments, contractual securities, preemptive right or similar rights issued or granted by the Company.

Redeemable debt instruments

The Company did not redeem, purchase or cancel any redeemable debt instruments.

The Company's requests of shareholders records in 2022

No.	Request date	Request rationale
1	January 5	Shareholder analysis
2	January 5	Shareholder analysis
3	January 5	Shareholder analysis
4	January 5	Shareholder analysis
5	February 9	Shareholder analysis
6	February 16	Shareholder analysis
7	February 24	Shareholder analysis
8	February 24	Shareholder analysis
9	February 27	Shareholder analysis
10	February 27	Shareholder analysis
11	March 1	Shareholder analysis
12	March 24	Dividend distributions
13	April 28	Shareholder analysis
14	May 11	Shareholder analysis
15	May 11	Dividend distributions
16	May 12	Extraordinary General Assembly meeting
17	May 19	Shareholder analysis
18	May 25	Dividend distributions
19	July 4	Shareholder analysis
20	August 21	Shareholder analysis
21	August 21	Shareholder analysis
22	August 23	Dividend distributions
23	September 12	Shareholder analysis
24	September 20	Shareholder analysis
25	September 20	Shareholder analysis
26	September 20	Shareholder analysis
27	October 2	Shareholder analysis
28	October 5	Shareholder analysis
29	October 20	Shareholder analysis
30	November 8	Dividend distributions
31	November 20	Shareholder analysis
32	December 20	Shareholder analysis
33	December 20	Shareholder analysis

Dividend distribution policy and dividends framework

Pursuant to the Bylaws, the Board has sole discretion to declare dividends with respect to the outstanding shares in accordance with the Company's Dividend Distribution Policy. However, it is under no obligation to do so. The amount and frequency of any dividends will depend on a number of factors, including the Company's historic and anticipated earnings and cash flow, the Company's financial obligations and capital requirements, general economic and marketplace conditions, and other factors deemed relevant by the Board. The Company's expectations in connection with these factors are subject to numerous assumptions, risks and uncertainties, which may be beyond the Company's control.

The Company pays dividends to non-Government shareholders in SAR and to the Government in U.S. dollars. All shares have the same entitlement to any dividends declared by the Board and any dividends are and will be distributed in compliance with applicable tax laws.

In 2021 and 2022, the Company's dividend payments totaled SAR 281.3 billion ($75.0 billion) and SAR 281.3 billion ($75.0 billion), respectively. On March 10, 2023, the Company declared an ordinary dividend of SAR 73.2 billion ($19.5 billion) with respect to the fourth quarter of 2022 and is payable to the holders of shares as at the eligibility date for payment of such dividend as declared by the Board.

On May 12, 2022, the Company's Extraordinary General Assembly, approved the Board of Directors' recommendation to capitalize SAR 15.0 billion ($4.0 billion) of the Company's retained earnings to support the distribution of bonus shares to shareholders, in the amount of one share for every 10 shares held. This resulted in an increase of ordinary shares outstanding from 200 billion to 220 billion, and an increase in Aramco's share capital by SAR 15.0 billion ($4.0 billion). Accordingly, this resulted in dividends per share of SAR 0.3198 ($0.08528) (based on 220,000,000,000 ordinary shares outstanding).

In addition, on March 10, 2023, the Board of Directors recommended to the Extraordinary General Assembly to increase the Company's share capital by SAR 15.0 billion ($4.0 billion) and increase the number of the Company's issued ordinary shares by 22.0 billion without par value. Such increase will be through capitalization from the Company's retained earnings. Each shareholder will be granted one bonus share for every 10 shares owned. The increase of the share capital and the number of ordinary shares is subject to obtaining necessary approvals from competent authorities and the Extraordinary General Assembly, which will be announced later as per the required regulatory period.

It is the intention of the Board, in its discretion, to deliver sustainable dividends to its shareholders. The Company's Dividend Distribution Policy states that dividends may be declared from net profits only after the Company has:

- Ensured that dividends are capable of being distributed by the Company with reference to its most current financial statements;
- Established any reserves to meet contingencies as determined from time to time at the discretion of the Board; and
- Taken into consideration its working capital requirements, near-term liquidity, and any other factors or considerations that may be relevant in this regard, including but not limited to the implications of any dividend distributions on the Company's capital structure, credit ratings, and publicly communicated gearing targets.

Royal Order No. A/42, dated 26/1/1441H (corresponding to September 25, 2019) provides that, if the Board resolved to distribute dividends, and to the extent that the Board determines that the amount of any quarterly cash dividend declared with respect to calendar years 2020 through 2024 would have been less than $0.09375 per ordinary share (based on 200,000,000,000 ordinary shares outstanding) but for the Government forgoing its rights to such dividend as follows, the Government will forgo its right to receive the portion of cash dividends on the shares owned by the Government (currently amounting to 94.19%) equal to the amount necessary to enable the Company to first pay the minimum quarterly cash dividend amount described above to holders of ordinary shares other than the Government. The remaining amount of the declared dividend as determined by the Board in its discretion will be paid to the Government.

Additionally, dividends forgone will not accrue or otherwise be paid to the Government and the waiver applies to all ordinary shares not held by the Government from time to time and held from 2020 to 2024.

In 2022, no shareholder of the Company has waived any rights to dividends.

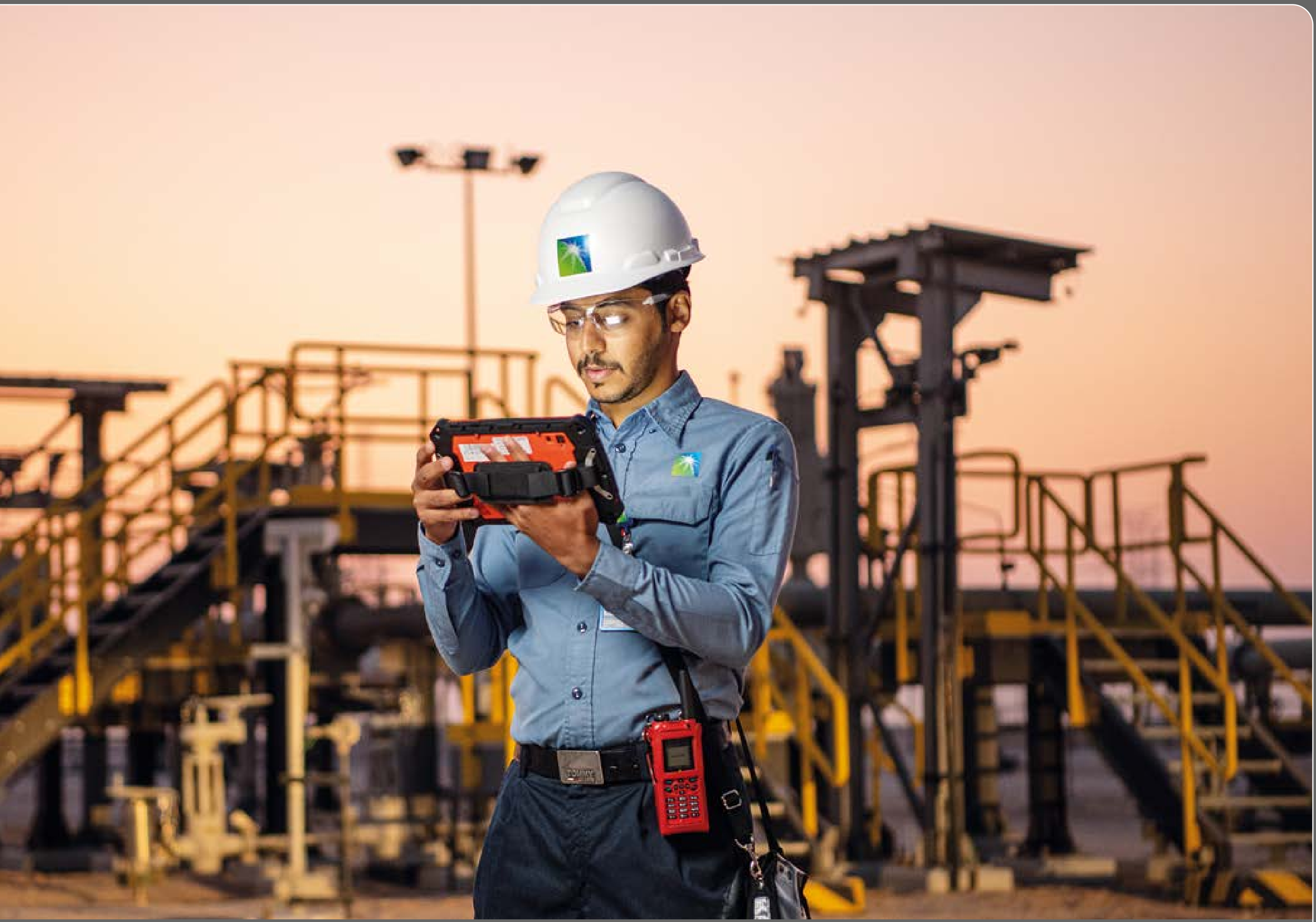
Punishments and penalties
The Company is committed to high standards of governance. The Company is not aware of any penalty, precautionary procedure or preventative measure imposed on it by any authority, supervisory, regulatory, or judicial body in 2022.

Board of Directors' report
The information contained in Sections 1 – 6 of this Annual Report constitutes the Board of Directors' report.

Compliance with CMA Corporate Governance Regulations
The Company has implemented all the provisions contained in the Corporate Governance Regulations issued by the CMA, to the extent applicable to it in light of the Bylaws, except the provision noted below:

Article No.	Provision of the Article	Justification
92 (Guiding Article)	If the Board forms a corporate governance committee, it shall assign to it the competences (sic) stipulated in Article (91) of these Regulations. Such committee shall oversee any matters relating to the implementation of governance, and shall provide the Board with its reports and recommendations at least annually.	While this is a Guiding Article, the Board has charged the Nomination Committee, formed pursuant to the Company Bylaws, with the responsibility of overseeing and making recommendations to the Board with respect to the Company's corporate governance policies and practices, including the competencies of effective governance described in Article (91) of the Regulations.

6. Additional financial and legal information



▲ **Unayzah reservoir, Ghawar oil field, Saudi Arabia**

Investing in technology solutions

Aramco seeks to use innovative technology to grow its business sustainably.

During 2022, Aramco established a SAR 5.6 billion ($1.5 billion) Sustainability Fund to invest in technology needed to support a stable and inclusive energy transition.

The fund will target investments globally, and initial focus areas will include carbon capture, utilization, and storage, greenhouse gas emissions, energy efficiency, and digital sustainability.

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Historical financial highlights

Summarized consolidated statement of income

All amounts in millions SAR unless otherwise stated	Year ended December 31 2022	2021	2020	2019	2018[1]
Revenue	**2,006,955**	1,346,930	768,109	1,105,696	1,194,376
Other income related to sales[2]	**259,418**	154,828	93,982	131,089	152,641
Revenue and other income related to sales	**2,266,373**	1,501,758	862,091	1,236,785	1,347,017
Operating costs[3]	**(1,122,296)**	(729,840)	(478,731)	(561,914)	(548,612)
Operating income	**1,144,077**	771,918	383,360	674,871	798,405
Income before income taxes and zakat	**1,152,962**	769,521	372,424	666,741	797,896
Income taxes and zakat[4]	**(548,957)**	(357,125)	(188,661)	(336,048)	(381,378)
Net income	**604,005**	412,396	183,763	330,693	416,518

1. In the preparation of each of its financial statements Aramco reclassified certain comparative amounts, at that time, to conform to the current year presentation. Such reclassifications did not impact the previously reported net income. The financial information above presents the reclassified results extracted from the comparative column of the relevant financial statements.
2. Aramco sells certain hydrocarbons within the Kingdom at regulated prices mandated by the Government. The Government implemented an equalization mechanism to compensate the Company for revenues directly forgone as a result of its compliance with the Government mandates related to crude oil and certain refined products. Effective September 17, 2019, the Government implemented an equalization mechanism related to Regulated Gas Products. Effective January 1, 2020, the Government expanded the equalization mechanism to include LPGs and certain other products.
3. Effective January 1, 2020, the royalty rate applicable to Aramco on crude oil and condensate production was amended, such that: (i) the royalty rate was reduced to 15% (from 20%) on Brent prices up to $70 per barrel; (ii) the marginal royalty rate increased to 45% (from 40%) on Brent prices above $70 per barrel up to $100 per barrel; and (iii) the marginal royalty rate increased to 80% (from 50%) on Brent prices above $100 per barrel.
4. The income tax rate applicable to Aramco was 50%, except that: (i) effective from January 1, 2018, a 20% tax rate applies to the Company's taxable income related to certain natural gas activities; and (ii) effective January 1, 2020, the tax rate applicable to the Company's downstream activities is the general corporate tax rate of 20% that applies to all similar domestic downstream companies under the Income Tax Law on the condition that the Company separate its Downstream activities under the control of one or more separate wholly-owned subsidiaries before December 31, 2024, otherwise the Company's Downstream activities will be retroactively taxed at 50%.

Summarized consolidated balance sheet

All amounts in millions SAR unless otherwise stated	As at December 31 2022	2021	2020	2019[2]	2018[1]
Total assets	**2,492,924**	2,162,690	1,914,261	1,494,126	1,346,892
Total liabilities	**826,777**	882,022	813,167	447,891	318,457
Net assets (total equity)	**1,666,147**	1,280,668	1,101,094	1,046,235	1,028,435

1. In the preparation of each of its financial statements Aramco reclassified certain comparative amounts, at that time, to conform to the current year presentation. The financial information above presents the reclassified results extracted from the comparative column of the relevant financial statements.
2. Aramco adopted IFRS 16 on January 1, 2019, using a modified retrospective approach. As a result, in the preparation of the 2019 financial statements, Aramco applied prospectively, starting January 1, 2019, the new classification and measurement models for lease contracts and consequently 2018 and prior period comparative information was not restated.

Summarized consolidated statement of cash flows

All amounts in millions SAR unless otherwise stated	Year ended December 31 2022	2021	2020	2019	2018
Net cash provided by operating activities	**698,152**	522,601	285,297	416,529	453,701
Net cash used in investing activities	**(389,009)**	(135,741)	(20,899)	(177,144)	(131,205)
Net cash used in financing activities	**(382,675)**	(294,513)	(234,872)	(244,831)	(220,586)

Statutory amounts paid and payable

Statutory amounts paid[1]

All amounts in millions SAR unless otherwise stated	Reasons for amounts paid	Year ended December 31, 2022
Income taxes and zakat	Income taxes and zakat calculated in accordance with Saudi Income Tax Regulations. See Note 8 of the consolidated financial statements	232,661
Royalties	Production royalties determined in accordance with Government agreements	349,270
Total		**581,931**

Statutory amounts payable[1]

All amounts in millions SAR unless otherwise stated	Reasons for amounts payable	As at December 31, 2022
Income taxes and zakat	Government obligation, payable on a monthly basis	97,247
Royalties	Government obligation, payable on a monthly basis	16,119
Total		**113,366**

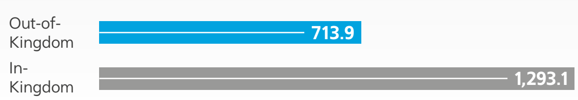
1. Statutory amounts paid and payable are in respect of the Company.

Geographical analysis of Aramco's external revenue

Sales to external customers by region are based on the location of the Aramco entity which made the sale. Out-of-Kingdom revenue includes sales of SAR 223,731 million originating from the United States of America (2021: SAR 148,488 million). For more details, refer to Section 7: Consolidated financial statements – Note 4.

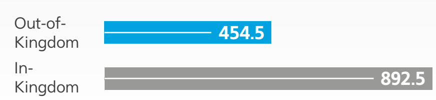
2022

(Billions SAR)



2021

(Billions SAR)



Related party transactions

As part of its normal course of business, Aramco enters into various related party contracts and transactions. These principally include sales and purchases, and providing and receiving services. Aramco sells hydrocarbon products and provides services to, and receives services from, Government, semi-Government entities and other entities in which the Government has ownership or control. These transactions are made on specific terms within the relevant regulatory framework in the Kingdom.

Other than with respect to compensation arrangements, as at the date of this Annual Report there are no related party transactions in which any of the Company's Directors or Senior Executives or an immediate family member thereof had or will have a direct or indirect material interest or were not entered into on an arm's length basis. For compensation related transactions with the Company's Directors and Senior Executives, see Section 5: Corporate governance.

The table below sets forth the transactions during the year ended December 31, 2022, identified by Aramco as material related party transactions based on available information. For more information on Aramco's related party transactions, see Section 7: Consolidated financial statements — Note 29.

All amounts in millions SAR unless otherwise stated	Year ended December 31, 2022
Joint ventures:	
Revenue from sales	**28,155**
Other revenue	**30**
Interest income	**161**
Purchases	**30,574**
Service expenses	**8**
Associates:	
Revenue from sales	**77,048**
Other revenue	**165**
Interest income	**113**
Purchases	**72,503**
Service expenses	**158**
Government, semi-Government and other entities with Government ownership or control:	
Revenue from sales	**23,351**
Other income related to sales	**259,418**
Other revenue	**1,061**
Purchases	**12,761**
Service expenses	**409**
Lease expenses	**791**

The following table sets forth Aramco's material related party transaction balances as at December 31, 2022.

All amounts in millions SAR unless otherwise stated	As at December 31, 2022
Joint ventures:	
Other assets and receivables	**5,363**
Trade receivables	**5,096**
Interest receivable	**371**
Trade and other payables	**7,060**
Associates:	
Other assets and receivables	**1,519**
Trade receivables	**13,410**
Trade and other payables	**6,278**
Borrowings	**15**
Government, semi-Government and other entities with Government ownership or control:	
Other assets and receivables	**510**
Trade receivables	**3,874**
Due from the Government	**54,545**
Trade and other payables	**2,093**
Borrowings	**128,026**

The following table sets forth material related party transactions and balances for the year ended, and as at, December 31, 2022, by related party.

All amounts in millions SAR unless otherwise stated	December 31, 2022
Transactions with joint ventures:	
Revenue from sales	
Eastern Petrochemical Company ("Sharq")	**8,441**
Sadara Chemical Company ("Sadara")	**6,053**
Al-Jubail Petrochemical Company ("Kemya")	**3,960**
Saudi Yanbu Petrochemical Company ("Yanpet")	**3,525**
First Coast Energy LLP ("FCE")	**2,801**
Tas'helat Marketing Company ("TMC")	**2,063**
Others	**1,312**
	28,155
Other revenue	
Others	**30**
	30
Interest income	
Others	**161**
	161
Purchases	
Eastern Petrochemical Company ("Sharq")	**9,555**
Sadara Chemical Company ("Sadara")	**5,745**
Al-Jubail Petrochemical Company ("Kemya")	**4,770**
Saudi Yanbu Petrochemical Company ("Yanpet")	**4,542**
SINOPEC SABIC Tianjin Petochemical Co	**3,821**
Others	**2,141**
	30,574
Service expenses	
Others	**8**
	8
Other assets and receivables	
Sadara Chemical Company ("Sadara")	**3,188**
Eastern Petrochemical Company ("Sharq")	**2,051**
Others	**124**
	5,363
Trade receivables	
Sadara Chemical Company ("Sadara")	**1,669**
Al-Jubail Petrochemical Company ("Kemya")	**1,185**
Eastern Petrochemical Company ("Sharq")	**1,181**
Others	**1,061**
	5,096
Interest receivable	
Others	**371**
	371
Trade and other payables	
Eastern Petrochemical Company ("Sharq")	**2,636**
Sadara Chemical Company ("Sadara")	**1,688**
Saudi Yanbu Petrochemical Company ("Yanpet")	**1,320**
Al-Jubail Petrochemical Company ("Kemya")	**1,253**
Others	**163**
	7,060

All amounts in millions SAR unless otherwise stated	December 31, 2022
Transactions with associates:	
Revenue from sales	
Rabigh Refining and Petrochemical Company ("Petro Rabigh")	46,193
Hyundai Oilbank Co. Ltd. ("Hyundai Oilbank")	28,796
Power and Water Utility Company for Jubail and Yanbu ("Marafiq")	1,414
Others	645
	77,048
Other revenue	
Others	165
	165
Interest income	
Others	113
	113
Purchases	
Rabigh Refining and Petrochemical Company ("Petro Rabigh")	45,889
Hyundai Oilbank Co. Ltd. ("Hyundai Oilbank")	17,880
National Shipping Company of Saudi Arabia ("Bahri")	2,453
Power and Water Utility Company for Jubail and Yanbu ("Marafiq")	2,213
Ma'aden Wa'ad Al-Shamal Phosphate Company ("MWSPC")	1,939
Fujian Refining and Petrochemical Company Limited ("FREP")	1,268
Others	861
	72,503
Service expenses	
Others	158
	158
Other assets and receivables	
Rabigh Refining and Petrochemical Company ("Petro Rabigh")	1,508
Others	11
	1,519
Trade receivables	
Rabigh Refining and Petrochemical Company ("Petro Rabigh")	11,205
Hyundai Oilbank Co. Ltd. ("Hyundai Oilbank")	1,751
Others	454
	13,410
Trade and other payables	
Rabigh Refining and Petrochemical Company ("Petro Rabigh")	4,575
National Shipping Company of Saudi Arabia ("Bahri")	1,069
Others	634
	6,278
Borrowings	
Others	15
	15

All amounts in millions SAR unless otherwise stated	December 31, 2022
Transactions with Government, semi-Government and other entities with Government ownership or control:	
Revenue from sales	
Government or semi-Government	**1,931**
Saudi Arabian Airlines ("Saudia")	**5,678**
Saudi Power Procurement Company ("SPPC")	**5,499**
Saudi Electricity Company ("SEC")	**4,680**
Saline Water Conversion Company ("SWCC")	**2,355**
Saudi Arabian Mining Company ("Ma'aden")	**2,269**
Others	**939**
	23,351
Other income related to sales	
Government and semi-Government	**259,418**
	259,418
Other revenue	
Government and semi-Government	**664**
Others	**397**
	1,061
Purchases	
Government and semi-Government	**2,419**
Saudi Electricity Company ("SEC")	**3,818**
Saudi Arabian Mining Company ("Ma'aden")	**2,220**
Arabian Drilling Company	**1,924**
Jubail Energy Services Company ("JESCO")	**1,414**
Others	**966**
	12,761
Service expenses	
Government and semi-Government	**386**
Others	**23**
	409
Lease Expenses	
Government and semi-Government	**15**
Others	**776**
	791
Other assets and receivables	
Others	**510**
	510
Trade receivables	
Government and semi-Government	**1,260**
Saudi Power Procurement Company ("SPPC")	**1,249**
Others	**1,365**
	3,874

All amounts in millions SAR unless otherwise stated	December 31, 2022
Due from the Government	
Government and semi-Government	**54,545**
	54,545
Trade and other payables	
Government and semi-Government	**1,331**
Others	**762**
	2,093
Borrowings	
Government and semi-Government	**127,092**
Others	**934**
	128,026

Total indebtedness of Aramco

Information on Aramco's total indebtedness as at December 31, 2022, is as follows:

All amounts in millions SAR unless otherwise stated	Total facility[1]	Loan duration	Repaid during the year	Balance as at December 31, 2022	Maturity date
Bank borrowings	25,423	1 to 24 years	(9,745)	23,164	2023-2045
Sukuk (Shari'a compliant)	34,581	3 to 14 years	(264)	34,581	2024-2031
Export credit agencies	2,239	15 years	(974)	2,239	2025
Public Investment Fund	1,185	15 years	(643)	1,185	2025
Saudi Industrial Development Fund (Shari'a compliant)	3,784	11 to 17 years	(885)	3,736	2025-2035
Ijarah / Procurement (Shari'a compliant)	3,304	5 to 23 years	(614)	2,701	2026-2039
Murabaha (Shari'a compliant)	28,173	7 to 24 years	(4,203)	18,293	2028-2032
Wakala (Shari'a compliant) and other Islamic financing	1,294	7 to 16 years	(43)	1,023	2028-2036
Revolving Credit Facilities	47,708	1 to 5 years	(5,370)	–	2023-2027
Short-term borrowings	27,000	Under 1 year	(1,779)	10,205	2023
Debentures	97,212	3 to 50 years	(6,551)	97,212	2023-2070
Deferred consideration[2]	122,163	8 years	(100,520)	122,163	2028
Lease Liabilities	–	–	(12,114)	52,664	Not defined
Other financing arrangements	23,978	11 to 25 years	(923)	23,978	2028-2046
	418,044		**(144,628)**	**393,144**	

1. Includes total facility amounts and carrying amounts for certain long-term loans being repaid in installments.
2. On March 7, 2023, the Company signed an agreement with PIF to make a third partial prepayment of $15.7 billion on or before March 15, 2023, which will fully or partially reduce the outstanding amounts of the promissory notes payable between 2024 and 2028. Accordingly, the remaining amount of the deferred consideration will mature in 2026.

Reserves as at December 31, 2022

As at December 31, 2022, the Kingdom's reserves in the fields Aramco operates consisted of 338.4 billion boe (2021: 337.3 billion boe), including 261.6 billion barrels (2021: 261.6 billion barrels) of crude oil and condensate, 36.1 billion barrels (2021: 36.0 billion barrels) of NGL and 246.7 tscf (2021: 241.5 tscf) of natural gas, including 156.9 tscf (2021: 153.7 tscf) of nonassociated gas.

Under the Original Concession, which was in effect until December 24, 2017, Aramco's rights with respect to hydrocarbons in the Kingdom were not limited to a particular term. Accordingly, until such date, the Kingdom's reserves in the fields Aramco operated were the same as Aramco's reserves. Effective December 24, 2017, the Concession limited Aramco's exclusive right to explore, develop and produce the Kingdom's hydrocarbon resources, except in the Excluded Areas, to an initial period of 40 years, which will be extended by the Government for 20 years provided Aramco satisfies certain conditions commensurate with current operating practices. In addition, the Concession may be extended for an additional 40 years beyond the prior 60-year period subject to Aramco and the Government agreeing on the terms of the extension (see Section 6: Additional legal information — the Concession). The provision of a specified term in the Concession impacts the calculation of Aramco's reserves as compared to the Kingdom's reserves in the fields Aramco operates. The Concession also requires Aramco to meet domestic demand for certain hydrocarbons, petroleum products and LPGs through domestic production or imports.

Based on the initial 40-year period and 20-year extension of the Concession, as at December 31, 2022, Aramco's reserves were 258.8 billion boe (2021: 253.6 billion boe). Aramco's oil equivalent reserves consisted of 200.8 billion barrels (2021: 196.9 billion barrels) of crude oil and condensate, 25.2 billion barrels (2021: 25.2 billion barrels) of NGL and 201.9 tscf (2021: 194.5 tscf) of natural gas. As at December 31, 2022, Aramco's portfolio included 535 (2021: 530) reservoirs within 142 (2021: 142) fields distributed throughout the Kingdom and its territorial waters.

Aramco manages the Kingdom's unique reserves and resources base to optimize production and maximize long-term value pursuant to the Hydrocarbons Law, which mandates that Aramco's hydrocarbon operations promote long-term productivity of the Kingdom's reservoirs and support the prudent stewardship of its hydrocarbon resources. Aramco has historically replaced reserves on an organic basis through revisions of reserve estimates at existing fields and through delineation and exploration to identify new fields. As a result, the Kingdom's estimated proved reserves at the largest oil fields operated by Aramco have increased since the time of original production.

The following table sets forth Aramco's estimates of its proved reserves based on the term of the Concession as at December 31, 2022 and 2021.

	Crude Oil (mmbbl)	Condensate (mmbbl)	Natural Gas (bscf)	Natural Gas (mmboe)	NGL (mmbbl)	Combined (mmboe)
Reserves as at December 31, 2022	**197,410**	**3,393**	**201,905**	**32,826**	**25,153**	**258,782**
Reserves as at December 31, 2021	193,195	3,676	194,453	31,549	25,188	253,608

The following table sets forth the Kingdom's estimates of its proved reserves in the fields Aramco operates as at December 31, 2022 and 2021.

	Crude Oil (mmbbl)	Condensate (mmbbl)	Natural Gas (bscf)	Natural Gas (mmboe)	NGL (mmbbl)	Combined (mmboe)
Reserves as at December 31, 2022	**257,143**	**4,480**	**246,738**	**40,665**	**36,146**	**338,434**
Reserves as at December 31, 2021	256,826	4,766	241,529	39,783	35,956	337,331

Aramco's reserve estimates conform to the SPE-PRMS definitions and guidelines, which is the internationally recognized industry standard sponsored by the Society of Petroleum Engineers, the American Association of Petroleum Geologists, the World Petroleum Council, the Society of Petroleum Evaluation Engineers, the Society of Exploration Geophysicists, the Society of Petrophysicists and Well Log Analysts and the European Association of Geoscientists and Engineers. To estimate or update Aramco's reserve estimates, the Upstream segment employees responsible for reserves calculations perform technical analyses that are reviewed internally by progressively higher levels of management until finalized at year-end. Aramco annually updates its estimates as it acquires and interprets new data. For reservoirs that have been producing and have established certain performance trends, Aramco is typically able to reliably forecast the reservoir's future production. For reservoirs that have little to no production history and new discoveries, Aramco undertakes further analysis in addition to multidisciplinary evaluation to formulate production forecasts.

Aramco

The Company was established in the Kingdom as a company with limited liability by virtue of Royal Decree No. M/8 dated 4/4/1409H (corresponding to November 13, 1988) to assume the privileges and rights of the Arabian American Oil Company. On January 1, 2018, the Company was converted into a Saudi joint stock company pursuant to Council of Ministers Resolution No. 180 dated 1/4/1439H (corresponding to December 19, 2017) and registered in the city of Dhahran under commercial registration No. 2052101150 dated 11/07/1439H (corresponding to March 28, 2018) with Saudi Arabian Oil Company as its official name. Its registered head office is located at P.O. Box 5000, Dhahran 31311, Kingdom of Saudi Arabia. Its share capital is seventy five billion Saudi Riyals (SAR 75,000,000,000), consisting of two hundred and twenty billion (220,000,000,000) fully paid ordinary shares with no par value. Aramco's primary operating segments are Upstream and Downstream, which are supported by corporate activities (for further details refer to Section 2: Results and performance).

On December 11, 2019, the Company completed its IPO and its ordinary shares were listed on Saudi Exchange (The Exchange). In connection with the IPO, the Government, being the sole owner of the Company's shares at such time, sold 3.45 billion ordinary shares, or 1.73% of the Company's share capital. In addition, concurrent with the IPO, the Company acquired 117.2 million of its ordinary shares from the Government for a cash payment of SAR 3,750 million which are being classified as treasury shares. These shares are for use by the Company for its employee share plans. On February 13, 2022, the Government announced the transfer of 4% of the Company's total share capital to the Public Investment Fund (PIF). Therefore, the current ownership of the Government in the Company is 94.19%.

In May 2022, the Extraordinary General Assembly approved the granting and distribution of one bonus share for every ten shares held by the shareholders. This resulted in an increase of issued ordinary shares from 200 billion to 220 billion and the share capital of the Company from SAR 60.0 billion to SAR 75.0 billion.

Material agreements

Aramco has entered into a number of agreements for the purposes of its business. The following is a summary of those agreements that Aramco considers material to its business. Aramco believes that all such agreements, in addition to the key provisions thereunder, have been included in this section and that there are no other agreements that are material in the context of its business. These summaries do not purport to describe all the applicable terms and conditions of such agreements and are qualified in their entirety by the respective agreements.

The Concession

Background

The Arabian American Oil Company Concession Agreement was ratified on 4/2/1352H (corresponding to May 29, 1933) and granted Arabian American Oil Company certain exclusive rights, including the right to explore, drill, recover and treat crude oil and other hydrocarbons located within certain areas of the Kingdom (which were revised and grew over time), with limited territorial exceptions. Pursuant to Royal Decree No. M/8 dated 4/4/1409H (corresponding to November 13, 1988) approving Aramco's original articles, Aramco enjoyed all the privileges and rights provided under the Arabian American Oil Company Concession Agreement, and all subsequent supplementary documents, agreements, Governmental orders and decisions in connection therewith (collectively, the "Original Concession"). Effective 6/4/1439H (corresponding to December 24, 2017), and in accordance with the Hydrocarbons Law, the Government, represented by the Minister of MEIM (predecessor to the Minister of Energy), and Aramco entered into the revised Concession Agreement (the "Concession"), which was adopted under Royal Decree No. (M/38) dated 6/4/1439H (corresponding to December 24, 2017) and replaced and superseded in its entirety the Original Concession on such date (the "Concession Effective Date"). Further, on 20/1/1441H (corresponding to September 19, 2019), and in accordance with the Hydrocarbons Law, the Government, represented by the Minister of Energy, and Aramco entered into an amendment to the Concession, with effect from January 1, 2020) (the "Concession Amendment").

Grant of rights

The Government grants Aramco the following rights to be exercised at Aramco's own risk during the term of the Concession:

- The exclusive right to explore, prospect, drill, appraise, develop, extract, recover and produce hydrocarbons in the Concession Area;
- The non-exclusive right to manufacture, refine, treat, market, sell, transport and export hydrocarbons and their derivatives extracted, recovered, developed, produced, treated, refined, consumed, transported, manufactured, marketed, sold, exported or dealt with in any other way by Aramco or on its behalf pursuant to the rights granted to Aramco in the Concession;
- The exclusive right to market and distribute hydrocarbons, petroleum products and LPG in the Kingdom, with Aramco's commitment to meeting all the domestic market's needs for such products based on the consumption requirements thereof through domestic production or imports in accordance with laws issued by the Government;
- The right to build, own and operate relevant facilities and assets as may be necessary or desirable to perform Aramco's operations within the Reserved Areas;
- Certain rights related to lands, such as use of land, easements, water rights, right-of-way and other suitable rights of any part of the Concession Areas, that are outside the Reserved Area, designated in connection with Aramco's operations and transportation of products and free access to and use of any part of the Reserved Area;
- The right to purchase, lease, import or otherwise obtain all materials, equipment and any other supplies necessary for Aramco's operations;
- The right to conduct such other activity related to the foregoing subject to the provisions of the Concession and applicable law; and
- The right to receive Government assistance in securing the rights granted in the Concession, obtaining permits, licenses and other special approvals and obtaining access, rights of way and water rights from third parties necessary for Aramco's operations.

Under the Concession, Aramco is required to obtain the necessary licenses, permits and approvals that may be required pursuant to the Hydrocarbons Law, the Law of Gas Supplies and Pricing (which is replaced by the Energy Supplies Law) and the regulations issued pursuant to these laws. The Concession and Aramco's rights referred to under the Concession represent the licenses, permits, and approvals that are necessary or required for Aramco to conduct business in the Kingdom with respect to Aramco Operations and any related activities in accordance with the agreement. All hydrocarbons in the Kingdom are owned by the Kingdom, and upon extraction or recovery of such hydrocarbons by Aramco, title to such hydrocarbons shall automatically pass to Aramco at the ownership transfer point. Aramco has no rights to any natural resources existing in the Concession Area other than hydrocarbons except as otherwise provided in the Concession.

The rights granted to Aramco under the Concession are subject to the Hydrocarbons Law and other applicable law, including production decisions issued by the Government pursuant to its sovereign authority. Aramco may not sell to any entity any hydrocarbons or derivatives therefrom in violation of decisions the Government considers necessary for the protection of supreme security interests for the Kingdom in times of war or other emergency in international relations.

Term

The Concession will remain effective for 40 years from the Concession Effective Date, unless terminated earlier in accordance with its terms.

The Government will issue a decision to extend the Concession for a period of 20 years on the 30th anniversary of the Concession Effective Date, provided Aramco has fulfilled the following conditions: (a) Aramco has exerted reasonable efforts to maximize reserves and their recovery in the Concession Area, taking into consideration production decisions and hydrocarbons market conditions; (b) Aramco has conducted its operations in a manner that (i) is economically efficient, (ii) enhances the productivity of the reservoirs in the long-term in the Concession Area and (iii) supports good management of hydrocarbons, in all cases, according to the Hydrocarbons Law; and (c) Aramco generally has conducted its activities and operations in the Kingdom in an economically efficient manner thereby enhancing the efficiency of the Kingdom's economy.

If the Concession is extended as described in the previous paragraph, the Concession may be amended and extended for an additional 40 years following the 60th anniversary of the Concession Effective Date, if Aramco provides the Government with notice confirming its intent to extend the Concession, at any time from the beginning of the 50th anniversary until the end of the 53rd anniversary of the Concession Effective Date, provided that the parties undertake exclusive negotiations for a two-year period (which may be extended or reduced by the parties), commencing at the end of the 53rd anniversary of the Concession Effective Date, to reach an agreement on the terms and conditions of such amendment and extension. If the Government and Aramco are unable to reach agreement on the amendment and extension during such exclusive negotiation period, and the Government elects to negotiate with any third party to enter into an agreement with respect to any hydrocarbon activities or operations in the Concession Area, Aramco will have a priority right to enter into an agreement with the Government under the same terms and conditions as agreed between the Government and such third party, provided that Aramco notifies the Government of its desire to exercise the priority right within 120 days of its receipt of a written notice from the Government that includes the entire draft agreement with such third party with respect to such hydrocarbon activities and operations in the Concession Area.

Royalty and taxes

Commencing January 1, 2017, royalties payable to the Government with respect to the Company's operations were calculated as follows:

- With respect to the Company's production of crude oil and condensates, including those used by the Company in its operations, royalties were calculated based on a progressive scheme applied to crude oil and condensate production value. Production was valued based on the Company's official selling prices. An effective royalty rate was applied to production value and was based each month on the average daily price quotes for Brent crude on the Intercontinental Exchange (or any successor exchange) for each day during such period. The effective royalty rate was determined based on a baseline rate of 20% applied to the value of production at prices up to $70 per barrel, a marginal rate of 40% applied to the value of production at prices above $70 per barrel up to $100 per barrel and a marginal rate of 50% applied to the value of production at prices above $100 per barrel.
- With respect to the Company's production of natural gas, ethane and NGL, excluding those volumes used by the Company for upstream operations and related operations (including transportation, pipelines and storage and export facilities, fractionation plants, gas and NGL plants), royalties are calculated based on a flat royalty rate of 12.5% applied to a factor established by the Ministry of Energy. As at December 31, 2022, the factor to which this royalty is applied is $0.035 per mmBTU for NGL (propane, butane and natural gasoline) and $0.00 per mmBTU for natural gas (methane) and ethane. The Minister of Energy may amend the price on which such values are based, taking into account the price that achieves the targeted internal rate of return set by the Minister of Energy in coordination with the Company.

Commencing January 1, 2020, the Concession Amendment amended the royalties payable to the Government with respect to the Company's production of crude oil and condensates, including those used by the Company in its operations, so that the effective royalty rate is determined based on a baseline rate of 15% applied to the value of production at prices up to $70 per barrel, a marginal rate of 45% applied to the value of production at prices above $70 per barrel up to $100 per barrel and a marginal rate of 80% applied to the value of production at prices above $100 per barrel.

In order to increase gas production to meet the needs of the Kingdom, the Government may choose not to collect royalties on natural gas, NGL (including ethane) and condensates for a period specified by the Government with respect to any field as required by the economics of such field's development. Pursuant to the Ministry of Energy's authority under the Concession, on February 25, 2018, the Ministry of Energy decided not to collect royalties from the Company on condensate production for a grace period of five years beginning on January 1, 2018. On September 17, 2019, the Ministry of Energy issued Ministerial Resolution No. 1/422/1441, dated 18/1/1441H (corresponding to September 17, 2019), which extends the period for which the Company will not be obligated to pay royalties on condensate production after the current five-year period for an additional 10-year period, which may be further extended for subsequent 10-year periods, unless the Government determines the economics impacting gas field development do not warrant such an extension.

The Government has the option to take all or part of the royalty in-kind from the produced hydrocarbons.

Acquisition of 70% equity interest in SABIC

On June 16, 2020, Aramco acquired the PIF's 70% equity interest in SABIC for total consideration of $69.1 billion. SABIC operates in over 50 countries and produces a range of chemicals. Aramco believes that purchasing this majority interest in SABIC advances its strategy to increase the proportion of petrochemicals production in its downstream portfolio and supports Aramco's downstream growth ambitions. In addition, Aramco believes that the acquisition facilitates the application of SABIC's expertise in the chemicals industry to Aramco's existing and future integrated downstream facilities.

The March 27, 2019, purchase agreement provided that the purchase price for the acquisition would be paid on the closing date in the form of a cash payment equal to 50% of the purchase price (to be adjusted for certain expenses) and a seller loan in an amount equal to 50% of the purchase price with the last payment due on or before December 31, 2021. On October 6, 2019, Aramco and the PIF agreed to amend the payment terms to provide that, on the closing date, 36% of the purchase price (to be adjusted for certain expenses) would be paid in cash and 64% would be paid in the form of a seller loan with the last payment due on or before September 30, 2025.

On June 16, 2020, Aramco and the PIF agreed to further amend the payment terms to provide that the entire purchase price would be paid over several installments pursuant to a seller loan provided by the PIF (deferred consideration).

On January 24, 2022, the Company, in agreement with PIF, made a partial prepayment of $7.6 billion, which reduced the principal amounts of two promissory notes payable on or before April 7, 2024 and April 7, 2026, by $7.0 billion and $1.0 billion, respectively. In addition, on June 30, 2022, the Company made a second partial prepayment of $10.2 billion, which reduced the principal amount of a promissory note payable on or before April 7, 2025 by $2.5 billion and further reduced the principal amount of the promissory note payable on or before April 7, 2026 by $9.5 billion.

After taking these payments into account, as at December 31, 2022, future loan payments, which are represented by promissory notes, are payable between April 7, 2023 and April 7, 2028 (the last payment), as follows:

1. On or before April 7, 2023, an amount equal to $10.5 billion plus a loan charge of $500 million;
2. On or before April 7, 2024, an amount equal to $3.5 billion plus a loan charge of $600 million;
3. On or before April 7, 2025, an amount equal to $8.0 billion plus a loan charge of $800 million;
4. On or before April 7, 2026, an amount equal to $6.6 billion plus a loan charge of $1.5 billion;
5. On or before April 7, 2027, a loan charge of $1.0 billion; and
6. On or before April 7, 2028, a loan charge of $1.0 billion.

On March 7, 2023, the Company agreed with PIF to make a third partial prepayment of $15.7 billion on or before March 15, 2023. This partial prepayment will fully reduce the outstanding principal amount of $3.5 billion of the promissory note payable on or before April 7, 2024, and will partially reduce the outstanding principal amounts of the promissory notes payable on or before April 7, 2025, and April 7, 2026, by $3.8 billion and $5.7 billion, respectively. The outstanding amounts of the loan charge promissory notes payable between 2024 and 2028, aggregating to $4.9 billion, will also be fully reduced. After taking this prepayment into account, the future loan payment will be as follows:

1. On or before April 7, 2023 an amount equal to $10.5 billion plus a loan charge of $500 million;
2. On or before April 7, 2025 an amount equal to $4.2 billion;
3. On or before April 7, 2026 an amount equal to $0.9 billion.

