saudi aramco

unlocking opportunity

Saudi Aramco

Annual Report 2023

unlocking OPPORTUNITY

We invest in growth and innovate for sustainability, unlocking opportunities that bring energy to the world.

▲ **Petroleum Systems Modeling Lab**
Aramco Research Center – Houston, United States

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

Our Vision

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

Our Mission

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

Our Values

By living our values and prioritizing sound business practices, we consistently achieve high levels of performance and efficiency – delivering value not only for our Company, but for our customers, partners, and the communities in which we operate.

- Safety
- Accountability
- Citizenship
- Excellence
- Integrity

For more information on our values, visit: www.aramco.com/en/about-us/our-governance/our-values

Investing in growth
Innovating for sustainability

Contents

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

Online Report

This Annual Report covers financial and operational aspects of Aramco and is issued in both Arabic and English.

The print version is identical to its PDF counterpart, which is available at **aramco.com**. The Arabic version prevails in the event of any discrepancy. The images in this document are representative of the services provided by Aramco.

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

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

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

1. Aramco overview and strategy

Supporting the energy transition

Marjan Gas Oil Separation Plant 2, Marjan field, Arabian Gulf
Aramco supports a practical, stable, and inclusive energy transition, and has one of the lowest average upstream carbon intensities for crude oil production among major producers.

The Company believes all sources of energy are needed for the foreseeable future, and is delivering on the largest capital spending program in its history.

The investment includes the Marjan, Berri, and Zuluf crude oil increment projects.

History

We hold 90 years of global energy leadership

1933-1944
The birth of Arabian oil

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

1938
Oil discovered at Dammam Well No. 7.

1939
Oil exports began.

1944
CASOC renamed the Arabian American Oil Company.

1945-1965
Expansion

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

1949
Oil production hit 500 mbpd.

1952
Headquarters moved from New York City to Dhahran.

1958
Oil production exceeded 1 mmbpd.

1965
Oil production exceeded 2 mmbpd.

1966-1988
Making a name for itself

1971
Oil production averaged 4.5 mmbpd.

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

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

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

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

1988
Saudi Arabian Oil Company officially established.

1989-2017
A global company

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

1991
First Asian downstream joint venture established in South Korea.

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

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

2011
Sadara Chemical Company formed.

2014
SATORP and YASREF refineries came online.

2017
Aramco acquired full ownership of Motiva.

2018-2023
Transformation and energy security

2018
Commercial production of unconventional resources commenced in north Arabia.

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

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

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

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

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

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

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

Established a $1.5 billion Sustainability Fund.

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

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

2023
Acquired a 10% interest in Rongsheng Petrochemical to align with Aramco's goal to enhance its Downstream business in high-growth geographies.

Acquired Valvoline Inc.'s global products business to complement Aramco's premium-branded lubricant products.

First production of unconventional tight gas at South Ghawar.

Introduced performance-linked dividends in addition to the base dividend, providing additional upside for investors.

Legendary Saudi Bedouin Khamis bin Rimthan tries out an alidade, Saudi Arabia (photo taken 1955)
In 2023, Aramco celebrated 90 years of creating value.

Saudi tracker and intuitive geographer Khamis bin Rimthan understood the desert like the back of his hand, and began working for California Arabian Standard Oil Company (now Aramco) in 1934.

In 1938, he helped chief geologist Max Steineke discover oil in Saudi Arabia, and the Rimthan oil field was named after him in 1974.

Chairman's message

Dear Shareholders,

2023 served as a historic milestone for your Company. It was 90 years earlier that the Kingdom signed the Concession agreement, which in turn led to the discovery of commercial quantities of oil and which in time would lead to the creation of Aramco.

Over the subsequent decades, Aramco has become one of the world's largest integrated energy and chemicals companies, reliably serving our customers while continually creating value for our shareholders. I am pleased to report that for 2023, your Company's long-running value creation story continued unabated.

Despite uncertainty in the global economy, we recorded strong earnings and cash flows for the year due to our strategically integrated Upstream and Downstream businesses. Our net income for 2023 was SAR 454.8 billion ($121.3 billion).

Delivering value today

Our aim is to deliver a sustainable and progressive dividend across business cycles, providing both downside resilience and the opportunity for investors to share in the upside of our strong performance. During 2023, we took a significant step in this regard with the Board approved performance-linked dividends to deliver a balanced mix of growth and yield to our shareholders.

Based on our robust financial performance in 2023 and in line with our desire to maximize shareholder returns, the Board of Directors has declared a fourth quarter base dividend of SAR 76.1 billion ($20.3 billion), an increase of 4.0% compared to the previous quarter, and a performance-linked dividend distribution of SAR 40.4 billion ($10.8 billion). Total dividends paid in 2023, including base and performance-linked dividends, reached SAR 366.7 billion ($97.8 billion), up 30.4% compared to 2022 and underscoring our aim to maximize shareholder returns while investing in the future of our business. In addition to enhanced dividend distributions, one bonus share for every 10 shares held was also issued during the year to all eligible shareholders in relation to Aramco's 2022 record results.

As well as delivering value to our shareholders, the men and women of Aramco also pride themselves on providing value to the Company's customers with highly reliable energy supplies. In 2023, our reliability was 99.8%, maintaining our position as one of the world's most reliable crude oil suppliers.

Positioning Aramco for tomorrow

In recent years, Aramco's investment in Upstream has been both significant and counter cyclical as we believe global energy demand will increase over the mid- to long-term. Our view remains unchanged. At the same time, we recognize that as the world undergoes an energy transition, the future will favor those energy producers who provide the most sustainable solutions.

Against this backdrop, we believe Aramco has a number of competitive advantages, including but not limited to producing crude oil that has one of the lowest upstream carbon intensities of any major oil producer. We also have the advantage of being a single operator with long-term control of a high concentration of high-quality upstream assets. In addition to having exclusive access to the Kingdom's considerable oil and gas reserves, we also have low lifting costs and relatively low depletion rates.

While these advantages collectively translate into a significant position of strength for Aramco, we are also actively working to further future-proof your Company.

In 2023, we scaled up our capital program with investments in both brownfield and greenfield developments. In Upstream, we continued to progress our crude oil increment projects that will allow us to maintain our MSC at 12.0 mmbpd, and we advanced our goal to increase gas production by more than 60% by 2030 compared to 2021 levels. In Downstream, our focus remains on enhancing our business in key high-growth geographies, increasing the placement of the Kingdom's crude oil in wholly-owned or affiliated refineries and converting more of our hydrocarbon molecules into materials. During the year we began construction at two major projects in Asia and one in Saudi Arabia to expand our liquids-to-chemicals production, and we acquired an interest in one of the largest integrated refining and petrochemical complexes in China. These activities should enable us to increase placement of our upstream crude oil in affiliated refineries. We also advanced our strategy to strengthen our downstream value chain internationally with agreements to acquire interests in the South America and Pakistan retail markets.

> "Our intention is to play a key role in the energy transition through the deployment of technologies and tools that can contribute to global emission reduction efforts.

Our intention is to supply our customers with oil and gas, and also play a key role in the energy transition through the deployment of technologies and tools that can contribute to global emission reduction efforts. As such, we are working on multiple fronts, including carbon capture and storage, synthetic fuels, blue hydrogen technologies, renewables, and offsets. Subject to closing conditions and regulatory approvals, we will make our first international investment in liquefied natural gas, an area where we expect strong demand-led growth as the world continues on its energy transition journey.

And we also continue to support the Archie Initiative, a tool which promotes increased transparency within the global energy supply chain.

During the year, we also continued to back the development of new industries in the Kingdom through our iktva and Namaat programs, as well as our active participation in the Kingdom's Shareek program. These initiatives serve two purposes as they help strengthen the resilience of Aramco's supply chain going forward, while also contributing to Saudi Arabia's economic growth and diversification. We also made the decision to more than double our venture capital funding from SAR 11.3 billion ($3.0 billion) to SAR 26.3 billion ($7.0 billion) through Aramco Ventures.

Expressing our gratitude

Aramco's success in 2023 would not have been possible without the support of many. In particular, the visionary leadership of The Custodian of the Two Holy Mosques King Salman bin Abdulaziz Al-Saud, and His Royal Highness Prince Mohammed bin Salman bin Abdulaziz Al-Saud, Crown Prince and Prime Minister of the Kingdom of Saudi Arabia. We also thank the Kingdom's Ministry of Energy for their continued support as well as our shareholders for placing your trust in Aramco.

On behalf of the Board of Directors, I want to also convey our collective appreciation to the talented men and women of Aramco for their continued commitment in providing reliable energy to our customers, while also creating value for our shareholders.

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

President and CEO's message

Dear Shareholders,

Aramco continued to deliver both value and growth in 2023.

Throughout the year we provided the reliable energy supplies that our global customer base has come to expect from Aramco. We also recorded another year of strong financial performance, which enabled us to deliver increased value to our shareholders through the distribution of increased base dividends and the introduction of performance-linked dividends. And we continued to deliver on our strategy by growing our existing core business as well as expanding into new geographies and working to develop new businesses such as carbon capture and storage, synthetic fuels, blue hydrogen technologies, renewables, and offsets.

Expanding our business

While global oil demand was reaching an all-time high in 2023, at Aramco we were continuing our efforts to ensure we can help supply the conventional energy that we believe the world will need for decades to come. Our crude oil development and increment projects remain on track, with the first phase of the Dammam development project expected to come onstream this year, followed by the Marjan and Berri increment projects in 2025 and the Zuluf field in 2026. Together, these projects will help us maintain our MSC at 12.0 mmbpd as directed by the Government, and they support our unique ability to rapidly respond to changes in the market.

During the year, we also made significant progress in our efforts to expand our gas production by more than 60% of the 2021 levels by 2030. This included bringing onstream our Hawiyah Gas Plant expansion and producing the first unconventional tight gas from South Ghawar. Meanwhile, work is progressing at the Jafurah unconventional gas project, which is the largest liquid-rich shale gas development in the Middle East. Our priority is to meet rising domestic gas demand in the Kingdom while adding associated liquids for potential export.

In the third quarter of 2023, we announced our first international investment in liquefied natural gas (LNG). Subject to closing conditions and regulatory approvals, our acquisition of a stake in MidOcean Energy will give us a strategic position in a commodity that we anticipate will experience strong demand-led growth as the global energy transition plays out. We view LNG as a complementary asset to our portfolio given gas is a vital fuel and feedstock for various industries.

We also expanded our Downstream business in 2023 both inside and outside the Kingdom. Engineering, procurement, and construction contracts were awarded for a significant expansion at our jointly owned SATORP refinery in Jubail. When complete, this new petrochemical complex will include one of the largest mixed-load steam crackers in the region.

In Asia, we broke ground for two large integrated refinery and petrochemical complexes, one through a joint venture in China and the other with our affiliate S-OIL in South Korea, and we acquired a 10% stake in a Chinese petrochemical company. All of these projects support our long-term goal of directing up to four million barrels per day by 2030 into liquids-to-chemicals. Through SABIC, our subsidiary, we also made a final investment decision to participate in a world-scale petrochemical complex located in China.

As well, we completed our acquisition of Valvoline's global products business and our first downstream retail investment in South America with our purchase of Chilean retailer Esmax. We also signed definitive agreements to acquire a 40% equity stake in Gas & Oil Pakistan, our first entry into the Pakistani fuels retail market.

> "We believe Aramco is well positioned to actively participate in addressing the world's growing need for affordable and reliable energy.

Pursuing our net-zero ambition

In addition to making multiple investments across the hydrocarbon value chain, we continue to take steps that support our 2050 net-zero ambition. This includes working on ways to further lower emissions from our operations through technological innovation and adding lower-carbon energy to our own portfolio.

On the technology side, we believe synthetic gasoline could play a key role in powering the existing global vehicle fleet. As such, we were particularly pleased with the results of tests by global automaker Stellantis on Aramco-provided prototype eFuels, which were found to be compatible with 24 existing internal combustion engine families in Europe. To further determine the viability of such fuels, we are working with partners to build two demonstration plants: one in-Kingdom to produce synthetic gasoline for light-duty passenger vehicles, and the other in Spain for synthetic diesel and jet fuel for automobiles and aircraft.

In 2023, our Yanbu' Refinery became the fourth Aramco facility to be added to the World Economic Forum Global Lighthouse Network in recognition of its deployment of cutting-edge technologies to deliver a range of operational and environmental benefits. While further decarbonizing our operations remains a priority, we are also supporting our customers' efforts to decarbonize. Work continues with our partners on construction of a large carbon capture and storage hub at Jubail. The facility is on track to begin storing up to nine million tons of CO_2 per year by 2027. Together with our affiliate SABIC Agri-Nutrients, we made the world's first shipment of accredited blue ammonia during the year.

This inaugural shipment and subsequent follow-up shipments to Asia represent another milestone in the development of a global market for blue ammonia and blue hydrogen.

During the year we progressed toward our goal of investing in 12 gigawatts of solar and wind energy capacity by 2030. Together with our consortium partners, we entered into a shareholders' agreement for the two Al Shuaibah photovoltaic solar projects, which are expected to commence commercial operation in 2025 with a combined capacity of 2.66 gigawatts.

We were also the leading bidder in the world's largest-ever carbon-credit auction, which was held by the Regional Voluntary Carbon Market Company in Kenya in the second quarter of the year. During the COP28 climate summit, Aramco also helped support a charter signed by more than 50 oil and gas producers to reduce emissions from their respective operations.

Another vital component of Aramco's strategy is further localization of our supply chain. We made advancements on this front as our joint venture nonmetallic thermoplastic pipe production facility at King Salman Energy Park commenced operations. Under our Namaat program and in line with our iktva objectives, we also signed a shareholders' agreement with Baosteel and the Public Investment Fund to establish an integrated steel plate manufacturing complex in the Kingdom.

Looking ahead with confidence

We believe Aramco is well positioned to actively participate in addressing the world's growing need for affordable and reliable energy. This belief is not solely based on the quality of our assets and the scale of our ambitions, it is also based on the capabilities of our employees. Indeed, the determination of the men and women of Aramco is why we believe we will continue to deliver.

Amin H. Nasser
President and Chief Executive Officer

2023 highlights

Reflecting on another year of success and achievements in 2023

Q1

Acquired Valvoline Inc.'s global products business
Aramco completed its acquisition of Valvoline Inc.'s global products business for approximately SAR 10.34 billion ($2.76 billion), including customary adjustments.

$7.0 billion petrochemical steam cracker
Aramco and its affiliate, S-OIL, commenced construction at the SAR 26.3 billion ($7.0 billion) Shaheen project in South Korea to develop one of the world's largest refinery-integrated petrochemical steam crackers.

Integrated refinery and petrochemical complex
Construction commenced at the SAR 44.4 billion ($11.8 billion) integrated refinery and petrochemical complex being developed by HAPCO, a joint venture between Aramco, North Huajin, and Panjin Xincheng.

Q2

Hawiyah Unayzah Gas Reservoir Storage
Hawiyah Unayzah Gas Reservoir Storage, the first underground natural gas storage in the Kingdom, achieved its maximum injection target of 1.5 bscfd.

Amiral EPC contracts awarded
Aramco awarded engineering, procurement, and construction contracts for the SAR 41.3 billion ($11.0 billion) new petrochemical complex to be built by SATORP, Aramco's joint venture with TotalEnergies.

Largest voluntary carbon auction
Aramco participated as a lead bidder in the largest-ever voluntary carbon credit auction, held by the Regional Voluntary Carbon Market Company (RVCMC) in Nairobi, Kenya.

Performance-linked dividends
Aramco introduced performance-linked dividends to support its aim to deliver a balanced mix of growth and yield to shareholders.

Solar projects partnership
Aramco entered into a shareholders' agreement with PIF and ACWA Power Company for the development of the Al Shuaibah 1 and Al Shuaibah 2 photovoltaic solar projects which are expected to have a combined capacity of 2.66 GW and an estimated cost of SAR 8.9 billion ($2.37 billion).

Three blue ammonia shipments
Aramco delivered three shipments of accredited blue ammonia through its affiliates ATC and SABIC Agri-Nutrients.

Q3

Novel nonmetallic factory begins operations
Novel Non-Metallic Solutions (Novel), a joint venture between Aramco and Baker Hughes to develop and commercialize a broad range of nonmetallic products, commenced operations in Saudi Arabia.

Hawiyah Gas Plant expansion
The Hawiyah Gas Plant expansion was successfully commissioned and brought onstream, increasing the plant's raw gas processing capacity by 800 mmscfd including approximately 750 mmscfd of natural gas capacity.

Rongsheng Petrochemical deal completed
Aramco completed its strategic acquisition of a 10% interest in Rongsheng Petrochemical with a right to supply 480 mbpd or 60% of the crude oil for a total transaction value of SAR 12.8 billion ($3.4 billion).

Hadeed divestment
SABIC agreed to the sale of its 100% shareholding in the Saudi Iron and Steel Company (Hadeed) to PIF.

South America retail investment
Aramco agreed to purchase a 100% equity stake in the Chilean retailer Esmax, representing Aramco's first downstream retail investment in South America. The transaction was completed in March 2024.

International LNG investment
Aramco announced its first international investment in LNG by signing definitive agreements to acquire a strategic minority stake in MidOcean Energy for SAR 1.88 billion ($0.5 billion).

Q4

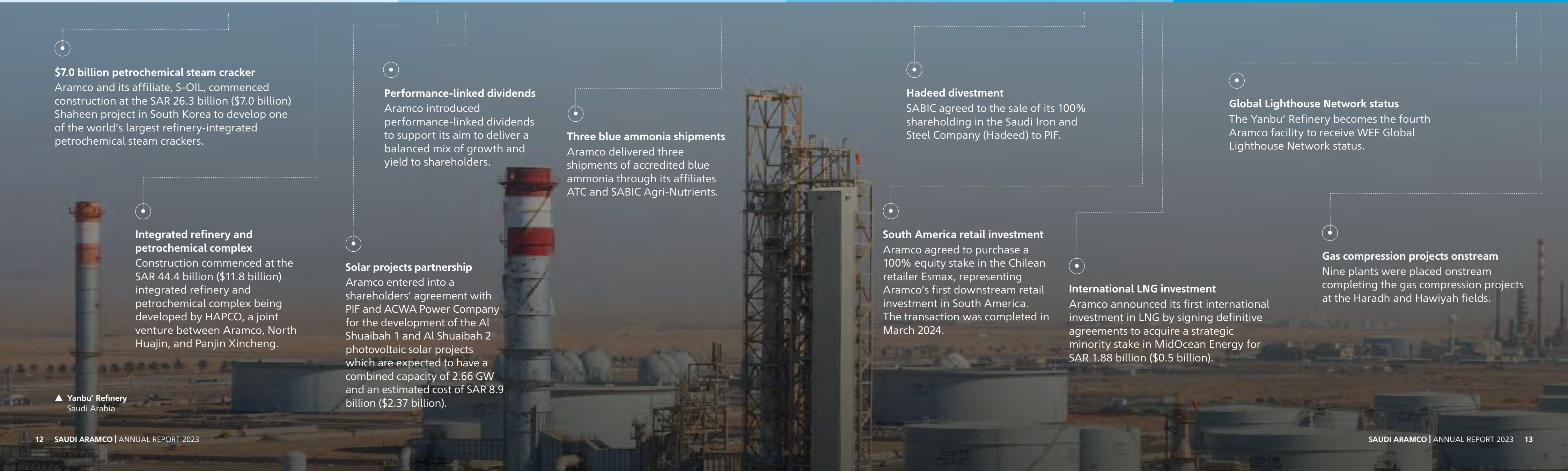
First unconventional gas production
Aramco successfully produced its first unconventional tight gas from its South Ghawar operational area.

Gas discoveries
Aramco discovered two natural gas fields in the Empty Quarter.

First entry into the Pakistani fuels retail market
Aramco signed definitive agreements to acquire a 40% equity stake in Gas & Oil Pakistan Limited.

Global Lighthouse Network status
The Yanbu' Refinery becomes the fourth Aramco facility to receive WEF Global Lighthouse Network status.

Gas compression projects onstream
Nine plants were placed onstream completing the gas compression projects at the Haradh and Hawiyah fields.



▲ Yanbu' Refinery
Saudi Arabia

Business model

Capturing value across the hydrocarbon chain

Inputs

Operations

Total hydrocarbon reserves[1]
(billion boe)
251.2

Maximum Sustainable Capacity
(mmbpd)
12.0

Relationships

Stakeholders
- Customers
- Suppliers
- Partners
- Governments

Domestic and foreign subsidiaries, joint arrangements, and associates
400+

Countries of operations
50+

Financial

Capital expenditures[2]
(billion)
SAR 158 $42

Net cash[3]
(billion)
SAR 103 $27

Average capital employed[3]
(billion)
SAR 2,043 $545

Human

Company employees[4]
73,311

Low cost, lower-carbon intensity crude oil production
Low-cost upstream production with a lower upstream carbon intensity than crude oil produced by other major producers, and operational flexibility to rapidly increase crude oil production.

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

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

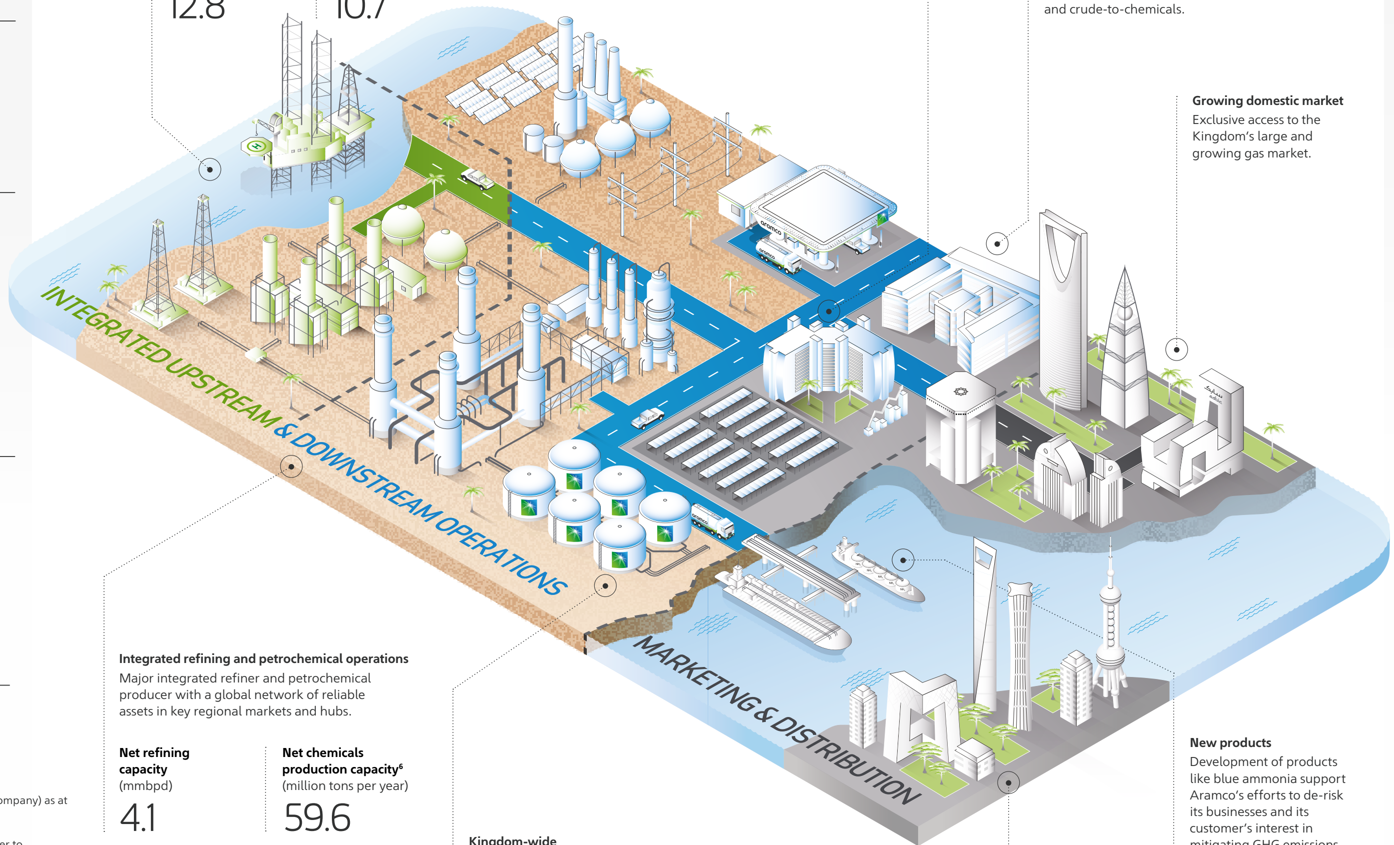
Total hydrocarbon production
(mmboed)
12.8

Total liquids production[5]
(mmbpd)
10.7

Integrated trading business
Integrated trading business enables optimization of product supplies to maximize returns.

New solutions
Robust technology program aims to develop synthetic fuels, nonmetallics, and crude-to-chemicals.

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



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

Net refining capacity
(mmbpd)
4.1

Net chemicals production capacity[6]
(million tons per year)
59.6

Kingdom-wide infrastructure network
Kingdom-wide distribution network includes pipelines, bulk plants, air refueling sites, and terminals that deliver crude oil, NGL, natural gas, and refined products.

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

New products
Development of products like blue ammonia support Aramco's efforts to de-risk its businesses and its customer's interest in mitigating GHG emissions.

Outcomes and impacts

Operations

Products produced
- Crude oil
- Gas
- NGL
- Condensate
- Refined products
- Chemicals
- Base oils and lubricants
- Electricity
- Blue ammonia
- Nonmetallics

Upstream carbon intensity[4]
(kg of CO_2e/boe)
10.7

Reliability[7]
(%)
99.8

Scope 1 emissions[4]
(mmtCO_2e)
54.4

Scope 2 emissions[4]
(mmtCO_2e)
18.2

Power supplied to the national grid
(gigawatts)
1.1

Freshwater consumption[4]
(million cubic meters)
89.90

Relationships

In-Kingdom Total Value Add (iktva)[4]
(%)
65.0

Payments to the Government[8]
(billion)
SAR 747 $199

Financial

Net income
(billion)
SAR 455 $121

Free cash flow*
(billion)
SAR 380 $101

Dividends paid
(billion)
SAR 367 $98

Return on average capital employed (ROACE)*
(%)
22.5

Human

Lost time injuries / illnesses rate[4]
(per 200,000 work hours)
0.018

Total recordable case rate[4]
(per 200,000 work hours)
0.042

Tier 1 process safety events[4]
15

Fatalities[4]
3

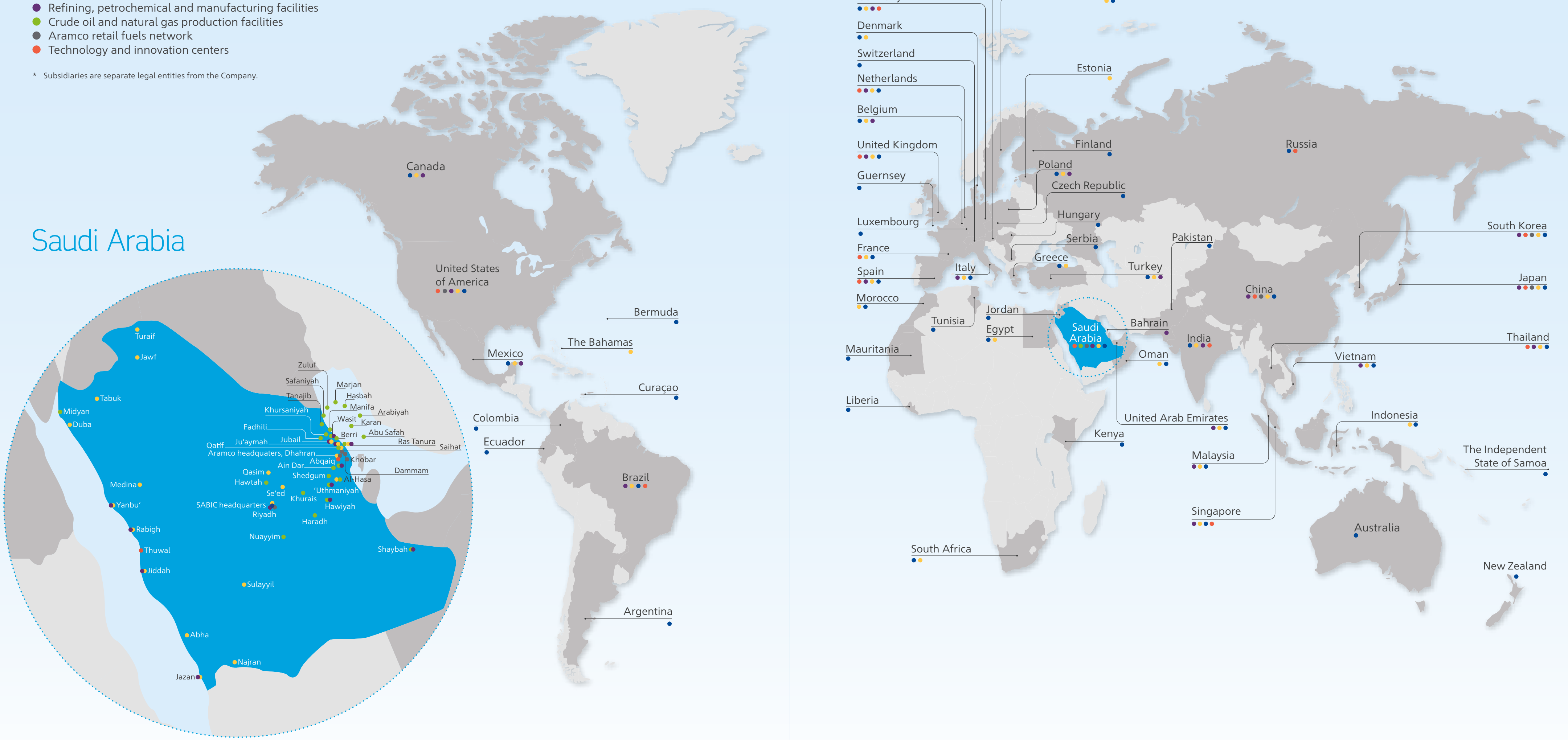
1. Hydrocarbon reserves of Saudi Arabian Oil Company (the Company) as at December 31, 2023, under the Concession agreement.
2. Capital expenditures do not include external investments.
3. For definition of net cash and average capital employed, refer to "Non-IFRS measures reconciliations and definitions".
4. Refer to Section 3: Sustainability for further information.
5. Total liquids is comprised of crude oil, NGL, and condensate.
6. Excludes SABIC Agri-Nutrients and Metals (Hadeed) businesses.
7. Applies to Saudi Arabian Oil Company (the Company).
8. Includes income taxes, royalties, and dividends.
* Non-IFRS measure: refer to "Non-IFRS measures reconciliations and definitions" for further information.

Aramco's operations

Global operations

- Countries of operations – as at December 31, 2023
- Subsidiary offices*
- Terminals and distribution hubs
- Refining, petrochemical and manufacturing facilities
- Crude oil and natural gas production facilities
- Aramco retail fuels network
- Technology and innovation centers

* Subsidiaries are separate legal entities from the Company.



Business overview

Overview

Aramco is one of the world's largest integrated energy and chemicals companies. Its operating segments are Upstream and Downstream, which are supported by corporate activities.

Integrated operations

Upstream

The Upstream segment's activities consist of exploring for, developing, and producing crude oil, condensate, natural gas, and NGL. Aramco's principal fields are located in close proximity to each other within the central region and Eastern Provinces of the Kingdom. The crude oil, condensate, natural gas, and NGL produced by the Upstream segment travel through Aramco's pipelines to multiple facilities for processing into refined and petrochemical products, or to domestic customers or export terminals. For more information, see Section 2: Results and performance – Upstream.

Downstream

The Downstream segment's activities consist primarily of refining and petrochemicals, base oils and lubricants, retail, distribution, supply and trading, and power generation. These support the Upstream and Downstream businesses by enabling optimization of crude oil sales and product placement through Aramco's significant infrastructure network of pipelines and terminals, and to access shipping and logistics resources.

Aramco's downstream investments diversify its revenue and integrate its oil and gas operations to optimize value across the hydrocarbon chain, supporting crude oil and gas demand and facilitating the placement of its crude oil. Aramco also has an integrated petrochemicals business within its Downstream segment that produces basic chemicals, such as aromatics, olefins, and polyolefins, as well as more complex products such as polyols, isocyanates, and synthetic rubber. For more information, see Section 2: Results and performance – Downstream.

Corporate

Aramco's Upstream and Downstream segments, as well as the overall business, are supported by corporate activities. These include technical services essential to the success of Aramco's core business, as well as human resources, finance, legal, corporate affairs, and IT. The corporate activities are also supported by the integrated Strategy and Corporate Development organization, which is mandated to maximize value creation by efficiently optimizing Aramco's asset portfolio and seek growth opportunities in line with corporate strategies. For more information, see Section 2: Results and performance – Corporate.

