

Aramco announces first quarter 2023 results

Q1 net income remains robust and growth strategy on track as Downstream expansion progresses

- Net income: \$31.9 billion (Q1 2022: \$39.5 billion)
- Cash flow from operating activities: \$39.6 billion (Q1 2022: \$38.2 billion)
- Free cash flow¹: \$30.9 billion (Q1 2022: \$30.6 billion)
- Gearing ratio¹: -10.3% as at March 31, 2023, compared to -7.9% at end of 2022
- Q4 2022 dividend of \$19.5 billion paid in the first quarter, representing a 4.0% increase from the previous quarter
- Q1 2023 dividend of \$19.5 billion to be paid in the second quarter
- Intention to introduce a mechanism for performance-linked dividends in addition to the base dividend
- Extraordinary General Assembly approves bonus shares grant of one bonus share for every 10 shares held
- Major investments advance strategic downstream expansion in key global markets
- iktva signings worth around \$7.2 billion expected to further strengthen supply chain efficiency
- Agreement with Linde Engineering for the development of a new ammonia cracking technology, which supports the advancement of lower-carbon energy solutions

"The results reflect Aramco's continued high reliability, focus on cost and our ability to react to market conditions as we generate strong cash flows and further strengthen the balance sheet. Reinforcing our commitment to maximize long-term shareholder value, we are also announcing our intention to introduce a mechanism for performance-linked dividends in addition to the base dividend the Company currently distributes.

"Our growth strategy remains on track and we made significant progress on the strategic expansion of our Downstream business during the quarter, announcing a key acquisition in the U.S. as well as important investments and partnerships in China and South Korea. Our global Downstream strategy is gaining momentum, and we are leveraging cutting-edge technologies to increase our liquids-to-chemicals capacity and meet anticipated demand for petrochemical products.

"We are also moving forward with our capacity expansion, and our long-term outlook remains unchanged as we believe oil and gas will remain critical components of the global energy mix for the foreseeable future.

"Our intention is to continue to be a reliable energy supplier with the ability to provide more sustainable energy solutions, supporting efforts to achieve an orderly energy transition. By working to further reduce the carbon footprint of our operations, and adding new lower-carbon energy options to our portfolio, I am confident about the contributions we will make."

Amin H. Nasser
President and CEO



Key financial results

All amounts in millions unless otherwise stated	First quarter ended March 31			
	SAR		USD*	
	2023	2022	2023	2022
Net income	119,542	148,026	31,878	39,473
EBIT ¹	221,548	279,565	59,079	74,550
Capital expenditures	32,797	28,435	8,746	7,583
Free cash flow ¹	115,850	114,856	30,894	30,628
Dividends paid	73,150	70,331	19,507	18,755
ROACE ^{1, 2}	29.3%	27.2%	29.3%	27.2%
Average realized crude oil price (\$/barrel)	n/a	n/a	81.0	97.7

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

1. Non-IFRS measure: refer to Non-IFRS measures reconciliations and definitions section for further details.

2. Calculated on a 12-month rolling basis.

First quarter highlights

Global crude oil prices declined in the first quarter of 2023 mainly driven by macroeconomic events contributing to market volatility. Aramco believes it is well positioned to withstand fluctuating commodity prices through its low-cost upstream production and strategically integrated downstream operations, and continued to deliver robust earnings and cash flows. Aramco remains focused on creating shareholder value across business cycles, and the Company has declared a cash dividend of SAR 73.2 billion (\$19.5 billion) for the first quarter.

In addition to this base dividend the Company currently distributes and intends to maintain as sustainable and progressive, the Company intends to introduce a mechanism for performance-linked dividends to support its aim to deliver a balanced mix of growth and yield to shareholders. The Company intends to target such performance-linked dividends to be in the amount of 50-70% of the Group's annual free cash flow, net of the base dividend and other amounts including external investments¹, to be determined with the annual results. All dividends, including the performance-linked dividends, are declared at the Board's sole discretion, after considering the Company's financial position and ability to fund commitments including growth capital plans, and in accordance with the Company's Dividend Distribution Policy. These performance-linked dividends are intended to be distributed quarterly.

On May 8, 2023, the Company's Extraordinary General Assembly approved the Board of Directors' recommendation to increase the Company's share capital through capitalizing SAR 15.0 billion (\$4.0 billion) of the Company's retained earnings to support the distribution of bonus shares to eligible shareholders, in the amount of one share for every 10 shares held. This resulted in the increase of issued ordinary shares from 220 billion to 242 billion.

Aramco believes oil and gas will continue to be an important part of the global energy mix for the foreseeable future. The Company intends to increase investment to capture unique growth opportunities and create long-term value for shareholders. During the quarter, capital expenditures and external investments¹ were SAR 32.8 billion (\$8.7 billion) and SAR 9.9 billion (\$2.6 billion) respectively.

As part of its prudent financial framework, Aramco continues to focus on optimizing funding costs and maintaining its high investment-grade credit rating through strategic decisions to direct cash flow toward deleveraging its balance sheet. In March 2023, the Company made a third partial prepayment of the deferred consideration related to the SABIC acquisition in the amount of SAR 59.0 billion (\$15.7 billion). This partial prepayment reduced the principal amounts of promissory notes by a total of SAR 49.1 billion (\$13.1 billion) and loan charges totaling SAR 18.4 billion (\$4.9 billion). This resulted in a decrease in total borrowings and cash and cash equivalents, and a gain of SAR 4.6 billion (\$1.2 billion) during the quarter. Additionally, in May Aramco made a final prepayment of SAR 16.7 billion (\$4.5 billion) to fully reduce the remaining outstanding amounts of the promissory notes payable, resulting in the full settlement of the deferred consideration related to the SABIC acquisition.

On April 16, 2023, the Government announced it has transferred 4.0% of its shares in the Company to Sanabil Investments. 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. The Government remains Aramco's largest shareholder.

Upstream

Aramco continued to demonstrate its strong track record of efficient and reliable operations with total hydrocarbon production of 12.8 mmbpd during the first quarter of 2023.

Meeting the growing domestic gas demand remains a strategic priority for Aramco, and the Company successfully advanced multiple gas projects during the quarter.

Key Upstream developments include the following:

- The compression projects at the Haradh and Hawiyah fields continued to make progress related to commissioning activities, with both initial production and full capacity expected to be achieved during the current year; and,
- The Hawiyah Gas Plant expansion, which is part of the Haradh gas increment program, progressed with its commissioning activities and is expected to be onstream during the current year.

1. External investments refer to acquisition of affiliates, net of cash acquired. Please see the Condensed consolidated statement of cash flows for more information.

Downstream

Aramco continues to progress efforts to enhance its Downstream business in key high-growth geographies, facilitate placement of its crude oil in wholly-owned and affiliated refineries, and capture additional value across the hydrocarbon chain.

The Company continued to demonstrate its excellent track record of dependable operations, achieving 99.7% supply reliability. In the first quarter of the year, the crude oil utilized by Aramco's downstream operations accounted for 45% of the Company's crude oil production.