Subject to the exceptions set forth below, the promissory notes are freely transferable and assignable and may be pledged by the PIF. However, if the PIF receives any offer or commitment of financing which would include a transfer of any promissory note, Aramco may within 30 days of receiving notice of the offer or commitment, notify the PIF in writing of its intent to purchase all or a portion of the promissory notes to be transferred on the same terms. To the extent Aramco does not elect to purchase the promissory notes to be transferred, the PIF may transfer such promissory note during the subsequent 120-day period. Furthermore, the PIF may not transfer, assign or pledge at any time promissory notes with aggregate initial principal outstanding balances of (i) $3.5 billion and a payment date of April 7, 2026, (ii) $250 million and a payment date of April 7, 2027, and (iii) $250 million and a payment date of April 7, 2028. Aramco currently intends to repay the promissory notes in a phased manner through cash from operations, external debt financing or a combination thereof.

As part of the June 16, 2020, amendment to the purchase agreement, Aramco agreed to enter into foreign exchange transactions with banking institutions mutually agreed between Aramco and the PIF to exchange U.S. dollars for Saudi Riyals. The aggregate amount of these foreign exchange transactions is (i) up to $2.0 billion between June 16, and August 2, 2020, (ii) up to $3.0 billion in 2021 and (iii) up to $2.0 billion in 2022.

Intellectual property

Aramco assesses, develops and incorporates new technology in a manner tailored to Aramco's operations to protect business interests, enhance its operational efficiency, increase profitability and reduce the environmental impact of its operations. The scale of Aramco's hydrocarbon reserves and operational capabilities enable it to realize significant benefits and value from otherwise marginal technological benefits.

Aramco focuses its technology initiatives in two primary areas: upstream and downstream. In addition, Aramco is working on several focused initiatives, including reductions in the environmental impact of operations and advancements in digital technologies. Upstream technology development is directed primarily to improving methods for discovering new hydrocarbon reserves, improving oil recoveries, increasing productivity, discovering novel catalysts and reducing lifting costs. Downstream technology development is dedicated primarily to maximizing value across the hydrocarbon chain and finding new and improved methods of producing products. Aramco's environmental impact initiatives include efforts aimed at producing lower carbon intensity crude oil, advancing efficient transport and driving high-impact lower carbon intensity solutions. Aramco's digital technologies include innovations that leverage machine learning, artificial intelligence, and data analytics.

Aramco intellectual property portfolio includes patents, trademarks and copyrights, of which no individual asset is considered material to the Company, nor does the business of the Company depend on any such asset.

Litigation

From time to time, Aramco is subject to various claims, lawsuits, regulatory investigations and other legal matters arising in the ordinary course of business, including contractual claims relating to construction projects and agreements to render services undertaken by Aramco, claims for title to land and environmental claims. Additionally, Aramco in the past has been subject to antitrust claims.

Furthermore, exports of crude oil, refined products and petrochemicals by Aramco or its affiliates to foreign countries may be affected by litigation, regulatory actions, investigations, disputes or agreements that lead to the imposition of import trade measures, including anti-dumping and countervailing duties, safeguard measures, import licensing and customs requirements, and new or increased tariffs, quotas or embargoes. The possibility and effect of any such measures will depend on the domestic laws in the relevant country to which the applicable products are being exported and applicable international trade agreements. Foreign countries may take such measures for political or other reasons, including reasons unrelated to Aramco actions or operations.

The outcome of litigation and other legal matters, including government investigations or other trade actions, is inherently uncertain. Aramco believes it has valid defenses to the legal matters currently pending against it as a party. Certain trade actions that do not involve Aramco as a party may instead involve its products or industry, other products or industries impacting its operations, or the countries in which it operates. Trade actions may be taken without prior notice, or with retroactive effect. Actual outcomes of these legal, regulatory and other proceedings may materially differ from current estimates. To date, none of these types of litigation or trade matters have had a material impact on Aramco's operations or financial position. Aramco believes that it is not presently a party to any legal, regulatory or other proceedings that, if determined adversely to it, could reasonably be expected, individually or taken together, to have a material adverse effect on Aramco's business, financial position or results of operations.

Debt instruments issued by subsidiaries

All amounts in millions SAR unless otherwise stated	Debt instrument	**Balance as at December 31, 2022**[1]
Motiva Enterprises LLC	Debentures	**5,743**
Sadara Chemical Company	Sukuk	**5,268**
Saudi Aramco Sukuk Company	Sukuk	**11,250**
Saudi Aramco Total Refining and Petrochemical Company	Sukuk	**1,458**
Saudi Basic Industries Corporation	Debentures	**11,993**
S-Oil Corporation	Debentures	**8,929**
SA Global Sukuk Limited	Sukuk	**22,500**

1. Represents 100% of the balance as reported in the respective subsidiaries' balance sheet.

Shares issued by subsidiaries

The Company holds direct or indirect ownership in the following domestic and foreign subsidiaries[1]:

Name of entity	Place of business/ country of incorporation	Percent ownership[2]	Principal business activity	Share capital Currency	Share capital Amount (millions)
A. Wholly-owned:					
4 Rivers Energy LLC	USA	100%	Retail fuel operations	USD	–
Aramco (Beijing) Venture Management Consultant Co., Ltd.	China	100%	Investment	USD	1.8
Aramco Affiliated Services Company	USA	100%	Support services	USD	–
Aramco Asia India Private Limited	India	100%	Purchasing and other services	INR	2.9
Aramco Asia Japan K.K.	Japan	100%	Purchasing and other services	JPY	738.2
Aramco Asia Korea Limited	South Korea	100%	Marketing and vendor sourcing activities	KRW	4,302.9
Aramco Asia Singapore Pte. Ltd.	Singapore	100%	Purchasing and other services	USD	3.9
Aramco Associated Company	USA	100%	Aircraft operations	USD	0.0
Aramco Capital Company, LLC	USA	100%	Aircraft leasing	USD	–
Aramco Chemicals Company	Saudi Arabia	100%	Chemicals	SAR	75.0
Aramco Far East (Beijing) Business Services Co., Ltd.	China	100%	Petrochemical purchasing, sales and other services	USD	25.0
Aramco Financial Services Company	USA	100%	Financing	USD	0.0
Aramco Fuels Poland sp. z o.o.	Poland	100%	Wholesale fuel operations	USD	0.4
Aramco Gulf Operations Company Limited	Saudi Arabia	100%	Production and sale of crude oil	USD	0.3
Aramco Innovations Limited Liability Company	Russia	100%	Research and commercialization	USD	0.2
Aramco International Company Limited	British Virgin Islands	n/a[5]	Support services	USD	0.0
Aramco Lubricants and Retail Company	Saudi Arabia	100%	Retail fuel marketing	SAR	0.2
Aramco Overseas – Egypt	Egypt	100%	Personnel and other support services	EGP	0.1
Aramco Overseas Company B.V.	Netherlands	100%	Purchasing and other services	USD	15,614.5
Aramco Overseas Company Spain, S.L.	Spain	100%	Personnel and other support services	USD	0.0
Aramco Overseas Company UK Limited	United Kingdom	100%	Personnel and other support services	USD	0.0
Aramco Overseas Malaysia SDN. BHD.	Malaysia	100%	Personnel and other support services	USD	0.1
Aramco Performance Materials LLC	USA	100%	Petrochemical manufacture and sales	USD	0.9
Aramco Services Company	USA	100%	Purchasing, engineering and other services	USD	0.0
Aramco Shared Benefits Company	USA	100%	Benefits administration	USD	0.0
Aramco Trading Americas Holding Inc.	USA	100%	Holding	USD	–
Aramco Trading Americas LLC (formerly, Motiva Trading LLC)	USA	100%	Purchasing and sale of petroleum goods and other services	USD	276.5
Aramco Trading Company	Saudi Arabia	100%	Importing, exporting and trading of crude oil, refined and chemical products	USD	35.0
Aramco Trading Fujairah FZE	UAE	100%	Importing and exporting refined products	AED	0.2
Aramco Trading Limited	United Kingdom	100%	Importing and exporting refined products	GBP	0.0
Aramco Trading Singapore Pte. Ltd.	Singapore	100%	Marketing and sales support	USD	4.5
Aramco Venture Management Consultant Company LLC	USA	100%	Consulting services	n/a	–
Aramco Ventures Holdings Limited	Guernsey	100%	Investment	USD	–
Aramco Ventures Investments Limited	Guernsey	100%	Investment	USD	–
ARLANXEO Holding B.V.	Netherlands	100%	Development, manufacture, and marketing of high-performance rubber	EUR	0.0
ARLANXEO Belgium N.V.	Belgium	100%	Development, manufacture, and marketing of high-performance rubber	EUR	108.4

Name of entity	Place of business/ country of incorporation	Percent ownership[2]	Principal business activity	Share capital Currency	Share capital Amount (millions)
ARLANXEO Branch Offices B.V.	Netherlands	100%	Development, manufacture, and marketing of high-performance rubber	EUR	0.1
ARLANXEO Brasil S.A.	Brazil	100%	Development, manufacture, and marketing of high-performance rubber	BRL	1,264.0
ARLANXEO Canada Inc.	Canada	100%	Development, manufacture, and marketing of high-performance rubber	CAD	46.9
ARLANXEO Deutschland GmbH	Germany	100%	Development, manufacture, and marketing of high-performance rubber	EUR	0.0
ARLANXEO Elastomères France S.A.S.	France	100%	Development, manufacture, and marketing of high-performance rubber	EUR	18.9
ARLANXEO Emulsion Rubber France S.A.S.	France	100%	Development, manufacture, and marketing of high-performance rubber	EUR	19.1
ARLANXEO High Performance Elastomers (Changzhou) Co., Ltd.	China	100%	Development, manufacture, and marketing of high-performance rubber	CNY	1,143.2
ARLANXEO India Private Limited	India	100%	Development, manufacture, and marketing of high-performance rubber	INR	22.5
ARLANXEO Netherlands B.V.	Netherlands	100%	Development, manufacture, and marketing of high-performance rubber	EUR	30.4
ARLANXEO Singapore Pte. Ltd.	Singapore	100%	Development, manufacture, and marketing of high-performance rubber	USD	843.6
ARLANXEO Switzerland S.A.	Switzerland	100%	Development, manufacture, and marketing of high-performance rubber	USD	35.1
ARLANXEO USA LLC	USA	100%	Development, manufacture, and marketing of high-performance rubber	USD	–
Aurora Capital Holdings LLC	USA	100%	Real estate holdings	USD	–
Bolanter Corporation N.V.	Curaçao	100%	Crude oil storage	USD	0.0
Briar Rose Ventures LLC	USA	100%	Real estate holdings	USD	–
Canyon Lake Holdings LLC	USA	100%	Retail fuel operations	USD	–
Excellent Performance Chemicals Company	Saudi Arabia	100%	Petrochemical manufacture and sales	SAR	1,000.0
Global Digital Integrated Solutions Company	Saudi Arabia	100%	Information technology	SAR	–
Investment Management Company	Saudi Arabia	100%	Investment management of post-employment benefit plans	USD	0.1
Motiva Enterprises LLC	USA	100%	Refining and marketing	USD	9,558.7
Motiva Pipeline LLC	USA	100%	Pipeline transport	USD	–
Mukamala Oil Field Services Limited	Saudi Arabia	100%	Oil field services	USD	461.1
Mukamalah Aviation Company (formerly, Mukamala International Investments Company)	Saudi Arabia	100%	Aviation	USD	0.1
Pandlewood Corporation N.V.	Curaçao	100%	Financing	USD	0.0
Pedernales Ventures LLC	USA	100%	Retail fuel operations	USD	–
Pedernales Ventures II LLC	USA	100%	Investment	USD	–
PT Aramco Overseas Indonesia	Indonesia	100%	Project management support	IDR	2,500.0
SAEV Europe Limited	United Kingdom	100%	Investment	USD	0.0
SAEV Guernsey 1 Ltd	Guernsey	100%	Investment	USD	2.4
SAEV Guernsey Holdings Limited	Guernsey	100%	Investment	USD	–
Saudi Aramco Asia Company Limited	Saudi Arabia	100%	Investment	USD	0.1
Saudi Aramco Capital Company Limited	Guernsey	100%	Investment	USD	–

Shares issued by subsidiaries continued

Name of entity	Place of business/ country of incorporation	Percent ownership[2]	Principal business activity	Share capital Currency	Share capital Amount (millions)
Saudi Aramco Development Company	Saudi Arabia	100%	Investment	SAR	0.5
Saudi Aramco Energy Ventures LLC	Saudi Arabia	100%	Investment	SAR	0.5
Saudi Aramco Energy Ventures US LLC	USA	100%	Investment	USD	–
Saudi Aramco Entrepreneurship Center Company Limited	Saudi Arabia	100%	Financing	SAR	0.5
Saudi Aramco Entrepreneurship Venture Company Limited	Saudi Arabia	100%	Investment	SAR	0.5
Saudi Aramco Jubail Refinery Company	Saudi Arabia	100%	Refining	SAR	1,600.0
Saudi Aramco Power Company	Saudi Arabia	100%	Power generation	SAR	0.1
Saudi Aramco Sukuk Company	Saudi Arabia	100%	Investment	SAR	0.5
Saudi Aramco Technologies Company	Saudi Arabia	100%	Research and commercialization	USD	0.1
Saudi Aramco Upstream Technology Company	Saudi Arabia	100%	Research and commercialization	USD	0.1
Saudi Petroleum International, Inc.	USA	100%	Marketing support services	USD	0.0
Saudi Petroleum Overseas, Ltd.	United Kingdom	100%	Marketing support and tanker services	GBP	0.0
Saudi Petroleum, Ltd.	British Virgin Islands	n/a[5]	Marketing support and tanker services	USD	–
Saudi Refining, Inc.	USA	100%	Refining and marketing	USD	0.0
Sofon Industries Company	Saudi Arabia	100%	Maritime holdings	SAR	–
Stellar Insurance, Ltd.	Bermuda	100%	Insurance	USD	0.1
Vela International Marine Limited	Liberia	100%	Marine management and transportation	USD	0.0
Wisayah Global Investment Company	Saudi Arabia	100%	Investment services	SAR	0.5
B. Unconsolidated structured entity:					
Energy City Development Company	Saudi Arabia	100%	Industrial development	n/a	n/a
Energy City Operating Company	Saudi Arabia	100%	Industrial development	n/a	n/a
Energy City Logistics Company	Saudi Arabia	51%	Logistics	n/a	n/a
C. Non-wholly-owned:					
Aramco Gas Pipelines Company	Saudi Arabia	51%	Pipeline transport	SAR	0.1
Aramco Oil Pipelines Company	Saudi Arabia	51%	Pipeline transport	SAR	0.1
Aramco Training Services Company	USA	49%	Training	USD	0.0
ARLANXEO-TSRC (Nantong) Chemical Industries Co., Ltd.	China	50%	Development, manufacture, and marketing of high-performance rubber	CNY	288.3
Johns Hopkins Aramco Healthcare Company	Saudi Arabia	80%	Healthcare	SAR	93.75
Saudi Aramco Base Oil Company[4]	Saudi Arabia	70%	Production and sale of petroleum based lubricants	SAR	1,688.0
Saudi Aramco Nabors Drilling Company	Saudi Arabia	50%	Drilling	SAR	150.0
Saudi Aramco Rowan Offshore Drilling Company	Saudi Arabia	50%	Drilling	SAR	187.5
S-International Ltd.	The Independent State of Samoa	61.6%	Purchasing and sale of petroleum goods	USD	0.0
S-Oil Corporation	South Korea	61.6%	Refining	USD	265.2
S-Oil Singapore Pte. Ltd.	Singapore	61.6%	Marketing support	SGD	1.2
Saudi Basic Industries Corporation ("SABIC")[3]	Saudi Arabia	70%	Holding	SAR	30,000.0
SABIC Luxembourg S.à r.l. ("SLUX")	Luxembourg	70%	Petrochemicals	USD	34.4
SABIC Industrial Investments Company ("SIIC")	Saudi Arabia	70%	Investments	SAR	300.0
SABIC Agri-Nutrients Company ("SABIC AN")	Saudi Arabia	35.1%	Agri-nutrients	SAR	4,760.4

Name of entity	Place of business/ country of incorporation	Percent ownership[2]	Principal business activity	Share capital Currency	Amount (millions)
SABIC Investment and Local Content Development Company ("NUSANED")	Saudi Arabia	70%	Investment	SAR	379.7
Arabian Petrochemical Company ("PETROKEMYA")	Saudi Arabia	70%	Petrochemicals	SAR	1,955.5
Saudi Iron and Steel Company ("HADEED")	Saudi Arabia	70%	Metals	SAR	1,070.0
Saudi European Petrochemical Company ("IBN ZAHR")	Saudi Arabia	56%	Petrochemicals	SAR	1,025.7
Jubail United Petrochemical Company ("UNITED")	Saudi Arabia	52.5%	Petrochemicals	SAR	2,495.6
Saudi Methanol Company ("AR-RAZI")	Saudi Arabia	52.5%	Petrochemicals	SAR	259.0
National Industrial Gases Company ("GAS")	Saudi Arabia	51.8%	Utilities	SAR	248.0
Yanbu National Petrochemical Company ("YANSAB")	Saudi Arabia	36.4%	Petrochemicals	SAR	5,625.0
National Methanol Company ("IBN-SINA")	Saudi Arabia	35%	Petrochemicals	SAR	558.0
Arabian Industrial Fibers Company ("IBN RUSHD")	Saudi Arabia	33.9%	Petrochemicals	SAR	2,000.0
SABIC Innovative Plastics Argentina SRL	Argentina	70%	Petrochemicals	USD	33.5
SABIC High Performance Plastic ("SHPP") Argentina SRL	Argentina	70%	Specialties	USD	3.0
SABIC Australia Pty Ltd.	Australia	70%	Petrochemicals	AUD	110.2
SABIC Innovative Plastics Aus GmbH	Austria	70%	Petrochemicals	EUR	0.2
SABIC Innovative Plastics GmbH & Co. KG	Austria	70%	Petrochemicals	EUR	164.7
SABIC Innovative Plastics South America-Indústria e Comércio de Plásticos Ltda	Brazil	70%	Petrochemicals	BRL	318.8
SHPP South America Comércio de Plásticos Ltda	Brazil	70%	Specialties	BRL	44.3
NV Pijpleiding Antwerpen-Limburg-Luik (PALL)	Belgium	70%	Support services	EUR	12.3
SABIC Belgium NV	Belgium	70%	Petrochemicals	EUR	210.1
SHPP Canada, Inc.	Canada	70%	Specialties	CAD	209.1
SABIC Petrochemicals Canada, Inc.	Canada	70%	Petrochemicals	CAD	0.0
SABIC Innovative Plastics (China) Co., Ltd.	China	70%	Petrochemicals	USD	392.2
SABIC Innovative Plastics (Chongqing) Co., Ltd.	China	70%	Petrochemicals	USD	112.5
SABIC Innovative Plastics International Trading (Shanghai) Ltd.	China	70%	Petrochemicals	USD	1.2
SABIC Innovative Plastics Management (Shanghai) Co., Ltd.	China	n/a[5]	Petrochemicals	CNY	–
SHPP (Shanghai) Co., Ltd.	China	70%	Specialties	USD	432.7
SABIC (Shanghai) Trading Co. Ltd.	China	70%	Petrochemicals	CNY	16.9
SABIC (China) Research & Development Co. Ltd.	China	70%	Petrochemicals	CNY	170.6
SABIC China Holding Co. Ltd.	China	70%	Petrochemicals	USD	0.8
SABIC Innovative Plastics Czech s.r.o.	Czech Republic	70%	Petrochemicals	CZK	0.0
SHPP Czech s.r.o.	Czech Republic	70%	Specialties	EUR	0.0
SABIC Innovative Plastics Denmark Aps	Denmark	70%	Petrochemicals	DKK	0.1
SABIC Nordic A/S	Denmark	70%	Petrochemicals	DKK	2.0
SABIC Innovative Plastics Finland OY	Finland	70%	Petrochemicals	EUR	3.0
SHPP Finland OY	Finland	70%	Specialties	EUR	0.0
SABIC France S.A.S.	France	70%	Petrochemicals	EUR	1.9
SABIC Innovative Plastics France S.A.S.	France	70%	Petrochemicals	EUR	4.5
SHPP France S.A.S.	France	70%	Specialties	EUR	9.8
SABIC Deutschland GmbH	Germany	70%	Petrochemicals	EUR	0.1

Shares issued by subsidiaries continued

Name of entity	Place of business/ country of incorporation	Percent ownership[2]	Principal business activity	Share capital Currency	Share capital Amount (millions)
SABIC Holding Deutschland GmbH	Germany	70%	Petrochemicals	EUR	0.1
SABIC Innovative Plastics GmbH	Germany	70%	Petrochemicals	EUR	0.5
SABIC Innovative Plastics Holding Germany GmbH	Germany	70%	Petrochemicals	EUR	0.3
SABIC Polyolefine GmbH	Germany	70%	Petrochemicals	EUR	0.1
SHPP Germany GmbH	Germany	70%	Specialties	EUR	0.1
SD Verwaltungs GmbH	Germany	70%	Administrative company	EUR	0.1
SD Lizenzverwertungs GmbH & Co KG	Germany	70%	License company	EUR	0.4
SD Beteiligungs GmbH & Co KG	Germany	70%	Specialties	EUR	0.4
SABIC Greece M.E.P.E.	Greece	n/a[5]	Petrochemicals	EUR	0.1
SABIC Innovative Plastics Hong Kong Ltd.	Hong Kong, China	70%	Petrochemicals	USD	279.7
SABIC Innovative Plastics SIT Holding Ltd.	Hong Kong, China	70%	Petrochemicals	USD	27.4
SABIC Taiwan Holding Ltd.	Hong Kong, China	70%	Petrochemicals	USD	92.7
SHPP Hong Kong	Hong Kong, China	70%	Specialties	USD	12.7
SABIC Hungary Kft.	Hungary	70%	Petrochemicals	HUF	0.1
SABIC Innovative Plastics Kereskedelmi Kft.	Hungary	70%	Petrochemicals	HUF	0.1
SHPP Hungary Kft.	Hungary	70%	Specialties	EUR	0.0
SABIC India Pvt Ltd.	India	70%	Petrochemicals	INR	3.3
SABIC Innovative Plastics India Private Ltd.	India	70%	Petrochemicals	INR	34.4
SABIC R&T Pvt Ltd.	India	70%	Petrochemicals	INR	259.7
High Performance Plastics India Pvt Ltd.	India	70%	Petrochemicals	INR	0.0
SABIC Innovative Plastics Italy Srl	Italy	70%	Petrochemicals	EUR	69.8
SABIC Italia Srl	Italy	70%	Petrochemicals	EUR	0.5
SABIC Sales Italy Srl	Italy	70%	Specialties	EUR	0.0
SHPP Italy Srl	Italy	70%	Specialties	EUR	0.0
SHPP Sales Italy Srl	Italy	70%	Specialties	EUR	0.0
SHPP Japan LLC	Japan	70%	Petrochemicals	JPY	276.8
SABIC Petrochemicals Japan LLC	Japan	70%	Petrochemicals	JPY	3.6
SABIC Korea Ltd.	South Korea	70%	Petrochemicals	KRW	86.7
SHPP Korea Ltd.	South Korea	70%	Specialties	KRW	63.6
SABIC Innovative Plastics Malaysia Sdn Bhd	Malaysia	70%	Petrochemicals	MYR	8.5
SHPP Malaysia Sdn Bhd	Malaysia	70%	Specialties	USD	0.9
SABIC Innovative Plastics Mexico S de RL de CV	Mexico	70%	Petrochemicals	USD	36.2
High Performance Plastics Manufacturing Mexico S de RL de CV	Mexico	70%	Specialties	USD	13.8
BV Snij-Unie HiFi	Netherlands	70%	Petrochemicals	EUR	0.0
SABIC Capital B.V.	Netherlands	70%	Financing	USD	0.1
SABIC Capital I B.V.	Netherlands	70%	Financing	USD	0.1
SABIC Capital II B.V.	Netherlands	70%	Financing	USD	0.1
Petrochemical Pipeline Services B.V.	Netherlands	70%	Petrochemicals	EUR	13.6
SABIC Europe B.V.	Netherlands	70%	Petrochemicals	EUR	747.1
SABIC Global Technologies B.V.	Netherlands	70%	Petrochemicals	USD	0.1
SABIC International Holdings B.V.	Netherlands	70%	Petrochemicals	USD	727.9
SABIC Innovative Plastics B.V.	Netherlands	70%	Petrochemicals	EUR	648.6
SABIC Innovative Plastics GP B.V.	Netherlands	70%	Petrochemicals	USD	0.1
SABIC Innovative Plastics Holding B.V.	Netherlands	70%	Petrochemicals	USD	0.1
SABIC Innovative Plastics Utilities B.V.	Netherlands	70%	Petrochemicals	EUR	0.0
SABIC Licensing B.V.	Netherlands	70%	Petrochemicals	USD	0.1
SABIC Limburg B.V.	Netherlands	70%	Petrochemicals	EUR	0.1
SABIC Sales Europe B.V.	Netherlands	70%	Petrochemicals	EUR	0.5

Name of entity	Place of business/ country of incorporation	Percent ownership[2]	Principal business activity	Share capital Currency	Amount (millions)
SABIC Petrochemicals B.V.	Netherlands	70%	Petrochemicals	EUR	192.1
SABIC Ventures B.V.	Netherlands	70%	Petrochemicals	USD	0.1
SABIC Mining B.V.	Netherlands	70%	Petrochemicals	USD	0.1
SHPP Holding B.V.	Netherlands	70%	Specialties	USD	0.0
SHPP Global Technologies B.V.	Netherlands	70%	Specialties	USD	0.0
SHPP Ventures B.V.	Netherlands	70%	Specialties	EUR	0.0
SHPP Capital B.V.	Netherlands	70%	Financing	USD	0.0
SHPP Capital I B.V.	Netherlands	70%	Financing	USD	0.0
SHPP Capital II B.V.	Netherlands	70%	Financing	USD	0.0
SHPP B.V.	Netherlands	70%	Specialties	EUR	0.0
SHPP Sales B.V.	Netherlands	70%	Specialties	EUR	0.0
SABIC Innovative Plastics Poland Sp. Z o.o.	Poland	70%	Petrochemicals	PLN	1.8
SABIC Poland Sp. Z o.o.	Poland	70%	Petrochemicals	PLN	0.1
SHPP Poland Sp. Z o.o.	Poland	70%	Specialties	EUR	0.0
LLC SABIC Eastern Europe	Russia	70%	Petrochemicals	RUB	0.0
SABIC Innovative Plastics Rus OOO	Russia	70%	Petrochemicals	RUB	0.0
SHPP Russia OOO	Russia	70%	Specialties	RUB	0.0
SABIC Innovative Plastics (SEA) Pte. Ltd.	Singapore	70%	Petrochemicals	USD	271.0
SABIC Innovative Plastics Holding Singapore Pte. Ltd.	Singapore	70%	Petrochemicals	USD	1,902.6
SHPP Singapore Pte. Ltd.	Singapore	70%	Specialties	USD	1,827.5
SABIC Asia Pacific Pte Ltd ("SAPPL")	Singapore	70%	Petrochemicals, agri-nutrients	USD	0.2
SABIC Innovative Plastics Espana ScpA	Spain	70%	Petrochemicals	EUR	2,603.6
SABIC Innovative Plastics GP BV, Sociedad en Comandita	Spain	70%	Petrochemicals	EUR	15.8
SABIC Sales Spain SL	Spain	70%	Petrochemicals	EUR	0.0
SABIC Marketing Ibérica S.A.	Spain	70%	Petrochemicals	EUR	0.3
SHPP Manufacturing Spain SL	Spain	70%	Specialties	EUR	0.0
SHPP Marketing Plastics SL	Spain	70%	Specialties	EUR	0.0
Saudi Innovative Plastics Sweden AB	Sweden	70%	Petrochemicals	SEK	1.6
SHPP Thailand Co. Ltd.	Thailand	70%	Specialties	THB	70.9
SABIC (Thailand) Co. Ltd.	Thailand	70%	Petrochemicals	THB	28.8
SHPP Petrokimya Ticaret Ltd Sirketi	Turkey	70%	Specialties	EUR	0.0
SABIC Global Ltd.	United Kingdom	70%	Petrochemicals	GBP	166.3
SABIC Tees Holdings Ltd.	United Kingdom	70%	Petrochemicals	EUR	1,245.0
SHPP Manufacturing UK Ltd.	United Kingdom	70%	Specialties	GBP	80.1
SABIC Innovative Plastics Ltd.	United Kingdom	70%	Petrochemicals	GBP	17.5
SABIC UK Ltd.	United Kingdom	70%	Petrochemicals	GBP	–
SABIC UK Pension Trustee Ltd.	United Kingdom	70%	Petrochemicals	GBP	–
SABIC UK Petrochemicals Ltd.	United Kingdom	70%	Petrochemicals	GBP	2,576.3
SHPP Sales UK Ltd.	United Kingdom	70%	Specialties	EUR	0.0
Exatec, LLC	USA	70%	Petrochemicals	USD	380.6
Mt. Vernon Phenol Plant Partnership	USA	n/a[5]	Petrochemicals	USD	91.9
SABIC Americas LLC	USA	70%	Petrochemicals, agri-nutrients	USD	7.0
SABIC US Holdings LP	USA	70%	Petrochemicals	USD	13,968.0
SABIC Innovative Plastics Mt. Vernon, LLC	USA	70%	Petrochemicals	USD	7,593.8
SABIC Innovative Plastics US LLC	USA	70%	Petrochemicals	USD	9,716.9
SABIC Petrochemicals Holding US, LLC	USA	70%	Petrochemicals	USD	–
SABIC Ventures US Holdings LLC	USA	70%	Petrochemicals	USD	231.0
SABIC US Projects LLC	USA	70%	Petrochemicals	USD	56.3
SABIC Americas Growth LLC	USA	70%	Petrochemicals	USD	–
SABIC US Methanol LLC	USA	70%	Petrochemicals	USD	–

Shares issued by subsidiaries continued

Name of entity	Place of business/ country of incorporation	Percent ownership[2]	Principal business activity	Share capital Currency	Share capital Amount (millions)
SHPP US LLC	USA	70%	Specialties	USD	0.0
JVSS Holding Co Inc.	USA	70%	Specialties	USD	6.0
Scientific Design Co. Inc.	USA	70%	Specialties	USD	69.2
SABIC Vietnam Company Ltd.	Vietnam	70%	Petrochemicals	VND	1.9
SHPP Vietnam Co Ltd	Vietnam	70%	Specialties	VND	0.4
SABCAP Insurance Limited ("SABCAP")	Guernsey	70%	Insurance	USD	187.5
SABIC Petrokemya Ticaret Limited ("SABIC TURKEY")	Turkey	70%	Petrochemicals	TRY	0.9
SABIC Middle East Offshore Company ("SABIC MIDDLE EAST")	Lebanon	n/a[5]	Petrochemicals	USD	0.1
SABIC Middle East Business Management LLC	Jordan	70%	Petrochemicals	JOD	0.1
SABIC South Africa Proprietary Ltd.	South Africa	70%	Petrochemicals	ZAR	–
SABIC Africa for Trade & Marketing ("S.A.E.")	Egypt	70%	Petrochemicals	EGP	0.1
SABIC Morocco	Morocco	70%	Petrochemicals	MAD	0.4
SABIC Global Mobility Company FZ LLC ("GMC")	UAE	70%	Personnel and other support services	AED	0.1
SABIC Global Mobility ("GMC LLC")	UAE	n/a[5]	Personnel and other support services	AED	–
SABIC Tunisia	Tunisia	70%	Petrochemicals	TND	0.8
SABIC Kenya	Kenya	70%	Petrochemicals	KES	0.9
SABIC Pakistan (Pvt.) Ltd.	Pakistan	70%	Petrochemicals	PKR	0.9
SABIC East Africa for Trade and Marketing LLC	Egypt	70%	Petrochemicals	EGP	0.0
International Shipping and Transportation Co. ("ISTC")	Saudi Arabia	69.3%	Supply chain	SAR	40.0
SABIC Supply Chain Services Limited Company ("SSCS")	Saudi Arabia	70%	Supply chain	SAR	0.5
SABIC Terminal Services ("SABTANK")	Saudi Arabia	63%	Supply chain	SAR	30.0
Jubail Chemical Storage and Services Company ("CHEMTANK")	Saudi Arabia	40.6%	Supply chain	SAR	582.8
SABIC Agri-Nutrients Investment Company ("SANIC")	Saudi Arabia	70%	Agri-nutrients	SAR	0.0
National Chemical Fertiliser Company ("IBN AL-BAYTAR")	Saudi Arabia	35.1%	Agri-nutrients	SAR	494.7
Al-Jubail Fertiliser Company ("AL BAYRONI")	Saudi Arabia	35%	Agri-nutrients	SAR	671.5
Joint operations:					
Al-Khafji Joint Operations	Saudi-Kuwaiti Partitioned Zone	50%	Oil and gas exploration and production	SAR	1.0
Fadhili Plant Cogeneration Company	Saudi Arabia	30%	Power generation	SAR	2.0
Pengerang Petrochemical Company SDN. BHD.	Malaysia	50%	Petrochemicals	MYR	1,207.0
Pengerang Refining Company SDN. BHD.	Malaysia	50%	Refining	MYR	6,457.0
Power Cogeneration Plant Company	Saudi Arabia	50%	Power generation	SAR	24.8
Saudi Aramco Mobil Refinery Company Ltd	Saudi Arabia	50%	Refining	SAR	1,800.0
Saudi Aramco Total Refining and Petrochemical Company	Saudi Arabia	62.5%	Refining/petrochemicals	SAR	8,250.0
Torathuna Social Responsibility Company	Saudi Arabia	62.5%	Corporate social responsibility	SAR	0.5
Tanajib Cogeneration Power Company	Saudi Arabia	40%	Power systems	SAR	15.0
Yanbu Aramco Sinopec Refining Company Limited	Saudi Arabia	62.5%	Refining	SAR	5,851.1
Gulf Coast Growth Venture LLC ("GCGV")[3]	USA	35%	Petrochemicals	USD	24,701.5

Name of entity	Place of business/ country of incorporation	Percent ownership[2]	Principal business activity	Share capital Currency	Amount (millions)
Saudi Methacrylates Company ("SAMAC")[3]	Saudi Arabia	35%	Petrochemicals	SAR	1,350.0
Joint ventures:					
AIR BP Aramco Poland sp. z o.o.	Poland	50%	Aviation fuels	PLN	1.9
Arabian Rig Manufacturing Company	Saudi Arabia	30%	Rig manufacturing	SAR	28.6
First Coast Energy, L.L.P.	USA	50%	Marketing	USD	164.0
Huajin Aramco Petrochemical Co., Ltd.	China	35%	Petrochemicals	RMB	–
Juniper Ventures of Texas LLC	USA	60%	Marketing	USD	130
Middle East Cloud and Digital Transformation Company Limited	Saudi Arabia	51%	Information technology	SAR	22.5
Middle East Information Technology Solutions	Saudi Arabia	49%	Information technology	SAR	41.3
Novel Non-Metallic Solutions Manufacturing	Saudi Arabia	50%	Manufacturing	SAR	150.1
Sadara Chemical Company	Saudi Arabia	65%	Petrochemicals	SAR	35,625.0
Sadara Basic Services Company	Saudi Arabia	65%	Petrochemical manufacture and sales	USD	2.0
Saudi Hydrogen Peroxide Company	Saudi Arabia	33%	Petrochemical manufacture	SAR	242.0
Sadara Sukuk Wahid BV	Netherlands	65%	Investment	USD	0.1
Sadara Sukuk Ithnayn BV	Netherlands	65%	Investment	USD	0.1
Sadara Sukuk Thalatha BV	Netherlands	65%	Investment	USD	0.1
Sadara Sukuk Arba'a BV	Netherlands	65%	Investment	USD	0.1
Sadara Sukuk Khamsa BV	Netherlands	65%	Investment	USD	0.1
Saudi Arabian Industrial Investment Company	Saudi Arabia	42.5%	Investment	SAR	3,300.0
Saudi Engines Manufacturing Company	Saudi Arabia	55%	Manufacturing	SAR	156.0
S-Oil TotalEnergies Lubricants Co., Ltd.	South Korea	30.8%	Lubricants production and sales	KRW	35,000.0
Star Enterprise	USA	n/a[5]	Pension administration	USD	255.0
Sahel Cafe Food Services Company	Saudi Arabia	50%	Retail services	SAR	0.1
Sahel Mart Company	Saudi Arabia	50%	Retail services	SAR	40.0
Sahel Transportation Company	Saudi Arabia	50%	Retail services	SAR	0.5
Tas'helat Marketing Company	Saudi Arabia	50%	Marketing	SAR	40.0
Advanced Energy Storage System Investment Company ("AESSIC")[3]	Saudi Arabia	34.1%	Renewable energy	SAR	110.3
Al-Jubail Petrochemical Company ("Kemya")[3]	Saudi Arabia	35%	Petrochemicals	SAR	2,149.2
Cosmar Company ("COSMAR")[3]	USA	35%	Petrochemicals	USD	918.6
Eastern Petrochemical Company ("Sharq")[3]	Saudi Arabia	35%	Petrochemicals	SAR	1,890.0
SABIC Fujian Petrochemicals Co., Ltd. ("FUJIAN")[3]	China	35.7%	Petrochemicals	CNY	7,307.5
SABIC Plastic Energy Advanced Recycling BV ("SPEAR")[3]	Netherlands	35%	Petrochemicals	EUR	8.1
SABIC SK Nexelene Company Pte. Ltd. ("SSNC")[3]	Singapore	35%	Petrochemicals	SAR	1,125.0
Saudi Yanbu Petrochemical Company ("Yanpet")[3]	Saudi Arabia	35%	Petrochemicals	SAR	4,596.0
Sinopec SABIC Tianjin Petrochemical Company Limited ("SSTPC")[3]	China	35%	Petrochemicals	SAR	5,342.9
Utility Support Group B.V. ("USG")[3]	Netherlands	35%	Utilities	EUR	0.0

Shares issued by subsidiaries continued

Name of entity	Place of business/ country of incorporation	Percent ownership[2]	Principal business activity	Share capital Currency	Share capital Amount (millions)
Associates:					
BP AOC Pumpstation Maatschap	Netherlands	50%	Storage	EUR	–
BP ESSO AOC Maatschap	Netherlands	34.4%	Storage	EUR	–
International Maritime Industries Company	Saudi Arabia	40.1%	Maritime	SAR	424.2
Rabigh Refining and Petrochemical Company[3]	Saudi Arabia	37.5%	Refining/ petrochemicals	SAR	16,710.0
Rafineria Gdańska sp. z o.o.	Poland	30%	Refining	PLN	154.0
Sudair 1 Holding Company	Saudi Arabia	30.3%	Holding	SAR	0.2
Team Terminal B.V.	Netherlands	34.4%	Storage	EUR	–
Mauritania Saudi Mining & Steel Company S.A. ("TAKAMUL")[3]	Mauritania	35%	Mining (metal)	MRU	91.4
Nusaned Fund I[3]	Saudi Arabia	35%	Equity investments	SAR	74.6
Nusaned Fund II[3]	Saudi Arabia	42%	Equity investments	SAR	450.0

1. Excludes subsidiaries which are passively held for investment purposes and not deemed material by Aramco.
2. Percentages disclosed reflect the effective ownership of Aramco in the respective entities.
3. Share capital amounts are presented in SAR. The currencies listed represent the functional currency of the entity.
4. In December 2022, Saudi Aramco Base Oil Company ("Luberef") listed its shares on the Saudi Exchange following the successful completion of its IPO. There was no change in the Company's shareholding interest following the listing.
5. Under liquidation.

For more information on Aramco's subsidiaries, see Section 7: Consolidated financial statements – Notes 38 and 39.

Forecasts and forward-looking statements

This Annual Report may contain certain forward-looking statements with respect to Aramco's financial position, results of operations and business and certain of Aramco's plans, intentions, expectations, assumptions, goals and beliefs regarding such items. These statements include all matters that are not historical fact and generally, but not always, may be identified by the use of words such as "believes", "expects", "are expected to", "anticipates", "intends", "estimates", "should", "strive", "will", "shall", "may", "is likely to", "plans", "targets", "goals", "outlook" or similar expressions, including variations and the negatives thereof or comparable terminology. These statements include, among other things, statements about expectations in connection with Aramco's environmental, social and governance ("ESG") initiatives, including targets and goals regarding such items.

Prospective investors should be aware that forward-looking statements are not guarantees of future performance and that Aramco's actual financial position, results of operations and business and the development of the industries in which it operates may differ significantly from those made in or suggested by these forward-looking statements. In addition, even if Aramco's financial position, results of operations and business and the development of the industries in which it operates are consistent with these forward-looking statements, those results or developments may not be indicative of results or developments in subsequent periods.

Factors that could cause actual results to differ materially from Aramco's expectations are contained in cautionary statements in this Annual Report and include, among other things, the following:

- global supply, demand and price fluctuations with respect to oil, gas, and petrochemicals;
- global economic market conditions;
- natural disasters and public health pandemics or epidemics (such as COVID-19), and weather conditions (including those associated with climate change);
- competition in the industries in which Aramco operates;
- climate change concerns and related impacts on the global demand for hydrocarbons and hydrocarbon-based products;
- risks related to our ability to successfully meet our ESG targets goals;
- conditions affecting the transportation of products;
- operational risk and hazards common in the oil and gas, refining and petrochemicals industries;
- the cyclical nature of the oil and gas, refining and petrochemicals industries;
- terrorism and armed conflict, political and social instability and unrest, and actual or potential armed conflicts in the MENA region and other areas;
- managing Aramco's growth and risks related to its strategic growth objectives;
- risks in connection with projects under development and recent and future acquisitions and joint ventures, including with respect to SABIC;
- Aramco's dependence on the reliability and security of its IT systems;
- managing Aramco's subsidiaries, joint operations, joint ventures, associates and entities in which it holds a minority interest; including their performance with respect to ESG initiatives;
- Aramco's exposure to inflation risk, interest rate risk and foreign exchange risk;
- risks related to operating in a regulated industry and changes to oil, gas, environmental, health, safety or other regulations that impact the industries in which Aramco operates;
- risks related to litigation, including international trade litigation, disputes or agreements; and
- risks related to the Kingdom.

The sections of this Annual Report entitled "Risk Factors" and "Financial Performance" contain a more complete discussion of the factors that could affect Aramco's future performance and the industries in which it operates. In light of these risks, uncertainties and assumptions, the forward-looking events described in this Annual Report may not occur in the manner described or may not occur at all.

The forward-looking statements speak as of the date of this Annual Report. We undertake no obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise. All subsequent written and oral forward-looking statements attributable to us or to persons acting on our behalf are expressly qualified in their entirety by the cautionary statements referred to above and contained elsewhere in this Annual Report.