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

Market overview

Global

In 2023, central banks around the world continued with their policy of increasing interest rates to suppress the significant inflation that persisted from the economic recovery that took place in 2021 and 2022. This led to a slower rate of growth in the global economy, with GDP rising by an estimated 2.7%[1] in 2023, compared to 3.1%[1] in the previous year. It is anticipated that the impact of previous interest rate increases will continue to weaken global GDP growth into 2024, with performance expected to reach a level of 2.6%[2].

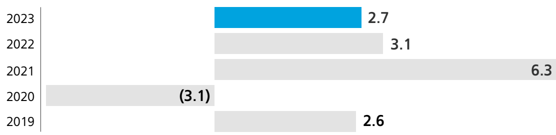
In 2023, global oil demand is projected to have risen by 1.9 mmbpd to 102.3 mmbpd[3], while the global oil supply is estimated to have averaged 103.0 mmbpd[3]. This surplus in global supply has resulted in Brent crude prices stabilizing in the low $80 range. The average price for ICE Brent crude in 2023 was $82.2 per barrel[4].

Domestic

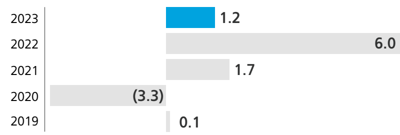
After experiencing robust economic expansion of 8.7%[5] in 2022, the Kingdom's GDP declined by an estimated 0.9%[5] in 2023. This modest decline is attributed to reductions in oil production, which have led the oil sector to shrink by an estimated 9.2%[5]. However, a healthy 4.6%[5] growth in non-oil activities coupled with an estimated 2.1%[5] rise in government activities mitigated the effect of the oil sector decline on overall GDP growth in 2023.

In 2023, the demand for energy within the Kingdom is estimated to have increased by 1.2%. This rise in domestic energy consumption was primarily fueled by the transportation sector, which saw an estimated growth of 5.9%. This sector's growth was supported by a robust private economic sector, strong activity in construction, and the ongoing rebound of international air travel.

Global GDP growth[1,6]
(%, year-on-year)



Kingdom energy demand growth
(%, year-on-year)



Global oil demand and supply[3,6]
(mmbpd)

1. Oxford Economics.
2. Bloomberg.
3. S&P Global Crude Oil Markets Outlook.
4. Market View, Intercontinental Exchange (ICE).
5. General Authority for Statistics, Kingdom of Saudi Arabia.
6. Comparative figures have been adjusted to reflect actual data, where applicable.

Strategy

Positioning Aramco for the future

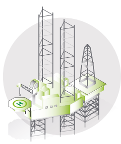
Aramco's strategy is driven by its belief that reliable and affordable energy supplies, including oil and gas, will be required to meet the world's growing energy demand, and that new lower-carbon energy supplies will gradually complement conventional sources. Aramco continues to work to achieve further reductions in greenhouse gas emissions from its oil and gas operations. Aramco also invests in technologies and solutions supporting the global energy and materials transition towards a lower-carbon emissions future. The world's demand for affordable, reliable, and more sustainable energy will continue to grow, and Aramco believes it can best be met by a broad mix of energy solutions.

Our strategic themes

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

Upstream preeminence

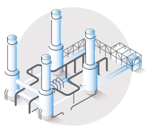
As the principal engine of value generation, Aramco intends to maintain its position as the world's largest crude oil company by production volume and one of the lowest-cost producers. The Company's vast reserves base, spare capacity, and unique operational flexibility allow it to effectively respond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



■ For more information **see page 22**

Downstream integration

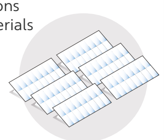
Aramco has a dedicated system of domestic and international wholly-owned and affiliated refineries that are critical to monetizing its upstream production. Through continued strategic integration, the Company captures additional value across the hydrocarbon chain.



■ For more information **see page 23**

Lower-carbon initiatives

Aramco aims to lower the net carbon emissions of its operations and support the global energy transition through development of a New Energies business that includes renewable power generation and lower-carbon products and solutions across the energy, chemicals, and materials sectors.



■ For more information **see page 24**

Localization and the promotion of national champions

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

■ For more information **see page 24**

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

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

Our key enablers

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

People

Aramco recognizes the need to prepare its workforce of the future to ensure its capabilities match its strategic requirements. This includes advancing technical and professional skills, developing commercial and leadership competencies, supporting the progress of localization, and focusing on diversity and inclusion.

Technology

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

The program also aims to enable Aramco to grow its business competitively and sustainably in new areas such as new energies, advanced materials, and digital solutions.

Portfolio optimization

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

■ For more information **see page 25**

How we deliver value

Aramco seeks to deliver value across four dimensions:

Profitability

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

Resilience

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

Growth

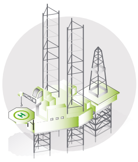
Both in its traditional oil and gas activities and new businesses.

Sustainability

As a core element of Aramco's operational philosophy.

Strategy continued

Four strategic themes



Upstream preeminence

Oil

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

Aramco expects global demand for crude oil will continue to increase for many years to come. Aramco believes that there is a need for industry-wide investment to meet this demand, and that new oil discoveries and developments will be needed to offset the natural decline in production from currently producing fields. The Company intends to continue to invest in crude oil exploration and production through oil price cycles in order to meet this expected global demand growth, and believes that its low lifting costs, low capital intensity and lower upstream carbon intensity uniquely position it to benefit from these investments and the continued pressure on the oil and gas industry to reduce the environmental impact of the industry's operations.

The Company seeks to preserve its position as one of the world's lowest average upstream carbon intensive crude oil producers. Aramco's low per barrel gas flaring rates, low depletion rate operational model, and a focus on reducing the quantity of produced water contribute to its lower average upstream carbon intensity production. The Company is also pursuing a wide range of initiatives to reduce its upstream carbon intensity by at least 15% by 2035 compared to a 2018 baseline. Through reliable and lower carbon intensity production, Aramco aims to support energy access and security through the energy transition.

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

Aramco seeks to maintain its position as one of the world's most reliable crude oil suppliers. The Company utilizes term agreements for selling crude oil to major consumers globally, providing supply predictability to customers by standardizing price and delivery terms to major regional demand centers. Aramco continues to invest in its sophisticated and extensive crude oil distribution and dispatch system to maintain its supply reliability.

The Government determines the Kingdom's maximum level of crude oil production in the exercise of its sovereign prerogative and requires Aramco to maintain an MSC in accordance with the Hydrocarbons Law. The Government has directed Aramco to maintain crude oil MSC at 12.0 mmbpd. The spare capacity afforded by maintaining an MSC provides operational flexibility to increase its production. While Aramco has a robust field maintenance philosophy that emphasizes the reliability of its upstream operations, the MSC provides an alternative supply option in the event of unplanned production outages.

Gas

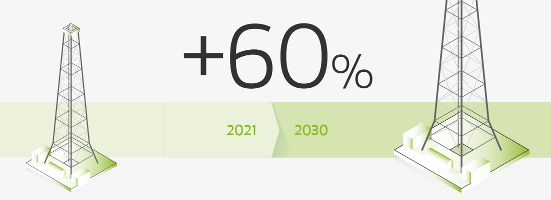
Domestically, Aramco plans to further expand its gas business, including the development of its unconventional gas resources, increase its gas production by more than 60% by 2030 compared to its 2021 production levels, subject to domestic demand, and invest in additional infrastructure to meet the large and growing domestic demand for lower-cost energy and to reduce liquids-burning in power generation. Domestic gas demand growth is driven by power generation, water desalination, petrochemical production, and other industrial consumption in the Kingdom.

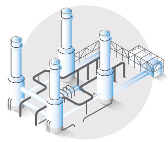
An important additional benefit of Aramco's gas production is the significant NGL and condensate yields, which supplement crude oil production and provide feedstock to the refining and petrochemical industries.

Internationally, Aramco anticipates strong demand-led growth for LNG as the world continues on its energy transition journey, with gas being a vital fuel and feedstock in various industries, and critical to meeting the world's need for secure, accessible, and more sustainable energy. As a result, Aramco plans to develop an integrated global LNG business, and is pursuing corresponding direct investment and joint venture opportunities.

Strategy in action

Aramco plans to increase its gas production by more than 60% by 2030 compared to 2021 production levels, subject to domestic demand.





Downstream integration

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

Aramco's 70% equity interest in SABIC supports the significant expansion of its downstream activities, particularly in its chemicals business, and provides additional opportunities to supply mixed feedstock of crude oil, refinery products and gas to manufacture petrochemical products. Changing patterns of demand, including growth in chemicals demand and the long-term risk of decline in fuels demand, are driving the Company's strategy to favor investments in facilities with high liquids-to-chemicals conversion rates. Aramco aims to increase its liquids-to-chemicals throughput to four million barrels per day by 2030.

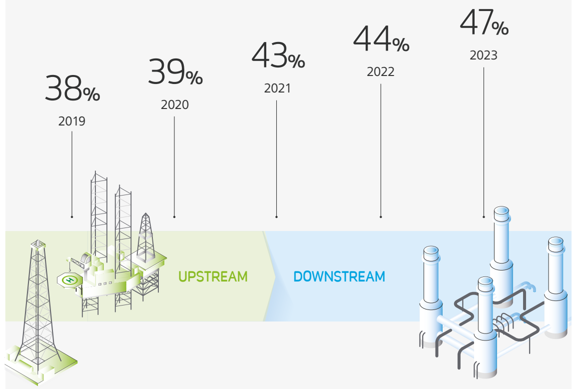
Geographically, Aramco intends to enhance both its domestic and global Downstream businesses in key high-growth geographies such as China, India, and Southeast Asia, which are integral to its existing business and future expansion strategy, as well as in other attractive markets. Aramco also intends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

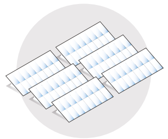
Aramco continues to expand global recognition of its brands. One aspect of this strategy is to introduce its brands to existing domestic and international marketing businesses, including at retail service stations, and further develop its petrochemicals, base oil and lubricants brands. As new marketing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

Strategy in action

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

Upstream crude oil production utilized by Aramco's downstream operations





Lower-carbon initiatives

Aramco's strategy for lower carbon intensity energy, which seeks to address climate-related risks and opportunities, aims to de-risk its businesses and maintain competitiveness and differentiation in carbon-constrained scenarios and, at the same time, to build a material and profitable new business area for the longer term.

The strategy has two main aspects. The first is to lower the net carbon emissions of the Company's operations over time with the ambition to achieve net-zero Scope 1 and Scope 2 greenhouse gas emissions across wholly-owned operated assets by 2050. The second is to develop and invest in renewables power generation and lower-carbon products and solutions across the energy, chemicals, and materials industries.

Lowering the Company's own net carbon emissions requires managing, reducing, and balancing carbon emissions across its operations through a number of measures, including efficiency gains, renewable power investment, carbon capture, utilization, and storage, and multiple offset initiatives.

By developing and investing in renewable power generation and lower-carbon products and solutions, Aramco aims to both support its efforts to decarbonize its own operations, while building a material and profitable new business area for the longer term. Through investments in lower-carbon hydrogen and ammonia, lower-carbon fuels, and gas, Aramco seeks to support emissions reductions in hard-to-decarbonize sectors such as heavy-duty transport and industrial applications, and develop products to complement renewables in the domestic energy mix. These initiatives are expected to help the Company participate in the growing market for lower-carbon products and solutions. Aramco is also pursuing carbon capture and storage as a service offering to third parties, and is seeking investments in renewables that align with its other lower-carbon initiatives. To support this strategy, the Company has established a New Energies organization to group together its low-carbon businesses, focused on renewable power generation, lower-carbon hydrogen, and carbon capture and storage (CCS). The Company has ambitions to capture and store up to 11 million tons of CO_2 annually from Aramco facilities, plus additional CO_2 from other industrial sources, by 2035, and invest in up to 12 gigawatts of solar PV and wind projects by 2030.

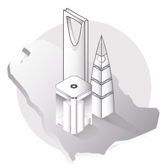
Aramco aims to grow its business sustainably by leveraging technology and innovation to lower its climate impact. The Company intends to maintain its position amongst the leaders in upstream carbon intensity, with one of the lowest carbon emissions per unit of hydrocarbons produced.

Strategy in action

Aramco has ambitions to capture and store up to

11 million tons

of CO_2 annually from Aramco facilities, plus additional CO_2 from other industrial sources, by 2035, and invest in up to 12 gigawatts of solar PV and wind projects by 2030.



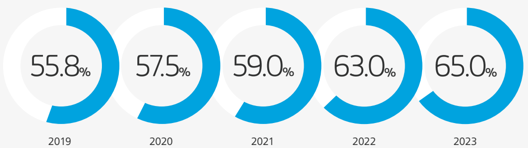
Localization and national champions

In addition to Aramco's core businesses, the Company seeks to foster new businesses that will increase the long-term reliability and competitiveness of the Company's ecosystem, as well as contributing to the Kingdom's economic development. This is key to ensuring Aramco's long-term cost and productivity leadership, sustainability, and resilience.

Strategy in action

Aramco is helping to build a world class local supply chain through its iktva program.

Percentage of total procurement expenditures locally sourced[1]



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

The objectives are two-fold: to localize the Company's supply chain, and promote national champions.

Aramco aims to strengthen its supply chain through its localization efforts and utilizes the Kingdom's Shareek program, which provides a framework to incentivize in-Kingdom investments. As part of this strategy, Aramco seeks to increase the use of in-Kingdom suppliers of goods and services to 70.0% through its in-Kingdom Total Value Add (iktva) program.

Through its Namaat industrial investment program, Aramco intends to drive continued growth and development of a resilient and sustainable domestic supply chain to strengthen and expand the in-Kingdom private sector.

The Company's Taleed program seeks to accelerate the growth of small- and medium-enterprises across multiple sectors in the sustainability, digital, manufacturing, industrial, and social innovation domains.

Our key enablers

People

Aramco recognizes the need to prepare its workforce of the future and seeks to ensure its capabilities match its strategic requirements by:

- Advancing technical and professional skills, developing commercial and leadership competencies, and supporting the progress of localization; and,
- Focusing on diversity and inclusion.

Technology

Aramco's technology program aims to develop new solutions for its Upstream and Downstream businesses, help diversify its product portfolio, and grow its business sustainably and achieve its net-zero ambition. The program also aims to enable Aramco to grow its business competitively and sustainably in new areas such as new energies, advanced materials, and digital solutions. Aramco focuses its technology initiatives in upstream, downstream, and sustainability, and recognizes the importance of embedding technology in its strategy and business culture.

Aramco has increased the venture capital (VC) funding available to Aramco Ventures by SAR 15.0 billion ($4.0 billion), making it one of the top corporate venture capital funds in the world and more than doubling the total funding available to its VC programs to SAR 28.1 billion ($7.5 billion), including Wa'ed Ventures. Half of this new funding will be invested in disruptive technologies outside the energy sector, and half will be earmarked for late-stage, larger-ticket ventures in the sustainability and digital domains.

Aramco intends to finance game-changing innovations across a variety of industries and to pave the way for collaborations with innovative companies to develop new technologies that create long-term diversification opportunities.

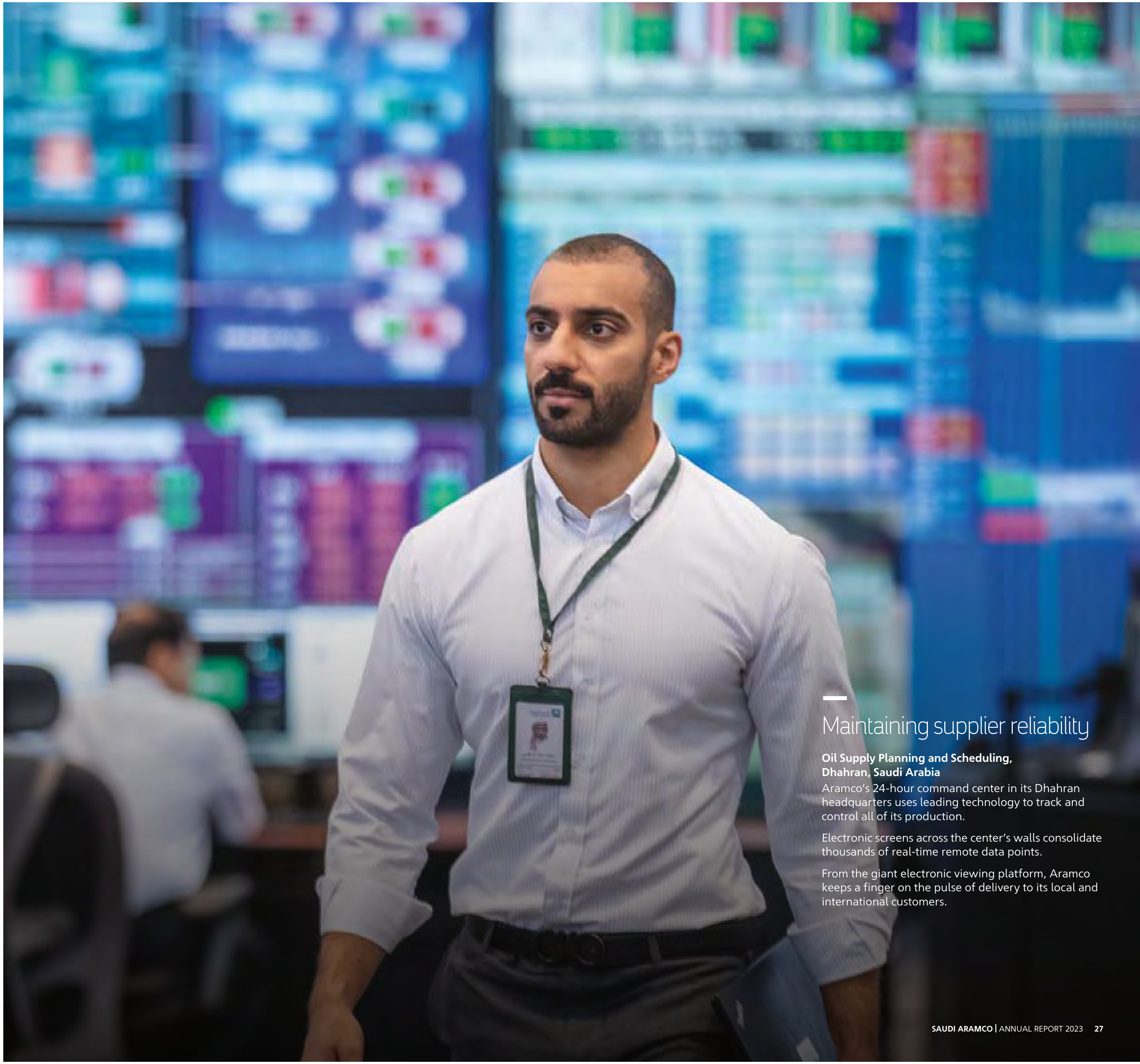
Examples of the new solutions that Aramco believes will positively impact its business sustainability, and which are being actively pursued, include:

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

Portfolio optimization

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

2. Results and performance



Maintaining supplier reliability

Oil Supply Planning and Scheduling, Dhahran, Saudi Arabia

Aramco's 24-hour command center in its Dhahran headquarters uses leading technology to track and control all of its production.

Electronic screens across the center's walls consolidate thousands of real-time remote data points.

From the giant electronic viewing platform, Aramco keeps a finger on the pulse of delivery to its local and international customers.

Key 2023 metrics

Financial highlights

Net income
(billion)

SAR 455
$121
2022: $161

Net cash provided by operating activities
(billion)

SAR 538
$143
2022: $186

Dividends paid
(billion)

SAR 367
$98
2022: $75

Earnings per share
(basic and diluted)

SAR 1.87
$0.50
2022: $0.66[2]

EBIT*
(billion)

SAR 865
$231
2022: $307

Capital expenditures[1]
(billion)

SAR 158
$42
2022: $38

Dividends paid per share

SAR 1.55
$0.41
2022: $0.35

Average realized crude oil price
($/barrel)

83.6
2022: 100.2

Free cash flow*
(billion)

SAR 380
$101
2022: $149

ROACE*
(%)

22.5
2022: 31.6

Gearing*
(%)

(6.3)
2022: (7.9)

▲ **Offshore installations**
Arabian Gulf

1. Capital expenditures do not include external investments.
2. Earnings per share have been adjusted to reflect the effect of the bonus shares issuance.
* Non-IFRS measures: refer to "Non-IFRS measures reconciliations and definitions" for further details.

Operational highlights

MSC
(mmbpd)

12.0
2022: 12.0

Net refining capacity
(mmbpd)

4.1
2022: 4.1

Upstream carbon intensity[6]
(kg of CO_2e/boe)

10.7
2022: 10.3

Total hydrocarbon production
(mmboed)

12.8
2022: 13.6

Net chemicals production capacity[4]
(million tons per year)

59.6
2022: 56.3

Flaring intensity[6]
(scf/boe)

5.64
2022: 4.60

Total liquids production[3]
(mmbpd)

10.7
2022: 11.5

Reliability[5]
(%)

99.8
2022: 99.9

Total recordable case rate[6]
(per 200,000 work hours)

0.042
2022: 0.050

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

CFO's message

Dear Shareholders,

In 2023, Aramco delivered robust financial results and profitability despite ongoing inflationary pressures and global economic uncertainty. Following our remarkable performance in 2022, we are very proud to have delivered our second-highest published annual profits. For the year ended December 31, 2023, Aramco delivered net income of SAR 454.8 billion ($121.3 billion) and free cash flow of SAR 379.5 billion ($101.2 billion). We also generated strong capital returns with ROACE of 22.5%. Meanwhile, our gearing ratio of (6.3)% remains strong at the end of 2023.

These results – alongside maintaining a strong balance sheet as well as prudent cash and debt management – enabled us to enhance our dividend distributions in 2023. In line with our commitment to deliver value to shareholders, the Board has declared a fourth quarter base dividend of SAR 76.1 billion ($20.3 billion), an increase of 4.0% compared to the previous quarter, and a performance-linked dividend distribution of SAR 40.4 billion ($10.8 billion). Both dividends will be paid in the first quarter of 2024.

Advancing our growth strategy

In 2023, we continued to demonstrate our financial flexibility as we scaled up the ongoing implementation of the largest capital program in our Company's history. Our capital expenditures in 2023 were SAR 158.3 billion ($42.2 billion), representing an increase of 12.1% from the previous year. We expect our capital expenditures to continue to rise until the middle of the decade as we deliver our crude oil increment projects to maintain our MSC at 12.0 mmbpd as directed by the Government, and continue to make long-term investments across the hydrocarbon chain to capture value from anticipated demand growth.

As our capital program progresses, we have advanced our efforts to maintain a high investment-grade credit rating and optimize our capital structure, which remain fundamental to our financial strategy. As well, to further deleverage our balance sheet, the Company made two prepayments and a scheduled payment in 2023 to fully settle the deferred consideration related to our SABIC acquisition. These payments resulted in savings of SAR 10.5 billion ($2.8 billion) for Aramco.

In support of Aramco's growth ambitions and advancement of our liquids-to-chemicals strategy, we completed the acquisitions of Valvoline Inc.'s global products business and a 10% interest in Rongsheng Petrochemical in China. The former complements Aramco's line of premium-branded lubricant products, while the latter aligns with our goal to enhance our Downstream business in high-growth geographies.

Alongside these investments, our acquisition of SABIC in 2020 continues to support our downstream growth and deliver value. We are targeting approximately SAR 11.3 billion to SAR 15.0 billion ($3.0 billion to 4.0 billion) in annual recurring synergies by 2025.

We also announced our intention to enter the global liquefied natural gas (LNG) market for the first time through the signing of definitive agreements to acquire a strategic minority stake in MidOcean Energy. We believe LNG is positioned for structural, long-term growth and this investment would provide us an opportunity to capitalize on rising LNG demand. Additionally, we completed our purchase of a 100% equity stake in Esmax, a leading diversified downstream fuels and lubricants retailers in Chile. This represents our first downstream retail investment in South America and provides new market opportunities, including fuel placement from Motiva and an expanded market for our Valvoline-branded lubricants. We also signed definitive agreements to acquire a 40% equity stake in Gas & Oil Pakistan, one of the largest retail and storage companies in Pakistan, marking our first entry into the country's fuels retail market.

> "We continued to demonstrate our financial flexibility as we scaled up the ongoing implementation of the largest capital program in our Company's history.

In 2023 we made progress in our efforts to build industry leadership positions in new energies, including blue ammonia and renewables. During the year we successfully delivered three shipments of blue ammonia to customers in Asia, and we entered into a shareholders' agreement to develop two photovoltaic solar projects at Al Shuaibah. These actions demonstrate our desire to support an orderly global energy transition and grow our business sustainably through technology and innovation that could reduce climate impacts.

SAR**366.7**bn

Total dividends paid in 2023 ($97.8 billion)

Maximizing shareholder value

Our focus on maximizing shareholder returns through a balanced mix of growth and yield remains unchanged. And our corresponding approach to dividends is based on three main factors. First, we aim to deliver a sustainable and progressive base dividend, which provides downside resilience when necessary. Second, we aim to share the upside with our shareholders, which we expect to do through our newly introduced performance-linked dividends. Finally, we intend to continue to heavily reinvest in our business through unique growth opportunities.

The positive impact of our dividend distribution strategy was on full display in 2023. Our total base dividends paid in 2023 of SAR 292.7 billion ($78.0 billion) were 4.0% higher than the dividends paid in 2022. In addition, we also paid out performance-linked dividends totaling SAR 74.0 billion ($19.8 billion) in 2023. As a result, the total dividends paid during the year were SAR 366.7 billion ($97.8 billion), which is 30.4% higher than the dividends paid to shareholders in 2022.

Looking forward to the full-year results of 2024 and onward, our intention is for any performance-linked dividends to be in the amount of 50-70% of the Group's annual free cash flow. This will be net of the base dividend and other amounts including external investments, to be determined and announced with the full-year results of each year and distributed over the subsequent four quarters.

The Board of Directors' recommendation to once again issue bonus shares was approved at the Company's Extraordinary General Assembly meeting in May. As a result, SAR 15.0 billion ($4.0 billion) of retained earnings were capitalized to support the distribution of one bonus share for every 10 shares held to eligible shareholders. The Company's share capital increased by a corresponding amount to SAR 90.0 billion ($24.0 billion).

Investing for the future

In 2023 we made significant progress on delivering our growth strategy by investing in our portfolio while maintaining a strong balance sheet. We aim to continue to provide stable energy supplies to our customers as well as consistent and long-term value creation for our shareholders. As ever, we will take a disciplined approach as we invest in unique opportunities that will underpin long-term cash flow generation and sustainable growth.

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

▲ **Dhahran, Saudi Arabia**
Aramco has consistently generated value for its shareholders across crude oil price cycles.

Delivering shareholder value through resilient performance

The financial information of Aramco set forth below, as at December 31, 2023 and 2022, and for the years then ended, has been derived without material adjustment from, and is qualified in its entirety by, the financial statements contained in Section 7: Consolidated financial statements. It should be read in conjunction with the financial statements, Section 4: Risk, and other financial data included elsewhere in this Annual Report.

Key factors affecting Aramco's financial results

The following is a discussion of the most significant factors that have impacted Aramco's financial position, results of operations, and cash flows for the year ended December 31, 2023.

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

Aramco's results of operations and cash flows are primarily driven by market prices and volumes sold of hydrocarbons, as well as refined and chemicals products. International crude oil prices have fluctuated significantly in the past and may remain volatile. Fluctuations in the price at which Aramco is able to sell crude oil could cause Aramco's results of operations and cash flow to vary significantly.

Crude oil is also a major component of the cost of production of refined products and chemicals that use hydrocarbons as a feedstock. However, because prices for refined products and chemicals may not timely adjust to reflect movements in crude oil prices, such movements could, in the short-term, positively or negatively impact margins for downstream products that use crude oil as a feedstock. The prices for refined products and chemicals are also impacted by changes in supply and demand and economic cycles. Ongoing economic uncertainty in 2023 resulted in lower prices for hydrocarbons and lower refining and chemicals margins, compared to the same period in 2022.

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

Portfolio and funding optimization

In January 2023, Aramco received a payment of SAR 15.6 billion ($4.2 billion) related to the financing arrangement with the Jazan Integrated Gasification and Power Company (JIGPC). This is the second of three payments received by Aramco as a result of the financing arrangement. The remaining amount to be received under the financing arrangement as at December 31, 2023 is SAR 2.0 billion ($0.5 billion).

With respect to the deferred consideration related to the SABIC acquisition, the Company made total payments in the amount of SAR 117.0 billion ($31.2 billion), in 2023 resulting in the full settlement of the deferred consideration. These payments resulted in a decrease in total borrowings and cash and cash equivalents, and a net gain of SAR 5.8 billion ($1.5 billion).

In relation to SABIC's agreement to sell its 100% shareholding in Hadeed to PIF, the assets and liabilities of Hadeed were remeasured and classified as held for sale as at September 30, 2023. As a result, a loss on fair value measurement of SAR 3.2 billion ($0.85 billion) was recognized in the consolidated statement of income.

Investments in affiliates and securities

In March 2023, Aramco completed its acquisition of Valvoline Inc.'s global products business (VGP Holdings LLC) for approximately SAR 10.34 billion ($2.76 billion), including customary adjustments. This transaction resulted in Aramco recognizing assets acquired and liabilities assumed at fair value in the net amount of SAR 9.93 billion ($2.65 billion) and goodwill of SAR 0.41 billion ($0.11 billion). Subsequent to the acquisition, VGP Holdings LLC contributed revenues of SAR 9.43 billion ($2.51 billion) and net income of SAR 0.67 billion ($0.18 billion), which is included in the consolidated statement of income.

With regard to Aramco's acquisition of a 10% equity interest in Rongsheng Petrochemical in July 2023, Aramco recognized an equity investment at fair value through other comprehensive income within investments in securities of SAR 6.4 billion ($1.7 billion), and a non-current other asset of SAR 5.9 billion ($1.6 billion) relating to a payment made for a long-term sales agreement.

Government share transfer and Bonus share distribution

On April 16, 2023, the Government announced it has transferred 4% of the Company's issued shares to Sanabil Investments Company. In addition, on March 7, 2024, the Government announced it had transferred an additional 8% of the Company's issued shares to PIF's wholly-owned companies. These private transfers did not affect the Company's total number of issued shares and do not have any impact on the Company's operations, strategy, dividend distribution policy, or governance framework. The Government remains Aramco's largest shareholder, retaining an 82.19% direct shareholding.

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

Shareholder returns

During 2023, the Company declared and paid base dividend payments totaling SAR 292.7 billion ($78.0 billion). In addition to the base dividend, the Company established a mechanism for performance-linked dividends to be paid in the amount of 50-70% of the Group's annual free cash flow, net of the base dividend and other amounts including external investments[1]. The first performance-linked dividends were calculated based on the Group's combined full-year results of 2022 and 2023 and are intended to be paid over six quarters. The first distribution of SAR 37.0 billion ($9.9 billion) was paid in the third-quarter of 2023 based on the full-year results of 2022 and the six-month results for the period ended June 30, 2023. The second distribution of SAR 37.0 billion ($9.9 billion) was paid in the fourth quarter based on the full-year results of 2022 and the nine-month results for the period ended September 30, 2023, resulting in a total payment of performance-linked dividends of SAR 74.0 billion ($19.8 billion) in 2023. These dividends payments resulted in a decrease in cash and cash equivalents and a corresponding reduction in shareholders' equity in the consolidated balance sheet.

1. For the purpose of calculating performance-linked dividends, external investments include acquisition of affiliates, net of cash acquired, additional investments in joint ventures and associates, and certain amounts recognized in net investment in securities. Please see the consolidated statement of cash flows for more information.

All amounts in millions unless otherwise stated

Summarized consolidated statement of income

	SAR		USD*		
	Year ended December 31		Year ended December 31		
All amounts in millions unless otherwise stated	2023	2022	2023	2022	% change
Revenue and other income related to sales	**1,856,373**	2,266,373	**495,033**	604,366	**(18.1)%**
Operating costs	**(988,086)**	(1,122,296)	**(263,489)**	(299,279)	**(12.0)%**
Operating income	**868,287**	1,144,077	**231,544**	305,087	**(24.1)%**
Income before income taxes and zakat	**888,067**	1,152,962	**236,818**	307,456	**(23.0)%**
Income taxes and zakat	**(433,303)**	(548,957)	**(115,547)**	(146,388)	**(21.1)%**
Net income	**454,764**	604,005	**121,271**	161,068	**(24.7)%**
Average realized crude oil price ($/bbl)			**83.6**	100.2	**(16.6)%**
ROACE**	**22.5%**	31.6%	**22.5%**	31.6%	**(9.1) pp**

* Supplementary information is converted at a fixed rate of U.S. dollar 1.00 = SAR 3.75 for convenience only.
** Refer to "Non-IFRS measures reconciliations and definitions" for further details.