Key Downstream developments include the following:

- A ground-breaking ceremony was held in March for a major integrated refinery and petrochemical complex being developed by the Huajin Aramco Petrochemical Company Limited (HAPCO), a joint venture between Aramco (30%), North Huajin Chemical Industries Group Corporation (North Huajin) (51%) and Panjin Xincheng Industrial Group Company Limited (Panjin Xincheng) (19%). The complex will include a 300 mbpd refinery and petrochemical units, and Aramco has the right to supply up to 210 mbpd of crude oil feedstock to the complex. The complex advances Aramco's liquids-to-chemicals strategy and expected to be fully operational by 2026;
- Also in March, a separate ground-breaking ceremony was held for Aramco's project to develop one of the world's largest refinery-integrated petrochemical steam crackers through its affiliate, S-OIL. The SAR 26.3 billion (\$7.0 billion) project, with a planned annual production capacity of up to 3.2 million tons of petrochemicals, is aligned with Aramco's strategy to maximize the crude-to-chemicals value chain;
- In line with the Company's growth ambition and advancement of its liquids-to-chemicals strategy, Aramco signed definitive agreements to acquire a 10% interest in Rongsheng Petrochemical Company Limited (Rongsheng Petrochemical) for approximately SAR 13.5 billion (\$3.6 billion). This strategic arrangement is expected to significantly expand Aramco's downstream presence in China, and Aramco has the right to supply up to 480 mbpd of crude oil to Rongsheng Petrochemical's affiliate, Zhejiang Petroleum and Chemical Company Limited (ZPC) under a long-term sales agreement. The transaction is subject to regulatory approvals; and,
- In March, Aramco completed its acquisition of Valvoline Inc.'s global products business for approximately SAR 10.35 billion (\$2.76 billion), including customary adjustments. The 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.

Sustainability

Localizing and reinforcing its supply chain, contributing to the Kingdom's economic development, and exploring lower-carbon solutions are vital components of Aramco's sustainability framework. During the quarter, Aramco took important steps to advance these objectives.

At the 7th edition of the In-Kingdom Total Value Add (iktva) Forum and Exhibition in January, Aramco signed over 100 agreements and Memoranda of Understanding (MoU) valued at SAR 27.0 billion (\$7.2 billion) to help advance a diverse, sustainable, and globally competitive industrial ecosystem. Through iktva, the Company seeks to enhance its supply chain resilience and aims to ensure more of the products and services it relies on can be provided in the Kingdom. In March, Aramco signed a framework agreement with the Kingdom's Private Sector Partnership Reinforcement Program, known as Shareek. The agreement supports Aramco's efforts to foster new businesses in Kingdom and contribute to its economic development. The Shareek program aims to accelerate the growth of business opportunities within Saudi Arabia in alignment with the Kingdom's Vision 2030 objectives.

Aramco believes ammonia, as a carrier of blue hydrogen, can potentially contribute to the transition to low-impact energy pathways, and invests in research with an aim to explore efficient ammonia cracking technologies. In March, Aramco and Linde Engineering signed an agreement to build a demonstration plant in northern Germany to test a new ammonia cracking technology using a novel catalyst developed by Aramco in collaboration with the King Abdullah University of Science and Technology (KAUST). The agreement brings together Aramco and Linde Engineering's industrial research and development capabilities, and reflects Aramco's ambition to establish a commercially viable lower-carbon hydrogen supply chain.

Saudi Aramco

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All amounts in millions unless otherwise stated

Financial performance

Summary of financial performance

All amounts in millions unless otherwise stated	First quarter				
	SAR		USD*		% change
	2023	2022	2023	2022	
Income before income taxes and zakat	229,234	277,817	61,129	74,084	(17.5)%
Income taxes and zakat	(109,692)	(129,791)	(29,251)	(34,611)	(15.5)%
Net income	119,542	148,026	31,878	39,473	(19.2)%

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

Financial Results

Key factors affecting Aramco's financial results

- 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. Lower global demand growth for petroleum products in the first quarter of 2023 resulted in lower prices for hydrocarbons and continued pressure on chemical margins, compared to the same period in 2022.
- In March 2023, Aramco made a third partial prepayment of SAR 59.0 billion (\$15.7 billion) of the deferred consideration related to the SABIC acquisition. This partial prepayment fully reduced the outstanding principal amount of SAR 13.1 billion (\$3.5 billion) of the promissory note payable on or before April 7, 2024, and partially reduced the outstanding principal amounts of the promissory notes payable on or before April 7, 2025, and April 7, 2026, by SAR 14.4 billion (\$3.8 billion) and SAR 21.6 billion (\$5.8 billion), respectively. The outstanding amounts of the loan charge related to the promissory notes payable between 2024 and 2028, aggregating to SAR 18.4 billion (\$4.9 billion), were also fully reduced. This partial prepayment resulted in a gain of SAR 4.6 billion (\$1.2 billion).

- In January 2023, Aramco received a payment of SAR 15.6 billion (\$4.2 billion) related to the financing arrangement with the Jazan Integrated Gasification and Power Company (JIGPC). This is the second of the three payments to be received by Aramco as a result of this transaction that was completed in October 2021. The remaining amount of SAR 2.0 billion (\$0.5 billion) is expected to be received by the end of the year.

Income before income taxes and zakat for the first quarter of 2023 was SAR 229,234 (\$61,129), compared to SAR 277,817 (\$74,084) for the same quarter in 2022. The decrease was mainly driven by lower crude oil prices, partially offset by higher finance and other income largely associated with interest income on short-term investments, and a gain resulting from the prepayment of the deferred consideration related to the SABIC acquisition.

Income taxes and zakat for the first quarter of 2023 was SAR 109,692 (\$29,251), compared to SAR 129,791 (\$34,611) for the same quarter in 2022. The decrease predominantly reflects the impact of lower earnings in the first quarter of 2023.

For non-IFRS measures, refer to the *Non-IFRS measures reconciliations and definitions* section.

Upstream financial performance

All amounts in millions unless otherwise stated	First quarter				
	SAR		USD*		% change
	2023	2022	2023	2022	
Earnings before interest, income taxes and zakat	215,278	263,750	57,407	70,333	(18.4)%
Capital expenditures - cash basis	25,332	21,835	6,755	5,823	16.0%

* 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 first quarter of 2023 was SAR 215,278 (\$57,407), compared to SAR 263,750 (\$70,333) for the same quarter in 2022, a decrease of SAR 48,472 (\$12,926), or 18.4%. This was primarily due to an overall lower realized crude oil price for the quarter. The decrease in EBIT was partially offset by lower crude oil royalties.

Capital expenditures for the first quarter of 2023 were SAR 25,332 (\$6,755), an increase of 16.0% compared to SAR 21,835 (\$5,823) for the same period in 2022. This increase was in line with progress associated with crude oil increments to raise the MSC to 13.0 mmbpd, and also reflects increased development activity for gas projects.

Downstream financial performance

All amounts in millions unless otherwise stated	First quarter				
	SAR		USD*		% change
	2023	2022	2023	2022	
Earnings before interest, income taxes and zakat	12,830	38,256	3,421	10,202	(66.5)%
Capital expenditures - cash basis	7,147	6,174	1,906	1,646	15.8%

* 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 first quarter of 2023 was SAR 12,830 (\$3,421), compared to SAR 38,256 (\$10,202) for the same quarter in 2022, a decrease of SAR 25,426 (\$6,781) or 66.5%. These results largely reflect the impact of inventory valuation movement and weakening chemicals margins, partially offset by stronger refining margins.

Capital expenditures for the first quarter of 2023 were SAR 7,147 (\$1,906), an increase of 15.8% compared to SAR 6,174 (\$1,646) for the same period in 2022. This increase was mainly due to an increase in turnaround activities and various growth project developments.

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All amounts in millions unless otherwise stated

Non-IFRS measures reconciliations and definitions

This Interim Report includes certain non-IFRS financial measures (ROACE, free cash flow, gearing, and EBIT), which Aramco uses to make informed decisions about its financial position and operating performance or liquidity. These non-IFRS financial measures have been included in this Interim 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 Interim 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.

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 12 months ended March 31, 2023, was 29.3%, compared to 27.2%

for the same period in 2022. The increase in ROACE, calculated on a 12-month rolling basis, 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 period.