Terms and abbreviations

Currencies

SAR/Saudi Riyal
Saudi Arabian riyal, the lawful currency of the Kingdom

$/USD/Dollar
U.S. dollar

Units of measurement

Barrel (bbl)
Barrels of crude oil, condensate or refined products

B
Billion

boe
Barrels of oil equivalent

bpd
Barrels per day

bscf
Billion standard cubic feet

bscfd
Billion standard cubic feet per day

BTU
British thermal unit

GW
Gigawatts

mboed
Thousand barrels of oil equivalent per day

mbpd
Thousand barrels per day

mmbbl
Million barrels

mmboe
Million barrels of oil equivalent

mmboed
Million barrels of oil equivalent per day

mmbpd
Million barrels per day

mmBTU
Million British thermal units

$mmtCO_2$
Million metric tons of carbon dioxide

mmscf
Million standard cubic feet

mmscfd
Million standard cubic feet per day

mmtpa
Million metric tons per annum

per day
Volumes are converted into a daily basis using a calendar year (Gregorian)

scf
Standard cubic feet

tscf
Trillion standard cubic feet

Technical terms

Arabian Extra Light
Crude oil with API gravity of 36° to 40° and sulfur content between 0.5% and 1.3%.

Arabian Heavy
Crude oil with API gravity less than 29° and sulfur content greater than 2.9%.

Arabian Light
Crude oil with API gravity of 32° to 36° and sulfur content between 1.3% and 2.2%.

Arabian Medium
Crude oil with API gravity of 29° to 32° and sulfur content between 2.2% and 2.9%.

Arabian Super Light
Crude oil with API gravity more than 40° and sulfur content less than 0.5%.

Carbon dioxide equivalent (CO_2e)
A metric measure used to compare the emissions from various greenhouse gases based upon their global warming potential (GWP). Carbon dioxide equivalents are commonly expressed as million metric tons of carbon dioxide equivalents ($mmtCO_2e$). The carbon dioxide equivalent for a gas is derived by multiplying the tons of the gas by the associated GWP.

Carbon intensity
A measure of greenhouse gas emissions in carbon dioxide (CO_2) equivalent per barrel of oil equivalent.

CO_2
Carbon dioxide.

Condensate
Light hydrocarbon substances produced with raw gas which condense into liquid at normal temperatures and pressures associated with surface production equipment.

Delineation
A process by which new wells are drilled in order to determine the boundaries of a discovered oil or gas field, both its areal extent and its vertical hydrocarbon column.

FEED
Front end engineering design.

Freshwater
Non-brackish water with total dissolved solids (TDS) concentration up to 2,000 mg/l.

Greenhouse gas (GHG) emissions
Any gaseous compound in the atmosphere that is capable of absorbing infrared radiation. Generally, consists of water vapor, CO_2, methane, nitrous oxide, hydro fluorocarbons, perfluorocarbons and sulfur hexafluoride. Aramco's inventory includes CO_2, methane and nitrous oxide.

Gross chemicals production capacity
The total combined chemicals production capacity of Aramco and the joint ventures and other entities in which Aramco owns an equity interest.

Gross refining capacity
The total combined refining capacity of Aramco and the joint ventures and other entities in which Aramco owns an equity interest.

Hydrocarbons
Crude oil and other hydrogen and carbon compounds in liquid or gaseous state.

Lifting costs
Oil and gas operations (i) production related expenses; (ii) taxes other than income taxes (if applicable); and (iii) production related general and administrative expenses. Lifting costs exclude exploration, royalty, R&D, public service costs, gain or loss on disposal of property, plant and equipment and depreciation costs.

Liquids
Crude oil, condensate and NGL.

LPG
Liquefied petroleum gas, which is a mixture of saturated and unsaturated hydrocarbons, with up to five carbon atoms, used as household fuel.

MSC
Maximum Sustainable Capacity — the average maximum number of barrels per day of crude oil that can be produced for one year during any future planning period, after taking into account all planned capital expenditures and maintenance, repair and operating costs, and after being given three months to make operational adjustments. The MSC excludes AGOC's crude oil production capacity.

MTBE
Methyl tertiary butyl ether — a volatile, colorless, flammable liquid that is manufactured via a chemical reaction between methanol and isobutylene and is used as a component in fuel for gasoline engines.

Natural gas
Dry gas produced at Aramco's gas plants and sold within the Kingdom.

Net chemicals production capacity
Aramco's equity share of its gross chemicals production capacity, calculated by multiplying the gross chemicals production capacity of each facility in which Aramco has an interest by Aramco's percentage equity ownership in the entity that owns the facility.

Net refining capacity
Aramco's equity share of its gross refining capacity, calculated by multiplying the gross refining capacity of each refinery in which Aramco has an interest by Aramco's percentage equity ownership in the entity that owns the refinery.

NGL
Natural gas liquids, which are liquid or liquefied hydrocarbons produced in the manufacture, purification and stabilization of natural gas. For purposes of reserves, ethane is included in NGL. For purposes of production, ethane is reported separately and excluded from NGL.

Production costs
The sum of operating costs and depreciation, reflecting both the erosion of asset value over time on an accounting basis and the cost of operating the business.

Proved reserves
Those quantities of liquids and gas, which, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be economically producible — from a given date forward, from known reservoirs, and under existing economic conditions, operating methods and government regulations — prior to the time at which contracts providing the right to operate expire, unless evidence indicates that renewal is reasonably certain, regardless of whether deterministic or probabilistic methods are used for the estimation. The project to extract the hydrocarbons must have commenced or the operator must be reasonably certain that it will commence the project within a reasonable time.

Reliability
Total products volume shipped/ delivered within 24 hours of the scheduled time, divided by the total products volume committed. Any delays caused by factors that are under the Company's control (e.g. terminal, pipeline, stabilization, or production) negatively affect the score, whereas delays caused by conditions that are beyond the Company's control, such as adverse weather, are not considered. A score of less than 100 percent indicates there were issues that negatively impacted reliability.

Reserves life
Calculated on a barrel of oil equivalent basis by dividing proved reserves as at a given year-end by production for that year.

Scope 1 GHG emissions
Direct emissions, which include GHG emissions from onsite fuel combustion, flaring, venting and fugitive emissions.

Scope 2 GHG emissions
Indirect emissions, which account for GHG emissions from offsite power generation including electricity and steam.

Tier 1 process safety event
An unplanned or uncontrolled release of any material, including nontoxic and nonflammable materials, from a process that results in one or more of the consequences listed in API Recommended Practice-754.

Total recordable case (TRC) frequency
Sum of recordable cases that occurred in the workplace per 200,000 work hours.

Unconventional oil and gas
Term refers to the oil and gas resources which cannot be explored, developed and produced by conventional processes just in using the natural pressure of the wells and pumping or compression operations.

Affiliate
Except with respect to financial information, the term Affiliate means a person who controls another person or is controlled by that other person, or who is under common control with that person by a third person. In any of the preceding, control could be direct or indirect.

With respect to financial information, the term Affiliate means the Company's subsidiaries, joint arrangements and associates, each as defined by IFRS.

AGM
Ordinary Annual General Assembly meeting.

AGOC
Aramco Gulf Operations Company Ltd.

AGPC
Aramco Gas Pipelines Company.

API
The American Petroleum Institute, which is the major United States trade association for the oil and gas industry.

Aramco Digital
Aramco's global digital integrated solutions company.

ARLANXEO
ARLANXEO Holding B.V., a wholly-owned specialty chemicals subsidiary.

Associate
With respect to financial information, the term Associate, as defined by IFRS, means an entity over which the Company has significant influence but not control, generally reflected by a shareholding of between 20% and 50% of the voting rights. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

ATC
Aramco Trading Company, a wholly-owned subsidiary of Aramco.

Auditor
PricewaterhouseCoopers Public Accountants, the independent external auditor of Aramco.

Blended Price
Pursuant to Council of Ministers Resolution No. 370, dated 10/7/1439H (corresponding to March 27, 2018) and the Ministerial Resolution issued by the Ministry of Energy, in agreement with the Ministry of Finance, No. 01-5928-1439, dated as at 27/8/1439H (corresponding to May 13, 2018), effective March 17, 2018, the Kingdom established the price due to licensees for the domestic sale of Regulated Gas Products.

Board
The Board of Directors of the Company.

Bylaws
The Bylaws of the Company, approved by Council of Ministers Resolution No. 180 dated 1/4/1439H (corresponding to December 19, 2017), which came into effect on January 1, 2018. As amended on 15/11/1443H (corresponding to May 22, 2022).

Capital Market Law
The Capital Market Law, pursuant to Royal Decree No. (M/30) dated 2/6/1424H (corresponding to July 31, 2003), as amended.

Circular carbon economy
A circular carbon economy is a framework for managing and reducing emissions. It is a closed loop system involving 4Rs: reduce, reuse, recycle, and remove.

CMA
The Capital Market Authority, including, where the context permits, any committee, sub-committee, employee or agent to whom any function of the CMA may be delegated.

Companies Law
The Companies Law, issued under Royal Decree No. M/132, dated 1/12/1443H (corresponding to July 1, 2022) which came into effect on January 19, 2023, as amended.

Company
Saudi Arabian Oil Company (The Company).

Concession
As defined in Section 6: Additional financial and legal information — Material agreements — The Concession.

Concession Amendment
As defined in Section 6: Additional financial and legal information — Material agreements — The Concession.

Concession Area
The territorial lands and maritime areas of the Kingdom except in the Excluded Areas.

Concession Effective Date
As defined in Section 6: Additional financial and legal information — Material agreements — The Concession.

Control
Except with respect to financial information, the term "Control" means the ability to influence the actions or decisions of another person through, whether directly or indirectly, alone or with a relative or affiliate (a) holding 30% or more of the voting rights in a company, or (b) having the right to appoint 30% or more of the Board of a company; "controller" shall be construed accordingly.

With respect to financial information, the term "Control" is defined by IFRS: The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Corporate Governance Regulations
The Corporate Governance Regulations issued pursuant to the CMA Board Resolution No. 8-16-2017, dated 16/5/1438H (corresponding to February 13, 2017), as amended.

Council of Ministers
A regulatory body presided over by HRH the Crown Prince, except when the Custodian of the Two Holy Mosques, the King is in attendance.

COVID-19
The coronavirus disease identified in 2019.

D&M
DeGolyer & MacNaughton, Aramco's independent petroleum consultant.

Decarbonization
The process of reducing CO_2 (GHG) emissions from the Company's operations.

Domestic
Refers to the Kingdom of Saudi Arabia.

Domestic Gas Price
Certain prices for the domestic sale of gas hydrocarbons including those for Regulated Gas Products.

EBIT
Earnings (losses) before interest, income taxes and zakat.

EBITDA
Earnings (losses) before interest, income taxes and zakat, depreciation and amortization.

EGM
Extraordinary General Assembly meeting.

ERM
Enterprise risk management.

ESG
Environmental, social and governance.

Excluded Areas
The limited area excluded from Aramco's rights under the Concession, consisting of: (a) the boundaries of the Holy Mosques in Makkah Al-Mukarramah and Madinah Al-Munawwarah, (b) the partitioned territory and its adjoining offshore areas in accordance with the agreements between the Kingdom and the State of Kuwait and (c) the common zone in the Red Sea in accordance with the agreement between the Kingdom and the Republic of Sudan.

FREP
Fujian Refining & Petrochemical Company Limited, a joint venture established among Saudi Aramco Asia Company Ltd., Fujian Petrochemical Company Ltd. (itself a joint venture between Sinopec and the Fujian, China provincial government) and ExxonMobil China Petroleum & Petrochemical Company Ltd.

FSIA
U.S. Foreign Sovereign Immunity Act.

GCC
The Cooperation Council for the Arab States of the Gulf, consisting of the member states of the Kingdom of Bahrain, State of Kuwait, Sultanate of Oman, State of Qatar, Kingdom of Saudi Arabia and United Arab Emirates.

GDP
Gross domestic product. The broadest quantitative measure of a nation's total economic activity, representing the monetary value of all goods and services produced within a nation's geographic borders over a specified period of time.

General Assembly
Any Ordinary General Assembly or Extraordinary General Assembly.

GMTN program
On April 1, 2019, the Company established a global medium-term note program pursuant to which it may from time to time issue notes.

Government
The Government of the Kingdom (and "Governmental" shall be interpreted accordingly).

GSPR
The Law of Gas Supplies and Pricing enacted by Royal Decree No. M/36, dated 25/6/1424H (corresponding to August 23, 2003), as amended.

H
Hijri calendar.

HSE
Health, safety and environment.

HSSE
Health, safety, security, and environment.

Hydrocarbons Law
Law governing hydrocarbons, hydrocarbon resources, and hydrocarbon operations existing within the territory of the Kingdom, enacted by Royal Decree No. M/37, dated 2/4/1439H (corresponding to December 20, 2017), as amended.

IAS
International Accounting Standard(s).

IASB
International Accounting Standards Board.

IFRS
International Financial Reporting Standard(s) that are endorsed in the Kingdom and other standards and pronouncements endorsed by SOCPA.

iktva
In-Kingdom Total Value Add.

Income Tax Law/Tax Law
Income Tax Law issued under Royal Decree No. M/1 dated 15/1/1425H (corresponding to March 6, 2004) and its Implementing Regulations issued under Ministerial Resolution No. 1535 dated 11/6/1425H (corresponding to August 11, 2004), as amended from time to time.

IOCs
International oil companies.

IPO
Initial public offering.

ISO
International Organization for Standardization.

ISCC
International Sustainability & Carbon Certification.

Joint arrangement
The term joint arrangement, as defined by IFRS, refers to either a joint operation or a joint venture.

Joint operation
The term joint operation, as defined by IFRS, means a type of joint arrangement whereby the parties that have joint control of the agreement have rights to the assets and obligations for the liabilities relating to the arrangement.

Joint venture
The term joint venture, as defined by IFRS, means a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement.

KAUST
King Abdullah University of Science and Technology.

KFUPM
King Fahd University of Petroleum and Minerals.

Kingdom
Kingdom of Saudi Arabia.

KPIs
Key Performance Indicators.

LTI
Lost time injuries/illness.

Luberef
Saudi Aramco Base Oil Company, a Saudi listed joint stock company and a subsidiary of Saudi Aramco.

MEIM
The Ministry of Energy, Industry and Mineral Resources of the Kingdom. Predecessor to the Ministry of Energy.

MENA
Middle East and North Africa.

Master Gas System (MGS)
An extensive network of pipelines that connects Aramco's key gas production and processing sites throughout the Kingdom.

Marafiq
Power and Water Utility Company for Jubail and Yanbu.

Ministry of Energy
Ministry of Energy of the Kingdom. Successor to MEIM.

Ministry of Finance
Ministry of Finance of the Kingdom.

Ministry of Human Resources and Social Development
Ministry of Human Resources and Social Development of the Kingdom, formerly the Ministry of Labor and Social Development.

Ministry of Industry and Mineral Resources
The Ministry of Industry and Mineral Resources of the Kingdom.

Motiva
Motiva Enterprises LLC.

Namaat
Aramco's industrial investment program.

OPEC
Organization of the Petroleum Exporting Countries.

Operationally controlled entities
Includes SASREF, Motiva, ARLANXEO, Aramco Trading Company, Aramco Overseas Company, Aramco Services Company, Saudi Aramco Asia Company Ltd.

Original Concession
As defined in Section 6: Additional financial and legal information — Material agreements — The Concession.

Paris Agreement
The United Nations Framework Convention on Climate Change Paris Agreement.

PETRONAS
Petroliam Nasional Bhd.

Petro Rabigh
Rabigh Refining and Petrochemical Company, a venture established by Aramco and Sumitomo Chemical Co. Ltd. in 2005, which is a publicly traded company listed on Saudi Exchange (The Exchange).

PIF
Public Investment Fund of Saudi Arabia.

PKN ORLEN
Polski Koncern Naftowy ORLEN S.A.

PRefChem
PRefChem Petrochemical and PRefChem Refining.

PRefChem Petrochemical
Pengerang Petrochemical Company Sdn. Bhd.

PRefChem Refining
Pengerang Refining Company Sdn. Bhd.

Price equalization
Prices are established separately by the Ministry of Energy for each relevant product using a combination of either internationally recognized indices or, where relevant, the Company's official selling price and, depending on the relevant product, on the basis of export parity, import parity or a combination of both.

R&D
Research and development.

Regulated Gas Products
Gas hydrocarbons which are subject to the Kingdom's gas pricing regime, including natural gas, ethane and NGL (propane, butane and natural gasoline).

Relatives
The term relatives, as defined under the Corporate Governance Regulations, refers to:

I. Fathers, mothers, grandfathers and grandmothers (and their ancestors);
II. Children and grandchildren and their descendants;
III. Siblings, maternal and paternal half-siblings; and
IV. Husbands and wives.

Reserved Areas
The areas reserved for Aramco's operations within the Concession Area.

ROACE
Return on average capital employed.

Rules on the Offer of Securities and Continuing Obligations (OSCO Rules)
As issued by the Board of the CMA pursuant to CMA Board Resolution No. 3-123-2017 dated 9/4/1439H (corresponding to December 27, 2017) based on the Capital Market Law, as amended.

SABIC
Saudi Basic Industries Corporation.

Sadara
Sadara Chemical Company, a joint venture established by Aramco and Dow Chemical Company in 2011.

SASREF
Saudi Aramco Jubail Refinery Company, a subsidiary of Aramco, formerly known as Saudi Aramco Shell Refinery Company.

SATORP
Saudi Aramco Total Refining and Petrochemical Company, a joint venture established by Aramco and Total Refining Saudi Arabia SAS in 2008.

Saudi Aramco/Aramco
Saudi Arabian Oil Company, together with its consolidated subsidiaries, and where the context requires, its joint operations, joint ventures and associates.

Any reference to "us", "we" or "our" refers to Aramco except where otherwise stated.

Unless otherwise stated, the text does not distinguish between the activities and operations of the Company and those of its subsidiaries.

Saudi Green Initiative (SGI)
A national initiative that unites environmental protection, energy transition, and sustainability programs with the overarching aim of offsetting and reducing emissions, increasing the Kingdom's use of clean energy, and addressing climate change.

Senior Executives/Management Committee
The members of the Senior Management of Aramco holding the title of President, CEO, or Executive Vice President.

Senior Management
The Senior Management and other officers of Aramco who, while subordinate to the Senior Executives, are still involved in the management of Aramco and participate in driving its strategies, decisions or operations.

Senior Unsecured Notes
Senior Unsecured Notes under the GMTN Program.

Shareek program
A cooperative Government program that is designed to provide support via various pillars including financial, monetary, operational and regulatory cooperation and asset investment, aiming to enhance the development and resilience of the Saudi economy by increasing the gross domestic product, providing job opportunities, diversifying the economy and strengthening cooperation between public and private sectors.

Shareholder
Any holder of shares.

Shari'a
The Islamic law.

Sinopec
China Petroleum & Chemical Corporation.

SOCPA
Saudi Organization for Chartered and Professional Accountants.

S-OIL
S-Oil Corporation.

SPE-PRMS
Society of Petroleum Engineers — Petroleum Resources Management System.

SSC
Sustainability Steering Committee.

Stellar
Stellar Insurance Ltd.

Subsidiaries
Except with respect to financial information, the term subsidiaries mean the companies that Aramco controls through its ability to influence the actions or decisions of another person through, whether directly or indirectly, alone or with a relative or affiliate (i) holding 30% or more of the voting rights in a company or (ii) having the right to appoint 30% or more of the Board of a company.

With respect to financial information, the term subsidiaries is defined by IFRS, meaning entities over which the Company has controls.

Sukuk
A sukuk is a financial instrument similar to a bond that complies with Shari'a principles.

Sumed Company
The Arab Petroleum Pipelines Company.

Sumitomo
Sumitomo Chemical Co. Ltd.

Saudi Exchange
The Saudi Exchange, the sole entity authorized in the Kingdom to act as a securities exchange.

Taleed
Aramco's program which aims to accelerate the growth of Small and Medium Enterprises (SMEs) in Saudi Arabia.

The Energy Supplies Law
The Energy Supplies Law issued by Royal Decree No. (M/80) dated 4/6/1444 (corresponding to December 28, 2022) and published in the official gazette on January 6, 2023, shall replace the Gas Supply and Pricing Law. The Law shall enter into effect sixty days after the date of its publication.

TotalEnergies
TotalEnergies SE.

U.S./United States/USA
United States of America.

YASREF
Yanbu Aramco Sinopec Refinery Company Limited, a joint venture established by Aramco and Sinopec Century Bright Capital Investment (Amsterdam) B.V. in 2010.

ZATCA
The Saudi Arabian Zakat, Tax and Customs Authority.

7. Consolidated financial statements

▲ **Saudi Exchange, Riyadh, Saudi Arabia**

Delivering shareholder returns

Since its public listing, Aramco has consistently generated value for its shareholders across crude oil price cycles, and Aramco aims to continue to deliver a sustainable and progressive dividend while focusing on long-term value creation.

Independent auditor’s report to the shareholders of Saudi Arabian Oil Company

Report on the audit of the consolidated financial statements

Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Saudi Arabian Oil Company (the “Company”) and its subsidiaries (together the “Group”) as at December 31, 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards, that are endorsed in the Kingdom of Saudi Arabia, and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA).

What we have audited

The Group’s consolidated financial statements comprise:

- the consolidated statement of income for the year ended December 31, 2022;
- the consolidated statement of comprehensive income for the year ended December 31, 2022;
- the consolidated balance sheet as at December 31, 2022;
- the consolidated statement of changes in equity for the year ended December 31, 2022;
- the consolidated statement of cash flows for the year ended December 31, 2022; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing, that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the *Auditor’s responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards), endorsed in the Kingdom of Saudi Arabia (the “Code”), that is relevant to our audit of the consolidated financial statements and we have fulfilled our other ethical responsibilities in accordance with the Code’s requirements.

PricewaterhouseCoopers, License No. 25, Saudi Aramco, P.O. Box 1659, Dhahran 31311, Kingdom of Saudi Arabia
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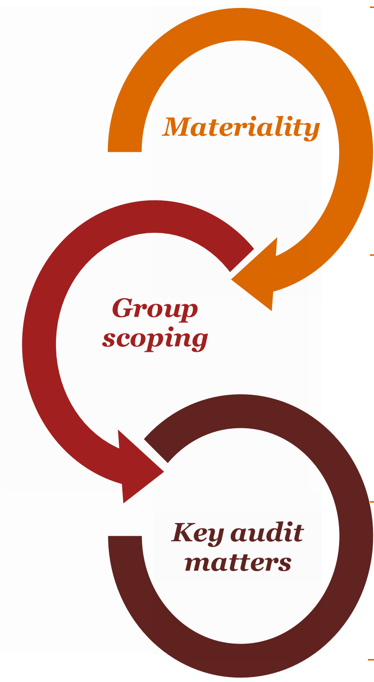
Independent auditor's report to the shareholders of Saudi Arabian Oil Company (continued)

Our audit approach

Overview



- We determined overall Group materiality taking into account the profit-oriented nature of the Group.
- Based on income before income taxes and zakat of Saudi Riyals ("SAR") 1,153 billion, we determined our overall Group materiality at SAR 37.5 billion.
- Our quantitative threshold for reporting misstatements to those charged with governance was set at SAR 2.8 billion.

Based on their size, complexity and risk:

- We selected the Company's standalone operations and five other components located in the Kingdom of Saudi Arabia, the United States of America, the Republic of Korea and Malaysia for full-scope audits; and
- We also determined a number of other components to be in scope for the Group audit, in respect of which appropriate audit procedures were performed.

Our key audit matters comprise the following:

- Assessment of recoverability of the goodwill and brand recognised as part of the Saudi Basic Industries Corporation ("SABIC") acquisition; and
- Accounting for the gas pipelines transaction.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where the Board of Directors made subjective judgments; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgment, we determined certain quantitative thresholds for materiality, including the overall Group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the consolidated financial statements as a whole.

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Independent auditor's report to the shareholders of Saudi Arabian Oil Company (continued)

Overall Group materiality	SAR 37.5 billion (2021: SAR 28.1 billion).
How we determined it	Based on income before income taxes and zakat.
Rationale for the materiality benchmark applied	Income before income taxes and zakat is an important benchmark for the Group's stakeholders and is a generally accepted benchmark for profit-oriented groups.

We agreed with those charged with governance that we would report to them misstatements identified during our audit above SAR 2.8 billion.

How we tailored our Group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

The Group's operations are conducted through many components in different parts of the world. In establishing the overall approach to the Group audit, we determined the type of work that needed to be performed by us, as the Group engagement team, or component auditors from other PwC network firms or other audit firms operating under our instructions. Where the work was performed by component auditors, we determined the level of involvement we needed to have in the audit work at those components to be able to conclude whether sufficient appropriate audit evidence had been obtained as a basis for our opinion on the Group's consolidated financial statements as a whole.

The most significant component within the Group is the Company itself and most of the audit effort was spent by the Group engagement team based in Dhahran, Kingdom of Saudi Arabia. We identified five additional components where a full-scope audit on the respective components' financial information was performed under our instructions. Members of the Group engagement team performed the full-scope audit of the component located in Dhahran, Kingdom of Saudi Arabia. Component teams in Riyadh, Kingdom of Saudi Arabia, the United States of America, the Republic of Korea and Malaysia performed full-scope audits of the components at those locations based on our instructions. We also instructed certain other component teams to perform an audit or specified procedures on material consolidated financial statement line items as part of our overall Group audit scoping strategy. The selection of these components was based on qualitative and quantitative considerations, including whether the component accounted for a significant proportion of individual consolidated financial statement line items.

The Group engagement team's involvement in the audit work performed by component teams considered the relative significance and complexity of the individual component. This included allocating materiality to the different components, sending formal instructions, obtaining regular updates on progress and results of procedures as well as reviewing deliverables and the relevant underlying working papers.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Independent auditor's report to the shareholders of Saudi Arabian Oil Company (continued)

Key audit matter	*How our audit addressed the key audit matter*

Assessment of recoverability of the goodwill and brand recognised as part of the SABIC acquisition

International Accounting Standard ("IAS") 36 'Impairment of Assets', that is endorsed in the Kingdom of Saudi Arabia, requires goodwill and intangible assets that have indefinite useful lives to be tested annually for impairment, irrespective of whether there is any indication of impairment.

Management performed an assessment of recoverability of the goodwill and brand (determined to have an indefinite useful life) recognised as part of the SABIC acquisition. The carrying amounts of these assets were SAR 99.1 billion and SAR 18.1 billion, respectively, at December 31, 2022.

Goodwill has been allocated to the Downstream operating segment. Therefore, the goodwill impairment test was performed at the Downstream operating segment level. The brand test was performed based on an aggregation of the relevant cash-generating units.

The recoverable amounts were determined based on value-in-use calculations derived using discounted cash flow models. The models were based on the most recent financial plans and included 10-year projection periods with terminal values assumed thereafter.

The exercise performed by management supported the goodwill and brand carrying values and did not identify the need for any impairment charges to be recognised.

We considered this to be a key audit matter given the significant judgment and estimates involved in determining recoverable amounts and the uncertainty inherent in the underlying forecasts and assumptions. The key inputs and assumptions in determining the recoverable amounts included the:

- Cash flows during the 10-year periods including commodity prices and margins;
- Terminal values; and
- Pre-tax discount rates.

Refer to Note 2(f), Note 2(i) and Note 6 to the consolidated financial statements for further information.

Our procedures included the following:

- We evaluated the appropriateness of management's allocation of goodwill to the Downstream operating segment and brand to the aggregation of the relevant cash-generating units, based on the requirements of IAS 36 'Impairment of Assets', that is endorsed in the Kingdom of Saudi Arabia.
- We assessed the completeness of the carrying values of the assets and liabilities considered as part of the impairment tests for the goodwill and brand in light of the requirements of IAS 36 'Impairment of Assets', that is endorsed in the Kingdom of Saudi Arabia.
- With input from internal valuation experts, where considered necessary, we performed the following procedures on management's value-in-use calculations, as deemed appropriate:
  - Considered the consistency of certain unobservable inputs underlying the 10-year cash flows such as expected product volumes and future costs with approved financial plans;
  - Compared a sample of forecast commodity prices and margins underlying the 10-year cash flows to market data points;
  - Evaluated the reasonableness of approved financial plans by comparison to historical results;
  - Assessed the reasonableness of the approach and inputs used to determine the terminal values by benchmarking to observable market practice and information;
  - Evaluated the reasonableness of the pre-tax discount rates used by cross-checking the underlying assumptions against observable market data;
  - Tested the mathematical accuracy and logical integrity of the models; and
  - Tested management's sensitivity analyses that considered the impact of changes in assumptions on the outcome of the impairment assessments.
- We considered the reasonableness of the movement in the recoverable amounts at December 31, 2022 compared to the prior year in light of changes in the underlying inputs and assumptions.
- We considered the appropriateness of the related accounting policies and disclosures in the consolidated financial statements.

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Independent auditor's report to the shareholders of Saudi Arabian Oil Company (continued)

Key audit matter	***How our audit addressed the key audit matter***
Accounting for the gas pipelines transaction	
The Company sold a 49% equity interest in Aramco Gas Pipelines Company ("AGPC") in February 2022 to GreenSaif Pipelines Bidco S.à r.l. (formerly, GEPIF III Finance III Lux S.à r.l.) ("GreenSaif") for upfront sale proceeds of SAR 58.1 billion. As part of the arrangement, immediately prior to the sale, the Company leased usage rights to its gas pipelines network to AGPC for a 20-year period. Simultaneously, AGPC granted the Company the exclusive right to use, operate and maintain the pipelines during this period in exchange for a tariff. The Company retained title to, and operational control of, the pipelines. Under the agreed terms and conditions, GreenSaif is entitled to receive dividend distributions from AGPC based on its share of available cash, when the Company pays discretionary dividends to its ordinary shareholders. Given the discretionary nature of GreenSaif's entitlement to dividends, the upfront sale proceeds have been recognized as a non-controlling interest in the consolidated financial statements. We considered this to be a key audit matter given the nature and materiality of the transaction as well as the judgment involved in determining the classification of AGPC as a subsidiary and the accounting treatment of the sale proceeds as a non-controlling interest. *Refer to Note 2(e) and Note 34(b) to the consolidated financial statements for further information.*	Our procedures included the following: • We held discussions with management to understand the legal structure of the arrangement and the nature of transactions on closing in February 2022 and during the 20-year period. • We read the relevant agreements and considered the consistency of the underlying terms and conditions with the accounting treatments. • With input from internal accounting specialists, we considered appropriateness of the accounting treatment of: - AGPC as a subsidiary; and - Sale proceeds as a non-controlling interest, keeping in view the potential alternative treatment. • With input from internal valuation experts, where considered necessary, we assessed the reasonableness of the carrying value determined by management of AGPC's net assets immediately prior to the sale. • We considered the appropriateness of the related accounting policies and disclosures in the consolidated financial statements.

Independent auditor's report to the shareholders of Saudi Arabian Oil Company (continued)

Other information

The Board of Directors is responsible for the other information. The other information comprises the Annual Report (but does not include the consolidated financial statements and our auditor's report thereon).

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and those charged with governance for the consolidated financial statements

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards, that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, and the applicable requirements of the Regulations for Companies and the Company's Bylaws, and for such internal control as they determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing, that are endorsed in the Kingdom of Saudi Arabia, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

Independent auditor's report to the shareholders of Saudi Arabian Oil Company (continued)

As part of an audit in accordance with International Standards on Auditing, that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

Independent auditor's report to the shareholders of Saudi Arabian Oil Company (continued)

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

PricewaterhouseCoopers

Omar M. Al Sagga
License No. 369

March 10, 2023

Consolidated statement of income

All amounts in millions of Saudi Riyals unless otherwise stated

		SAR		USD*	
		Year ended December 31		Year ended December 31	
	Note	**2022**	2021	**2022**	2021
Revenue	24	**2,006,955**	1,346,930	**535,188**	359,181
Other income related to sales		**259,418**	154,828	**69,178**	41,287
Revenue and other income related to sales		**2,266,373**	1,501,758	**604,366**	400,468
Royalties and other taxes		**(341,510)**	(144,793)	**(91,069)**	(38,611)
Purchases	25	**(490,690)**	(352,377)	**(130,851)**	(93,967)
Producing and manufacturing		**(101,912)**	(76,495)	**(27,177)**	(20,399)
Selling, administrative and general		**(83,700)**	(59,496)	**(22,320)**	(15,866)
Exploration		**(8,447)**	(7,285)	**(2,253)**	(1,943)
Research and development		**(4,419)**	(3,873)	**(1,178)**	(1,033)
Depreciation and amortization	5,6	**(91,618)**	(85,521)	**(24,431)**	(22,805)
Operating costs		**(1,122,296)**	(729,840)	**(299,279)**	(194,624)
Operating income		**1,144,077**	771,918	**305,087**	205,844
Share of results of joint ventures and associates	7	**2,873**	7,874	**766**	2,100
Finance and other income	27	**14,894**	1,787	**3,972**	477
Finance costs	20	**(8,882)**	(12,058)	**(2,369)**	(3,215)
Income before income taxes and zakat		**1,152,962**	769,521	**307,456**	205,206
Income taxes and zakat	8	**(548,957)**	(357,125)	**(146,388)**	(95,234)
Net income		**604,005**	412,396	**161,068**	109,972
Net income attributable to					
Shareholders' equity		**597,215**	395,203	**159,257**	105,387
Non-controlling interests		**6,790**	17,193	**1,811**	4,585
		604,005	412,396	**161,068**	109,972
Earnings per share (basic and diluted)	37	**2.72**	1.80	**0.72**	0.48

* This supplementary information is converted at a fixed rate of U.S. dollar 1.00 = SAR 3.75 for convenience only, and is presented in millions of U.S. dollars.

H.E. Yasir O. Al-Rumayyan
Chairman of the Board

Amin H. Nasser
President & Chief Executive Officer

Ziad T. Al Murshed
Executive Vice President
& Chief Financial Officer

Consolidated statement of comprehensive income

All amounts in millions of Saudi Riyals unless otherwise stated

		SAR		USD*	
		Year ended December 31		Year ended December 31	
	Note	**2022**	2021	**2022**	2021
Net income		**604,005**	412,396	**161,068**	109,972
Other comprehensive income (loss), net of tax	18				
Items that will not be reclassified to net income					
Remeasurement of post-employment benefits		**21,208**	10,190	**5,655**	2,717
Share of post-employment benefits remeasurement from joint ventures and associates		**144**	270	**38**	72
Changes in fair value of equity investments classified as fair value through other comprehensive income		**(211)**	851	**(56)**	227
Items that may be reclassified subsequently to net income					
Cash flow hedges and other		**1,450**	323	**387**	86
Changes in fair value of debt securities classified as fair value through other comprehensive income		**(427)**	(556)	**(114)**	(148)
Share of other comprehensive income (loss) of joint ventures and associates		**351**	(417)	**94**	(111)
Currency translation differences		**(3,889)**	(2,798)	**(1,037)**	(746)
		18,626	7,863	**4,967**	2,097
Total comprehensive income		**622,631**	420,259	**166,035**	112,069
Total comprehensive income attributable to					
Shareholders' equity		**615,245**	403,586	**164,065**	107,623
Non-controlling interests		**7,386**	16,673	**1,970**	4,446
		622,631	420,259	**166,035**	112,069

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H.E. Yasir O. Al-Rumayyan
Chairman of the Board

Amin H. Nasser
President & Chief Executive Officer

Ziad T. Al Murshed
Executive Vice President
& Chief Financial Officer

Consolidated balance sheet

All amounts in millions of Saudi Riyals unless otherwise stated

		SAR		USD*	
		At December 31		At December 31	
	Note	**2022**	2021	**2022**	2021
Assets					
Non-current assets					
Property, plant and equipment	5	**1,303,266**	1,244,316	**347,538**	331,818
Intangible assets	6	**159,328**	160,668	**42,487**	42,845
Investments in joint ventures and associates	7	**72,196**	69,559	**19,252**	18,549
Deferred income tax assets	8	**18,093**	14,969	**4,825**	3,992
Post-employment benefits	21	**23,034**	–	**6,142**	–
Other assets and receivables	9	**32,418**	37,776	**8,645**	10,073
Investments in securities	10	**26,758**	24,161	**7,136**	6,443
		1,635,093	1,551,449	**436,025**	413,720
Current assets					
Inventories	11	**100,528**	74,703	**26,808**	19,921
Trade receivables	12	**164,442**	140,373	**43,851**	37,433
Due from the Government	13	**54,545**	41,317	**14,545**	11,018
Other assets and receivables	9	**31,054**	28,196	**8,281**	7,519
Short-term investments	14	**281,215**	27,073	**74,991**	7,219
Cash and cash equivalents	15	**226,047**	299,579	**60,279**	79,888
		857,831	611,241	**228,755**	162,998
Total assets		**2,492,924**	2,162,690	**664,780**	576,718
Equity and liabilities					
Shareholders' equity					
Share capital		**75,000**	60,000	**20,000**	16,000
Additional paid-in capital		**26,981**	26,981	**7,195**	7,195
Treasury shares	16	**(2,236)**	(2,828)	**(596)**	(754)
Retained earnings:					
Unappropriated		**1,339,892**	1,018,443	**357,305**	271,585
Appropriated		**6,000**	6,000	**1,600**	1,600
Other reserves	18	**3,279**	4,661	**874**	1,243
		1,448,916	1,113,257	**386,378**	296,869
Non-controlling interests	19	**217,231**	167,411	**57,928**	44,643
		1,666,147	1,280,668	**444,306**	341,512
Non-current liabilities					
Borrowings	20	**318,380**	436,371	**84,901**	116,366
Deferred income tax liabilities	8	**122,311**	74,850	**32,616**	19,960
Post-employment benefits	21	**26,923**	40,729	**7,179**	10,861
Provisions and other liabilities	22	**27,777**	26,244	**7,408**	6,998
		495,391	578,194	**132,104**	154,185
Current liabilities					
Trade and other payables	23	**135,390**	124,689	**36,104**	33,251
Obligations to the Government:					
Income taxes and zakat	8	**104,978**	90,525	**27,995**	24,140
Royalties		**16,254**	14,064	**4,334**	3,750
Borrowings	20	**74,764**	74,550	**19,937**	19,880
		331,386	303,828	**88,370**	81,021
Total liabilities		**826,777**	882,022	**220,474**	235,206
Total equity and liabilities		**2,492,924**	2,162,690	**664,780**	576,718

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H.E. Yasir O. Al-Rumayyan
Chairman of the Board

Amin H. Nasser
President & Chief Executive Officer

Ziad T. Al Murshed
Executive Vice President
& Chief Financial Officer

Consolidated statement of changes in equity

All amounts in millions of Saudi Riyals unless otherwise stated

	SAR								USD*
	Shareholders' equity								
				Retained earnings					
	Share capital	Additional paid-in capital	Treasury shares	Unappropriated	Appropriated[1]	Other reserves (Note 18)	Non-controlling interests	Total	Total
Balance at January 1, 2021	60,000	26,981	(3,264)	895,273	6,000	5,858	110,246	1,101,094	293,625
Net income	–	–	–	395,203	–	–	17,193	412,396	109,972
Other comprehensive income (loss)	–	–	–	–	–	8,383	(520)	7,863	2,097
Total comprehensive income	–	–	–	395,203	–	8,383	16,673	420,259	112,069
Transfer of post-employment benefits remeasurement (Note 18)	–	–	–	9,392	–	(9,392)	–	–	–
Transfer of share of post-employment benefits remeasurement from joint ventures and associates (Note 18)	–	–	–	270	–	(270)	–	–	–
Treasury shares issued to employees (Note 16)	–	–	436	38	–	(125)	–	349	94
Share-based compensation	–	–	–	(13)	–	207	–	194	52
Dividends (Note 36)	–	–	–	(281,305)	–	–	–	(281,305)	(75,015)
Sale of non-controlling equity interest in a subsidiary (Note 34)	–	–	–	–	–	–	46,547	46,547	12,412
Change in ownership interest of certain subsidiaries	–	–	–	(415)	–	–	838	423	113
Dividends to non-controlling interests and other	–	–	–	–	–	–	(6,893)	(6,893)	(1,838)
Balance at December 31, 2021	60,000	26,981	(2,828)	1,018,443	6,000	4,661	167,411	1,280,668	341,512
Net income	**–**	**–**	**–**	**597,215**	**–**	**–**	**6,790**	**604,005**	**161,068**
Other comprehensive income	**–**	**–**	**–**	**–**	**–**	**18,030**	**596**	**18,626**	**4,967**
Total comprehensive income	**–**	**–**	**–**	**597,215**	**–**	**18,030**	**7,386**	**622,631**	**166,035**
Transfer of post-employment benefits remeasurement (Note 18)	**–**	**–**	**–**	**19,427**	**–**	**(19,427)**	**–**	**–**	**–**
Transfer of share of post-employment benefits remeasurement from joint ventures and associates (Note 18)	**–**	**–**	**–**	**144**	**–**	**(144)**	**–**	**–**	**–**
Treasury shares issued to employees (Note 16)	**–**	**–**	**592**	**99**	**–**	**(137)**	**–**	**554**	**147**
Share-based compensation	**–**	**–**	**–**	**(3)**	**–**	**296**	**–**	**293**	**78**
Dividends (Note 36)	**–**	**–**	**–**	**(281,318)**	**–**	**–**	**–**	**(281,318)**	**(75,018)**
Bonus shares issued (Note 36)	**15,000**	**–**	**–**	**(15,000)**	**–**	**–**	**–**	**–**	**–**
Sale of non-controlling equity interest in a subsidiary (Note 34)	**–**	**–**	**–**	**–**	**–**	**–**	**58,125**	**58,125**	**15,500**
Acquisition of non-controlling interests in certain subsidiaries	**–**	**–**	**–**	**(3)**	**–**	**–**	**(227)**	**(230)**	**(62)**
Dividends to non-controlling interests and other	**–**	**–**	**–**	**888**	**–**	**–**	**(15,464)**	**(14,576)**	**(3,886)**
Balance at December 31, 2022	**75,000**	**26,981**	**(2,236)**	**1,339,892**	**6,000**	**3,279**	**217,231**	**1,666,147**	**444,306**

1) Appropriated retained earnings, originally established under the 1988 Articles of the Saudi Arabian Oil Company, represent a legal reserve which is not available for distribution. This amount is maintained pursuant to the Bylaws adopted on January 1, 2018 (Note 1).