Financial results

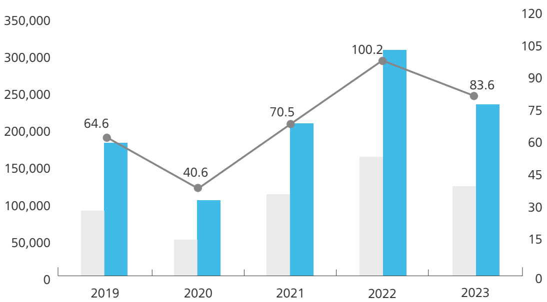
Revenue and other income related to sales for the year ended December 31, 2023, was SAR 1,856,373 ($495,033), compared to SAR 2,266,373 ($604,366), for the year ended December 31, 2022. The decrease of 18.1% was primarily attributable to lower crude oil prices and lower volumes sold, as well as lower refining and chemicals products prices.

Operating costs decreased by SAR 134,210 ($35,790), or 12.0%, from SAR 1,122,296 ($299,279) to SAR 988,086 ($263,489), for the years ended December 31, 2022 and 2023, respectively. This was principally due to a decrease in production royalties resulting from a lower average effective royalty rate, lower crude oil prices and lower volumes sold. Operating costs also decreased due to lower purchases of gas, refined and chemical products partially offset by an increase in crude oil purchases during the year.

Income before income taxes and zakat decreased by SAR 264,895 ($70,638), or 23.0%, which mainly reflects the impact of the lower crude oil prices and lower volumes sold, weakening refining and chemicals margins. This was partially offset by a decrease in production royalties.

Income taxes and zakat for the year ended December 31, 2023, were SAR 433,303 ($115,547), compared to SAR 548,957 ($146,388), in 2022. The decrease was mainly driven by lower taxable income recorded in 2023.

Income vs. average realized crude prices
($ million)



All amounts in millions unless otherwise stated

Summarized consolidated balance sheet

	SAR		USD*		
	As at December 31		As at December 31		
All amounts in millions unless otherwise stated	2023	2022	2023	2022	% change
Total assets	**2,477,940**	2,492,924	**660,784**	664,780	**(0.6)%**
Total liabilities	**740,848**	826,777	**197,559**	220,474	**(10.4)%**
Significant balance sheet movements:					
Short-term investments	**184,343**	281,215	**49,158**	74,991	**(34.4)%**
Property, plant and equipment	**1,384,717**	1,303,266	**369,258**	347,538	**6.2%**
Other assets and receivables (non-current and current)	**82,012**	63,472	**21,870**	16,926	**29.2%**
Cash and cash equivalents	**198,973**	226,047	**53,059**	60,279	**(12.0)%**
Inventories	**85,951**	100,528	**22,920**	26,808	**(14.5)%**
Assets classified as held for sale	**15,424**	–	**4,113**	–	**Not applicable**
Borrowings (non-current and current)	**290,147**	393,144	**77,373**	104,838	**(26.2)%**
Income taxes and zakat payable	**82,539**	104,978	**22,010**	27,995	**(21.4)%**
Deferred income tax liabilities	**142,449**	122,311	**37,986**	32,616	**16.5%**
Trade payables and other liabilities	**151,553**	135,390	**40,414**	36,104	**11.9%**
Gearing**	**(6.3)%**	(7.9)%	**(6.3)%**	(7.9)%	**(1.6) pp**

* Supplementary information is converted at a fixed rate of U.S. dollar 1.00 = SAR 3.75 for convenience only.
** Refer to "Non-IFRS measures reconciliations and definitions" for further details.

Financial position

Total assets were SAR 2,477,940 ($660,784) as at December 31, 2023, compared to SAR 2,492,924 ($664,780) as at December 31, 2022. The movement was largely due to a decrease in short-term investments, cash and cash equivalents and inventories. This was partially offset by an increase in property, plant and equipment and other assets and receivables.

The decrease in short-term investments reflects the maturities of USD denominated time deposits.

The increase in property, plant and equipment reflects increased drilling and development activities related to crude oil increments, and ongoing progress of multiple gas projects toward the goal of expanding gas production. This was partially offset by the reclassification of Hadeed's assets as held for sale.

The increase in other assets and receivables is mainly due to the recognition of the long-term sales agreement associated with the Rongsheng Petrochemical acquisition and higher other long-term receivables and advances outstanding at year-end.

The lower cash and cash equivalents balance is primarily due to lower earnings during the year and higher cash paid for dividend distributions. This was partially offset by lower cash paid for settlement of income, zakat and other taxes, and cash inflows from maturities of short-term investments.

The change in assets classified as held for sale is due to reclassification of major classes of Hadeed's assets that comprise property, plant and equipment, intangible assets, inventories, trade receivables, and other assets.

The lower inventories balance is principally due to a decrease in crude oil, refined and chemical product inventories compared to the prior year, which is predominantly associated with lower product prices at year end and a reduction in materials and supplies inventories compared to the prior year.

Total liabilities were SAR 740,848 ($197,559) at December 31, 2023, compared to SAR 826,777 ($220,474) as at December 31, 2022. The decrease largely reflects the impact of reduction in borrowings and income taxes and zakat payable, partially offset by higher deferred income tax liabilities and trade and other payables.

The reduction in borrowings was predominately driven by the payment of the deferred consideration related to the SABIC acquisition, which was fully settled during the year.

Income taxes and zakat payable decreased due to the impact of lower taxable income during the year.

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

Trade payables and other liabilities increased primarily as a result of higher purchases and other accrued materials and services outstanding at year-end.

All amounts in millions unless otherwise stated

Summarized consolidated statement of cash flows

	SAR		USD*		
	Year ended December 31		Year ended December 31		
All amounts in millions unless otherwise stated	2023	2022	2023	2022	% change
Net cash provided by operating activities	**537,814**	698,152	**143,417**	186,174	**(23.0)%**
Net cash used in investing activities	**(54,019)**	(389,009)	**(14,405)**	(103,736)	**(86.1)%**
Net cash used in financing activities	**(510,869)**	(382,675)	**(136,232)**	(102,047)	**33.5%**
Cash and cash equivalents at end of the year	**198,973**	226,047	**53,059**	60,279	**(12.0)%**
Capital expenditures	**(158,308)**	(141,161)	**(42,215)**	(37,643)	**12.1%**
Free cash flow**	**379,506**	556,991	**101,202**	148,531	**(31.9)%**

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

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

Cash flows

Net cash provided by operating activities was SAR 537,814 ($143,417) for the year ended December 31, 2023, compared to SAR 698,152 ($186,174) reported in 2022. The decrease of SAR 160,338 ($42,757) mainly reflects lower earnings resulting from lower crude oil prices and lower volumes sold, and weakening refining and chemicals margins. This was partially offset by favorable movements in working capital and a decrease in cash paid for the settlement of income, zakat and other taxes.

Net cash used in investing activities was SAR 54,019 ($14,405) for the year ended December 31, 2023, compared to SAR 389,009 ($103,736) in 2022, resulting in a change of SAR 334,990 ($89,331). This was primarily due to net cash inflow from maturities of short-term investments compared to a net outflow in 2022, partially offset by cash consideration paid for the Valvoline Inc. global products business acquisition and higher upstream capital expenditures.

Net cash used in financing activities was SAR 510,869 ($136,232) in 2023, compared to SAR 382,675 ($102,047) in 2022. The increase in financing-related cash outflows of SAR 128,194 ($34,185) predominately reflects payments associated with the performance-linked dividends, an increase of 4.0% in base dividends, and an absence of cash received in connection with Aramco's gas pipeline transaction in the prior year. This was partially offset by an increase in cash proceeds from borrowings.

Non-IFRS measures reconciliations and definitions

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

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

All amounts in millions unless otherwise stated

Return on average capital employed (ROACE)

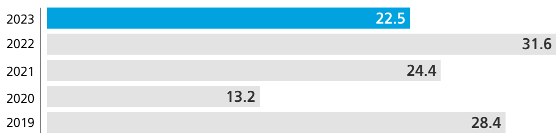
	SAR		USD*	
	Twelve months ended December 31		Twelve months ended December 31	
All amounts in millions unless otherwise stated	2023	2022	2023	2022
Net income	**454,764**	604,005	**121,271**	161,068
Finance costs, net of income taxes and zakat	**4,093**	4,441	**1,092**	1,185
Net income before finance costs, net of income taxes and zakat	**458,857**	608,446	**122,363**	162,253
As at period start:				
Non-current borrowings	**318,380**	436,371	**84,901**	116,366
Current borrowings	**74,764**	74,550	**19,937**	19,880
Total equity	**1,666,147**	1,280,668	**444,306**	341,512
Capital employed	**2,059,291**	1,791,589	**549,144**	477,758
As at period end:				
Non-current borrowings	**226,481**	318,380	**60,395**	84,901
Current borrowings	**63,666**	74,764	**16,978**	19,937
Total equity	**1,737,092**	1,666,147	**463,225**	444,306
Capital employed	**2,027,239**	2,059,291	**540,598**	549,144
Average capital employed	**2,043,265**	1,925,440	**544,871**	513,451
ROACE	**22.5%**	31.6%	**22.5%**	31.6%

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

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

ROACE for the year ended December 31, 2023, was 22.5%, compared to 31.6% in 2022. The decrease in ROACE, calculated on a 12-month rolling basis, was primarily attributable to lower earnings largely reflecting the decline in crude oil prices and lower volumes sold, weakening refining and chemicals margins, and higher average capital employed.

ROACE
(%)



All amounts in millions unless otherwise stated

Free cash flow

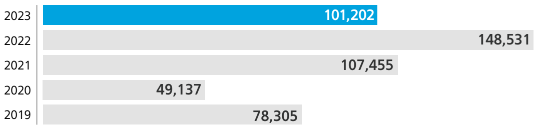
	SAR		USD*	
	Year ended December 31		Year ended December 31	
All amounts in millions unless otherwise stated	**2023**	2022	**2023**	2022
Net cash provided by operating activities	**537,814**	698,152	**143,417**	186,174
Capital expenditures	**(158,308)**	(141,161)	**(42,215)**	(37,643)
Free cash flow	**379,506**	556,991	**101,202**	148,531

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

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

Free cash flow in 2023 was SAR 379,506 ($101,202), compared to SAR 556,991 ($148,531), in 2022, a decrease of SAR 177,485 ($47,329) or 31.9%. This was mainly due to lower operating cash flows primarily resulting from lower earnings and higher upstream capital expenditures, partially offset by favorable movements in working capital, and a reduction in cash paid for the settlement of income, zakat and other taxes.

Free cash flow
($ million)



Earnings before interest, income taxes and zakat (EBIT)

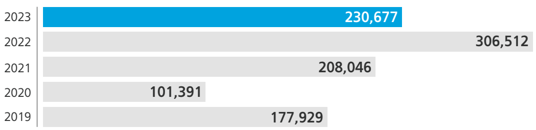
	SAR		USD*	
	Year ended December 31		Year ended December 31	
All amounts in millions unless otherwise stated	**2023**	2022	**2023**	2022
Net income	**454,764**	604,005	**121,271**	161,068
Finance income	**(31,216)**	(12,425)	**(8,324)**	(3,313)
Finance costs	**8,186**	8,882	**2,183**	2,369
Income taxes and zakat	**433,303**	548,957	**115,547**	146,388
Earnings before interest, income taxes and zakat	**865,037**	1,149,419	**230,677**	306,512

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

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 2023 was SAR 865,037 ($230,677) compared to SAR 1,149,419 ($306,512), in 2022. This decrease of SAR 284,382 ($75,835) or 24.7%, principally represents the impact of lower crude oil prices and lower volumes sold, and weakening refining and chemicals margins, partially offset by a decrease in production royalties during the year.

EBIT
($ million)



All amounts in millions unless otherwise stated

Gearing

	SAR		USD*	
	As at December 31		As at December 31	
All amounts in millions unless otherwise stated	**2023**	2022	**2023**	2022
Total borrowings (current and non-current)	**290,147**	393,144	**77,373**	104,838
Cash and cash equivalents	**(198,973)**	(226,047)	**(53,059)**	(60,279)
Short-term investments	**(184,343)**	(281,215)	**(49,158)**	(74,991)
Investments in debt securities (current and non-current)[1]	**(9,584)**	(8,565)	**(2,556)**	(2,282)
Non-current cash investments	**–**	–	**–**	–
Net cash	**(102,753)**	(122,683)	**(27,400)**	(32,714)
Total equity	**1,737,092**	1,666,147	**463,225**	444,306
Total equity and net cash	**1,634,339**	1,543,464	**435,825**	411,592
Gearing	**(6.3)%**	(7.9)%	**(6.3)%**	(7.9)%

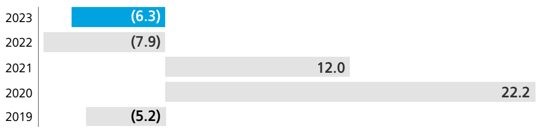
* Supplementary information is converted at a fixed rate of U.S. dollar 1.00 = SAR 3.75 for convenience only.

1. As at December 31, 2023, investments in debt securities (current and non-current) are comprised of SAR 1,249 ($333) and SAR 8,335 ($2,223) which form part of other assets and receivables under current assets, and investments in securities under non-current assets, respectively. As at December 31, 2022, investments in debt securities (current and non-current) are comprised of SAR 906 ($240) and SAR 7,659 ($2,042) which form part of other assets and receivables under current assets, and investments in securities under non-current assets, respectively.

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

Aramco's gearing ratio was (6.3)% as at December 31, 2023, compared to (7.9)% as at December, 2022. The increase in gearing reflects the impact of lower net (cash) position and higher total equity. The decrease in net (cash) was largely due to a decrease in short-term investments and cash and cash equivalents, partially offset by a reduction in total borrowings.

Gearing[2]
(%)



2. Comparative ratios for the years 2021, 2020, and 2019 have been amended to reflect Aramco's revised gearing definition.

▲ **Newly-installed wellhead platform**
Arabian Gulf

▲ **Khurais Oil Train-4**
Saudi Arabia

▲ **Hawiyah Gas Plant**
Saudi Arabia

Upstream competitive strengths

Unrivaled scale

One of the world's largest producers of crude oil and condensate, with a vast reserves base.

12.8 mmboed

Total daily hydrocarbon production in 2023

251.2 billion boe

Hydrocarbon reserves under the Concession agreement as at December 31, 2023

Unique operational flexibility

Spare capacity created by maintaining an MSC provides operational flexibility to rapidly increase crude oil production.

12.0 mmbpd

MSC as at December 31, 2023

Multiple crude grades

Ability to produce a range of crude grades that are highly compatible with most refineries globally and delivered through an established network of access points to the global marketplace.

5 grades

Arabian crude oil produced

Long reserves life

Strong track record of low-cost reserve replacement, leveraging cutting-edge reservoir stimulation technologies and proven exploration success.

High-quality gas reserves

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

207.5 tscf

Natural gas reserves under the Concession agreement as at December 31, 2023

Low upstream carbon intensity

Effective reservoir management, a low depletion rate operational model, and a focus on energy efficiency reduce the Company's upstream carbon intensity associated with production of oil, which is one of the lowest among major producers.

10.7 $kgCO_2e$/boe

Upstream carbon intensity

Low-cost operations

Low lifting costs and capital expenditures per barrel of oil equivalent produced stemming from the unique nature of the Kingdom's geological formations, the location of reservoirs in favorable onshore and offshore environments, access to a large infrastructure and logistics network, and the scaled application of technology.

3.19 $/per boe

Average upstream lifting costs

6.3 $/per boe

Average upstream capital expenditures

Optimized recovery and depletion rates

Prolific reserves and spare capacity allow for balanced production between maturing and newer production sources to optimize depletion rates and increase capital efficiency.

Large upstream capital projects

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

Upstream overview

"Upstream successfully commissioned long-term projects, progressed multiple growth projects including the Middle East's largest shale gas development, made multiple discoveries, and initiated our first global liquefied natural gas investment, while delivering safe and reliable operations.

Nasir K. Al-Naimi
Upstream President

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

As set out in the Concession, Aramco has the exclusive right to explore, develop, and produce the Kingdom's hydrocarbon resources, except in the Excluded Areas, for an initial period of 40 years, which will be extended by the Government for 20 years provided Aramco satisfies certain conditions commensurate with current operating practices. For more information, see Section 6: Additional financial and legal information – The Concession.

As at December 31, 2023, Aramco's reserves under the Concession agreement were 251.2 billion boe (2022: 258.8 billion boe), including 191.3 billion barrels of crude oil and condensate (2022: 200.8 billion barrels), 26.0 billion barrels of NGL (2022: 25.2 billion barrels), and 207.5 tscf of natural gas (2022: 201.9 tscf).

The Government sets the Kingdom's maximum level of crude oil production in the exercise of its sovereign prerogative and requires Aramco to maintain MSC in accordance with the Hydrocarbons Law. In January 2024, the Government directed Aramco to maintain MSC at 12.0 mmbpd. This directive will have no impact on announced, near-term projects including the Dammam development and the Marjan, Berri, and Zuluf crude oil increments. Production from these projects will be used to maintain MSC at 12.0 mmbpd, which provides operational flexibility to increase production. Aramco also uses this spare capacity as an alternative supply option in case of unplanned production outages and to maintain its production levels.

Aramco maintained its position as one of the world's largest producers of crude oil and condensate with an average total daily hydrocarbon production of 12.8 mmboed (2022: 13.6 mmboed). For the year ended December 31, 2023, approximately 84% (2022: 85%) of the aggregate hydrocarbon production consisted of liquids, which generally command a higher margin.

Average upstream lifting costs in 2023 were SAR 11.96 ($3.19) per boe produced (2022: SAR 11.44 ($3.05)), while upstream capital expenditures averaged SAR 23.7 ($6.3) per boe produced (2022: SAR 20.3 ($5.4)). This competitive advantage is a result of the Company's robust fiscal discipline, its low depletion rate operational model, the unique nature of the Kingdom's geological formations, favorable onshore and shallow water offshore environments in which Aramco's reservoirs are located, synergies available from Aramco's use of its large infrastructure and logistics networks, and its scaled application of technology. Given the quality of most of Aramco's reservoirs and its operational model, it is possible to achieve high recovery factors while maintaining relatively low water cut levels for long periods of time.

As the sole supplier of gas to the Kingdom and consistent with the Company's strategy to further expand its gas business, Aramco will aim to increase gas production by more than 60% by 2030 compared to 2021 production levels, subject to domestic demand. With this anticipated increase in gas production, Aramco expects an increase of up to one mmbpd in high value associated liquids production, and approximately one mmbpd additional liquids released from the substitution of liquids burning with gas in the utility sector.

Aramco announced its first international investment in LNG by signing definitive agreements to acquire a strategic minority stake in MidOcean Energy. This investment provides the ability to capitalize on demand-led growth for LNG.

Key events in 2023

12.0 mmbpd

MSC maintained
Progressed engineering, procurement, and construction activities to support the Government mandated MSC of 12.0 mmbpd ensuring spare capacity and operational flexibility to maintain production levels.

Unconventional gas development
Progressed with the development of the Jafurah unconventional gas field, which is expected to commence production in 2025.

1.5 bscfd

Hawiyah Unayzah Gas Reservoir Storage
Hawiyah Unayzah Gas Reservoir Storage, the first underground natural gas storage in the Kingdom, achieved its maximum injection target of 1.5 bscfd.

800 mmscfd

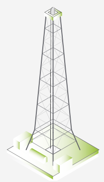
Hawiyah Gas Plant expansion
The Hawiyah Gas Plant expansion was successfully commissioned and brought onstream, increasing the plant's raw gas processing capacity by 800 mmscfd including approximately 750 mmscfd of natural gas capacity.

$0.5 bn

International LNG investment
Announced first international investment in LNG by signing definitive agreements to acquire a strategic minority stake in MidOcean Energy for SAR 1.88 billion ($0.5 billion).

9 plants

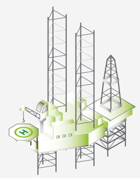
Gas compression projects onstream
Nine plants placed onstream completing the gas compression projects at the Haradh and Hawiyah fields.



Gas discoveries
Exploration activities resulted in the discovery of two natural gas fields in the Empty Quarter.

First unconventional gas production
First unconventional tight gas produced from the South Ghawar operational area two months ahead of schedule, marking a milestone in the gas expansion strategy.

Outlook for 2024



2024
Aramco's Upstream segment will continue its investments in future growth projects including crude increments to maintain MSC at 12.0 mmbpd, as well as growing gas production consistent with the goal of a greater than 60% increase over 2021 production levels by 2030, subject to domestic demand.

Upstream continued

All amounts in millions unless otherwise stated

Upstream hydrocarbon production

		Year ended December 31		
		2023	2022	% change
Total liquids[1]	mbpd	10,682	11,540	(7.4)%
Total gas[2]	mmscfd	10,672	10,617	0.5%
Total hydrocarbon production[3]	mboed	12,767	13,617	(6.2)%

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

Upstream financial results

	SAR		USD*		
	Year ended December 31		Year ended December 31		
All amounts in millions unless otherwise stated	2023	2022	2023	2022	% change
Revenue and other income related to sales (including inter-segment revenue)	1,211,773	1,573,405	323,139	419,575	(23.0)%
Earnings before interest, income taxes and zakat	863,549	1,092,425	230,280	291,313	(21.0)%
Capital expenditures - cash basis	123,543	109,789	32,945	29,277	12.5%

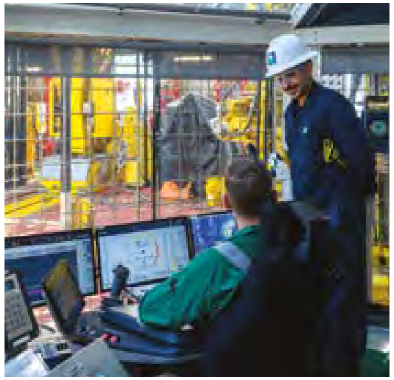
* Supplementary information is converted at a fixed rate of U.S. dollar 1.00 = SAR 3.75 for convenience only.

Earnings before interest, income taxes and zakat (EBIT) for the year ended December 31, 2023, totaled SAR 863,549 ($230,280), compared to SAR 1,092,425 ($291,313) in 2022. The decrease in EBIT resulted primarily from lower average realized crude oil prices and from lower volumes sold. The decrease in EBIT was partly offset by lower crude oil production royalties.

Capital expenditures in 2023 increased by 12.5%, compared to the year ended December 31, 2022, from SAR 109,789 ($29,277) to SAR 123,543 ($32,945). This increase reflects increased drilling and development activities related to crude oil increments, and ongoing progress of multiple gas projects toward the goal of expanding gas production.

▼ **Marjan field**
Saudi Arabia

▼ **Kingdom-1 drilling rig**
Arabian Gulf



Crude oil

Overview

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

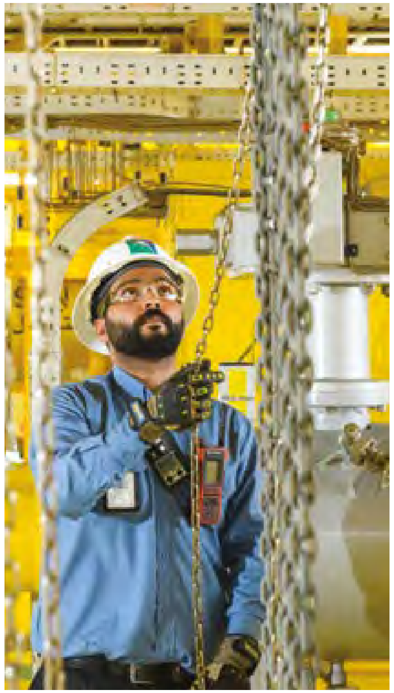
Aramco's principal fields are located in close proximity to each other within the central region and Eastern Provinces of the Kingdom. Aramco believes that its portfolio includes the world's largest discovered conventional onshore oil field (Ghawar) and largest discovered conventional offshore oil field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

600mbpd

Expected processing capacity from the Zuluf field by 2026.

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

Aramco consistently produces five grades of Arabian crude oil: Arabian Super Light, Arabian Extra Light, Arabian Light, Arabian Medium, and Arabian Heavy. These crude grades and the wide range of blends that can be produced from them are compatible with most global refineries. In 2023, Arabian Super Light, Arabian Extra Light, and Arabian Light accounted for approximately 68% (2022: 68%) of Aramco's total crude oil production and were classified as premium grades. In 2023, Aramco's Downstream business was the largest customer of the upstream crude oil production, utilizing 47% (2022: 44%), while the remainder was sold to international and domestic third-party customers.



▲ **Wellhead platform**
Arabian Gulf

Highlights and developments

- Progress continues with construction and engineering activities on the Marjan and Berri crude oil increments, which are expected to be onstream by 2025 and add crude oil production capacity of 300 mbpd and 250 mbpd, respectively.
- Construction activities are continuing on the Dammam development project, which is expected to add crude oil production of 25 mbpd in 2024 and 50 mbpd in 2027.
- Progress is ongoing with the Zuluf crude oil increment, which is expected to process 600 mbpd of crude oil from the Zuluf field through a central facility by 2026.

Gas and NGL

Overview

Pursuant to the Concession, Aramco is the exclusive marketer and distributor of natural gas in the Kingdom and its gas portfolio is rich in liquids, demonstrated by the production of both NGL and unblended condensate.

The Company's nonassociated gas fields vary widely in reservoir properties, depths, pressures, and compositions. In general, the southern area around the Ghawar field has rich gas at moderate depths and permeability, while the northern offshore fields (Karan, Arabiyah, and Hasbah) have leaner gas in deeper reservoirs with high permeability.

2.6 bscfd

Planned additional processing capacity from the Tanajib Gas Plant, expected onstream by 2025.

Additionally, Aramco's crude oil production provides a base load of associated gas, which is rich in liquids. Aramco's primary natural gas processing and fractionation facilities are located in Ghawar and the northern and western areas of the Kingdom. The Company's facilities are strategically located near its fields to reduce transportation and pipeline compression costs, as well as the time required to deliver gas products to market.

Aramco owns and operates the Master Gas System (MGS), which is an extensive network of pipelines that connects its key gas production and processing sites throughout the Kingdom. As at December 31, 2023, the total conventional and unconventional raw gas processing capacity was 19.1 bscfd (2022: 18.3 bscfd), which primarily feeds into the MGS.

The Company sells natural gas to power generation plants primarily pursuant to long-term contracts and to customers in the Kingdom's industrial sector. The supply of natural gas to domestic customers is regulated by the Energy Supply Law (which superseded the GSPR and became effective in March 2023), and the prices paid by domestic customers are set by resolutions issued from time to time by the Council of Ministers. Aramco also exports a portion of its NGL production.

▼ **Hawiyah Gas Storage**
Saudi Arabia

Highlights and developments

- In 2023, Aramco's average gas production was approximately 10.7 bscfd (2022: 10.6 bscfd) including both natural gas and ethane.
- Design and construction activities continued on the Jafurah Gas Plant, part of the Jafurah unconventional gas field, which is expected to commence production in 2025 and is expected to gradually increase natural gas deliveries to reach a sustainable rate of 2.0 bscfd by 2030.
- Construction and procurement activities continued at the Tanajib Gas Plant, part of the Marjan development program. The plant is expected to be onstream by 2025 and add 2.6 bscfd of additional processing capacity from the Marjan and Zuluf fields.
- Hawiyah Unayzah Gas Reservoir Storage, the first underground natural gas storage in the Kingdom, achieved its maximum injection target of 1.5 bscfd. This program is expected to provide up to 2.0 bscfd of natural gas for reintroduction into the Master Gas System by 2024.
- The Hawiyah Gas Plant expansion, part of the Haradh gas increment program, was successfully commissioned and brought onstream, increasing the plant's raw gas processing capacity by 800 mmscfd which includes approximately 750 mmscfd of natural gas capacity.
- Commissioning activities for the gas compression projects at the Haradh and Hawiyah fields were completed, with nine plants commissioned and brought fully onstream in 2023.
- Aramco announced its first international investment in LNG by signing definitive agreements to acquire a strategic minority stake in MidOcean Energy for SAR 1.88 billion ($0.5 billion). The agreements include the option for Aramco to increase its shareholding and associated rights in MidOcean Energy in the future. Completion of the transaction is subject to closing conditions which include regulatory approvals.
- Aramco successfully produced the first unconventional tight gas from its South Ghawar operational area two months ahead of schedule with a raw gas processing capacity of 300 mmscfd and 38 mbpd of condensate processing capacity.

Exploration

Overview

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

Crude oil

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

▼ **Autonomous seismic acquisition device**
Dhahran, Saudi Arabia

Natural gas

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

Unconventional resources

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

Highlights and developments

- Aramco's exploration activities resulted in the discovery of two natural gas fields in the Empty Quarter.

▲ **Ras Tanura**
Saudi Arabia

▲ **Polypropylene viscosity experiment**
S-OIL, South Korea

▲ **Arabian Gulf**
Saudi Arabia

Downstream competitive strengths

Captive downstream system

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

47%

of the Company's crude oil production was utilized by Aramco's downstream operations in 2023

Reliable supplier

Strong track record of supply reliability[1].

99.8%

of delivery obligations fulfilled within 24 hours of the scheduled time in 2023

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

Major integrated refiner

Major integrated refiner and base oils and lubricants producer with a global network of complex, reliable assets in key regional markets and hubs.

7.9 mmbpd

of gross refining capacity as at December 31, 2023

4.4 million tons

of base oils sold

Large global refining & petrochemical portfolio

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

4.1 mmbpd

of net refining capacity as at December 31, 2023

59.6 million tons

per year of net chemicals production capacity[2] as at December 31, 2023

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

World-class partners

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

Globally integrated trading

Globally integrated trading activities, which optimizes product supply to maximize returns.

6.8 mmbpd

average crude oil and refined products traded

4.7 million tons

of liquid chemical products traded

Large downstream capital projects

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

Downstream overview

"Downstream made strategic investments and partnerships in key global markets, commenced construction of new refining and petrochemical complexes, and continued to deliver on its transformation program.

Mohammed Y. Al Qahtani
Downstream President

Aramco has a large and growing, strategically integrated global Downstream business that provides opportunities to secure and de-risk liquids demand to capture incremental value from the hydrocarbon supply chain by selling to its dedicated system of domestic and international refineries and petrochemical plants. The Downstream segment's activities consist primarily of refining and petrochemicals, base oils and lubricants, retail operations, distribution, supply and trading, and power generation. Aramco is also developing renewables, undertaking projects to capture emissions from its own facilities and the facilities of others, and has ambitions to develop new fuels and products, including blue hydrogen and blue ammonia.

Aramco's downstream investments diversify its revenue and integrate its oil and gas operations to optimize value across the hydrocarbon chain, supporting crude oil and gas demand and facilitating the placement of its crude oil. This crude oil placement provides significant benefits to downstream operations, offering a secure and reliable supply of high-quality crude oil, which helps to ensure a secure and reliable supply of refined products to its downstream customers. Aramco intends to continue the strategic integration of its Upstream and Downstream businesses to facilitate the placement of the Company's crude oil in larger offtake volumes and intends to grow its liquids-to-chemicals volumes up to four million barrels per day by 2030. In 2023, the crude oil utilized by Aramco's downstream operations accounted for 47% (2022: 44%) of the Company's crude oil production. At December 31, 2023, Aramco's net refining capacity was 4.1 mmbpd (2022: 4.1 mmbpd), while the gross refining capacity at December 31, 2023 was 7.9 mmbpd (2022: 7.1 mmbpd).

The integration of Aramco's refining and chemicals manufacturing assets provides an opportunity to capture additional value and continue the shift of its product portfolio to improve the balance of fuels and chemicals production. Through its June 2020 acquisition of a majority interest in SABIC, a globally diversified chemicals company with manufacturing in the Americas, Europe, Middle East, and Asia Pacific, Aramco increased the proportion of petrochemicals production in its Downstream portfolio. The chemicals business spans production of basic chemicals, such as aromatics, olefins, and polyolefins, to more complex products, such as polyols, isocyanates, and synthetic rubber. It continues to grow through capacity expansions and new investments, and operates in over 50 countries with a net chemicals production capacity[1] of 59.6 million tons per year as at December 31, 2023, (2022: 56.3 million tons per year).

Aramco's Downstream business also includes its crude oil marketing and product sales, distribution, retail, and trading operations. These operations support Aramco's upstream and downstream operations by enabling it to optimize crude oil sales and product placement through its significant infrastructure network of pipelines and terminals and access to shipping and logistics resources.

The Downstream segment launched a transformation program in 2021, seeking to realize incremental value from its portfolio through yield enhancements, stream integration, and cost reductions. In support of this effort, a new Downstream operating model has been implemented, creating a more agile business. The ongoing transformation program has delivered estimated incremental EBIT of over SAR 15.0 billion ($4.0 billion) in 2023.

