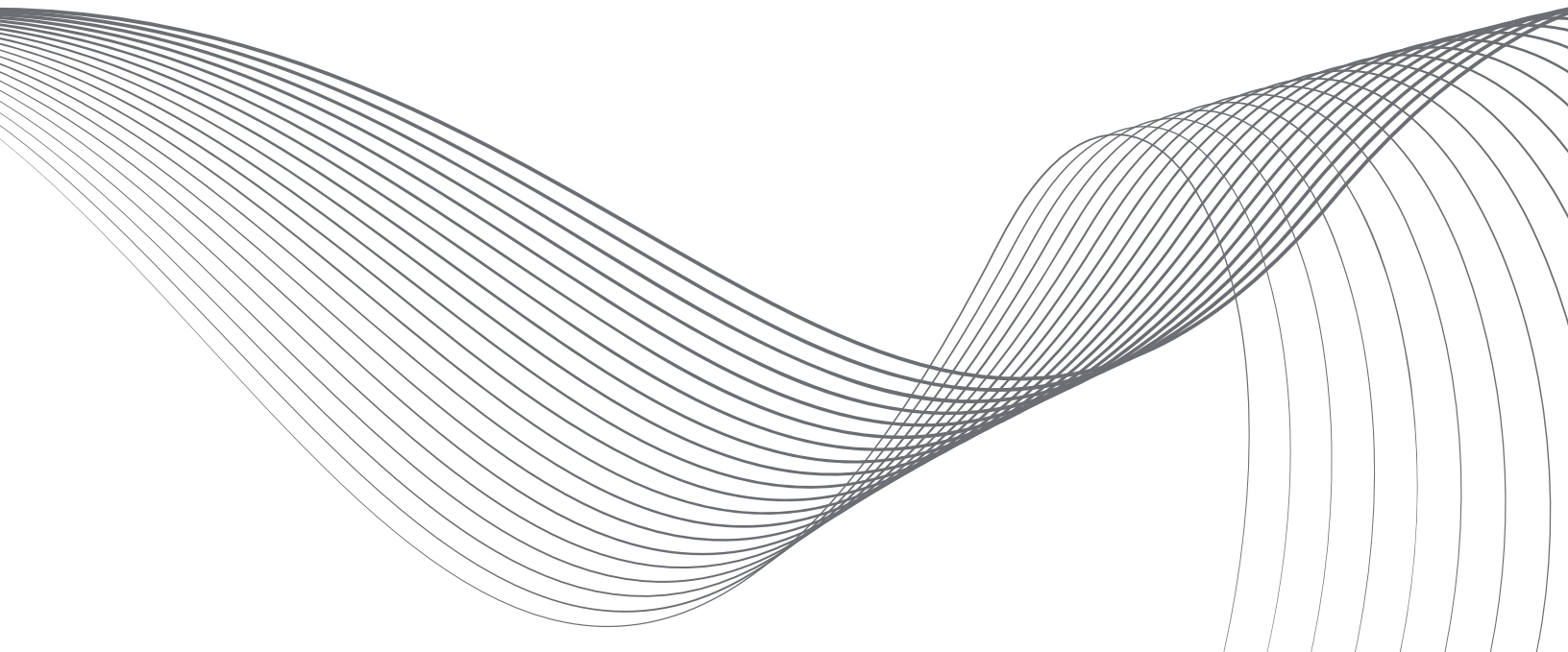




2022

Saudi Aramco Second quarter interim report

For the three months and half year ended
June 30, 2022



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For the three-month and six-month periods ended June 30, 2022 (unaudited)

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Aramco highlights

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Saudi Aramco

Second quarter and half year interim report 2022

Aramco at a glance

Second quarter 2022

Financial highlights

Net income (billion)	EBIT* (billion)	Free cash flow* (billion)	Net cash provided by operating activities (billion)
SAR 181.6 \$48.4	SAR 328.2 \$87.5	SAR 129.8 \$34.6	SAR 164.9 \$44.0
Capital expenditures (billion)	Dividends paid (billion)	Dividends paid per share	ROACE* (%)
SAR 35.1 \$9.4	SAR 70.33 \$18.75	SAR 0.32 \$0.09	31.3
Gearing* (%)	Earnings per share (basic and diluted)	Average realized crude oil price (\$/barrel)	
7.9	SAR 0.79 \$0.21	113.2	

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

President and CEO's statement



Our record second-quarter results reflect increasing demand for our products — particularly as a low-cost producer with one of the lowest upstream carbon intensities in the industry.

While global market volatility and economic uncertainty remain, events during the first half of this year support our view that ongoing investment in our industry is essential — both to help ensure markets remain well supplied and to facilitate an orderly energy transition.

In fact, we expect oil demand to continue to grow for the rest of the decade, despite downward economic pressures on short-term global forecasts.

But while there is a very real and present need to safeguard the security of energy supplies, climate goals remain critical, which is why Aramco is working to increase production from multiple energy sources — including oil and gas, as well as renewables, and blue hydrogen.

We are progressing the largest capital program in our history, and our approach is to invest in the reliable energy and petrochemicals that the world needs, while developing lower-carbon solutions that can contribute to the broader energy transition.

Amin H. Nasser
President and CEO

Saudi Aramco

Second quarter and half year interim report 2022

Key results

Financial results

All amounts in millions unless otherwise stated	Second quarter ended June 30			
	SAR		USD*	
	2022	2021	2022	2021
Net income	181,643	95,465	48,439	25,458
EBIT	328,243	181,825	87,533	48,486
Capital expenditures	35,093	28,076	9,358	7,487
Free cash flow	129,801	84,657	34,614	22,576
Dividends paid	70,328	70,325	18,754	18,754
ROACE ¹	31.3%	16.7%	31.3%	16.7%
Average realized crude oil price (\$/barrel)	n/a	n/a	113.2	67.9

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

1. Calculated on a 12-month rolling basis.

All amounts in millions unless otherwise stated	Half year ended June 30			
	SAR		USD*	
	2022	2021	2022	2021
Net income	329,669	176,905	87,912	47,175
EBIT	607,808	335,505	162,083	89,468
Capital expenditures	63,528	58,826	16,941	15,687
Free cash flow	244,657	153,206	65,242	40,855
Dividends paid	140,659	140,650	37,509	37,507
ROACE ¹	31.3%	16.7%	31.3%	16.7%
Average realized crude oil price (\$/barrel)	n/a	n/a	105.6	64.1

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

1. Calculated on a 12-month rolling basis.

Second quarter highlights

Global crude oil prices remained exceptionally strong in the second quarter of 2022, driven by low crude oil and refined product inventories, and ongoing geopolitical events. These factors, along with robust Downstream margins, have created extremely favorable market conditions from which Aramco is generating significant value, leveraging its low-cost upstream production and strategically integrated Downstream business. In the second quarter, Aramco delivered record earnings and declared a cash dividend of SAR 70.34 billion (\$18.76 billion) as it continues to demonstrate its commitment to maximizing total shareholder returns. Aramco aims to deliver a sustainable and progressive dividend in line with future prospects and underlying financial results. The Board intends to review the dividend with the full year 2022 results in March 2023.

Capturing additional value across the hydrocarbon chain and providing affordable, reliable, and sustainable energy to the world remains a priority for Aramco. Through its strong balance sheet and disciplined approach to capital allocation, Aramco is well-positioned to achieve this objective and aims to capture growth opportunities, progress the strategic integration of its Upstream and Downstream segments, and expand its chemicals business. Aramco expects capital expenditures to be on the lower end of its guidance of SAR 150.0 to SAR 187.5 billion (\$40.0 billion to \$50.0 billion) in 2022, compared to 2021 capital expenditures of SAR 119.6 billion (\$31.9 billion). This level of investment demonstrates Aramco's growth ambitions which underpin its drive to generate long-term value for shareholders.

Ensuring optionality through diversified funding sources is an important component of Aramco's financial strategy. During the quarter, Aramco signed a five-year agreement for SAR 37.5 billion (\$10.0 billion) of certain revolving credit facilities. Any advanced amounts will be used for general corporate and working capital purposes.

As part of Aramco's focus on optimizing funding costs and maintaining its high investment-grade credit rating, Aramco takes strategic decisions to direct cash flow toward deleveraging its balance sheet. In June, the Company made a partial prepayment of SAR 38.2 billion (\$10.2 billion) of the deferred consideration related to the SABIC acquisition which reduced the principal amounts of two promissory notes by a total of SAR 45.0 billion (\$12.0 billion).