	Twelve months ended March 31			
	SAR		USD*	
	2023	2022	2023	2022
All amounts in millions unless otherwise stated				
Net income	575,521	478,982	153,473	127,728
Finance costs, net of income taxes and zakat	4,863	5,884	1,297	1,569
Net income before finance costs, net of income taxes and zakat	580,384	484,866	154,770	129,297
As at period start:				
Non-current borrowings	410,412	472,308	109,443	125,949
Current borrowings	71,141	66,528	18,970	17,740
Total equity	1,426,846	1,123,509	380,492	299,603
Capital employed	1,908,399	1,662,345	508,905	443,292
As at period end:				
Non-current borrowings	268,544	410,412	71,612	109,443
Current borrowings	76,920	71,141	20,512	18,970
Total equity	1,706,820	1,426,846	455,152	380,492
Capital employed	2,052,284	1,908,399	547,276	508,905
Average capital employed	1,980,342	1,785,372	528,091	476,099
ROACE	29.3%	27.2%	29.3%	27.2%

* 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 for the first quarter of 2023 was SAR 115,850 (\$30,894),

compared to SAR 114,856 (\$30,628) for the same quarter in 2022, an increase of SAR 994 (\$266). This was largely a reflection of higher operating cash flows as a result of favorable movements in working capital, partially offset by lower earnings and an increase in cash paid for the settlement of income, zakat and other taxes.

Capital expenditures increased by SAR 4,362 (\$1,163) in the first quarter of 2023, compared to the same period in 2022, mainly driven by higher Upstream capital expenditures associated with crude oil increments to increase MSC to 13.0 mmbpd, and increased development activity for gas projects.

All amounts in millions unless otherwise stated	First quarter			
	SAR		USD*	
	2023	2022	2023	2022
Net cash provided by operating activities	148,647	143,291	39,640	38,211
Capital expenditures	(32,797)	(28,435)	(8,746)	(7,583)
Free cash flow	115,850	114,856	30,894	30,628

* 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 as at March 31, 2023, was (10.3)%, compared to (7.9)% as at December 31, 2022. The decrease in gearing is primarily driven by a higher net cash position largely due to operating cash inflows, partially offset by capital expenditures and dividend payments during the quarter.

All amounts in millions unless otherwise stated	SAR		USD*	
	March 31, 2023	December 31, 2022	March 31, 2023	December 31, 2022
	Total borrowings (current and non-current)	345,464	393,144	92,124
Cash and cash equivalents	(340,674)	(226,047)	(90,846)	(60,279)
Short-term investments	(155,604)	(281,215)	(41,494)	(74,991)
Investments in debt securities (current and non-current) ¹	(8,958)	(8,565)	(2,389)	(2,282)
Non-current cash investments	-	-	-	-
Net (cash) / debt	(159,772)	(122,683)	(42,605)	(32,714)
Total equity	1,706,820	1,666,147	455,152	444,306
Total equity and net (cash) / debt	1,547,048	1,543,464	412,547	411,592
Gearing	(10.3)%	(7.9)%	(10.3)%	(7.9)%

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

1. As at March 31, 2023, investments in debt securities (current and non-current) are comprised of SAR 1,804 (\$481) and SAR 7,154 (\$1,908), which form part of other assets and receivables under current assets, and investments in securities under non-current assets, respectively. As at December 31, 2022, the 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.

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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 the first quarter ended March 31, 2023, was SAR 221,548 (\$59,079), compared to SAR 279,565 (\$74,550) for the same quarter in 2022. This decrease of SAR 58,017 (\$15,471) mainly represents the impact of lower crude oil prices compared to the same period in 2022.

All amounts in millions unless otherwise stated	First quarter			
	SAR		USD*	
	2023	2022	2023	2022
Net income	119,542	148,026	31,878	39,473
Finance income	(10,863)	(585)	(2,897)	(156)
Finance costs	3,177	2,333	847	622
Income taxes and zakat	109,692	129,791	29,251	34,611
Earnings before interest, income taxes and zakat	221,548	279,565	59,079	74,550

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

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

boe

Barrels of oil equivalent

bpd

Barrels per day

bscf

Billion standard cubic feet

bscfd

Billion standard cubic feet per day

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

mmscf

Million standard cubic feet

mmscfd

Million standard cubic feet per day

mmtpa

Million metric tonnes 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

CO₂

Carbon dioxide.

Condensate

Light hydrocarbon substances produced with raw gas which condenses into liquid at normal temperatures and pressures associated with surface production equipment.

Hydrocarbons

Crude oil and other hydrogen and carbon compounds in liquid or gaseous state.

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.

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.

Glossary

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 associate, each as defined by IFRS.

AGOC

Aramco Gulf Operations Company Ltd.

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.

Auditor

PricewaterhouseCoopers Public Accountants, the independent external auditor of Aramco.

Board

The Board of Directors of the Company.

Company

Saudi Arabian Oil Company (The Company).

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.

COVID-19

The coronavirus disease identified in 2019.

Domestic

Refers to the Kingdom of Saudi Arabia.

EBIT

Earnings (losses) before interest, income taxes and zakat.

ESG

Environmental, social and governance.

General Assembly

Any Ordinary General Assembly or Extraordinary General Assembly.

Government

The Government of the Kingdom (and "Governmental" shall be interpreted accordingly).

H

Hijri calendar.

IAS

International Accounting Standard(s).

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.

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.

Kingdom

Kingdom of Saudi Arabia.

MENA

Middle East and North Africa.

PIF

Public Investment Fund of Saudi Arabia.

R&D

Research and development.

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.

ROACE

Return on average capital employed.

SABIC

Saudi Basic Industries Corporation.

Saudi Aramco/Aramco/Group

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 Saudi Aramco / 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.

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.

SOCPA

Saudi Organization for Chartered and Professional Accountants.

S-OIL

S-Oil Corporation.

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.

Disclaimer

This Interim 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", "will", "shall", "may", "is likely to", "plans", "outlook" or similar expressions, including variations and the negatives thereof or comparable terminology.

Investors and 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 Interim Report and include, among other things, the following:

- Supply, demand and price fluctuations with respect to oil and gas, and Aramco's other products;
- 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, as well as risks related to Aramco's ESG goals and targets;
- 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;
- Aramco's exposure to interest rate risk and foreign exchange risk;
- Risks related to operating in a regulated industry and changes to oil, gas, environmental 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.

Disclaimer – Risk Factors

For a discussion of our risk factors, please see Aramco's Annual Report 2022, available through the investor relations section of Aramco's website at www.aramco.com/en/investors/reports-and-presentations.

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 Interim Report.

Aramco's financial information herein has been extracted from Aramco's condensed consolidated interim financial report for the three-month period ended March 31, 2023, which is prepared and presented in accordance with IAS 34, that is endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA").

In addition, this document includes certain "non-IFRS financial measures." These measures are not recognized measures under IFRS and do not have standardized meanings prescribed by IFRS. Rather, these measures are provided as additional information to complement IFRS measures by providing further understanding of Aramco's results of operations, cash flow and financial position from management's perspective. Accordingly, they should not be considered in isolation or as a substitute for analysis of Aramco's financial information reported under IFRS.

A reconciliation of non-IFRS measures is included in the Non-IFRS measures reconciliations and definitions section of this Interim Report.

Condensed consolidated interim financial report

For the three-month period ended March 31, 2023 (unaudited)

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Report on review of the condensed consolidated interim financial report

To the shareholders of Saudi Arabian Oil Company

Introduction

We have reviewed the accompanying condensed consolidated balance sheet of Saudi Arabian Oil Company and its subsidiaries as at March 31, 2023 and the related condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the three-month period then ended and other explanatory notes (the “condensed consolidated interim financial report”). Management is responsible for the preparation and presentation of this condensed consolidated interim financial report in accordance with International Accounting Standard 34, ‘Interim Financial Reporting’, that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on this condensed consolidated interim financial report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, ‘Review of interim financial information performed by the independent auditor of the entity’, that is endorsed in the Kingdom of Saudi Arabia. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, that are endorsed in the Kingdom of Saudi Arabia, and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial report is not prepared, in all material respects, in accordance with International Accounting Standard 34, ‘Interim Financial Reporting’, that is endorsed in the Kingdom of Saudi Arabia.