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

Key events in 2023

$2.76bn
Acquired Valvoline Inc.'s global products business
Aramco completed its acquisition of Valvoline Inc.'s global products business for approximately SAR 10.34 billion ($2.76 billion), including customary adjustments.

$7.0bn
Petrochemical steam cracker
Aramco and its affiliate, S-OIL, commenced construction at the SAR 26.3 billion ($7.0 billion) Shaheen project in South Korea to develop one of the world's largest refinery-integrated petrochemical steam crackers.

$11.8bn
Integrated refinery and petrochemical complex
Construction commenced at the SAR 44.4 billion ($11.8 billion) integrated refinery and petrochemical complex being developed by HAPCO, a joint venture between Aramco, North Huajin, and Panjin Xincheng.

2.66GW
Solar projects partnership
Aramco entered into a shareholders' agreement with PIF and ACWA Power Company for the development of the Al Shuaibah 1 and Al Shuaibah 2 photovoltaic solar projects which are expected to have a combined capacity of 2.66 GW and an estimated cost of SAR 8.9 billion ($2.37 billion).

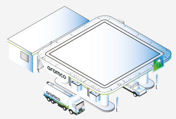
$3.4bn
Rongsheng Petrochemical deal completed
Aramco completed its strategic acquisition of a 10% interest in Rongsheng Petrochemical with a right to supply 480 mbpd or 60% of the crude oil for a total transaction value of SAR 12.8 billion ($3.4 billion).

$11.0bn
Amiral EPC contracts awarded
Aramco awarded engineering, procurement, and construction contracts for the SAR 41.3 billion ($11.0 billion) new petrochemical complex to be built by SATORP, Aramco's joint venture with TotalEnergies.

Three blue ammonia shipments
Aramco delivered three shipments of accredited, blue ammonia through its affiliates ATC and SABIC Agri-Nutrients.

South America retail investment
Aramco agreed to purchase a 100% equity stake in the Chilean retailer Esmax, representing Aramco's first downstream retail investment in South America. The transaction was completed in March 2024.

First entry into the Pakistani fuels retail market
Aramco signed definitive agreements to acquire a 40% equity stake in Gas & Oil Pakistan Limited.



Hadeed divestment
SABIC agreed to the sale of its 100% shareholding in the Saudi Iron and Steel Company (Hadeed) to PIF.

Global Lighthouse Network status
The Yanbu' Refinery becomes the fourth Aramco facility to receive WEF Global Lighthouse Network status.

Outlook for 2024

Aramco's Downstream segment will continue to strategically expand and integrate across the hydrocarbon value chain, leverage the potential of its products in order to meet anticipated demand for petrochemical products, and expand its business in key global markets.

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

Downstream continued

All amounts in millions unless otherwise stated

Downstream financial results

All amounts in millions unless otherwise stated	SAR Year ended December 31 2023	SAR Year ended December 31 2022	USD* Year ended December 31 2023	USD* Year ended December 31 2022	% change
Revenue and other income related to sales (including inter-segment revenue)	**1,033,512**	1,199,714	**275,603**	319,924	**(13.9)%**
Earnings before interest, income taxes and zakat	**21,184**	79,292	**5,649**	21,145	**(73.3)%**
Capital expenditures - cash basis	**32,735**	29,541	**8,729**	7,878	**10.8%**

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

Earnings before interest, income taxes and zakat (EBIT) for the year decreased by 73.3% from SAR 79,292 ($21,145) in 2022 to SAR 21,184 ($5,649) in 2023. This decrease was primarily driven by lower refining and chemicals margins, and inventory valuation movement.

Capital expenditures increased by 10.8% from SAR 29,541 ($7,878) in 2022, to SAR 32,735 ($8,729) in 2023. This increase was primarily attributable to increased investments in projects including the construction of the refinery-integrated petrochemical steam cracker being developed by S-OIL.

Refining

Overview

Aramco operates one of the world's largest refining businesses, with gross refining capacity of 7.9 mmbpd as at December 31, 2023, (December 31, 2022: 7.1 mmbpd), and net refining capacity of 4.1 mmbpd (December 31, 2022: 4.1 mmbpd). Aramco's refining operations are conducted in the Kingdom and internationally through wholly-owned and affiliated refineries. The refining operations allow Aramco to transform its crude oil and NGL into refined products for sale within the Kingdom and internationally.

26%

Aramco's crude oil production utilized by in-Kingdom wholly-owned and affiliated refineries

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

Domestic refining

Aramco's in-Kingdom refineries, both wholly-owned and affiliated, receive their crude oil supply from Aramco's upstream production. These refineries accounted for 62% of Aramco's net refining capacity in 2023 (December 31, 2022: 63%). Together with the local distribution system, this provides Aramco unique access to the large domestic marketplace to which it is the sole supplier.

In 2023, Aramco placed 26% (2022: 26%) of its crude oil production to in-Kingdom wholly-owned and affiliated refineries. Aramco's equity share of refined products and the refined products produced through its wholly-owned refineries located within the Kingdom are primarily distributed wholesale to domestic fuel retailers and industrial customers through Aramco's pipelines, distribution, and terminals system.

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

International refining

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

Aramco has invested in two refining and petrochemical joint ventures with PETRONAS, collectively known as PRefChem. These assets are located in Johor, Malaysia, adjacent to Asia's refined products trading hub in Singapore.

In 2023, Aramco's weighted average ownership percentage in its international refineries was 34% (2022: 41%), but it supplied an average of 54% (2022: 56%) of the crude oil used by those refineries. This crude placement provides significant benefits to Aramco's operations, including a secure and reliable supply of high-quality crude oil, which helps to ensure a secure and reliable supply of refined products to its downstream customers.

The net refining capacity of Aramco's international wholly-owned and affiliated refineries was 1.6 mmbpd (2022: 1.5 mmbpd). Product sales by Aramco's international ventures are generally facilitated through multiple distribution channels, including systems owned by the respective joint venture through a network of more than 17,200 branded company-owned, company-operated or dealer-owned, dealer-operated retail networks.

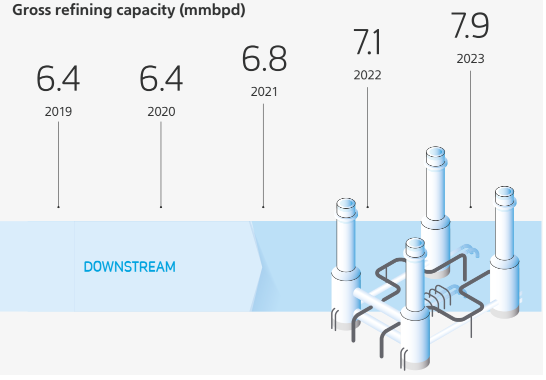
Highlights and developments

- Aramco completed its strategic acquisition of a 10% interest in Rongsheng Petrochemical for a total transaction value of SAR 12.8 billion ($3.4 billion). Under a long-term sales agreement, Aramco has the right to supply 480 mbpd or 60% of the crude oil to Rongsheng Petrochemical's affiliate, Zhejiang Petroleum and Chemical Company Limited (ZPC). ZPC owns and operates one of the largest integrated refining and chemicals complexes in China with a conversion rate into chemicals of more than 50%, capacity to process 800 mbpd of crude oil, and to produce 4.2 million metric tons of ethylene per year. The acquisition aligns with Aramco's strategic goal to enhance its Downstream business in high-growth geographies and advance its liquids-to-chemicals strategy.
- Construction commenced at the major integrated refinery and petrochemical complex being developed by HAPCO, a joint venture between Aramco (30%), North Huajin Chemical Industries Group Corporation (51%), and Panjin Xincheng Industrial Group Company Limited (19%). The complex, which has an estimated construction cost of SAR 44.4 billion ($11.8 billion) and is expected to be fully operational by 2026, will include a 300 mbpd refinery and petrochemical plant with annual production capacity of 1.65 million metric tons of ethylene, two million metric tons of paraxylene, and a conversion rate into chemicals of more than 50%. Under a long-term agreement, Aramco has the right to supply up to 210 mbpd or 70% of crude oil feedstock to the complex.
- Joining the Abqaiq Oil Processing and Crude Stabilization Facility, the 'Uthmaniyah Gas Plant, and the Khurais Oil Complex, the Yanbu' Refinery became the fourth Aramco facility to be added to the World Economic Forum (WEF) Global Lighthouse Network, having been recognized for its pioneering deployment of cutting-edge technologies to deliver a range of operational, commercial, and environmental benefits. This recognition by WEF reflects Aramco's sustained focus on the development and deployment of state-of-the-art Fourth Industrial Revolution technologies, which enhance its operations and contribute to its sustainability objectives.

Strategy in action

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

Gross refining capacity (mmbpd)



Downstream continued

Chemicals

Overview

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

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

$3-4 bn

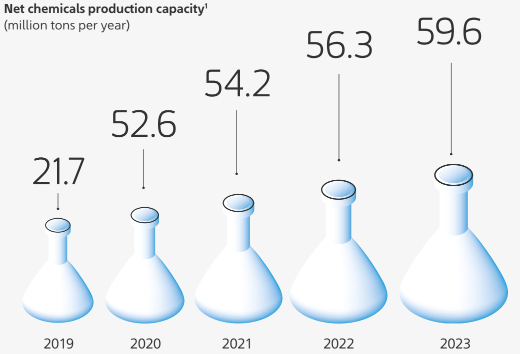
Targeted annual recurring synergies by 2025

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

Strategy in action

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

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



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

Aramco's chemicals business continues to grow through capacity expansion and new investments. Including SABIC, Aramco had a net chemicals production capacity[1] of 59.6 million tons per year as at December 31, 2023, (2022: 56.3 million tons per year).

Highlights and developments

- Construction has commenced for one of the world's largest refinery-integrated petrochemical steam crackers being developed by Aramco's affiliate, S-OIL. The SAR 26.3 billion ($7.0 billion) project, with a planned annual production capacity of up to 3.2 million tons of petrochemicals, is aligned with Aramco's strategy to maximize the liquids-to-chemicals value chain.
- Aramco and TotalEnergies awarded engineering, procurement, and construction contracts for the SAR 41.3 billion ($11.0 billion) Amiral complex, a future world-scale petrochemicals facility expansion at SATORP refinery in Jubail, Saudi Arabia. The new complex, to be owned and operated by SATORP, aims to house one of the largest mixed-load steam crackers in the region, with a capacity to produce 1.65 million tons per annum of ethylene and other industrial gases. The petrochemical complex is expected to enable SATORP to advance Aramco's liquids-to-chemicals strategy with expected commercial operation in 2027.
- Aramco delivered three shipments of accredited blue ammonia through its affiliates ATC and SABIC Agri-Nutrients. These shipments align with the Company's strategy of developing new products and solutions such as ammonia, renewables, synthetic fuels, nonmetallics, and crude-to-chemicals, and represent the supply of blue ammonia for fertilizer production and power generation in markets such as India, Japan, and Taiwan.
- SABIC agreed to the sale of all its shares in the Saudi Iron and Steel Company (Hadeed) to PIF. The transaction, which is subject to certain customary approvals and satisfaction of certain conditions, is expected to enable SABIC to optimize its portfolio, focus on its core business, and support its vision to become the preferred world leader in chemicals. The transaction is expected to be completed in the first quarter of 2024.
- SABIC announced its final investment decision to participate in the development of a world scale petrochemical complex located in China's Fujian province, in partnership with Fujian Fuhua Gulei Petrochemical Company Limited. The complex will consist of a mixed feed steam cracker with an expected annual ethylene maximum capacity of up to 1.8 million tons and world-class downstream facilities. The project, which will be jointly owned by SABIC (51%) and Fujian Fuhua Gulei Petrochemical (49%), has an estimated cost of SAR 24.0 billion ($6.4 billion) with expected construction completion in 2027.

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

Base oils and lubricants

Overview

In keeping with Aramco's strategy to capture incremental value across the hydrocarbon chain, Aramco has a growing presence in domestic and international lubricants markets. Aramco's products are engineered to the highest of standards that meet the latest lubricant specifications required by original equipment manufacturers. In 2023, including the acquisition of Valvoline Inc.'s global products business, Aramco sold 0.9 million tons (2022: 0.2 million tons) of finished lubricants.

4.4 million tons

Base oils sold in 2023

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

In 2023, Aramco sold 4.4 million tons (2022: 4.6 million tons) of base oils, maintaining its position as one of the leading marketers of base oils globally.

Highlights and developments

- Aramco completed its acquisition of Valvoline Inc.'s global products business for approximately SAR 10.34 billion ($2.76 billion), including customary adjustments. The acquisition is expected to complement Aramco's line of premium-branded lubricant products, optimize its global base oils production capabilities, and expand Aramco's own R&D activities and partnerships with original equipment manufacturers. Additionally, the acquisition is expected to enhance market presence by leveraging the Valvoline brand and products through the Aston Martin Aramco Formula One® Team.

▲ **Valvoline**
Saudi Arabia

Retail operations

Overview

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

>17,200

Service stations worldwide

Aramco and TotalEnergies continue to grow their joint network of retail service stations throughout the Kingdom. The in-Kingdom retail network comprises more than 200 service stations and expands the range of quality retail services available across the Kingdom. This network is comprised of Aramco and TotalEnergies-branded stations, providing customers with premium fuels and retail services.

Aramco continued to grow its fuel retail presence through its affiliates and investments, with more than 17,200 service stations worldwide with 5,300 located in the United States, 5,500 in China and South Korea, more than 6,400 in Japan, and more than 200 in Saudi Arabia.

Highlights and developments

- Aramco agreed to purchase a 100% equity stake in the Chilean retailer Esmax from Southern Cross Group, representing Aramco's first downstream retail investment in South America. Esmax is one of the leading diversified downstream fuels and lubricants retailers in Chile, and its operations include retail fuel stations, airport operations, fuel distribution terminals, and a lubricant blending plant. The transaction was completed in March 2024.
- Aramco signed definitive agreements to acquire a 40% equity stake in Gas & Oil Pakistan Limited (GO). GO, a diversified downstream fuels, lubricants, and convenience stores operator, is one of the largest retail and storage companies in Pakistan. The transaction, which is subject to certain customary conditions and regulatory approvals, represents Aramco's first entry into the Pakistani fuels retail market.

Both agreements align with Aramco's downstream expansion strategy, and would enable Aramco to secure outlets for its refined products, create a platform to launch the Aramco brand while strengthening its downstream value chain, and unlock new market opportunities for its Valvoline-branded lubricants.

▼ **Riyadh**
Saudi Arabia

Pipelines, distribution and terminals

Overview

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

9.6bscfd

Overall gas supply capacity

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

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

Highlights and developments

- In 2023, the operational resilience of the Company's infrastructure was demonstrated with hydrocarbons continuing to be delivered to customers safely and on time. The well-established emergency response systems and contingency plans aim to prepare the Company to respond effectively to potential incidents.

▼ **Ju'aymah Terminal single-point mooring**
Saudi Arabia

Downstream continued

Supply and trading

Overview

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

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

Aramco's trading activities are conducted primarily through ATC and its subsidiaries. In addition to its expanding trading activities in crude oil, refined products, and chemicals, Aramco sees the potential to grow its trading activities and has progressed a number of initiatives to offer crude oil that has lower upstream carbon intensity associated with its production than the production of crude oil produced by other major producers, including the trading of biofuels.

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

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

In 2023, Aramco traded an average of 6.8 mmbpd (2022: 6.7 mmbpd) of crude oil and refined petroleum products, and 4.7 million tons of liquid chemical products (2022: 2.7 million tons). In 2023, Aramco's total crude oil exports averaged 6.6 mmbpd (2022: 7.1 mmbpd).

The Company continued to demonstrate its strong operational flexibility and supply reliability by delivering crude and other products in a timely manner with a reliability[1] of 99.8% in 2023 (2022: 99.9%).

Highlights and developments

- Aramco advanced its strategy to expand and integrate its global trading operations by agreeing to an internal reorganization of its U.S. trading business, leading to the launch of Aramco Trading Americas LLC, a wholly-owned subsidiary of ATC. As a result, ATC supplies Motiva with crude oil and feedstocks, as well as offtakes and trades refined products and chemicals generated by Motiva. In addition, ATC gains access to incremental volumes and markets that further strengthen ATC's trading capabilities, and enhances optimization of downstream global assets.

Strategy in action

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

Reliability[1]

99.9% 2022

99.9% 2021

99.9% 2020

99.2% 2019

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

Power

Overview

As at December 31, 2023, Aramco's power operations comprised 18 captive power plants (2022: 17) and associated transmission and distribution assets located across the Kingdom. These assets are primarily designed to provide electricity and steam to Aramco's oil and gas production facilities, gas processing plants and wholly-owned refineries in a safe, reliable, and efficient manner. Some of these power assets are wholly-owned while others are owned by joint ventures in which Aramco has an ownership interest. Aramco also enters into offtake arrangements with independent power producers.

5.3GW

Total generated power in 2023

In addition, Aramco currently owns a 6.9% stake in the Saudi Electricity Company (SEC), the Kingdom's national electricity utility company, and an effective 29.8% stake in Marafiq, a domestic utility company that serves the industrial areas of Jubail and Yanbu'. In 2023, Aramco generated 5.3 GW (2022: 4.8 GW) of power, of which 4.2 GW (2022: 3.5 GW) was used to meet internal demand, and 1.1 GW (2022: 1.3 GW) of spill power was transferred to the national grid.

The Company also remains committed to the global energy transition and views renewable energy as a complement to its own energy products, supported by vast solar and wind resources in-Kingdom. As such, Aramco intends to invest in 12 GW of solar and wind energy by 2030 in support of the Kingdom's National Renewable Energy Program.

Highlights and developments

- Aramco entered into a shareholders' agreement with PIF, and ACWA Power Company for the development of the Al Shuaibah 1 and Al Shuaibah 2 photovoltaic solar projects. The projects, located in Makkah Province, are expected to have a combined capacity of 2.66 GW and estimated total cost of SAR 8.9 billion ($2.37 billion), with commercial operations expected to commence by 2025.
- Sudair Solar PV plant, one of the largest solar plants in the region with a capacity of 1.5 GW, reached commercial operation for the full capacity in January 2024. The project is jointly owned by Aramco (30%), PIF (35%), and ACWA Power Company (35%).

▶ **Jazan Economic City**
Saudi Arabia

Corporate

Corporate overview

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

Aramco's integrated corporate development organization is mandated to maximize value creation through portfolio optimization by assessing and monetizing certain existing assets, and evaluating investments related to the Kingdom's economic development and improving access to services and parts to enhance operational efficiencies. This enables the Company to unlock the value of its assets and redeploy capital toward opportunities with growth prospects and attractive returns. The corporate development activities also seek to build a world-class local supply chain to serve the needs of the Company and its partners.

Highlights and developments

- Aramco continues to optimize its cost of capital and diversify its funding sources through new pools of liquidity with an aim to strengthen its balance sheet, while simultaneously enabling financing flexibility. As part of this financial strategy, the Company signed a framework agreement in March 2023 with the Export-Import Bank of Korea for facilities of up to SAR 22.5 billion ($6.0 billion) to explore strategic financing solutions in support of the Company's business and investment activities involving Korean companies. The Company also signed two heads of terms, one with Korea Trade Insurance Corporation and the other with Italy's Export Credit Agency, to further optimize its capital structure.
- In January 2024, Aramco expanded its investment in Aramco Ventures, its global venture capital branch, by SAR 15.0 billion ($4.0 billion). This increase more than doubles the investment funds to SAR 26.3 billion ($7.0 billion) from SAR 11.3 billion ($3.0 billion).
- On January 1, 2024, the Aston Martin Formula One® Team was rebranded as the Aston Martin Aramco Formula One® Team under a new five-year agreement lasting until 2028. This strategic partnership underscores a commitment to collaborative innovation in new mobility solutions, both on and off the track.
- As part of Aramco's corporate development activities and in support of the development of the local supply chain, Aramco promotes multiple unique initiatives through its National Champions program including Namaat and Taleed.
  - Under the flagship Namaat industrial investment program, Aramco signed a shareholders' agreement with Baoshan Iron & Steel Co. and PIF to establish the first fully integrated world-class steel plate manufacturing complex in the Kingdom and the GCC. The complex is expected to enhance the domestic manufacturing sector through localizing the production of heavy steel plates, transferring knowledge and creating export opportunities.
  - To further enhance its long-term commercial interests and reduce procurement costs, in March 2023 Aramco and DHL signed a shareholders' agreement for a new Procurement and Logistics Hub in Saudi Arabia with an aim to achieve industry best practices in procurement, transport, and warehousing solutions. Aramco also formed the Advance Supply Management Operations (ASMO) joint venture through an equity partnership with DHL. ASMO will offer comprehensive end-to-end supply chain services including sourcing, procurement, warehousing, and inventory management.

Corporate financial results

	SAR		USD*		
	Year ended December 31		Year ended December 31		
All amounts in millions unless otherwise stated	2023	2022	2023	2022	% change
Earnings (losses) before interest, income taxes and zakat	**(18,220)**	(19,667)	**(4,859)**	(5,245)	**(7.4)%**
Capital expenditures – cash basis	**2,030**	1,831	**541**	488	**10.9%**

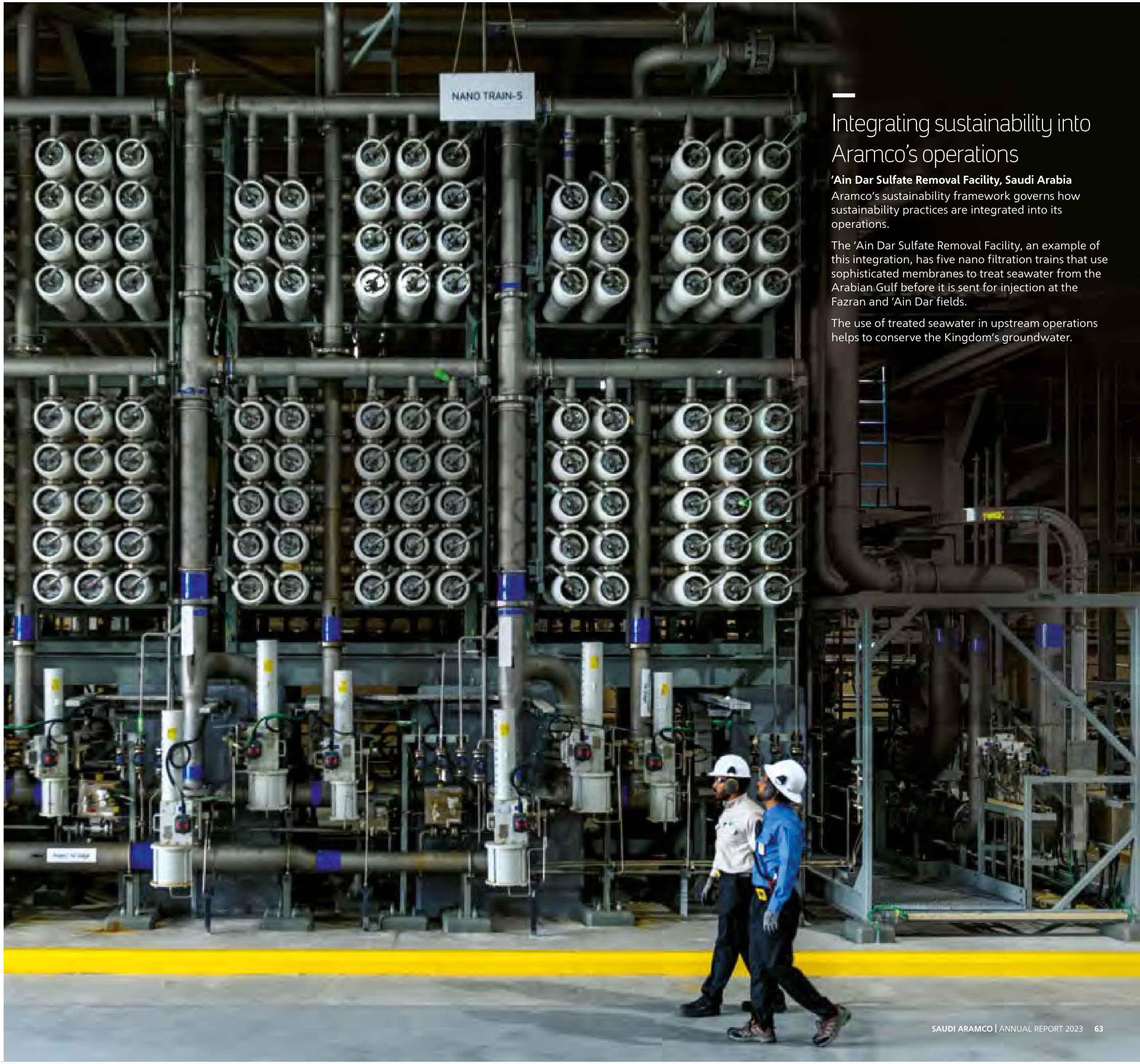
* Supplementary information is converted at a fixed rate of U.S. dollar 1.00 = SAR 3.75 for convenience only.

Earnings (losses) before interest, income taxes and zakat (EBIT) are principally driven by the cost of the corporate organization, the affiliates recognized under the corporate segment, and the corporate outreach and citizenship activities. The decrease in losses in 2023 mainly reflects the favorable impact of discount rates on employee home loans, and recognition of interest income related to the net change in post-employment benefit obligation, partially offset by an increase in public service costs during the year.

Corporate capital expenditures increased during the year due to higher various industrial support projects and community development projects.

▼ **Reservoir management**
Dhahran, Saudi Arabia

3. Sustainability



Integrating sustainability into Aramco's operations

'Ain Dar Sulfate Removal Facility, Saudi Arabia
Aramco's sustainability framework governs how sustainability practices are integrated into its operations.

The 'Ain Dar Sulfate Removal Facility, an example of this integration, has five nano filtration trains that use sophisticated membranes to treat seawater from the Arabian Gulf before it is sent for injection at the Fazran and 'Ain Dar fields.

The use of treated seawater in upstream operations helps to conserve the Kingdom's groundwater.

Commitment to act responsibly

Sustainability is embedded within Aramco's strategy and underpins how it engages with its people, its partners and suppliers, its host communities and the planet, while delivering value to shareholders.

The long-term sustainability of the business is driven by the Company's ability to leverage its competitive position while reducing its GHG emissions, within the context that the world needs a realistic and robust energy transition plan that emphasizes the deployment of new energies, while recognizing the continued need for conventional energy. It is Aramco's firm belief that all sources of energy are needed for the foreseeable future to meet growing energy demand, while over time adjusting the new and conventional mix according to need.

Investments across the energy ecosystem should include an intensified focus on innovation and technology to reduce GHG emissions from energy production, and Aramco is playing a role to support this aspiration.

Sustainability governance

Aramco's sustainability governance model aligns its sustainability aspirations with its corporate business strategy and goals. The Board of Directors oversees sustainability efforts through the Sustainability, Risk and Health, Safety and Environment (HSE) Committee, which provides oversight on sustainability, risk, and HSE policies and practices to ensure they are discussed, understood, owned, and promoted at the Board level.

At a management level, accountability for sustainability lies with the President and Chief Executive Officer, and the Group Executive Committee. They are supported by the Group Health, Safety, Security and Environment Committee (GHSSE) and the Sustainability Steering Committee (SSC).

The Company's GHSSE Committee is led by the President and CEO, and establishes the Company's health, safety, security, and environmental policies and reviews key issues. This includes Company-wide safety initiatives, environmental and safety performance, compliance and conformance reviews, major HSSE incidents, insurance survey results, and cybersecurity.

The SSC is comprised of Aramco Senior Vice Presidents representing business lines and administrative areas, and is led by the Executive Vice President of Strategy and Corporate Development. Reporting to the Group Executive Committee, the SSC reviews decisions and issues related to sustainability, the Company's plans to mitigate GHG emissions, and corporate risk assessments. Please refer to Section 4: Risk for more information on Aramco's risk management framework, and Section 5: Corporate governance for the Sustainability, Risk and HSE Committee Report.

Four areas of focus

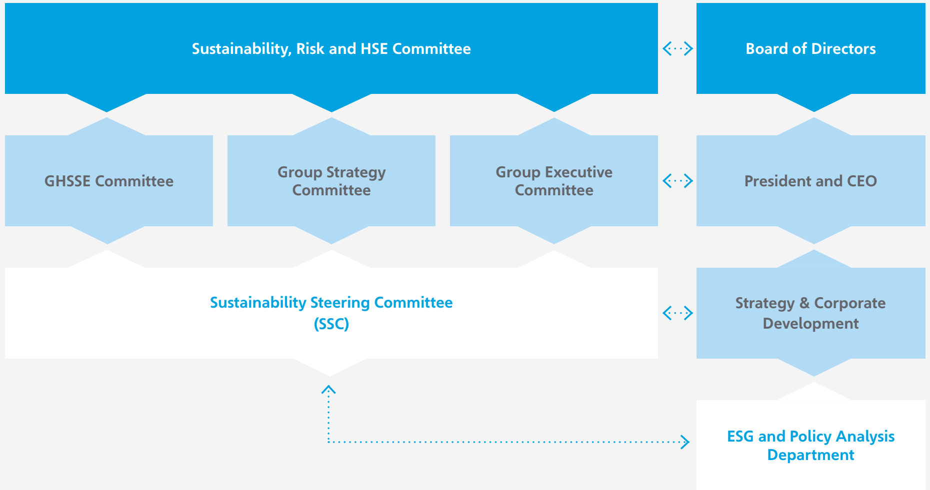
Aramco has four sustainability focus areas to oversee the Company's sustainability performance, along with relevant metrics:

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

These focus areas support Aramco's strategy and are informed by both Saudi Arabia's Vision 2030 and the relevant UN Sustainable Development Goals (SDGs), directly and indirectly. Additionally, they are informed by guidance from and in broad alignment with: Ipieca, Sustainability Reporting Guidance, the Greenhouse Gas Protocol, and the Occupational Safety and Health Administration (OSHA) Standards.

A high-level overview of the 2023 sustainability performance is provided in this section. Aramco will elaborate on its overall sustainability performance and plans in its upcoming 2023 Sustainability Report.

Sustainability governance management framework



Four areas of focus

Climate change and the energy transition

For more information **see page 66**

Safe operations and people development

For more information **see page 68**

Minimizing environmental impact

For more information **see page 69**

Growing societal value

For more information **see page 70**

Climate change and the energy transition

As one of the world's largest integrated energy and chemicals companies, Aramco supports energy security and affordability, and promotes sustainable practices in response to the energy transition. Aramco's strategy is based on producing hydrocarbons with one of the lowest upstream production costs and carbon intensities among major producers, and supporting an orderly global energy transition through investing in technologies and offering products such as eFuels.

The challenge is to develop and deploy technology solutions at speed and scale to provide the benefits of oil and gas for future generations, while reducing Aramco's GHG emissions from oil and gas operations. It is a complex, multidimensional, and capital-intensive challenge that will span generations. Alternatives to traditional hydrocarbon-based energy sources are progressing, but, on their own, are not yet ready to meet the world's energy demand and ensure a smooth energy transition. Aramco believes oil demand will grow for many years to come and that the world will likely continue to need oil and gas for the foreseeable future.

Hydrocarbons could also be essential to the development of potential new materials that are expected to play a significant role in the energy transition. Advanced, durable materials are critical for manufacturing wind turbines, solar panels, transportation, storage devices, and infrastructure. The production of hydrocarbons accompanied by carbon capture technology, in which Aramco is investing, could complement emerging alternatives and serve as an integral component of the future energy mix.

Aramco recognizes the need to reduce GHG emissions from its oil and gas operations and has ambitions to achieve net-zero Scope 1 and Scope 2 greenhouse gas emissions by 2050 across wholly-owned operated assets.

To achieve these targets, Aramco aims to abate 52 mmtCO_2e of GHG emissions by 2035, focusing on five key levers:

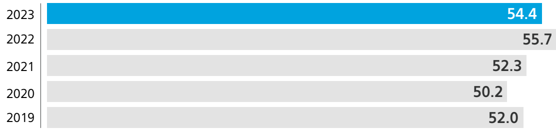
- Energy efficiency across upstream and downstream assets;
- Further reductions in methane and flaring;
- Increased use of renewable energy sources;
- Carbon capture and storage; and,
- Development or purchase of offsets to help address hard-to-abate emissions.

Aramco's activities against each lever will be outlined in its forthcoming 2023 Sustainability Report.