With respect to the distribution of bonus shares to shareholders approved at the Company's Extraordinary General Assembly on May 12, 2022, the Company completed the capitalization of SAR 15.0 billion (\$4.0 billion) of retained earnings. As a result, Aramco's share capital increased correspondingly by SAR 15.0 billion (\$4.0 billion).

Upstream

The Upstream segment maintained its exceptional performance, building on favorable market conditions while continuing to progress the Government's mandate to increase crude oil Maximum Sustainable Capacity (MSC) to 13.0 mmbpd by 2027.

Through agile and efficient operations, the Company achieved total hydrocarbon production of 13.6 mmbpd during the second quarter of 2022.

Key Upstream developments include the following:

- Aramco progressed with initial construction and design 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, with a raw gas processing capacity of 3.1 bscfd, will be developed in two phases and is expected to be completed by 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 will provide feedstock for hydrogen and ammonia production and will help meet expected growing local energy demand;

- Construction at the Hawiyah Unayzah Gas Reservoir Storage is in an advanced stage, with the injection phase nearing completion. It is the first underground natural gas storage project in the Kingdom and will enable the 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 Master Gas System by 2024; and
- Aramco successfully deployed the Ghawar-1 supercomputer for reservoir simulation. The supercomputer is the second largest 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.

Downstream

The Downstream segment continued to demonstrate its excellent operational track record and made important strides in enhancing its global downstream business in target geographies.

During the quarter, the Company achieved supply reliability of 99.8%, and in the first half of the year the Downstream segment consumed 44.4% of Aramco's crude oil production.

Key Downstream developments include the following:

- In May, Aramco's Malaysia-based investment in refining and petrochemical joint ventures with PETRONAS, collectively known as PRefChem, started operations and is expected to reach full capacity of 300 mmbpd by end of the year. Aramco's investment in PRefChem provides an expansion opportunity in an important high-growth market and offers new geographies for its crude oil production;

Second quarter highlights (continued)

- 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;
- In August, Aramco signed an equity purchase agreement to acquire Valvoline Inc.'s global products business (Valvoline Global Products) for SAR 9.94 billion (\$2.65 billion). This strategic acquisition will 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 is subject to customary closing conditions including the receipt of regulatory approvals;
- The Downstream segment has embarked on a portfolio-wide transformation program that seeks to unlock incremental value through yield enhancements, stream integration, and cost reductions. Since the inception of the program in mid-2021, the Downstream segment has realized approximately SAR 3.75 billion (\$1.0 billion) in incremental EBIT; and
- Aramco's integration of SABIC is progressing ahead of plan and continues to capture synergies in multiple areas, including procurement, stream integration, feedstock optimization, and maintenance activities, among others.

Environmental, social, and governance

In June, Aramco achieved an important milestone in publishing its inaugural Sustainability Report. Along with detailing its plans to achieve net-zero Scope 1 and Scope 2 greenhouse gas emissions by 2050 across its wholly-owned operated assets, the report also sets interim targets for the Company. These include capturing, utilizing, or storing 11 million metric tons of CO₂ equivalent annually by 2035, and investing in renewables with an aim to generate 12 gigawatts of solar and wind power by 2030. These and other initiatives will support the Company's ambition of reducing or mitigating more than 50 million metric tons of CO₂ equivalent annually, and contribute to the reduction of upstream carbon intensity by at least 15% by 2035 compared to a 2018 baseline. Additionally, Aramco aims to produce 11 million tons of blue ammonia, a carrier of blue hydrogen, annually by 2030.

A core component of Aramco's corporate strategy is developing low-carbon products and solutions across the energy, chemicals, and materials sectors. In June, the Company inaugurated the Aramco Research Center at the King Abdullah University of Science and Technology. The research hub aims to deploy artificial intelligence and machine learning to develop innovative ways to advance low-carbon solutions and support Aramco's ambition of reaching operational net-zero emissions by 2050.

Aramco also announced a major expansion of its Namaat industrial investment programs through which the Company seeks to localize its supply chain and ensure its long-term cost and productivity leadership, sustainability, and resilience. Fifty-five agreements and Memoranda of Understanding are now in place across the sustainability, digital, industrial, manufacturing, and social innovation sectors, aiming to create jobs for Saudis and expand the Kingdom's energy and chemicals value chains. Through Namaat, Aramco supports the Kingdom's economic development and capacity building.

Financial performance

Summary of financial performance

	Second quarter			Half year						
	SAR		USD*		%	SAR		USD*		%
All amounts in millions unless otherwise stated	2022	2021	2022	2021	change	2022	2021	2022	2021	change
Income before income taxes and zakat	329,794	178,676	87,946	47,647	84.6%	607,611	330,056	162,030	88,015	84.1%
Income taxes and zakat	(148,151)	(83,211)	(39,507)	(22,189)	78.0%	(277,942)	(153,151)	(74,118)	(40,840)	81.5%
Net income	181,643	95,465	48,439	25,458	90.3%	329,669	176,905	87,912	47,175	86.4%

* 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 and refined and chemicals products. Global demand for petroleum products continued to rise in the first half of 2022, which resulted in higher prices and volumes sold for hydrocarbons, and improved Downstream margins compared to the same period in 2021.
- In February 2022, Aramco completed its SAR 58.1 billion (\$15.5 billion) energy infrastructure deal relating to a 20-year lease and leaseback agreement for its gas pipelines network. This resulted in an increase in cash and cash equivalents and non-controlling interest during the period.
- With respect to the deferred consideration related to the SABIC acquisition, in January 2022 Aramco made a partial prepayment of SAR 28,579 (\$7,621), which reduced the principal amounts of two promissory notes by a total of SAR 30,000 (\$8,000). In addition, in June 2022 Aramco made a partial prepayment of SAR 38,192 (\$10,185), which reduced the principal amounts of two promissory notes by a total of SAR 45,000 (\$12,000). Further, Aramco paid an installment of SAR 33,750 (\$9,000) due on April 7, 2022. These resulted in a decrease in total borrowings during the period.

Second quarter

Net income

Net income for the second quarter of 2022 was SAR 181,643 (\$48,439), compared to SAR 95,465 (\$25,458) for the same quarter of 2021. The increase was largely attributable to higher crude oil prices and volumes sold, and higher refining margins. This was partially offset by increased production royalties predominately resulting from stronger crude oil prices and a higher average effective royalty rate.

Income taxes and zakat

The charge for income taxes and zakat for the second quarter of 2022 was SAR 148,151 (\$39,507), compared to SAR 83,211 (\$22,189) for the same quarter in 2021. The increase was primarily driven by higher taxable income in the second quarter of 2022.

Half year

Net income

Net income for the first half of 2022 was SAR 329,669 (\$87,912), compared to SAR 176,905 (\$47,175) for the same period of 2021. The increase principally reflects the impact of higher crude oil prices and volumes sold, and improved Downstream margins. This was partially offset by increased production royalties largely resulting from stronger crude oil prices and a higher average effective royalty rate.

Income taxes and zakat

The charge for income taxes and zakat for the first half of 2022 was SAR 277,942 (\$74,118), compared to SAR 153,151 (\$40,840) for the same period in 2021. The increase was mainly driven by higher taxable income in the first half of 2022.

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

Saudi Aramco

Second quarter and half year interim report 2022

All amounts in millions unless otherwise stated

Upstream financial performance

	Second quarter				% change	Half year				% change
	SAR		USD*			SAR		USD*		
All amounts in millions unless otherwise stated	2022	2021	2022	2021		2022	2021	2022	2021	
Earnings before interest, income taxes and zakat	294,515	170,056	78,537	45,348	73.2%	558,265	320,186	148,871	85,383	74.4%
Capital expenditures - cash basis	27,726	20,151	7,394	5,374	37.6%	49,561	44,506	13,216	11,868	11.4%

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

Second quarter

Earnings before interest, income taxes and zakat (EBIT) for the second quarter of 2022 was SAR 294,515 (\$78,537), compared to SAR 170,056 (\$45,348) for the same quarter in 2021. This exceptional performance was mainly driven by favorable average realized crude oil prices and higher crude oil volumes sold, and was partially offset by higher crude oil production royalties.