PricewaterhouseCoopers



Omar M. A. Sagga
License No. 369

May 8, 2023

Condensed consolidated statement of income

	Note	SAR		USD*	
		1 st quarter 2023	1 st quarter 2022	1 st quarter 2023	1 st quarter 2022
Revenue	10	417,460	467,003	111,323	124,534
Other income related to sales		42,373	49,894	11,299	13,305
Revenue and other income related to sales		459,833	516,897	122,622	137,839
Royalties and other taxes		(68,242)	(67,527)	(18,198)	(18,007)
Purchases		(106,369)	(106,746)	(28,365)	(28,465)
Producing and manufacturing		(23,133)	(22,106)	(6,169)	(5,895)
Selling, administrative and general		(15,247)	(19,665)	(4,066)	(5,244)
Exploration		(1,752)	(1,346)	(467)	(359)
Research and development		(931)	(854)	(248)	(228)
Depreciation and amortization	5,6	(21,975)	(20,948)	(5,860)	(5,586)
Operating costs		(237,649)	(239,192)	(63,373)	(63,784)
Operating income		222,184	277,705	59,249	74,055
Share of results of joint ventures and associates		(741)	1,843	(198)	491
Finance and other income		10,968	602	2,925	160
Finance costs		(3,177)	(2,333)	(847)	(622)
Income before income taxes and zakat		229,234	277,817	61,129	74,084
Income taxes and zakat	7	(109,692)	(129,791)	(29,251)	(34,611)
Net income		119,542	148,026	31,878	39,473
Net income attributable to					
Shareholders' equity		117,471	142,012	31,326	37,869
Non-controlling interests		2,071	6,014	552	1,604
		119,542	148,026	31,878	39,473
Earnings per share (basic and diluted)	17	0.49	0.59	0.13	0.16

* 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.



Amin H. Nasser
Director,
President & Chief Executive Officer



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



Bassam M. Asiri
Senior Vice President
& Controller

Condensed consolidated statement of comprehensive income

	Note	SAR		USD*	
		1 st quarter 2023	1 st quarter 2022	1 st quarter 2023	1 st quarter 2022
Net income		119,542	148,026	31,878	39,473
Other comprehensive income (loss), net of tax	8				
Items that will not be reclassified to net income					
Remeasurement of post-employment benefits		(2,153)	11,544	(574)	3,078
Share of post-employment benefits remeasurement from joint ventures and associates		100	97	27	26
Changes in fair value of equity investments classified as fair value through other comprehensive income		(247)	1,038	(66)	277
Items that may be reclassified subsequently to net income					
Cash flow hedges and other		(25)	447	(7)	119
Changes in fair value of debt securities classified as fair value through other comprehensive income		63	(200)	17	(53)
Share of other comprehensive income of joint ventures and associates		1,013	798	270	213
Currency translation differences		(935)	(1,171)	(249)	(312)
		(2,184)	12,553	(582)	3,348
Total comprehensive income		117,358	160,579	31,296	42,821
Total comprehensive income attributable to					
Shareholders' equity		115,577	154,241	30,821	41,131
Non-controlling interests		1,781	6,338	475	1,690
		117,358	160,579	31,296	42,821

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Amin H. Nasser
Director,
President & Chief Executive Officer



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



Bassam M. Asiri
Senior Vice President
& Controller

Condensed consolidated balance sheet

	Note	SAR		USD*	
		March 31, 2023	December 31, 2022	March 31, 2023	December 31, 2022
Assets					
Non-current assets					
Property, plant and equipment	5	1,321,591	1,303,266	352,424	347,538
Intangible assets	6	164,756	159,328	43,935	42,487
Investments in joint ventures and associates		71,223	72,196	18,993	19,252
Deferred income tax assets		17,942	18,093	4,785	4,825
Post-employment benefits		19,789	23,034	5,277	6,142
Other assets and receivables		36,864	32,418	9,830	8,645
Investments in securities		26,458	26,758	7,056	7,136
		1,658,623	1,635,093	442,300	436,025
Current assets					
Inventories		87,143	100,528	23,238	26,808
Trade receivables		165,018	164,442	44,005	43,851
Due from the Government		44,660	54,545	11,909	14,545
Other assets and receivables		29,439	31,054	7,851	8,281
Short-term investments		155,604	281,215	41,494	74,991
Cash and cash equivalents		340,674	226,047	90,846	60,279
		822,538	857,831	219,343	228,755
Total assets		2,481,161	2,492,924	661,643	664,780
Equity and liabilities					
Shareholders' equity					
Share capital		75,000	75,000	20,000	20,000
Additional paid-in capital		26,981	26,981	7,195	7,195
Treasury shares		(1,931)	(2,236)	(515)	(596)
Retained earnings:					
Unappropriated		1,382,132	1,339,892	368,569	357,305
Appropriated		6,000	6,000	1,600	1,600
Other reserves	8	3,427	3,279	914	874
		1,491,609	1,448,916	397,763	386,378
Non-controlling interests		215,211	217,231	57,389	57,928
		1,706,820	1,666,147	455,152	444,306
Non-current liabilities					
Borrowings	9	268,544	318,380	71,612	84,901
Deferred income tax liabilities		123,489	122,311	32,930	32,616
Post-employment benefits		27,760	26,923	7,403	7,179
Provisions and other liabilities		30,039	27,777	8,010	7,408
		449,832	495,391	119,955	132,104
Current liabilities					
Trade and other payables		132,398	135,390	35,307	36,104
Obligations to the Government:					
Income taxes and zakat	7	97,696	104,978	26,052	27,995
Royalties		17,495	16,254	4,665	4,334
Borrowings	9	76,920	74,764	20,512	19,937
		324,509	331,386	86,536	88,370
Total liabilities		774,341	826,777	206,491	220,474
Total equity and liabilities		2,481,161	2,492,924	661,643	664,780

* 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.



Amin H. Nasser
Director,
President & Chief Executive Officer



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



Bassam M. Asiri
Senior Vice President
& Controller

Saudi Aramco

First quarter interim report 2023

All amounts in millions of Saudi Riyals unless otherwise stated

Condensed consolidated statement of changes in equity

	SAR								USD*
	Shareholders' equity								Total
	Share capital	Additional paid-in capital	Treasury shares	Retained earnings		Other reserves (Note 8)	Non-controlling interests	Total	
				Unappropriated	Appropriated				
Balance at January 1, 2022	60,000	26,981	(2,828)	1,018,443	6,000	4,661	167,411	1,280,668	341,512
Net income	-	-	-	142,012	-	-	6,014	148,026	39,473
Other comprehensive income	-	-	-	-	-	12,229	324	12,553	3,348
Total comprehensive income	-	-	-	142,012	-	12,229	6,338	160,579	42,821
Transfer of post-employment benefits remeasurement	-	-	-	10,924	-	(10,924)	-	-	-
Transfer of share of post-employment benefits remeasurement from joint ventures and associates	-	-	-	97	-	(97)	-	-	-
Treasury shares issued to employees	-	-	180	(49)	-	(5)	-	126	33
Share-based compensation	-	-	-	(1)	-	58	-	57	15
Dividends (Note 17)	-	-	-	(70,331)	-	-	-	(70,331)	(18,755)
Sale of non-controlling equity interest in a subsidiary	-	-	-	-	-	-	58,125	58,125	15,500
Dividends to non-controlling interests and other	-	-	-	-	-	-	(2,378)	(2,378)	(634)
Balance at March 31, 2022	60,000	26,981	(2,648)	1,101,095	6,000	5,922	229,496	1,426,846	380,492
Balance at January 1, 2023	75,000	26,981	(2,236)	1,339,892	6,000	3,279	217,231	1,666,147	444,306
Net income	-	-	-	117,471	-	-	2,071	119,542	31,878
Other comprehensive loss	-	-	-	-	-	(1,894)	(290)	(2,184)	(582)
Total comprehensive income (loss)	-	-	-	117,471	-	(1,894)	1,781	117,358	31,296
Transfer of post-employment benefits remeasurement (Note 8)	-	-	-	(2,054)	-	2,054	-	-	-
Transfer of share of post-employment benefits remeasurement from joint ventures and associates (Note 8)	-	-	-	100	-	(100)	-	-	-
Treasury shares issued to employees	-	-	305	(126)	-	(20)	-	159	43
Share-based compensation	-	-	-	(1)	-	108	-	107	28
Dividends (Note 17)	-	-	-	(73,150)	-	-	-	(73,150)	(19,507)
Dividends to non-controlling interests and other	-	-	-	-	-	-	(3,801)	(3,801)	(1,014)
Balance at March 31, 2023	75,000	26,981	(1,931)	1,382,132	6,000	3,427	215,211	1,706,820	455,152

* 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.