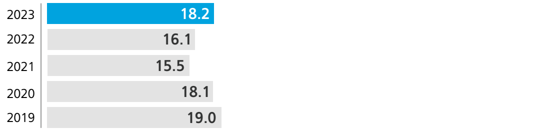
In support of its strategy, Aramco achieved the following:

- Delivered three shipments of accredited blue ammonia through its Aramco Trading Company and SABIC Agri-Nutrients affiliates;
- Signed an agreement with Linde Engineering to build a demonstration plant to test a new ammonia cracking technology using a novel catalyst developed by Aramco in collaboration with the King Abdullah University of Science and Technology. The agreement brings together Aramco and Linde Engineering's industrial research and development capabilities, and reflects Aramco's ambition to establish a commercially viable lower-carbon hydrogen supply chain;
- Entered into a shareholders' agreement for the development of Al Shuaibah 1 and Al Shuaibah 2 photovoltaic solar projects which are expected to have a combined capacity of up to 2.66 GW. The projects, which will be jointly owned by Aramco (30.0%), PIF (34.99%), and ACWA Power Company (35.01%), have an estimated total cost of SAR 8.9 billion ($2.37 billion). These projects align with Aramco's intention to invest in solar and wind energy in support of the Kingdom's National Renewable Energy Program;
- Reached full capacity commercial operation at the Sudair Solar PV plant, one of the largest solar plants in the region with a capacity of 1.5 GW, in January 2024. The project is jointly owned by Aramco (30%), PIF (35%), and ACWA Power Company (35%);
- Commenced operations at the Novel Non-Metallic Solutions (Novel) facility in Saudi Arabia, a joint venture between Aramco and Baker Hughes to develop and commercialize a broad range of nonmetallic products. The Novel facility produces nonmetallic reinforced thermoplastic (RTP) pipe and has an annual production capacity of 1,000 kilometers. The Novel RTP pipe is corrosion resistant, lighter, more durable, and easier to install than conventional steel pipe, reducing its cost and carbon footprint across the life cycle. Aramco has utilized RTP pipes at its facilities since 2015, and the Novel joint venture supports its efforts to localize its supply chain and help build a thriving in-Kingdom energy value chain;
- Provided a surrogate eFuel found to be compatible with 24 engine families in Europe that can be used as a drop-in technology without powertrain modifications. The use of eFuels could potentially result in a reduction of CO_2 emissions from existing internal combustion vehicles by at least 70% on a life cycle basis compared to conventional fuels, once developed at scale along with the necessary infrastructure. The testing was completed through a partnership with Stellantis over several months at their technical centers across Europe. The surrogate eFuels used in the testing exhibit the expected characteristics of the fuels to be produced at Aramco's planned synthetic fuels demonstration plants in Saudi Arabia and Spain; and,
- Participated as a lead bidder in the largest-ever voluntary carbon credit auction, held by the Regional Voluntary Carbon Market Company in Nairobi, Kenya. Over 2.2 million tons of high-quality carbon credits were sold at the auction. The purchase of carbon credits enables Aramco to offset some of its emissions, supports the establishment of a credible and functioning Saudi-based regional voluntary carbon market, and is one of the Company's five levers to achieve GHG emissions reductions by 2035.

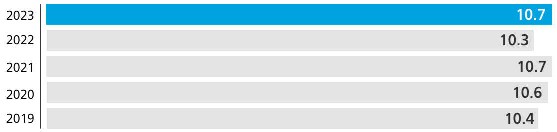
Scope 1 emissions[1,2,3]
(million metric tons of CO_2e)



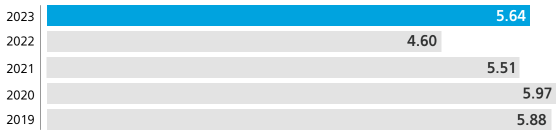
Scope 2 emissions[1,2,3]
(million metric tons of CO_2e)



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



Flaring intensity[2,3]
(scf/boe)



1. The Company's GHG emissions reporting is based on the World Resources Institute (WRI) and World Business Council for Sustainable Development (WBCSD) GHG protocol guidelines. The Company reports emissions using the operational control basis for measurement.
2. The Company's GHG emissions inventory includes emissions from the Saudi Arabian Oil Company in-Kingdom wholly-owned operated assets, SASREF, Motiva, and ARLANXEO. GHG emissions and flaring inventories from 2019 to 2022 exclude the Jazan Refinery and the Fadhili Gas Plant.
3. The 2023 figures for Scope 1 emissions, Scope 2 emissions, upstream carbon intensity, and flaring intensity have undergone ISAE3000 (revised) limited assurance. Assurance results will be published on the Aramco website in Q2 2024. Prior year figures have undergone external limited assurance and can be viewed online at https://www.aramco.com/en/sustainability/sustainability-report.

GHG emissions

In 2023, Scope 1 emissions decreased by 2.4% compared to 2022 mainly due to lower hydrocarbon production during the year, and a revised CO_2 venting emissions methodology for gas processing operations to account for dynamic CO_2 concentrations, resulting in a more accurate accounting methodology. Scope 2 emissions increased 13.0% compared to the previous year primarily due to the inclusion of the Jazan Refinery in the 2023 GHG emissions inventory.

An important metric for Aramco is the carbon intensity of upstream operations, which is among the lowest of major crude oil producers per barrel of oil equivalent and achieved through effective reservoir management, a low depletion rate operational model, and a focus on energy efficiency. In 2023, upstream carbon intensity increased 3.9% compared to 2022, largely due to lower upstream production and other operational activities.

Aramco also strives to reduce flaring across its business through investment in flare gas recovery systems and programs to improve asset integrity, energy efficiency, leak detection, and repairs. Flaring intensity in 2023 was 5.64 standard cubic feet per barrel of oil equivalent (scf/boe), up from 4.60 scf/boe in 2022, primarily due to the inclusion of the Jazan Refinery in the 2023 GHG emission inventory, and increased project and operational activities.

Safe operations and people development

Safety performance

Safety is at the heart of Aramco and is a core value that shapes how it protects its people, assets, and environment.

Aramco is committed to a strong safety culture across its employees, contractors, and suppliers. The Group Health, Safety, Security, and Environment (GHSSE) Committee, led by the President and Chief Executive Officer, provides governance and oversight for all HSSE-related matters, while Aramco's Safety Management System sets clear expectations for how safety is managed. The Company prioritizes the training of its workforce to perform their jobs safely, while also promoting an open reporting culture. Aramco has a robust emergency management program and takes proactive measures to prevent emergency situations. A dedicated Corporate Emergency Management Taskforce ensures resilience and readiness through pre-planning and risk-based site-specific emergency response plans.

Aramco regrettably had three contractor fatalities in 2023. Aramco has thoroughly evaluated these unfortunate cases, learnings have been shared with relevant organizations, and remedial actions were implemented to prevent recurrence.

	2023[1]	2022[1]	2021[1]	2020[2]	2019[2]
Tier 1 process safety events	15	11	11	9	4
Total recordable case rate[3,4]	0.042	0.050	0.054	0.044	0.059
Lost time injuries/illness rate[3,4,5]	0.018	0.014	0.017	0.011	0.016
Number of fatalities[3,5]	3	5	1	1	6

1. The Company and its operationally controlled entities.
2. The Saudi Arabian Oil Company (the Company).
3. Total workforce (employees and contractors).
4. Per 200,000 work hours.
5. 2023 figures are undergoing ISAE3000 (revised) limited assurance and may be subject to change. Assurance results will be published on the Aramco website in Q2 2024. Prior year figures have undergone ISAE3000 limited assurance and assurance results can be viewed at https://www.aramco.com/en/sustainability/sustainability-report.

Training and development

Aramco empowers its people to reach their full potential by providing a safe, respectful, and professionally challenging working environment. The Company is committed to respecting and protecting the rights of every worker, and cooperates and supports its contractors and suppliers to do the same. A key objective of its people strategy is to support the development of women and people with disabilities to create a workplace where all employees can truly thrive.

Aramco has a decades-long history of educating and training Saudi nationals, both employees and non-employees, and providing development opportunities for all of its people. The Company believes it has one of the world's largest corporate-supported education programs, with offerings covering all segments of the workforce, and includes pre-employment, secondary, tertiary, post-graduate, and technical/vocational training.

Diversity and inclusion

Aramco is committed to fostering a culture of diversity and inclusion (D&I) at all levels of its organization. The Company embraces its employees' differences and fosters an inclusive workplace culture where every employee feels valued, respected, and heard. Aramco strives to ensure that all employees are provided equitable access to resources and opportunities. The Company aims to become a global role model for D&I by creating inclusive work environments and promoting initiatives that empower people.

In response to this commitment, Aramco has extended significant efforts to increase the representation of women and people with disabilities at every level, from interns and sponsored students, enhancing hiring efforts and supporting their progression from entry-level to leadership roles. These efforts are driven by a clear vision and include not only developmental opportunities, but also policy enhancements and mentorship programs. As a result of these initiatives, in 2023 the number of female employees increased by 12.5% and the number of females in leadership positions increased by 26.3% compared to the previous year.

	2023	2022	2021	2020	2019
Company employees[6]	73,311	70,496	68,493	66,800	69,867
Female employees[6] (%)	7.2	6.4	5.6	5.1	4.9
Female employees in leadership positions[6] (%)	4.8	3.8	3.1	2.7	2.1

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

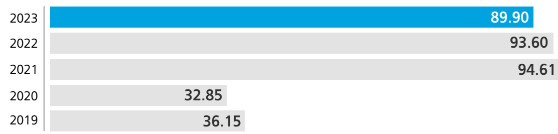
Minimizing environmental impact

In 2023, Aramco achieved 100% ISO 14001 certification at its 52 Upstream and Downstream asset-based organizations enrolled in Aramco's Environmental Management System (EMS). This was achieved through preparing all relevant organizations via a third-party consultant who conducted EMS audits in preparation for the external certification exercise.

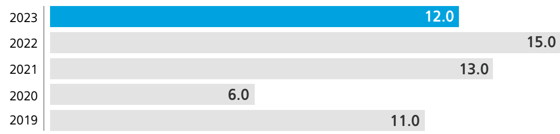
Water management

With many of its operations in a hyper-arid environment, Aramco has long recognized the value of each molecule of water. Aramco's comprehensive water conservation efforts entail supplementing water supply with alternative sources, implementing water-efficient practices, maximizing wastewater reuse, and minimizing water losses at operating facilities and communities.

Freshwater consumption[1,2]
(million cubic meters)



Number of hydrocarbon spills[3,4]



Volume of hydrocarbon spills[3,5]
(barrels)

1. Freshwater consumption data for 2019 and 2020 applies to the Saudi Arabian Oil Company (the Company). Freshwater consumption data from 2021 to 2023 reflects the expanded boundary which includes the Saudi Arabian Oil Company in-Kingdom wholly-owned operated assets, SASREF, Motiva, and ARLANXEO.
2. The 2023 figure for freshwater consumption has undergone ISAE3000 (revised) limited assurance. Assurance results will be published on the Aramco website in Q2 2024. Prior year figures have undergone external limited assurance and can be viewed online at https://www.aramco.com/en/sustainability/sustainability-report.
3. Applies to the Saudi Arabian Oil Company in-Kingdom wholly-owned operated assets, SASREF, Motiva, and ARLANXEO.
4. Oil spill incidents with volume greater than one barrel.
5. The 2023 figure for volume of hydrocarbon spills has undergone ISAE3000 (revised) limited assurance. Assurance results will be published on the Aramco website in Q2 2024. Prior year figures have undergone external limited assurance and can be viewed online at https://www.aramco.com/en/sustainability/sustainability-report.

Aramco produces large volumes of wastewater and recognizes the need for responsibly managing and treating wastewater prior to returning it to the environment. Its approach to wastewater and discharges to water are informed by relevant national and international frameworks or standards, including Saudi Arabia Government Environmental Standards, Executive Regulations for the Protection of Aquatic Environments from Pollution, and Ipieca's oil and gas industry guidance on voluntary sustainability reporting – discharges to water.

In 2023, freshwater consumption was 89.90 million cubic meters, down 4.0% compared to 2022, due to effective water conservation efforts in Aramco's upstream and petrochemical operations.

Spills to the environment

Aramco operates across a vast area and many sites are remote. This introduces challenges to the detection of spills, particularly across the country's enormous deserts. To meet its target of zero spills, the geographic challenges are mitigated by employing rigorous inspection programs to assess the integrity of assets, putting fail-safe measures in place, and training employees and utilizing advanced technologies to predict possible failures for rapid decision making and action.

In 2023, the number and volume of hydrocarbon spills decreased compared to 2022. During the year, 12 hydrocarbon spills[3,4] occurred reflecting a decrease of 20.0% compared to 2022. All of the spills were quickly halted and thorough cleanup efforts were carried out to mitigate further environmental impacts. One onshore oil spill in the Riyadh area as a result of a damaged pipeline and with a volume of 8,335 barrels accounted for over 97.0% of the total volume of hydrocarbons spilled.

Natural climate solutions

Natural climate solutions are actions that protect, sustainably manage, and restore natural and modified ecosystems. Aramco planted 6.5 million mangrove trees in-Kingdom in 2023, bringing its cumulative total to over 30 million. The third-party validated total carbon stock of the planted and existing mangroves is equal to nearly 445,000 tons of CO_2e.

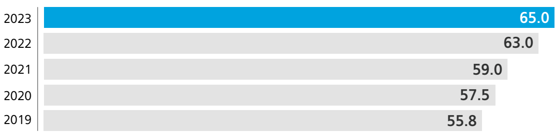
Growing societal value

From its first oil discovery in 1933, Aramco has sought to create sustainable opportunities for the welfare of the Kingdom and the global communities where it operates. Citizenship, and contributing to growing societal value, is a firmly established principle toward which Aramco dedicates resources and capabilities. In line with relevant UN SDGs and Saudi Vision 2030, Aramco seeks to support local content and develop innovative opportunities for the future.

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

Aramco supports the development of new industries in the Kingdom under its Namaat industrial investment program. During the year, the Company signed a shareholders' agreement to establish an integrated steel plate manufacturing complex in Ras al-Khair Industrial City. Together with Baoshan Iron & Steel Company Limited (Baosteel) and PIF, the joint venture complex will be the first facility of its kind in the region and is expected to create jobs and contribute to the Kingdom's economic growth and diversification. By supporting steel plate manufacturing in Saudi Arabia, Aramco aims to further localize its supply chain and reduce reliance on imported steel, in line with iktva's objectives to maximize local content and strengthen the local supply chain resilience.

iktva[1,2]
(%)



1. Percentage of total procurement expenditures locally sourced.
2. Applies to the Saudi Arabian Oil Company (the Company).

Aramco's National Champions program encompasses a set of unique programs focused around five strategic domains – sustainability, digital, industrial, manufacturing, and social innovation – that drive development from an initial idea to a small- and medium-enterprise through to global businesses, and aligns with the Kingdom's Vision 2030 and its Shareek Private Sector Partnership Reinforcement Program (Shareek).

The Company's iktva program is an ongoing success. Through the program, the local component of the Company's overall expenditure across its supply chain now stands at 65.0%, with a target to grow to 70.0% by 2025. Billions of dollars in economic activity that historically would have left the Kingdom instead remained to serve the interests of the Company and support the local economy. In 2023, Aramco entered into 86 corporate purchase agreements valued at SAR 12.2 billion ($3.3 billion) to build long-term collaborative relationships with strategic local suppliers.

The Company also supports the development of effective corporate governance practices as one of the founders of the GCC Board Directors Institute (GCC BDI). Since its inception, the GCC BDI has grown into one of the leading institutes of directors in the world, helping to improve Board effectiveness and capabilities across the region by training over 3,500 Board directors and executives, including over 2,400 in Saudi Arabia alone.

Aramco is further extending its significant citizenship activities through its Global Citizenship Signature Programs (GSPs). Launched in September 2023, the GSPs serve as platforms to address key societal issues in a way that allows the Company to make a global impact. The programs are expected to draw on the skills of multiple partners across a number of years.

Currently, there are two GSP programs. The first focuses on STEM (science, technology, engineering, and mathematics) education and includes a partnership with Network for Teaching Entrepreneurship, a nonprofit organization dedicated to empowering global youth through entrepreneurship education. This is a team-based virtual challenge focused on Saudi Arabia, China, and India, with the intention to expand into new regions in the coming years. The second GSP focuses on energy access, and through a partnership with Envirofit International, a leading social enterprise, more than 18,000 clean cooking stoves were distributed to schools and individual homes in India. Additional Global Citizenship Signature Program initiatives and partnerships are expected to be announced in the future.

▲ **In-Kingdom Total Value Add (iktva)**
Saudi Arabia

4. Risk

Robust local supply chain

Kingdom-1 drilling rig, Marjan field, Arabian Gulf
Aramco, to mitigate risks and strengthen its position, continues to invest in the Kingdom's oil and gas ecosystem to enhance the reliability of the Company's supply chain, and support Saudi Arabia's economic development.

In 2023, Aramco through ARO Drilling, its joint venture company with Valaris, delivered the first offshore drilling rig built by Saudi Arabia's International Maritime Industries shipyard.

The jack-up rig, named "Kingdom-1," is equipped with the latest technology to enhance operational excellence and safety.

Managing risk exposure

Risk objectives

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

Risk management framework

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

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

(i) Leadership, direction, and oversight with respect to the Company's risk appetite, risk tolerance, risk framework, and risk strategy;

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

(iii) Fostering a culture within the Company that emphasizes and demonstrates the benefits of risk management.

Aramco's enterprise risk management (ERM) framework follows the Three Lines Model. The operating businesses and support organizations form the first line, as risk owners, and have primary responsibility for identifying and managing their risks. The second line comprises dedicated risk management functions, responsible for monitoring and reporting on risks, and providing guidance to risk owners. Risk management functions include Loss Prevention, Environmental Protection, Information Security, Corporate Emergency Management and Continuity, Corporate Compliance, and Financial Risk Management organizations, as well as the Corporate Enterprise Risk Management group. Internal Audit, as the third line, provides management and the Audit Committee with independent assurance on the effectiveness of internal control systems. Aramco's Global ERM Policy requires subsidiaries and operationally controlled affiliates to manage risks in a structured manner, overseen by their Boards of Directors. Aramco also encourages affiliates to apply ERM principles and practices to their management of risks.

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

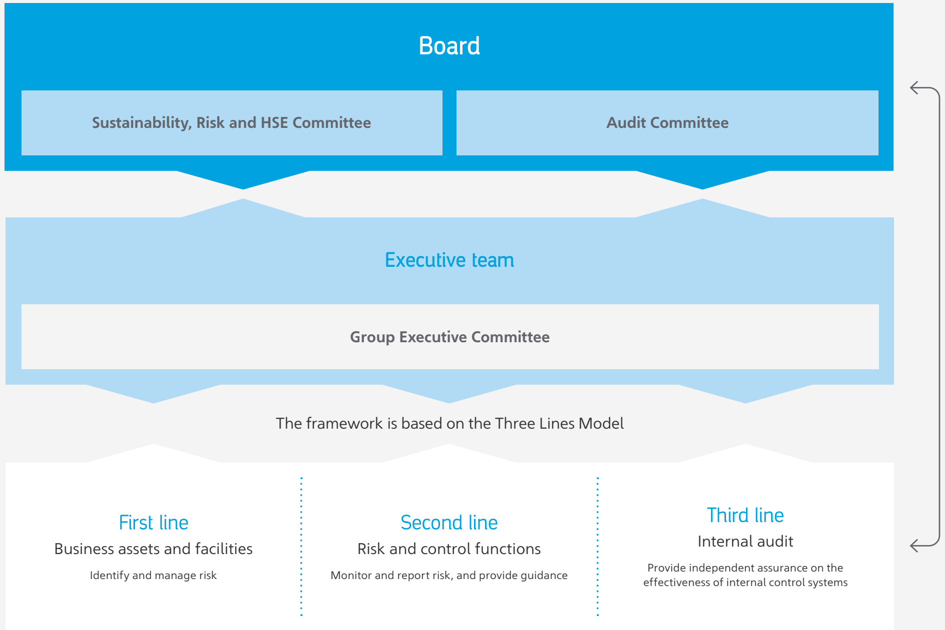
Business risk assessment

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

Decision-making

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

Enterprise risk management framework



Principal risk categories

Risks related to Aramco's operations and activities

For more information see page 76

Risks related to the legal and regulatory environment

For more information see page 83

Risks related to the Kingdom

For more information see page 87

Risk factors

Understanding risks

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

All forward-looking statements in this Annual Report should be considered in light of these explanations and shareholders should not put undue reliance on forward-looking statements.

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

Risks related to Aramco's operations and activities

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

Sales of crude oil are the largest component of Aramco's consolidated revenue and other income related to sales, accounting for 50.3% and 47.9% for the years ended December 31, 2022 and 2023 respectively. Accordingly, Aramco's results of operations and cash flow are significantly impacted by the price at which it sells crude oil.

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

- Market expectations with respect to future supply, demand and price of petroleum and petroleum products;
- Global economic and political conditions and geopolitical events, including any that impact international trade (including trade routes);
- Decisions regarding production levels by the Kingdom or other producing states (the Kingdom is a member country of OPEC);
- The impact of natural disasters and public health pandemics or epidemics on supply and demand for crude oil, general economic conditions and the ability to deliver crude oil;
- The development of new crude oil exploration, production and transportation methods or technological advancements in existing methods;
- Capital investments of oil and gas companies relating to the exploration, development and production of crude oil reserves;
- The impact of climate change on the demand for, and price of, hydrocarbons (see risk – Climate change concerns and impacts could reduce global demand for hydrocarbons and hydrocarbon-based products and could cause Aramco to incur costs or invest additional capital. In addition, Aramco may not fully meet its announced net-zero targets by 2050);
- Changes to environmental or other regulations or laws applicable to crude oil and related products or the energy industry (see risk – Aramco's operations are subject to environmental protection, health and safety laws and regulations and increased concerns regarding the safe use of chemicals and plastics and their potential impact on the environment have resulted in more restrictive regulations and could lead to new regulations);
- Prices and availability of alternative energies, including renewable energy;
- The electrification of transportation, technological developments in the cost or endurance of fuel cells for electric vehicles and changes in transportation-mode preferences; Weather conditions affecting supply and demand;
- Fluctuations in the value of the U.S. Dollar, the currency in which crude oil is priced globally; and,
- Crude oil trading activities.

International crude oil prices have fluctuated significantly in the past and may do so in the future. For example, Brent prices rose significantly in February 2022 in response to the Russia-Ukraine conflict, related international sanctions and other macroeconomic factors. Since then, Brent prices generally fluctuated between $75 and $100 per barrel. As of December 31, 2023, the ICE Brent price was $77.4 per barrel[1].

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

1. Market View, Intercontinental Exchange (ICE).

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

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

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

Climate change concerns and impacts could reduce global demand for hydrocarbons and hydrocarbon-based products and could cause Aramco to incur costs or invest additional capital. In addition, Aramco may not fully meet its announced net-zero targets by 2050.

Climate change concerns manifested in public sentiment, government policies, laws and regulations, international agreements and treaties, lawsuits against energy companies, company net-zero and other commitments, fossil fuel divestment campaigns and other actions may reduce global demand for hydrocarbons and hydrocarbon-based products and propel a shift toward lower carbon intensity fossil fuels, such as gas, or alternative energy sources. In particular, increasing pressure on governments, businesses, organizations and individuals to reduce GHG emissions has led to a variety of actions that aim to reduce the use of fossil fuels, and the implementation of international agreements to limit or reduce GHG emissions. In addition, the landscape of GHG related laws and regulations has been in a state of constant reassessment and it is difficult to predict the ultimate impact that GHG related laws, regulations and international agreements will have on Aramco. Furthermore, jurisdictions in which Aramco operates or its products are sold that are not currently subject to GHG regulation may become regulated and existing GHG regulations may become more stringent. Moreover, investor pressure, particularly from large institutional investors and asset managers, can lead to divestment from fossil fuel companies. As climate change concerns grow, investors may choose to allocate their funds towards other investments, such as renewable energy projects. This shift in investment priorities may also reduce the capital available for hydrocarbon-based projects and exploration. A reduction in demand for hydrocarbons and hydrocarbon-based products or limitations on the ability to raise capital for new projects or investments on favorable terms could have a material adverse effect on Aramco's business, financial position and results of operations.

In line with the Kingdom's announced aims and the Saudi Green Initiative (SGI) Forum, Aramco announced its ambition to achieve net-zero Scope 1 and Scope 2 GHG emissions across its wholly-owned operated assets by 2050 to support the Kingdom's 2060 net-zero goal through the circular carbon economy approach including, among other things, reducing carbon emissions and capturing, storing and using carbon dioxide to produce chemicals, fuels and other products. Aramco may incur substantial costs and capital expenditures to achieve its net-zero targets. In addition, Aramco may not fully meet its announced net-zero targets by 2050.

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

Aramco exports a substantial portion of its crude oil and refined and chemicals products to customers in Asia. In 2022 and 2023, customers in Asia, including Aramco's affiliated refineries located in Asia, purchased 79% and 82%, respectively, of its crude oil exports. Aramco expects to export additional crude oil to Asia as new downstream assets in Asia commence operations. In addition, the refined, chemical, petrochemical, base oil and finished lubricant products that are produced at Aramco's joint ventures and international operations in Asia are generally sold locally and exported to other Asian countries.

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

Risk factors continued

Risks related to Aramco's operations and activities continued

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

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

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

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

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

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

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

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

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

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

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

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

Risk factors continued

Risks related to Aramco's operations and activities continued

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

Aramco retained independent petroleum consultants, D&M, to certify, as at December 31, 2022, reservoirs Aramco believes accounted for approximately 85% of its proved oil reserves to which it has rights under the Concession and remain to be produced after December 31, 2022, but before December 31, 2077 (the end of the initial 40-year term of the Concession plus the first 20-year extension). Aramco chose this scope because of the overall scale of the Kingdom's reserves and the concentration of deposits in the major reservoirs that were assessed. Further independent assessment of the Kingdom's smaller reservoirs would have taken several years to complete. D&M's reserves estimation of 211.4 billion barrels of oil equivalent reserves for the reservoirs it evaluated was within the no material difference category (within 5% of Aramco's internal estimation for the same reservoirs) for the same Concession time period.

There is no independent third-party certification letter with respect to the balance of the Kingdom's proved oil equivalent reserves or as at a more recent date than December 31, 2022. Any material deviation in the quantity of proved reserves could have a material adverse effect on Aramco's financial condition and reputation.

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

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

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

Terrorism and armed conflict may materially and adversely affect Aramco.

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

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

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

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

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

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

Future epidemics or pandemics and their impact on business and economic conditions may have negative effects on Aramco's business.

Future epidemics or pandemics may have a widespread impact on business and economic conditions and, in particular, on Aramco's business, including on the demand for crude oil, natural gas, refined and chemicals products. For example, public health authorities and governments at local, national and international levels implemented various measures to respond to the COVID-19 pandemic, including restrictions on travel, voluntary and mandatory quarantines, workforce reductions of personnel who are deemed to be nonessential and restrictions on business activities. These measures led to lower demand for crude oil, natural gas, refined and chemicals products which had a direct impact on Aramco's business. In addition, an epidemic or pandemic may result in volatility in global capital markets and investor sentiment, which may affect the availability, amount and type of financing available to Aramco.

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

Aramco may not realize some or all of the expected benefits of recent or future acquisitions.

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

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

Risk factors continued

Risks related to Aramco's operations and activities continued

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

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

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

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

Aramco is dependent on Senior Management and key personnel.

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

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

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

Risks related to the legal and regulatory environment

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

Aramco is and has been subject to significant litigation, primarily in the United States and the Kingdom. Some of the most significant U.S. litigation has involved allegations of violations of antitrust laws arising, in part, from the Kingdom's membership and participation in OPEC. Such antitrust litigation sought extensive relief, including treble damages, divestiture of assets in the United States and disgorgement of profits. If granted, this relief could have had a material adverse impact on Aramco. To date, the OPEC-related antitrust lawsuits have been dismissed on the basis of various sovereign defenses under U.S. law. However, there is no assurance that Aramco will prevail on the basis of these defenses in the future in connection with OPEC-related or other lawsuits, and Aramco and its affiliates could be subject to similar claims elsewhere. In addition, there is a risk that laws could be enacted in the future that would expressly remove or weaken certain sovereign defenses.

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

In addition, oil and gas companies are also increasingly subject to lawsuits based on allegations that certain public statements regarding environmental, social and governance (ESG) matters or net-zero or carbon neutrality targets are false and misleading "greenwashing" campaigns or that climate-related disclosures made by companies are inadequate. Aramco could be subject to, and Motiva has been named in and is defending this type of lawsuit.

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

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

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

Risk factors continued

Risks related to the legal and regulatory environment continued

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

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

In addition, Aramco's operations and products are subject to a number of laws and regulations in jurisdictions in which it operates or sells products. These laws and regulations result in an often complex, uncertain and changing legal and regulatory environment for Aramco's global businesses and operations. Changes in laws or regulations, including how they are interpreted and enforced, can and does impact all aspects of Aramco's business.

Sanctions and trade restrictions, as well as anti-bribery and anti-corruption laws, could adversely affect Aramco.

Aramco currently engages in business activities, and could in the future decide to take part in new business activities, involving locations subject to trade restrictions and where certain parties are subject to sanctions, as well as anti-bribery and anti-corruption laws, imposed by the United States, the European Union, the United Kingdom and other sanctioning or regulatory bodies. Laws and regulations governing sanctions, trade restrictions and bribery and corruption are complex and are subject to change. For example, sanctions against Russia, products therefrom and Russian individuals and entities have increased following the start of the Russia-Ukraine conflict and additional sanctions could be imposed in the future.

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

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

The rights granted to Aramco under the Concession constitute its licenses, permits and approvals necessary to conduct hydrocarbons operations and related activities in the Kingdom. However, Aramco is required to obtain and maintain licenses, permits and approvals required under the Hydrocarbons Law and the Energy Supply Law (which superseded the GSPR and became effective in March 2023). As a result of the Energy Supply Law superseding the GSPR, Aramco will need to obtain new licenses for activities that were previously governed by the GSPR within the two-year transitional period set forth in the royal decree enacting the Energy Supply Law. In addition, Aramco is currently in discussions with the Ministry of Energy concerning the gas facilities licenses mandated by the GSPR.

In addition, Aramco is required to have licenses, permits and approvals necessary to conduct business in jurisdictions in which it operates or sells products and with respect to certain activities unrelated to hydrocarbons operations.

There can be no assurance that Aramco will receive any necessary licenses, permits or approvals. Any failure to obtain or maintain required licenses, permits or approvals, or the revocation or termination thereof, may interrupt Aramco's operations, could result in financial and other penalties and could have a material adverse effect on Aramco's business, financial position and results of operations.

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

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

The regulations relating to air quality in the Kingdom impose stringent limits on emissions from various types of facilities. The Company has conducted several engagements with the Ministry of Energy relating to certain requirements set out under these regulations. Depending on the outcome of the discussions with the regulator, there is a risk that material corrective costs could be required to bring Aramco's facilities into compliance with these regulations. In addition, a stricter interpretation of existing laws and regulations, any changes in these laws and regulations or the enactment of new laws and regulations may impose new obligations on Aramco or otherwise adversely affect Aramco's business, financial position and results of operations.

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

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

Risks related to the legal and regulatory environment continued

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

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

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

Furthermore, in the Kingdom, natural gas prices are regulated by the Government and the price that domestic customers pay is traditionally set by the Council of Ministers. Effective September 17, 2019, the Government implemented an equalization mechanism to compensate Aramco for the revenue it directly forgoes as a result of selling Regulated Gas Products in the Kingdom at Domestic Gas Prices to ensure Aramco receives a commercial rate of return on each project. Under this mechanism, Aramco receives compensation for the difference between Domestic Gas Prices and Blended Prices in respect of such sales.

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

Risks related to the Kingdom

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

The Government determines the Kingdom's maximum level of crude oil production in the exercise of its sovereign prerogative. Accordingly, the Government may in its sole discretion increase or decrease the Kingdom's maximum level of crude oil production at any time based on its sovereign energy security goals or for any other reason.

In order to facilitate rapid changes in production volumes, the Government requires Aramco to maintain MSC in accordance with its exclusive authority to set MSC under the Hydrocarbons Law. Aramco incurs substantial costs to maintain MSC and has historically utilized a significant amount of this spare capacity. However, there can be no assurance that it will utilize spare capacity in the future. The Government has decided in the past and may in the future decide to adjust MSC. On January 30, 2024, the Government (acting through the Ministry of Energy) directed Aramco to maintain MSC at the current level of 12.0 million barrels of crude oil per day. Future increases in MSC could require Aramco to incur significant additional capital expenditures.

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

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

The Concession requires that Aramco meet domestic demand for gas, which is expected to grow substantially by 2030 due to continued economic and industrial development and the Government's plans to substitute liquids burning with gas in the utility sector. In response to the expected increase in demand for gas in the Kingdom, Aramco is undertaking several projects to grow its gas supply. Aramco's gas infrastructure investment costs may include costs related to well drilling, upgrades to existing facilities and the construction of new facilities to handle additional volumes, including gas processing facilities, pipelines and distribution networks including MGS, and storage facilities. Aramco is compensated for its sales of natural gas to domestic consumers based on usage. Therefore, if the forecasted growth in domestic demand for natural gas is less than expected, Aramco may not receive its expected return on its gas infrastructure investments, which may have a material adverse effect on its business, financial position and results of operations.