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H.E. Yasir O. Al-Rumayyan
Chairman of the Board

Amin H. Nasser
President & Chief Executive Officer

Ziad T. Al Murshed
Executive Vice President
& Chief Financial Officer

Consolidated statement of cash flows

All amounts in millions of Saudi Riyals unless otherwise stated

		SAR		USD*	
		Year ended December 31		Year ended December 31	
	Note	**2022**	2021	**2022**	2021
Income before income taxes and zakat		**1,152,962**	769,521	**307,456**	205,206
Adjustments to reconcile income before income taxes and zakat to net cash provided by operating activities					
Depreciation and amortization	5,6	**91,618**	85,521	**24,431**	22,805
Exploration and evaluation costs written off	6	**2,916**	2,875	**777**	767
Loss on disposal of property, plant and equipment		**3,861**	3,971	**1,029**	1,059
Inventory movement		**1,525**	453	**407**	121
Share of results of joint ventures and associates	7	**(2,873)**	(7,874)	**(766)**	(2,100)
Finance and other income	27	**(14,894)**	(1,787)	**(3,972)**	(477)
Finance costs	20	**8,882**	12,058	**2,369**	3,215
Change in fair value of investments through profit or loss		**237**	27	**64**	7
Change in joint ventures and associates inventory profit elimination	7	**(373)**	550	**(99)**	147
Other		**1,205**	3,256	**322**	868
Change in working capital					
Inventories		**(26,555)**	(23,157)	**(7,082)**	(6,175)
Trade receivables		**(22,906)**	(55,190)	**(6,108)**	(14,718)
Due from the Government		**(13,228)**	(12,422)	**(3,527)**	(3,313)
Other assets and receivables		**(462)**	(8,565)	**(123)**	(2,284)
Trade and other payables		**13,745**	35,763	**3,665**	9,537
Royalties payable		**2,190**	5,809	**584**	1,549
Other changes					
Other assets and receivables		**2,973**	1,263	**792**	337
Provisions and other liabilities		**(411)**	680	**(109)**	181
Post-employment benefits		**596**	2,667	**158**	712
Settlement of income, zakat and other taxes	8	**(502,856)**	(292,818)	**(134,094)**	(78,084)
Net cash provided by operating activities		**698,152**	522,601	**186,174**	139,360
Capital expenditures	4	**(141,161)**	(119,645)	**(37,643)**	(31,905)
Acquisition of affiliates, net of cash acquired		**(1,708)**	–	**(455)**	–
Distributions from joint ventures and associates	7	**4,535**	4,651	**1,210**	1,240
Additional investments in joint ventures and associates	7	**(1,489)**	(557)	**(397)**	(149)
Proceeds from sale of equity interest in an associate	34(a)	**1,651**	–	**440**	–
Dividends from investments in securities	27	**390**	369	**104**	99
Interest received		**5,950**	1,232	**1,587**	329
Net investments in securities		**(3,035)**	(1,519)	**(810)**	(406)
Net purchases of short-term investments		**(254,142)**	(20,272)	**(67,772)**	(5,405)
Net cash used in investing activities		**(389,009)**	(135,741)	**(103,736)**	(36,197)
Dividends paid to shareholders of the Company	36	**(281,318)**	(281,305)	**(75,018)**	(75,015)
Dividends paid to non-controlling interests in subsidiaries		**(14,417)**	(7,112)	**(3,845)**	(1,896)
Proceeds from sale of non-controlling equity interest in a subsidiary		**58,125**	46,547	**15,500**	12,412
Acquisition of non-controlling interests in certain subsidiaries		**(230)**	–	**(62)**	–
Proceeds from issue of treasury shares	16	**550**	384	**146**	103
Proceeds from borrowings		**9,082**	42,213	**2,422**	11,256
Repayments of borrowings		**(132,514)**	(73,563)	**(35,337)**	(19,617)
Principal portion of lease payments		**(12,114)**	(12,143)	**(3,230)**	(3,238)
Interest paid		**(9,839)**	(9,534)	**(2,623)**	(2,542)
Net cash used in financing activities		**(382,675)**	(294,513)	**(102,047)**	(78,537)
Net (decrease) increase in cash and cash equivalents		**(73,532)**	92,347	**(19,609)**	24,626
Cash and cash equivalents at beginning of the year		**299,579**	207,232	**79,888**	55,262
Cash and cash equivalents at end of the year		**226,047**	299,579	**60,279**	79,888

* This supplementary information is converted at a fixed rate of U.S. dollar 1.00 = SAR 3.75 for convenience only, and is presented in millions of U.S. dollars.

H.E. Yasir O. Al-Rumayyan
Chairman of the Board

Amin H. Nasser
President & Chief Executive Officer

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1. General information

The Saudi Arabian Oil Company (the "Company"), with headquarters located in Dhahran, Kingdom of Saudi Arabia (the "Kingdom"), is engaged in prospecting, exploring, drilling and extracting hydrocarbon substances ("Upstream") and processing, manufacturing, refining and marketing these hydrocarbon substances ("Downstream"). The Company was formed on November 13, 1988, by Royal Decree No. M/8; however, its history dates back to May 29, 1933, when the Saudi Arabian Government (the "Government") granted a concession to the Company's predecessor for the right to, among other things, explore the Kingdom for hydrocarbons.

On December 20, 2017, Royal Decree No. M/37 dated 2/4/1439H was issued approving the Hydrocarbons Law, which applies to the Kingdom's hydrocarbons and hydrocarbon operations. Under the Hydrocarbons Law, all hydrocarbon deposits, hydrocarbons and hydrocarbon resources are the property of the Kingdom until ownership is transferred at the well head or when extracted. Further, the Hydrocarbons Law codifies the Government's sole authority to set the maximum amount of hydrocarbons production by the Company and the maximum sustainable capacity that the Company must maintain.

All natural resources within the Kingdom, including hydrocarbons, are owned by the Kingdom. Through a concession in 1933, the Government granted the Company the exclusive right to explore, develop and produce the Kingdom's hydrocarbon resources, except in certain areas. As of December 24, 2017, the Company's original concession agreement was replaced and superseded by an amended concession agreement (the "Concession Agreement") which provides the Company the exclusive right to explore, drill, prospect, appraise, develop, extract, recover, and produce hydrocarbons in the concession area. The Company is also provided the exclusive right to market and distribute hydrocarbons, petroleum products and liquid petroleum gas ("LPG") in the Kingdom along with the non-exclusive right to manufacture, refine, and treat production and to market, sell, transport and export such production.

The initial term of the Concession Agreement is for 40 years, which shall be extended by the Government for 20 years unless the Company does not satisfy certain conditions commensurate with its then current operating practices. In addition, the Concession Agreement may be amended and extended for an additional 40 years beyond the original 60-year period, subject to the Company and the Government agreeing on the terms of such extension.

Effective January 1, 2018, Council of Minister's Resolution No. 180, dated 1/4/1439H (December 19, 2017) converted the Company to a Saudi Joint Stock Company with new Bylaws. The Company's 1988 Articles were cancelled as of January 1, 2018, pursuant to Royal Decree No. M/36, dated 2/4/1439H (December 20, 2017). The Company's Commercial Registration Number is 2052101150. The Company's share capital was set at Saudi Riyal ("SAR") 60,000, divided into 200 billion fully paid ordinary shares with equal voting rights without par value. On May 12, 2022, after obtaining necessary approvals from the competent authorities in relation to the issuance of bonus shares, the Extraordinary General Assembly ("EGA") approved the increase in the Company's share capital by SAR 15,000 and the commensurate increase in the number of the Company's issued ordinary shares by 20 billion without par value. The Company's share capital after the increase is SAR 75,000, divided into 220 billion fully paid ordinary shares with equal voting rights without par value (Note 36).

On December 11, 2019, the Company completed its Initial Public Offering ("IPO") and its ordinary shares were listed on the Saudi Exchange. In connection with the IPO, the Government, being the sole owner of the Company's shares at such time, sold an aggregate of 3.45 billion ordinary shares, or 1.73% of the Company's share capital. In addition, concurrent with the IPO, the Company acquired 117.2 million of its ordinary shares from the Government for a cash payment of SAR 3,750, and classified them as treasury shares (Note 16). These shares are being used by the Company for its employee share plans (Note 17).

On February 13, 2022, the Government transferred 8 billion ordinary shares, or 4% of the Company's share capital, to the Public Investment Fund ("PIF"), the sovereign wealth fund of the Kingdom. Following the transfer, the Government remains the Company's largest shareholder, retaining a 94.19% direct shareholding.

The consolidated financial statements of the Company and its subsidiaries (together "Saudi Aramco") were approved by the Board of Directors on March 10, 2023.

2. Summary of significant accounting policies, judgments and estimates

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. The consolidated financial statements provide comparative information in respect of the previous period.

(a) Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), that are endorsed in the Kingdom, and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA"). The consolidated financial statements are also in compliance with IFRS as issued by the International Accounting Standards Board ("IASB"). Amounts and balances relating to Shari'a compliant financial instruments of the Company, its subsidiaries and investments are disclosed separately. All other relevant amounts and balances relate to conventional financial instruments.

The consolidated financial statements have been prepared under the historical cost convention except for certain items measured at fair value, which are primarily investments in securities, derivatives and certain trade receivables. The accounting policies that follow have been consistently applied to all years presented, unless otherwise stated.

2. Summary of significant accounting policies, judgments and estimates continued

(b) Significant accounting judgments and estimates

The preparation of the consolidated financial statements in conformity with IFRS requires management to exercise judgment in applying Saudi Aramco's accounting policies and in the use of certain critical accounting estimates and assumptions concerning the future. Management has made various judgments that may significantly impact the valuation and presentation of assets and liabilities. In addition, management also applies judgment when undertaking the estimation procedures necessary to calculate assets, liabilities, revenue and expenses. Accounting estimates, by definition, may not equal the related actual results and are subject to change based on experience and new information. The areas requiring the most significant judgments, estimates and assumptions in the preparation of the consolidated financial statements are: accounting for interests in subsidiaries, joint arrangements and associates, fair values of assets acquired and liabilities assumed on acquisition, recoverability of asset carrying amounts, determining the lease term, taxation, provisions, post-retirement obligations and determination of functional currency and are set out in the individual accounting policies below.

Net zero ambition and the energy transition
Saudi Aramco's ambition is to achieve net-zero Scope 1 and Scope 2 greenhouse gas emissions by 2050 across its wholly-owned operated assets. Low lifting costs and low-carbon production intensity, compared to its peers, facilitates Saudi Aramco to continuously supply hydrocarbon products through the energy transition for the foreseeable future. Saudi Aramco is targeting emissions reductions to be achieved by improving energy efficiency and management of flaring and methane emissions; investing in renewable energy projects and certificates; carbon capture and storage; and developing an offsetting program that includes planting mangroves and purchasing carbon offsets through voluntary markets.

Saudi Aramco performed a review of the impact of climate change on its financial statements, including an assessment of risks due to climate change on material financial statement line items, significant judgments, and material estimation uncertainties. Estimates, such as the pace of energy transition and demand forecasts, and their impact on commodity prices, margins, and growth rates, include assumptions and inherent uncertainties that will be subject to change as market factors, policy and regulation evolve. The outcome of our review confirmed that the judgments and estimates used in the preparation of the 2022 consolidated financial statements are consistent with Saudi Aramco's long-term strategy and the profile of its operations. Saudi Aramco will continue to update its financial plans, estimates, and assumptions concerning the economic environment and the pace of the energy transition.

(c) New or amended standards

(i) Saudi Aramco adopted the following IASB pronouncement, as endorsed in the Kingdom, effective for annual periods beginning on or after January 1, 2022:

Amendment to IAS 16, Property, Plant and Equipment
In May 2020, the IASB issued an amendment to IAS 16, Property, Plant and Equipment, which prohibits the deduction from the cost of an item of property, plant and equipment any proceeds from selling items produced while the entity is preparing the asset for its intended use. Instead, the proceeds from selling such items, and the costs of producing those items, are recognized in profit or loss. There is no material impact on Saudi Aramco's consolidated financial statements from adopting this amendment to IAS 16.

(ii) There are no standards, amendments or interpretations that are not yet effective that are expected to have a material impact in the current or future reporting periods or on foreseeable future transactions.

(d) Interbank Offered Rate ("IBOR") reform

IBOR reform represents the reform and replacement of interest rate benchmarks, such as the London Interbank Offered Rate ("LIBOR") by global regulators. On March 5, 2021, the UK's Financial Conduct Authority announced the future cessation and loss of representativeness of the LIBOR benchmarks. Saudi Aramco has a number of contracts, primarily referenced to U.S. dollar ("USD") LIBOR, of which most applicable tenors will cease to be published on June 30, 2023.

In this regard, the IASB issued amendments to IAS 39, Financial Instruments: Recognition and Measurement, IFRS 4, Insurance Contracts, IFRS 7, Financial Instruments: Disclosures, IFRS 9, Financial Instruments, and IFRS 16, Leases, as part of Phase 2 of a two-phase project for IBOR reform, which address issues that arise from the implementation of the reform. These amendments, issued on August 27, 2020, and effective January 1, 2021, include: (1) providing practical expedients in relation to accounting for instruments to which the amortized cost measurement applies by updating the effective interest rate to account for a change in the basis for determining the contractual cash flows without adjusting the carrying amount; (2) additional temporary exceptions from applying specific hedge accounting requirements, including permitted changes to hedge designation without the hedging relationship being discontinued when Phase 1 reliefs cease; and (3) additional disclosures related to IBOR reform, including managing the transition to alternative benchmark rates, its progress and the risks arising from the transition, quantitative information about financial instruments that have yet to transition to new benchmarks and changes in the entity's risk management strategy where this arises.

Saudi Aramco has established an IBOR Transition Project, the scope of which includes analyzing the exposure to IBOR benchmarks, evaluating the impact of the transition and providing support and guidance to all impacted internal stakeholders. As per the transition plan, all contracts and agreements related to the below mentioned financial instruments will be renegotiated with counterparties to reflect the alternative benchmark.

2. Summary of significant accounting policies, judgments and estimates continued

(d) Interbank Offered Rate ("IBOR") reform continued

The following table contains details of all financial instruments of Saudi Aramco referencing USD LIBOR, recognized at December 31, 2022, which expire after the cessation dates, and which have not yet transitioned to an alternative benchmark:

As at December 31, 2022	Carrying amounts of financial instruments yet to transition to alternative benchmarks: USD LIBOR
Non-derivative financial assets	**4,826**
Non-derivative financial liabilities	**35,719**
Derivative financial assets[1]	**720**

1. Represents hedging instruments with a nominal value of SAR 8,768.

(e) Principles of consolidation, acquisition and equity accounting

(i) Subsidiaries

The consolidated financial statements reflect the assets, liabilities and operations of the Company and its subsidiaries. Subsidiaries are entities over which the Company has control. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which the Company obtains control, and continue to be consolidated until the date that such control ceases.

Intercompany balances and transactions, including unrealized profits and losses arising from intragroup transactions, have been eliminated. Where necessary, adjustments are made to the financial statements of subsidiaries to align the accounting policies with those used by the Company.

The acquisition method of accounting is used to account for business combinations, including those acquisitions of businesses under common control that have commercial substance. Acquisition related costs are expensed as incurred. The consideration transferred to acquire a subsidiary comprises the fair value of the assets transferred, liabilities incurred to the former owners of the acquired business, equity interests issued by Saudi Aramco, the fair value of any asset or liability resulting from a contingent consideration arrangement, and the fair value of any pre-existing equity interest in the subsidiary. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at fair value at the date the assets and liabilities are exchanged, irrespective of the extent of any non-controlling interests. The excess of the consideration transferred and the amount of any non-controlling interest in the acquired entity over the fair value of the acquired identifiable net assets is recorded as goodwill. Where settlement of any part of the cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained under comparable terms and conditions. Any goodwill arising on acquisition is allocated to each of the cash-generating units, or groups of cash-generating units, expected to benefit from the business combination's synergies. Non-controlling interests represent the equity in subsidiaries that is not attributable, directly or indirectly, to Saudi Aramco.

Saudi Aramco recognizes any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets. Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of income, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, and the consolidated balance sheet, respectively.

Saudi Aramco treats transactions with non-controlling interests that do not result in a loss of control as transactions between equity owners of the group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognized in equity.

If the business combination is achieved in stages, the acquisition date carrying value of the previously held equity interest is remeasured to fair value at the acquisition date with any gains or losses arising from such remeasurement recognized in net income or other comprehensive income, as appropriate.

(ii) Joint arrangements

Under IFRS 11, Joint Arrangements, an arrangement in which two or more parties have joint control is a joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. Saudi Aramco has interests in both joint operations and joint ventures.

2. Summary of significant accounting policies, judgments and estimates continued

(e) Principles of consolidation, acquisition and equity accounting continued

1) Joint operations

Joint operations arise where the investors have rights to the assets and obligations for the liabilities of a joint arrangement. In relation to its interests in joint operations, Saudi Aramco recognizes its:

- Assets, including its share of any assets held jointly;
- Liabilities, including its share of any liabilities incurred jointly;
- Revenue from the sale of its share of the output arising from the joint operation; and
- Expenses, including its share of any expenses incurred jointly.

2) Joint ventures

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Investments in joint ventures are accounted for using the equity method of accounting and are initially recognized at cost.

Saudi Aramco's share of results of its joint ventures is recognized within net income, while its share of post-acquisition movements in other comprehensive income is recognized within other comprehensive income. The cumulative effect of these changes is adjusted against the carrying amount of Saudi Aramco's investments in joint ventures, which is presented separately in the consolidated balance sheet. When Saudi Aramco's share of losses in a joint venture equals or exceeds its interest in the joint venture, including any other unsecured non-current receivables, Saudi Aramco does not recognize further losses, unless it has incurred obligations or made payments on behalf of the joint venture.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, the difference between the carrying amount derecognized and the proceeds received is recognized in the consolidated statement of income.

Gains and losses on transactions between Saudi Aramco and joint ventures not realized through a sale to a third party are eliminated to the extent of Saudi Aramco's interest in the joint ventures. Where necessary, adjustments are made to the financial statements of joint ventures to align their accounting policies with those used by Saudi Aramco.

Saudi Aramco's investments in joint ventures includes, when applicable, goodwill identified on acquisition, net of any accumulated impairment loss. Goodwill represents the excess of the cost of an acquisition over the fair value of Saudi Aramco's share of the net identifiable assets of the acquired joint venture at the date of acquisition.

Dividends received or receivable from joint ventures are recognized as a reduction in the carrying amount of the investment.

(iii) Associates

Associates are entities over which Saudi Aramco has significant influence. Significant influence is the power to participate in financial and operating policy decisions but with no control or joint control over those policies and is generally reflected by a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognized at cost. The accounting policies for joint ventures detailed in Note 2(e)(ii)(2) above are also applied by Saudi Aramco to its associates.

Significant accounting judgments and estimates

The acquisition of subsidiaries, joint arrangements and associates require management to estimate the fair values of the assets acquired and liabilities assumed. In addition, judgments are applied in the determination of whether control, joint control or significant influence is present with respect to investments in subsidiaries, joint arrangements or associates. Judgment is applied when determining if an entity is controlled by voting rights, potential voting rights or other rights granted through contractual arrangements and includes consideration of an entity's purpose and design, among other factors. Judgment is applied when assessing whether an arrangement is jointly controlled by all of its parties or by a group of the parties by taking decisions about relevant activities through unanimous consent of the parties sharing control. Judgment is also applied as to whether a joint arrangement is classified as a joint venture or joint operation taking into account specific facts and circumstances, such as the purpose and design of the arrangement, including with respect to its output, its relationship to the parties and its source of cash flows. Judgment is applied in determining whether significant influence is held by assessing factors such as representation on the board of directors, participation in policy-making processes, material transactions with the entity, interchange of managerial personnel, and provision of essential technical information. Refer to Notes 7, 34, 35, 38, and 39.

(f) Intangible assets

Goodwill on the acquisition of subsidiaries is included in intangible assets. Goodwill is not amortized but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired. Goodwill is carried at cost less accumulated impairment losses. For the purpose of impairment testing, goodwill is allocated to cash-generating units or groups of cash-generating units that are expected to benefit from the acquisition in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes.

2. Summary of significant accounting policies, judgments and estimates continued

(f) Intangible assets continued

Intangible assets other than exploration and evaluation costs (Note 2(g)) and those with indefinite useful lives such as goodwill and brand acquired on acquisition of Saudi Basic Industries Corporation ("SABIC") in 2020, consist primarily of brands and trademarks, franchise/customer relationships and computer software. If acquired in a business combination, these intangible assets are recognized at their fair value at the date of acquisition and, if acquired separately, these intangible assets are recognized at cost. All these intangible assets are subsequently amortized on a straight-line basis over their estimated useful lives.

The following table sets forth estimated useful lives, in years, of the principal groups of these intangible assets:

Brands and trademarks	10 to 22
Franchise/customer relationships	5 to 25
Computer software	3 to 15

Amortization is recorded in depreciation and amortization in the consolidated statement of income.

(g) Exploration and evaluation

Exploration and evaluation costs are recorded under the successful efforts method. Under the successful efforts method, geological and geophysical costs are recognized as an expense when incurred and exploration costs associated with exploratory wells are initially capitalized on the consolidated balance sheet as an intangible asset until the drilling of the well is complete and the results have been evaluated. If potential commercial quantities of hydrocarbons are found, these costs continue to be capitalized subject to further appraisal activities that would determine the commercial viability and technical feasibility of the reserves. If potentially commercial quantities of hydrocarbons have not been found, and no alternative use of the well is determined, the previously capitalized costs are written off to exploration in the consolidated statement of income.

Exploratory wells remain capitalized while additional appraisal drilling on the potential oil and/or gas field is performed or while optimum development plans are established. All such capitalized costs are not subject to amortization, but at each reporting date are subject to regular technical and management review to confirm the continued intent to develop, or otherwise extract value from the well. Where such intent no longer exists, the costs are written off to exploration in the consolidated statement of income. Capitalized exploratory expenditures are, at each reporting date, subject to review for impairment indicators.

When proved reserves of hydrocarbons are determined and there is a firm plan for development approved by management, the relevant capitalized costs are transferred to property, plant and equipment.

(h) Property, plant and equipment

Property, plant and equipment is stated on the consolidated balance sheet at cost less accumulated depreciation and impairment losses, if any. Cost includes expenditures directly attributable to the construction and/or acquisition of the asset (Note 2(s)). Land and construction-in-progress are not depreciated. When a construction-in-progress asset is deemed available for use as intended by management, depreciation commences.

Subsequent expenditures including major renovations are included in an asset's carrying amount, or recognized as a separate asset only when it is probable that future economic benefits associated with the item will flow to Saudi Aramco and the cost of the item can be measured reliably. The carrying amount of the replaced item is derecognized. All other repair and maintenance expenditures are expensed as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met (Note 2(v)).

Where the life of expected hydrocarbon reserves substantially exceeds the economic or technical lives of the underlying assets, the straight-line method of depreciation is used. The unit of production method is used for fields where the expected reserve life is approximately equal to or less than the estimated useful lives of the underlying assets. Depletion rates are calculated on the basis of a group of wells or fields with similar characteristics based on proved developed reserves. The estimation of expected reserve lives reflects management's assessment of proved developed reserves and the related depletion strategy on a field-by-field basis. Depreciation expense on all other assets is calculated using the straight-line method to allocate the cost less residual values over the estimated useful lives. Depreciation expense is recorded in the consolidated statement of income.

Depreciation expense is calculated after determining an estimate of an asset's expected useful life and the expected residual value at the end of its useful life. The useful lives and residual values are determined by management at the time the asset is initially recognized and are reviewed annually for appropriateness or when events or conditions occur that impact capitalized costs, hydrocarbon reserves, residual values or estimated useful lives.

2. Summary of significant accounting policies, judgments and estimates continued

(h) Property, plant and equipment continued

The estimated useful lives or, for right-of-use assets the lease term, if shorter (Note 2(j)), in years, of principal groups of depreciable assets is as follows:

Land and land improvements	3 to 54
Buildings	5 to 50
Oil and gas properties	15 to 30
Plant, machinery and equipment	2 to 52
Depots, storage tanks and pipelines	4 to 30
Fixtures, IT and office equipment	2 to 20

Gains and losses on disposals of depreciable assets are recognized in net income.

(i) Impairment of non-financial assets

Saudi Aramco assesses, at each reporting date, whether there is an indication that a non-financial asset may be impaired except that assets with indefinite useful lives such as goodwill and brand acquired on acquisition of SABIC in 2020 are reviewed for impairment on an annual basis. If an indication exists, or when annual impairment testing for an asset is required, the asset's recoverable amount is estimated. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal or value in use ("VIU"). The fair value less costs of disposal calculation is based on either, post-tax discounted cash flow models or available data from binding arm's length sales transactions for similar assets, or observable market prices less incremental costs for disposing of the asset. The VIU calculation is based on a post-tax risk adjusted discounted cash flow model. The use of post-tax discount rates in determining VIU does not result in a materially different determination of the need for, or the amount of, impairment that would be required if pre-tax discount rates had been used.

Impairment losses are recognized as a component of net income. If, in a subsequent period, the amount of a non-goodwill impairment loss decreases, a reversal of the previously recognized impairment loss is recognized in net income.

Significant accounting judgments and estimates

Impairment tests are undertaken on the basis of the smallest identifiable group of assets (cash-generating unit), or individual assets, for which there are largely independent cash inflows. The key assumptions used to determine the different cash-generating units involves significant judgment from management.

For the purposes of determining whether impairment of items of property, plant and equipment has occurred, and the extent of any impairment or its reversal, the key assumptions management uses in estimating future cash flows for its VIU calculations are forecasted future oil, gas, refined product and chemical prices, expected production volumes, future operating and development costs, refining and petrochemical margins and changes to the discount rate used for the discounted cash flow model. There is an inherent uncertainty over forecasted information and assumptions. Changes in these assumptions and forecasts could impact the recoverable amounts of assets and any calculated impairment and reversals thereof.

(j) Leases

Saudi Aramco's portfolio of leased assets mainly comprises land and buildings, drilling rigs, marine vessels, industrial facilities, equipment, storage and tanks, aircraft and vehicles. The determination of whether the contract is, or contains, a lease is based on the substance of the contract at the inception of the lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Saudi Aramco recognizes right-of-use assets and lease liabilities at the lease commencement date. Right-of-use assets are initially measured at cost, which comprises lease liabilities at initial measurement, any initial direct costs incurred, any lease payments made at or before the commencement date, and restoration costs less any lease incentives received. Subsequent to initial recognition the right-of-use assets are measured at cost less accumulated depreciation and accumulated impairment losses, if any, and adjusted for any remeasurement of the lease liability. Right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis unless the lease transfers ownership of the underlying asset by the end of the lease term or if the cost of the asset reflects the exercise of the purchase option, in which case right-of-use assets are depreciated over the useful life of the underlying asset. Depreciation expense is recorded in the consolidated statement of income. Right-of-use assets are included under property, plant and equipment (Note 5).

2. Summary of significant accounting policies, judgments and estimates continued

(j) Leases continued

Lease liabilities are initially measured at the present value of lease payments. Lease payments include fixed lease payments, variable lease payments that depend on an index or rate, amounts payable for guaranteed residual values and payments to be made under extension or purchase or termination options, where applicable. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions. Subsequent to initial recognition, the lease liabilities are measured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and adjusted for remeasurement to reflect any reassessments or lease modifications. Lease liabilities are included under borrowings (Note 20). Lease payments are allocated between the principal and finance costs. Finance costs are recorded as an expense in the consolidated statement of income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Saudi Aramco has elected not to recognize right-of-use assets and lease liabilities for short-term and low-value leases. Lease payments under short-term and low-value leases are recorded as an expense in the consolidated statement of income on a straight-line basis over the lease term.

Significant accounting judgments and estimates

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options are only included in the lease term if the lease is reasonably certain to not be terminated or to be extended. The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and is within the control of the lessee.

(k) Investments and other financial assets

(i) Classification

Management determines the classification of its financial assets based on the business model for managing the financial assets and the contractual terms of the cash flows. Saudi Aramco's financial assets are classified in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss); and
- those to be measured at amortized cost.

For financial assets measured at fair value, gains and losses are recorded either in net income or other comprehensive income. For investments in debt securities, this depends on the business model in which the investment is held. For investments in equity instruments that are not held for trading, this depends on whether Saudi Aramco has made an irrevocable election at the time of initial recognition, due to the strategic nature of these investments, to account for such equity investments at fair value through other comprehensive income. Saudi Aramco reclassifies debt securities, when and only when, its business model for managing those assets changes. Certain revenue contracts provide for provisional pricing at the time of shipment with the final pricing based on an average market price for a particular future period. Such trade receivables are measured at fair value because the contractual cash flows are not solely payments of principal and interest. All other trade receivables meet the criteria for amortized cost measurement under IFRS 9.

(ii) Recognition and derecognition

Regular purchases and sales of financial assets are recognized on the trade-date, which is the date on which Saudi Aramco commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and Saudi Aramco has transferred substantially all the risks and rewards of ownership.

(iii) Measurement

At initial recognition, Saudi Aramco measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed as a component of net income. Saudi Aramco subsequently measures all equity investments at fair value.

Equity investments:

Where Saudi Aramco has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to net income following the derecognition of the investment. Dividends from such investments continue to be recognized as a component of net income when Saudi Aramco's right to receive payments is established. Changes in the fair value of financial assets at fair value through profit or loss are recognized as a component of net income.

2. Summary of significant accounting policies, judgments and estimates continued

(k) Investments and other financial assets continued

Debt securities:
Subsequent measurement of debt securities depends on Saudi Aramco's business model for managing the asset and the cash flow characteristics of the asset. Debt securities are classified into the following three measurement categories:

1) Amortized cost:
Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost using the effective interest method. A gain or loss on a debt investment that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized as a component of net income when the asset is derecognized or impaired. Interest income from these financial assets is included in finance income using the effective interest method.

2) Fair value through other comprehensive income ("FVOCI"):
Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through other comprehensive income, except for impairment gains or losses, interest income and foreign exchange gains and losses which are recognized as a component of net income. When the financial asset is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to net income. Interest income from these financial assets is included in finance income using the effective interest method.

3) Fair value through profit or loss ("FVPL"):
Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL and is not part of a hedging relationship is recognized as a component of net income in the period in which it arises. Financial assets at FVPL are included in non-current assets unless management intends to dispose of the asset within 12 months from the end of the reporting period, in which case the asset is included in current assets.

Other financial assets:
Other financial assets are classified into the following categories:

1) Amortized cost:
Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. A gain or loss on a financial asset that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized as a component of net income when the asset is derecognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate.

Financial assets at amortized cost comprise cash and cash equivalents, short-term investments, other assets and receivables, due from the Government and trade receivables other than those subsequently measured at FVPL, as described below.

2) Fair value through profit or loss:
Trade receivables related to contracts with provisional pricing arrangements are subsequently measured at FVPL.

(iv) Impairment
Saudi Aramco assesses on a forward-looking basis, the expected credit losses associated with debt securities carried at either amortized cost or FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, Saudi Aramco applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the receivables.

(l) Derivative instruments and hedging activities

Saudi Aramco's use of derivative instruments does not have a material effect on its financial position or results of operations.

(i) Derivative instruments classified as held for trading
Saudi Aramco uses commodity derivative financial instruments to manage exposure to price fluctuations, which arise on purchase and sale transactions for physical deliveries of crude, natural gas liquids and various refined and bulk petrochemical products. The derivatives are initially recognized, and subsequently remeasured at fair value and recorded as an asset, when the fair value is positive, or as a liability, when the fair value is negative, under trade receivables or trade and other payables in the consolidated balance sheet, respectively.

The fair value of the derivatives is determined in accordance with Saudi Aramco's derivative valuation policy by reference to the traded price of that instrument on the relevant exchange or over-the-counter markets at the consolidated balance sheet date. The gain or loss from the changes in the fair value of the swap from its value at inception is recognized in net income.

(ii) Derivative instruments designated as hedges
Saudi Aramco uses interest rate swaps and currency forward contracts to manage its exposure to fluctuations in interest rates and foreign exchange rates. These derivative financial instruments, designated as either fair value or cash flow hedges, are purchased from counterparties of high credit standing and are initially recognized, and subsequently remeasured, at fair value.

At the inception of the hedging transaction, Saudi Aramco documents the economic relationship between the hedging instrument and the hedged item, as well as its risk management objectives and strategy for undertaking the hedge transaction.

2. Summary of significant accounting policies, judgments and estimates continued

(l) Derivative instruments and hedging activities continued

The fair value of a derivative financial instrument used for hedging purposes is classified as a current asset or liability when the remaining maturity of the derivative is less than 12 months; otherwise, it is classified as a non-current asset or liability.

1) Fair value hedges

A fair value hedge is a hedge of the fair value of a recognized asset or liability or firm commitment. Saudi Aramco designates certain currency forward contracts as fair value hedges. The gain or loss from the changes in the fair value of the currency forward contracts is recognized in net income, together with changes in the fair value of the hedged item.

2) Cash flow hedges

A cash flow hedge is a hedge of a particular risk associated with all or a component of a recognized asset or liability or a highly probable forecast transaction, and could affect profit or loss. Any gain or loss relating to the effective portion of changes in the fair value of interest rate swap contracts is recognized in other comprehensive income, with the ineffective portion recognized immediately in net income.

Gains and losses deferred through other comprehensive income are reclassified to net income at the time the hedged item affects net income. However, when a hedged item is a forecast transaction resulting in the recognition of a non-financial asset or non-financial liability, the gains and losses deferred through other comprehensive income, if any, are included in the initial cost or other carrying amount of the asset or liability. When a hedging instrument expires, any cumulative gain or loss deferred through other comprehensive income will remain until the forecast transaction is recognized. When a forecast transaction is no longer expected to occur, the cumulative gain or loss deferred through other comprehensive income is immediately reclassified to net income.

(m) Income tax and zakat

Income tax expense for the period comprises current and deferred income tax expense. Income tax expense is recognized in net income, except to the extent that it relates to items recognized in other comprehensive income. In this case, the related income tax is also recognized in other comprehensive income.

Current income tax expense is calculated primarily on the basis of the Tax Law. In addition, income tax expense results from taxable income generated by foreign affiliates.

Deferred income tax is provided in full, using the liability method at tax rates enacted or substantively enacted at the end of the reporting period and expected to apply when the related deferred income tax is realized or settled on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. In estimating such tax consequences, consideration is given to expected future events. Deferred income tax is not provided on initial recognition of an asset or liability in a transaction, other than a business combination that at the time of the transaction, does not affect either the accounting profit or the taxable profit.

Deferred income tax assets are recognized where future recovery is probable. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority. Deferred income tax is not provided for taxes on possible future distributions of retained earnings of subsidiaries where the timing of the distribution can be controlled and it is probable that the retained earnings will be substantially reinvested by the entities.

Zakat is levied at the higher of adjusted income subject to zakat or the zakat base in accordance with the Regulations of the Zakat, Tax and Customs Authority ("ZATCA") in the Kingdom. Zakat is computed using the zakat base. The zakat provision is charged to the consolidated statement of income.

Significant accounting judgments and estimates

Saudi Aramco establishes provisions, based on reasonable estimates, for potential claims by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as different interpretations of tax regulations by the taxable entity and the responsible tax authority and the outcome of previous negotiations. This requires the application of judgment as to the ultimate outcome, which can change over time depending on facts and circumstances. A change in estimate of the likelihood of a future outflow and/or in the expected amount to be settled would be recognized in net income in the period in which the change occurs. Deferred income tax assets are recognized only to the extent it is considered probable that those assets are recoverable. This includes an assessment of when those assets are likely to reverse, and a judgment as to whether or not there will be sufficient taxable income available to offset the assets when they do reverse. This requires assumptions regarding future profitability. To the extent assumptions regarding future profitability change, there can be an increase or decrease in the amounts recognized in respect of deferred income tax assets as well as in the amounts recognized in net income in the period in which the change occurs.

Detailed taxation information, including current expense and deferred income tax assets and liabilities, is presented in Note 8.

2. Summary of significant accounting policies, judgments and estimates continued

(n) Inventories

Inventories are stated at the lower of cost or estimated net realizable value. Cost comprises all expenses to bring inventories to their present location and condition and, for hydrocarbon and chemical inventories, is determined using the first-in, first-out ("FIFO") method. For materials and supplies inventories, cost is determined using the weighted average method, less an allowance for disposal of obsolete and/or surplus materials and supplies. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

(o) Due from the Government

The Government compensates the Company through price equalization (Note 2(z)) and for past due trade receivables of specified Government, semi-Government and other entities with Government ownership or control to whom the Company supplies specified products and services.

Revenue on sales to these specified Government, semi-Government and other entities with Government ownership or control is recognized upon the satisfaction of performance obligations, which occurs when control transfers to these customers. Control of the products is determined to be transferred when the title of products passes, which typically takes place when product is physically transferred to these customers. Once receivables from these customers are past due, these trade receivables are reclassified as a due from the Government current receivable. In cases where any of these customers settle past due amounts, the Government guarantee receivable is credited with the amounts received. The balance is presented within due from the Government even if it is payable to the Government based on the Company's expectation to settle the balance on a net basis with other amounts due from the Government.

Implementing regulations issued by the Government allow the Company to offset any amounts due from the Government against payment of taxes, and in the event of insufficiency of tax balances, offset against any other amounts due and payable by the Company to the Government. Balances due from the Government at December 31 represent amounts to be settled through offset against tax payments.

(p) Cash and cash equivalents

Cash and cash equivalents include cash on hand and in banks together with all highly liquid investments purchased with original maturities of three months or less.

(q) Treasury shares

Treasury shares are recognized as a deduction from equity at the amount of consideration paid by the Company for their acquisition, including any directly attributable transaction costs incurred.

(r) Financial liabilities

Saudi Aramco recognizes a financial liability when it becomes party to the contractual provisions of an instrument.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. Upon derecognition, the difference between the carrying amount and the consideration paid to discharge or cancel the liability is recognized in the consolidated statement of income. Further, when an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the consolidated statement of income.

Financial liabilities are classified at initial recognition as financial liabilities at FVPL or as financial liabilities measured at amortized cost, as appropriate.

Saudi Aramco's financial liabilities are:

(i) Financial liabilities at FVPL

Derivative financial liabilities are categorized as held for trading unless they are designated as hedges (Note 2(l)). Derivative financial liabilities held for trading are included in current liabilities under trade and other payables with gains or losses recognized in net income.

(ii) Financial liabilities at amortized cost

Financial liabilities other than financial liabilities at FVPL are classified as financial liabilities measured at amortized cost and are recorded net of transaction costs. Such financial liabilities are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method. Discounting is omitted when the effect is immaterial. Financial liabilities measured at amortized cost are included in current liabilities, except for those with maturities greater than 12 months after the end of the reporting period, which are classified as non-current liabilities.

Financial liabilities at amortized cost include trade and other payables and borrowings. Financial liabilities are disclosed separately from financial assets in the consolidated balance sheet unless there is a legally enforceable right to offset the recognized amounts, and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

2. Summary of significant accounting policies, judgments and estimates continued

(s) Borrowing costs

Any difference between borrowing proceeds and the redemption value is recognized as finance costs in the consolidated statement of income over the term of the borrowing using the effective interest method.

Borrowing costs are expensed as incurred except for those costs directly attributable to the acquisition, construction or production of a qualifying asset which are capitalized as part of the cost of that asset until the asset is complete for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for intended use or sale.

(t) Post-employment benefit plans

(i) Pension plans

Funded pension plans are non-contributory plans for the majority of employees and are generally funded by payments by Saudi Aramco and where applicable by group companies to independent trusts or other separate entities. Assets held by the independent trusts and other separate entities are held at their fair value. Valuations of both funded and unfunded plans are performed annually by independent actuaries using the projected unit credit method. The valuations take into account employees' years of service, average or final pensionable remuneration, and are discounted to their present value using interest rates of high-quality corporate bonds that have terms to maturity approximating the terms of the related defined benefit obligation.

The amount recognized in the consolidated balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The periodic pension cost included in operating costs in the consolidated statement of income in respect of defined benefit pension plans primarily represents the increase in the actuarially assessed present value of the obligation for pension benefits based on employee service during the year and the net interest on the net defined benefit liability or asset. Net interest is calculated by multiplying the defined benefit liability and plan assets by the discount rate applied to each plan at the beginning of each year, amended for changes to the defined benefit liability and plan assets as a result of benefit payments or contributions.

Past service costs, representing plan amendments, are recognized immediately as pension costs in the consolidated statement of income, regardless of the remaining vesting period.

Remeasurements representing actuarial gains and losses, arising from experience adjustments and changes in actuarial assumptions, and the actual returns on plan assets excluding interest on plan assets, are credited or charged to equity, net of tax, through other comprehensive income.

For defined contribution plans where benefits depend solely on the amount contributed to or due to the employee's account and the returns earned from the investment of those contributions, plan cost is the amount contributed by or due from Saudi Aramco and is recognized as an expense in the consolidated statement of income.

(ii) Other post-employment benefits

Saudi Aramco provides certain post-employment healthcare, life insurance and other benefits to retirees and certain former employees. The entitlement is usually based on the employee remaining in service up to retirement age and the completion of a minimum service period. To the extent these plans are not fully funded, a liability is recognized in the consolidated balance sheet. Valuations of benefits are performed by independent actuaries.

Such plans follow the same accounting methodology as used for defined benefit pension plans.

Significant accounting judgments and estimates

The costs of defined benefit pension plans and post-employment medical benefits are determined using actuarial valuations. The actuarial valuation involves making assumptions, which are reviewed annually. Key assumptions include discount rates, future salary increases, future healthcare costs, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long-term nature of these plans, such estimates are subject to significant uncertainty. Information about amounts reported in respect of defined benefit plans, assumptions applicable to the plans and their sensitivity to changes are presented in Note 21.

(u) Share-based compensation

The cost of an equity-settled award granted to employees is measured by reference to the fair value of the equity instrument on the date the award is granted. This cost is recognized as an employee benefit expense in the consolidated statement of income with a corresponding increase in equity.

The cost of a cash-settled award granted to employees is measured by reference to the fair value of the liability at each consolidated balance sheet date until settlement. This cost is recognized as an employee benefit expense in the consolidated statement of income with the corresponding recognition of a liability on the consolidated balance sheet.

The cost of both the equity-settled and cash-settled awards is recognized over the vesting period, which is the period over which the employees render the required service for the award and any non-market performance condition attached to the award is required to be met. Additionally, for a cash-settled award, any changes in the fair value of the liability between the vesting date and the date of its settlement are also recognized in the consolidated statement of income within employee benefit expense.

2. Summary of significant accounting policies, judgments and estimates continued

(u) Share-based compensation continued

In determining the fair value of an equity-settled or cash-settled award, an appropriate valuation method is applied. Service and non-market performance conditions are not taken into account in determining the fair value of the award, but during the vesting period the likelihood of the conditions being met is assessed as part of the Company's best estimate of the number of awards that are expected to vest. Any market performance conditions and non-vesting conditions are taken into account in determining the award's fair value.

(v) Provisions and contingencies

Provisions are liabilities where the timing or amount of future expenditures is uncertain. Provisions are recognized when Saudi Aramco has a present legal or constructive obligation as a result of past events, it is probable that an outflow of economic resources will be required to settle the obligation and the amount can be reliably estimated.

Provisions are recorded at the best estimate of the present value of the expenditure required to settle the obligation at the end of the reporting period. Amounts are discounted, unless the effect of discounting is immaterial, using an appropriate discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognized as interest expense within finance costs in the consolidated statement of income.

Saudi Aramco records a provision and a corresponding asset for decommissioning activities in Upstream operations for well plugging and abandonment. The decommissioning obligation for a well is recognized when it is drilled. Decommissioning provisions associated with Downstream facilities are generally not recognized, as the potential obligations cannot be measured, given their indeterminate settlement dates. The decommissioning obligations will be recognized in the period when sufficient information becomes available to estimate a range of potential settlement dates. Decommissioning costs are provided for at the present value of expected costs to settle the obligation using estimated cash flows. The value of the obligation is added to the carrying amount of the related asset and amortized over the useful life of the asset. The increase in the provision due to the passage of time is recognized as finance costs in the consolidated statement of income. Changes in future cash flow estimates resulting from revisions to the estimated timing or amount of undiscounted cash flows are recognized as a change in provision and related asset.

A contingent liability is disclosed where the existence of a possible obligation will only be confirmed by future events or where the amount of a present obligation cannot be measured with reasonable reliability or it is not probable that there will be an outflow of resources to settle that obligation. Contingent assets are not recognized, but are disclosed where the inflow of economic benefits is probable.