Capital expenditures for the second quarter of 2022 increased by 37.6%, compared to the same period in 2021, from SAR 20,151 (\$5,374) to SAR 27,726 (\$7,394), primarily due to increased development activity for the crude oil increments, and for Aramco's gas expansion program and other unconventional projects.

Half year

EBIT for the first half of 2022 was SAR 558,265 (\$148,871), compared to SAR 320,186 (\$85,383) for the same period in 2021. These outstanding earnings reflect strong recovery in global energy demand, resulting in higher average realized crude prices in addition to relatively higher crude oil volumes sold. EBIT was partially offset by higher crude oil production royalties.

Capital expenditures for the first half of 2022 increased by 11.4%, compared to the same period in 2021, from SAR 44,506 (\$11,868) to SAR 49,561 (\$13,216), mainly due to drilling activities related to increasing the crude oil MSC, and development of other unconventional projects.



Downstream financial performance

	Second quarter				% change	Half year				% change
	SAR		USD*			SAR		USD*		
All amounts in millions unless otherwise stated	2022	2021	2022	2021		2022	2021	2022	2021	
Earnings before interest, income taxes and zakat	47,764	17,255	12,737	4,601	176.8%	86,020	33,915	22,939	9,044	153.6%
Capital expenditures - cash basis	6,865	7,411	1,831	1,976	(7.4)%	13,039	13,275	3,477	3,540	(1.8)%

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

Second quarter

EBIT for the second quarter of 2022 was SAR 47,764 (\$12,737), compared to SAR 17,255 (\$4,601) for the same quarter in 2021. These strong earnings reflect the continued strength in refining margins and the resulting inventory movement gains.

Capital expenditures for the second quarter of 2022 decreased by 7.4%, compared to the same period in 2021, from SAR 7,411 (\$1,976) to SAR 6,865 (\$1,831), primarily due to certain projects nearing completion.

Half year

EBIT for the first half of 2022 was SAR 86,020 (\$22,939), compared to SAR 33,915 (\$9,044) for the same quarter in 2021. This strong financial performance is the result of increased energy demand and supply tightening along with ongoing geopolitical events, resulting in stronger Downstream margins.

Capital expenditures for the first half of 2022 decreased by 1.8%, compared to the same period in 2021, from SAR 13,275 (\$3,540) to SAR 13,039 (\$3,477), mainly due to certain projects nearing completion, partially offset by distribution network related projects.





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Condensed consolidated interim financial report

For the three-month and six-month periods ended June 30, 2022 (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 June 30, 2022 and the related condensed consolidated statements of income, comprehensive income and cash flows for the three-month and six-month periods then ended and the related condensed consolidated statement of changes in equity for the six-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. Al Sagga
License Number 369

August 12, 2022

Condensed consolidated statement of income

	Note	SAR				USD*			
		2 nd quarter 2022	2 nd quarter 2021	Six months 2022	Six months 2021	2 nd quarter 2022	2 nd quarter 2021	Six months 2022	Six months 2021
Revenue	10	562,068	312,353	1,029,071	584,425	149,885	83,294	274,419	155,847
Other income related to sales		86,305	37,597	136,199	65,682	23,015	10,026	36,320	17,515
Revenue and other income related to sales		648,373	349,950	1,165,270	650,107	172,900	93,320	310,739	173,362
Royalties and other taxes		(112,689)	(31,252)	(180,216)	(55,307)	(30,051)	(8,334)	(48,058)	(14,749)
Purchases		(144,601)	(87,795)	(251,347)	(161,705)	(38,561)	(23,412)	(67,026)	(43,121)
Producing and manufacturing		(17,687)	(14,722)	(39,793)	(30,429)	(4,716)	(3,926)	(10,611)	(8,115)
Selling, administrative and general		(24,639)	(14,304)	(44,304)	(26,707)	(6,570)	(3,815)	(11,814)	(7,122)
Exploration		(1,803)	(1,002)	(3,149)	(2,055)	(481)	(267)	(840)	(548)
Research and development		(1,012)	(860)	(1,866)	(1,738)	(269)	(229)	(497)	(463)
Depreciation and amortization	5,6	(21,453)	(20,900)	(42,401)	(41,164)	(5,721)	(5,573)	(11,307)	(10,977)
Operating costs		(323,884)	(170,835)	(563,076)	(319,105)	(86,369)	(45,556)	(150,153)	(85,095)
Operating income		324,489	179,115	602,194	331,002	86,531	47,764	160,586	88,267
Share of results of joint ventures and associates		2,973	2,444	4,816	4,231	793	651	1,284	1,128
Finance and other income		5,278	579	5,880	908	1,408	155	1,568	243
Finance costs		(2,946)	(3,462)	(5,279)	(6,085)	(786)	(923)	(1,408)	(1,623)
Income before income taxes and zakat		329,794	178,676	607,611	330,056	87,946	47,647	162,030	88,015
Income taxes and zakat	7	(148,151)	(83,211)	(277,942)	(153,151)	(39,507)	(22,189)	(74,118)	(40,840)
Net income		181,643	95,465	329,669	176,905	48,439	25,458	87,912	47,175
Net income attributable to									
Shareholders' equity		173,795	90,902	315,807	169,492	46,346	24,241	84,215	45,198
Non-controlling interests		7,848	4,563	13,862	7,413	2,093	1,217	3,697	1,977
		181,643	95,465	329,669	176,905	48,439	25,458	87,912	47,175
Earnings per share (basic and diluted)	18	0.79	0.41	1.44	0.77	0.21	0.11	0.38	0.21

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


Amin H. Nasser
Director,
President & Chief Executive Officer


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


Bassam M. Asiri
Controller

Condensed consolidated statement of comprehensive income

	Note	SAR				USD*			
		2 nd quarter 2022	2 nd quarter 2021	Six months 2022	Six months 2021	2 nd quarter 2022	2 nd quarter 2021	Six months 2022	Six months 2021
Net income		181,643	95,465	329,669	176,905	48,439	25,458	87,912	47,175
Other comprehensive income (loss), net of tax	8								
Items that will not be reclassified to net income									
Remeasurement of post-employment benefit obligations		5,000	(2,203)	16,544	10,793	1,334	(588)	4,412	2,878
Share of post-employment benefit obligations remeasurement from joint ventures and associates		(21)	-	76	-	(6)	-	20	-
Changes in fair value of equity investments classified as fair value through other comprehensive income		(1,112)	10	(74)	853	(297)	2	(20)	227
Items that may be reclassified subsequently to net income									
Cash flow hedges and other		519	131	966	(45)	139	35	258	(12)
Changes in fair value of debt securities classified as fair value through other comprehensive income		(179)	21	(379)	(491)	(48)	5	(101)	(131)
Share of other comprehensive (loss) income of joint ventures and associates		(867)	304	(69)	(411)	(231)	81	(18)	(110)
Currency translation differences		(3,046)	184	(4,217)	(562)	(813)	50	(1,125)	(149)
		294	(1,553)	12,847	10,137	78	(415)	3,426	2,703
Total comprehensive income		181,937	93,912	342,516	187,042	48,517	25,043	91,338	49,878
Total comprehensive income attributable to									
Shareholders' equity		174,854	89,284	329,095	179,686	46,628	23,809	87,759	47,917
Non-controlling interests		7,083	4,628	13,421	7,356	1,889	1,234	3,579	1,961
		181,937	93,912	342,516	187,042	48,517	25,043	91,338	49,878