Amin H. Nasser
Director,
President & Chief Executive Officer



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

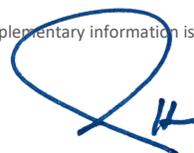


Bassam M. Asiri
Senior Vice President
& Controller

Condensed consolidated statement of cash flows

	Note	SAR		USD*	
		1 st quarter 2023	1 st quarter 2022	1 st quarter 2023	1 st quarter 2022
Income before income taxes and zakat		229,234	277,817	61,129	74,084
Adjustments to reconcile income before income taxes and zakat to net cash provided by operating activities					
Depreciation and amortization	5,6	21,975	20,948	5,860	5,586
Exploration and evaluation costs written off		516	291	138	78
Loss on disposal of property, plant and equipment		620	477	166	127
Inventory movement		936	86	250	23
Share of results of joint ventures and associates		741	(1,843)	198	(491)
Finance and other income		(10,968)	(602)	(2,925)	(160)
Finance costs		3,177	2,333	847	622
Change in fair value of investments through profit or loss		(93)	84	(25)	22
Change in joint ventures and associates inventory profit elimination		8	11	2	2
Other		870	70	232	18
Change in working capital					
Inventories		13,893	(21,640)	3,705	(5,770)
Trade receivables		1,713	(60,528)	456	(16,141)
Due from the Government		9,885	(9,908)	2,636	(2,642)
Other assets and receivables		1,929	(6,890)	514	(1,837)
Trade and other payables		(8,227)	20,563	(2,193)	5,484
Royalties payable		1,241	25,029	331	6,675
Other changes					
Other assets and receivables		(4,348)	(630)	(1,159)	(169)
Provisions and other liabilities		232	31	61	9
Post-employment benefits		305	1,359	82	362
Settlement of income, zakat and other taxes		(114,992)	(103,767)	(30,665)	(27,671)
Net cash provided by operating activities		148,647	143,291	39,640	38,211
Net cash provided by (used in) investing activities					
Capital expenditures	4	(32,797)	(28,435)	(8,746)	(7,583)
Acquisition of an affiliate, net of cash acquired	16(a)	(9,886)	-	(2,636)	-
Distributions from joint ventures and associates		1,322	729	352	195
Additional investments in joint ventures and associates		(104)	(291)	(28)	(77)
Dividends from investments in securities		21	17	6	4
Interest received		6,813	481	1,816	128
Net investments in securities		(656)	(942)	(175)	(251)
Net maturities (purchases) of short-term investments		125,611	(8,425)	33,497	(2,247)
Net cash provided by (used in) investing activities		90,324	(36,866)	24,086	(9,831)
Net cash used in financing activities					
Dividends paid to shareholders of the Company	17	(73,150)	(70,331)	(19,507)	(18,755)
Dividends paid to non-controlling interests in subsidiaries		(1,856)	(2,261)	(495)	(603)
Proceeds from sale of non-controlling equity interest in a subsidiary		-	58,125	-	15,500
Proceeds from issue of treasury shares		155	126	41	34
Proceeds from borrowings		15,708	3,825	4,188	1,020
Repayments of borrowings		(59,851)	(33,278)	(15,960)	(8,875)
Principal portion of lease payments		(3,146)	(3,049)	(839)	(813)
Interest paid		(2,204)	(1,291)	(587)	(344)
Net cash used in financing activities		(124,344)	(48,134)	(33,159)	(12,836)
Net increase in cash and cash equivalents		114,627	58,291	30,567	15,544
Cash and cash equivalents at beginning of the period		226,047	299,579	60,279	79,888
Cash and cash equivalents at end of the period		340,674	357,870	90,846	95,432

* 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.



Amin H. Nasser
Director,
President & Chief Executive Officer



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



Bassam M. Asiri
Senior Vice President
& Controller

Saudi Aramco

First quarter interim report 2023

All amounts in millions of Saudi Riyals unless otherwise stated

Notes to the condensed consolidated interim financial report

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. 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.

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.

On February 13, 2022, the Government transferred 4% of the Company’s issued shares to the Public Investment Fund (“PIF”), the sovereign wealth fund of the Kingdom. Subsequently, the Government announced on April 16, 2023, the transfer of 4% of the Company’s issued shares to Saudi Arabian Investment Company (“Sanabil Investments”), a wholly owned company of PIF. The Government remains the Company’s largest shareholder, retaining a 90.19% direct shareholding.

The condensed consolidated interim financial report of the Company and its subsidiaries (together “Saudi Aramco”) was approved by the Board of Directors on May 8, 2023.

2. Basis of preparation and other significant accounting policies

The condensed consolidated interim financial report has been prepared in accordance with International Accounting Standard 34 (“IAS 34”), Interim Financial Reporting, that is endorsed in the Kingdom, and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (“SOCPA”). This condensed consolidated interim financial report is consistent with the accounting policies and methods of computation and presentation set out in Saudi Aramco’s consolidated financial statements for the year ended December 31, 2022, except for new and amended standards disclosed below.

The results for the interim periods are unaudited and include all adjustments necessary for a fair presentation of the results for the periods presented. This condensed consolidated interim financial report should be read in conjunction with the consolidated financial statements and related notes for the year ended December 31, 2022, which 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 for the year ended December 31, 2022 are also in compliance with IFRS as issued by the International Accounting Standards Board (“IASB”).

Translations from SAR to USD presented as supplementary information in the condensed consolidated statement of income, condensed consolidated statement of comprehensive income, condensed consolidated balance sheet, condensed consolidated statement of changes in equity, and condensed consolidated statement of cash flows at March 31, 2023 and December 31, 2022 and for the three-month periods ended March 31, 2023 and 2022, are for convenience and were calculated at the rate of USD 1.00 = SAR 3.75 representing the exchange rate at the balance sheet dates.

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, 2023:

IFRS 17, Insurance Contracts

In May 2017, the IASB issued IFRS 17, Insurance Contracts, which introduces a new comprehensive accounting model for insurance contracts, and sets out the principles for the recognition, measurement, presentation and disclosure for the issuers of those contracts. The new standard replaces IFRS 4, Insurance Contracts, that was issued in 2005, and allowed insurers to use a range of different accounting treatments for insurance contracts. There is no material impact on the condensed consolidated interim financial report from the adoption of IFRS 17.

There are no other amendments or interpretations that are effective for annual periods beginning on or after January 1, 2023 that have a material impact on the condensed consolidated interim financial report.

- (ii) Saudi Aramco has not early adopted any new accounting standards, interpretations or amendments that are issued but not yet effective.

3. 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.

The following table presents Saudi Aramco's assets and liabilities measured and recognized at fair value at March 31, 2023 and December 31, 2022, 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 March 31, 2023 and December 31, 2022. There were no changes made to any of the valuation techniques and valuation processes applied as of December 31, 2022 and changes in unobservable inputs are not expected to materially impact the fair values.