Significant accounting judgments and estimates

Most of Saudi Aramco's well plugging and abandonment activities are many years into the future with technology and costs constantly changing. Estimates of the amounts of a provision are recognized based on current legal and constructive requirements and costs associated to abandon using existing technologies. Actual costs are uncertain and estimates can vary as a result of changes in the scope of the project and/or relevant laws and regulation. The estimated timing of decommissioning may change due to certain factors, such as reserve life, a decision to terminate operations, or changes in legislation. Changes to estimates related to future expected costs, discount rates and timing may have a material impact on the amounts presented. As a result, significant judgment is applied in the initial recognition and subsequent adjustment of the provision and the capitalized cost associated with decommissioning, plugging and abandonment obligations. Any subsequent adjustments to the provision are made prospectively. Detail on the particular assumptions applied when making certain non-current provisions is included in Note 22.

(w) Foreign currency translation

The USD is the functional currency of the Company. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Any foreign currency monetary assets or liabilities are translated at each reporting date using the prevailing reporting date exchange rate. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognized as a component of net income. Non-monetary assets and liabilities, other than those measured at fair value, are translated using the exchange rate at the date of the transactions.

Significant accounting judgments and estimates

The Company has determined that USD is the functional currency as a substantial amount of its products are traded in USD in international markets. However, a substantial amount of costs of the Company are denominated in SAR, which has been exchanged at a fixed rate to USD since 1986. A change in the fixed exchange rate could impact the recorded revenue, expenses, assets and liabilities of the Company.

2. Summary of significant accounting policies, judgments and estimates continued

(x) Presentation currency

The consolidated financial statements are presented in SAR. The financial position and results of the operations of the Company, subsidiaries, joint arrangements and associates that have a functional currency which is different from the presentation currency are translated at reporting date exchange rates and the average exchange rates that approximate the cumulative effect of rates prevailing at the transaction dates, respectively. All resulting exchange differences are recognized through other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that foreign operation is recognized in net income.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the reporting date exchange rate.

Translations from SAR to USD presented as supplementary information in the consolidated statement of income, consolidated statement of comprehensive income, consolidated balance sheet, consolidated statement of changes in equity, and consolidated statement of cash flows at December 31, 2022 and 2021, are for convenience and were calculated at the rate of USD 1.00 = SAR 3.75 representing the exchange rate at the consolidated balance sheet dates.

(y) Revenue recognition and sales prices

Revenue from sales of crude oil and related products is recognized upon the satisfaction of performance obligations, which occurs when control transfers to the customer. Control of the products is determined to be transferred to the customer when the title of crude oil and related products passes to the customer, which typically takes place when product is physically transferred into a vessel, pipe or other delivery mechanism.

Revenue contracts for crude oil and certain related products provide for provisional pricing at the time of shipment, with final pricing based on the average market price for a particular future period. Revenue on these contracts is recorded based on the estimate of the final price at the time control is transferred to the customer. Any difference between the estimate and the final price is recorded as a change in fair value of the related receivable, as part of revenue, in the consolidated statement of income. Where applicable the transaction price is allocated to the individual performance obligations of a contract based on their relative stand-alone selling prices.

(z) Other income related to sales

The Government compensates the Company through price equalization for revenue directly forgone as a result of the Company's compliance with local regulations governing domestic sales and distribution of certain liquid products, LPGs and certain other products. This compensation reflected in these consolidated financial statements, is calculated by the Company as the difference between the product's equalization price and the corresponding domestic regulated price, net of Government fees, in accordance with the implementing regulations issued by the Government in 2017 and 2019.

This compensation is recorded as other income related to sales, that is taxable, when the Company has satisfied its performance obligations through transfer of the title to the buyer, which occurs when product is physically transferred. The compensation due from the Government is characterized as a due from the Government (Note 2(o)) current receivable and is recognized initially at fair value and subsequently measured at amortized cost using the effective interest method less impairment losses, if any.

The implementing regulations allow the Company to offset any amounts due from the Government against payment of taxes, and in the event of insufficiency of tax balances, offsetting may extend against any other amounts due and payable by the Company to the Government.

(aa) Production royalties

Royalties to the Government are calculated based on a progressive scheme applied to crude oil production. An effective royalty rate is applied to production based on the Company's official selling prices. The effective royalty rate is determined based on a baseline marginal rate of 15% applied to prices up to $70 per barrel, increasing to 45% applied to prices above $70 per barrel and 80% applied to prices above $100 per barrel. All such royalties are accounted for as an expense in the consolidated statement of income and are deductible costs for Government income tax calculations.

(bb) Research and development

Development costs that are expected to generate probable future economic benefits are capitalized as intangible assets and amortized over their estimated useful life. During the period of development, the asset is tested for impairment annually. All other research and development costs are recognized in net income as incurred.

(cc) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorized and no longer at the discretion of the Company, on or before the end of the reporting period but not distributed at the end of the reporting period.

2. Summary of significant accounting policies, judgments and estimates continued

(dd) Earnings per share

(i) Basic earnings per share
Basic earnings per share is calculated by dividing:

- the net income attributable to the ordinary shareholders of the Company
- by the weighted average number of ordinary shares outstanding during the reporting period, adjusted for bonus elements in ordinary shares issued during the period and excluding treasury shares.

(ii) Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares; and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

3. Financial risk management

Financial risks include market risk (including foreign currency exchange risk, price risk, and interest rate risk), credit risk, and liquidity risk. Financial risk management is carried out primarily by a central treasury department. The adequacy of financial risk management policies is regularly reviewed with consideration of current activities and market conditions on a consolidated basis. Saudi Aramco uses derivative financial instruments with limited complexity to manage certain risk exposures and does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

(a) Financial risk factors

(i) Market risk
1) Foreign currency exchange risk – The risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign currency exchange rates.

Saudi Aramco operates internationally but has limited exposure to financial risk due to changes in foreign currency exchange rates as most significant transactions are denominated in its functional currency (Note 2(w)), are linked to its functional currency or are hedged. Saudi Aramco's limited foreign currency exchange risk arises from future commercial transactions or recognized assets or liabilities denominated in a currency that is not Saudi Aramco's functional currency. In addition, a substantial amount of costs of Saudi Aramco are denominated in SAR which has been at a fixed rate to USD since 1986. A change in the fixed exchange rate would result in foreign exchange differences being recognized in the consolidated financial statements.

Saudi Aramco engages in foreign currency hedging activities through the use of currency forward contracts to manage its exposure from significant transactions denominated in a foreign currency. The hedge ratio considers variability in potential outcomes, spot rates, as well as interest rates, and on a transaction by transaction basis, can cover up to 100% of the exposure at inception.

The notional amounts of outstanding currency forward contracts designated as hedging instruments are included in Note 30.

2) Price risk – The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Price risk primarily stems from investments in securities and commodity trading.

a) Investments in securities
Saudi Aramco has limited exposure to price risk with such risk arising from investments in securities carried at fair value.

Saudi Aramco regularly reviews its positions in investments in securities considering current and expected future economic trends.

At December 31, 2022 and 2021, a change in fair value due to a movement of 5% in the price of listed equity securities would result in a change in other comprehensive income before income taxes of SAR 435 and SAR 457, respectively.

At December 31, 2022 and 2021, a change in fair value due to a movement of 5% in the unit price of equities and mutual and hedge funds would result in a change in income before income taxes of SAR 15 and SAR 18, respectively.

b) Commodity derivative contracts
Saudi Aramco trades crude, natural gas liquids and various refined and bulk petrochemical products and uses commodity derivatives as a means of managing price and timing of risks arising from this trading. In effecting these transactions, Saudi Aramco operates within policies and procedures designed to ensure that risks, including those related to the default of counterparties, are managed within authorized limits. The notional amounts of outstanding commodity derivative contracts are included in Note 30.

3. Financial risk management continued

(a) Financial risk factors continued

3) Interest rate risk – The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Saudi Aramco is exposed to interest rate risk from changes in interest rates that affect the fair value or future cash flows of financial instruments, principally borrowings, issued at variable and fixed rates. Borrowings issued at variable rates expose Saudi Aramco to cash flow interest rate risk, which is partially offset by short-term time deposits and debt securities held at variable rates. Borrowings issued at fixed rates expose Saudi Aramco to fair value interest rate risk. Saudi Aramco may enter into interest rate swap agreements as part of its overall strategy to manage the interest rate risk on its debt.

At December 31, 2022 and 2021, a change of 1% in market interest rates, with all other variables held constant, would result in a net change of SAR 2,161 and SAR 2,127, respectively, in Saudi Aramco's income before income taxes as a result of the effect of higher or lower market interest rates.

The notional amounts of interest rate swap contracts are included in Note 30.

(ii) Credit risk
Credit risk is the risk that counterparties might not fulfill their contractual payment obligations towards an entity.

Saudi Aramco is exposed to credit risk related to its counterparties not performing or honoring their obligations, which could result in financial loss. Credit risk arises from credit exposures on trade and other receivables as well as from cash and cash equivalents, short-term investments, debt securities, and derivatives with financial institutions. The maximum exposure to credit risk is the carrying value of these assets.

Saudi Aramco's trade receivables arise from a global customer base, which limits geographic concentrations of credit risk. Moreover, a credit risk policy is in place to ensure credit limits are extended to creditworthy counterparties and risk mitigation measures are defined and implemented accordingly. Saudi Aramco performs ongoing evaluations of its counterparties' financial standing and takes additional measures to mitigate credit risk when considered appropriate, including but not limited to letters of credits, bank guarantees or parent company guarantees.

In addition, the credit risk policy limits the amount of credit exposure to any individual counterparty based on their credit rating as well as other factors. Moreover, Saudi Aramco's investment policy limits exposure to credit risk arising from investment activities. The policy requires that cash and cash equivalents and short-term investments be invested with a diversified group of financial institutions with acceptable credit ratings. Saudi Aramco ensures that each counterparty is of an acceptable credit quality by relying on quantitative and qualitative measures compiled from internal and third-party rating models. At December 31, 2022, all short-term investments were with financial institutions assigned a long-term credit rating of "BBB" (2021: "BBB") or above.

Employee home loans (Note 9) and debt securities are generally considered to have low credit risk based on history of default and thus the impairment provision recognized during the year based on the general approach allowed by IFRS 9, where applicable, was substantially limited to 12-month expected losses.

Saudi Aramco applies the simplified approach allowed by IFRS 9 in providing for expected credit losses for trade receivables, which uses the lifetime expected credit loss provision for all trade receivables. Such credit losses have historically been nominal and the loss allowance for trade receivables (Note 12) is not material.

(iii) Liquidity risk
Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

Saudi Aramco's liquidity risk management includes maintaining sufficient cash and cash equivalents and ensuring the availability of incremental funding through credit facilities (Note 20). Management also monitors and forecasts Saudi Aramco's liquidity requirements based on current and non-current expected cash flows.

Saudi Aramco invests surplus cash in current accounts, time deposits, money market instruments, government repurchase agreements, and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to meet forecasted cash flow requirements. Saudi Aramco prioritizes security and liquidity over yield.

Note 20 analyzes Saudi Aramco's borrowings into relevant maturity groupings based on the balances associated with each contractual maturity date at the end of the reporting period.

Saudi Aramco has financial guarantees arising in the ordinary course of business. The earliest period in which such guarantees can be called is the effective date as defined in the related agreements. The maximum exposure is limited to the gross value of such guarantees.

All amounts in millions of Saudi Riyals unless otherwise stated

3. Financial risk management continued

(b) Capital structure management

Saudi Aramco seeks to maintain a prudent capital structure, comprised of borrowings and shareholders' equity, to support its capital investment plans and maintain a sustainable dividend profile. Maintaining sufficient financial flexibility is considered strategically important to mitigate industry cyclicality, while also enabling the pursuit of organic and inorganic investment opportunities. Borrowings or dividends will result in an adjustment to Saudi Aramco's capital structure.

Gearing is a measure of the degree to which Saudi Aramco's operations are financed by debt. Saudi Aramco defines gearing as the ratio of net (cash) / debt (total borrowings less cash and cash equivalents, short-term investments, investments in debt securities (current and non-current), and non-current cash investments) to total equity and net (cash) / debt. Saudi Aramco's gearing ratios at December 31, 2022, and December 31, 2021, were as follows:

	2022	2021
Total borrowings (current and non-current)	**393,144**	510,921
Cash and cash equivalents	**(226,047)**	(299,579)
Short-term investments	**(281,215)**	(27,073)
Investments in debt securities (current and non-current)	**(8,565)**	(8,966)
Non-current cash investments	**–**	–
Net (cash) / debt	**(122,683)**	175,303
Total equity	**1,666,147**	1,280,668
Total equity and net (cash) / debt	**1,543,464**	1,455,971
Gearing	**(7.9)%**	12.0%

Previously, Saudi Aramco defined gearing as the ratio of net debt (total borrowings less cash and cash equivalents) to net debt plus total equity. The gearing under the previous definition would have been 9.1% and 14.2% as at December 31, 2022, and December 31, 2021, respectively.

(c) Casualty loss risk retention

Saudi Aramco's casualty loss risk strategy includes a risk retention and insurance program, including providing coverage to certain joint arrangements and associates limited to Saudi Aramco's percentage interest in the relevant entity. Current maximum risk retention is SAR 3,190 per loss event (2021: SAR 2,988) and various insurance limits apply, of which the risk retention forms a part. Should a credible loss event occur, the maximum insurance limit above retention is SAR 4,498 (2021: SAR 4,700) per event dependent on the circumstances.

(d) Fair value estimation

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or, in the absence of a principal market, in the most advantageous market for the asset or liability. Management believes that the fair values of Saudi Aramco's financial assets and liabilities that are measured and recognized at amortized cost are not materially different from their carrying amounts at the end of the reporting period.

Saudi Aramco measures financial instruments such as derivatives, equity investments and debt securities classified as FVPL, and equity investments and debt securities classified as FVOCI, at fair value at each consolidated balance sheet date. Saudi Aramco uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

All amounts in millions of Saudi Riyals unless otherwise stated

3. Financial risk management continued

(d) Fair value estimation continued

The following table presents Saudi Aramco's assets and liabilities measured and recognized at fair value at December 31, 2022 and 2021, based on the prescribed fair value measurement hierarchy on a recurring basis. Saudi Aramco did not measure any financial assets or financial liabilities at fair value on a non-recurring basis at December 31, 2022 and 2021.

Assets	Level 1	Level 2	Level 3	Total
2022				
Investments in securities:				
Equity securities at FVOCI	**8,699**	**33**	**2,285**	**11,017**
Debt securities at FVOCI	**47**	**7,463**	**–**	**7,510**
Equity securities at FVPL	**318**	**1,562**	**6,201**	**8,081**
Debt securities at FVPL	**53**	**82**	**4**	**139**
Trade receivables related to contracts with provisional pricing arrangements	**–**	**–**	**113,542**	**113,542**
	9,117	**9,140**	**122,032**	**140,289**
Other assets and receivables:				
Interest rate swaps	**–**	**734**	**–**	**734**
Commodity derivative contracts	**–**	**2,987**	**47**	**3,034**
Currency forward contracts	**–**	**130**	**–**	**130**
Financial assets – option rights	**–**	**–**	**2,687**	**2,687**
	–	**3,851**	**2,734**	**6,585**
Total assets	**9,117**	**12,991**	**124,766**	**146,874**
2021				
Investments in securities:				
Equity securities at FVOCI	9,134	88	1,340	10,562
Debt securities at FVOCI	37	7,846	–	7,883
Equity securities at FVPL	359	1,861	3,928	6,148
Debt securities at FVPL	53	–	–	53
Trade receivables related to contracts with provisional pricing arrangements	–	–	109,440	109,440
	9,583	9,795	114,708	134,086
Other assets and receivables:				
Interest rate swaps	–	9	–	9
Commodity derivative contracts	–	1,489	83	1,572
Currency forward contracts	–	32	–	32
Financial assets – option rights	–	–	2,390	2,390
	–	1,530	2,473	4,003
Total assets	9,583	11,325	117,181	138,089

Liabilities	Level 1	Level 2	Level 3	Total
2022				
Trade and other payables:				
Interest rate swaps	**–**	**16**	**–**	**16**
Commodity derivative contracts	**228**	**2,358**	**81**	**2,667**
Currency forward contracts	**–**	**134**	**–**	**134**
Provisions and other liabilities:				
Financial liabilities – options and forward contracts	**–**	**–**	**2,929**	**2,929**
Total liabilities	**228**	**2,508**	**3,010**	**5,746**
2021				
Trade and other payables:				
Interest rate swaps	–	427	–	427
Commodity derivative contracts	201	1,755	43	1,999
Currency forward contracts	–	151	–	151
Provisions and other liabilities:				
Financial liabilities – options and forward contracts	–	–	3,301	3,301
Total liabilities	201	2,333	3,344	5,878

All amounts in millions of Saudi Riyals unless otherwise stated

3. Financial risk management continued

(d) Fair value estimation continued

The valuation techniques for Saudi Aramco's investments in securities are described in Note 10. The changes in Level 3 investments in securities for the years ended December 31, 2022 and 2021, are as follows:

	2022	2021
January 1	**5,268**	4,970
Net additions (disposals)	**2,790**	(5)
Net unrealized fair value gain	**391**	407
Realized gain (loss)	**41**	(104)
December 31	**8,490**	5,268

The movement in trade receivables related to contracts with provisional pricing arrangements mainly relates to sales transactions, net of settlements, made during the period, resulting from contracts with customers (Note 12). Unrealized fair value movements on these trade receivables are not significant.

The change in the carrying amount of commodity derivative contracts primarily relates to purchase and sales of derivative contracts, including recognition of a gain or loss that results from adjusting a derivative to fair value. Fair value movements on commodity derivatives are not significant.

The movement in the financial assets and liabilities relating to options and forward contracts on Saudi Aramco's own equity instruments in certain subsidiaries, is mainly due to the change in the unrealized fair value during the period.

4. Operating segments

Saudi Aramco is engaged in prospecting, exploring, drilling, extracting, processing, manufacturing, refining and marketing hydrocarbon substances within the Kingdom and has interests in refining, petrochemical, distribution, marketing and storage facilities outside the Kingdom.

Saudi Aramco's operating segments are established on the basis of those components that are evaluated regularly by the CEO, considered to be the Chief Operating Decision Maker. The Chief Operating Decision Maker monitors the operating results of Saudi Aramco's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on revenues, costs and a broad range of key performance indicators in addition to segment profitability.

For management purposes, Saudi Aramco is organized into business units based on the main types of activities. At December 31, 2022, Saudi Aramco had two reportable segments, Upstream and Downstream, with all other supporting functions aggregated into a Corporate segment. Upstream activities include crude oil, natural gas and natural gas liquids exploration, field development and production. Downstream activities consist primarily of refining and petrochemical manufacturing, supply and trading, distribution and power generation, logistics, and marketing of crude oil and related services to international and domestic customers. Corporate activities include primarily supporting services including Human Resources, Finance and IT not allocated to Upstream and Downstream. Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

The accounting policies used by Saudi Aramco in reporting segments internally are the same as those described in Note 2 of the consolidated financial statements.

Information by segments is as follows:

	Upstream	Downstream	Corporate	Eliminations	Consolidated
2022					
External revenue	**1,024,628**	**980,681**	**1,646**	**–**	**2,006,955**
Other income related to sales	**85,475**	**173,943**	**–**	**–**	**259,418**
Inter-segment revenue	**463,302**	**45,090**	**305**	**(508,697)**	**–**
Share of results of joint ventures and associates	**(16)**	**3,195**	**(306)**	**–**	**2,873**
Depreciation and amortization	**(44,209)**	**(41,425)**	**(5,984)**	**–**	**(91,618)**
Dividends and other income	**–**	**2,469**	**–**	**–**	**2,469**
Earnings (losses) before interest, income taxes and zakat	**1,092,425**	**79,292**	**(19,667)**	**(2,631)**	**1,149,419**
Finance income					**12,425**
Finance costs					**(8,882)**
Income before income taxes and zakat					**1,152,962**
Capital expenditures – cash basis	**109,789**	**29,541**	**1,831**	**–**	**141,161**

All amounts in millions of Saudi Riyals unless otherwise stated

4. Operating segments continued

	Upstream	Downstream	Corporate	Eliminations	Consolidated
2021					
External revenue	656,066	689,377	1,487	–	1,346,930
Other income related to sales	58,905	95,923	–	–	154,828
Inter-segment revenue	300,466	37,728	291	(338,485)	–
Share of results of joint ventures and associates	(6)	8,066	(186)	–	7,874
Depreciation and amortization	(42,503)	(37,764)	(5,254)	–	(85,521)
Dividends and other income	–	336	46	–	382
Earnings (losses) before interest, income taxes and zakat	750,118	62,190	(13,533)	(18,601)	780,174
Finance income					1,405
Finance costs					(12,058)
Income before income taxes and zakat					769,521
Capital expenditures – cash basis	88,758	28,724	2,163	–	119,645

Information by geographical area is as follows:

	In-Kingdom	**Out-of-Kingdom**	**Total**
2022			
External revenue	**1,293,097**	**713,858**	**2,006,955**
Property, plant and equipment, intangible assets, investments in joint ventures and associates	**1,328,545**	**206,245**	**1,534,790**
2021			
External revenue	892,467	454,463	1,346,930
Property, plant and equipment, intangible assets, investments in joint ventures and associates	1,221,638	252,905	1,474,543

Revenue from sales to external customers by region is based on the location of the Saudi Aramco entity, which made the sale. Out-of-Kingdom revenue includes sales of SAR 223,731 originating from the United States of America ("USA") (2021: SAR 148,488).

Property, plant and equipment, intangible assets and investments in joint ventures and associates by region are based on the location of the Saudi Aramco entity holding the assets.

All amounts in millions of Saudi Riyals unless otherwise stated

5. Property, plant and equipment

	Land and land improvements	Buildings	Oil and gas properties	Plant, machinery and equipment	Depots, storage tanks and pipelines	Fixtures, IT and office equipment	Construction-in-progress	Total
Cost								
January 1, 2022	**53,099**	**86,411**	**596,495**	**878,043**	**84,110**	**19,554**	**246,175**	**1,963,887**
Additions[1]	**1,118**	**642**	**281**	**19,209**	**294**	**293**	**132,819**	**154,656**
Acquisitions	**42**	**39**	**–**	**62**	**–**	**17**	**14**	**174**
Construction completed	**1,839**	**6,056**	**46,991**	**47,748**	**11,695**	**1,441**	**(115,770)**	**–**
Currency translation differences	**(452)**	**(578)**	**2**	**(5,041)**	**(438)**	**(105)**	**(253)**	**(6,865)**
Transfers and adjustments[2]	**331**	**(240)**	**17**	**(198)**	**365**	**46**	**(3,088)**	**(2,767)**
Transfer of exploration and evaluation assets	**–**	**–**	**–**	**–**	**–**	**–**	**3,386**	**3,386**
Retirements and sales	**(66)**	**(713)**	**(2,757)**	**(7,689)**	**(416)**	**(491)**	**(380)**	**(12,512)**
December 31, 2022	**55,911**	**91,617**	**641,029**	**932,134**	**95,610**	**20,755**	**262,903**	**2,099,959**
Accumulated depreciation								
January 1, 2022	**(17,989)**	**(38,603)**	**(225,273)**	**(382,413)**	**(43,679)**	**(11,614)**	**–**	**(719,571)**
Charge for the year[2]	**(1,441)**	**(4,810)**	**(19,766)**	**(58,945)**	**(2,646)**	**(1,565)**	**–**	**(89,173)**
Currency translation differences	**5**	**317**	**–**	**2,976**	**175**	**84**	**–**	**3,557**
Transfers and adjustments	**(13)**	**138**	**20**	**(245)**	**(34)**	**(23)**	**–**	**(157)**
Retirements and sales	**27**	**628**	**341**	**6,787**	**382**	**486**	**–**	**8,651**
December 31, 2022	**(19,411)**	**(42,330)**	**(244,678)**	**(431,840)**	**(45,802)**	**(12,632)**	**–**	**(796,693)**
Property, plant and equipment – net, December 31, 2022	**36,500**	**49,287**	**396,351**	**500,294**	**49,808**	**8,123**	**262,903**	**1,303,266**
Cost								
January 1, 2021	52,464	83,070	560,187	827,044	78,357	18,902	242,450	1,862,474
Additions[1]	581	2,093	386	13,025	144	579	109,792	126,600
Construction completed	799	2,919	37,146	57,832	5,215	941	(104,852)	–
Currency translation differences	(619)	(748)	–	(5,702)	(602)	(131)	(497)	(8,299)
Transfers and adjustments[2]	99	386	(229)	(2,804)	1,280	(44)	(2,336)	(3,648)
Transfer of exploration and evaluation assets	–	–	–	–	–	–	2,365	2,365
Retirements and sales	(225)	(1,309)	(995)	(11,352)	(284)	(693)	(747)	(15,605)
December 31, 2021	53,099	86,411	596,495	878,043	84,110	19,554	246,175	1,963,887
Accumulated depreciation								
January 1, 2021	(16,618)	(36,587)	(207,678)	(339,740)	(41,364)	(11,027)	–	(653,014)
Charge for the year[2]	(1,407)	(3,549)	(18,026)	(55,505)	(3,077)	(1,390)	–	(82,954)
Currency translation differences	4	434	–	3,023	232	103	–	3,796
Transfers and adjustments	(10)	40	20	648	249	20	–	967
Retirements and sales	42	1,059	411	9,161	281	680	–	11,634
December 31, 2021	(17,989)	(38,603)	(225,273)	(382,413)	(43,679)	(11,614)	–	(719,571)
Property, plant and equipment – net, December 31, 2021	35,110	47,808	371,222	495,630	40,431	7,940	246,175	1,244,316

1. Additions include borrowing costs capitalized during the year ended December 31, 2022, amounting to SAR 4,826 (2021: SAR 3,285), which were calculated using an average annualized capitalization rate of 3.24% (2021: 2.65%).
2. During the year ended December 31, 2022, Saudi Aramco recognized an impairment loss of SAR 3,690 mainly relating to plant, machinery and equipment of certain downstream facilities. The impairment loss was recognized as a result of changed market conditions and was calculated based on the recoverable amount of SAR 25,100, which was determined using value in use calculations. In addition, Saudi Aramco recognized a write-down of SAR 476 (2021: SAR 875) on certain downstream facilities, including facilities under construction of SAR 122 (2021: SAR 140).

All amounts in millions of Saudi Riyals unless otherwise stated

5. Property, plant and equipment continued

Additions to right-of-use assets during the year ended December 31, 2022, were SAR 16,065 (2021: SAR 12,270). Acquisition of right-of-use assets during the year ended December 31, 2022, amounted to SAR 8 (2021: nil). The following table presents depreciation charges and net carrying amounts of right-of-use assets by class of assets. Information on lease liabilities and related finance costs is provided in Note 20.

	Depreciation expense for the year ended December 31, 2022	**Net carrying amount at December 31, 2022**	Depreciation expense for the year ended December 31, 2021	Net carrying amount at December 31, 2021
Land and land improvements	**199**	**5,044**	190	3,773
Buildings	**596**	**2,981**	727	3,596
Oil and gas properties	**15**	**11**	5	25
Plant, machinery and equipment	**10,455**	**48,735**	10,134	36,933
Depots, storage tanks and pipelines	**296**	**2,194**	334	2,198
Fixtures, IT and office equipment	**124**	**345**	93	463
	11,685	**59,310**	11,483	46,988

6. Intangible assets

	Goodwill	**Exploration and evaluation[1]**	**Brands and trademarks**	**Franchise/ customer relationships**	**Computer software**	**Other[2]**	**Total**
Cost							
January 1, 2022	**100,188**	**19,219**	**22,874**	**19,720**	**5,149**	**2,929**	**170,079**
Additions	**–**	**5,054**	**–**	**–**	**292**	**89**	**5,435**
Acquisitions	**426**	**–**	**–**	**4**	**400**	**1,108**	**1,938**
Currency translation differences	**(11)**	**–**	**(74)**	**(12)**	**(24)**	**(92)**	**(213)**
Transfers and adjustments	**–**	**–**	**(70)**	**(65)**	**55**	**23**	**(57)**
Transfer of exploration and evaluation assets	**–**	**(3,386)**	**–**	**–**	**–**	**–**	**(3,386)**
Retirements and write offs	**–**	**(2,916)**	**–**	**–**	**(18)**	**(26)**	**(2,960)**
December 31, 2022	**100,603**	**17,971**	**22,730**	**19,647**	**5,854**	**4,031**	**170,836**
Accumulated amortization							
January 1, 2022	**–**	**–**	**(2,235)**	**(2,367)**	**(3,721)**	**(1,088)**	**(9,411)**
Charge for the year[3]	**–**	**–**	**(391)**	**(980)**	**(359)**	**(593)**	**(2,323)**
Currency translation differences	**–**	**–**	**(3)**	**(1)**	**20**	**63**	**79**
Transfers and adjustments	**–**	**–**	**70**	**(14)**	**(11)**	**92**	**137**
Retirements and write offs	**–**	**–**	**–**	**–**	**5**	**5**	**10**
December 31, 2022	**–**	**–**	**(2,559)**	**(3,362)**	**(4,066)**	**(1,521)**	**(11,508)**
Intangible assets – net, December 31, 2022	**100,603**	**17,971**	**20,171**	**16,285**	**1,788**	**2,510**	**159,328**

All amounts in millions of Saudi Riyals unless otherwise stated

6. Intangible assets continued

	Goodwill	Exploration and evaluation[1]	Brands and trademarks	Franchise/ customer relationships	Computer software	Other[2]	Total
Cost							
January 1, 2021	100,204	21,160	23,077	19,827	5,065	2,849	172,182
Additions	–	3,299	–	–	134	243	3,676
Currency translation differences	(16)	–	(119)	(23)	(36)	(136)	(330)
Transfers and adjustments	–	–	(84)	(84)	1	128	(39)
Transfer of exploration and evaluation assets	–	(2,365)	–	–	–	–	(2,365)
Retirements and write offs	–	(2,875)	–	–	(15)	(155)	(3,045)
December 31, 2021	100,188	19,219	22,874	19,720	5,149	2,929	170,079
Accumulated amortization							
January 1, 2021	–	–	(1,915)	(1,501)	(3,270)	(949)	(7,635)
Charge for the year	–	–	(410)	(953)	(483)	(581)	(2,427)
Currency translation differences	–	–	6	3	10	285	304
Transfers and adjustments	–	–	84	84	7	6	181
Retirements and write offs	–	–	–	–	15	151	166
December 31, 2021	–	–	(2,235)	(2,367)	(3,721)	(1,088)	(9,411)
Intangible assets – net, December 31, 2021	100,188	19,219	20,639	17,353	1,428	1,841	160,668

1. Cash used for exploration and evaluation operating activities in 2022 was SAR 5,531 (2021: SAR 4,410) and expenditures for investing activities were SAR 5,054 (2021: SAR 3,299).
2. Other intangible assets with a net book value of SAR 2,510 (2021: SAR 1,841) comprise of licenses, technology, usage rights and processing and offtake agreements of SAR 1,695 (2021: SAR 593) and patents and intellectual property of SAR 815 (2021: SAR 1,248). Processing and offtake agreements of SAR 1,083 were acquired during 2022 (2021: Nil).
3. Saudi Aramco recognized a write-down of SAR 330 on certain other intangible assets during the year (2021: Nil).

Intangible assets recognized on acquisitions are amortized on a straight-line basis over their estimated useful lives, with the exception of goodwill, which has an indefinite useful life, and the SABIC brand, which has been determined to have an indefinite useful life and are not subject to amortization.

Saudi Aramco performed an annual impairment test for the goodwill acquired as part of the SABIC acquisition, amounting to SAR 99,116 at December 31, 2022 and 2021, which is allocated to the Downstream operating segment. The recoverable amount of the Downstream operating segment was determined based on VIU calculations which require use of certain assumptions. The calculations used cash flow projections for a period of 10 years based on financial plans approved by management. Cash flows were discounted and aggregated with a terminal value. Management's estimate for the cash flows is based on past performance and management's expectation of the future. This includes management's forecast for prices and margins for the downstream operations. The growth rate used in the terminal value calculation represents long-term inflation forecast. Pre-tax discount rate of 11.1% (2021: 8.6%) was applied to the cash flows. As a result of the analysis, management did not identify any impairment of goodwill related to the SABIC acquisition.

Saudi Aramco also performed an annual impairment test for the brand acquired as part of the SABIC acquisition amounting to SAR 18,140 at December 31, 2022 and 2021. The impairment test was performed by aggregating the relevant cash-generating units. Cash flows were calculated in the same way as for the goodwill impairment test. The cash flows were discounted using the pre-tax discount rate of 10.9% (2021: 7.8%). As a result of the analysis, management did not identify any impairment.

Management believes that a 1% increase in the discount rates, a 1% decrease in the growth rate, or a reasonable range of increase or decrease in any of the other assumptions used for cash flow projections, individually, would not change the outcome of the impairment analysis for the goodwill or the brand.

All amounts in millions of Saudi Riyals unless otherwise stated

7. Investments in joint ventures and associates

Company	Equity ownership 2022/2021	Principal place of business	Nature of activities	**Carrying amount at December 31, 2022**	Carrying amount at December 31, 2021
Joint ventures					
Saudi Yanbu Petrochemical Company ("Yanpet")[1]	50%	Saudi Arabia	Petrochemicals	**10,362**	10,597
Al-Jubail Petrochemical Company ("Kemya")[1]	50%	Saudi Arabia	Petrochemicals	**6,438**	6,229
Sinopec SABIC Tianjin Petrochemical Company Limited ("SSTPC")[1]	50%	China	Petrochemicals	**6,251**	7,644
Eastern Petrochemical Company ("Sharq")[1]	50%	Saudi Arabia	Petrochemicals	**5,235**	5,912
Sadara Chemical Company ("Sadara")[2,3]	65%	Saudi Arabia	Petrochemicals	**3,769**	4,070
Other				**4,646**	3,551
				36,701	38,003
Associates					
Clariant AG ("Clariant")[1,4]	31.5%	Switzerland	Specialty chemical	**7,968**	8,465
Rabigh Refining and Petrochemical Company ("Petro Rabigh")[3,4,5]	37.5%	Saudi Arabia	Refining/ petrochemicals	**4,415**	1,838
Hyundai Oilbank Co. Ltd. ("Hyundai Oilbank")[6]	17%	South Korea	Refining/marketing/ petrochemicals	**3,467**	3,684
Ma'aden Phosphate Company ("MPC")[1]	30%	Saudi Arabia	Agri-nutrients	**3,396**	2,162
Aluminium Bahrain BSC ("ALBA")[1,4]	20.6%	Bahrain	Aluminum	**3,208**	2,477
Power and Water Utility Company for Jubail and Yanbu ("Marafiq")[4] (Note 34(a))	35%/49.6%	Saudi Arabia	Utilities	**3,020**	3,924
National Shipping Company of Saudi Arabia ("Bahri")[4]	20%	Saudi Arabia	Global logistics services	**2,262**	2,141
Ma'aden Wa'ad Al Shamal Phosphate Company ("MWSPC")[1,6]	15%	Saudi Arabia	Agri-nutrients	**2,075**	1,586
Fujian Refining and Petrochemical Company Limited ("FREP")	25%	China	Refining/ petrochemicals	**1,790**	2,466
Other				**3,894**	2,813
				35,495	31,556
				72,196	69,559

1. Equity ownership represents shareholding by SABIC, which is 70% owned by Saudi Aramco.
2. Agreements and constitutive documents do not give a single shareholder control; therefore, the joint venture does not qualify as a subsidiary and has not been consolidated.
3. Saudi Aramco has provided guarantees as described in Note 33.
4. Listed company.
5. On July 6, 2022, the Company subscribed to its share in the Petro Rabigh Rights Issue Offering for an amount of SAR 2,981 through the conversion of an outstanding loan receivable as described in Note 32(c).
6. Agreements and constitutive documents provide Saudi Aramco significant influence over this entity.

The components of the change in the investments in joint ventures and associates for the years ended December 31 are as follows:

	Joint ventures		**Associates**	
	2022	2021	**2022**	2021
January 1	**38,003**	36,198	**31,556**	29,778
Acquisitions (Note 35(c))	**36**	–	**853**	–
Share of results of joint ventures and associates	**(918)**	4,606	**3,791**	3,268
Additional investment	**1,338**	373	**3,132**	184
Distributions	**(2,856)**	(3,738)	**(1,679)**	(913)
Sale of equity interest (Note 34(a))	**–**	–	**(1,187)**	–
Change in elimination of profit in inventory	**352**	(442)	**21**	(108)
Share of other comprehensive income (loss)	**748**	145	**(253)**	(292)
Other	**(2)**	861	**(739)**	(361)
December 31	**36,701**	38,003	**35,495**	31,556

All amounts in millions of Saudi Riyals unless otherwise stated

7. Investments in joint ventures and associates continued

Summarized financial information (100%) for joint ventures and associates and reconciliation with the carrying amount of the investments in the consolidated financial statements at December 31, 2022, are set out below:

Summarized balance sheet
At December 31, 2022

	Yanpet	Clariant	Kemya	SSTPC	Sharq	Petro Rabigh	Sadara	Hyundai Oilbank	MPC	ALBA	Marafiq	Bahri	MWSPC	FREP
Current assets:														
Cash and cash equivalents	395	1,436	688	2,455	270	2,045	2,058	1,205	328	6,190	686	2,529	1,274	2,002
Other	4,419	9,951	4,164	1,400	3,977	10,216	8,409	19,797	5,932	932	3,187	3,039	6,226	6,066
Total current assets	4,814	11,387	4,852	3,855	4,247	12,261	10,467	21,002	6,260	7,122	3,873	5,568	7,500	8,068
Non-current assets	4,784	16,377	10,532	10,882	10,662	53,318	49,747	34,733	12,327	18,931	20,354	17,329	24,166	7,035
Current liabilities:														
Financial liabilities (excluding trade and other payables)	34	2,379	563	899	10	14,038	289	4,365	62	1,236	744	1,078	659	3,569
Other	2,189	6,597	1,855	2,549	1,723	12,893	5,005	13,528	1,532	1,586	1,669	1,727	2,755	2,230
Total current liabilities	2,223	8,976	2,418	3,448	1,733	26,931	5,294	17,893	1,594	2,822	2,413	2,805	3,414	5,799
Non-current liabilities	1,140	6,932	1,248	3,830	2,569	23,393	48,335	20,186	4,049	5,089	13,568	8,963	17,557	2,142
Net assets	6,235	11,856	11,718	7,459	10,607	15,255	6,585	17,656	12,944	18,142	8,246	11,129	10,695	7,162
Saudi Aramco interest	50%	31.5%	50%	50%	50%	37.5%	65%	17%	30%	20.6%	35%	20%	15%	25%
Saudi Aramco share	3,118	3,735	5,859	3,730	5,304	5,721	4,280	3,002	3,883	3,737	2,886	2,226	1,604	1,791
Fair value and other adjustments at Saudi Aramco level	7,244	4,233	579	2,521	(69)	(1,306)	(511)	465	(487)	(529)	134	36	471	(1)
Investment balance at December 31	10,362	7,968	6,438	6,251	5,235	4,415	3,769	3,467	3,396	3,208	3,020	2,262	2,075	1,790

Summarized statement of comprehensive income
Year ended December 31, 2022

	Yanpet	Clariant	Kemya	SSTPC	Sharq	Petro Rabigh	Sadara	Hyundai Oilbank	MPC	ALBA	Marafiq	Bahri	MWSPC	FREP
Revenue	6,993	10,457	10,157	9,793	9,654	55,952	16,725	95,665	10,701	18,325	6,505	8,583	10,313	33,114
Depreciation and amortization	483	559	819	542	1,378	3,039	3,314	1,789	1,061	1,269	1,174	1,332	1,323	1,033
Conventional interest income	7	33	2	–	5	280	–	183	61	–	51	-	66	60
Interest expense	41	180	58	62	24	1,359	2,278	2,409	185	189	298	297	586	184
Income tax expense	176	265	334	–	11	48	61	2,113	152	4	6	93	308	321
Net income (loss)	1,171	1,575	2,229	(915)	(266)	(1,115)	(1,993)	4,772	4,870	4,143	846	1,075	3,477	(922)
Dividends received from JVs/associates	720	163	1,045	257	773	–	–	224	225	247	189	–	–	256

Summarized financial information (100%) for individually immaterial joint ventures and associates is set out below:

	Joint ventures	Associates
Net income	87	1,513

All amounts in millions of Saudi Riyals unless otherwise stated

7. Investments in joint ventures and associates continued

Summarized financial information (100%) for joint ventures and associates and reconciliation with the carrying amount of the investments in the consolidated financial statements at December 31, 2021, are set out below:

Summarized balance sheet
At December 31, 2021

	Yanpet	Clariant	Kemya	SSTPC	Sharq	Petro Rabigh	Sadara	Hyundai Oilbank	MPC	ALBA	Marafiq	Bahri	MWSPC	FREP
Current assets:														
Cash and cash equivalents	555	1,693	89	2,838	663	3,972	1,990	1,101	687	928	657	1,666	1,300	3,859
Other	4,435	7,328	4,224	2,023	4,831	13,923	10,175	16,554	3,664	6,180	3,387	2,564	2,545	5,505
Total current assets	4,990	9,021	4,313	4,861	5,494	17,895	12,165	17,655	4,351	7,108	4,044	4,230	3,845	9,364
Non-current assets	4,576	16,316	11,119	11,932	11,408	55,467	51,415	39,244	12,860	19,000	20,100	17,519	25,029	8,314
Current liabilities:														
Financial liabilities (excluding trade and other payables)	1,713	3,093	1,922	1,285	1,370	19,487	3,294	4,517	2,615	2,245	1,369	4,921	608	686
Other	647	5,977	336	1,155	839	14,314	2,448	11,815	238	1,848	1,483	2,205	2,462	2,952
Total current liabilities	2,360	9,070	2,258	2,440	2,209	33,801	5,742	16,332	2,853	4,093	2,852	7,126	3,070	3,638
Non-current liabilities	1,434	8,258	2,000	4,699	2,700	31,255	50,829	22,915	5,528	7,064	13,955	4,780	18,583	4,175
Net assets	5,772	8,009	11,174	9,654	11,993	8,306	7,009	17,652	8,830	14,951	7,337	9,843	7,221	9,865
Saudi Aramco interest	50%	31.5%	50%	50%	50%	37.5%	65%	17%	30%	20.6%	49.6%	20%	15%	25%
Saudi Aramco share	2,886	2,523	5,587	4,827	5,997	3,115	4,556	3,001	2,649	3,080	3,639	1,969	1,083	2,466
Fair value and other adjustments at Saudi Aramco level	7,711	5,942	642	2,817	(85)	(1,277)	(486)	683	(487)	(603)	285	172	503	–
Investment balance at December 31	10,597	8,465	6,229	7,644	5,912	1,838	4,070	3,684	2,162	2,477	3,924	2,141	1,586	2,466

All amounts in millions of Saudi Riyals unless otherwise stated

7. Investments in joint ventures and associates continued

Summarized statement of comprehensive income
Year ended December 31, 2021

	Yanpet	Clariant	Kemya	SSTPC	Sharq	Petro Rabigh	Sadara	Hyundai Oilbank	MPC	ALBA	Marafiq	Bahri	MWSPC	FREP
Revenue	7,597	17,838	9,820	11,157	10,420	45,683	17,697	59,815	6,567	15,766	4,636	5,073	6,161	27,451
Depreciation and amortization	463	1,089	874	682	1,379	3,185	3,498	1,218	1,068	1,223	1,033	890	–	1,428
Conventional interest income	1	98	–	123	3	196	2	301	9	23	14	–	1	85
Interest expense	38	286	70	53	36	1,089	2,178	817	–	389	182	178	441	239
Income tax expense	350	416	456	239	311	263	223	625	56	10	72	63	97	347
Net income	2,522	1,522	2,550	594	1,753	2,037	2,903	1,387	1,769	4,495	423	178	918	1,109
Dividends received from JVs/associates	1,360	298	730	275	1,273	–	–	54	–	77	75	158	–	37

Summarized financial information (100%) for individually immaterial joint ventures and associates is set out below:

	Joint ventures	Associates
Net income (loss)	227	(581)

Saudi Aramco's share of the fair value of the listed associates at December 31, together with their carrying value at those dates, is as follows:

	Fair value		Carrying value	
	2022	2021	**2022**	2021
Clariant	**6,217**	8,160	**7,968**	8,465
Petro Rabigh	**6,692**	6,800	**4,415**	1,838
Marafiq (Note 34(a))	**4,104**	–	**3,020**	3,924
Bahri	**2,904**	2,555	**2,262**	2,141
ALBA	**3,165**	2,330	**3,208**	2,477

All amounts in millions of Saudi Riyals unless otherwise stated

8. Income taxes and zakat

(a) Kingdom income tax rates

The Company is subject to an income tax rate of 20% on its Downstream activities and on the activities of exploration and production of non-associated natural gas, including gas condensates, as well as the collection, treatment, processing, fractionation and transportation of associated and non-associated natural gas and their liquids, gas condensates and other associated elements. All other activities are subject to an income tax rate of 50%, in accordance with the Tax Law. The 20% income tax rate applicable to the Company's Downstream activities, which came into effect on January 1, 2020, is conditional on the Company separating its Downstream activities under the control of one or more separate wholly owned subsidiaries before December 31, 2024, otherwise the Company's Downstream activities will be retroactively taxed at 50%. The Company expects to transfer all its Downstream activities into a separate legal entity or entities within the period specified.