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



Amin H. Nasser
Director,
President & Chief Executive Officer



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



Bassam M. Asiri
Controller

Condensed consolidated balance sheet

	Note	SAR		USD*	
		June 30, 2022	December 31, 2021	June 30, 2022	December 31, 2021
Assets					
Non-current assets					
Property, plant and equipment	5	1,264,322	1,244,316	337,152	331,818
Intangible assets	6	161,620	160,668	43,099	42,845
Investments in joint ventures and associates		73,118	69,559	19,499	18,549
Deferred income tax assets		13,946	14,969	3,719	3,992
Other assets and receivables		34,539	37,776	9,210	10,073
Investments in securities		24,574	24,161	6,553	6,443
		1,572,119	1,551,449	419,232	413,720
Current assets					
Inventories		116,273	74,703	31,006	19,921
Trade receivables		220,843	140,373	58,891	37,433
Due from the Government		86,690	41,317	23,118	11,018
Other assets and receivables		33,352	28,196	8,894	7,519
Short-term investments		95,488	27,073	25,463	7,219
Cash and cash equivalents		260,975	299,579	69,593	79,888
		813,621	611,241	216,965	162,998
Total assets		2,385,740	2,162,690	636,197	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		(2,525)	(2,828)	(673)	(754)
Retained earnings:					
Unappropriated		1,194,068	1,018,443	318,418	271,585
Appropriated		6,000	6,000	1,600	1,600
Other reserves	8	2,576	4,661	687	1,243
		1,302,100	1,113,257	347,227	296,869
Non-controlling interests		228,723	167,411	60,993	44,643
		1,530,823	1,280,668	408,220	341,512
Non-current liabilities					
Borrowings	9	323,397	436,371	86,239	116,366
Deferred income tax liabilities		94,384	74,850	25,169	19,960
Post-employment benefit obligations		13,898	40,729	3,706	10,861
Provisions and other liabilities		25,979	26,244	6,928	6,998
		457,658	578,194	122,042	154,185
Current liabilities					
Trade and other payables		157,313	124,689	41,950	33,251
Obligations to the Government:					
Income taxes and zakat	7	124,543	90,525	33,211	24,140
Royalties		45,711	14,064	12,189	3,750
Borrowings	9	69,692	74,550	18,585	19,880
		397,259	303,828	105,935	81,021
Total liabilities		854,917	882,022	227,977	235,206
Total equity and liabilities		2,385,740	2,162,690	636,197	576,718

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


Amin H. Nasser
Director,
President & Chief Executive Officer


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


Bassam M. Asiri
Controller

Condensed consolidated statement of changes in equity

	SAR								USD*
	Shareholders' equity								Total
	Share capital	Additional paid-in capital	Treasury shares	Retained earnings			Non-controlling interests	Total	
Unappropriated				Appropriated	Other reserves (Note 8)				
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	-	-	-	169,492	-	-	7,413	176,905	47,175
Other comprehensive income (loss)	-	-	-	-	-	10,194	(57)	10,137	2,703
Total comprehensive income	-	-	-	169,492	-	10,194	7,356	187,042	49,878
Transfer of post-employment benefit obligations remeasurement	-	-	-	10,124	-	(10,124)	-	-	-
Treasury shares issued to employees	-	-	222	(9)	-	-	-	213	57
Share-based compensation	-	-	-	(6)	-	62	-	56	15
Dividends (Note 18)	-	-	-	(140,650)	-	-	-	(140,650)	(37,507)
Sale of non-controlling equity interest in a subsidiary	-	-	-	-	-	-	46,547	46,547	12,412
Change in ownership interest of a subsidiary	-	-	-	(679)	-	-	679	-	-
Dividends to non-controlling interests and other	-	-	-	-	-	-	(4,909)	(4,909)	(1,309)
Balance at June 30, 2021	60,000	26,981	(3,042)	933,545	6,000	5,990	159,919	1,189,393	317,171
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	-	-	-	315,807	-	-	13,862	329,669	87,912
Other comprehensive income (loss)	-	-	-	-	-	13,288	(441)	12,847	3,426
Total comprehensive income	-	-	-	315,807	-	13,288	13,421	342,516	91,338
Transfer of post-employment benefit obligations remeasurement (Note 8)	-	-	-	15,453	-	(15,453)	-	-	-
Transfer of share of post-employment benefit obligation remeasurement from joint ventures and associates (Note 8)	-	-	-	76	-	(76)	-	-	-
Treasury shares issued to employees	-	-	303	(50)	-	9	-	262	70
Share-based compensation	-	-	-	(2)	-	147	-	145	38
Dividends (Note 18)	-	-	-	(140,659)	-	-	-	(140,659)	(37,509)
Bonus shares issued (Note 18)	15,000	-	-	(15,000)	-	-	-	-	-
Sale of non-controlling equity interest in a subsidiary (Note 16)	-	-	-	-	-	-	58,125	58,125	15,500
Acquisition of non-controlling interest in a subsidiary (Note 17(g))	-	-	-	-	-	-	(181)	(181)	(48)
Dividends to non-controlling interests and other	-	-	-	-	-	-	(10,053)	(10,053)	(2,681)
Balance at June 30, 2022	75,000	26,981	(2,525)	1,194,068	6,000	2,576	228,723	1,530,823	408,220

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President & Chief Executive Officer



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



Bassam M. Asiri
Controller

Condensed consolidated statement of cash flows

	Note	SAR				USD*			
		2 nd quarter 2022	2 nd quarter 2021	Six months 2022	Six months 2021	2 nd quarter 2022	2 nd quarter 2021	Six months 2022	Six months 2021
Income before income taxes and zakat		329,794	178,676	607,611	330,056	87,946	47,647	162,030	88,015
Adjustments to reconcile income before income taxes and zakat to net cash provided by operating activities									
Depreciation and amortization	5,6	21,453	20,900	42,401	41,164	5,721	5,573	11,307	10,977
Exploration and evaluation costs written off		180	112	471	428	48	30	126	114
Loss on disposal of property, plant and equipment		941	-	1,418	-	251	-	378	-
Share of results of joint ventures and associates		(2,973)	(2,444)	(4,816)	(4,231)	(793)	(651)	(1,284)	(1,128)
Finance income		(4,497)	(313)	(5,082)	(636)	(1,199)	(84)	(1,355)	(170)
Finance costs		2,946	3,462	5,279	6,085	786	923	1,408	1,623
Dividends from investments in securities		(289)	(253)	(306)	(256)	(78)	(67)	(82)	(68)
Change in fair value of investments through profit or loss		187	(87)	271	545	50	(23)	72	146
Change in joint ventures and associates inventory profit elimination		(85)	216	(74)	337	(22)	57	(20)	90
Other		(474)	306	(318)	1,027	(126)	81	(85)	274
Change in working capital									
Inventories		(19,930)	(4,977)	(41,570)	(11,852)	(5,315)	(1,327)	(11,085)	(3,160)
Trade receivables		(19,942)	(16,594)	(80,470)	(40,071)	(5,317)	(4,425)	(21,458)	(10,686)
Due from the Government		(35,465)	(7,662)	(45,373)	(9,677)	(9,458)	(2,043)	(12,100)	(2,581)
Other assets and receivables		1,927	(1,633)	(4,963)	(2,411)	513	(435)	(1,324)	(643)
Trade and other payables		10,433	6,767	30,996	14,799	2,782	1,805	8,266	3,946
Royalties payable		6,618	2,256	31,647	3,523	1,764	602	8,439	940
Other changes									
Other assets and receivables		3,867	(86)	3,237	(1,083)	1,032	(23)	863	(289)
Provisions and other liabilities		(457)	118	(426)	235	(122)	31	(113)	62
Post-employment benefit obligations		903	752	2,262	1,991	241	201	603	531
Settlement of income, zakat and other taxes	7(c)	(130,243)	(66,783)	(234,010)	(117,941)	(34,732)	(17,809)	(62,403)	(31,451)
Net cash provided by operating activities		164,894	112,733	308,185	212,032	43,972	30,063	82,183	56,542
Net cash used in investing activities									
Capital expenditures	4	(35,093)	(28,076)	(63,528)	(58,826)	(9,358)	(7,487)	(16,941)	(15,687)
Acquisition of affiliate, net of cash acquired	17(e)	(402)	-	(402)	-	(107)	-	(107)	-
Distributions from joint ventures and associates		1,226	406	1,955	919	326	109	521	245
Additional investments in joint ventures and associates		(809)	(40)	(1,100)	(176)	(216)	(11)	(293)	(47)
Dividends from investments in securities		289	253	306	256	78	67	82	68
Interest received		797	258	1,278	502	213	68	341	134
Net investments in securities		(102)	16	(1,044)	(1,008)	(28)	5	(279)	(269)
Net (purchases) maturities of short-term investments		(59,990)	(650)	(68,415)	43	(15,997)	(173)	(18,244)	12
Net cash used in investing activities		(94,084)	(27,833)	(130,950)	(58,290)	(25,089)	(7,422)	(34,920)	(15,544)
Net cash used in financing activities									
Dividends paid to shareholders of the Company	18	(70,328)	(70,325)	(140,659)	(140,650)	(18,754)	(18,754)	(37,509)	(37,507)
Dividends paid to non-controlling interests in subsidiaries		(4,689)	(2,432)	(6,950)	(2,974)	(1,250)	(649)	(1,853)	(793)
Proceeds from sale of non-controlling equity interest in a subsidiary	16	-	46,547	58,125	46,547	-	12,412	15,500	12,412
Acquisition of non-controlling interest in a subsidiary	17(g)	(181)	-	(181)	-	(48)	-	(48)	-
Proceeds from issue of treasury shares		137	94	263	192	36	26	70	52
Proceeds from borrowings		1,016	20,972	4,841	23,366	270	5,593	1,290	6,231
Repayments of borrowings		(86,714)	(23,015)	(119,992)	(23,408)	(23,123)	(6,137)	(31,998)	(6,242)
Principal portion of lease payments		(2,914)	(3,097)	(5,963)	(5,906)	(777)	(826)	(1,590)	(1,575)
Interest paid		(4,032)	(3,061)	(5,323)	(4,548)	(1,076)	(817)	(1,420)	(1,213)
Net cash used in financing activities		(167,705)	(34,317)	(215,839)	(107,381)	(44,722)	(9,152)	(57,558)	(28,635)
Net (decrease) increase in cash and cash equivalents		(96,895)	50,583	(38,604)	46,361	(25,839)	13,489	(10,295)	12,363
Cash and cash equivalents at beginning of the period		357,870	203,010	299,579	207,232	95,432	54,136	79,888	55,262
Cash and cash equivalents at end of the period		260,975	253,593	260,975	253,593	69,593	67,625	69,593	67,625