Assets	Level 1 ⁱ	Level 2 ⁱⁱ	Level 3 ⁱⁱⁱ	Total
March 31, 2023				
Investments in securities:				
Equity securities at Fair Value Through Other Comprehensive Income ("FVOCI")	8,638	34	2,127	10,799
Debt securities at FVOCI	52	7,853	-	7,905
Equity securities at Fair Value Through Profit or Loss ("FVPL")	525	1,450	6,532	8,507
Debt securities at FVPL	-	142	-	142
Trade receivables related to contracts with provisional pricing arrangements	-	-	107,603	107,603
	<u>9,215</u>	<u>9,479</u>	<u>116,262</u>	<u>134,956</u>
Other assets and receivables:				
Interest rate swaps	-	649	-	649
Commodity derivative contracts	-	3,126	-	3,126
Currency forward contracts	-	93	-	93
Financial assets - option rights	-	-	3,108	3,108
	<u>-</u>	<u>3,868</u>	<u>3,108</u>	<u>6,976</u>
Total assets	<u>9,215</u>	<u>13,347</u>	<u>119,370</u>	<u>141,932</u>
December 31, 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
	<u>9,117</u>	<u>9,140</u>	<u>122,032</u>	<u>140,289</u>
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
	<u>-</u>	<u>3,851</u>	<u>2,734</u>	<u>6,585</u>
Total assets	<u>9,117</u>	<u>12,991</u>	<u>124,766</u>	<u>146,874</u>

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3. Fair value estimation continued

Liabilities	Level 1 ⁱ	Level 2 ⁱⁱ	Level 3 ⁱⁱⁱ	Total
March 31, 2023				
Trade and other payables:				
Interest rate swaps	-	21	-	21
Commodity derivative contracts	-	3,429	20	3,449
Currency forward contracts	-	107	-	107
Provisions and other liabilities:				
Financial liabilities - options and forward contracts	-	-	3,097	3,097
Total liabilities	-	3,557	3,117	6,674
December 31, 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

i. Quoted prices (unadjusted) in active markets for identical assets or liabilities.

ii. Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

iii. Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The changes in Level 3 investments in securities for the three-month period ended March 31, 2023 and the year ended December 31, 2022 are as follows:

	March 31, 2023	December 31, 2022
Beginning	8,490	5,268
Net additions	155	2,790
Net unrealized fair value (loss) gain	(21)	391
Realized gain	35	41
Ending	8,659	8,490

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 10). 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 derivative contracts are not significant.

The movements in financial assets - option rights and financial liabilities - options and forward contracts, being put, call and forward contracts on Saudi Aramco's own equity instruments in certain subsidiaries, are mainly due to changes in the unrealized fair values of those contracts 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 March 31, 2023, 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.

There are no differences from the consolidated financial statements for the year ended December 31, 2022 in the basis of segmentation or in the basis of measurement of segment earnings before interest, income taxes and zakat, except for some limited changes in the pricing basis of certain inter-segment transactions between Upstream and Downstream.

Information by segments for the three-month period ended March 31, 2023 is as follows:

	Upstream	Downstream	Corporate	Eliminations	Consolidated
External revenue	201,239	215,778	443	-	417,460
Other income related to sales	12,896	29,477	-	-	42,373
Inter-segment revenue	87,779	8,707	61	(96,547)	-
Earnings (losses) before interest, income taxes and zakat	215,278	12,830	(2,849)	(3,711)	221,548
Finance income					10,863
Finance costs					(3,177)
Income before income taxes and zakat					229,234
Capital expenditures - cash basis	25,332	7,147	318	-	32,797

Information by segments for the three-month period ended March 31, 2022 is as follows:

	Upstream	Downstream	Corporate	Eliminations	Consolidated
External revenue	242,779	223,904	320	-	467,003
Other income related to sales	15,373	34,521	-	-	49,894
Inter-segment revenue	110,211	10,785	75	(121,071)	-
Earnings (losses) before interest, income taxes and zakat	263,750	38,256	(3,658)	(18,783)	279,565
Finance income					585
Finance costs					(2,333)
Income before income taxes and zakat					277,817
Capital expenditures - cash basis	21,835	6,174	426	-	28,435

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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, 2023	55,911	91,617	641,029	932,134	95,610	20,755	262,903	2,099,959
Additions ¹	548	61	95	3,496	19	36	34,350	38,605
Acquisition (Note 16(a))	556	805	-	798	92	64	140	2,455
Construction completed	208	104	8,383	4,388	2,108	142	(15,333)	-
Currency translation differences	(140)	78	-	(189)	(178)	(7)	(31)	(467)
Transfers and adjustments	(9)	(19)	95	(143)	24	35	(174)	(191)
Transfer of exploration and evaluation assets	-	-	-	-	-	-	19	19
Retirements and sales	(52)	(359)	(213)	(2,306)	(186)	(257)	(47)	(3,420)
March 31, 2023	57,022	92,287	649,389	938,178	97,489	20,768	281,827	2,136,960
Accumulated depreciation								
January 1, 2023	(19,411)	(42,330)	(244,678)	(431,840)	(45,802)	(12,632)	-	(796,693)
Charge for the period	(371)	(792)	(5,033)	(14,219)	(693)	(379)	-	(21,487)
Currency translation differences	(2)	(13)	-	(81)	81	4	-	(11)
Transfers and adjustments	(3)	(57)	(24)	154	(5)	(43)	-	22
Retirements and sales	32	333	64	1,936	186	249	-	2,800
March 31, 2023	(19,755)	(42,859)	(249,671)	(444,050)	(46,233)	(12,801)	-	(815,369)
Property, plant and equipment - net, March 31, 2023	37,267	49,428	399,718	494,128	51,256	7,967	281,827	1,321,591

1. Additions include borrowing costs capitalized during the three-month period ended March 31, 2023, amounting to SAR 1,295, which were calculated using an average annualized capitalization rate of 3.57%.

Additions to right-of-use assets during the three-month period ended March 31, 2023 were SAR 3,309. Acquisition of right-of-use assets during the three-month period ended March 31, 2023 were SAR 326. The following table presents depreciation charges and net carrying amounts of right-of-use assets by class of assets.

	Depreciation expense for the three-month period ended March 31, 2023	Net carrying amount at March 31, 2023
Land and land improvements	51	5,537
Buildings	109	3,115
Oil and gas properties	4	6
Plant, machinery and equipment	2,873	48,568
Depots, storage tanks and pipelines	82	2,223
Fixtures, IT and office equipment	32	330
	3,151	59,779

6. Intangible assets

	Goodwill	Exploration and evaluation	Brands and trademarks	Franchise/customer relationships	Computer software	Other ¹	Total
Cost							
January 1, 2023	100,603	17,971	22,730	19,647	5,854	4,031	170,836
Additions	-	1,678	-	-	6	77	1,761
Acquisition (Note 16(a))	372	-	2,063	2,318	-	-	4,753
Currency translation differences	(5)	-	(26)	(3)	7	18	(9)
Transfers and adjustments	-	-	(33)	(28)	6	(392)	(447)
Transfer of exploration and evaluation assets	-	(19)	-	-	-	-	(19)
Retirements and write offs	-	(516)	-	-	(29)	-	(545)
March 31, 2023	100,970	19,114	24,734	21,934	5,844	3,734	176,330
Accumulated amortization							
January 1, 2023	-	-	(2,559)	(3,362)	(4,066)	(1,521)	(11,508)
Charge for the period	-	-	(97)	(241)	(81)	(69)	(488)
Currency translation differences	-	-	1	-	(7)	(15)	(21)
Transfers and adjustments	-	-	32	27	1	363	423
Retirements and write offs	-	-	-	-	20	-	20
March 31, 2023	-	-	(2,623)	(3,576)	(4,133)	(1,242)	(11,574)
Intangible assets - net, March 31, 2023	100,970	19,114	22,111	18,358	1,711	2,492	164,756

1. Other intangible assets with a net book value of SAR 2,492 as at March 31, 2023 comprise of processing and offtake agreements, licenses, technology, usage rights, patents and intellectual property.

7. 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 Saudi Arabian Income Tax Law of 2004 and its amendments (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.