Additionally, according to the Tax Law, shares held directly or indirectly in listed companies on the Saudi Exchange by taxpayers engaged in oil and hydrocarbon activities are exempt from the application of corporate income tax. As a result, the Company's ownership interests in such companies are subject to zakat.

The reconciliation of tax charge at the Kingdom statutory rates to consolidated tax and zakat expense is as follows:

	2022	2021
Income before income taxes and zakat	**1,152,962**	769,521
Less: Income subject to zakat	**(24,682)**	(27,766)
Income subject to income tax	**1,128,280**	741,755
Income taxes at the Kingdom's statutory tax rates	**548,473**	356,610
Tax effect of:		
Income not subject to tax at statutory rates and other	**(1,497)**	(1,455)
Income tax expense	**546,976**	355,155
Zakat expense	**1,981**	1,970
Total income tax and zakat expense	**548,957**	357,125

(b) Income tax and zakat expense

	2022	2021
Current income tax – Kingdom	**512,587**	338,506
Current income tax – Foreign	**5,331**	877
Deferred income tax – Kingdom	**28,091**	13,060
Deferred income tax – Foreign	**967**	2,712
Zakat – Kingdom	**1,981**	1,970
	548,957	357,125

Saudi Aramco paid foreign taxes of SAR 2,741 and SAR 808 for the years ended December 31, 2022 and 2021, respectively.

Income tax charge recorded through other comprehensive income was SAR 14,936 for the year ended December 31, 2022 (2021: SAR 6,010).

(c) Income tax and zakat obligation to the Government

	2022	2021
January 1	**90,525**	42,059
Provided during the period	**514,568**	340,476
Payments during the period by the Company (Note 28)	**(232,661)**	(141,699)
Payments during the period by subsidiaries and joint operations	**(10,644)**	(3,816)
Settlements of due from the Government	**(251,476)**	(142,419)
Other settlements	**(5,334)**	(4,076)
December 31	**104,978**	90,525

All amounts in millions of Saudi Riyals unless otherwise stated

8. Income taxes and zakat continued

(d) Deferred income tax

	2022	2021
Deferred income tax assets:		
Kingdom	**16,680**	13,716
U.S. Federal and State	**134**	88
Other foreign	**1,279**	1,165
	18,093	14,969
Deferred income tax liabilities:		
Kingdom	**113,163**	67,298
U.S. Federal and State	**5,355**	3,422
Other foreign	**3,793**	4,130
	122,311	74,850
Net deferred income tax liabilities	**(104,218)**	(59,881)

The gross movement of the net deferred income tax position is as follows:

	2022	2021
January 1	**(59,881)**	(38,341)
Current period charge to income	**(29,058)**	(15,772)
Other reserves charge	**(14,936)**	(6,010)
Other adjustments	**(343)**	242
December 31	**(104,218)**	(59,881)

All amounts in millions of Saudi Riyals unless otherwise stated

8. Income taxes and zakat continued

(d) Deferred income tax continued

The movement in deferred income tax assets (liabilities) for the years ended December 31 is as follows:

	Post-employment benefits	Investment in subsidiary	Undistributed earnings	Provisions and other	Loss carry-forward	Property plant and equipment and intangible assets	Investments in securities at FVOCI	Total
January 1, 2021								
Deferred income tax assets	4,301	–	–	1,650	9,983	(654)	–	15,280
Deferred income tax liabilities	13,657	(4,519)	(787)	17,809	11,694	(91,229)	(246)	(53,621)
	17,958	(4,519)	(787)	19,459	21,677	(91,883)	(246)	(38,341)
Recognized during the year								
Current period credits (charges) to income	457	(461)	(310)	2,254	(1,877)	(15,835)	–	(15,772)
Other reserves charges	(5,865)	–	–	–	–	–	(145)	(6,010)
Other adjustments	–	–	–	242	–	–	–	242
	(5,408)	(461)	(310)	2,496	(1,877)	(15,835)	(145)	(21,540)
December 31, 2021								
Deferred income tax assets	4,236	–	–	1,806	9,661	(734)	–	14,969
Deferred income tax liabilities	8,314	(4,980)	(1,097)	20,149	10,139	(106,984)	(391)	(74,850)
	12,550	(4,980)	(1,097)	21,955	19,800	(107,718)	(391)	(59,881)
Recognized during the year								
Current period (charges) credits to income[1]	**(792)**	**354**	**(193)**	**(4,268)**	**(5,366)**	**(18,793)**	**–**	**(29,058)**
Other reserves (charges) credits	**(14,979)**	**–**	**–**	**–**	**–**	**–**	**43**	**(14,936)**
Other adjustments	**–**	**–**	**–**	**(343)**	**–**	**–**	**–**	**(343)**
	(15,771)	**354**	**(193)**	**(4,611)**	**(5,366)**	**(18,793)**	**43**	**(44,337)**
December 31, 2022								
Deferred income tax assets	**2,953**	**–**	**–**	**7,729**	**8,137**	**(726)**	**–**	**18,093**
Deferred income tax liabilities	**(6,174)**	**(4,626)**	**(1,290)**	**9,615**	**6,297**	**(125,785)**	**(348)**	**(122,311)**
	(3,221)	**(4,626)**	**(1,290)**	**17,344**	**14,434**	**(126,511)**	**(348)**	**(104,218)**

1. Current period charge includes the net impact of SAR 8,971 recognized in relation to unrealized fair value movements on the long-term agreements for the pipelines transactions (Note 34).

A deferred income tax liability has not been recognized with regard to the undistributed earnings of certain subsidiaries, which are considered to be permanently reinvested in their respective businesses. Such earnings would be taxed only upon distribution. There was no material cumulative taxable undistributed earnings or unrecognized deferred income tax liability for such subsidiaries at December 31, 2022 and 2021. Also, a deferred income tax asset has not been recognized largely related to cumulative unused tax losses of certain subsidiaries with carry-forward periods from 2023 to indefinite. Such losses are available for offsetting against future taxable profits of the subsidiaries in which the losses arose. The cumulative amount of the unused tax losses and other items is SAR 41,178 and SAR 37,791 at December 31, 2022 and 2021, respectively, and the unrecognized deferred income tax asset is SAR 11,077 and SAR 9,296 at December 31, 2022 and 2021, respectively.

All amounts in millions of Saudi Riyals unless otherwise stated

8. Income taxes and zakat continued

(e) Income tax and zakat assessments

The Company and the majority of its affiliates are subject to tax review and audit in tax jurisdictions where they operate. In June 2020, the Company and its wholly owned domestic affiliates were notified that the Saudi Arabian income tax submissions for all years up to and including the year ended December 31, 2019 were accepted as filed.

For the Company's other domestic and international affiliates, examinations of tax and zakat returns for certain prior years had not been completed as of December 31, 2022; however, the Company is not aware of any significant claims. Therefore, no material provision for any additional income tax and zakat liability has been recorded in the consolidated financial statements.

9. Other assets and receivables

	2022	2021
Non-current:		
Home loans	**12,890**	12,919
Loans and advances	**7,734**	6,819
Loans to joint ventures and associates (Note 29(b))	**6,461**	12,299
Financial assets – option rights	**2,687**	2,390
Receivable from Government, semi-Government and other entities with Government ownership or control (Note 29(b))	**510**	509
Lease receivable from associates (Note 29(b))	**408**	416
Home ownership construction	**364**	1,529
Other	**1,364**	895
	32,418	37,776
Current:		
Tax receivables	**9,302**	9,442
Employee and other receivables	**7,613**	9,066
Investments in securities (Note 10)	**905**	1,515
Derivative assets	**3,898**	1,613
Prepaid expenses	**3,493**	4,358
Interest receivable	**3,396**	390
Home loans	**1,115**	1,088
Receivables from joint ventures and associates (Note 29(b))	**13**	41
Assets held for sale	**–**	78
Other	**1,319**	605
	31,054	28,196

Home loans

The home ownership programs provide subsidized non-interest-bearing loans to eligible Saudi Arabian employees. Loans are repayable through payroll deductions and are net of associated subsidies. Any balance remaining upon the death, permanent disability or termination of an employee under the Chronic Medical Condition Program is forgiven. An analysis of the home loans balance is as follows:

	2022	2021
Gross amounts receivable	**18,568**	16,251
Less:		
Discount	**(3,830)**	(1,503)
Allowance for doubtful home loans	**(528)**	(495)
Subsidies	**(205)**	(246)
Net amounts receivable	**14,005**	14,007
Current	**(1,115)**	(1,088)
Non-current	**12,890**	12,919

All amounts in millions of Saudi Riyals unless otherwise stated

10. Investments in securities

	Equity ownership percentage 2022/2021	**Carrying amount at December 31, 2022**	Carrying amount at December 31, 2021
Investments in equity securities			
Equity securities at FVOCI:			
Listed securities:			
Saudi Electricity Company ("SEC")	6.9%	**6,667**	6,921
Idemitsu Kosan Co. Ltd. ("Idemitsu")	7.8%	**2,032**	2,213
Unlisted securities:			
Arab Petroleum Pipelines Company ("Sumed")	15.0%	**859**	821
Industrialization and Energy Services Company ("TAQA")	7.1%/4.6%	**611**	152
Daehan Oil Pipeline Corporation ("Daehan")	8.9%	**158**	168
Other		**690**	287
Equity securities at FVPL:			
Listed securities		**318**	359
Unlisted securities		**7,763**	5,789
		19,098	16,710
Investments in debt securities			
Debt securities at FVOCI:			
Listed securities		**47**	37
Unlisted securities:			
USD debt securities with fixed interest rates ranging from 0.1% to 13.9% (2021: 0.1% to 13.9%) and maturity dates between 2023 and 2071 (2021: 2022 and 2071)		**5,865**	6,248
USD debt securities with variable interest rates and maturity dates between 2023 and 2069 (2021: 2022 and 2069)		**915**	938
Mutual and hedge funds		**683**	660
Debt securities at FVPL:			
Listed securities		**53**	53
Unlisted securities		**86**	–
Debt securities at amortized cost:			
Unlisted securities:			
Debt securities with fixed interest rates ranging from 3.2% to 5.1% (2021: 2.5% to 5.1%) and maturity dates between 2023 and 2043 (2021: 2022 and 2043)		**523**	603
Debt securities with variable interest rates and maturity dates between 2024 and 2028 (2021: 2022 and 2028)		**393**	427
		8,565	8,966
Total investments in securities		**27,663**	25,676
Current portion (Note 9)		**(905)**	(1,515)
Non-current		**26,758**	24,161

Equity investments designated at FVOCI are not held for trading. Instead, they are held for medium to long-term strategic purposes. Accordingly, management has elected to designate these equity investments at FVOCI as recognizing short-term fluctuations in these investments' fair value in net income would not be consistent with Saudi Aramco's strategy of holding these investments for long-term purposes and realizing their performance potential in the long run.

The fair value of Sumed is based on expected cash flows discounted using a rate based on market interest rates and a risk premium specific to the unlisted security which was 16.1% and 11.35% at December 31, 2022 and 2021, respectively. The fair value of TAQA is based on an earnings growth factor for unlisted equity securities from market information for similar types of companies. The fair value of Daehan is determined using discounted cash flow analysis based on the risk-adjusted yield.

All amounts in millions of Saudi Riyals unless otherwise stated

10. Investments in securities continued

The maximum exposure to credit risk at the reporting date of the investments in debt securities is the fair value. To limit credit risk, Saudi Aramco's investment policy requires that these securities be diversified. Credit ratings for debt securities held at December 31, 2022, range from AAA to BB (2021: AAA to BB) as set out by internationally recognized credit rating agencies.

The movement in investments in securities is as follows:

	2022	2021
January 1	**25,676**	23,687
Net additions	**3,002**	1,252
Net unrealized fair value (loss) gain	**(918)**	413
Net unrealized foreign currency (loss) gain	**(97)**	324
December 31	**27,663**	25,676
Current (Note 9)	**(905)**	(1,515)
Non-current	**26,758**	24,161

Net additions include unsettled transactions of SAR (33) at December 31, 2022 (2021: SAR (267)).

11. Inventories

	2022	2021
Crude oil, refined products and chemicals	**81,698**	58,242
Materials and supplies – net	**17,054**	16,104
Natural gas liquids and other	**1,776**	357
	100,528	74,703

The carrying amount of materials and supplies are shown net of an allowance for obsolete and surplus materials with movement as follows:

	2022	2021
Balance, January 1	**3,448**	2,995
Net movement in allowance	**(234)**	453
Balance, December 31	**3,214**	3,448

During 2022, a portion of the inventory purchased from third parties by certain affiliates amounting to SAR 1,759 (2021: nil) was written-down to its net realizable value.

12. Trade receivables

Trade receivables from export and local sales are denominated primarily in USD and SAR, respectively.

The components of trade receivables are as follows:

	2022	2021
Arising from export and local sales at international prices	**154,858**	130,821
Arising from local sales at Kingdom regulated prices	**9,865**	9,817
	164,723	140,638
Less: Loss allowance	**(281)**	(265)
	164,442	140,373

Trade receivables relating to certain contracts with provisional pricing arrangements are measured at fair value. The fair value was calculated using forward curves and future prices. These trade receivables are classified as level 3 in the fair value hierarchy (Note 3(d)) due to the inclusion of unobservable inputs, including counterparty credit risk in the fair value calculation.

As described in Note 2(o), the Government, through the Ministry of Finance, provided a guarantee to the Company in the event that certain Government, semi-Government and other entities with Government ownership or control are unable to settle within the terms agreed with the Company.

The movement of the allowance for trade receivables related to past due sales is as follows:

	2022	2021
January 1	**265**	1,069
Net movement in allowance	**16**	(804)
December 31	**281**	265

All amounts in millions of Saudi Riyals unless otherwise stated

13. Due from the Government

	2022	2021
Other income related to sales (Note 2(z))	**53,109**	42,960
Government guarantee (Note 2(o))	**603**	(2,150)
Other	**833**	507
Note 29(b)	**54,545**	41,317

14. Short-term investments

	2022	2021
USD time deposits	**206,633**	1,661
USD Murabaha time deposits (Shari'a compliant)	**11,809**	1,957
USD commercial paper	**28,241**	–
SAR time deposits	**5,843**	1,880
SAR repurchase agreements (Shari'a compliant)	**11,700**	–
SAR Murabaha time deposits (Shari'a compliant)	**16,514**	21,510
South Korean Won time deposits	**475**	65
	281,215	27,073

15. Cash and cash equivalents

	2022	2021
Cash at bank and in hand	**95,579**	52,805
USD time deposits	**91,490**	195,766
USD Murabaha time deposits (Shari'a compliant)	**15,544**	21,210
SAR time deposits	**323**	3,574
SAR repurchase agreements (Shari'a compliant)	**5,351**	–
SAR Murabaha time deposits (Shari'a compliant)	**17,190**	20,119
South Korean Won time deposits	**570**	6,105
	226,047	299,579

16. Treasury shares

On December 11, 2019, the Company acquired 117.2 million ordinary shares from the Government for cash consideration of SAR 3,750. These shares were classified by the Company as treasury shares for the purposes of issuing them to the Company's employees upon vesting or purchase of the shares in the employee share plans, including those that the Company may adopt in the future. The number of treasury shares issued to employees during 2022 was 19.7 million (2021: 13.7 million) in relation to employee share plans (Note 17). Further, the number of treasury shares held by the Company increased by 8 million ordinary shares as a result of the issuance of bonus shares during 2022 (Note 36). The number of treasury shares outstanding as at December 31, 2022, was 76.6 million (2021: 88.3 million).

17. Share-based compensation

Share-based compensation relates to grants or issuance of ordinary shares awarded to the Company's eligible employees under the respective plan terms. Awards are generally equity-settled; however, in limited circumstances awards may be settled in cash. The Company recognized the following share-based compensation expense in the consolidated statement of income, as an employee benefit expense, for the years ended December 31, 2022 and 2021:

	Equity-settled	Cash-settled	Total
2022			
Share-based compensation expense	**296**	**3**	**299**
2021			
Share-based compensation expense	207	2	209

At December 31, 2022, the total carrying amount of the liabilities in respect of the cash settlement elements and dividend equivalents of the respective awards was SAR 20 (2021: SAR 17) and the intrinsic value of such liabilities, which had vested during the year, was SAR 5 (2021: SAR 3).

17. Share-based compensation continued

Awards granted or shares issued during the year relate to the Long-Term Incentive Plan for Executives ("ELTIP") and the Long-Term Incentive Plan for Management ("MLTIP"), the Long-Term Incentive Plan for certain other eligible employees ("LTIP") and the Employee Share Purchase Plan ("ESPP").

Awards for all plans were granted for nil consideration, with the exception for ESPP, under which shares were issued at a discount of 20% to the fair market value of the shares at each purchase date. The fair values of awards granted were determined by reference to the market values of the Company's ordinary shares on the grant dates for equity-settled awards and at the consolidated balance sheet date for cash-settled awards. Where applicable, the fair values of the awards subject to market-based performance measures were estimated using an appropriate valuation method.

	Number of shares granted (in millions)	Weighted average fair value per share (SAR)
2022		
ESPP	**18**	**38.51**
ELTIP	**2**	**41.55**
MLTIP	**3**	**41.55**
LTIP	**1**	**41.85**
2021		
ESPP	14	35.28
ELTIP	2	32.59
MLTIP	3	34.50
LTIP	1	35.50

The number of awards settled in shares during the year in relation to the employee share plans was 19.7 million (2021: 13.7 million).

Participants in the plans (other than the ESPP) are entitled to dividend equivalents, if dividends are paid to ordinary shareholders, during the vesting period. Such dividend equivalents will be paid in cash on vesting of the awards. Accordingly, no adjustment for expected dividends during the vesting period was made in determining the fair value of the awards. Participants in all plans become entitled to dividends only after shares have been issued to the participants as the registered holders.

The vesting of ELTIP is dependent on the achievement of (a) specified non-market and market-based performance measures over a three-year performance period, and (b) required service, except for certain qualifying leavers. Upon vesting, 50% of the vested awards are required to be held by the participants for an additional two years, except for certain qualifying leavers. The awards will be settled with the participants in shares on vesting.

The vesting of MLTIP is dependent on the participants achieving (a) specified individual performance targets over a one-year performance period, and (b) required service, except for certain qualifying leavers. The awards are subject to graded vesting. Twenty-five percent of the awards will vest after the end of the performance period, and the remaining 75% of the awards will vest in equal installments over three years from thereon, provided that the participants continue to meet the required service condition. The awards will be settled with the participants in shares on vesting, except for certain qualifying participants who will receive cash-settlement.

The vesting of LTIP is dependent only on the participants achieving required service, except for certain qualifying leavers. The awards are subject to graded vesting. Twenty-five percent of the awards will vest immediately, and the remaining 75% of the awards will vest in equal installments over three years, provided that the participants continue to meet the required service condition. The awards will be settled with the participants in shares on vesting, except for certain qualifying participants who will receive cash-settlement.

Shares issued under the ESPP are required to be held until the earlier of one year from the date of issuance or at the time of cessation of employment.

All amounts in millions of Saudi Riyals unless otherwise stated

18. Other reserves

	Currency translation differences	Investments in securities at FVOCI	Post-employment benefits	Share-based compensation reserve	Cash flow hedges and other	Share of other comprehensive income (loss) of joint ventures and associates: Foreign currency translation gains (losses)	Share of other comprehensive income (loss) of joint ventures and associates: Cash flow hedges and other	Total
January 1, 2021	1,192	5,356	–	57	(727)	1,022	(1,042)	5,858
Current period change	(2,798)	440	–	207	323	(440)	23	(2,245)
Remeasurement gain	–	–	16,055	–	–	–	270	16,325
Transfer to retained earnings	–	–	(9,392)	(125)	–	–	(270)	(9,787)
Tax effect	–	(145)	(5,865)	–	–	–	–	(6,010)
Less: amounts related to non-controlling interests	1,042	118	(798)	–	7	151	–	520
December 31, 2021	(564)	5,769	–	139	(397)	733	(1,019)	4,661
Current period change	**(3,889)**	**(681)**	**–**	**296**	**1,450**	**(672)**	**1,023**	**(2,473)**
Remeasurement gain	**–**	**–**	**36,187**	**–**	**–**	**–**	**144**	**36,331**
Transfer to retained earnings	**–**	**–**	**(19,427)**	**(137)**	**–**	**–**	**(144)**	**(19,708)**
Tax effect	**–**	**43**	**(14,979)**	**–**	**–**	**–**	**–**	**(14,936)**
Less: amounts related to non-controlling interests	**1,046**	**24**	**(1,781)**	**–**	**(19)**	**134**	**–**	**(596)**
December 31, 2022	**(3,407)**	**5,155**	**–**	**298**	**1,034**	**195**	**4**	**3,279**

19. Non-controlling interests

Summarized consolidated financial information (100%) for each subsidiary that has non-controlling interests that are material to Saudi Aramco are set out below. The amounts disclosed for each subsidiary are before inter-company eliminations:

Summarized statement of comprehensive income
Year ended December 31

	2022				2021		
	SABIC	**AOPC**	**AGPC**[1]	**S-Oil Corporation**	SABIC	AOPC[1]	S-Oil Corporation
Revenue and other income (loss)	**199,556**	**(9,536)**	**(5,438)**	**123,300**	174,885	5,301	89,993
Net income (loss)	**17,456**	**(7,841)**	**(4,358)**	**5,513**	25,890	4,451	4,463
Other comprehensive income (loss)	**2,471**	**–**	**–**	**(1,466)**	199	–	(1,988)
Total comprehensive income (loss)	**19,927**	**(7,841)**	**(4,358)**	**4,047**	26,089	4,451	2,475
Net income (loss) attributable to non-controlling interests	**9,915**	**(3,842)**	**(2,135)**	**2,116**	12,691	2,181	1,712
Dividends paid to non-controlling interests	**(10,163)**	**(2,258)**	**(908)**	**(705)**	(6,687)	–	(145)

1. Amounts included are for the period from the date of sale of the non-controlling equity interest in the subsidiary.

On June 17, 2021, the Company sold a 49% equity interest in Aramco Oil Pipelines Company ("AOPC") to EIG Pearl Holdings S.à r.l. Further, on February 23, 2022, the Company sold a 49% equity interest in Aramco Gas Pipelines Company ("AGPC") to GreenSaif Pipelines Bidco S.à r.l. Both companies are expected to make quarterly distributions to their respective ordinary shareholders from available cash (Note 34). Current assets of these companies as at December 31, 2022, provided in the table below, mainly include cash received and trade receivables from the Company in respect of quarterly volume-based tariff. Net losses of AOPC and AGPC for 2022 include unrealized losses of SAR 13,819 and SAR 10,105, respectively, on their financial assets measured at FVPL at December 31, 2022.

All amounts in millions of Saudi Riyals unless otherwise stated

19. Non-controlling interests continued

Summarized balance sheet
At December 31

	2022				2021		
	SABIC	AOPC	AGPC	S-Oil Corporation	SABIC	AOPC	S-Oil Corporation
Current assets	106,620	1,526	4,481	27,240	107,509	229	26,483
Non-current assets	259,613	86,276	109,376	33,866	270,960	100,065	36,341
Total assets	366,233	87,802	113,857	61,106	378,469	100,294	62,824
Current liabilities	48,679	806	1,444	24,281	49,864	851	26,543
Non-current liabilities	49,759	-	–	9,461	60,844	–	11,145
Total liabilities	98,438	806	1,444	33,742	110,708	851	37,688
Net assets	267,795	86,996	112,413	27,364	267,761	99,443	25,136
Accumulated non-controlling interest	106,535	42,628	55,082	10,502	106,909	48,728	9,647

Summarized statement of cash flows
Year ended December 31

	2022				2021		
	SABIC	AOPC	AGPC[1]	S-Oil Corporation	SABIC	AOPC[1]	S-Oil Corporation
Cash flows from operating activities	34,418	4,384	2,479	4,628	39,225	229	5,693
Cash flows from investing activities	(9,375)	–	–	(2,209)	(5,760)	–	180
Cash flows from financing activities	(26,385)	(4,609)	(1,853)	(4,695)	(25,219)	–	(2,318)
Net (decrease) increase in cash and cash equivalents	(1,342)	(225)	626	(2,276)	8,246	229	3,555

1. Amounts included are for the period from the date of sale of the non-controlling equity interest in the subsidiary.

All amounts in millions of Saudi Riyals unless otherwise stated

20. Borrowings

	Note	2022 Non-current	2022 Current	2022 Total	2021 Non-current	2021 Current	2021 Total
Conventional:							
Deferred consideration	a	**81,168**	**40,995**	**122,163**	188,723	33,544	222,267
Debentures	b	**89,585**	**7,627**	**97,212**	98,449	3,750	102,199
Bank borrowings	c	**20,998**	**2,166**	**23,164**	22,937	6,850	29,787
Short-term borrowings	d	**–**	**10,205**	**10,205**	–	11,981	11,981
Revolving credit facilities	e	**–**	**–**	**–**	–	5,370	5,370
Export credit agencies	f	**1,582**	**657**	**2,239**	2,065	770	2,835
Public Investment Fund	g	**820**	**365**	**1,185**	1,185	641	1,826
Other financing arrangements	h	**23,570**	**408**	**23,978**	24,251	–	24,251
Shari'a compliant:							
Sukuk	i	**34,300**	**281**	**34,581**	34,560	266	34,826
Murabaha	j	**16,158**	**2,135**	**18,293**	19,099	390	19,489
Saudi Industrial Development Fund	k	**3,441**	**295**	**3,736**	3,428	1,083	4,511
Ijarah/Procurement	l	**2,688**	**13**	**2,701**	2,534	800	3,334
Wakala	m	**997**	**26**	**1,023**	1,032	22	1,054
		275,307	**65,173**	**340,480**	398,263	65,467	463,730
Lease liabilities		**43,073**	**9,591**	**52,664**	38,108	9,083	47,191
		318,380	**74,764**	**393,144**	436,371	74,550	510,921

The carrying amounts of borrowings above are net of unamortized transaction costs of SAR 1,477 (2021: SAR 1,605).

The finance costs recognized in the consolidated statement of income are as follows:

	2022	2021
Finance costs:		
Conventional borrowings	**4,863**	8,490
Shari'a compliant financial instruments	**1,777**	980
Lease liabilities	**1,732**	2,138
Unwinding of discount	**510**	450
	8,882	12,058

In addition, finance costs amounting to SAR 4,826 were capitalized in property, plant and equipment during the year ended December 31, 2022 (2021: SAR 3,285) (Note 5).

Borrowings – other than leases

Saudi Aramco has entered into long-term financing arrangements with various lenders. These financing arrangements limit the creation of additional liens and/or financing obligations and certain of these arrangements are secured over certain property, plant and equipment, and other non-current assets of Saudi Aramco with a total carrying value of SAR 95,018 (2021: SAR 94,379). Additionally, certain financing arrangements require compliance by Saudi Aramco with covenants to maintain certain financial and other conditions. Saudi Aramco has complied with these covenants throughout the reporting period. The fair value of borrowings excluding lease liabilities at December 31, 2022, was approximately SAR 319,910. This was mainly determined using inputs that are categorized in level 1 or level 2 of the fair value hierarchy, except for the fair value of other financing arrangements that was primarily determined using level 3 inputs.

(a) Deferred consideration

Deferred consideration represents the amount payable to PIF for the SABIC acquisition in 2020. The amount is payable over several installments from August 2020 to April 2028, pursuant to a seller loan provided by PIF. On January 24, 2022, the Company, in agreement with PIF, made a partial prepayment of SAR 28,579 ($7,621), which reduced the principal amounts of two promissory notes payable on or before April 7, 2024 and April 7, 2026, by SAR 26,250 ($7,000) and SAR 3,750 ($1,000), respectively. In addition, on June 30, 2022, the Company made a second partial prepayment of SAR 38,192 ($10,185), which reduced the principal amount of a promissory note payable on or before April 7, 2025 by SAR 9,375 ($2,500) and further reduced the principal amount of the promissory note payable on or before April 7, 2026 by SAR 35,625 ($9,500). These partial prepayments resulted in a net gain of SAR 3,064 ($817), which was recognized in the consolidated statement of income.

All amounts in millions of Saudi Riyals unless otherwise stated

20. Borrowings continued

Borrowings – other than leases continued

The amounts of outstanding installments as at December 31, 2022, which are represented by promissory notes denominated in USD, are as follows:

	Original			Outstanding	
	Principal	Loan charge	Repayment/ partial prepayment	Principal	Loan charge
On or before August 2, 2020	**26,250**	**–**	(26,250)	**–**	–
On or before April 7, 2021	**18,750**	**–**	(18,750)	**–**	–
On or before April 7, 2022	**31,875**	**1,875**	(33,750)	**–**	–
On or before April 7, 2023	**39,375**	**1,875**	–	**39,375**	1,875
On or before April 7, 2024[1]	**39,375**	**2,250**	(26,250)	**13,125**	2,250
On or before April 7, 2025[1]	**39,375**	**3,000**	(9,375)	**30,000**	3,000
On or before April 7, 2026[1]	**64,125**	**5,625**	(39,375)	**24,750**	5,625
On or before April 7, 2027	**–**	**3,750**	–	**–**	3,750
On or before April 7, 2028	**–**	**3,750**	–	**–**	3,750
Total amount of outstanding installments	**259,125**	**22,125**	(153,750)	**107,250**	20,250

1. Amount for partial prepayment represents the reduction in the principal amount of the promissory note.

The carrying amount of deferred consideration at the reporting date is measured at amortized cost using the effective interest method.

On March 7, 2023, the Company agreed with PIF to make a third partial prepayment of SAR 59,040 ($15,744) on or before March 15, 2023, which will fully or partially reduce the above outstanding amounts of the promissory notes payable between 2024 and 2028 (Note 40).

(b) Debentures

(i) In October 2018, SABIC issued five-year and 10-year USD denominated $1,000 bonds each, equivalent to a total of SAR 7,500 ($2,000). These bonds are unsecured and carry coupon rates of 4% and 4.5%, respectively. The bonds are issued in accordance with the Rule 144A/Regulation S offering requirements under the U.S. Securities Act of 1933, as amended. The bonds are listed on the Irish Stock Exchange ("Euronext Dublin") and the proceeds were used for refinancing maturing debt.

In September 2020, SABIC issued 10-year and 30-year USD denominated $500 bonds each, equivalent to a total of SAR 3,750 ($1,000). These bonds are unsecured and carry coupon rates of 2.15% and 3%, respectively. Both bonds are issued in accordance with Rule 144A/Regulation S offering requirements under the U.S. Securities Act of 1933, as amended. These bonds are listed on the Euronext Dublin and the 30-year bond is dual listed on the Taipei Exchange in Taiwan, China. The proceeds were used for general purposes and refinancing maturing debt.

(ii) On April 16, 2019, the Company issued five tranches of USD denominated unsecured notes aggregating to an equivalent of SAR 45,000 ($12,000) and consisting of three-year maturities for SAR 3,750 ($1,000) with a coupon rate of 2.75%, five-year maturities for SAR 7,500 ($2,000) with a coupon rate of 2.875%, 10-year maturities for SAR 11,250 ($3,000) with a coupon rate of 3.5%, 20-year maturities for SAR 11,250 ($3,000) with a coupon rate of 4.25%, and 30-year maturities for SAR 11,250 ($3,000) with a coupon rate of 4.375%. The notes were issued and sold in accordance with Rule 144A/Regulation S under the U.S. Securities Act of 1933, as amended. Interest is payable semi-annually in arrears on April 16 and October 16. The notes are listed on the London Stock Exchange's Regulated Market and the proceeds were for general corporate purposes. At initial recognition, the Company recorded an amount of SAR 44,460 ($11,856) for the issuance proceeds, net of discounts and estimated transaction costs. On April 16, 2022, notes with three-year maturities, aggregating to a principal amount of SAR 3,750 ($1,000) and carrying a coupon rate of 2.75%, were repaid.

On November 24, 2020, the Company issued another series of USD denominated unsecured notes, aggregating to an equivalent of SAR 30,000 ($8,000), consisting of maturity dates of three years to 50 years paid at the end of the maturity date with coupon rates ranging from 1.25% to 3.50%. At initial recognition, the Company recorded an amount of SAR 29,625 ($7,900) for the issuance proceeds, net of discounts.

(iii) Debentures amounting to SAR 8,931, denominated in South Korean Won, have been issued in capital markets with interest rates ranging from 1.40% to 3.47% and with maturities from 2023 to 2032.

(iv) Certain notes denominated in USD have been issued in capital markets, by a wholly owned subsidiary of the Company, with fixed and variable interest rates and with maturities from 2027 to 2040. In September 2022, following a cash tender offer to buy-back its outstanding senior notes issued in January 2010 and maturing on January 15, 2040, notes with a principal amount of SAR 1,226 ($327) were redeemed for a cash payment of SAR 1,260 ($336). The buy-back resulted in a gain of SAR 188 ($50), which was recognized in the consolidated statement of income. The remaining principal amount of the notes at December 31, 2022, was SAR 2,524 ($673).

Discounts and transaction costs are amortized using the effective interest method and are reflected as finance costs in the consolidated statement of income.

(c) Bank borrowings

Saudi Aramco has commercial and other facility agreements with a number of banks with a total carrying amount at December 31, 2022, of SAR 23,164 (2021: SAR 29,787). The facilities are primarily repayable in semi-annual installments from November 2008 to September 2045. Commission is payable on amounts drawn and is mainly calculated at a market rate plus a margin.

20. Borrowings continued

Borrowings – other than leases continued

In 2021, Saudi Aramco entered into certain new conventional borrowing facilities aggregating to SAR 3,296. The facilities' tenors range from seven years to 24 years and these are repayable in semi-annual installments from August 2025 to September 2045.

As at December 31, 2022, an amount of SAR 2,259 (2021: SAR 1,909) was undrawn against these facilities.

(d) Short-term borrowings
Saudi Aramco has short-term borrowing facilities with a number of banks with a total carrying amount at December 31, 2022, of SAR 10,205 (2021: SAR 11,981), including debt factoring arrangements of SAR 3,551 (2021: SAR 4,398). These facilities have a maturity period of less than one year and incur interest at a market rate plus a margin. As at December 31, 2022, an amount of SAR 16,795 (2021: SAR 12,844) was available for drawdown against these facilities.

(e) Revolving credit facilities
On April 4, 2022, the Company entered into a new five-year common terms agreement for unsecured revolving credit facilities aggregating to SAR 37,500 ($10,000), to replace facilities which expired during the year. The new facilities comprise USD denominated conventional facilities of SAR 30,000 ($8,000) and a SAR denominated Shari'a compliant Murabaha facility of SAR 7,500 ($2,000) (Note 20(j)). The conventional facilities also incorporate a SAR 7,500 ($2,000) swingline sublimit facility in support of the Company's establishment of a U.S. commercial paper program. The common terms agreement provides the framework and common lending terms for the facilities and the Company has the option of up to two extensions of one year each. The Company shall apply all amounts advanced to it under these facilities for general corporate purposes and towards its general working capital requirements. The entire amounts of these facilities were undrawn as at December 31, 2022. In addition, Saudi Aramco has a number of other revolving credit facilities with an aggregate carrying amount of nil (2021: SAR 5,370), and undrawn amount of SAR 17,708 (2021: SAR 44,205) at December 31, 2022.

(f) Export credit agencies
Saudi Aramco has borrowing agreements with a number of export credit agencies with a total carrying amount at December 31, 2022, of SAR 2,239 (2021: SAR 2,835). The amounts borrowed are repayable in semi-annual installments from December 2014 to December 2025. Commission is payable on amounts drawn and is calculated at a market rate plus a margin.

(g) Public Investment Fund
Saudi Aramco has borrowing agreements with the PIF with a total carrying amount at December 31, 2022, of SAR 1,185 (2021: SAR 1,826). The amounts borrowed are repayable in semi-annual installments from December 2014 to December 2025. Commission is payable on amounts drawn and is calculated at a market rate plus a margin.

(h) Other financing arrangements
Other financing arrangements comprise borrowings from non-financial institutions under commercial terms.

On September 27, 2021, the Company entered into a financing arrangement with Air Products, ACWA Power and Air Products Qudra relating to the Jazan Integrated Gasification Combined-Cycle ("IGCC") power plant, an Air Separation Unit ("ASU") and certain ancillary assets. The transaction entailed creation of the Jazan Integrated Gasification and Power Company ("JIGPC"), a limited liability company, with Saudi Aramco Power Company ("SAPCO"), a wholly owned subsidiary of the Company owning 20%, while Air Products, ACWA Power and Air Products Qudra own 46%, 25% and 9%, respectively (Note 35(b)). The total proceeds of the transaction are SAR 44,063. Upon closing Saudi Aramco recognized an amount of SAR 21,226, representing the amount due to the other shareholders of JIGPC, in relation to the first tranche of SAR 26,532 under the financing arrangement. The second tranche of SAR 15,563 was received on January 19, 2023, of which SAR 12,450 is the amount due to the other shareholders of JIGPC (Note 40). The remaining amount of SAR 1,968 under the financing arrangement is expected to be received by the end of 2023. The total amount under the arrangement is repayable in monthly installments, commencing from October 2021 to October 2046.

(i) Sukuk
A Sukuk is a financial instrument similar to a bond that complies with Islamic financing principles.

(i) On October 9, 2011, Saudi Aramco issued Sukuk for SAR 2,344 at par value, with semi-annual repayments from December 20, 2014 to December 20, 2025 that provides a rate of return above SAIBOR. The Sukuk was structured as Istisnah for pre-construction and Ijarah for post-construction of the project.

(ii) On April 10, 2017, Saudi Aramco issued Sukuk for SAR 11,250 at par value as part of a SAR 37,500 program. The Sukuk issuance provides a return based on Saudi Arabian Interbank Offered Rate ("SAIBOR") plus a predetermined margin payable semi-annually on April 10 and October 10. The Sukuk matures on April 10, 2024. In accordance with the terms of the Sukuk, 51% of the proceeds from issuance are invested in Mudaraba assets and the remaining 49% are used in a Murabaha arrangement.

(iii) On June 17, 2021, Saudi Aramco issued three tranches of USD denominated Sukuk trust certificates aggregating to an equivalent of SAR 22,500 ($6,000) at par value with semi-annual payments on June 17 and December 17. The Shari'a compliant senior unsecured certificates consist of three-year maturities for SAR 3,750 ($1,000) with a coupon rate of 0.946%, five-year maturities of SAR 7,500 ($2,000) with a coupon rate of 1.602% and 10-year maturities of SAR 11,250 ($3,000) with a coupon rate of 2.694%. In accordance with the terms of the Sukuk, 55% of the proceeds from issuance are structured as an Ijara and the remaining 45% are structured as a Murabaha arrangement. The certificates were listed on the London Stock Exchange's Regulated Market and sold in accordance with Rule 144A/Regulation S under the U.S. Securities Act of 1933, as amended. The proceeds are for general corporate purposes and the Sukuk mature between 2024 and 2031. At initial recognition, the Company recorded an amount of SAR 22,399 ($5,973) for the issuance proceeds, net of estimated transaction costs.

20. Borrowings continued

Borrowings – other than leases continued

(j) Murabaha

Saudi Aramco has various Murabaha Shari'a compliant borrowings from a number of financial intuitions. The borrowed amounts are repayable in semi-annual installments from 2008 to 2032. Commission is payable on amounts drawn and is calculated at a market rate plus a margin. In addition, Saudi Aramco also has access to unutilized Murabaha facilities of SAR 9,880, including the SAR denominated Islamic Murabaha facility of SAR 7,500 (Note 20(e)) (2021: SAR 11,625).

(k) Saudi Industrial Development Fund

Saudi Aramco has various borrowing agreements with the Saudi Industrial Development Fund. The amounts borrowed are not subject to periodic financial charges and are repayable in semi-annual installments from 2008 to 2035. As at December 31, 2022, an amount of SAR 48 (2021: SAR 115) was available for drawdown under these agreements.

In 2021, Saudi Aramco entered into a facility agreement with the Saudi Industrial Development Fund for an amount of SAR 1,200. The facility was fully drawn in 2021 and is repayable in semi-annual installments from 2026 to 2035.

(l) Ijarah/Procurement

Saudi Aramco has Procurement and Ijarah Shari'a compliant Islamic facility agreements with a number of banks. The facilities are repayable in semi-annual installments from 2014 to 2039.

In 2021, Saudi Aramco entered into new Ijarah Shari'a compliant Islamic facility agreements aggregating to SAR 1,542. The facilities are repayable in semi-annual installments from 2026 to 2028.

As at December 31, 2022, an amount of SAR 603 (2021: SAR 618) was undrawn under these facilities.

(m) Wakala

Saudi Aramco has Shari'a compliant Islamic facility agreements with a number of lenders. The facilities utilize a Wakala financing structure which is an agency arrangement. The facilities are repayable in installments on a semi-annual basis, from 2019 to 2036.