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

The oil sector accounted for 39.2%[1] and 35.9% of the Kingdom's real GDP in the years ended December 31, 2022 and 2023, respectively. In addition, the oil sector accounted for 67.6%[1] and 63.0% of the Government's total revenues in the years ended December 31, 2022 and 2023, respectively.

The Government is expected to continue to rely on royalties, taxes, dividends from Aramco and other income from the hydrocarbon industry for a significant portion of its revenue. Any change in crude oil, condensate, NGL, oil product, chemical and natural gas prices or other occurrences that negatively affect Aramco's results of operations could materially affect the macroeconomic indicators of the Kingdom, including GDP, balance of payments and foreign trade and the amount of cash available to the Government. A shortfall in funding to the Government or a decision to seek more revenue from hydrocarbons may lead the Government to change the fiscal regime to which hydrocarbon producers in the Kingdom, including Aramco, are subject. Any such change could have a material adverse effect on Aramco's business, financial position and results of operations.

1. Comparative figures have been adjusted to reflect actual data, where applicable.

Risk factors continued

Risks related to the Kingdom continued

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

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

In addition, the majority of Aramco's crude oil production is exported using international supply routes. In particular, the Strait of Hormuz, the Red Sea and the Suez Canal are key shipping routes for Aramco's crude oil and are located in areas subject to political or armed conflict from time to time. For example, on April 27, 2023 and May 3, 2023, two oil tankers belonging to other oil companies were seized by Iranian forces in the Strait of Hormuz. In addition, in January 2024, drone and missile attacks in the Red Sea disrupted maritime trade through the Suez Canal. Any political or armed conflict or other event, including those described above, that impacts Aramco's use of the Strait of Hormuz, the Red Sea, Suez Canal or other international shipping routes could have a material adverse effect on Aramco's business, financial position and results of operations.

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

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

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

Aramco has determined that the U.S. Dollar is its functional currency because a substantial amount of its products are traded in U.S. Dollars in international markets. A portion of Aramco's capital expenditures and operating expenses are denominated in Saudi Riyals, while a significant portion of its revenues and long-term liabilities are denominated in U.S. Dollars. The Saudi Riyal has been pegged to the U.S. Dollar in the Kingdom since 1986. If the Kingdom's policy of pegging the SAR to the U.S. Dollar were to change in the future and the SAR were to become stronger relative to the U.S. Dollar, Aramco may experience an increase in the SAR denominated costs of its operations. Such an increase could have a material adverse effect on Aramco's business, financial position and results of operations. In addition, Aramco pays dividends to the Government, in its capacity as a shareholder of the Company, in U.S. Dollars and to other shareholders in SAR. If the SAR is no longer pegged to the U.S. Dollar and the SAR were to become stronger relative to the U.S. Dollar, Aramco may be required to expend additional cash to fund its SAR denominated dividends. Such changes could have a material adverse effect on Aramco's financial position.

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

The Government has directed, and may in the future direct, Aramco to undertake projects or provide assistance for initiatives outside Aramco's core business in furtherance of the Government's macroeconomic, social or other objectives, leveraging Aramco's know-how, resources and operational capabilities. For instance, the Government has previously directed Aramco to develop and construct large infrastructure projects and provide management, logistical and other technical assistance for certain Government initiatives. The Concession requires that all Aramco contracts with any Government agency or any arrangement for the furnishing of hydrocarbons, services or otherwise shall be on a commercial basis and, on September 5, 2019, Aramco and the Government entered into a framework agreement to govern the furnishing of services by Aramco to the Government. While these projects and initiatives have generally been of national importance to the Kingdom and in Aramco's long-term commercial interests, they have often been outside of Aramco's core businesses and have not always been consistent with its immediate commercial objectives or profit maximization. If the Government directs Aramco to undertake future projects other than on a commercial basis, Aramco's financial position and results of operation may be materially and adversely affected.

5. Corporate governance

Innovating future solutions

IT Lab of Excellence server, Dhahran, Saudi Arabia
Aramco's Board of Directors approves the Company's strategy.

Non-executive and independent Board members are elected by shareholders every three years, and they help ensure the Company's actions remain aligned with its vision, mission, and values.

To achieve the Company's strategic goals, the Board reviews investment priorities, and among the aims of investing in technology is the generation of innovative energy solutions.

Setting high governance standards

The Board of Directors (Board) of the Company oversees Company management, and provides strategic leadership and guidance, as well as assesses opportunities, risks, and risk mitigation controls of the Company. The Board also oversees the Company's governance, risk, and compliance regime.

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

Committee membership key[1]

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

H.E. Yasir O. Al-Rumayyan

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

H.E. Mohammed A. Al-Jadaan

H.E. Mohammad M. Al-Tuwaijri

Mr. Andrew N. Liveris

Ms. Lynn Laverty Elsenhans

Mr. Peter L. Cella

Mr. Mark A. Weinberger

Mr. Stuart T. Gulliver

Mr. Khalid H. Al-Dabbagh

Mr. Amin H. Nasser

1. The Committee membership shown is as of March 11, 2024.

H.E. Yasir O. Al-Rumayyan

Chairman

Non-executive Director

H.E. Yasir O. Al-Rumayyan, 54, is the Chairman of the Board. H.E. Al-Rumayyan has served as a Director of the Company since 2016. Currently, H.E. Al-Rumayyan serves as Governor and Director of the Board of the PIF. He also serves as member of the Council of Economics and Development Affairs, as well as a Director on the Board of Reliance Industries.

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

- Chairman of NEOM Investment Fund, since 2023;
- Chairman of Magic Leap, Inc., since 2023;
- Member of the Board of Trustees of the Hevolution Foundation, since 2022;
- Chairman of the Future Investment Initiative Institute, since 2022;
- Director of Ceer National Automotive, since 2022;
- Director of Savvy Games Group, since 2022;
- Chairman of Aviation Services Company, since 2021;
- Chairman of LIV Golf Investments Ltd., since 2021;
- Director of Oil Park Development Company, since 2021;
- Chairman of Newcastle United Football Club, since 2021;
- Director of the Board of Destinations Development Company, since 2021;
- Member of the Large Companies Investment Committee (Shareek), since 2021;
- Chairman of Golf Saudi, since 2019;
- Director of NEOM Company, since 2019;
- Chairman of Saudi Arabian Mining Company (Ma'aden), since 2019;
- Director of The Red Sea Global Company, since 2018;
- Vice Chairman of Roshn Real Estate Company, since 2018;
- Director of Qiddiya Investment Company, since 2018;
- Chairman of Noon Investments Company, since 2017; and,
- Chairman of Sanabil Investments Company, since 2017.

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

- Director of Uber Technologies, Inc. from 2016 to 2023;
- Director of ARM Limited from 2018 to 2022;
- Director of Red Sea Cruises Company from 2019 to 2022;
- Vice Chairman of Saudi Information Technology Company (SITE) from 2019 to 2022;
- Director of SoftBank Group Corp. from 2017 to 2020;
- Member of the Board of Governors of the Islamic Development Bank from 2016 to 2020;
- Director of the Saudi Industrial Development Fund from 2016 to 2020;
- Director of the Saudi Exchange from 2014 to 2015;
- CEO and Director of Saudi Fransi Capital LLC from 2011 to 2015;
- Director of Corporate Finance and Issuance, CMA from 2008 to 2010; and,
- Head of International Brokerage for Saudi Hollandi Bank from 1994 to 2004.

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

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

Deputy Chairman

Non-executive Director

H.E. Dr. Ibrahim A. Al-Assaf, 75, has served as a Director of the Company since 1999. Currently, H.E. Dr. Al-Assaf serves as a Minister of State of the Kingdom and a member of the Council of Ministers, the Council of Political and Security Affairs, and the Council of Economic and Development Affairs. He also serves as a Director on the Board of the PIF.

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

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

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

H.E. Mohammed A. Al-Jadaan

Director

Non-executive Director

H.E. Mohammed A. Al-Jadaan, 60, has served as a Director of the Company since 2018. Currently, H.E. Al-Jadaan serves as the Minister of Finance of the Kingdom and a member of the Council of Ministers. He also serves as a member of the Council for Economic and Development Affairs of Saudi Arabia.

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

- Chairman of the General Authority for Awqaf, since 2022;
- Director of Economic Cities and Special Zones Authority, since 2022;
- Chairman of the Zakat, Tax and Customs Authority, since 2021;
- Chairman of Expenditure & Projects Efficiency Authority, since 2021;
- Chairman of Saudi Authority for Accredited Valuers, since 2021;
- Chairman of the National Center of Government Resources Systems, since 2021;
- Director of Digital Government Authority, since 2021;
- Director of Royal Commission for Makkah City and Holy Sites, since 2021;
- Chairman of the General Organization for Social Insurance, since 2020;
- Director of General Authority for Statistics, since 2020;

Board of Directors continued

- Chairman of the National Center for Privatization & PPP (NCP), since 2019;
- Chairman of the National Debt Management Center, since 2019;
- Director of the Saudi Authority for Data and Artificial Intelligence, since 2019;
- Director of the Royal Commission for Riyadh City, since 2019;
- Committee Chairman of the Privatization Program Committee, since 2019;
- Chairman of the Non-Oil Revenue Center, since 2018;
- Chairman of the State Properties General Authority, since 2018;
- Committee Chairman of the Fiscal Sustainability Program Committee, since 2017;
- Committee Chairman of the Financial Sector Development Program Committee, since 2017;
- Committee Chairman of the Fiscal Balance Program Committee, since 2017;
- Director of National Development Fund, since 2017;
- Director of General Authority for Military Industries, since 2017;
- Director of the PIF, since 2016;
- Director of Military Industries Corporation, since 2016;
- Member of the Board of Governors of the Islamic Development Bank, since 2016;
- Member of the Board of Governors of the International Monetary Fund, since 2016;
- Member of the Board of Governors of the World Bank, since 2016;
- Member of the Board of Governors of the Arab Fund for Economic and Social Development, since 2016;
- Member of the Board of Governors of the Arab Monetary Fund, since 2016;
- Member of the Board of Governors of the Arab Bank for Economic Development in Africa, since 2016;
- Member of the Board of Governors of the Asia Infrastructure Investment Bank, since 2016;
- Member of the Board of Governors of the Arab Authority for Agricultural Investment and Development, since 2016; and,
- Member of the Board of Governors of the Arab Investment and Export Credit Guarantee Corporation, since 2016.

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

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

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

H.E. Mohammad M. Al-Tuwaijri

Director

Non-executive Director

H.E. Mohammad M. Al-Tuwaijri, 57, has served as a Director of the Company since 2018. Currently, H.E. Al-Tuwaijri serves as an Advisor at the Saudi Royal Court (Minister Level) on International and Local Economic Strategic matters. He also serves as the Chairman of the Saudi Royal Aviation Board of Directors, a member of the Council for Economic and Development Affairs (CEDA), Vice Chairman of the National Development Fund (NDF), a member of the Strategic Management Committee, and a member of the Finance Committee at the Saudi Royal Court. He is also a Director of the PIF, and a Director of the Royal Commission for Makkah City and Holy Sites (RCMC).

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

- Member of the Board of Trustees of KAUST, since 2022;
- Director of the Aviation Services Company, since 2022;
- Chairman of the Risk and the Audit Committees of the RCMC Board, since 2019;
- Chairman of the Investment Committee of the PIF Board, since 2019;
- Chairman of the Center for the National Transformation Program, since 2017; and,
- Chairman of the Executive Committee of the NDF, since 2017.

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

- Chairman of the National Infrastructure Fund Steering Committee from 2022 to 2023;
- Director of the General Organization for Social Insurance from 2020 to 2022;
- Supervisor of the National Risk Unit at the Royal Court from 2017 to 2021;
- Minister of Economy and Planning of the Kingdom; member of the Council of Ministers; Chairman of the Standing Committee of CEDA; Chairman of the Board of Directors of the National Project Management, Operation and Maintenance Organization (Mashroat), and the General Authority for Statistics; Secretary General of the National Center for Performance Measurement "Adaa"; and Director of Saudi Arabian Airlines from 2017 to 2020;
- Chairman of the National Center for Privatization & PPP from 2019 to 2020;
- Chairman of the National Center for Strategic Development Studies from 2016 to 2020;
- Director of the Saudi Authority for Data and Artificial Intelligence from 2019 to 2020;
- Director of the National Information Center from 2018 to 2020;
- Vice Chairman and Chief Executive Officer of HSBC Middle East, North Africa and Turkey; Regional Head of Global Banking & Markets, HSBC MENA from 2010 to 2016; and,
- Managing Director and Chief Executive Officer of J.P. Morgan Saudi Arabia from 2007 to 2010.

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

Mr. Andrew N. Liveris

Director

Independent Non-executive Director

Mr. Andrew N. Liveris, 69, has served as an independent Director of the Company since 2018. Currently, Mr. Liveris serves on the Board of Lucid Motors, as Deputy Chairman of the Board of Worley Parsons, and as a Director on the Boards of IBM Corporation, the Hevolution Foundation, and Novonix. He also serves on the Board of Trustees of KAUST, the United States Council for International Business, and the Australian Foundation Minderoo. He is the founder and Chairman of The Hellenic Initiative and was named the President of the Brisbane Organizing Committee for the 2032 Olympic and Paralympic Games. He is also an advisor to Teneo and the PIF, and a member of the Advisory Boards of Sumitomo Mitsui Banking Corporation (SMBC), NEOM, and Salesforce.com, Inc.

Mr. Liveris has also served in the following capacities:

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

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

Ms. Lynn Laverty Elsenhans

Director

Independent Non-executive Director

Ms. Lynn Laverty Elsenhans, 67, has served as an independent Director of the Company since 2018. Currently, Ms. Elsenhans serves as a Director on the Board of Baker Hughes Company.

Ms. Elsenhans has also served in the following capacities:

- Director of GlaxoSmithKline plc from 2012 to 2022;
- Director of Baker Hughes, a GE Company from 2017 to 2019;
- Director of Baker Hughes Inc. from 2012 to 2017;
- Director of Flowserve Corporation from 2014 to 2017;
- Director of International Paper Company from 2007 to 2012;
- President and CEO of Sunoco, Inc. from 2008 to 2012, becoming Chairwoman in 2009;
- Chairwoman of Sunoco Logistics Partners from 2008 to 2012, becoming CEO in 2010; and,
- Executive Officer at Royal Dutch Shell from 1980 to 2008, holding several senior executive roles including Executive Vice President Global Manufacturing.

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

Mr. Peter L. Cella

Director

Independent Non-executive Director

Mr. Peter L. Cella, 66, has served as an independent Director of the Company since 2018. Currently, Mr. Cella serves as a Director on the Boards of Frontdoor, Inc. and Inter Pipeline.

Mr. Cella has also served in the following capacities:

- Director of Critica Infrastructure from 2019 to 2023;
- Director of ServiceMaster Global Holdings from 2017 to 2018;
- President and CEO, and a Director of Chevron Phillips Chemical Company from 2011 to 2017;
- Director of the American Chemistry Council from 2011 to 2017;
- Director of Junior Achievement of Southeast Texas from 2011 to 2017; and,
- Senior Vice President for North America Petrochemicals for BASF Corporation from 2006 to 2011.

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

Mr. Mark A. Weinberger

Director

Independent Non-executive Director

Mr. Mark A. Weinberger, 62, has served as an independent Director of the Company since 2020. Currently, Mr. Weinberger serves as a Director on the Boards of Directors of JPMorgan Chase, Johnson & Johnson, and MetLife, Inc. He is a member on the Board of Trustees for the Greater Washington Partnership, The Concord Coalition, Emory University, and Case Western Reserve University. He is a Strategic Advisor to the Board of FCLTGlobal. He is a Senior Advisor to Stone Canyon Industries Holdings, Tanium, Teneo, and Chief Executives for Corporate Purpose (CECP). He is an Executive Advisor to G100 and World 50. He sits on the Board of Directors of JUST Capital Foundation, Inc., the National Bureau of Economic Research (NBER), and the Board of Advisors of American Council of Capital Formation. Mr. Weinberger is also a member of the Advisory Board of the Liveris Academy for Innovation and Leadership at The University of Queensland.

Mr. Weinberger has also served in the following capacities:

- Global Chairman and CEO of Ernst & Young (EY) from 2013 to 2019 and a Director since 2000, during which time he held a series of roles;
- Director on the Board of U.S. Business Roundtable from 2014 to 2019;
- Director on the Board of Catalyst, Inc. from 2013 to 2019;
- Co-Founder and Principal of Washington Counsel, P.C. (acquired by EY) from 1996 to 2000;
- Partner at Oldaker, Ryan & Leonard from 1995 to 1996;
- Member of the International Business Council at the World Economic Forum from 2013 to 2019;
- Global Agenda Steward for Economic Progress at the World Economic Forum; and,
- Chairman of the International Business Leaders Advisory Council (IBLAC) from 2017 to 2018.

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

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

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

Mr. Stuart T. Gulliver

Director

Independent Non-executive Director

Mr. Stuart Gulliver, 65, has served as an independent Director of the Company since 2021. Mr. Gulliver currently serves as a Director on the Boards of the Saudi Awwal Bank and Jardine Matheson. He serves on the international advisory council for the Hong Kong Stock Exchange. He also serves as the Chairman for Maggie's Cancer Charity.

Mr. Gulliver has also served in the following capacities:

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

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

Mr. Khalid H. Al-Dabbagh

Director

Non-executive Director

Mr. Khalid H. Al-Dabbagh, 62, has served as a Director of the Company since 2021. Currently, Mr. Al-Dabbagh also serves as Chairman of the Board of Directors for Saudi Basic Industries Corporation (SABIC), member of the Investment Committee of the Public Investment Fund (PIF), Director on the Board of Governors of the GCC Board Directors Institute, member of the World Economic Forum Chairpersons' Committee, and member of the King Abdulaziz Excellence Award Board Advisory Committee.

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

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

Mr. Al-Dabbagh has also previously served as:

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

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

Mr. Amin H. Nasser

Director, President & Chief Executive Officer

Executive Director

Mr. Amin H. Nasser, 65, has served as the President and Chief Executive Officer of the Company since 2015. Mr. Nasser has been a Director since 2010. Currently, Mr. Nasser is a member of the International Advisory Board of KFUPM, the Board of Trustees of KAUST, the World Economic Forum's International Business Council (IBC), the Massachusetts Institute of Technology Presidential CEO Advisory Board, the JP Morgan International Council, and the Board of BlackRock, Inc.

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

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

Senior Executives

Company and industry insight

Mr. Amin H. Nasser
President & Chief Executive Officer

Mr. Nasir K. Al-Naimi
Upstream President[1]

Mr. Mohammed Y. Al Qahtani
Downstream President[1]

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

Mr. Ashraf A. Al Ghazzawi[2]
Executive Vice President, Strategy
& Corporate Development

Mr. Wail A. Al Jaafari[3]
Executive Vice President,
Technical Services

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

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

Mr. Ahmad O. Al-Khowaiter[4]
Executive Vice President,
Technology & Innovation

1. In May 2023, the Company elevated and appointed the Executive Vice Presidents of Upstream and Downstream into the newly created roles of Upstream President and Downstream President, respectively, effective July 1, 2023.
2. Effective April 1, 2023, Mr. Ashraf A. Al Ghazzawi was appointed Executive Vice President of Strategy & Corporate Development. Prior to that, he served as the Acting Executive Vice President of Strategy & Corporate Development since January 1, 2023.
3. Effective October 1, 2023, Mr. Wail A. Al Jaafari was appointed Executive Vice President of Technical Services replacing Mr. Ahmad A. Al Sa'adi, who served as Executive Vice President of Technical Services until September 30, 2023, then remained with the Company until December 31, 2023, when he retired from Saudi Aramco. Mr. Al Sa'adi joined the Company in 1981 after earning a B.S. degree in Chemical Engineering from KFUPM and contributed to many leadership roles.
4. Effective April 1, 2023, Mr. Ahmad O. Al-Khowaiter was appointed Executive Vice President of Technology and Innovation.

Mr. Amin H. Nasser

President & Chief Executive Officer

Please see the Board of Directors' biographies subsection.

Mr. Nasir K. Al-Naimi

Upstream President

Mr. Nasir K. Al-Naimi was appointed Upstream President effective July 1, 2023.

Prior to this, Mr. Al-Naimi held the position of Executive Vice President of Upstream since April 1, 2021, which followed a short period as acting Business Line Head of Upstream, starting in September 2020. He previously served as Vice President, Petroleum Engineering & Development from 2016 to 2020, and as Vice President, Northern Area Oil Operations from 2012 to 2016.

Mr. Al-Naimi was appointed as a Board member of the Saudi Aramco Upstream Technology Company in 2017, and in April 2021, Mr. Al-Naimi was appointed as the Chairman of the Board of Saudi Aramco Upstream Technology Company. Previously, he was a Board member of Saudi Aramco Mobil Refinery Company Limited, the Arabian Drilling Company, Saudi Aramco Energy Ventures, and the Saudi Aramco Technologies Company.

Mr. Al-Naimi joined the Company in 1980 and he has taken part in several leadership training programs, including the Asian Business & Culture Program in 2008, the London Business School Senior Executive Program in 2004, and the President's Leadership Challenge in 1998. He received a B.S. degree in Petroleum Engineering from the University of Southern California in 1985.

Mr. Mohammed Y. Al Qahtani

Downstream President

Mr. Mohammed Y. Al Qahtani was appointed Downstream President effective July 1, 2023.

Prior to this, Mr. Al Qahtani held the position of Executive Vice President of Downstream, a role he commenced on September 13, 2020.

Over the course of his career, Mr. Al Qahtani has demonstrated versatile leadership in roles spanning the Corporate, Upstream, and Downstream sectors. In 2007, he was President and CEO of Aramco Services Company in Houston, Texas. In 2008, he was appointed Chief Petroleum Engineer. In 2009, he assumed the position of Executive Director and then Vice President of Petroleum Engineering & Development, followed by roles as Vice President of Corporate Affairs and Vice President of Corporate Planning. In 2016, Mr. Al Qahtani became a member of corporate management and was named Senior Vice President of Upstream.

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

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

In addition, he is a member of the Board of advisors for the Bilateral U.S.-Arab Chamber of Commerce. Other Boards on which he has served include the Saudi Council of Engineers, the Arabian Geophysical & Surveying Company Ltd. (ARGAS), PRefChem, and the International Society of Petroleum Engineers.

Mr. Ziad T. Al Murshed

Executive Vice President & Chief Financial Officer

Mr. Ziad T. Al Murshed was appointed Executive Vice President and Chief Financial Officer in May 2022.

Mr. Al Murshed has over 27 years of experience in the energy industry and was appointed acting service line head for Finance, Strategy & Development in July 2021. Previously, Mr. Al Murshed had served as the Vice President of Fuels & Lubricants, the Vice President of International Operations, and the Vice President of Downstream Growth & Integration. Prior to that, Mr. Al Murshed served as the Executive Director of New Business Development and the General Manager and Head of Transaction Development, responsible for executing joint ventures, mergers, acquisitions, and divestitures, as well as third-party and other transactions.

Mr. Al Murshed joined the Company in 1991 and started his career as a producing engineer in Exploration and Producing business line, which is currently named Upstream. He then moved to Downstream in 1998 and assumed several responsibilities covering refining, marketing, and joint venture development and coordination.

From 2005 to 2008, he worked at Ras Tanura Refinery, where he was Superintendent of Operations. In 2008, Mr. Al Murshed moved to Corporate Planning, where he was responsible for the Company's long-range business plan. From 2010 to 2012, he served as Manager of the Yanbu' NGL Fractionation Plant. In 2012, he was appointed Manager of Business Analysis in Corporate Planning, later becoming the Director of Economic & Energy Analysis. From 2013 to 2015, he was the Director of Strategic Planning for the Group.

Mr. Al Murshed is a member of the Board of Directors of SABIC, and Chairman of the Wisayah Global Investment Company. He previously served on the Board of Directors of Wa'ed Ventures, Vice Chairman of the Board of Director of the Industrialization and Energy Services Company (TAQA), Deputy Chairman of ARLANXEO, and a member of the Board of Managers of the International Maritime Industries Company. He also served on the Boards of Directors of S-OIL Corporation, Motiva Enterprises, Sadara Chemicals Company, the Saudi Authority for Industrial Cities and Technology Zones (Modon), and the Saudi Arabian International Investment Company (Dussur).

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

Senior Executives continued

Mr. Ashraf A. Al Ghazzawi

Executive Vice President, Strategy & Corporate Development

Mr. Ashraf A. Al Ghazzawi was appointed Executive Vice President, Strategy & Development effective April 1, 2023. He was previously Vice President of Strategy and Market Analysis, where he led corporate strategy development, sustainability, investments planning, global energy market analysis, and enterprise risk management.

Prior to that, Mr. Al Ghazzawi was the Company's Group Treasurer as well as the General Manager of Planning, Budgeting and Performance Management, a finance organization responsible for developing and overseeing the Company's business plans and group financial performance. Mr. Al Ghazzawi also held leadership positions at various organizations covering engineering, research, technology, and capital planning.

Mr. Al Ghazzawi is the Chairman of the Boards of Wa'ed Ventures, Saudi Aramco Development Company (SADCO), and Sadara Chemical Company. He is also a Board Director in Saudi Aramco Energy Ventures and Johns Hopkins Aramco Healthcare Company.

Mr. Al Ghazzawi has been with the Company for over 28 years. He has a Ph.D. degree in Engineering from the University of Manchester, and is a graduate of the Harvard Business School Program for Leadership Development.

Mr. Wail A. Al Jaafari

Executive Vice President, Technical Services

Mr. Wail A. Al Jaafari was appointed Executive Vice President of Technical Services, effective October 1, 2023, after serving as Senior Vice President of Southern Area Gas Operations (SAGO) since September 1, 2021.

Previously, Mr. Al Jaafari served as General Manager with SAGO and as the Director of IPO Structuring from May 2017 to December 2018. Prior to that, he was Director of the Global Economic and Energy Analysis Department from September 2014 to May 2017, and Director of the Portfolio Analysis and Decision Support Department from August 2013 to August 2014.

Mr. Al Jaafari joined the Company in October 1993, after earning a B.S. degree in Mechanical Engineering at King Fahd University of Petroleum and Minerals the same year.

Mr. Al Jaafari began his career as an engineer, serving in the Specialty Engineering Unit of the 'Uthmaniyah Gas Plant (UGP). In UGP and until May 2005, Mr. Al Jaafari handled several functions including Maintenance Engineer, Supervisor for Area Maintenance, Senior Supervisor for Planning and Scheduling, Senior Supervisor of Area Maintenance and Superintendent of Engineering Division. In May 2005, Mr. Al Jaafari was assigned as Engineering Specialist in New Business Evaluation Department during which he led in the Industrial Ventures Group. In January 2006, he moved to the Hawiyah NGL Recovery Plant as Senior Operations Engineer responsible for commissioning, after which he was named Superintendent for Hawiyah NGL Maintenance in July 2008. In December 2008, Mr. Al Jaafari was assigned as Head of Commissioning for the academic and research facilities in King Abdullah University of Science and Technology.

In October 2010, he was named Senior Planning/Analysis Consultant in Corporate Planning and acted as the Department Manager of the Long-Range Planning Department leading Aramco's Business Plan, until May 2012, when he departed to the U.S. to undertake the Massachusetts Institute of Technology (MIT) Sloan Fellows Program.

Following Mr. Al Jaafari's return in 2013, he was assigned permanently as the Manager for the Portfolio Analysis and Decision Support Department, and also completed acting assignments as Director for Kingdom Economic and Energy Analysis Department, Manager of the Khursaniyah Gas Plant Department, General Manager of Planning, Budgeting and Business Performance, and General Manager of Procurement, before being named General Manager for Southern Area Gas Operations.

Mr. Al Jaafari has completed a number of leadership courses since joining the Company, including the President's Leadership Challenge, the Saudi Aramco Management Development Seminar, the Advanced Management Program, and an executive MBA via the MIT Sloan Fellows Program.

Mr. Al Jaafari sits on the Boards of the Johns Hopkins Aramco Healthcare Company and serves as the Chairman of Power Cogeneration Plant Company (PCPC), National Industrial Training Institute (NITI), and National Power Academy (NPA).

Mr. Nabeel A. Al Mansour

Executive Vice President, General Counsel & Corporate Secretary

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

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

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

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

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

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

Mr. Nabeel A. Al-Jama'

Executive Vice President, Human Resources & Corporate Services

Mr. Nabeel A. Al-Jama' was appointed Executive Vice President of Human Resources and Corporate Services (HR&CS) effective July 1, 2020. Prior to that, Mr. Al-Jama' served as Acting Service Line Head for Operations & Business Services since January 2020. His experience as a member of executive management has been extensive and varied. Before assuming his role as a service line head, Mr. Al-Jama' was Vice President of Corporate Affairs, a role he assumed in June 2018.

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

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

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

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

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

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

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

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

Mr. Ahmad O. Al-Khowaiter

Executive Vice President, Technology & Innovation

Mr. Ahmad O. Al-Khowaiter was appointed Executive Vice President, Technology & Innovation, effective April 1, 2023. Prior to that, Mr. Al-Khowaiter served as Senior Vice President and Chief Technology Officer, effective May 2015.

Mr. Al-Khowaiter joined the Company in 1984 and completed a B.S. degree in Chemical Engineering from King Fahd University of Petroleum and Minerals in 1988. After earning an M.S. degree in Chemical Engineering from the University of California, Mr. Al-Khowaiter joined the Process & Control Systems Department in July 1996. After joining the Hawiyah Gas Plant Project as a Project Engineer in 1997, he became a Senior Project Engineer in 1999.

In 2000, Mr. Al-Khowaiter was given a division-level leadership role and led the commissioning of the Hawiyah Gas Plant. In 2002, he was transferred to the Haradh Gas Plant during the construction and commissioning phase and served as Superintendent of Gas Plant Operations.

Between 2004 and 2005, Mr. Al-Khowaiter attended the Massachusetts Institute of Technology's Sloan Fellowship Program, earning an MBA.

In July 2005, Mr. Al-Khowaiter was named Manager, Facilities Planning, and in 2006, he led the development of the master plan for the King Abdullah University of Science & Technology.

Mr. Al-Khowaiter returned to Saudi Aramco in November 2009 and became Director of New Business Evaluation, before being promoted to Chief Engineer, a position he served until 2014. In 2014, he undertook a temporary assignment as Executive Head of Power Systems before being appointed as Chief Technology Officer, Technical Oversight & Coordination in January 2015.

Mr. Al-Khowaiter is also currently a member of the Boards of Directors of Saudi Aramco Development Co. (SADCO), the King Abdulaziz City of Science & Technology (KACST), NEOM Energy and Water Company, and Plant Digital for Industry Company (Plant.Digital).

Overseeing the business

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

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

Board Committees

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

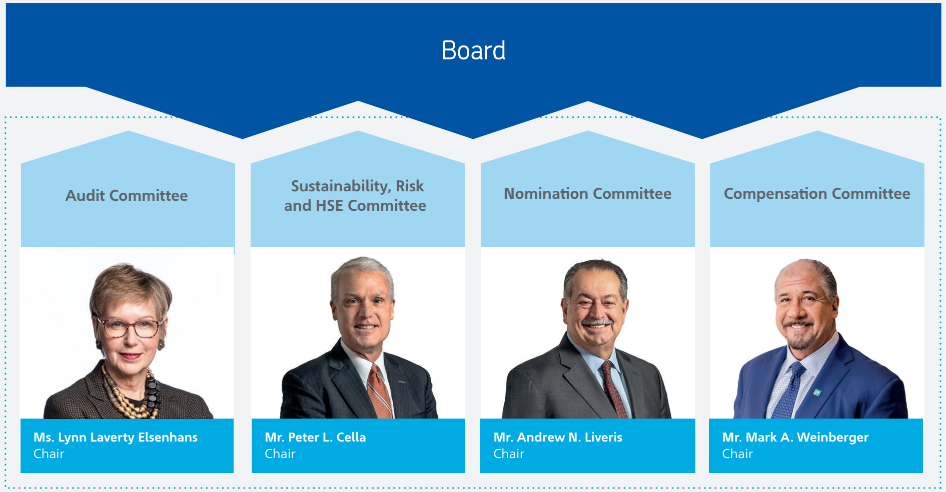
Independence

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

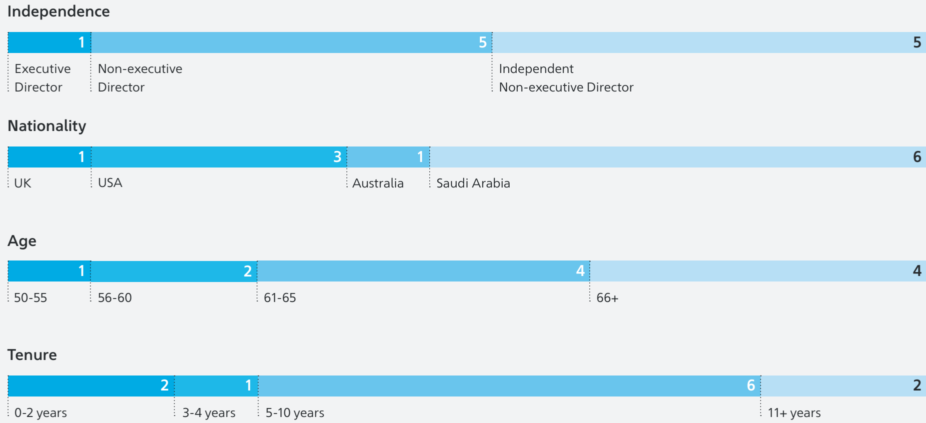
There are no existing conflicts of interest between any duties of any Director toward the Company and the Director's personal interests and/or other duties. Further, during the last fiscal year, none of the Directors participated in any competing business with the Company, according to the competition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

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

Board Committees



Overview of the Board[1]



1. All Board statistics are as of March 11, 2024.

Board structure continued

Board diversity and composition

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

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

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

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

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

Director skills and experience

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

Board structure continued

Board evaluations

The Board conducts an annual self-assessment, alternating between conducting its own assessment with the Nomination Committee overseeing the process and engaging with a third-party consultant to conduct the assessment at least once every three years. Director responses and feedback are reviewed and tracked over time to identify trends and determine appropriate items of focus to enhance the Board's performance. In 2023, the Board self-assessment was conducted by a third-party consultant. The consultant oversaw the process and communicated the results to the Board.