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7. Income taxes and zakat continued

The reconciliation of tax charge at the Kingdom statutory rates to consolidated tax and zakat expense is as follows:

	1 st quarter 2023	1 st quarter 2022
Income before income taxes and zakat	229,234	277,817
Less: Income subject to zakat	(2,941)	(7,267)
Income subject to income tax	226,293	270,550
Income taxes at the Kingdom's statutory tax rates	112,099	132,360
Tax effect of:		
Income not subject to tax at statutory rates and other	(2,933)	(3,109)
Income tax expense	109,166	129,251
Zakat expense	526	540
Total income tax and zakat expense	109,692	129,791

(b) Income tax and zakat expense

	1 st quarter 2023	1 st quarter 2022
Current income tax - Kingdom	104,400	125,795
Current income tax - Foreign	1,837	490
Deferred income tax - Kingdom	3,071	1,085
Deferred income tax - Foreign	(142)	1,881
Zakat - Kingdom	526	540
	109,692	129,791

(c) Income tax and zakat obligation to the Government

	2023	2022
January 1	104,978	90,525
Provided during the period	104,926	126,335
Payments during the period by the Company (Note 14)	(56,728)	(59,948)
Payments during the period by subsidiaries and joint operations	(560)	(1,419)
Settlements of due from the Government	(53,709)	(40,931)
Other settlements	(1,211)	(1,085)
March 31	97,696	113,477

8. 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		Total
						Foreign currency translation gains (losses)	Cash flow hedges and other	
January 1, 2023	(3,407)	5,155	-	298	1,034	195	4	3,279
Current period change	(935)	(184)	-	108	(25)	1,087	(74)	(23)
Remeasurement (loss) gain ¹	-	-	(3,777)	-	-	-	100	(3,677)
Transfer to retained earnings	-	-	2,054	(20)	-	-	(100)	1,934
Tax effect	-	-	1,624	-	-	-	-	1,624
Less: amounts related to non-controlling interests	501	2	99	-	2	(314)	-	290
March 31, 2023	(3,841)	4,973	-	386	1,011	968	(70)	3,427

- The remeasurement (loss) gain is primarily due to the net impact arising from changes in discount rates used to determine the present value of the post-employment benefit obligations and changes in the fair value of post-employment benefit plan assets.

9. Borrowings

	March 31, 2023			December 31, 2022		
	Non-current	Current	Total	Non-current	Current	Total
Conventional:						
Deferred consideration (Note 9(a))	17,832	41,229	59,061	81,168	40,995	122,163
Debentures	89,019	7,895	96,914	89,585	7,627	97,212
Bank borrowings	22,732	2,097	24,829	20,998	2,166	23,164
Short-term borrowings	-	10,842	10,842	-	10,205	10,205
Revolving credit facilities	-	586	586	-	-	-
Export credit agencies	1,582	657	2,239	1,582	657	2,239
Public Investment Fund	820	365	1,185	820	365	1,185
Other financing arrangements (Note 9(b))	36,181	213	36,394	23,570	408	23,978
Shari'a compliant:						
Sukuk	34,305	281	34,586	34,300	281	34,581
Murabaha	15,597	2,148	17,745	16,158	2,135	18,293
Saudi Industrial Development Fund	3,186	301	3,487	3,441	295	3,736
Ijarah/Procurement	3,431	13	3,444	2,688	13	2,701
Wakala	798	26	824	997	26	1,023
	225,483	66,653	292,136	275,307	65,173	340,480
Lease liabilities	43,061	10,267	53,328	43,073	9,591	52,664
	268,544	76,920	345,464	318,380	74,764	393,144

(a) Deferred consideration

On March 13, 2023, the Company in agreement with PIF made a third partial prepayment of SAR 59,040 (\$15,744). This partial prepayment fully reduced the outstanding principal amount of SAR 13,125 (\$3,500) of the promissory note payable on or before April 7, 2024, and partially reduced 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), were also fully reduced. This partial prepayment resulted in a gain of SAR 4,635 (\$1,236).

The amounts of outstanding installments as at March 31, 2023, are as below:

	Principal	Loan charge
On or before April 7, 2023	39,375	1,875
On or before April 7, 2025	15,562	-
On or before April 7, 2026	3,188	-
	58,125	1,875

The carrying amount of deferred consideration at the reporting date is measured at amortized cost using the effective interest method.

On April 7, 2023, the outstanding amounts of the promissory notes due on or before April 7, 2023, aggregating to SAR 41,250 (\$11,000), were repaid. Further, on May 2, 2023, the Company in agreement with PIF made a final prepayment of SAR 16,691 (\$4,451), which fully reduced the remaining outstanding principal amounts of the promissory notes payable on or before April 7, 2025 and 2026, aggregating to SAR 18,750 (\$5,000). Following this final prepayment, the above outstanding amount of deferred consideration was fully settled (Note 18).

(b) Other financing arrangements

On January 19, 2023, the Company received SAR 15,563 in respect of the second tranche of the financing arrangement with the Jazan Integrated Gasification and Power Company ("JIGPC"), a joint operation of Saudi Aramco. An amount of SAR 12,450 was recognized on the condensed consolidated balance sheet in this regard, being the amount due to the other shareholders of JIGPC. The final tranche of SAR 1,968 under the financing arrangement is expected to be received by the end of 2023.

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10. Revenue

	1 st quarter 2023	1 st quarter 2022
Revenue from contracts with customers	415,937	463,403
Movement between provisional and final prices	(857)	2,543
Other revenue	2,380	1,057
	417,460	467,003

Disaggregation of revenue from contracts with customers

Saudi Aramco's revenue from contracts with customers according to product type and source is as follows:

	1 st quarter 2023			Total
	Upstream	Downstream	Corporate	
Crude oil	191,828	21,338	-	213,166
Refined and chemical products	-	188,312	-	188,312
Natural gas and NGLs	10,063	1,135	-	11,198
Metal products	-	3,261	-	3,261
Revenue from contracts with customers	201,891	214,046	-	415,937
Movement between provisional and final prices	(749)	(108)	-	(857)
Other revenue	97	1,840	443	2,380
External revenue	201,239	215,778	443	417,460

	1 st quarter 2022			Total
	Upstream	Downstream	Corporate	
Crude oil	224,622	15,095	-	239,717
Refined and chemical products	-	200,628	-	200,628
Natural gas and NGLs	15,731	3,012	-	18,743
Metal products	-	4,315	-	4,315
Revenue from contracts with customers	240,353	223,050	-	463,403
Movement between provisional and final prices	2,349	194	-	2,543
Other revenue	77	660	320	1,057
External revenue	242,779	223,904	320	467,003

11. Non-cash investing and financing activities

Investing and financing activities for the three-month period ended March 31, 2023 include additions to right-of-use assets of SAR 3,309 (March 31, 2022: SAR 1,121), asset retirement provisions of SAR 95 (March 31, 2022: SAR 76) and equity awards issued to employees of SAR 149 (March 31, 2022: SAR 54).

12. Commitments

Capital commitments

Capital expenditures contracted for but not yet incurred were SAR 252,814 and SAR 172,639 at March 31, 2023 and December 31, 2022, respectively. In addition, leases contracted for but not yet commenced were SAR 21,739 and SAR 18,326 at March 31, 2023 and December 31, 2022, respectively.

13. Contingencies

Saudi Aramco has contingent assets and liabilities with respect to certain disputed matters, including claims by and against contractors and lawsuits and arbitrations. These contingencies arise in the ordinary course of business. It is not anticipated that any material adjustments will result from these contingencies.