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


Amin H. Nasser
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President & Chief Executive Officer


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


Bassam M. Asiri
Controller

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 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 Stock Exchange ("Tadawul"). 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 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 condensed consolidated interim financial report of the Company and its subsidiaries (together "Saudi Aramco") was approved by the Board of Directors on August 12, 2022.

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, 2021, 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, 2021, 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, 2021 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 June 30, 2022 and December 31, 2021 and for the three-month and six-month periods ended June 30, 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 balance sheet dates.

During the first half of 2022, global energy prices remained exceptionally strong, primarily driven by lower crude oil and refined product inventories and geopolitical events. Given that crude oil sales account for a substantial portion of the Company's revenue, the increased prices positively impacted Saudi Aramco's financial performance during the current period.

2. Basis of preparation and other significant accounting policies continued

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 an entity from deducting 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, an entity needs to recognize the proceeds from selling such items, and the costs of producing those items, in profit or loss. There is no material impact on the condensed consolidated interim financial report from adopting the amendment to IAS 16.

(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 June 30, 2022 and December 31, 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 June 30, 2022 and December 31, 2021. There were no changes made to any of the valuation techniques and valuation processes applied as of December 31, 2021, and changes in unobservable inputs are not expected to materially impact the fair value.

Assets	Level 1 ⁱ	Level 2 ⁱⁱ	Level 3 ⁱⁱⁱ	Total
June 30, 2022				
Investments in securities:				
Equity securities at Fair Value Through Other Comprehensive Income ("FVOCI")	9,526	107	1,320	10,953
Debt securities at FVOCI	43	7,252	-	7,295
Equity securities at Fair Value Through Profit or Loss ("FVPL")	338	1,433	4,933	6,704
Debt securities at FVPL	-	-	5	5
Trade receivables related to contracts with provisional pricing arrangements	-	-	150,328	150,328
	<u>9,907</u>	<u>8,792</u>	<u>156,586</u>	<u>175,285</u>
Other assets and receivables:				
Interest rate swaps	-	379	-	379
Commodity swaps	187	6,799	-	6,986
Currency forward contracts	-	70	-	70
Financial assets - option rights	-	-	2,295	2,295
	<u>187</u>	<u>7,248</u>	<u>2,295</u>	<u>9,730</u>
Total assets	<u>10,094</u>	<u>16,040</u>	<u>158,881</u>	<u>185,015</u>

Saudi Aramco

Second quarter and half year interim report 2022

All amounts in millions of Saudi Riyals unless otherwise stated

3. Fair value estimation continued

Assets	Level 1 ⁱ	Level 2 ⁱⁱ	Level 3 ⁱⁱⁱ	Total
December 31, 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 swaps	-	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 ⁱ	Level 2 ⁱⁱ	Level 3 ⁱⁱⁱ	Total
June 30, 2022				
Trade and other payables:				
Interest rate swaps	-	17	-	17
Commodity swaps	-	5,729	119	5,848
Currency forward contracts	-	248	-	248
Provisions and other liabilities:				
Financial liability - options and forward contracts	-	-	3,115	3,115
Total liabilities	-	5,994	3,234	9,228
December 31, 2021				
Trade and other payables:				
Interest rate swaps	-	427	-	427
Commodity swaps	201	1,755	43	1,999
Currency forward contracts	-	151	-	151
Provisions and other liabilities:				
Financial liability - options and forward contracts	-	-	3,301	3,301
Total liabilities	201	2,333	3,344	5,878

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.

3. Fair value estimation continued

The changes in Level 3 investments in securities for the six-month period ended June 30, 2022 and the year ended December 31, 2021 are as follows:

	June 30, 2022	December 31, 2021
Beginning	5,268	4,970
Net additions (disposals)	864	(5)
Net movement in unrealized fair value	98	407
Realized gain (loss)	28	(104)
Ending	6,258	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 10). Unrealized fair value movements on these trade receivables are not significant.

The change in commodity swaps primarily relates to purchase and sales derivative contracts including recognition of a gain or loss that results from adjusting a derivative to fair value. Fair value movements on these commodity swaps are not significant.

The movements in Financial assets - option rights and Financial liability - options and forward contracts, which are related to put, call and forward contracts on Saudi Aramco's own equity instruments in certain subsidiaries, are due to changes 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 June 30, 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.

There are no differences from the consolidated financial statements for the year ended December 31, 2021 in the basis of segmentation or in the basis of measurement of segment earnings before interest, income taxes and zakat.

Saudi Aramco

Second quarter and half year interim report 2022

All amounts in millions of Saudi Riyals unless otherwise stated

4. Operating segments continued

Information by segments for the three-month period ended June 30, 2022 is as follows:

	Upstream	Downstream	Corporate	Eliminations	Consolidated
External revenue	285,732	275,746	590	-	562,068
Other income related to sales	26,604	59,701	-	-	86,305
Inter-segment revenue	131,024	11,542	68	(142,634)	-
Earnings (losses) before interest, income taxes and zakat	294,515	47,764	(5,115)	(8,921)	328,243
Finance income					4,497
Finance costs					(2,946)
Income before income taxes and zakat					329,794
Capital expenditures - cash basis	27,726	6,865	502	-	35,093

Information by segments for the three-month period ended June 30, 2021 is as follows:

	Upstream	Downstream	Corporate	Eliminations	Consolidated
External revenue	147,179	164,840	334	-	312,353
Other income related to sales	15,208	22,389	-	-	37,597
Inter-segment revenue	65,647	7,683	51	(73,381)	-
Earnings (losses) before interest, income taxes and zakat	170,056	17,255	(3,234)	(2,252)	181,825
Finance income					313
Finance costs					(3,462)
Income before income taxes and zakat					178,676
Capital expenditures - cash basis	20,151	7,411	514	-	28,076

Information by segments for the six-month period ended June 30, 2022 is as follows:

	Upstream	Downstream	Corporate	Eliminations	Consolidated
External revenue	528,511	499,650	910	-	1,029,071
Other income related to sales	41,977	94,222	-	-	136,199
Inter-segment revenue	241,235	22,327	143	(263,705)	-
Earnings (losses) before interest, income taxes and zakat	558,265	86,020	(8,773)	(27,704)	607,808
Finance income					5,082
Finance costs					(5,279)
Income before income taxes and zakat					607,611
Capital expenditures - cash basis	49,561	13,039	928	-	63,528

Information by segments for the six-month period ended June 30, 2021 is as follows:

	Upstream	Downstream	Corporate	Eliminations	Consolidated
External revenue	278,015	305,789	621	-	584,425
Other income related to sales	25,239	40,443	-	-	65,682
Inter-segment revenue	126,168	14,801	129	(141,098)	-
Earnings (losses) before interest, income taxes and zakat	320,186	33,915	(6,770)	(11,826)	335,505
Finance income					636
Finance costs					(6,085)
Income before income taxes and zakat					330,056
Capital expenditures - cash basis	44,506	13,275	1,045	-	58,826

