

Non-IFRS measures reconciliations and definitions

Aramco uses certain non-IFRS financial measures to make informed decisions about its financial position and operating performance or liquidity. These non-IFRS financial measures have been included below 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 below 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.

	Twelve months ended June 30			
	SAR		USD*	
	2022	2021	2022	2021
All amounts in millions unless otherwise stated				
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

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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.

Saudi Aramco

Second quarter and half year 2022

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

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