Rabigh Refining and Petrochemical Company ("Petro Rabigh")

On March 20, 2023, Petro Rabigh refinanced the outstanding amount of equity bridge loans of SAR 9,310, which were previously guaranteed on a several and equal basis by the two founding shareholders of Petro Rabigh, the Company and Sumitomo Chemical Co. Ltd. Under the refinancing arrangement, Sumitomo Chemical Co. Ltd. guaranteed its share of the equity bridge loans, amounting to SAR 4,655, that was fully financed by external lenders. In addition, the Company, through its wholly owned subsidiary, Aramco Overseas Company B.V. ("AOC"), provided Petro Rabigh an equity bridge loan of SAR 3,000, while the remaining amount of its share, amounting to SAR 1,655, was provided by external lenders and was guaranteed by the Company. The refinanced equity bridge loans mature on December 20, 2027.

14. Payments to the Government by the Company

	1 st quarter 2023	1 st quarter 2022
Income taxes (Note 7(c))	56,728	59,948
Royalties	51,009	55,369
Dividends	68,918	66,269

15. Related party transactions and balances**(a) Transactions**

	1 st quarter 2023	1 st quarter 2022
Joint ventures:		
Revenue from sales	5,569	6,683
Other revenue	4	8
Interest income	38	15
Purchases	6,510	8,284
Service expenses	4	4
Associates:		
Revenue from sales	18,675	21,090
Other revenue	68	86
Interest income	83	53
Purchases	14,993	18,735
Service expenses	26	23
Lease expenses	-	49
Government, semi-Government and other entities with Government ownership or control:		
Revenue from sales	5,486	4,403
Other income related to sales	42,373	49,894
Other revenue	210	176
Purchases	2,633	2,621
Service expenses	98	101
Lease expenses	244	150

(b) Balances

	March 31, 2023	December 31, 2022
Joint ventures:		
Other assets and receivables	5,449	5,363
Trade receivables	4,669	5,096
Interest receivable	409	371
Trade and other payables	6,521	7,060
Associates:		
Other assets and receivables	1,523	1,519
Trade receivables	10,283	13,410
Trade and other payables	8,126	6,278
Borrowings	-	15
Government, semi-Government and other entities with Government ownership or control:		
Other assets and receivables	465	510
Trade receivables	3,195	3,874
Due from the Government	44,660	54,545
Trade and other payables	1,429	2,093
Borrowings	65,551	128,026

(c) Compensation of key management personnel

Compensation policies for and composition of key management personnel remain consistent with 2022.

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16. Investments in affiliates

(a) Valvoline Inc.'s global products business

On March 1, 2023, AOC, a wholly owned subsidiary of Saudi Aramco, acquired a 100% equity interest in Valvoline Inc.'s global products business ("VGP Holdings LLC") for a cash consideration of approximately SAR 10,346 (\$2,759), including 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 is expected to 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.

Saudi Aramco engaged an independent valuer in order to determine the fair value of the assets and liabilities of VGP Holdings LLC as part of the purchase price allocation process. The preliminary fair values of the identifiable assets and liabilities are as follows:

Cash and cash equivalents	460
Trade receivables, inventories and other current assets	3,978
Property, plant and equipment (Note 5)	2,455
Intangible assets (Note 6)	4,381
Other non-current assets	491
Trade payables and other current liabilities	(1,346)
Non-current liabilities	(445)
Total identifiable net assets at fair value	9,974
Goodwill (Note 6)	372
Purchase consideration	10,346

Acquisition and transaction costs of SAR 144 were expensed as selling, administrative and general expenses in the condensed consolidated statement of income for the three-month period ended March 31, 2023.

Post-acquisition, VGP Holdings LLC contributed revenues of SAR 946 and net profit of SAR 73, which is included in the condensed consolidated statement of income. If the acquisition had occurred on January 1, 2023, management estimates that consolidated revenue and net profit for the three-month period ended March 31, 2023 would have been SAR 2,708 and SAR 208, respectively.

(b) Huajin Aramco Petrochemical Co., Ltd. ("HAPCO")

On March 25, 2023, AOC, a wholly owned subsidiary of Saudi Aramco, entered into definitive agreements with North Huajin Chemical Industries Group Corporation ("North Huajin") and Panjin Xincheng Industrial Group Co., Ltd. ("Panjin Xincheng") to construct the HAPCO refinery and petrochemical complex in Panjin City, Liaoning Province, China. AOC owns a 30% interest in HAPCO, while North Huajin and Panjin Xincheng own 51% and 19%, respectively. The complex, expected to be completed in 2026 with an estimated construction cost of SAR 46,900, will be financed through a combination of debt and equity. The facility will combine a 300,000 barrels per day ("bpd") refinery and a petrochemical plant with annual production capacity of 1.65 million metric tons of ethylene and 2 million metric tons of paraxylene. Saudi Aramco's share of the equity contribution is SAR 4,685, of which no amounts have been drawn as at March 31, 2023.

(c) Rongsheng Petrochemical Co., Ltd. ("Rongsheng Petrochemical")

On March 27, 2023, AOC, a wholly owned subsidiary of Saudi Aramco, entered into definitive agreements with Zhejiang Rongsheng Holding Group Co., Ltd. to acquire a 10% interest in Rongsheng Petrochemical, which is listed on the Shenzhen Stock Exchange, China, for a purchase price of RMB 24.6 billion (approximately SAR 13,500). Among other assets, Rongsheng Petrochemical owns a 51% equity interest in Zhejiang Petroleum & Chemical Co., Ltd. ("ZPC"), which in turn owns and operates the largest integrated refining and chemicals complex in China with a capacity to process 800,000 bpd of crude oil and to produce 4.2 million metric tons of ethylene per year. Through this strategic arrangement, Saudi Aramco would significantly expand its downstream presence in China, including supplying 480,000 bpd of crude oil to ZPC, under a long-term sales agreement. The transaction is expected to close by the end of 2023, subject to regulatory approvals.

17. Dividends

Dividends declared and paid on ordinary shares are as follows:

	1 st quarter 2023	1 st quarter 2022	SAR per share	
			1 st quarter 2023	1 st quarter 2022
Quarter:				
March ¹	73,150	70,331	0.33	0.35
Total dividends declared and paid	73,150	70,331	0.33	0.35
Dividends declared on May 8, 2023 and May 13, 2022 ^{2,3}	73,162	70,328	0.30	0.32

1. Dividends of SAR 73,150 paid in 2023 relate to 2022 results. Dividends of SAR 70,331 paid in 2022 relate to 2021 results.
2. Dividend per share of SAR 0.30 reflects the effect of the issuance of the bonus shares approved on May 8, 2023, as described below.
3. The condensed consolidated interim financial report does not reflect a dividend to shareholders of approximately SAR 73,162, which was declared on May 8, 2023 (May 13, 2022: SAR 70,328). This dividend will be deducted from unappropriated retained earnings in the year ending December 31, 2023.

On May 8, 2023, 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 22 billion without par value. Such increase was effected through capitalization of the Company’s retained earnings. Each shareholder will be granted one (1) bonus share for every ten (10) shares owned. The Company’s share capital after the increase is SAR 90,000, divided into 242 billion fully paid ordinary shares with equal voting rights without par value.

Accordingly, earnings per share for the three-month periods ended March 31, 2023 and 2022 have been calculated by retrospectively adjusting the weighted average number of outstanding shares to reflect the effect of the issuance of the above bonus shares.

18. Events after the reporting period

Repayment of deferred consideration to PIF

On April 7, 2023, the outstanding amounts of the promissory notes due on or before April 7, 2023, aggregating to SAR 41,250 (\$11,000), were repaid. Further, on May 2, 2023, the Company in agreement with PIF made a final prepayment of SAR 16,691 (\$4,451), which fully reduced the remaining outstanding principal amounts of the promissory notes payable on or before April 7, 2025 and 2026, aggregating to SAR 18,750 (\$5,000) (Note 9). Following this final prepayment, which resulted in a gain of SAR 1,141 (\$304), the outstanding amount of deferred consideration was fully settled.

Saudi Aramco

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Aramco, headquartered in the city of Dhahran, is one of the world's largest integrated energy and chemicals companies; its Upstream operations are primarily based in the Kingdom of Saudi Arabia while the Downstream business is global.

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