In 2021, Saudi Aramco entered into a new Wakala facility agreement amounting to SAR 394. The facility is repayable in semi-annual installments from 2026 to 2028. The total amount recognized as at December 31, 2022, was SAR 198 (2021: SAR 198).

An amount of SAR 271 was undrawn as at December 31, 2022 (2021: SAR 241), under these facilities.

Lease liabilities

Lease liabilities are effectively secured as the rights to the leased asset revert to the lessor in the event of default. The lessor has ownership of the assets during the term of the contract and is typically responsible for the operation, insurance and maintenance of the assets until termination of the underlying agreements. For certain leases, the lessor shall transfer its rights, title and interest in the assets to the lessee on the last day of the agreements; for others, there are no further obligations on completion of agreements. Performance guarantees are provided by the lessor under the terms of the agreements.

The total cash outflow for leases for the year ended December 31, 2022, was SAR 12,114 (2021: SAR 12,143). Expenses relating to short-term and low value leases were recognized in the consolidated statement of income for the year ended December 31, 2022, and amounted to SAR 518 (2021: SAR 329) and SAR 261 (2021: SAR 403), respectively.

All amounts in millions of Saudi Riyals unless otherwise stated

20. Borrowings continued

Lease liabilities continued

The maturities of borrowings are as follows:

	No later than one year	Later than one year and no later than five years	Later than five years	Total contractual amount	Total carrying amount
2022					
Borrowings – other than leases	**74,640**	**171,825**	**214,391**	**460,856**	**340,480**
Leases	**12,788**	**28,118**	**29,194**	**70,100**	**52,664**
	87,428	**199,943**	**243,585**	**530,956**	**393,144**
2021					
Borrowings – other than leases	71,989	295,106	216,161	583,256	463,730
Leases	10,823	23,696	21,994	56,513	47,191
	82,812	318,802	238,155	639,769	510,921

The movement of borrowings is as follows:

	Long-term borrowings	Short-term borrowings	Lease liabilities	Total liabilities from financing activities
January 1, 2021	422,417	60,085	53,575	536,077
Cash flows	12,406	(43,756)	(12,143)	(43,493)
Non-cash changes:				
Other financing arrangements (Note 35(b))	8,146	–	(7,333)	813
Lease additions	–	–	12,442	12,442
Foreign exchange adjustment	(1,033)	(35)	(197)	(1,265)
Accretion of liabilities and others	4,443	1,057	847	6,347
December 31, 2021	446,379	17,351	47,191	510,921
Cash flows	**(116,281)**	**(7,151)**	**(12,114)**	**(135,546)**
Non-cash changes:				
Lease additions	**–**	**–**	**16,358**	**16,358**
Foreign exchange adjustment	**(665)**	**–**	**(170)**	**(835)**
Accretion of liabilities and others	**842**	**5**	**1,399**	**2,246**
December 31, 2022	**330,275**	**10,205**	**52,664**	**393,144**

21. Post-employment benefits

Saudi Aramco sponsors or participates in several funded and unfunded defined benefit pension plans and other post-employment benefit plans that provide pension, severance, death, medical and other benefits to substantially all of its employees primarily in the Kingdom. The majority of the defined benefit plans for the Kingdom-based employees are governed under the Kingdom's Labor Law, applicable benefit plan laws of the USA, and/or Company policies. Benefits to employees of group companies are provided based on local regulations and practices of the respective jurisdiction.

Retirement benefits for defined benefit pension plans are paid, primarily, in the form of lump sum payments upon retirement based on final salary and length of service. Other post-employment benefits such as medical are used to cover retired employees and eligible dependents of retirees for medical services in line with the plan policy documents.

At December 31, the net liability recognized for employee defined benefit plans in the consolidated balance sheet is as follows:

	2022	2021
Pension plans	**(7,481)**	(1,384)
Medical and other post-employment benefit plans	**11,370**	42,113
Net benefit liability	**3,889**	40,729
Represented by:		
Non-current assets	**(23,034)**	–
Non-current liabilities	**26,923**	40,729
Net benefit liability	**3,889**	40,729

All amounts in millions of Saudi Riyals unless otherwise stated

21. Post-employment benefits continued

The status of Saudi Aramco's pension and other post-employment defined benefit plans is as follows:

	Pension benefits		Other benefits	
	2022	2021	**2022**	2021
Net benefit obligation by funding:				
Present value of funded obligations	**62,666**	80,726	**87,187**	123,281
Fair value of plan assets	**(74,393)**	(86,888)	**(84,270)**	(93,929)
Benefit (surplus) deficit	**(11,727)**	(6,162)	**2,917**	29,352
Present value of unfunded obligations	**4,246**	4,778	**8,453**	12,761
Net benefit (asset) liability	**(7,481)**	(1,384)	**11,370**	42,113
Change in benefit obligations:				
Benefit obligations, January 1	**85,504**	90,495	**136,042**	124,669
Current service cost	**4,455**	4,560	**3,551**	3,008
Interest cost	**2,546**	2,269	**4,305**	3,799
Past service cost (credit)	**173**	(458)	**–**	1,755
Remeasurement	**(21,161)**	(4,065)	**(44,351)**	4,157
Plan participants' contribution	**45**	56	**–**	–
Benefits paid	**(4,669)**	(5,861)	**(2,434)**	(2,396)
Settlements	**–**	(38)	**–**	–
Foreign currency translation and other	**19**	(1,454)	**(1,473)**	1,050
Benefit obligations, December 31	**66,912**	85,504	**95,640**	136,042
Change in plan assets:				
Fair value of plan assets, January 1	**(86,888)**	(78,328)	**(93,929)**	(82,629)
Interest income	**(2,726)**	(2,295)	**(2,948)**	(2,749)
Remeasurement	**13,965**	(7,496)	**15,360**	(8,651)
Employer contributions	**(3,746)**	(5,130)	**(5,258)**	(2,288)
Benefits paid	**4,669**	5,861	**2,434**	2,396
Settlements	**–**	38	**–**	–
Foreign currency translation and other	**333**	462	**71**	(8)
Fair value of plan assets, December 31	**(74,393)**	(86,888)	**(84,270)**	(93,929)
Net benefit (asset) liability at December 31	**(7,481)**	(1,384)	**11,370**	42,113

The weighted average duration of the pension benefit obligations is 12 years at December 31, 2022, and 13 years at December 31, 2021. The weighted average duration of the other benefit obligations is 17 years at December 31, 2022, and 21 years at December 31, 2021.

All amounts in millions of Saudi Riyals unless otherwise stated

21. Post-employment benefits continued

The components of net defined benefit cost, before tax, are primarily recognized in producing and manufacturing, and selling, administrative and general expenses in the consolidated statement of income. Remeasurements are included in the consolidated statement of comprehensive income. Net defined benefit cost and remeasurements for the years ended December 31 are as follows:

	Pension benefits		Other benefits	
	2022	2021	**2022**	2021
Amounts recognized in net income:				
Current service cost	**4,455**	4,560	**3,551**	3,008
Past service cost (credit)	**173**	(458)	**–**	1,755
Net interest (income) cost	**(180)**	(26)	**1,357**	1,050
	4,448	4,076	**4,908**	5,813
Amounts recognized in other comprehensive income:				
Losses from changes in demographic assumptions	**12**	80	**5,501**	1,448
(Gains) losses from changes in financial assumptions	**(23,044)**	(4,351)	**(50,212)**	2,004
Losses from changes in experience adjustments	**1,871**	206	**360**	705
Returns on plan assets (excluding interest income)	**13,965**	(7,496)	**15,360**	(8,651)
	(7,196)	(11,561)	**(28,991)**	(4,494)
Net defined benefit (gain) loss before income taxes	**(2,748)**	(7,485)	**(24,083)**	1,319

The present value of the defined benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions, based in part on market conditions. Any changes in these assumptions will impact the carrying amount of the defined benefit obligations.

The significant assumptions used to determine the present value of the defined benefit obligations for the years ended December 31 are as follows:

	Pension benefits		Other benefits	
	2022	2021	**2022**	2021
Discount rate	**5.4%**	2.9%	**5.6%**	3.1%
Salary growth rate	**5.2%**	4.7%	**–**	–
Annual average medical claim cost, in whole SAR			**29,138**	27,638
Health care participation rate			**95.0%**	95.0%
Assumed health care trend rates:				
Cost-trend rate			**6.5%**	7.0%
Rate to which cost-trend is to decline			**5.0%**	5.0%
Year that the rate reaches the ultimate rate			**2026**	2026

All the above assumptions are reviewed and updated as necessary as part of the periodic actuarial valuation of the defined benefit obligations.

Saudi Aramco determines the discount rate used to calculate the present value of estimated future cash outflows expected to be required to settle the post-employment benefit plan obligations. In determining the appropriate discount rate, Saudi Aramco considers the interest rates of high-quality corporate bonds in the USA that have terms to maturity approximating the terms of the related defined benefit obligation.

The salary growth rate assumption is based on a study of recent years' salary experience and reflects management's outlook for future increases. The annual average medical claim cost assumption is based on medical costs incurred in external medical providers, on behalf of the Company's employees and retirees. The health care participation rate considers the historical participation rate, amongst others, derived from the best available historical data. The assumed health care cost-trend rates reflect Saudi Aramco's historical experience and management's expectations regarding future trends.

All amounts in millions of Saudi Riyals unless otherwise stated

21. Post-employment benefits continued

Mortality assumptions are reviewed regularly and set based on actuarial advice in accordance with best practice and statistics, adjusted to reflect the experience and improvements to longevity. Relevant life expectancies are as follows:

	Saudi plans		U.S. plans	
Life expectancy at age:	**Male**	**Female**	**Male**	**Female**
50	**33.6**	**36.3**	**35.6**	**37.4**
60	**24.4**	**26.7**	**26.4**	**27.8**
60 (currently aged 40)	**26.1**	**28.3**	**27.9**	**29.3**

The sensitivity of the overall defined benefit obligations to changes in the principal assumptions, keeping all other assumptions constant, is presented below. The sensitivity analysis may not be representative of an actual change in the defined benefit obligations as it is unlikely that changes in assumptions would occur in isolation from one another.

	Change in assumption	Impact on obligation	**2022**	2021
Ultimate health care cost-trend rates	Increase by 0.5%	Increase by	**8,633**	14,715
	Decrease by 0.5%	Decrease by	**(7,624)**	(12,795)
Discount rate – other benefits	Increase by 0.5%	Decrease by	**(7,305)**	(12,896)
	Decrease by 0.5%	Increase by	**8,336**	14,993
Discount rate – pension benefits	Increase by 0.5%	Decrease by	**(3,675)**	(5,948)
	Decrease by 0.5%	Increase by	**3,638**	6,319
Salary growth rate	Increase by 0.5%	Increase by	**2,055**	3,210
	Decrease by 0.5%	Decrease by	**(2,269)**	(3,754)
Annual average medical claim cost	Increase by 5%	Increase by	**4,350**	6,240
	Decrease by 5%	Decrease by	**(4,350)**	(6,240)
Life expectancy	Increase by 1 year	Increase by	**2,963**	6,090
	Decrease by 1 year	Decrease by	**(3,090)**	(6,109)
Health care participation rate	Increase by 5%	Increase by	**1,245**	1,984
	Decrease by 5%	Decrease by	**(1,283)**	(2,033)

Plan assets consist of the following:

	2022	2021
Cash	**5,381**	5,584
Equity instruments	**30,315**	48,703
Investment funds	**65,663**	72,031
Bonds	**55,500**	52,324
Sukuk (Shari'a compliant)	**1,804**	2,175
	158,663	180,817

Plan assets are administered under the oversight of the Company or one of its subsidiaries and managed by independent trustees or separate entities, in a manner consistent with fiduciary obligations and principles, acting in the best interest of plan participants. The objectives of the plans are to maximize investment returns consistent with prudent risk over a long-term investment horizon in order to secure retiree benefits and minimize corporate funding.

All plan assets are held separately, solely to pay retiree benefits. Funded Saudi plans have the right to transfer assets held in excess of the plan's defined benefit obligation to another funded Saudi plan. The right to transfer such assets is solely in respect of amounts held in excess of the plan's defined benefit obligations and solely to plans with defined benefit obligations exceeding the value of assets held. Where Saudi Aramco has no rights to a refund of plan assets, surplus assets are recognized on the consolidated balance sheet on the basis that economic benefit can be gained through a reduction in future contributions.

Through its post-employment benefit plans, Saudi Aramco is exposed to a number of risks including asset volatility, changes in bond yields, inflation and life expectancy. Investment risk is minimized through diversification of investments among fixed income, equity, and alternative asset classes. Asset allocation is determined by an asset liability modeling study. The target asset allocation is, approximately, 25% (2021: 36%) equity instruments, 38% (2021: 31%) debt instruments, and 37% (2021: 33%) alternative assets. Inflation risk is partially offset by equities inflation and life expectancy risk is borne by Saudi Aramco.

All amounts in millions of Saudi Riyals unless otherwise stated

21. Post-employment benefits continued

Plan assets include transferable securities with a fair value of SAR 6,794 (2021: SAR 7,192) in the Company and its affiliated entities.

Employer contributions to defined benefit plans are estimated to be SAR 6,738 in 2023. While the Saudi plans are generally not governed by regulatory minimum funding requirements, the funding objective is to reach full funding of the larger plans only. Saudi Aramco pays annual contributions equal to benefit payments. Asset outperformance is expected to meet the shortfall between assets and the assessed liabilities within a reasonable period. Funding for the U.S. plans sponsored by Aramco Shared Benefit Company, a wholly owned subsidiary of the Company, is recommended by the actuary in order to meet Saudi Aramco's funding strategy to meet benefit plan expenses using applicable U.S. plan funding rules. Other plans follow local regulations or contractual obligations to meet minimum funding requirements.

In addition to the above plans, Saudi Aramco maintains or participates in defined contribution plans for which Saudi Aramco's legal or constructive obligation is limited to the contributions. The costs of the defined contribution plans, which are included principally within producing and manufacturing, and selling, administrative and general expenses in the consolidated statement of income, are SAR 1,201 and SAR 1,634 for the years ended December 31, 2022 and 2021, respectively (Note 26).

22. Provisions and other liabilities

	2022	2021
Asset retirement	**17,568**	18,296
Environmental	**770**	824
Financial liability – options and forward contracts	**2,929**	3,301
Other non-current liabilities	**6,510**	3,823
	27,777	26,244

Asset retirement provisions relate to the future plugging and abandonment of oil and natural gas wells and the decommissioning of certain Downstream assets. The environmental provision is for the remediation of ground water and soil contamination. Payments to settle these provisions will occur on an ongoing basis and will continue over the lives of the operating assets, which can exceed 50 years for the time when it is necessary to abandon oil and natural gas wells. The amount and timing of settlement in respect of these provisions are uncertain and dependent on various factors that are not always within management's control.

The movements in asset retirement and environmental provisions are as follows:

	Asset retirement	**Environmental**
January 1, 2021	17,339	940
Revision to estimate	154	(75)
Additional provisions	368	4
Unwinding of discount	446	4
Amounts charged against provisions	(11)	(49)
December 31, 2021	18,296	824
Revision to estimate	**(1,770)**	**(8)**
Additional provisions	**626**	**4**
Unwinding of discount	**431**	**4**
Amounts charged against provisions	**(15)**	**(54)**
December 31, 2022	**17,568**	**770**

23. Trade and other payables

	2022	2021
Trade payables	**65,425**	55,325
Accrued materials and services	**36,900**	37,509
Amounts due to related parties (Note 29(b))	**15,431**	17,678
Employee related payables	**10,304**	8,801
Other	**7,330**	5,376
	135,390	124,689

All amounts in millions of Saudi Riyals unless otherwise stated

24. Revenue

	2022	2021
Revenue from contracts with customers	**2,003,347**	1,335,391
Movement between provisional and final prices	**(3,397)**	5,299
Other revenue	**7,005**	6,240
	2,006,955	1,346,930
Other revenue:		
Services provided to:		
Government, semi-Government and other entities with Government ownership or control (Note 29(a))	**1,061**	1,061
Third parties	**698**	814
Joint ventures and associates (Note 29(a))	**195**	683
Freight	**1,076**	1,474
Other	**3,975**	2,208
	7,005	6,240

Revenue from contracts with customers is measured at a transaction price agreed under the contract and the payment is due within 10 to 120 days from the invoice date depending on specific terms of the contract.

Transaction prices are not adjusted for the time value of money, as Saudi Aramco does not have any contracts where the period between the transfer of product to the customer and payment by the customer exceeds one year.

Disaggregation of revenue from contracts with customers
Saudi Aramco's revenue from contracts with customers according to product type and source is as follows:

	2022			
	Upstream	**Downstream**	**Corporate**	**Total**
Crude oil	**971,325**	**105,401**	**–**	**1,076,726**
Refined and chemical products	**–**	**835,884**	**–**	**835,884**
Natural gas and NGLs	**56,055**	**19,292**	**–**	**75,347**
Metal products	**–**	**15,390**	**–**	**15,390**
Revenue from contracts with customers	**1,027,380**	**975,967**	**–**	**2,003,347**
Movement between provisional and final prices	**(3,142)**	**(255)**	**–**	**(3,397)**
Other revenue	**390**	**4,969**	**1,646**	**7,005**
External revenue	**1,024,628**	**980,681**	**1,646**	**2,006,955**

	2021			
	Upstream	Downstream	Corporate	Total
Crude oil	600,673	60,208	–	660,881
Refined and chemical products	–	607,771	–	607,771
Natural gas and NGLs	49,956	3,992	–	53,948
Metal products	–	12,791	–	12,791
Revenue from contracts with customers	650,629	684,762	–	1,335,391
Movement between provisional and final prices	5,026	273	–	5,299
Other revenue	411	4,342	1,487	6,240
External revenue	656,066	689,377	1,487	1,346,930

All amounts in millions of Saudi Riyals unless otherwise stated

25. Purchases

	2022	2021
Refined and chemical products	**291,696**	226,649
Crude oil	**152,556**	93,418
NGL and other products	**46,438**	32,310
	490,690	352,377

Purchases primarily consist of refined products, chemicals, crude oil and NGL purchased from third parties for use in Downstream operations and to meet demand for products in the Kingdom when it exceeds Saudi Aramco's production of the relevant product. Saudi Aramco also purchases products from third parties in certain markets where it is more cost effective compared to procuring them from other business units.

26. Employee benefit expense

	2022	2021
Salaries and wages	**41,387**	38,389
Social security costs	**2,750**	2,627
Post-retirement benefits (Note 21):		
Defined benefit plans	**9,356**	9,889
Defined contribution plans	**1,201**	1,634
Share-based compensation (Note 17)	**299**	209
	54,993	52,748

27. Finance and other income

	2022	2021
Interest income	**7,955**	795
Gain on partial prepayment of deferred consideration to PIF	**3,281**	–
Investment income	**1,189**	610
Dividend income from investments in securities	**390**	369
Other	**2,079**	13
	14,894	1,787

28. Payments to the Government by Saudi Arabian Oil Company

	2022	2021
Income taxes (Note 8(c))	**232,661**	141,699
Royalties	**349,270**	138,999
Dividends	**265,066**	276,335

All amounts in millions of Saudi Riyals unless otherwise stated

29. Related party transactions

(a) Transactions

	2022	2021
Joint ventures:		
Revenue from sales	**28,155**	23,003
Other revenue (Note 24)	**30**	124
Interest income	**161**	105
Purchases	**30,574**	22,466
Service expenses	**8**	11
Associates:		
Revenue from sales	**77,048**	65,355
Other revenue (Note 24)	**165**	559
Interest income	**113**	135
Purchases	**72,503**	57,214
Service expenses	**158**	150
Lease expenses	**–**	188
Government, semi-Government and other entities with Government ownership or control:		
Revenue from sales	**23,351**	17,644
Other income related to sales	**259,418**	154,828
Other revenue (Note 24)	**1,061**	1,061
Purchases	**12,761**	73,091
Service expenses	**409**	634
Lease expenses	**791**	461

Goods are purchased and sold according to supply agreements in force. Note 33 includes additional information on loans to joint ventures and associates.

(b) Balances

	2022	2021
Joint ventures:		
Other assets and receivables (Note 9)	**5,363**	5,943
Trade receivables	**5,096**	4,755
Interest receivable	**371**	233
Trade and other payables (Note 23)	**7,060**	6,803
Associates:		
Other assets and receivables (Note 9)	**1,519**	6,813
Trade receivables	**13,410**	14,794
Trade and other payables (Note 23)	**6,278**	7,916
Borrowings	**15**	15
Government, semi-Government and other entities with Government ownership or control:		
Other assets and receivables (Note 9)	**510**	509
Trade receivables	**3,874**	3,056
Due from the Government (Note 13)	**54,545**	41,317
Trade and other payables (Note 23)	**2,093**	2,959
Borrowings	**128,026**	229,525

Sales to and receivables from Government, semi-Government and other entities with Government ownership or control are made on specific terms within the relevant regulatory framework in the Kingdom.

All amounts in millions of Saudi Riyals unless otherwise stated

29. Related party transactions continued

(c) Compensation of key management personnel

Key management personnel of Saudi Aramco included directors and senior executive management. The compensation paid or payable to key management for services is shown below:

	2022	2021
Short-term employee benefits	**80**	75
Post-employment benefits	**43**	31
Share-based compensation	**25**	–
Other long-term benefits	**3**	30
	151	136

(d) Other transactions with key management personnel

Other than as set out in Note 29(c), there were no reportable transactions between Saudi Aramco and members of key management personnel or their close family members during the year ended December 31, 2022 (2021: nil).

30. Derivative instruments and hedging activities

Saudi Aramco uses interest rate swap contracts to manage exposure to interest rate risk mainly resulting from borrowings. These hedges are designated as cash flow hedges. Saudi Aramco also engages in hedging activities through the use of currency forward contracts in relation to firm commitments under procurement contracts and highly probable forecast transactions. These hedges are designated as fair value hedges and cash flow hedges, respectively. Further, Saudi Aramco uses short-term commodity derivative contracts to manage exposure to price fluctuations.

The notional amounts of currency forward contracts and interest rate swap contracts designated as hedging instruments and outstanding commodity derivative contracts are as follows:

	2022	2021
Interest rate swaps	**10,658**	11,055
Currency forward contracts	**4,830**	7,512
Commodity derivative contracts	**29,846**	35,115
	45,334	53,682

31. Non-cash investing and financing activities

Investing and financing activities during 2022 include additions to right-of-use assets of SAR 16,065 (2021: SAR 12,270), asset retirement provisions of SAR 467 (2021: SAR 355), and equity awards issued to employees of SAR 70 (Note 17) (2021: SAR 52). Further, investing activities during 2022 include an additional investment in Petro Rabigh as part of a subscription to a rights issuance offering through conversion of a non-current loan receivable of SAR 2,981 (Note 32(c)). During 2021, investing and financing activities included proceeds from the JIGPC financing arrangement net of the ASU purchase consideration of SAR 8,146 (Note 35(b)).

32. Commitments

(a) Capital commitments

Capital expenditures contracted for but not yet incurred were SAR 172,639 and SAR 159,145 at December 31, 2022 and 2021, respectively. In addition, leases contracted for but not yet commenced were SAR 18,326 and SAR 10,309 at December 31, 2022 and 2021, respectively.

(b) Sadara

In March 2020, the Company and The Dow Chemical Company ("Dow") equally committed to comply with the Ministry of Energy feedstock agreement to support the development of Chemical Value Parks in the Kingdom with an amount of SAR 375. The first payment of nearly SAR 38 will be deposited within one month from the date of supplying Sadara with additional ethane. The remaining funds will be deposited over nine years at SAR 38 annually. Saudi Aramco's commitment of SAR 188 is outstanding at December 31, 2022.

(c) Petro Rabigh

In December 2021, the Company signed a commitment letter to fully exercise its right to subscribe to its 37.5% share in the Petro Rabigh Rights Issue Offering, representing 298 million shares, for a maximum commitment of SAR 2,981. After obtaining necessary approvals from the competent authorities, the shareholders of Petro Rabigh approved the capital increase through offering 795 million shares for a total amount of SAR 7,950, at the Extraordinary General Meeting held on June 8, 2022. The rights issuance closed on July 6, 2022 and the Company and Sumitomo Chemical Co. Ltd., the founding shareholders, subscribed to their proportionate share in the offering, funded through debt-to-equity conversion of their non-current loan receivable from Petro Rabigh. Upon closing of the rights issuance, the loan receivable of SAR 2,981 was converted to an equity investment.

32. Commitments continued

(d) International Maritime Industries Company ("IMIC")

In 2017, Saudi Aramco Development Company ("SADCO"), a wholly owned subsidiary of the Company, Maritime Offshore Limited, a wholly owned subsidiary of Lamprell plc, Bahri and Korea Shipbuilding and Offshore Engineering ("KSOE") formed a company, IMIC, in which SADCO owns 40.1%, Maritime Offshore Limited owns 20%, Bahri owns 19.9% and KSOE owns 20%. The principal activities of IMIC are the development, operation, and maintenance of a maritime yard under construction by the Government, as well as, the design, manufacture, maintenance and repair of ships and rigs. The maritime yard is divided into four main operational zones and completion of the construction of the individual zones will vary, with the final yard completion and handover expected by the end of 2023. SADCO has committed to fund IMIC up to SAR 1,053 through equity contributions. At December 31, 2022, SAR 916 (2021: SAR 766) has been drawn down by IMIC.

(e) Saudi Aramco Rowan Offshore Drilling Company ("ARO Drilling")

In 2017, SADCO and Rowan Rex Limited formed a company, ARO Drilling (Note 38), to provide offshore drilling services to the Company. In 2018, Mukamala Oil Field Services Limited ("MOFSL") was incorporated as a subsidiary of SADCO and all the investment and related commitments of ARO Drilling were transferred to MOFSL by way of a Novation Agreement. MOFSL has committed to invest SAR 2,719 through equity and shareholder loans, of which SAR 2,453 has been drawn down at December 31, 2022. In addition, the Company has committed to lease 20 offshore rigs over a 10-year period beginning in 2023 for an estimated value of SAR 41,468.

(f) Saudi Aramco Nabors Drilling Company ("SANAD")

In 2017, SADCO and Nabors International Netherlands BV formed a company, SANAD (Note 38), to provide onshore drilling services to the Company. In 2018, MOFSL was incorporated as a subsidiary of SADCO and all the investment and related commitments of SANAD were transferred to MOFSL by way of a Novation Agreement. The Company has committed to lease 50 onshore rigs over a 10-year period beginning in 2022 for an estimated value of SAR 23,214.

(g) Arabian Rig Manufacturing Company (''ARM'')

In June 2018, SADCO and NOV Downhole Eurasia Limited formed a company, ARM (Note 39), to provide onshore land drilling manufacturing, equipment and services to SANAD and the Middle East and North Africa region. The Company committed to invest SAR 225, of which, SAR 72 is invested at December 31, 2022. In addition, SADCO has guaranteed the purchase of 50 onshore rigs over a 10-year period beginning in 2022. Two of these rigs were delivered in 2022, and accordingly, the remaining commitment amount stands at SAR 8,348, as at December 31, 2022. SADCO has the option to cancel the rig orders for a maximum financial exposure of SAR 1,260.

(h) Saudi Engines Manufacturing Company (''SEMCO'')

On May 19, 2019, SADCO, Korea Shipbuilding and Offshore Engineering ("KSOE"), and the Saudi Arabian Industrial Investment Company ("Dussur") entered into an agreement to form a company to set up an engine manufacturing and aftersales facility in the Kingdom. A limited liability company, SEMCO, was formed on November 16, 2020 by SADCO, which owns 55% of the company, while KSOE and Dussur own 30% and 15%, respectively. SADCO is a 25% shareholder of Dussur. Total investment in SEMCO will be up to SAR 646 of which SADCO's share will be up to SAR 355. At December 31, 2022, SAR 86 has been drawn down by SEMCO.

(i) Other

(i) In order to comply with past Government directives, the Company expects to sell portions of its equity in Saudi Aramco Total Refining and Petrochemical Company and Yanbu Aramco Sinopec Refining Company Limited (Note 39) through a public offering of shares in Saudi Arabia.

(ii) Saudi Aramco is committed to comply with the Government directive to guarantee that Saudi Aramco Total Refining and Petrochemical Company shall spend a total of SAR 375 over a 10-year period ending December 31, 2025 on social responsibility programs. At December 31, 2022, SAR 217 remains to be spent.

(iii) Saudi Aramco is committed to comply with the Government directive to guarantee that Yanbu Aramco Sinopec Refining Company Limited shall spend a total of SAR 375 on social responsibility programs by September 30, 2025. At December 31, 2022, SAR 131 remains to be spent.

(iv) Saudi Aramco has commitments of SAR 264 (2021: SAR 287) to invest in private equity investments both inside and outside the Kingdom. Such commitments can be called on demand.

(v) Saudi Aramco has commitments of SAR 173 (2021: SAR 79) to fund additional loans and acquire additional unlisted equity investments of certain small to mid-sized enterprises in the Kingdom. The commitments can be called by the enterprises upon meeting certain conditions.

(vi) Saudi Aramco has commitments of SAR 2,107 (2021: SAR 602) in relation to capital contributions for certain other affiliates.

33. Contingencies

Saudi Aramco has contingent assets and liabilities with respect to certain disputed matters, including claims by and against contractors and lawsuits and arbitrations involving a variety of issues. These contingencies arise in the ordinary course of business. It is not anticipated that any material adjustments will result from these contingencies.

Saudi Aramco also has contingent liabilities with respect to the following:

(a) Sadara

On March 25, 2021, Sadara entered into various agreements to restructure its senior project financing debt amounting to SAR 37,280. Terms of the restructuring include a principal repayment grace period until June 2026 and an extension of the final maturity date from 2029 to 2038. In connection with the restructuring, the Company and Dow have agreed to guarantee up to an aggregate of SAR 13,875 of senior debt principal and its associated interest in proportion to their ownership interests in Sadara. Further, the Company and Dow have agreed to provide guarantees and support, in proportion to their ownership interest in Sadara, for interest payment shortfalls on all outstanding senior debt until June 2026, working capital shortfall support up to SAR 1,875 in 2030, as well as an undertaking to provide acceptable credit support to cover the required Debt Service Reserve Account balance, which needs to be funded prior to June 2026.

In addition to the senior debt restructuring, effective March 25, 2021, the Company, Dow (and/or their affiliates) and Sadara have also entered into agreements to (i) provide additional feedstock by increasing the allocated quantity of ethane and natural gasoline supplied by Saudi Aramco, and (ii) gradually increase Saudi Aramco's rights to market, through SABIC, its equity share of finished products produced by Sadara (subject to certain agreed terms) over the next five to 10 years. The Company has provided a guarantee for the payment and performance obligations of SABIC under the Product Marketing and Lifting Agreement.

On June 17, 2021, Excellent Performance Chemical Company ("EPCC"), a wholly owned subsidiary of the Company, and Sadara entered into a new SAR 1,500 subordinated revolving credit facility to provide shortfall funding to Sadara. As of December 31, 2022, the facility was not utilized. Unless extended, the facility is scheduled to mature in June 2023. The unutilized amount of SAR 1,357 under the subordinated credit facility entered on June 17, 2013 has been cancelled.

With respect to Sadara's fuel and feedstock allocation, Saudi Aramco has provided two letters of credit to the Ministry of Energy for SAR 169 and SAR 225, respectively, to construct epoxy plants and for the development of projects to support conversion industries in the Kingdom. In July 2021, the second letter of credit was reduced from SAR 225 to SAR 169 reflecting the sponsor payment for the Ethylene Oxide and Propylene Oxide Pipeline project for Sadara. In April 2022, the second letter of credit was further reduced to SAR 152.

(b) Petro Rabigh

In March 2015, the two founding shareholders of Petro Rabigh, the Company and Sumitomo Chemical Co. Ltd., concluded external long-term debt financing arrangements with lenders on behalf of Petro Rabigh for the Rabigh II Project ("the Project") in the amount of SAR 19,380 for which the two shareholders provided guarantees for their equal share of the debt financing (the "Completion Guarantees"). On September 30, 2020, Petro Rabigh achieved project completion under its senior finance agreements and, as a result, the founding shareholders were released from their obligations under the Completion Guarantees. As part of project completion, the founding shareholders entered into a debt service undertaking with the Rabigh II lenders, whereby each founding shareholder, on a several basis, undertakes to pay 50% of any shortfalls in scheduled (and not accelerated) Rabigh II debt service on each Rabigh II payment date until the earlier of the final Rabigh II repayment date in June 2032 or the repayment of SAR 5,625 of the outstanding equity bridge loans. The semi-annual scheduled principal debt service under the Rabigh II financing is approximately SAR 622.

The founding shareholders arranged equity bridge loans ("the EBLs") in an aggregate amount of SAR 11,250 which the founding shareholders guarantee on a several and equal basis, to meet the equity financing requirements under the senior finance agreements. Upon closing of the rights issuance (Note 32(c)), Petro Rabigh repaid SAR 1,940 of its equity bridge loans out of the proceeds of the rights issuance. The maturity date for the remaining EBLs of SAR 9,310 was extended to March 20, 2023.

On September 30, 2020, Petro Rabigh entered into revolving loan facilities in an aggregate amount of SAR 5,625 with the Company and Sumika Finance Company Limited, a wholly owned subsidiary of Sumitomo Chemical Co. Ltd. Unless extended, these facilities will mature in December 2023. As of December 31, 2022, an amount of SAR 2,175 was outstanding under these facilities, of which the Company's share was SAR 1,088. Petro Rabigh also entered into another revolving loan facility for SAR 1,875 with the Company, which, unless extended, matures in December 2023. As at December 31, 2022, no amount was utilized under this facility.

(c) Other

Saudi Aramco has provided guarantees of SAR 2,110 (2021: SAR 4,151) in relation to borrowings and other obligations of certain other affiliates, arising in the ordinary course of business.

34. Sale of equity interests in affiliates

(a) Power and Water Utility Company for Jubail and Yanbu ("Marafiq")

On November 24, 2022, Marafiq, an associate of Saudi Aramco, announced the listing of its shares on the Main Market of the Saudi Exchange following the successful completion of its IPO. The IPO comprised shares offered by the majority shareholders of Marafiq, including Saudi Aramco Power Company and SABIC, in proportion to their shareholding. Following the completion of the IPO, the aggregate equity ownership of the aforementioned Saudi Aramco subsidiaries in Marafiq reduced from 49.6% to 35%, resulting in proceeds of SAR 1,651 and a gain of SAR 464. The carrying value of the investment in Marafiq in the consolidated financial statements at December 31, 2022, was SAR 3,020 (December 31, 2021: SAR 3,924).

(b) Aramco Gas Pipelines Company ("AGPC")

On February 23, 2022, the Company sold a 49% equity interest in AGPC, a newly formed wholly owned subsidiary of the Company, to GreenSaif Pipelines Bidco S.à r.l. (formerly, GEPIF III Finance III Lux S.à r.l.) ("GreenSaif") for upfront proceeds of SAR 58,125 ($15,500) in cash.

GreenSaif is an entity owned by a consortium of investors led by affiliates of BlackRock Real Assets and Hassana Investment Company, the investment management arm of the General Organization for Social Insurance ("GOSI") in the Kingdom. GreenSaif, as a shareholder of AGPC, is entitled to receive quarterly distributions of its pro rata share of AGPC's available cash when the Company pays discretionary dividends to its ordinary shareholders. Given the discretionary nature of distributions to GreenSaif, in line with the principles outlined in Note 2(e), GreenSaif's shareholding represents a non-controlling interest and, therefore, the upfront sale proceeds are recognized in the consolidated financial statements as a non-controlling interest within equity.

Immediately prior to the closing of the transaction, the Company leased the usage rights to its gas pipelines network to AGPC for a 20-year period. Concurrently, AGPC granted the Company the exclusive right to use, operate and maintain the pipelines network during the 20-year period in exchange for a quarterly, volume-based tariff payable by the Company to AGPC. The tariff is backed by minimum volume commitments. The Company will at all times retain title to, and operational control of, the pipelines.

(c) Aramco Oil Pipelines Company ("AOPC")

On June 17, 2021, the Company sold a 49% equity interest in AOPC, a newly formed wholly owned subsidiary of the Company, to EIG Pearl Holdings S.à r.l. ("EIG") for upfront sale proceeds of SAR 46,547 ($12,412) in cash.

EIG is an entity owned by a consortium of investors led by EIG Global Energy Partners. EIG, as a shareholder of AOPC, is entitled to receive quarterly distributions of its pro rata share of AOPC's available cash when the Company pays discretionary dividends to its ordinary shareholders. Given the discretionary nature of distributions to EIG, in line with the principles outlined in Note 2(e), EIG's shareholding represents a non-controlling interest and, therefore, the upfront sale proceeds have been recognized in the consolidated financial statements as a non-controlling interest within equity.

Immediately prior to the closing of the transaction, the Company leased the usage rights to its stabilized crude oil pipelines network to AOPC for a 25-year period. Concurrently, AOPC granted the Company the exclusive right to use, operate and maintain the pipelines network during the 25-year period in exchange for a quarterly, volume-based tariff payable by the Company to AOPC. The tariff is backed by minimum volume commitments. The Company will at all times retain title to, and operational control of, the pipelines.

35. Investments in affiliates

(a) Investments in subsidiaries

(i) Grupa LOTOS S.A. transaction

On January 12, 2022, Aramco Overseas Company B.V. ("AOC"), a wholly owned subsidiary of Saudi Aramco, entered into share purchase agreements with Grupa LOTOS Spółka Akcyjna ("Grupa LOTOS S.A."), a subsidiary of Polski Koncern Naftowy ORLEN S.A. ("PKN ORLEN"), to purchase shares in certain entities of Grupa LOTOS S.A. Under this transaction, AOC acquired 100% equity interest in LOTOS SPV 1 Sp. z o.o. for a cash consideration of SAR 930 ($248), in addition to acquiring 30% of the issued share capital of LOTOS Asfalt sp. z o.o. and 50% of the issued share capital of LOTOS-Air BP Polska sp. z o.o. for SAR 889 ($237) (Note 35(c)). These acquisitions are in line with Saudi Aramco's strategy of expanding its downstream presence in Europe and further expanding its crude imports into Poland.

Prior to completion of the transaction, an organized part of the wholesale business operated by LOTOS Paliwa sp. z o.o. ("LOTOS Paliwa"), a subsidiary of Grupa LOTOS S.A., was transferred to LOTOS SPV 1 Sp. z o.o., subsequently renamed as Aramco Fuels Poland sp. z o.o. ("AFP"). AFP is engaged in the acquisition, storage, blending, marketing, transportation, distribution and the sale of fuel to wholesale customers.

The closing of the transaction occurred on November 30, 2022. The transaction resulted in Saudi Aramco obtaining control of AFP. Saudi Aramco accounts for acquisitions of subsidiaries using the acquisition method of accounting. This requires recognition of the assets acquired and liabilities assumed at fair value as of the acquisition date.

Saudi Aramco engaged an independent valuer in order to determine the fair value of the assets and liabilities of AFP as part of the purchase price allocation process. Based on the preliminary fair values of the total identifiable net assets and liabilities of SAR 909, including cash acquired of SAR 513, goodwill of SAR 21 has been recognized.

35. Investments in affiliates continued

(a) Investments in subsidiaries continued

Acquisition and transaction costs of SAR 37 were expensed as selling, administrative, and general expenses in the consolidated statement of income for the year ended December 31, 2022.

Post-acquisition, AFP contributed revenues of SAR 2,043 and net profit of SAR 14, which is included in the consolidated statement of income.

(ii) SABIC Agri-Nutrients Investment Company ("SANIC")
On January 4, 2021, SABIC Agri-Nutrients Company ("SABIC AN"), formerly Saudi Arabian Fertilizer Company ("SAFCO"), acquired 100% of the issued share capital of SANIC from SABIC. The total value of shares in SANIC is set at SAR 4,809, the consideration for which was paid by issuing 59,368,738 ordinary new shares in SABIC AN to SABIC valued at SAR 81 per share, thereby increasing the ownership by SABIC of SABIC AN from 43% to 50.1%. Under the terms of the transaction, the settlement of working capital and net debt at SANIC since the transaction date, amounted to SAR 2. A net loss of SAR 677 arising from this transaction has been recognized in retained earnings, which represents Saudi Aramco's share of the loss recorded by SABIC.

(b) Investments in joint operations

Jazan Integrated Gasification and Power Company ("JIGPC")
On September 27, 2021, Saudi Aramco entered into an arrangement with Air Products, ACWA Power and Air Products Qudra relating to the Jazan Integrated Gasification Combined-Cycle ("IGCC") power plant, an Air Separation Unit ("ASU") and certain ancillary assets (together, "the facility"). The transaction entailed creation of JIGPC, a limited liability company, with SAPCO, a wholly owned subsidiary of the Company owning 20%, while Air Products, ACWA Power and Air Products Qudra own 46%, 25% and 9%, respectively. JIGPC will operate the facility under a 25-year contract for a predetermined monthly fee. Saudi Aramco will supply feedstock to JIGPC, and JIGPC will produce power, steam, hydrogen and other utilities for Saudi Aramco. The transaction has been accounted for as a financing arrangement and the assets remain in the books of the Company. Based on the facts and circumstances, including the source of cash flows as well as the purpose and design of the arrangement, in line with the principles outlined in Note 2(e), JIGPC has been accounted for as a joint operation by Saudi Aramco.

SAPCO's total contribution in JIGPC, as a shareholder, is expected to be SAR 3,600, of which an amount of SAR 3,443 has been contributed as of the date of issuance of the consolidated financial statements. The financial close of the transaction occurred on October 27, 2021. The total proceeds of the transaction are SAR 44,063, of which, the Company received the first tranche of SAR 18,386, net of the ASU purchase consideration of SAR 8,146. The ASU, which was previously accounted for as a lease, was purchased by the Company and transferred with the rest of the facility as part of the closing. The second tranche of SAR 15,563 was received on January 19, 2023, with the remaining amount of SAR 1,968 expected to be received by the end of 2023 (Notes 20(h), 40).

(c) Investments in joint ventures and associates

Grupa LOTOS S.A. transaction
On November 30, 2022, AOC acquired 30% of the issued share capital of LOTOS Asfalt sp. z o.o., subsequently renamed as Rafineria Gdańska sp. z o.o. ("POLREF"), for SAR 853 ($227). The remaining 70% of the equity interest is held by PKN ORLEN (Note 35(a)(i)). The investment in POLREF has been accounted for as an associate. POLREF operates an oil refinery located in Gdańsk, Poland. Post-acquisition, the refinery processes the crude oil supplied by PKN ORLEN and AFP into finished products, in exchange for a processing fee.

In addition, on November 30, 2022, AOC acquired 50% of the issued share capital of LOTOS-Air BP Polska sp. z o.o., subsequently renamed as Air BP Aramco Poland sp. z o.o. ("AIRBP"), for SAR 36 ($10). The remaining 50% of the issued share capital of AIRBP is retained by BP Europa SE (Note 35(a)(i)). The investment in AIRBP has been accounted for as a joint venture. The business of AIRBP includes acquisition, storage, transport, distribution and sale of aviation fuels in bulk or having them delivered into aircrafts in and outside of Poland.