Board attendance

In 2023 there were five Board meetings. There were no meeting attendances by proxy during 2023. Below is a record of attendance at these meetings for each Board member.

2023 Board meeting attendance

Members	Mar 10	May 8	Aug 6	Nov 6	Dec 13-14
H.E. Yasir O. Al-Rumayyan, Chairman	✓	✓	✓	✓	✓
H.E. Dr. Ibrahim A. Al-Assaf, Deputy Chairman	✓	✓	✓	✓	✓
H.E. Mohammed A. Al-Jadaan	✓	✓	✓	✓	✓
H.E. Mohammad M. Al-Tuwaijri	✓	✓	✓	✓	✓
Mr. Andrew N. Liveris	✓	✓	✓	✓	✓
Ms. Lynn Laverty Elsenhans	✓	✓	✓	✓	✓
Mr. Peter L. Cella	✓	✓	✓	✓	✓
Mr. Mark A. Weinberger	✓	✓	✓	✓	✓
Mr. Stuart T. Gulliver	✓	✓	✓	✓	✓
Mr. Khalid H. Al-Dabbagh	✓	✓	✓	✓	✓
Mr. Amin H. Nasser	✓	✓	✓	✓	✓

Annual Meeting of Shareholders

On May 8, 2023, the Company held its annual assembly by conducting an Extraordinary General Assembly Meeting. The meeting was held virtually. All of the Board members attended the EGM. The EGM voted and approved the Board of Director's recommendation to increase the Company's share capital by way of granting bonus shares through the capitalization of 15,000,000,000 Saudi Riyals from the Company's retained earnings. The EGM reviewed and discussed the 2022 Board of Directors report and the 2022 financial statements. The 2022 auditor's report was also discussed.

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

Audit Committee report

2023 Audit Committee meeting attendance

Members	Mar 9	May 7	Aug 5	Nov 5	Dec 13
Ms. Lynn Laverty Elsenhans, Chair	✓	✓	✓	✓	✓
H.E. Mohammed A. Al-Jadaan	✓	✓	✓	✓	✓
Mr. Peter L. Cella	✓	✓	✓	✓	✓
Mr. Mark A. Weinberger	✓	✓	✓	✓	✓
Mr. Stuart T. Gulliver	✓	✓	✓	✓	✓

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

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

The Audit Committee met five times in 2023.

To enable the Audit Committee to fulfill its role, duties, and objectives, the relevant key Company stakeholders and members of management participated in each of the Audit Committee meetings held in 2023 along with the Company's external auditor.

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

The Audit Committee engages with:

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

Based on input and presentations from relevant key stakeholders and members of management, the Audit Committee endorsed several items in 2023 for Board approval, including:

- The 2022 Annual Report, containing the 2022 consolidated audited financial statements;
- The 2023 quarterly interim reports; and,
- The recommendation for the continued appointment of the Company's external auditor for the fiscal year 2024.

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

- A summary of the Company's internal auditing activities in 2022, covering areas such as assurance activities, advisory engagements, fraud risk management, and certain key initiatives taken during the year;
- Quarterly reports on the Company's ongoing internal auditing activities in 2023;
- The financial performance in 2022 of the investments to fund the Company's benefit plans and approval of amendments to investment policies;
- A report on significant litigation matters;
- A review of the Company's financial risk management activities and an overview of the Treasury organization;
- The Company's 2024 global internal audit plan, including the related plan development approach and process;
- The external auditor's use of new technologies;
- A report on the Company's Enterprise Tax Risk Management Framework; and,
- A report on managing enterprise-wide regulatory compliance risks through a global compliance framework.

Audit Committee report continued

The Company's General Auditor was present at each of the Audit Committee meetings held in 2023. As part of his presentations to the Audit Committee, the General Auditor reported on the Company's internal auditing activities undertaken during the year. As part of the Audit Committee's review of the 2024 global internal audit plan, the Audit Committee sought to ensure that the plan is aligned with the key risks of the business.

Financial reporting and external audit

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

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

At the Audit Committee's meetings in 2023 there were extensive reports and discussions with the external auditor and members of management regarding the financial statements, including detailed analysis of the financial performance and changes in the financial position of the Company, the process to prepare the final audited annual financial statements, and the related independent review by the external auditor for the first, second, and third quarters of the year. The external auditor also presented to the Audit Committee members the 2023 External Audit Plan, reviewing the process they would undertake to complete the audit of the 2023 annual financial statements. Also, at this meeting, the Audit Committee reviewed the external auditor's performance and independence for 2023 and did not identify any deficiencies.

At the 2021 AGM, the Company's shareholders appointed PwC for the 10-year period from 2021-2030 up to and including the first quarter of 2031; therefore, PwC will not have to be appointed by the shareholders until fiscal year 2031. The Audit Committee endorsed, for approval by the Board, the continued appointment of PwC for 2024 and approved the engagement letter with PwC, setting out the terms and conditions for its services in 2024. Regardless of this shareholder appointment, the Company may, in its discretion, appoint, for approval by the shareholders, a different external auditor prior to the end of PwC's term.

In 2023, when recommending the appointment of PwC as the external auditor for 2024, the Audit Committee authorized management to engage PwC to perform certain limited other services, to ensure they, as external auditor, remain independent under the Saudi Organization for Chartered and Professional Accountants (SOCPA) standards and under guidance issued by the International Ethics Standards Board for Accountants (IESBA).

PwC fees for the year related to the audit and review of Saudi Aramco's consolidated financial statements were SAR 31 million (2022: SAR 25 million). Other fees for the year comprise of SAR 115 million (2022: SAR 93 million) for the audit of the subsidiaries[1], and SAR 15 million (2022: SAR 19 million) for additional services provided to Saudi Aramco and its subsidiaries.

The current audit partner will continue to act as global engagement audit partner for PwC until the conclusion of the fiscal year-end 2024 audit, subject to satisfactory performance and continued engagement of PwC, as external auditor. This will result in the current audit partner serving for a sixth year term, which was endorsed by the Audit Committee and approved by the Board.

Internal controls

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

1. The term subsidiaries, as defined by IFRS, means entities over which the Company has control.

Sustainability, Risk and HSE Committee report

2023 Sustainability, Risk and HSE Committee meeting attendance

Members	Mar 9	May 7	Aug 5	Nov 5
Mr. Peter L. Cella, Chair	✓	✓	✓	✓
H.E. Mohammad M. Al-Tuwaijri	✓	✓	✓	✓
Mr. Stuart T. Gulliver	✓	✓	✓	✓
Mr. Khalid H. Al-Dabbagh	✓	✓	✓	✓
Mr. Amin H. Nasser	✓	✓	✓	✓

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

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

The Sustainability, Risk and HSE Committee held four meetings in 2023.

During the year, it received updates from Management on routine assessments and reviews that were conducted regarding several corporate risks that the Company is actively managing, including those relating to major transactions, market disruption, cyber-attack, climate change, facility attacks, and cost inefficiency.

Further, in 2023 the Sustainability, Risk and HSE Committee received updates on the Company's enterprise risk management (ERM) framework, the Company's Operational Excellence (OE) Program, and the Company's sustainability related issues. The Sustainability, Risk and HSE Committee received several updates relating to the Company's Sustainability Report and endorsed the 2022 Sustainability Report for approval by the Board.

The Sustainability, Risk and HSE Committee also received updates on new environmental laws and regulations in the Kingdom impacting the Company, investigations regarding work-related fatality incidents, and cyberattacks in recent trends in the industry.

In addition, the Sustainability, Risk and HSE Committee reviewed the Company's 2022 performance with respect to safety incidents and with respect to certain health, safety, and environmental metrics and targets. The Sustainability, Risk and HSE Committee also reviewed the Company's quarterly performance for the first three quarters in 2023 with respect to HSE metrics and targets, along with reviewing proposed HSE corporate key performance indicator metrics and targets for 2024.

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

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

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

Nomination Committee statement

2023 Nomination Committee meeting attendance

Members	Mar 9	May 7	Aug 5	Nov 5	Dec 13
Mr. Andrew N. Liveris, Chair	✓	✓	✓	✓	✓
H.E. Yasir O. Al-Rumayyan	✓	✓	✓	✓	✓
H.E. Dr. Ibrahim A. Al-Assaf	✓	✓	✓	✓	✓
H.E. Mohammad M. Al-Tuwaijri	✓	✓	✓	✓	✓
Mr. Khalid H. Al-Dabbagh	✓	✓	✓	✓	✓

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

The Nomination Committee held five meetings in 2023.

In March 2023, the Nomination Committee verified the following with respect to the Directors; the independence of five Directors, and the absence of any conflicts of interest, as of the date thereof, with respect to any Director. In addition, the Nomination Committee reviewed and analyzed the results from the 2022 Board self-assessment questionnaire and endorsed a proposed process for the 2023 Board and Board Committees' self-assessment process, conducted by Egon Zehnder, a third-party consultant. The Nomination Committee, supported by Egon Zehnder, also discussed the topic of Board succession planning, to ensure the maintenance of an adequate pipeline of prospective, suitable Director candidates. The Nomination Committee also discussed succession planning for Executive Officers, and certain changes to the Saudi Aramco organization and operating model. Finally, the Nomination Committee endorsed for the Board's approval the appointment of certain individuals to serve as Executive Officers.

In May 2023, the Nomination Committee met to review progress with certain changes to the Saudi Aramco organization and operating model. The Nomination Committee also recommended the creation of the new roles of Upstream President and Downstream President as Executive Officers, and endorsed for the Board's approval the appointment of certain individuals to serve as Executive Officers, including as Upstream President and as Downstream President. Finally, the Nomination Committee again discussed the topic of Director succession planning, with support of the consultant.

In August 2023, the Nomination Committee reviewed progress of the changes to the Company, endorsed for the Board's approval the appointment of certain individuals to serve as Executive Officers and discussed, again, the topic of Director succession planning, with support of the consultant.

In November 2023, the Nomination Committee reviewed the workshops conducted for the Directors in 2023, and reviewed and endorsed proposed workshops for the Directors for the year 2024. Further, the Nomination Committee reviewed the Company's succession planning process for Directors, with support of the consultant, and for Executive Officers. Finally, the Nomination Committee received an update on the Director nominations and elections process and timing, in light of the Director elections planned for the Annual General Assembly meeting in May 2024, for a new three-year term.

In December 2023, the Nomination Committee convened for a fifth time in 2023, for a further discussion of the Company's succession planning process for Directors.

With respect to the means used by the Board to assess its performance and the performance of its members, the Board's 2023 self-assessment process was conducted with the third-party participation of Board consultancy firm Egon Zehnder. Egon Zehnder also provides Director search services to the Company. The consultant-led self-assessment took place throughout the year and included, among other things, completion of a questionnaire similar to the one used in the 2022 engagement, one-on-one discussions of the consultant with each individual Director, and a discussion of the results to determine any trends in the performance of the Board and its Committees and suggestions for improvements, during the Board's December meeting.

Compensation Committee statement

2023 Compensation Committee meeting attendance

Members	Mar 9	May 7	Aug 5	Nov 5	Dec 13
Mr. Mark A. Weinberger, Chair	✓	✓	✓	✓	✓
H.E. Yasir O. Al-Rumayyan	–	✓	✓	✓	✓
H.E. Mohammed A. Al-Jadaan	✓	✓	✓	✓	✓
Mr. Andrew N. Liveris	✓	✓	✓	✓	✓
Ms. Lynn Laverty Elsenhans	✓	✓	✓	✓	✓

The primary role of the Compensation Committee is to:

- Oversee the Company's policy on compensation and its implementation;
- Develop annual individual compensation plans for Directors and Senior Executives of similar standing or performing duties equivalent to those of an executive vice president or higher; and,
- Review and approve the design of annual compensation plans for the Company's broad-based employee population.

The Compensation Committee held five meetings in 2023.

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

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

Compensation and other interests

Compensation policy

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

Board remuneration

Table 1 below sets out the remuneration of Board members consistent with the Company's compensation policy and Bylaws.

Table 1: 2023 Board remuneration

All amounts in SAR	Fixed remuneration							Variable remuneration								
	Specific amount	Allowance for attending Board meetings	Total allowance for attending committee meetings	In-kind benefits	Remuneration for technical, managerial, and consultative work	Remunerations of the Chairman, Managing Director or Secretary, if a member	Total	Percentage of the profits	Periodic remuneration	Short-term incentive plans	Long-term incentive plans	Granted shares (value)	Total	End-of-service award	Aggregate amount	Expenses allowance
Independent Directors																
Mr. Andrew N. Liveris	1,237,500	–	–	5,693	–	–	1,243,193	–	–	–	–	–	–	–	1,243,193	10,500
Ms. Lynn Laverty Elsenhans	1,237,500	–	–	5,693	–	–	1,243,193	–	–	–	–	–	–	–	1,243,193	13,500
Mr. Peter L. Cella	1,237,500	–	–	5,693	–	–	1,243,193	–	–	–	–	–	–	–	1,243,193	13,500
Mr. Mark A. Weinberger	1,237,500	–	–	5,693	–	–	1,243,193	–	–	–	–	–	–	–	1,243,193	10,500
Mr. Stuart T. Gulliver	1,125,000	–	–	5,693	–	–	1,130,693	–	–	–	–	–	–	–	1,130,693	4,500
Total	**6,075,000**	**–**	**–**	**28,465**	**–**	**–**	**6,103,465**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**6,103,465**	**52,500**
Non-executive Directors																
H.E. Yasir O. Al-Rumayyan	1,350,000	–	–	83,418	–	–	1,433,418	–	–	–	–	–	–	–	1,433,418	4,500
H.E. Dr. Ibrahim A. Al-Assaf	1,125,000	–	–	6,529	–	–	1,131,529	–	–	–	–	–	–	–	1,131,529	7,500
H.E. Mohammed A. Al-Jadaan	1,125,000	–	–	6,529	–	–	1,131,529	–	–	–	–	–	–	–	1,131,529	7,500
H.E. Mohammad M. Al-Tuwaijri	1,125,000	–	–	6,529	–	–	1,131,529	–	–	–	–	–	–	–	1,131,529	7,500
Mr. Khalid H. Al-Dabbagh	1,125,000	–	–	3,803	–	–	1,128,803	–	–	–	–	–	–	–	1,128,803	7,500
Total	**5,850,000**	**–**	**–**	**106,808**	**–**	**–**	**5,956,808**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**5,956,808**	**34,500**
Executive Directors																
Mr. Amin H. Nasser	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total	**11,925,000**	**–**	**–**	**135,273**	**–**	**–**	**12,060,273**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**12,060,273**	**87,000**

In accordance with the Company's Bylaws, the Compensation Committee of the Board sets Director remuneration, without exceeding SAR 1.8 million for each member per year. Non-executive/independent members of the Board receive an annual fixed fee, a premium payment for those Directors chairing committees and the Board, reimbursement of any travel expenses, and health, welfare, and accommodation benefits for their service. Committee members receive no additional remuneration for their service on Board Committees, other than in the capacity as Chair of any committee. Executive members of the Board are not remunerated for their service as Directors.

Senior Executives' remuneration

Table 2 sets out the aggregated remuneration paid to the Company's five highest paid Senior Executives, inclusive of the CEO and CFO positions.

Table 2: Total remuneration paid to the five highest paid executives including CEO and CFO

All amounts in SAR	Fixed remuneration				Variable remuneration								
	Salaries	Allowances	In-kind benefits	Total	Periodic remuneration	Profits	Short-term incentive plans	Long-term incentive plans	Granted shares (value)	Total	End-of-service award	Total remunerations for Board Executives, if any	Aggregate amount
Total	**15,717,060**	**7,798,836**	**2,848,012**	**26,363,908**	**–**	**–**	**26,574,023**	**2,741,650**	**26,352,317**	**55,667,990**	**34,884,805**	**–**	**116,916,703**

The Company's compensation framework for its Senior Executives is designed to provide a balanced compensation package that includes base pay, variable pay, and benefits as follows:

- With respect to fixed remuneration, the Company considers the level and demands of the position, including duties and responsibilities, as well as the educational qualifications, practical experience, skills, performance, and seniority of the individual, all within the context of market conditions and pay practices of peers and other relevant companies;
- With respect to variable remuneration, the Company offers variable compensation that is market-aligned and subject to the fulfillment of predefined performance goals. Two key variable pay plans are used: a Short-Term Incentive Plan (STIP), an annual cash-based plan designed to reward performance in three areas (financial, operational, and safety and sustainability); and a Long-Term Incentive Plan (LTIP) designed to reward key financial, strategic, and environmental/sustainability performance over a three-year period. The values reported for 2023 represent the awarded amount for the 2021 to 2023 performance period, granted in shares which vested on March 7, 2024, and the cash equivalent of dividend distributions on those shares during the performance period;
- Besides pension, savings plan, and medical services, benefits are primarily housing-related allowances or equivalent, and transportation-related allowances or equivalent. The nature and levels of benefits for the Senior Executives are periodically reviewed and approved by the Compensation Committee; and,
- End-of-service awards represent the annual incremental value to the employee of pension provisions and end-of-service severance provisions, all of which are paid post-employment.

Compensation and other interests continued

Directors' and Senior Executives' shareholdings and holdings in debt instruments

Table 3 illustrates shares held by Directors, their relatives, and changes that occurred during 2023. No Director has any interest in debt instruments issued by the Company or its subsidiaries, and there were no arrangements or agreements by which any of the Directors waived any salary or compensation.

Table 3: Board of Directors' rights to shares or debt instruments

Ownership of Directors

Description of any interest, contractually-based securities, and subscription rights of the Directors and their relatives in the Company's/subsidiaries' shares or debt instruments.

	Beginning of the year		End of the year		
Name of interest holder	Number of shares	Debt instruments	Number of shares	Debt instruments	Net change
H.E. Yasir O. Al-Rumayyan	3,300,000	–	3,630,000	–	330,000
H.E. Dr. Ibrahim A. Al-Assaf	125,775	–	140,008	–	14,233
H.E. Mohammed A. Al-Jadaan	–	–	–	–	–
H.E. Mohammad M. Al-Tuwaijri	–	–	–	–	–
Mr. Andrew N. Liveris	–	–	–	–	–
Ms. Lynn Laverty Elsenhans	–	–	–	–	–
Mr. Peter L. Cella	–	–	–	–	–
Mr. Mark A. Weinberger	–	–	–	–	–
Mr. Stuart T. Gulliver	–	–	–	–	–
Mr. Khalid H. Al-Dabbagh	258	–	92,998	–	92,740

Ownership of Directors' relatives[1]

	Beginning of the year		End of the year		
Name of interest holder	Number of shares	Debt instruments	Number of shares	Debt instruments	Net change
Relatives of H.E. Yasir O. Al-Rumayyan	–	–	601	–	601
Relatives of H.E. Dr. Ibrahim A. Al-Assaf	–	–	–	–	–
Relatives of H.E. Mohammed A. Al-Jadaan	–	–	–	–	–
Relatives of H.E. Mohammad M. Al-Tuwaijri	–	–	–	–	–
Relatives of Mr. Andrew N. Liveris	–	–	–	–	–
Relatives of Ms. Lynn Laverty Elsenhans	–	–	–	–	–
Relatives of Mr. Peter L. Cella	–	–	–	–	–
Relatives of Mr. Mark A. Weinberger	–	–	–	–	–
Relatives of Mr. Stuart T. Gulliver	–	–	–	–	–
Relatives of Mr. Khalid H. Al-Dabbagh	4,641	–	4,986	–	345

1. The term relatives, as defined under the Corporate Governance Regulations, refers to:
   - Fathers, mothers, grandfathers, and grandmothers (and their ancestors);
   - Children and grandchildren and their descendants;
   - Siblings, maternal and paternal half-siblings; and,
   - Husbands and wives.

Table 4 illustrates shares held by Senior Executives, their relatives, and changes that occurred during 2023. No Senior Executive has any interest in debt instruments issued by the Company or its subsidiaries and there were no arrangements or agreements by which any of the Senior Executives waived any salary or compensation.

Table 4: Senior Executives' rights to shares or debt instruments

Ownership of Senior Executives

Description of any interest, contractually-based securities, and subscription rights of the Senior Executives and their relatives in the Company's/subsidiaries' shares or debt instruments.

	Beginning of the year		End of the year		
Name of interest holder	Number of shares	Debt instruments	Number of shares	Debt instruments	Net change
Mr. Amin H. Nasser	9,066	–	524,810	–	515,744
Mr. Nasir K. Al-Naimi	4,097	–	60,193	–	56,096
Mr. Mohammed Y. Al Qahtani	22,666	–	120,902	–	98,236
Mr. Ziad T. Al Murshed	258	–	35,847	–	35,589
Mr. Ashraf A. Al Ghazzawi	17,418	–	24,498	–	7,080
Mr. Ahmad A. Al Sa'adi[1]	20,868	–	129,706	–	108,838
Mr. Wail A. Al Jaafari[2]	7,000	–	10,896	–	3,896
Mr. Nabeel A. Al Mansour	2,958	–	87,529	–	84,571
Mr. Nabeel A. Al-Jama'	37,460	–	101,118	–	63,658
Mr. Ahmad O. Al-Khowaiter	76,843	–	135,814	–	58,971

Ownership of Senior Executives' relatives[3]

	Beginning of the year		End of the year		
Name of interest holder	Number of shares	Debt instruments	Number of shares	Debt instruments	Net change
Relatives of Mr. Amin H. Nasser	97,081	–	29,663	–	(67,418)
Relatives of Mr. Nasir K. Al-Naimi	313	–	759	–	446
Relatives of Mr. Mohammed Y. Al Qahtani	1,210	–	19,762	–	18,552
Relatives of Mr. Ziad T. Al Murshed	258	–	626	–	368
Relatives of Mr. Ashraf A. Al Ghazzawi	879	–	1,535	–	656
Relatives of Mr. Ahmad A. Al Sa'adi[1]	6,122	–	8,569	–	2,447
Relatives of Mr. Wail A. Al Jaafari[2]	4,699	–	5,306	–	607
Relatives of Mr. Nabeel A. Al Mansour	–	–	–	–	–
Relatives of Mr. Nabeel A. Al-Jama'	10,971	–	14,630	–	3,659
Relatives of Mr. Ahmad O. Al-Khowaiter	8,951	–	9,846	–	895

1. Mr. Ahmad A. Al Sa'adi served as Executive Vice President of Technical Services until September 30, 2023, then remained with the Company until December 31, 2023, when he retired from Saudi Aramco.
2. Mr. Wail A. Al Jaafari was appointed Executive Vice President of Technical Services on October 1, 2023.
3. The term relatives, as defined under the Corporate Governance Regulations, refers to:
   - Fathers, mothers, grandfathers, and grandmothers (and their ancestors);
   - Children and grandchildren and their descendants;
   - Siblings, maternal and paternal half-siblings; and,
   - Husbands and wives.

The Company has adopted and implemented certain corporate governance policies and procedures pursuant to the Corporate Governance Regulations, together with certain global ethics and compliance policies. Moreover, the Company has implemented a Code of Business Conduct which provides guidelines to the Directors, Senior Management, employees, and contract employees of the Company and its controlled subsidiaries regarding, among other things, health, safety and environmental protection, competition and antitrust, anti-bribery and anti-corruption, conflicts of interest, disclosures controls, insider trading, related parties transactions, data privacy, international trade controls, internal investigations, and compliance with applicable law. The Company continues to review and identify additional policies and procedures that it believes are appropriate for a company of its size, structure, and the industry in which it operates. In addition, the Company has established an ongoing internal training plan in support of the Company's ethics and regulatory compliance programs, and requires personnel to provide various certifications attesting to awareness of, and adherence to, the Company's ethical and regulatory compliance standards.

Risk management

The Board routinely assesses the Company's risks that could impact its business model and/or future performance. The Company's risk management framework and risk factors are outlined in Section 4: Risk.

Board of Directors declarations

The Board declares the following:

- The accounting records were properly prepared;
- The system of internal control is sound in design and has been effectively implemented; and,
- There are no doubts on the Company's ability to continue business.

Company declarations

SOCPA endorsed IFRS compliant

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) that are endorsed in the Kingdom, and other standards and pronouncements issued by SOCPA. The consolidated financial statements are also in compliance with IFRS as issued by the International Accounting Standards Board (IASB).

Contractual interests of Directors and Senior Executives

Other than compensation arrangements, there are no Company contracts or business with the Company in which Directors, Senior Executives or persons related to them have a personal interest.

Interests in voting shares

On February 13, 2022, the Government informed the Company of the Government's transfer of 4% of the Company's total share capital to the PIF. In addition, on April 16, 2023, the Government announced the transfer of an additional 4% of the Company's issued shares to Sanabil Investments Company, a wholly-owned subsidiary of the PIF. Furthermore, on March 7, 2024, the Government announced the transfer of an additional 8% of the Company's issued shares to PIF's wholly-owned companies. As a result, the Government directly owned 82.19% of the Company's shares as of the date of this Annual Report.

During the year 2023, there were no interests in any class of voting shares held by persons who have officially notified the Company of their holdings pursuant to Article 85 of the Rules on the Offer of Securities and Continuing Obligations.

Investments made or any reserves set up for the benefit of employees

All amounts in millions SAR	2023	2022
Pension plans	(7,784)	(7,481)
Medical and other post-employment benefit plans	9,270	11,370
Net benefit liability	1,486	3,889

For details regarding investments made or any reserves set up for the benefit of employees, refer to Section 7: Consolidated financial statements – Note 21.

Convertible debt instruments, contractual securities, preemptive right or similar rights issued or granted

On December 11, 2019, the Company acquired 117.2 million ordinary shares from the Government for the purposes of issuing them to employees through the Company's share plans. For further details, refer to Section 7: Consolidated financial statements – Notes 16 and 17.

Conversion or subscription rights under any convertible debt instruments, contractually-based securities, warrants or similar rights issued or granted

The Company did not issue or grant any conversion or subscription rights under any convertible debt instruments, contractually-based securities, warrants or similar rights.

Redeemable debt instruments

During 2023, SATORP has redeemed all of its outstanding debt instruments listed in the Saudi Exchange amounting to SAR 1,458 million. The Company did not redeem, purchase or cancel any redeemable debt instruments.

The Company's requests of shareholders records in 2023

No.	Request date	Request rationale
1	January 31	Shareholder analysis
2	March 5	Shareholder analysis
3	March 5	Shareholder analysis
4	March 16	Dividend distribution
5	March 20	Shareholder analysis
6	April 12	Shareholder analysis
7	April 12	Shareholder analysis
8	April 12	Shareholder analysis
9	April 12	Shareholder analysis
10	April 27	Shareholder analysis
11	April 27	Shareholder analysis
12	May 7	Shareholder analysis
13	May 8	"Extraordinary General Assembly meeting"
14	May 10	Shareholder analysis
15	May 14	Shareholder analysis
16	May 16	Shareholder analysis
17	May 16	Shareholder analysis
18	May 18	Dividend distribution
19	May 18	Shareholder analysis
20	June 7	Shareholder analysis
21	June 7	Shareholder analysis
22	June 8	Shareholder analysis
23	June 8	Shareholder analysis
24	June 11	Shareholder analysis
25	June 13	Shareholder analysis
26	June 13	Shareholder analysis
27	June 20	Shareholder analysis
28	July 9	Shareholder analysis
29	July 16	Shareholder analysis
30	August 2	Shareholder analysis
31	August 10	Shareholder analysis
32	August 10	Shareholder analysis
33	August 10	Shareholder analysis
34	September 3	Shareholder analysis
35	September 12	Dividend distribution
36	September 12	Dividend distribution
37	October 4	Shareholder analysis
38	November 1	Shareholder analysis
39	November 16	Dividend distribution
40	November 16	Dividend distribution
41	December 3	Shareholder analysis
42	December 5	Shareholder analysis

Dividend distribution policy and dividends framework

Pursuant to the Bylaws, the Board has sole discretion to declare dividends with respect to the outstanding shares in accordance with the Company's dividend distribution policy. However, it is under no obligation to do so. The amount and frequency of any dividends will depend on a number of factors, including the Company's historic and anticipated earnings and cash flow, the Company's financial obligations, capital requirements and growth plans, the Company's desire to maintain an investment grade credit rating across oil price cycles, general economic and market conditions, and other factors deemed relevant by the Board. The Company's expectations in connection with these factors are subject to numerous assumptions, risks, and uncertainties, which may be beyond the Company's control.

The Company pays cash dividends to non-Government shareholders in SAR and to the Government in U.S. dollars. All shares have the same entitlement to any dividends declared by the Board and any dividends are and will be distributed in compliance with applicable tax laws.

In 2022 and 2023, the Company's base dividend payments totaled SAR 281.3 billion ($75.0 billion) and SAR 292.7 billion ($78.0 billion), respectively.

On March 8, 2024, the Company declared a base dividend of SAR 76.1 billion ($20.3 billion) for the fourth quarter of 2023.

In addition to the base dividend, in 2023, the Company introduced a mechanism for performance-linked dividends to support its aim to deliver a balanced mix of growth and yield to shareholders, which is intended to be paid in the amount of 50-70% of the Group's annual free cash flow, net of the base dividend and other amounts including external investments[1]. The first performance-linked dividends were calculated based on the Group's combined full-year results of 2022 and 2023 and intended to be paid over six quarters, commencing in the third quarter of 2023.

1. For the purpose of calculating performance-linked dividends, external investments include acquisition of affiliates, net of cash acquired, additional investments in joint ventures and associates, and certain amounts recognized in net investment in securities. Please see the consolidated statement of cash flows for more information.

The first distribution of SAR 37.0 billion ($9.9 billion) was paid in the third-quarter of 2023 based on the full-year results of 2022 and the six-month results for the period ended June 30, 2023. The second distribution of SAR 37.0 billion ($9.9 billion) was paid in the fourth quarter based on the full-year results of 2022 and the nine-month results of the period ended September 30, 2023, resulting in a total payment of performance-linked dividends of SAR 74.0 billion ($19.8 billion) in 2023.

On March 8, 2024, the Board declared the third distribution of these performance-linked dividends in the amount of SAR 40.4 billion ($10.8 billion) calculated based on the full-year results of 2022 and 2023 to be paid in the first quarter of 2024. All subsequent distributions thereafter are also expected to be calculated based on the full-year results of 2022 and 2023 and paid over the remaining three quarters of 2024.

In May 2023, the Company's Extraordinary General Assembly approved the Board of Directors' recommendation to capitalize SAR 15.0 billion ($4.0 billion) of the Company's retained earnings to support the distribution of bonus shares to shareholders, in the amount of one share for every 10 shares held. This resulted in an increase of ordinary shares outstanding from 220 billion to 242 billion, and an increase in the Company's share capital by SAR 15.0 billion ($4.0 billion). Accordingly, this resulted in base dividend per share of SAR 0.3024 ($0.08064) (based on 242,000,000,000 ordinary shares outstanding).

It is the intention of the Board, in its discretion, to deliver a sustainable base dividend and performance-linked dividends to its shareholders. The Company's dividend distribution policy states that dividends may be declared from net profits only after the Company has:

- Ensured that dividends are capable of being distributed by the Company with reference to its most current financial statements;
- Established any reserves to meet contingencies as determined from time to time at the discretion of the Board; and,
- Taken into consideration its working capital requirements, near-term liquidity, and any other factors or considerations that may be relevant in this regard, including but not limited to the implications of any dividend distributions on the Company's capital structure, credit ratings, and publicly communicated gearing targets.