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	293	260	162	5,139	115	62	61,302	67,333
Acquisition (Note 17(e))	42	39	-	61	-	17	14	173
Construction completed	702	2,063	22,412	27,959	3,672	965	(57,773)	-
Currency translation differences	(578)	(738)	-	(6,347)	(564)	(126)	(396)	(8,749)
Transfers and adjustments	(75)	(295)	375	(571)	330	73	(720)	(883)
Transfer of exploration and evaluation assets	-	-	-	-	-	-	302	302
Retirements and sales	(9)	(171)	(879)	(2,420)	(331)	(250)	(107)	(4,167)
June 30, 2022	53,474	87,569	618,565	901,864	87,332	20,295	248,797	2,017,896
Accumulated depreciation								
January 1, 2022	(17,989)	(38,603)	(225,273)	(382,413)	(43,679)	(11,614)	-	(719,571)
Charge for the period	(698)	(1,610)	(9,589)	(27,691)	(1,190)	(630)	-	(41,408)
Currency translation differences	8	430	-	3,821	237	106	-	4,602
Transfers and adjustments	-	145	(9)	(41)	(28)	(13)	-	54
Retirements and sales	7	170	207	1,808	311	246	-	2,749
June 30, 2022	(18,672)	(39,468)	(234,664)	(404,516)	(44,349)	(11,905)	-	(753,574)
Property, plant and equipment - net, June 30, 2022	34,802	48,101	383,901	497,348	42,983	8,390	248,797	1,264,322

1. Borrowing cost capitalized during the six-month period ended June 30, 2022, amounted to SAR 2,156, calculated using an average capitalization rate of 3.1%.

Additions to right-of-use assets during the three-month and six-month periods ended June 30, 2022 were SAR 3,690 and SAR 4,811, respectively. Acquisition of right-of-use assets during the three-month and six-month periods ended June 30, 2022 were SAR 25 and SAR 25, respectively. The following table presents depreciation charges and net carrying amounts of right-of-use assets by grouping of assets.

	Depreciation expense for the six-month period ended June 30, 2022	Net carrying amount at June 30, 2022
Land and land improvements	95	3,922
Buildings	303	3,331
Oil and gas properties	7	18
Plant, machinery and equipment	5,103	35,658
Depots, storage tanks and pipelines	141	2,171
Fixtures, IT and office equipment	62	403
	5,711	45,503

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6. Intangible assets

	Goodwill	Exploration and evaluation	Brands and trademarks	Franchise/customer relationships	Computer software	Other ¹	Total
Cost							
January 1, 2022	100,188	19,219	22,874	19,720	5,149	2,929	170,079
Additions	-	1,860	-	-	111	57	2,028
Acquisition (Note 17(e))	418	-	-	-	399	-	817
Currency translation differences	37	-	(96)	(16)	(28)	(132)	(235)
Transfers and adjustments	-	-	(91)	(83)	9	7	(158)
Transfer of exploration and evaluation assets	-	(302)	-	-	-	-	(302)
Retirements and write offs	-	(471)	-	-	(15)	(4)	(490)
June 30, 2022	100,643	20,306	22,687	19,621	5,625	2,857	171,739
Accumulated amortization							
January 1, 2022	-	-	(2,235)	(2,367)	(3,721)	(1,088)	(9,411)
Charge for the period	-	-	(198)	(473)	(175)	(147)	(993)
Currency translation differences	-	-	3	1	28	81	113
Transfers and adjustments	-	-	91	(14)	(13)	101	165
Retirements and write offs	-	-	-	-	3	4	7
June 30, 2022	-	-	(2,339)	(2,853)	(3,878)	(1,049)	(10,119)
Intangible assets - net, June 30, 2022	100,643	20,306	20,348	16,768	1,747	1,808	161,620

1. Other intangible assets comprise patents and intellectual property having a net book value of SAR 1,185 and licenses, technology and usage rights having a net book value of SAR 623 as at June 30, 2022.

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 Downstream activities 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 Tadawul 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:

	2 nd quarter 2022	2 nd quarter 2021	Six months 2022	Six months 2021
Income before income taxes and zakat	329,794	178,676	607,611	330,056
Less: Income subject to zakat	(10,687)	(7,551)	(17,954)	(13,896)
Income subject to income tax	319,107	171,125	589,657	316,160
Income taxes at the Kingdom's statutory tax rates	151,883	82,230	284,243	151,376
Tax effect of:				
(Income) loss not subject to tax at statutory rates and other	(4,344)	610	(7,453)	901
Income tax expense	147,539	82,840	276,790	152,277
Zakat expense	612	371	1,152	874
Total income tax and zakat expense	148,151	83,211	277,942	153,151

7. Income taxes and zakat continued

(b) Income tax and zakat expense

	2 nd quarter 2022	2 nd quarter 2021	Six months 2022	Six months 2021
Current income tax - Kingdom	140,448	75,293	266,243	142,244
Current income tax - Foreign	480	172	970	365
Deferred income tax - Kingdom	4,337	6,652	5,422	8,695
Deferred income tax - Foreign	2,274	723	4,155	973
Zakat - Kingdom	612	371	1,152	874
	148,151	83,211	277,942	153,151

(c) Income tax and zakat obligation to the Government

	2022	2021
January 1	90,525	42,059
Provided during the period	267,395	143,118
Payments during the period by the Company (Note 14)	(131,360)	(56,080)
Payments during the period by subsidiaries and joint operations	(6,961)	(2,328)
Settlements of due from the Government	(92,272)	(56,791)
Other settlements	(2,784)	(2,344)
June 30	124,543	67,634

8. Other reserves

	Currency translation differences	Investments in securities at FVOCI	Post-employment benefit obligations	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, 2022	(564)	5,769	-	139	(397)	733	(1,019)	4,661
Current period change	(4,217)	(440)	-	147	966	(739)	670	(3,613)
Remeasurement gain ¹	-	-	29,017	-	-	-	76	29,093
Transfer to retained earnings	-	-	(15,453)	9	-	-	(76)	(15,520)
Tax effect	-	(13)	(12,473)	-	-	-	-	(12,486)
Less: amounts related to non-controlling interests	1,360	(2)	(1,091)	-	(5)	179	-	441
June 30, 2022	(3,421)	5,314	-	295	564	173	(349)	2,576

1. The remeasurement 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.

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9. Borrowings

	June 30, 2022	December 31, 2021
Non-current:		
Deferred consideration	80,236	188,723
Commercial borrowings	50,307	52,280
Debentures	98,362	98,449
Sukuk	34,441	34,560
Lease liabilities	36,741	38,108
Other financing arrangements	23,310	24,251
	323,397	436,371
Current:		
Deferred consideration	40,528	33,544
Short-term bank financing	11,476	17,351
Commercial borrowings	7,935	10,556
Debentures	-	3,750
Sukuk	264	266
Lease liabilities	9,489	9,083
	69,692	74,550

On January 24, 2022, the Company, in agreement with PIF, made a partial prepayment of SAR 28,579 (\$7,621), which has 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 partial prepayment of SAR 38,192 (\$10,185), which has 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 Condensed Consolidated Statement of Income.

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 existing facilities, which expired during the period. 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). 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. No amounts have been drawn against these facilities as at the date of the condensed consolidated interim financial report.

10. Revenue

	2 nd quarter 2022	2 nd quarter 2021	Six months 2022	Six months 2021
Revenue from contracts with customers	559,249	310,146	1,022,652	579,979
Movement between provisional and final prices	1,238	1,371	3,781	2,706
Other revenue	1,581	836	2,638	1,740
	562,068	312,353	1,029,071	584,425

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.