36. Dividends

Dividends declared and paid on ordinary shares are as follows:

			SAR per share	
	2022	2021	**2022**	2021
Quarter:				
March[1]	**70,331**	70,325	**0.35**	0.35
June[2]	**70,328**	70,325	**0.32**	0.35
September[2]	**70,329**	70,327	**0.32**	0.35
December[2]	**70,330**	70,328	**0.32**	0.35
Total dividends declared and paid	**281,318**	281,305	**1.31**	1.40
Dividends declared on March 10, 2023 and March 18, 2022[2,3]	**73,150**	70,331	**0.33**	0.35

1. Dividends of SAR 70,331 paid in 2022 relate to 2021 results. Dividends of SAR 70,325 paid in 2021 relate to 2020 results.
2. Dividend per share reflects the effect of the issuance of the bonus shares approved on May 12, 2022, as described below.
3. The consolidated financial statements do not reflect a dividend to shareholders of approximately SAR 73,150, which was declared on March 10, 2023 (March 18, 2022: SAR 70,331). This dividend will be deducted from unappropriated retained earnings in the year ending December 31, 2023.

On May 12, 2022, after obtaining necessary approvals from the competent authorities, the Extraordinary General Assembly ("EGA") approved the increase of the Company's share capital by SAR 15,000 and the commensurate increase of the number of the Company's issued ordinary shares by 20 billion without par value. Such increase was effected through capitalization of the Company's retained earnings. Each shareholder was granted one (1) bonus share for every ten (10) shares owned. The Company's share capital after the increase is SAR 75,000, divided into 220 billion fully paid ordinary shares with equal voting rights without par value.

On March 10, 2023, the Board of Directors recommended to the EGA to increase the Company's share capital by granting bonus shares to its shareholders through capitalization of SAR 15,000 from retained earnings and by increasing the number of the issued ordinary shares by 22 billion without par value. The increase of the share capital and the number of ordinary shares is subject to obtaining necessary approvals from competent authorities and the EGA, which will be announced later as per regulatory requirements. Once the EGA approves the capital increase, eligible shareholders will be entitled to receive one (1) bonus share for every ten (10) shares owned, and the Company's share capital will increase to SAR 90,000, divided into 242 billion fully paid ordinary shares with equal voting rights without par value.

37. Earnings per share

The following table reflects the net income and number of shares used in the earnings per share calculations:

	2022	2021
Net income attributable to the ordinary shareholders of the Company	**597,215**	395,203
Weighted average number of ordinary shares (in millions) (Note 2(dd))[1]	**219,913**	219,897
Earnings per share for net income attributable to the ordinary shareholders of the Company (in Saudi Riyals)[1]	**2.72**	1.80

1. Earnings per share for the years ended December 31, 2022 and 2021 have been calculated by retrospectively adjusting the weighted average number of outstanding shares to reflect the effect of the issuance of bonus shares approved on May 12, 2022 (Note 36).

Potential ordinary shares during the year ended December 31, 2022, related to employees' share-based compensation in respect of employee share plans that were awarded to the Company's eligible employees under those plan terms (Note 17). These share plans did not have a significant dilution effect on basic earnings per share for the years ended December 31, 2022 and 2021.

All amounts in millions of Saudi Riyals unless otherwise stated

38. Subsidiaries of Saudi Arabian Oil Company

	Principal business activity	Percent ownership[1]	Place of business/ country of incorporation	Conventional financial assets as of December 31, 2022[2,3]	Conventional financial liabilities as of December 31, 2022[3]	Interest income from conventional financial assets for the year ended December 31, 2022[3]
A. Wholly owned:						
4 Rivers Energy LLC	Retail fuel operations	100%	USA	–	–	–
Aramco (Beijing) Venture Management Consultant Co., Ltd.	Investment	100%	China	8	7	–
Aramco Affiliated Services Company	Support services	100%	USA	1	–	–
Aramco Asia India Private Limited	Purchasing and other services	100%	India	24	15	–
Aramco Asia Japan K.K.	Purchasing and other services	100%	Japan	86	305	1
Aramco Asia Korea Limited	Marketing and vendor sourcing activities	100%	South Korea	44	10	1
Aramco Asia Singapore Pte. Ltd.	Purchasing and other services	100%	Singapore	25	30	–
Aramco Associated Company	Aircraft operations	100%	USA	169	430	19
Aramco Capital Company, LLC	Aircraft leasing	100%	USA	38	–	–
Aramco Chemicals Company	Chemicals	100%	Saudi Arabia	339	54	6
Aramco Far East (Beijing) Business Services Co., Ltd.	Petrochemical purchasing, sales and other services	100%	China	642	53	10
Aramco Financial Services Company	Financing	100%	USA	20	(1)	–
Aramco Fuels Poland sp. z o.o.	Wholesale fuel operations	100%	Poland	597	1,936	2
Aramco Gulf Operations Company Limited	Production and sale of crude oil	100%	Saudi Arabia	2,397	1,869	44
Aramco Innovations Limited Liability Company	Research and commercialization	100%	Russia	16	20	–
Aramco International Company Limited[4]	Support services	100%	British Virgin Islands	–	–	–
Aramco Lubricants and Retail Company	Retail fuel marketing	100%	Saudi Arabia	116	52	–
Aramco Overseas – Egypt	Personnel and other support services	100%	Egypt	–	–	–
Aramco Overseas Company B.V.	Purchasing and other services	100%	Netherlands	32,696	2,316	554
Aramco Overseas Company Spain, S.L.	Personnel and other support services	100%	Spain	–	1	–
Aramco Overseas Company UK Limited	Personnel and other support services	100%	United Kingdom	3	77	–
Aramco Overseas Malaysia SDN. BHD.	Personnel and other support services	100%	Malaysia	5	9	–
Aramco Performance Materials LLC	Petrochemical manufacture and sales	100%	USA	10	7	–
Aramco Services Company	Purchasing, engineering and other services	100%	USA	6,181	583	9
Aramco Shared Benefits Company	Benefits administration	100%	USA	1	1	–
Aramco Trading Americas Holding Inc.	Holding	100%	USA	–	–	–
Aramco Trading Americas LLC (formerly, Motiva Trading LLC)	Purchasing and sale of petroleum goods and other services	100%	USA	1,180	1,546	–
Aramco Trading Company	Importing, exporting and trading of crude oil, refined and chemical products	100%	Saudi Arabia	5,419	7,676	62
Aramco Trading Fujairah FZE	Importing and exporting refined products	100%	UAE	2,521	4,148	49

All amounts in millions of Saudi Riyals unless otherwise stated

38. Subsidiaries of Saudi Arabian Oil Company continued

	Principal business activity	Percent ownership[1]	Place of business/ country of incorporation	Conventional financial assets as of December 31, 2022[2,3]	Conventional financial liabilities as of December 31, 2022[3]	Interest income from conventional financial assets for the year ended December 31, 2022[3]
Aramco Trading Limited	Importing and exporting refined products	100%	United Kingdom	**212**	**3,240**	**22**
Aramco Trading Singapore Pte. Ltd.	Marketing and sales support	100%	Singapore	**885**	**7,128**	**3**
Aramco Venture Management Consultant Company LLC	Consulting services	100%	USA	**1**	**12**	**–**
Aramco Ventures Holdings Limited	Investment	100%	Guernsey	**271**	**–**	**–**
Aramco Ventures Investments Limited	Investment	100%	Guernsey	**2,221**	**–**	**–**
ARLANXEO Holding B.V.	Development, manufacture, and marketing of high-performance rubber	100%	Netherlands	**582**	**2,886**	**16**
ARLANXEO Belgium N.V.		100%	Belgium	**306**	**(117)**	**–**
ARLANXEO Branch Offices B.V.		100%	Netherlands	**23**	**–**	**–**
ARLANXEO Brasil S.A.		100%	Brazil	**(317)**	**(180)**	**(4)**
ARLANXEO Canada Inc.		100%	Canada	**346**	**(221)**	**–**
ARLANXEO Deutschland GmbH		100%	Germany	**359**	**(345)**	**–**
ARLANXEO Elastomères France S.A.S.		100%	France	**(91)**	**(129)**	**–**
ARLANXEO Emulsion Rubber France S.A.S.		100%	France	**(474)**	**(144)**	**–**
ARLANXEO High Performance Elastomers (Changzhou) Co., Ltd.		100%	China	**396**	**(249)**	**(1)**
ARLANXEO India Private Limited		100%	India	**10**	**(1)**	**–**
ARLANXEO Netherlands B.V.		100%	Netherlands	**128**	**(219)**	**(7)**
ARLANXEO Singapore Pte. Ltd.		100%	Singapore	**49**	**(514)**	**–**
ARLANXEO Switzerland S.A.		100%	Switzerland	**382**	**(2)**	**–**
ARLANXEO USA LLC		100%	USA	**258**	**(325)**	**–**
Aurora Capital Holdings LLC	Real estate holdings	100%	USA	**–**	**–**	**–**
Bolanter Corporation N.V.	Crude oil storage	100%	Curaçao	**39**	**–**	**–**
Briar Rose Ventures LLC	Real estate holdings	100%	USA	**–**	**–**	**–**
Canyon Lake Holdings LLC	Retail fuel operations	100%	USA	**–**	**–**	**–**
Excellent Performance Chemicals Company	Petrochemical manufacture and sales	100%	Saudi Arabia	**708**	**2**	**161**
Global Digital Integrated Solutions Company	Information technology	100%	Saudi Arabia	**–**	**–**	**–**
Investment Management Company	Investment management of post-employment benefit plans	100%	Saudi Arabia	**4**	**–**	**–**
Motiva Enterprises LLC	Refining and marketing	100%	USA	**3,702**	**25,457**	**322**
Motiva Pipeline LLC	Pipeline transport	100%	USA	**–**	**–**	**–**
Mukamala Oil Field Services Limited	Oil field services	100%	Saudi Arabia	**295**	**–**	**2**
Mukamalah Aviation Company (formerly, Mukamala International Investments Company)	Aviation	100%	Saudi Arabia	**–**	**–**	**–**
Pandlewood Corporation N.V.	Financing	100%	Curaçao	**1,260**	**1**	**29**
Pedernales Ventures LLC	Retail fuel operations	100%	USA	**–**	**–**	**–**
Pedernales Ventures II LLC	Investment	100%	USA	**294**	**–**	**–**
PT Aramco Overseas Indonesia	Project management support	100%	Indonesia	**–**	**–**	**–**
SAEV Europe Limited	Investment	100%	United Kingdom	**5**	**3**	**–**

All amounts in millions of Saudi Riyals unless otherwise stated

38. Subsidiaries of Saudi Arabian Oil Company continued

	Principal business activity	Percent ownership[1]	Place of business/ country of incorporation	Conventional financial assets as of December 31, 2022[2,3]	Conventional financial liabilities as of December 31, 2022[3]	Interest income from conventional financial assets for the year ended December 31, 2022[3]
SAEV Guernsey 1 Ltd	Investment	100%	Guernsey	226	–	–
SAEV Guernsey Holdings Limited	Investment	100%	Guernsey	1,794	–	–
Saudi Aramco Asia Company Limited	Investment	100%	Saudi Arabia	2,600	–	35
Saudi Aramco Capital Company Limited	Investment	100%	Guernsey	–	–	–
Saudi Aramco Development Company	Investment	100%	Saudi Arabia	880	–	5
Saudi Aramco Energy Ventures LLC	Investment	100%	Saudi Arabia	31	–	–
Saudi Aramco Energy Ventures US LLC	Investment	100%	USA	4	4	–
Saudi Aramco Entrepreneurship Center Company Limited	Financing	100%	Saudi Arabia	213	11	7
Saudi Aramco Entrepreneurship Venture Company Limited	Investment	100%	Saudi Arabia	824	–	–
Saudi Aramco Jubail Refinery Company	Refining	100%	Saudi Arabia	4,254	812	–
Saudi Aramco Power Company	Power generation	100%	Saudi Arabia	8,464	9	129
Saudi Aramco Sukuk Company	Investment	100%	Saudi Arabia	1	126	–
Saudi Aramco Technologies Company	Research and commercialization	100%	Saudi Arabia	250	93	–
Saudi Aramco Upstream Technology Company	Research and commercialization	100%	Saudi Arabia	20	7	–
Saudi Petroleum International, Inc.	Marketing support services	100%	USA	40	58	–
Saudi Petroleum Overseas, Ltd.	Marketing support and tanker services	100%	United Kingdom	53	29	1
Saudi Petroleum, Ltd.[4]	Marketing support and tanker services	100%	British Virgin Islands	–	–	–
Saudi Refining, Inc.	Refining and marketing	100%	USA	570	441	20
Sofon Industries Company	Maritime holdings	100%	Saudi Arabia	–	–	–
Stellar Insurance, Ltd.	Insurance	100%	Bermuda	10,256	713	211
Vela International Marine Limited	Marine management and transportation	100%	Liberia	10,768	–	174
Wisayah Global Investment Company	Investment services	100%	Saudi Arabia	296	35	2
B. Non-wholly owned:						
Aramco Gas Pipelines Company	Pipeline transport	51%	Saudi Arabia	622	–	5
Aramco Oil Pipelines Company	Pipeline transport	51%	Saudi Arabia	2	2	–
Aramco Training Services Company[5]	Training	49%	USA	1	–	–
ARLANXEO-TSRC (Nantong) Chemical Industries Co., Ltd.[5]	Development, manufacture, and marketing of high-performance rubber	50%	China	98	(17)	(1)
Johns Hopkins Aramco Healthcare Company	Healthcare	80%	Saudi Arabia	624	619	1
SA Global Sukuk Limited[5]	Investment	0%	Cayman Islands	–	–	–
Saudi Aramco Base Oil Company[6]	Production and sale of petroleum-based lubricants	70%	Saudi Arabia	1,904	776	31
Saudi Aramco Nabors Drilling Company[5]	Drilling	50%	Saudi Arabia	1,136	1,901	21
Saudi Aramco Rowan Offshore Drilling Company[5]	Drilling	50%	Saudi Arabia	622	2,386	12
S-International Ltd.	Purchasing and sale of petroleum goods	61.6%	The Independent State of Samoa	4	–	–
S-Oil Corporation	Refining	61.6%	South Korea	4,535	26,098	90
S-Oil Singapore Pte. Ltd.	Marketing support	61.6%	Singapore	33	90	1

All amounts in millions of Saudi Riyals unless otherwise stated

38. Subsidiaries of Saudi Arabian Oil Company continued

	Principal business activity	Percent ownership[1]	Place of business/ country of incorporation	Conventional financial assets as of December 31, 2022[2,3]	Conventional financial liabilities as of December 31, 2022[3]	Interest income from conventional financial assets for the year ended December 31, 2022[3]
Saudi Basic Industries Corporation ("SABIC")[7]	Holding	70%	Saudi Arabia			
SABIC Luxembourg S.à r.l. ("SLUX")	Petrochemicals	70%	Luxembourg			
SABIC Industrial Investments Company ("SIIC")	Investments	70%	Saudi Arabia			
SABIC Agri-Nutrients Company ("SABIC AN")[5]	Agri-nutrients	35.1%	Saudi Arabia			
SABIC Investment and Local Content Development Company ("NUSANED")	Investment	70%	Saudi Arabia			
Arabian Petrochemical Company ("PETROKEMYA")	Petrochemicals	70%	Saudi Arabia			
Saudi Iron and Steel Company ("HADEED")	Metals	70%	Saudi Arabia			
Saudi European Petrochemical Company ("IBN ZAHR")	Petrochemicals	56%	Saudi Arabia			
Jubail United Petrochemical Company ("UNITED")	Petrochemicals	52.5%	Saudi Arabia			
Saudi Methanol Company ("AR-RAZI")	Petrochemicals	52.5%	Saudi Arabia			
National Industrial Gases Company ("GAS")	Utilities	51.8%	Saudi Arabia			
Yanbu National Petrochemical Company ("YANSAB")[5]	Petrochemicals	36.4%	Saudi Arabia			
National Methanol Company ("IBN-SINA")[5]	Petrochemicals	35%	Saudi Arabia			
Arabian Industrial Fibers Company ("IBN RUSHD")[5]	Petrochemicals	33.9%	Saudi Arabia			
Saudi Kayan Petrochemical Company ("SAUDI KAYAN")[5]	Petrochemicals	24.5%	Saudi Arabia			
SABIC Innovative Plastics Argentina SRL	Petrochemicals	70%	Argentina			
SABIC High Performance Plastic ("SHPP") Argentina SRL	Specialties	70%	Argentina			
SABIC Australia Pty Ltd.	Petrochemicals	70%	Australia			
SABIC Innovative Plastics Aus GmbH	Petrochemicals	70%	Austria			
SABIC Innovative Plastics GmbH & Co. KG	Petrochemicals	70%	Austria			
SABIC Innovative Plastics South America-Indústria e Comércio de Plásticos Ltda	Petrochemicals	70%	Brazil			
SHPP South America Comércio de Plásticos Ltda	Specialties	70%	Brazil			
NV Pijpleiding Antwerpen-Limburg-Luik (PALL)	Support services	70%	Belgium			
SABIC Belgium NV	Petrochemicals	70%	Belgium			
SHPP Canada, Inc.	Specialties	70%	Canada			
SABIC Petrochemicals Canada, Inc.	Petrochemicals	70%	Canada			
SABIC Innovative Plastics (China) Co., Ltd.	Petrochemicals	70%	China			
SABIC Innovative Plastics (Chongqing) Co., Ltd.	Petrochemicals	70%	China			
SABIC Innovative Plastics International Trading (Shanghai) Ltd.	Petrochemicals	70%	China			
SABIC Innovative Plastics Management (Shanghai) Co., Ltd.[4]	Petrochemicals	70%	China			
SHPP (Shanghai) Co., Ltd.	Specialties	70%	China			

All amounts in millions of Saudi Riyals unless otherwise stated

38. Subsidiaries of Saudi Arabian Oil Company continued

	Principal business activity	Percent ownership[1]	Place of business/ country of incorporation	Conventional financial assets as of December 31, 2022[2,3]	Conventional financial liabilities as of December 31, 2022[3]	Interest income from conventional financial assets for the year ended December 31, 2022[3]
SABIC (Shanghai) Trading Co. Ltd.	Petrochemicals	70%	China			
SABIC (China) Research & Development Co. Ltd.	Petrochemicals	70%	China			
SABIC China Holding Co. Ltd.	Petrochemicals	70%	China			
SABIC Innovative Plastics Czech s.r.o.	Petrochemicals	70%	Czech Republic			
SHPP Czech s.r.o.	Specialties	70%	Czech Republic			
SABIC Innovative Plastics Denmark Aps	Petrochemicals	70%	Denmark			
SABIC Nordic A/S	Petrochemicals	70%	Denmark			
SABIC Innovative Plastics Finland OY	Petrochemicals	70%	Finland			
SHPP Finland OY	Specialties	70%	Finland			
SABIC France S.A.S.	Petrochemicals	70%	France			
SABIC Innovative Plastics France S.A.S.	Petrochemicals	70%	France			
SHPP France S.A.S.	Specialties	70%	France			
SABIC Deutschland GmbH	Petrochemicals	70%	Germany			
SABIC Holding Deutschland GmbH	Petrochemicals	70%	Germany			
SABIC Innovative Plastics GmbH	Petrochemicals	70%	Germany			
SABIC Innovative Plastics Holding Germany GmbH	Petrochemicals	70%	Germany			
SABIC Polyolefine GmbH	Petrochemicals	70%	Germany			
SHPP Germany GmbH	Specialties	70%	Germany			
SD Verwaltungs GmbH	Administrative company	70%	Germany			
SD Lizenzverwertungs GmbH & Co KG	License company	70%	Germany			
SD Beteiligungs GmbH & Co KG	Specialties	70%	Germany			
SABIC Greece M.E.P.E.[4]	Petrochemicals	70%	Greece			
SABIC Innovative Plastics Hong Kong Ltd.	Petrochemicals	70%	Hong Kong, China			
SABIC Innovative Plastics SIT Holding Ltd.	Petrochemicals	70%	Hong Kong, China			
SABIC Taiwan Holding Ltd.	Petrochemicals	70%	Hong Kong, China			
SHPP Hong Kong	Specialties	70%	Hong Kong, China			
SABIC Hungary Kft.	Petrochemicals	70%	Hungary			
SABIC Innovative Plastics Kereskedelmi Kft.	Petrochemicals	70%	Hungary			
SHPP Hungary Kft.	Specialties	70%	Hungary			
SABIC India Pvt Ltd.	Petrochemicals	70%	India			
SABIC Innovative Plastics India Private Ltd.	Petrochemicals	70%	India			
SABIC R&T Pvt Ltd.	Petrochemicals	70%	India			
High Performance Plastics India Pvt Ltd.	Petrochemicals	70%	India			
SABIC Innovative Plastics Italy Srl	Petrochemicals	70%	Italy			
SABIC Italia Srl	Petrochemicals	70%	Italy			
SABIC Sales Italy Srl	Specialties	70%	Italy			
SHPP Italy Srl	Specialties	70%	Italy			
SHPP Sales Italy Srl	Specialties	70%	Italy			
SHPP Japan LLC	Petrochemicals	70%	Japan			
SABIC Petrochemicals Japan LLC	Petrochemicals	70%	Japan			

All amounts in millions of Saudi Riyals unless otherwise stated

38. Subsidiaries of Saudi Arabian Oil Company continued

	Principal business activity	Percent ownership[1]	Place of business/ country of incorporation	Conventional financial assets as of December 31, 2022[2,3]	Conventional financial liabilities as of December 31, 2022[3]	Interest income from conventional financial assets for the year ended December 31, 2022[3]
SABIC Korea Ltd.	Petrochemicals	70%	South Korea			
SHPP Korea Ltd.	Specialties	70%	South Korea			
SABIC Innovative Plastics Malaysia Sdn Bhd	Petrochemicals	70%	Malaysia			
SHPP Malaysia Sdn Bhd	Specialties	70%	Malaysia			
SABIC Innovative Plastics Mexico S de RL de CV	Petrochemicals	70%	Mexico			
High Performance Plastics Manufacturing Mexico S de RL de CV	Specialties	70%	Mexico			
BV Snij-Unie HiFi	Petrochemicals	70%	Netherlands			
SABIC Capital B.V.	Financing	70%	Netherlands			
SABIC Capital I B.V.	Financing	70%	Netherlands			
SABIC Capital II B.V.	Financing	70%	Netherlands			
Petrochemical Pipeline Services B.V.	Petrochemicals	70%	Netherlands			
SABIC Europe B.V.	Petrochemicals	70%	Netherlands			
SABIC Global Technologies B.V.	Petrochemicals	70%	Netherlands			
SABIC International Holdings B.V.	Petrochemicals	70%	Netherlands			
SABIC Innovative Plastics B.V.	Petrochemicals	70%	Netherlands			
SABIC Innovative Plastics GP B.V.	Petrochemicals	70%	Netherlands			
SABIC Innovative Plastics Holding B.V.	Petrochemicals	70%	Netherlands			
SABIC Innovative Plastics Utilities B.V.	Petrochemicals	70%	Netherlands			
SABIC Licensing B.V.	Petrochemicals	70%	Netherlands			
SABIC Limburg B.V.	Petrochemicals	70%	Netherlands			
SABIC Sales Europe B.V.	Petrochemicals	70%	Netherlands			
SABIC Petrochemicals B.V.	Petrochemicals	70%	Netherlands			
SABIC Ventures B.V.	Petrochemicals	70%	Netherlands			
SABIC Mining B.V.	Petrochemicals	70%	Netherlands			
SHPP Holding B.V.	Specialties	70%	Netherlands			
SHPP Global Technologies B.V.	Specialties	70%	Netherlands			
SHPP Ventures B.V.	Specialties	70%	Netherlands			
SHPP Capital B.V.	Financing	70%	Netherlands			
SHPP Capital I B.V.	Financing	70%	Netherlands			
SHPP Capital II B.V.	Financing	70%	Netherlands			
SHPP B.V.	Specialties	70%	Netherlands			
SHPP Sales B.V.	Specialties	70%	Netherlands			
SABIC Innovative Plastics Poland Sp. Z o.o.	Petrochemicals	70%	Poland			
SABIC Poland Sp. Z o.o.	Petrochemicals	70%	Poland			
SHPP Poland Sp. Z o.o.	Specialties	70%	Poland			
LLC SABIC Eastern Europe	Petrochemicals	70%	Russia			
SABIC Innovative Plastics Rus OOO	Petrochemicals	70%	Russia			
SHPP Russia OOO	Specialties	70%	Russia			
SABIC Innovative Plastics (SEA) Pte. Ltd.	Petrochemicals	70%	Singapore			
SABIC Innovative Plastics Holding Singapore Pte. Ltd.	Petrochemicals	70%	Singapore			
SHPP Singapore Pte. Ltd.	Specialties	70%	Singapore			
SABIC Asia Pacific Pte Ltd ("SAPPL")	Petrochemicals, agri-nutrients	70%	Singapore			

All amounts in millions of Saudi Riyals unless otherwise stated

38. Subsidiaries of Saudi Arabian Oil Company continued

	Principal business activity	Percent ownership[1]	Place of business/ country of incorporation	Conventional financial assets as of December 31, 2022[2,3]	Conventional financial liabilities as of December 31, 2022[3]	Interest income from conventional financial assets for the year ended December 31, 2022[3]
SABIC Innovative Plastics Espana ScpA	Petrochemicals	70%	Spain			
SABIC Innovative Plastics GP BV, Sociedad en Comandita	Petrochemicals	70%	Spain			
SABIC Sales Spain SL	Petrochemicals	70%	Spain			
SABIC Marketing Ibérica S.A.	Petrochemicals	70%	Spain			
SHPP Manufacturing Spain SL	Specialties	70%	Spain			
SHPP Marketing Plastics SL	Specialties	70%	Spain			
Saudi Innovative Plastics Sweden AB	Petrochemicals	70%	Sweden			
SHPP Thailand Co. Ltd.	Specialties	70%	Thailand			
SABIC (Thailand) Co. Ltd.	Petrochemicals	70%	Thailand			
SHPP Petrokimya Ticaret Ltd Sirketi	Specialties	70%	Turkey			
SABIC Global Ltd.	Petrochemicals	70%	United Kingdom			
SABIC Tees Holdings Ltd.	Petrochemicals	70%	United Kingdom			
SHPP Manufacturing UK Ltd.	Specialties	70%	United Kingdom			
SABIC Innovative Plastics Ltd.	Petrochemicals	70%	United Kingdom			
SABIC UK Ltd.	Petrochemicals	70%	United Kingdom			
SABIC UK Pension Trustee Ltd.	Petrochemicals	70%	United Kingdom			
SABIC UK Petrochemicals Ltd.	Petrochemicals	70%	United Kingdom			
SHPP Sales UK Ltd.	Specialties	70%	United Kingdom			
Exatec, LLC	Petrochemicals	70%	USA			
Mt. Vernon Phenol Plant Partnership[4]	Petrochemicals	70%	USA			
SABIC Americas LLC	Petrochemicals, agri-nutrients	70%	USA			
SABIC US Holdings LP	Petrochemicals	70%	USA			
SABIC Innovative Plastics Mt. Vernon, LLC	Petrochemicals	70%	USA			
SABIC Innovative Plastics US LLC	Petrochemicals	70%	USA			
SABIC Petrochemicals Holding US, LLC	Petrochemicals	70%	USA			
SABIC Ventures US Holdings LLC	Petrochemicals	70%	USA			
SABIC US Projects LLC	Petrochemicals	70%	USA			
SABIC Americas Growth LLC	Petrochemicals	70%	USA			
SABIC US Methanol LLC	Petrochemicals	70%	USA			
SHPP US LLC	Specialties	70%	USA			
JVSS Holding Co Inc.	Specialties	70%	USA			
Scientific Design Co. Inc.	Specialties	70%	USA			
SABIC Vietnam Company Ltd.	Petrochemicals	70%	Vietnam			
SHPP Vietnam Co Ltd	Specialties	70%	Vietnam			
SABCAP Insurance Limited ("SABCAP")	Insurance	70%	Guernsey			
SABIC Petrokemya Ticaret Limited ("SABIC TURKEY")	Petrochemicals	70%	Turkey			
SABIC Middle East Offshore Company ("SABIC MIDDLE EAST")[4]	Petrochemicals	70%	Lebanon			
SABIC Middle East Business Management LLC	Petrochemicals	70%	Jordan			
SABIC South Africa Proprietary Ltd.	Petrochemicals	70%	South Africa			
SABIC Africa for Trade & Marketing ("S.A.E.")	Petrochemicals	70%	Egypt			
SABIC Morocco	Petrochemicals	70%	Morocco			

All amounts in millions of Saudi Riyals unless otherwise stated

38. Subsidiaries of Saudi Arabian Oil Company continued

	Principal business activity	Percent ownership[1]	Place of business/ country of incorporation	Conventional financial assets as of December 31, 2022[2,3]	Conventional financial liabilities as of December 31, 2022[3]	Interest income from conventional financial assets for the year ended December 31, 2022[3]
SABIC Global Mobility Company FZ LLC ("GMC")	Personnel and other support services	70%	UAE			
SABIC Global Mobility ("GMC LLC")[4]	Personnel and other support services	70%	UAE			
SABIC Tunisia	Petrochemicals	70%	Tunisia			
SABIC Kenya	Petrochemicals	70%	Kenya			
SABIC Pakistan (Pvt.) Ltd.	Petrochemicals	70%	Pakistan			
SABIC East Africa for Trade and Marketing LLC	Petrochemicals	70%	Egypt			
International Shipping and Transportation Co. ("ISTC")	Supply chain	69.3%	Saudi Arabia			
SABIC Supply Chain Services Limited Company ("SSCS")	Supply chain	70%	Saudi Arabia			
SABIC Terminal Services ("SABTANK")	Supply chain	63%	Saudi Arabia			
Jubail Chemical Storage and Services Company ("CHEMTANK")[5]	Supply chain	40.6%	Saudi Arabia			
SABIC Agri-Nutrients Investment Company ("SANIC")	Agri-nutrients	70%	Saudi Arabia			
National Chemical Fertiliser Company ("IBN AL-BAYTAR")[5]	Agri-nutrients	35.1%	Saudi Arabia			
Al-Jubail Fertiliser Company ("AL BAYRONI")[5]	Agri-nutrients	35%	Saudi Arabia			

1. Percentages disclosed reflect the effective ownership of Saudi Aramco in the respective entities.
2. Conventional financial assets comprise cash, time deposits, short-term investments and investments in securities.
3. Represents 100% amounts of subsidiaries, after elimination of intercompany transactions.
4. Under liquidation.
5. Agreements and constitutive documents provide Saudi Aramco control.
6. In December 2022, Saudi Aramco Base Oil Company ("Luberef") listed its shares on the Saudi Exchange following the successful completion of its IPO. There was no change in the Company's shareholding interest following the listing.
7. Information for conventional financial assets, liabilities and interest income from conventional financial assets not included for entities and groups listed on the Saudi Exchange.
8. Energy City Development Company and Energy City Operating Company, which are wholly owned unconsolidated structured entities, and Energy City Logistics Company, a jointly-held entity whose shares are held by Energy City Development Company, are not included in the above listing.

All amounts in millions of Saudi Riyals unless otherwise stated

39. Joint arrangements and associates of Saudi Arabian Oil Company

	Principal business activity	Percent ownership[1]	Place of business/ country of incorporation	Conventional financial assets as of December 31, 2022[2,3]	Conventional financial liabilities as of December 31, 2022[3]	Interest income from conventional financial assets for the year ended December 31, 2022[3]
A. Joint operations:						
Al-Khafji Joint Operations	Oil and gas exploration and production	50%	Saudi-Kuwaiti Partitioned Zone	–	–	–
Fadhili Plant Cogeneration Company	Power generation	30%	Saudi Arabia	25	567	–
Jazan Integrated Gasification and Power Company	Power systems	20%	Saudi Arabia	132	1,491	(15)
Maasvlakte Olie Terminal C.V.	Tank storage	9.6%	Netherlands	–	691	5
Maasvlakte Olie Terminal N.V.	Tank storage	16.7%	Netherlands	–	–	–
Pengerang Petrochemical Company SDN. BHD.	Petrochemicals	50%	Malaysia	53	2,515	–
Pengerang Refining Company SDN. BHD.	Refining	50%	Malaysia	52	18,619	2
Power Cogeneration Plant Company	Power generation	50%	Saudi Arabia	34	342	–
Saudi Aramco Mobil Refinery Company Ltd	Refining	50%	Saudi Arabia	886	2,027	16
Saudi Aramco Total Refining and Petrochemical Company[4]	Refining/ petrochemicals	62.5%	Saudi Arabia	3,238	6,509	70
Tanajib Cogeneration Power Company	Power systems	40%	Saudi Arabia	13	496	–
Yanbu Aramco Sinopec Refining Company Limited[4]	Refining	62.5%	Saudi Arabia	2,230	3,863	–
Geismar[5]	Petrochemicals	8%	USA			
Gulf Coast Growth Venture LLC ("GCGV")[5]	Petrochemicals	35%	USA			
Saudi Acrylic Butanol Company ("SABUCO")[5]	Petrochemicals	8.2%	Saudi Arabia			
Saudi Methacrylates Company ("SAMAC")[5]	Petrochemicals	35%	Saudi Arabia			
B. Joint ventures:						
AIR BP Aramco Poland sp. z o.o.	Aviation fuels	50%	Poland	71	69	–
Arabian Rig Manufacturing Company	Rig manufacturing	30%	Saudi Arabia	109	1,163	–
First Coast Energy, L.L.P.	Marketing	50%	USA	51	358	–
Huajin Aramco Petrochemical Co., Ltd.	Petrochemicals	35%	China	–	–	–
Jasara Program Management Company	Engineering services	20%	Saudi Arabia	209	66	–
Juniper Ventures of Texas LLC	Marketing	60%	USA	14	24	–
Middle East Cloud and Digital Transformation Company Limited	Information technology	51%	Saudi Arabia	–	–	–
Middle East Information Technology Solutions	Information technology	49%	Saudi Arabia	85	–	–
Novel Non-Metallic Solutions Manufacturing	Manufacturing	50%	Saudi Arabia	188	–	–
Port Neches Link LLC	Pipelines	5%	USA	–	–	–
Sadara Chemical Company	Petrochemicals	65%	Saudi Arabia	7,355	41,001	48
Saudi Arabian Industrial Investment Company	Investment	42.5%	Saudi Arabia	1,229	18	33
Saudi Engines Manufacturing Company	Manufacturing	55%	Saudi Arabia	92	10	–
Saudi Silk Road Industrial Services Company	Investment services	20%	Saudi Arabia	106	8	–
S-OIL TotalEnergies Lubricants Co., Ltd.	Lubricants production and sales	30.8%	South Korea	198	303	–
Star Enterprise[6]	Pension administration	50%	USA	4	10	–
Tas'helat Marketing Company	Marketing	50%	Saudi Arabia	201	188	–

All amounts in millions of Saudi Riyals unless otherwise stated

39. Joint arrangements and associates of Saudi Arabian Oil Company continued

	Principal business activity	Percent ownership[1]	Place of business/ country of incorporation	Conventional financial assets as of December 31, 2022[2,3]	Conventional financial liabilities as of December 31, 2022[3]	Interest income from conventional financial assets for the year ended December 31, 2022[3]
Tuwaiq Casting & Forging Company	Metals	15%	Saudi Arabia	41	125	–
Advanced Energy Storage System Investment Company ("AESSIC")[5]	Renewable energy	34.1%	Saudi Arabia			
Al-Jubail Petrochemical Company ("Kemya")[5]	Petrochemicals	35%	Saudi Arabia			
Cosmar Company ("COSMAR")[5]	Petrochemicals	35%	USA			
Eastern Petrochemical Company ("Sharq")[5]	Petrochemicals	35%	Saudi Arabia			
Isotopes Company ("IHC")[5]	Machinery equipment	9%	Saudi Arabia			
SABIC Fujian Petrochemicals Co., Ltd. ("FUJIAN")[5]	Petrochemicals	35.7%	China			
SABIC Plastic Energy Advanced Recycling BV ("SPEAR")[5]	Petrochemicals	35%	Netherlands			
SABIC SK Nexelene Company Pte. Ltd. ("SSNC")[5]	Petrochemicals	35%	Singapore			
Saudi Pallet Manufacturing Company ("SPMC")[5]	Logistic	21.4%	Saudi Arabia			
Saudi Yanbu Petrochemical Company ("Yanpet")[5]	Petrochemicals	35%	Saudi Arabia			
Sinopec SABIC Tianjin Petrochemical Company Limited ("SSTPC")[5]	Petrochemicals	35%	China			
Utility Support Group B.V. ("USG")[5]	Utilities	35%	Netherlands			
C. Associates:						
BP AOC Pumpstation Maatschap	Storage	50%	Netherlands	–	–	–
BP ESSO AOC Maatschap	Storage	34.4%	Netherlands	–	–	–
Fuel Cell Innovation Co., Ltd.	Fuel cell manufacturing	12.3%	South Korea	3	24	–
Fujian Refining and Petrochemical Company Limited	Refining/ petrochemicals	25%	China	4,296	7,829	60
GCC Electrical Equipment Testing Lab	Inspection	20%	Saudi Arabia	97	40	–
Hyundai Oilbank Co., Ltd.	Refining/ marketing/ petrochemicals	17%	South Korea	9,940	35,074	183
International Maritime Industries Company	Maritime	40.1%	Saudi Arabia	857	519	6
Lukoil Saudi Arabia Energy Limited[6]	Exploration	20%	British Virgin Islands	–	–	–
Power and Water Utility Company for Jubail and Yanbu[5]	Utilities	29.8%	Saudi Arabia	–	–	–
Rabigh Refining and Petrochemical Company[5]	Refining/ petrochemicals	37.5%	Saudi Arabia			
Rafineria Gdańska sp. z o.o.	Refining	30%	Poland	365	721	2
Sinopec Senmei (Fujian) Petroleum Company Limited	Marketing/ petrochemicals	22.5%	China	2,633	5,603	47
Sudair 1 Holding Company	Holding	30.3%	Saudi Arabia	–	–	–
Team Terminal B.V.	Storage	34.4%	Netherlands	–	–	–
The National Shipping Company of Saudi Arabia[5]	Global logistics services	20%	Saudi Arabia			
Aluminium Bahrain BSC ("ALBA")[5]	Aluminum	14.4%	Bahrain			
ARG mbH & Co KG ("ARG")[5]	Transportation	17.5%	Germany			
ARG Verwaltungs GmbH[5]	Administrative company	17.5%	Germany			
Clariant AG ("Clariant")[5]	Specialty chemical	22.1%	Switzerland			
German Pipeline Development Company GMBH ("GPDC")[5]	Transportation	27.3%	Germany			
Gulf Aluminum and Rolling Mills Company ("GARMCO")[5]	Aluminum	21.3%	Bahrain			

All amounts in millions of Saudi Riyals unless otherwise stated

39. Joint arrangements and associates of Saudi Arabian Oil Company continued

	Principal business activity	Percent ownership[1]	Place of business/ country of incorporation	Conventional financial assets as of December 31, 2022[2,3]	Conventional financial liabilities as of December 31, 2022[3]	Interest income from conventional financial assets for the year ended December 31, 2022[3]
Gulf Petrochemical Industries Company ("GPIC")[5]	Agri-nutrients, petrochemicals	11.7%	Bahrain			
Ma'aden Phosphate Company ("MPC")[5]	Agri-nutrients	21%	Saudi Arabia			
Ma'aden Wa'ad Al Shamal Phosphate Company ("MWSPC")[5]	Agri-nutrients	10.5%	Saudi Arabia			
Mallinda, Inc. ("MALLINDA")[5]	Ventures	18.3%	USA			
Mauritania Saudi Mining & Steel Company S.A. ("TAKAMUL")[5]	Mining (metal)	35%	Mauritania			
National Chemical Carrier Company ("NCC")[5]	Transportation	14%	Saudi Arabia			
Nusaned Fund I[5]	Equity investments	35%	Saudi Arabia			
Nusaned Fund II[5]	Equity investments	42%	Saudi Arabia			

1. Percentages disclosed reflect the effective ownership of Saudi Aramco in the respective entities.
2. Conventional financial assets comprise cash, time deposits, short-term investments and investments in securities.
3. Represents Saudi Aramco's share of conventional financial assets, financial liabilities and interest income.
4. Agreements and constitutive documents do not give a single shareholder control; therefore, the joint operation does not qualify as a subsidiary.
5. Information for conventional financial assets, liabilities and interest income from conventional financial assets not included for entities and groups listed on the Saudi Exchange.
6. Under liquidation.

40. Events after the reporting period

(a) Jazan Integrated Gasification and Power Company ("JIGPC")

On January 19, 2023, Saudi Aramco received SAR 15,563 in respect of the second tranche of the financing arrangement with JIGPC (Notes 20(h), 35(b)). The remaining amount of SAR 1,968 under the financing arrangement is expected to be received by the end of 2023.

(b) Valvoline Inc.'s global products business

On March 1, 2023, Aramco Overseas Company B.V. ("AOC"), a wholly owned subsidiary of the Company, closed the transaction for the acquisition of a 100% equity interest in Valvoline Inc.'s global products business ("VGP Holdings LLC"). The purchase price is SAR 9,938 ($2,650) in cash, subject to certain customary adjustments. VGP Holdings LLC is a leading worldwide independent producer and distributor of premium branded automotive, commercial and industrial lubricants, and automotive chemicals. This strategic acquisition will complement Saudi Aramco's line of premium branded lubricant products, optimize its global base oils production capabilities, and expand its own research and development activities and partnerships with original equipment manufacturers.

The transaction resulted in Saudi Aramco obtaining control of VGP Holdings LLC. Saudi Aramco accounts for acquisitions of subsidiaries using the acquisition method of accounting. This requires recognition of the assets acquired and liabilities assumed at fair value as of the acquisition date. Due to the timing of the acquisition, the initial accounting for the business combination has not been completed at the time the consolidated financial statements were authorized for issuance.

(c) Private Sector Partnership Reinforcement Program ("Shareek")

On March 1, 2023, it was announced that Saudi Aramco executed the Shareek Support Framework Agreement (the "Agreement") with Shareek. The Agreement sets out the eligibility conditions that Saudi Aramco would need to satisfy in order to voluntarily apply for and receive incentives from Shareek. Saudi Aramco intends to utilize these incentives to expand its business and strengthen its supply chain in the Kingdom. To maintain eligibility for Shareek incentives, Saudi Aramco would need to, among other conditions, deploy certain of its capital and operational expenditure in the Kingdom until 2030. Any incentives received are subject to such eligibility conditions being met.

(d) Partial prepayment of deferred consideration to PIF

On March 7, 2023, the Company agreed with PIF to make a third partial prepayment of SAR 59,040 ($15,744) on or before March 15, 2023. This partial prepayment will fully reduce the outstanding principal amount of SAR 13,125 ($3,500) of the promissory note payable on or before April 7, 2024, and will partially reduce the outstanding principal amounts of the promissory notes payable on or before April 7, 2025, and April 7, 2026, by SAR 14,438 ($3,850) and SAR 21,562 ($5,750), respectively. The outstanding amounts of the loan charge promissory notes payable between 2024 and 2028, aggregating to SAR 18,375 ($4,900), will also be fully reduced (Note 20). This partial prepayment will result in a gain of approximately SAR 4,635 ($1,236).

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