10. Revenue continued

Disaggregation of revenue from contracts with customers

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

	2 nd quarter 2022			Total
	Upstream	Downstream	Corporate	
Crude oil	268,557	32,416	-	300,973
Refined and chemical products	-	228,913	-	228,913
Natural gas and NGLs	16,023	9,262	-	25,285
Metal products	-	4,078	-	4,078
Revenue from contracts with customers	284,580	274,669	-	559,249
Movement between provisional and final prices	1,129	109	-	1,238
Other revenue	23	968	590	1,581
External revenue	285,732	275,746	590	562,068

	2 nd quarter 2021			Total
	Upstream	Downstream	Corporate	
Crude oil	134,104	14,201	-	148,305
Refined and chemical products	-	145,796	-	145,796
Natural gas and NGLs	11,654	880	-	12,534
Metal products	-	3,511	-	3,511
Revenue from contracts with customers	145,758	164,388	-	310,146
Movement between provisional and final prices	1,325	46	-	1,371
Other revenue	96	406	334	836
External revenue	147,179	164,840	334	312,353

	Six months 2022			Total
	Upstream	Downstream	Corporate	
Crude oil	493,179	47,511	-	540,690
Refined and chemical products	-	429,541	-	429,541
Natural gas and NGLs	31,754	12,274	-	44,028
Metal products	-	8,393	-	8,393
Revenue from contracts with customers	524,933	497,719	-	1,022,652
Movement between provisional and final prices	3,478	303	-	3,781
Other revenue	100	1,628	910	2,638
External revenue	528,511	499,650	910	1,029,071

	Six months 2021			Total
	Upstream	Downstream	Corporate	
Crude oil	253,472	25,644	-	279,116
Refined and chemical products	-	271,238	-	271,238
Natural gas and NGLs	21,721	1,412	-	23,133
Metal products	-	6,492	-	6,492
Revenue from contracts with customers	275,193	304,786	-	579,979
Movement between provisional and final prices	2,633	73	-	2,706
Other revenue	189	930	621	1,740
External revenue	278,015	305,789	621	584,425

11. Non-cash investing and financing activities

Investing and financing activities for the three-month and six-month periods ended June 30, 2022 include additions to right-of-use assets of SAR 3,690 and SAR 4,811 (June 30, 2021: SAR 4,415 and SAR 7,267), respectively, asset retirement provisions of SAR 86 and SAR 162 (June 30, 2021: SAR 100 and SAR 168), respectively, and equity awards issued to employees of SAR 6 and SAR 60 (June 30, 2021: SAR 15 and SAR 30), respectively.

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12. Commitments

(a) Capital commitments

Capital expenditures contracted for but not yet incurred were SAR 183,110 and SAR 159,145 at June 30, 2022 and December 31, 2021, respectively. In addition, leases contracted for but not yet commenced were SAR 11,415 and SAR 10,309 at June 30, 2022 and December 31, 2021, respectively.

(b) Rabigh Refining and Petrochemical Company ("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.

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 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.

14. Payments to the Government by the Company

	2 nd quarter 2022	2 nd quarter 2021	Six months 2022	Six months 2021
Income taxes (Note 7(c))	71,412	33,693	131,360	56,080
Royalties	109,406	28,086	164,775	52,566
Dividends	66,266	69,084	132,535	138,168

15. Related party transactions and balances

(a) Transactions

	2 nd quarter 2022	2 nd quarter 2021	Six months 2022	Six months 2021
Joint ventures:				
Revenue from sales	8,182	6,412	14,865	12,405
Other revenue	3	4	11	23
Interest income	34	26	49	45
Purchases	8,587	4,879	16,871	9,458
Service expenses	-	4	4	8
Associates:				
Revenue from sales	25,793	17,303	46,883	30,518
Other revenue	12	105	98	330
Interest income	26	63	79	86
Purchases	22,444	13,121	41,179	25,710
Service expenses	22	38	45	68
Lease expenses	379	-	428	60
Government, semi-Government and other entities with Government ownership or control:				
Revenue from sales	6,693	4,466	11,096	7,466
Other income related to sales	86,305	37,597	136,199	65,682
Other revenue	398	191	574	424
Purchases	2,892	3,578	5,513	6,068
Service expenses	68	93	169	401
Lease expenses	109	98	259	206

15. Related party transactions and balances continued

(b) Balances

	June 30, 2022	December 31, 2021
Joint ventures:		
Other assets and receivables	5,610	5,943
Trade receivables	6,596	4,755
Interest receivable	270	233
Trade and other payables	7,864	6,803
Associates:		
Other assets and receivables	1,545	6,813
Trade receivables	21,379	14,794
Trade and other payables	10,376	7,916
Borrowings	64	15
Government, semi-Government and other entities with Government ownership or control:		
Other assets and receivables	566	509
Trade receivables	5,561	3,056
Due from the Government	86,690	41,317
Trade and other payables	2,344	2,959
Borrowings	125,857	229,525

(c) Compensation of key management personnel

Compensation policies for and composition of key management personnel remain consistent with 2021.

16. Sale of equity interest in subsidiary - Aramco Gas Pipelines Company ("AGPC")

On February 23, 2022, the Company closed the transaction for a sale of a 49% equity interest in Aramco Gas Pipelines Company ("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(d) of Saudi Aramco's consolidated financial statements for the year ended December 31, 2021, GreenSaif's shareholding represents a non-controlling interest and, therefore, the upfront sale proceeds are recognized in the condensed consolidated interim financial report 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.

17. Investments in affiliates

(a) PKN Orlen

On January 12, 2022, Saudi Aramco signed sale and purchase agreements for the acquisition of a 30% equity interest in the Gdansk Refinery joint venture with PKN Orlen, a 100% ownership of Grupa Lotos S.A.'s wholesale business, and a 50% equity interest in the jet fuel joint venture with Air BP. The transaction, with a total purchase price of SAR 2,063, is expected to close in 2022, subject to obtaining the required regulatory approvals and other terms and conditions of the acquisition agreements.

17. Investments in affiliates continued

(b) Tuwaiq Casting & Forging Company ("TCFC")

On January 12, 2022, TCFC was formed as a limited liability company under the laws of the Kingdom, to engage in activities to support the Kingdom's industrial, energy and maritime sectors through the manufacturing and smelting of iron and other metals. Saudi Aramco, through its wholly owned subsidiary, Saudi Aramco Development Company ("SADCO"), acquired a 15% ownership interest in TCFC, and indirectly through the Saudi Arabian Industrial Investment Company ("Dussur"), acquired an additional 70% ownership interest, with the remaining 15% ownership interest directly held by Doosan Heavy Industries & Construction ("Doosan"). Saudi Aramco's total beneficial ownership interest in TCFC is 44.75%. The total investment in TCFC is expected to be up to SAR 880, of which SADCO's share is expected to be up to SAR 132. At June 30, 2022, SAR 880 has been drawn down by TCFC, of which SADCO's share is SAR 132.

(c) ETG Inputs Holdco Limited ("ETG Inputs")

On January 24, 2022, SABIC Agri-Nutrients Company ("SABIC AN"), a subsidiary of SABIC, signed a binding agreement to acquire 49% of the share capital of ETG Inputs. The transaction is subject to obtaining the required regulatory approvals and other terms and conditions of the acquisition agreement.

(d) Cognite A.S. ("COGNITE")

On February 8, 2022, Saudi Aramco, through its wholly owned subsidiary, Aramco Overseas Company B.V. ("AOC B.V."), acquired a 7.37% ownership interest in COGNITE for SAR 443. COGNITE was formed on December 19, 2016 as a private limited liability company under the laws of Norway, to provide software and industrial internet of things ("IIoT") services to industrial companies.

(e) Scientific Design

On April 14, 2022, SABIC acquired the remaining 50% equity interest in the Scientific Design group of companies ("Scientific Design") from Clariant AG ("Clariant") for a cash consideration of SAR 523. Scientific Design is a leading licensor of high-performance process technologies and a catalysts producer. This transaction gives SABIC full ownership of Scientific Design, which was previously an equally owned joint venture between SABIC and Clariant. On increasing its ownership, SABIC remeasured its existing investment to fair value and recognized a gain of SAR 365, which is reflected in the Condensed Consolidated Statement of Income. The purchase price allocation, as performed by an independent valuer, has not been concluded. Based on the preliminary fair values of the total identifiable net assets and liabilities of SAR 628, including cash acquired of SAR 121, a goodwill of SAR 418 has been recognized.

(f) Middle East Cloud and Digital Transformation Company Limited ("CNTXT")

On April 14, 2022, CNTXT was formed as a limited liability company under the laws of the Kingdom to become the exclusive reseller of COGNITE's proprietary data fusion platform, Cognite Data Fusion, in the Middle East and North Africa ("MENA") region and become the exclusive reseller of Google Cloud Platform products in the Kingdom. Saudi Aramco, through its wholly owned and directly held subsidiary, SADCO, acquired a 51% ownership interest in CNTXT with the remaining 49% ownership interest held directly by COGNITE. The total investment in CNTXT is expected to be up to SAR 310, of which SADCO's share is SAR 158.

(g) National Industrial Gases Company ("GAS")

On June 15, 2022, SABIC acquired an additional 4% equity interest in GAS, a non-wholly owned subsidiary, for a cash consideration of SAR 181. As a result, SABIC's shareholding increased from 70% to 74% with no change in control, and the impact of the transaction has been reflected in the Condensed Consolidated Statement of Changes in Equity.

18. Dividends

Dividends declared and paid on ordinary shares are as follows:

	Six months 2022	Six months 2021	SAR per share	
			Six months 2022	Six months 2021
Quarter:				
March ¹	70,331	70,325	0.35	0.35
June ²	70,328	70,325	0.32	0.35
Total dividends declared and paid	140,659	140,650	0.67	0.70
Dividends declared on August 12, 2022 and August 6, 2021 ^{2,3}	70,335	70,327	0.32	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. Dividends per share of SAR 0.32 and SAR 0.32, declared on May 13, 2022 and August 12, 2022, respectively, reflect the effect of the issuance of the bonus shares as described below.

3. The condensed consolidated interim financial report does not reflect a dividend to shareholders of approximately SAR 70,335, which was declared on August 12, 2022 (August 6, 2021: SAR 70,327). This dividend will be deducted from unappropriated retained earnings in the year ending December 31, 2022 and relates to results for the three-month period ended June 30, 2022.

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, is fully paid and is divided into 220 billion ordinary shares with equal voting rights without par value.

Accordingly, earnings per share for the three-month and six-month periods ended June 30, 2022 and 2021 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.

19. Events after the reporting period

On August 1, 2022, Saudi Aramco signed an equity purchase agreement to acquire Valvoline Inc.'s global products business ("Valvoline Global Products"). Valvoline Global Products is a leading worldwide independent producer and distributor of premium branded automotive, commercial and industrial lubricants, and automotive chemicals. The transaction, with a total purchase price of SAR 9,938 (\$2,650), is expected to close by early 2023, subject to customary closing conditions and regulatory approvals.

3

Non-IFRS measures reconciliations and additional information

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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 second quarter and half year ended June 30, 2022, was 31.3%, compared to 16.7% for the same

periods in 2021. The increase in ROACE was mainly driven by higher earnings, primarily reflecting stronger crude oil prices and volumes sold, and improved Downstream margins. This was partially offset by higher average capital employed during the period.

All amounts in millions unless otherwise stated	Twelve months ended June 30			
	SAR		USD*	
	2022	2021	2022	2021
Net income	565,160	273,569	150,709	72,952
Finance costs, net of income taxes and zakat	5,626	6,575	1,500	1,754
Net income before finance costs, net of income taxes and zakat	570,786	280,144	152,209	74,706
As at period start:				
Non-current borrowings	419,781	406,272	111,942	108,339
Current borrowings	119,852	85,871	31,961	22,899
Total equity	1,189,393	1,132,520	317,171	302,005
Capital employed	1,729,026	1,624,663	461,074	433,243
As at period end:				
Non-current borrowings	323,397	419,781	86,239	111,942
Current borrowings	69,692	119,852	18,585	31,961
Total equity	1,530,823	1,189,393	408,220	317,171
Capital employed	1,923,912	1,729,026	513,044	461,074
Average capital employed	1,826,469	1,676,845	487,059	447,159
ROACE	31.3%	16.7%	31.3%	16.7%

* 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 second quarter of 2022 was SAR 129,801 (\$34,614), compared to SAR 84,657 (\$22,576) for the same quarter in 2021, an increase of SAR 45,144 (\$12,038). This was mainly attributable to higher operating cash flow primarily driven by higher earnings, partially offset by higher cash paid for the settlement of income,

zakat and other taxes, and unfavorable movements in working capital. Capital expenditures increased by SAR 7,017 (\$1,871) in the second quarter of 2022, compared to the same period in 2021, principally due to higher Upstream capital expenditures reflecting increased development activity for the crude oil increments, and for Aramco's gas expansion program and other unconventional projects.

Free cash flow for the first half of 2022 was SAR 244,657 (\$65,242), compared to 153,206 (\$40,855), for the same period in 2021. This increase of SAR

91,451 (\$24,387) was largely a result of higher operating cash flow mainly driven by stronger earnings, partially offset by negative working capital movements, and higher cash paid for the settlement of income, zakat and other taxes. Capital expenditures for the first half of 2022 increased by SAR 4,702 (\$1,254), compared to the same period in 2021 due to higher Upstream capital expenditures attributable to drilling activities related to increasing the crude oil MSC, and development of other unconventional projects.

All amounts in millions unless otherwise stated	Second quarter				Half year			
	SAR		USD*		SAR		USD*	
	2022	2021	2022	2021	2022	2021	2022	2021
Net cash provided by operating activities	164,894	112,733	43,972	30,063	308,185	212,032	82,183	56,542
Capital expenditures	(35,093)	(28,076)	(9,358)	(7,487)	(63,528)	(58,826)	(16,941)	(15,687)
Free cash flow	129,801	84,657	34,614	22,576	244,657	153,206	65,242	40,855

* 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. Aramco defines gearing as the ratio of net debt (total borrowings less cash and cash equivalents) to net debt plus total equity. 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 June 30, 2022, was 7.9%, compared to 14.2% as at December 31, 2021. The decrease in gearing was primarily driven by higher operating cash flows, attributable to

stronger earnings as a result of higher crude oil prices and volumes sold, and improved Downstream margins, partially offset by a higher allocation of cash and cash equivalents to short-term investments during the period.

All amounts in millions unless otherwise stated	SAR		USD*	
	June 30, 2022	December 31, 2021	June 30, 2022	December 31, 2021
	Total borrowings (current and non-current)	393,089	510,921	104,824
Cash & cash equivalents	(260,975)	(299,579)	(69,593)	(79,888)
Net debt	132,114	211,342	35,231	56,358
Total equity	1,530,823	1,280,668	408,220	341,512
Total equity and net debt	1,662,937	1,492,010	443,451	397,870
Gearing	7.9%	14.2%	7.9%	14.2%

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

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All amounts in millions unless otherwise stated

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 second quarter ended June 30, 2022, was SAR 328,243 (\$87,533), compared to SAR 181,825 (\$48,486)

during the same quarter in 2021. This increase of SAR 146,418 (\$39,047) predominately reflects the impact of higher crude oil prices and volumes sold and improved refining margins, partially offset by an increase in production royalties.

EBIT for the half year ended June 30, 2022, was SAR 607,808 (\$162,083),

compared to SAR 335,505 (\$89,468) during the same period in 2021, representing an increase of SAR 272,303 (\$72,615). This is mainly due to the impact of higher crude oil prices and volumes sold and improved Downstream margins, partially offset by an increase in production royalties.

	Second quarter				Half year			
	SAR		USD*		SAR		USD*	
All amounts in millions unless otherwise stated	2022	2021	2022	2021	2022	2021	2022	2021
Net income	181,643	95,465	48,439	25,458	329,669	176,905	87,912	47,175
Finance income	(4,497)	(313)	(1,199)	(84)	(5,082)	(636)	(1,355)	(170)
Finance costs	2,946	3,462	786	923	5,279	6,085	1,408	1,623
Income taxes and zakat	148,151	83,211	39,507	22,189	277,942	153,151	74,118	40,840
Earnings before interest, income taxes and zakat	328,243	181,825	87,533	48,486	607,808	335,505	162,083	89,468

* 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

mmbspd

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.

Natural gas

Dry gas produced at Aramco's gas plants and sold within the Kingdom.

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.

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.

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.

Glossary

Associate

As defined by IFRS, means an entity over which the Company has significant influence but does 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.

Company

Saudi Arabian Oil Company.

Control

As defined by IFRS, a 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 2019.

Domestic

Refers to the Kingdom of Saudi Arabia.

EBIT

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

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.

Joint arrangement

As defined by IFRS, refers to either a joint operation or a joint venture.

Joint operation

As defined by IFRS, arises where the investors have rights to the assets and obligations for the liabilities of a joint arrangement.

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.

Kingdom

Kingdom of Saudi Arabia.

MENA

Middle East and North Africa.

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 Aramco Gulf Operations Company Ltd.'s crude oil production capacity.

PIF

Public Investment Fund of Saudi Arabia.

ROACE

Return on average capital employed.

SABIC

Saudi Basic Industries Corporation.

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 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.

Shareholder

Any holder of shares.

SOCPA

Saudi Organization for Chartered and Professional Accountants.

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.

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 2021, 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 and six month periods ended June 30, 2022, 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.

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About Aramco

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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