Royal Order No. A/42, dated 26/1/1441H (corresponding to September 25, 2019) provides that, if the Board resolved to distribute dividends, and to the extent that the Board determines that the amount of any quarterly cash dividend declared with respect to calendar years 2020 through 2024 would have been less than $0.09375 per ordinary share (based on 200,000,000,000 ordinary shares outstanding) but for the Government forgoing its rights to such dividend as follows, the Government will forgo its right to receive the portion of cash dividends on the shares owned by the Government (amounting to 82.19% as at the date of this Annual Report) equal to the amount necessary to enable the Company to first pay the minimum quarterly cash dividend amount described above to holders of ordinary shares other than the Government. The remaining amount of the declared dividend as determined by the Board in its discretion will be paid to the Government.

Additionally, dividends forgone will not accrue or otherwise be paid to the Government and the waiver applies to all ordinary shares not held by the Government from time to time and held from 2020 to 2024.

In 2023, there is no shareholder of the Company who has waived any rights to dividends.

Punishments and penalties

The Company is committed to high standards of governance. The Company is not aware of any penalty, precautionary procedure or preventative measure imposed on it by any authority, supervisory, regulatory, or judicial body in 2023.

Board of Directors' report

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

Compliance with CMA Corporate Governance Regulations

The Company has implemented all the provisions contained in the Corporate Governance Regulations issued by the CMA, to the extent applicable to it in light of the Bylaws, except the provision noted below:

Article No.	Provision of the Article	Justification
92 (Guiding Article)	If the Board forms a corporate governance committee, it shall assign to it the competences (sic) stipulated in Article (91) of these Regulations. Such committee shall oversee any matters relating to the implementation of governance, and shall provide the Board with its reports and recommendations at least annually.	While Aramco's Board has not formed a corporate governance committee as stated in this Guiding Article, the Board has instead charged the Nomination Committee, formed pursuant to the Company Bylaws, with the responsibility of overseeing and making recommendations to the Board with respect to the Company's corporate governance policies and practices, including the competencies of effective governance described in Article (91) of the Regulations.

6. Additional financial and legal information

Advancing frontline operations

Remote header, Khurais North field, Saudi Arabia
Aramco aims to leverage technology and innovation to lower its climate impact, and maintain its lower upstream carbon intensity footprint.

During 2023 at Khurais, one of the world's smartest oil producing facilities, a customized fixed-wing unmanned aerial vehicle began additional servicing of the extensive 8,000 km^2 field infrastructure.

Feeding real time data into a specialized control room, the battery-powered drone quickly maps desert areas, surveys infrastructure, detects leaks and other issues, and provides rescue assistance if necessary.

Additional financial information

Historical financial highlights

Summarized consolidated statement of income

All amounts in millions SAR unless otherwise stated	2023	2022	2021	2020	2019
	Year ended December 31				
Revenue	**1,653,281**	2,006,955	1,346,930	768,109	1,105,696
Other income related to sales[1]	**203,092**	259,418	154,828	93,982	131,089
Revenue and other income related to sales	**1,856,373**	2,266,373	1,501,758	862,091	1,236,785
Operating costs[2]	**(988,086)**	(1,122,296)	(729,840)	(478,731)	(561,914)
Operating income	**868,287**	1,144,077	771,918	383,360	674,871
Income before income taxes and zakat	**888,067**	1,152,962	769,521	372,424	666,741
Income taxes and zakat[3]	**(433,303)**	(548,957)	(357,125)	(188,661)	(336,048)
Net income	**454,764**	604,005	412,396	183,763	330,693

1. Aramco sells certain hydrocarbons within the Kingdom at regulated prices mandated by the Government. The Government implemented an equalization mechanism to compensate the Company for revenues directly forgone as a result of its compliance with the Government mandates related to crude oil and certain refined products. Effective September 17, 2019, the Government implemented an equalization mechanism related to Regulated Gas Products. Effective January 1, 2020, the Government expanded the equalization mechanism to include LPGs and certain other products.
2. Effective January 1, 2020, the royalty rate applicable to Aramco on crude oil and condensate production was amended, such that: (i) the royalty rate was reduced to 15% (from 20%) on Brent prices up to $70 per barrel; (ii) the marginal royalty rate increased to 45% (from 40%) on Brent prices above $70 per barrel up to $100 per barrel; and (iii) the marginal royalty rate increased to 80% (from 50%) on Brent prices above $100 per barrel.
3. The income tax rate applicable to Aramco was 50%, except that: (i) effective from January 1, 2018, a 20% tax rate applies to the Company's taxable income related to certain natural gas activities; and (ii) effective January 1, 2020, the tax rate applicable to the Company's downstream activities is the general corporate tax rate of 20% that applies to all similar domestic downstream companies under the Income Tax Law on the condition that the Company separate its downstream activities under the control of one or more separate wholly-owned subsidiaries before December 31, 2024, otherwise the Company's downstream activities will be retroactively taxed at 50%.

Summarized consolidated balance sheet

All amounts in millions SAR unless otherwise stated	2023	2022	2021	2020	2019[1]
	As at December 31				
Total assets	**2,477,940**	2,492,924	2,162,690	1,914,261	1,494,126
Total liabilities	**740,848**	826,777	882,022	813,167	447,891
Net assets (total equity)	**1,737,092**	1,666,147	1,280,668	1,101,094	1,046,235

1. Aramco adopted IFRS 16 on January 1, 2019, using a modified retrospective approach. As a result, in the preparation of the 2019 financial statements, Aramco applied prospectively, starting January 1, 2019, the new classification and measurement models for lease contracts.

Summarized consolidated statement of cash flows

All amounts in millions SAR unless otherwise stated	2023	2022	2021	2020	2019
	Year ended December 31				
Net cash provided by operating activities	**537,814**	698,152	522,601	285,297	416,529
Net cash used in investing activities	**(54,019)**	(389,009)	(135,741)	(20,899)	(177,144)
Net cash used in financing activities	**(510,869)**	(382,675)	(294,513)	(234,872)	(244,831)

Statutory amounts paid and payable

Statutory amounts paid[1]

All amounts in millions SAR unless otherwise stated	Reasons for amounts paid	Year ended December 31, 2023
Income taxes and zakat	Income taxes and zakat calculated in accordance with Saudi Income Tax Regulations. See Note 8 of the consolidated financial statements	**200,189**
Royalties	Production royalties determined in accordance with Government agreements	**213,216**
Total		**413,405**

Statutory amounts payable[1]

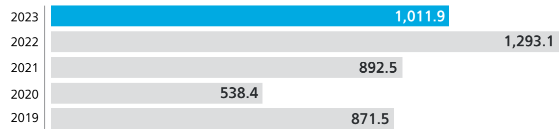
All amounts in millions SAR unless otherwise stated	Reasons for amounts payable	As at December 31, 2023
Income taxes and zakat	Government obligation, payable on a monthly basis	**78,433**
Royalties	Government obligation, payable on a monthly basis	**13,868**
Total		**92,301**

1. Statutory amounts paid and payable are in respect of the Company.

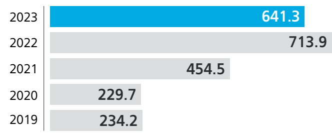
Geographical analysis of Aramco's external revenue

Revenue from sales to external customers by region are based on the location of the Aramco entity which made the sale. Out-of-Kingdom revenue includes sales of SAR 194,072 million originating from the United States of America (2022: SAR 223,731 million). For more details, refer to Section 7: Consolidated financial statements – Note 4.

In-Kingdom
(Billions SAR)



Out-of-Kingdom
(Billions SAR)



Related party transactions

As part of its normal course of business, Aramco enters into various related party contracts and transactions. These principally include sales and purchases, and providing and receiving services. Aramco sells hydrocarbon products and provides services to, and receives services from, Government, semi-Government entities and other entities in which the Government has ownership or control. These transactions are made on specific terms within the relevant regulatory framework in the Kingdom.

Other than with respect to compensation arrangements, as at the date of this Annual Report there are no related party transactions in which any of the Company's Directors or Senior Executives or an immediate family member thereof had or will have a direct or indirect material interest or were not entered into on an arm's length basis. For compensation related transactions with the Company's Directors and Senior Executives, see Section 5: Corporate governance.

The table below sets forth the transactions during the year ended December 31, 2023, identified by Aramco as material related party transactions based on available information. For more information on Aramco's related party transactions, see Section 7: Consolidated financial statements – Note 29.

All amounts in millions SAR unless otherwise stated	Year ended December 31, 2023
Joint ventures:	
Revenue from sales	**23,899**
Other revenue	**34**
Interest income	**23**
Purchases	**25,729**
Service expenses	**11**
Associates:	
Revenue from sales	**90,045**
Other revenue	**176**
Interest income	**124**
Purchases	**46,260**
Service expenses	**135**
Government, semi-Government and other entities with Government ownership or control:	
Revenue from sales	**23,355**
Other income related to sales	**203,092**
Other revenue	**934**
Purchases	**14,194**
Service expenses	**563**
Lease expenses	**1,015**

The following table sets forth Aramco's material related party transaction balances as at December 31, 2023.

All amounts in millions SAR unless otherwise stated	As at December 31, 2023
Joint ventures:	
Other assets and receivables	**5,378**
Trade receivables	**4,976**
Interest receivable	**581**
Trade payables and other liabilities	**6,236**
Associates:	
Other assets and receivables	**4,882**
Trade receivables	**12,971**
Trade payables and other liabilities	**6,139**
Borrowings	**–**
Government, semi-Government and other entities with Government ownership or control:	
Other assets and receivables	**1,151**
Trade receivables	**2,606**
Due from the Government	**49,378**
Trade payables and other liabilities	**1,448**
Borrowings	**7,736**

The following table sets forth material related party transactions and balances for the year ended, and as at, December 31, 2023, by related party.

All amounts in millions SAR unless otherwise stated	As at December 31, 2023
Transactions with joint ventures:	
Revenue from sales	
Eastern Petrochemical Company ("Sharq")	**6,173**
Sadara Chemical Company ("Sadara")	**4,811**
Al-Jubail Petrochemical Company ("Kemya")	**3,818**
Saudi Yanbu Petrochemical Company ("Yanpet")	**3,300**
First Coast Energy LLP ("FCE")	**2,168**
Tas'helat Marketing Company ("TMC")	**2,021**
Others	**1,608**
	23,899
Other revenue	
Others	**34**
	34
Interest income	
Others	**23**
	23
Purchases	
Eastern Petrochemical Company ("Sharq")	**7,054**
Sadara Chemical Company ("Sadara")	**4,215**
Al-Jubail Petrochemical Company ("Kemya")	**4,069**
SINOPEC SABIC Tianjin Petochemical Co	**3,926**
Saudi Yanbu Petrochemical Company ("Yanpet")	**3,656**
Others	**2,809**
	25,729
Service expenses	
Others	**11**
	11
Other assets and receivables	
Sadara Chemical Company ("Sadara")	**3,094**
Eastern Petrochemical Company ("Sharq")	**2,168**
Others	**116**
	5,378
Trade receivables	
Sadara Chemical Company ("Sadara")	**1,500**
Al-Jubail Petrochemical Company ("Kemya")	**1,313**
Eastern Petrochemical Company ("Sharq")	**874**
Saudi Yanbu Petrochemical Company ("Yanpet")	**881**
Others	**408**
	4,976
Interest receivable	
Others	**581**
	581
Trade payables and other liabilities	
Eastern Petrochemical Company ("Sharq")	**2,183**
Sadara Chemical Company ("Sadara")	**1,470**
Al-Jubail Petrochemical Company ("Kemya")	**1,204**
Saudi Yanbu Petrochemical Company ("Yanpet")	**1,121**
Others	**258**
	6,236

Additional financial information continued

All amounts in millions SAR unless otherwise stated	As at December 31, 2023
Transactions with associates:	
Revenue from sales	
Rabigh Refining and Petrochemical Company ("Petro Rabigh")	39,308
Hyundai Oilbank Co. Ltd. ("Hyundai Oilbank")	29,408
Fujian Refining and Petrochemical Company Limited ("FREP")	19,316
Power and Water Utility Company for Jubail and Yanbu ("Marafiq")	1,294
Others	719
	90,045
Other revenue	
Others	176
	176
Interest income	
Others	124
	124
Purchases	
Rabigh Refining and Petrochemical Company ("Petro Rabigh")	37,725
Power and Water Utility Company for Jubail and Yanbu ("Marafiq")	1,628
Ma'aden Wa'ad Al-Shamal Phosphate Company ("MWSPC")	1,586
Ma'aden Phosphate Company ("MPC")	1,406
Fujian Refining and Petrochemical Company Limited ("FREP")	1,208
Others	2,707
	46,260
Service expenses	
Others	135
	135
Other assets and receivables	
Rabigh Refining and Petrochemical Company ("Petro Rabigh")	4,871
Others	11
	4,882
Trade receivables	
Rabigh Refining and Petrochemical Company ("Petro Rabigh")	11,055
Fujian Refining and Petrochemical Company Limited ("FREP")	769
Hyundai Oilbank Co. Ltd. ("Hyundai Oilbank")	386
Others	761
	12,971
Trade payables and other liabilities	
Rabigh Refining and Petrochemical Company ("Petro Rabigh")	4,211
Hyundai Oilbank Co. Ltd. ("Hyundai Oilbank")	1,189
Others	739
	6,139
Borrowings	
Others	–
	–

All amounts in millions SAR unless otherwise stated	As at December 31, 2023
Transactions with Government, semi-Government and other entities with Government ownership or control:	
Revenue from sales	
Government or semi-Government	2,809
Saudi Power Procurement Company ("SPPC")	10,381
Saudi Arabian Airlines ("Saudia")	5,531
Saline Water Conversion Company ("SWCC")	1,965
Saudi Arabian Mining Company ("Ma'aden")	1,564
Saudi Electricity Company ("SEC")	150
Others	955
	23,355
Other income related to sales	
Government and semi-Government	203,092
	203,092
Other revenue	
Government and semi-Government	465
Others	469
	934
Purchases	
Government and semi-Government	2,093
Saudi Electricity Company ("SEC")	5,115
Arabian Drilling Company	2,749
Jubail Energy Services Company ("JESCO")	2,258
Saudi Arabian Mining Company ("Ma'aden")	4
Others	1,975
	14,194
Service expenses	
Government and semi-Government	563
	563
Lease Expenses	
Government and semi-Government	19
Others	996
	1,015
Other assets and receivables	
Others	1,151
	1,151
Trade receivables	
Government and semi-Government	206
Saudi Power Procurement Company ("SPPC")	1,043
Saudi Arabian Airlines ("Saudia")	908
Others	449
	2,606
Due from the Government	
Government and semi-Government	49,378
	49,378
Trade payables and other liabilities	
Government and semi-Government	874
Others	574
	1,448
Borrowings	
Government and semi-Government	5,100
Others	2,636
	7,736

Total indebtedness of Aramco

Information on Aramco's total indebtedness as at December 31, 2023, is as follows:

All amounts in millions SAR unless otherwise stated	Total facility[1]	Original Loan duration	Repaid during the year	Balance as at December 31, 2023	Maturity date
Bank borrowings	28,242	1 to 24 years	(5,345)	26,483	2024-2045
Sukuk (Shari'a compliant)	33,689	3 to 14 years	(911)	33,689	2024-2031
Export credit agencies	1,597	15 to 17 years	(641)	1,597	2025-2033
Public Investment Fund	820	15 years	(365)	820	2025
Saudi Industrial Development Fund (Shari'a compliant)	3,338	7 to 17 years	(357)	3,338	2025-2035
Ijarah / Procurement (Shari'a compliant)	3,677	7 to 23 years	–	3,512	2026-2039
Murabaha (Shari'a compliant)	26,238	5 to 24 years	(2,445)	15,919	2028-2032
Wakala (Shari'a compliant) and other Islamic financing	919	7 to 16 years	(26)	798	2028-2036
Revolving Credit Facilities	45,317	1 to 5 years	–	1,237	2024-2027
Short-term borrowings	33,245	Under 1 year	–	18,378	2024
Debentures	90,775	10 to 50 years	(7,425)	90,775	2024-2070
Deferred consideration[2]	–	8 years	(116,980)	–	Not applicable
Lease Liabilities	–	–	(13,639)	57,331	Not defined
Other financing arrangements	36,270	11 to 25 years	–	36,270	2028 - 2046
	304,127		**(148,134)**	**290,147**	

1. Includes total facility amounts and carrying amounts for certain long-term loans being repaid in installments.
2. In 2023, the Company made payments in the amount of SAR 59.0 billion ($15.7 billion), SAR 41.3 billion ($11.0 billion), and SAR 16.7 billion ($4.5 billion), resulting in the full settlement of the deferred consideration.

Reserves information

Reserves as at December 31, 2023

As at December 31, 2023, the Kingdom's reserves in the fields Aramco operates consisted of 340.8 billion boe (2022: 338.4 billion boe), including 261.7 billion barrels (2022: 261.6 billion barrels) of crude oil and condensate, 37.4 billion barrels (2022: 36.1 billion barrels) of NGL and 252.6 tscf (2022: 246.7 tscf) of natural gas, including 164.8 tscf (2022: 156.9 tscf) of nonassociated gas.

Under the Original Concession, which was in effect until December 24, 2017, Aramco's rights with respect to hydrocarbons in the Kingdom were not limited to a particular term. Accordingly, until such date, the Kingdom's reserves in the fields Aramco operated were the same as Aramco's reserves. Effective December 24, 2017, the Concession limited Aramco's exclusive right to explore, develop and produce the Kingdom's hydrocarbon resources, except in the Excluded Areas, to an initial period of 40 years, which will be extended by the Government for 20 years provided Aramco satisfies certain conditions commensurate with current operating practices. In addition, the Concession may be extended for an additional 40 years beyond the prior 60-year period subject to Aramco and the Government agreeing on the terms of the extension (see Section 6: Additional financial and legal information – The Concession). The provision of a specified term in the Concession impacts the calculation of Aramco's reserves as compared to the Kingdom's reserves in the fields Aramco operates. The Concession also requires Aramco to meet domestic demand for certain hydrocarbons, petroleum products, and LPGs through domestic production or imports.

Based on the initial 40-year period and 20-year extension of the Concession, as at December 31, 2023, Aramco's reserves were 251.2 billion boe (2022: 258.8 billion boe). Aramco's oil equivalent reserves consisted of 191.3 billion barrels (2022: 200.8 billion barrels) of crude oil and condensate, 26.0 billion barrels (2022: 25.2 billion barrels) of NGL and 207.5 tscf (2022: 201.9 tscf) of natural gas. As at December 31, 2023, Aramco's portfolio included 541 (2022: 535) reservoirs within 144 (2022: 142) fields distributed throughout the Kingdom and its territorial waters.

Aramco manages the Kingdom's unique reserves and resources base to optimize production and maximize long-term value pursuant to the Hydrocarbons Law, which mandates that Aramco's hydrocarbon operations promote long-term productivity of the Kingdom's reservoirs and support the prudent stewardship of its hydrocarbon resources. Aramco has historically replaced reserves on an organic basis through revisions of reserve estimates at existing fields and through delineation and exploration to identify new fields. As a result, the Kingdom's estimated proved reserves at the largest oil fields operated by Aramco have increased since the time of original production.

The following table sets forth Aramco's estimates of its proved reserves based on the term of the Concession as at December 31, 2023 and 2022.

	Crude Oil and Condensate	Natural Gas		NGL	Combined
	(mmbbl)	(bscf)	(mmboe)	(mmbbl)	(mmboe)
Reserves as at December 31, 2023	**191,349**	**207,450**	**33,822**	**26,024**	**251,195**
Reserves as at December 31, 2022	200,803	201,905	32,826	25,153	258,782

The following table sets forth the Kingdom's estimates of its proved reserves in the fields Aramco operates as at December 31, 2023 and 2022.

	Crude Oil and Condensate	Natural Gas		NGL	Combined
	(mmbbl)	(bscf)	(mmboe)	(mmbbl)	(mmboe)
Reserves as at December 31, 2023	**261,677**	**252,567**	**41,696**	**37,395**	**340,768**
Reserves as at December 31, 2022	261,623	246,738	40,665	36,146	338,434

Aramco's reserve estimates conform to the SPE-PRMS definitions and guidelines, which are the internationally recognized industry standard sponsored by the Society of Petroleum Engineers, the American Association of Petroleum Geologists, the World Petroleum Council, the Society of Petroleum Evaluation Engineers, the Society of Exploration Geophysicists, the Society of Petrophysicists and Well Log Analysts, and the European Association of Geoscientists and Engineers. To estimate or update Aramco's reserve estimates, the Upstream segment employees responsible for reserves calculations perform technical analyses that are reviewed internally by progressively higher levels of management until finalized at year end. Aramco annually updates its estimates as it acquires and interprets new data. For reservoirs that have been producing and have established certain performance trends, Aramco is typically able to reliably forecast the reservoir's future production. For reservoirs that have little to no production history and new discoveries, Aramco undertakes further analysis in addition to multidisciplinary evaluation to formulate production forecasts.

Additional legal information

Aramco

The Company was established in the Kingdom as a company with limited liability by virtue of Royal Decree No. M/8 dated 4/4/1409H (corresponding to November 13, 1988) to assume the privileges and rights of the Arabian American Oil Company. On January 1, 2018, the Company was converted into a Saudi joint stock company pursuant to Council of Ministers Resolution No. 180 dated 1/4/1439H (corresponding to December 19, 2017) and registered in the city of Dhahran under commercial registration No. 2052101150 dated 11/07/1439H (corresponding to March 28, 2018) with Saudi Arabian Oil Company as its official name. Its registered head office is located at P.O. Box 5000, Dhahran 31311, Kingdom of Saudi Arabia. Its share capital is ninety billion Saudi Riyals (SAR 90,000,000,000), consisting of two hundred and forty two billion (242,000,000,000) fully paid ordinary shares with no par value. Aramco's primary operating segments are Upstream and Downstream, which are supported by corporate activities (for further details refer to Section 2: Results and performance).

On December 11, 2019, the Company completed its IPO and its ordinary shares were listed on the Saudi Exchange. In connection with the IPO, the Government, being the sole owner of the Company's shares at such time, sold 3.45 billion ordinary shares, or 1.73% of the Company's share capital. In addition, concurrent with the IPO, the Company acquired 117.2 million of its ordinary shares from the Government for a cash payment of SAR 3,750 million which are being classified as treasury shares. These shares are for use by the Company for its employee share plans. On February 13, 2022, the Government announced the transfer of 4% of the Company's total share capital to PIF and, on April 16, 2023, the Government announced the transfer of an additional 4% of the Company's issued shares to Sanabil Investments, a wholly-owned subsidiary of PIF, and on March 7, 2024, the Government announced the transfer of an additional 8% of the Company's issued shares to PIF's wholly-owned companies. As a result, the Government directly owned 82.19% of the Company's shares as of the date of this Annual Report.

In May 2022 and May 2023, the Extraordinary General Assembly approved grants of one bonus share for every ten outstanding shares. As a result of the bonus share grants, the Company's share capital increased by a total of thirty billion Saudi Riyals by capitalizing a portion of its retained earnings. As a result, as at the date of the Report, the share capital of the Company is ninety billion Saudi Riyals, which is fully paid, consisting of two hundred and forty two billion shares with no par value.

Material agreements

Aramco has entered into a number of agreements for the purposes of its business. The following is a summary of those agreements that Aramco considers material to its business. Aramco believes that all such agreements, in addition to the key provisions thereunder, have been included in this section and that there are no other agreements that are material in the context of its business. These summaries do not purport to describe all the applicable terms and conditions of such agreements and are qualified in their entirety by the respective agreements.

The Concession

Background

The Arabian American Oil Company Concession Agreement was ratified on 4/2/1352H (corresponding to May 29, 1933) and granted Arabian American Oil Company certain exclusive rights, including the right to explore, drill, recover, and treat crude oil and other hydrocarbons located within certain areas of the Kingdom (which were revised and grew over time), with limited territorial exceptions. Pursuant to Royal Decree No. M/8 dated 4/4/1409H (corresponding to November 13, 1988) approving Aramco's original articles, Aramco enjoyed all the privileges and rights provided under the Arabian American Oil Company Concession Agreement, and all subsequent supplementary documents, agreements, Governmental orders and decisions in connection therewith (collectively, the "Original Concession"). Effective 6/4/1439H (corresponding to December 24, 2017), and in accordance with the Hydrocarbons Law, the Government, represented by the Minister of MEIM (predecessor to the Minister of Energy), and Aramco entered into the revised Concession Agreement (the "Concession"), which was adopted under Royal Decree No. (M/38) dated 6/4/1439H (corresponding to December 24, 2017) and replaced and superseded in its entirety the Original Concession on such date (the "Concession Effective Date"). Further, on 20/1/1441H (corresponding to September 19, 2019), and in accordance with the Hydrocarbons Law, the Government, represented by the Minister of Energy, and Aramco entered into an amendment to the Concession, with effect from January 1, 2020 (the "Concession Amendment").

Grant of rights

The Government grants Aramco the following rights to be exercised at Aramco's own risk during the term of the Concession:

- The exclusive right to explore, prospect, drill, appraise, develop, extract, recover, and produce hydrocarbons in the Concession Area;
- The non-exclusive right to manufacture, refine, treat, market, sell, transport, and export hydrocarbons and their derivatives extracted, recovered, developed, produced, treated, refined, consumed, transported, manufactured, marketed, sold, exported or dealt with in any other way by Aramco or on its behalf pursuant to the rights granted to Aramco in the Concession;
- The exclusive right to market and distribute hydrocarbons, petroleum products, and LPG in the Kingdom, with Aramco's commitment to meeting all the domestic market's needs for such products based on the consumption requirements thereof through domestic production or imports in accordance with laws issued by the Government;
- The right to build, own, and operate relevant facilities and assets as may be necessary or desirable to perform Aramco's operations within the Reserved Areas;
- Certain rights related to lands, such as use of land, easements, water rights, right-of-way, and other suitable rights of any part of the Concession Areas, that are outside the Reserved Area, designated in connection with Aramco's operations and transportation of products and free access to and use of any part of the Reserved Area;
- The right to purchase, lease, import or otherwise obtain all materials, equipment, and any other supplies necessary for Aramco's operations;
- The right to conduct such other activity related to the foregoing subject to the provisions of the Concession and applicable law; and,
- The right to receive Government assistance in securing the rights granted in the Concession, without prejudice to the foregoing, obtaining permits, licenses, and other special approvals and obtaining access, rights of way, and water rights from third parties necessary for Aramco's operations.

Under the Concession, Aramco is required to obtain the necessary licenses, permits, and approvals that may be required pursuant to the Hydrocarbons Law, the Law of Gas Supplies and Pricing (which is replaced by the Energy Supply Law), and the regulations issued pursuant to these laws. The Concession and Aramco's rights referred to under the Concession represent the licenses, permits, and approvals that are necessary or required for Aramco to conduct business in the Kingdom with respect to Aramco Operations and any related activities in accordance with the agreement. All hydrocarbons in the Kingdom are owned by the Kingdom, and upon extraction or recovery of such hydrocarbons by Aramco, title to such hydrocarbons shall automatically pass to Aramco at the ownership transfer point. Aramco has no rights to any natural resources existing in the Concession Area other than hydrocarbons except as otherwise provided in the Concession.

The rights granted to Aramco under the Concession are subject to the Hydrocarbons Law and other applicable law, including production decisions issued by the Government pursuant to its sovereign authority. Aramco may not sell to any entity any hydrocarbons or derivatives therefrom obtained pursuant to the Concession in violation of decisions the Government considers necessary for the protection of supreme security interests for the Kingdom in times of war or other emergency in international relations.

Term

The Concession will remain effective for 40 years from the Concession Effective Date, unless terminated earlier in accordance with its terms.

The Government will issue a decision to extend the Concession for a period of 20 years on the 30th anniversary of the Concession Effective Date, provided it becomes clear to the Government that Aramco has fulfilled the following conditions: (a) Aramco has exerted reasonable efforts to maximize reserves and their recovery in the Concession Area, taking into consideration production decisions and hydrocarbons market conditions; (b) Aramco has conducted its operations in a manner that (i) is economically efficient, (ii) enhances the productivity of the reservoirs in the long-term in the Concession Area, and (iii) supports good management of hydrocarbons, in all cases, according to the Hydrocarbons Law; and, (c) Aramco generally has conducted its activities and operations in the Kingdom in an economically efficient manner thereby enhancing the efficiency of the Kingdom's economy.

If the Concession is extended as described in the previous paragraph, the Concession may be amended and extended for an additional 40 years following the 60th anniversary of the Concession Effective Date, if Aramco provides the Government with notice confirming its intent to extend the Concession, at any time from the beginning of the 50th anniversary until the end of the 53rd anniversary of the Concession Effective Date, provided that the parties undertake exclusive negotiations for a two-year period (which may be extended or reduced by mutual agreement of the parties), commencing at the end of the 53rd anniversary of the Concession Effective Date, to reach an agreement on the terms and conditions of such amendment and extension. If the Government and Aramco are unable to reach agreement on the amendment and extension during such exclusive negotiation period, and the Government elects to negotiate with any third party to enter into an agreement with respect to any hydrocarbon activities or operations in the Concession Area, Aramco will have a priority right to enter into an agreement with the Government under the same terms and conditions as agreed between the Government and such third party, provided that Aramco notifies the Government of its desire to exercise the priority right within 120 days of its receipt of a written notice from the Government that includes the entire draft agreement with such third party with respect to such hydrocarbon activities and operations in the Concession Area.

Additional legal information continued

Royalty and taxes

Commencing January 1, 2017, royalties payable to the Government with respect to the Company's operations were calculated as follows:

- With respect to the Company's production of crude oil and condensate, including those used by the Company in its operations, royalties were calculated based on a progressive scheme applied to crude oil and condensate production value. Production was valued based on the Company's official selling prices. An effective royalty rate was applied to production value and was based each month on the average daily price quotes for Brent crude on the Intercontinental Exchange (or any successor exchange) for each day during such period. The effective royalty rate was determined based on a baseline rate of 20% applied to the value of production at prices up to $70 per barrel, a marginal rate of 40% applied to the value of production at prices above $70 per barrel up to $100 per barrel and a marginal rate of 50% applied to the value of production at prices above $100 per barrel.
- With respect to the Company's production of natural gas, ethane and NGL, excluding those volumes used by the Company for upstream operations and related operations (including transportation, pipelines, and storage and export facilities, fractionation plants, gas, and NGL plants), royalties are calculated based on a flat royalty rate of 12.5% applied to a factor established by the Ministry of Energy. As at December 31, 2023, the factor to which this royalty is applied is $0.035 per mmBTU for NGL (propane, butane, and natural gasoline) and $0.00 per mmBTU for natural gas (methane) and ethane. The Minister of Energy may amend the price on which such values are based, taking into account the price that achieves the targeted internal rate of return set by the Minister of Energy in coordination with the Company.

Commencing January 1, 2020, the Concession Amendment amended the royalties payable to the Government with respect to the Company's production of crude oil and condensate, including those used by the Company in its operations, so that the effective royalty rate is determined based on a baseline rate of 15% applied to the value of production at prices up to $70 per barrel, a marginal rate of 45% applied to the value of production at prices above $70 per barrel up to $100 per barrel, and a marginal rate of 80% applied to the value of production at prices above $100 per barrel.

In order to increase gas production to meet the needs of the Kingdom, the Government may choose not to collect royalties on natural gas, NGL (including ethane), and condensate for a period specified by the Government with respect to any field as required by the economics of such field's development. Pursuant to the Ministry of Energy's authority under the Concession, on February 25, 2018, the Ministry of Energy decided not to collect royalties from the Company on condensate production for a grace period of five years beginning on January 1, 2018. On September 17, 2019, the Ministry of Energy issued Ministerial Resolution No. 1/422/1441, dated 18/1/1441H (corresponding to September 17, 2019), which extends the period for which the Company will not be obligated to pay royalties on condensate production after the current five-year period for an additional 10-year period, which may be further extended for subsequent 10-year periods, unless the Government determines the economics impacting gas field development do not warrant such an extension.

The Government has the option to take all or part of the royalty in-kind from the produced hydrocarbons.

Acquisition of 70% equity interest in SABIC

On June 16, 2020, Aramco acquired the PIF's 70% equity interest in SABIC for total consideration of $69.1 billion. SABIC operates in over 50 countries and produces a range of chemicals. Aramco believes that purchasing this majority interest in SABIC advances its strategy to increase the proportion of petrochemicals production in its downstream portfolio and supports Aramco's downstream growth ambitions. In addition, Aramco believes that the acquisition facilitates the application of SABIC's expertise in the chemicals industry to Aramco's existing and future integrated downstream facilities.

The March 27, 2019, purchase agreement provided that the purchase price for the acquisition would be paid on the closing date in the form of a cash payment equal to 50% of the purchase price (to be adjusted for certain expenses) and a seller loan in an amount equal to 50% of the purchase price with the last payment due on or before December 31, 2021. On October 6, 2019, Aramco and the PIF agreed to amend the payment terms to provide that, on the closing date, 36% of the purchase price (to be adjusted for certain expenses) would be paid in cash and 64% would be paid in the form of a seller loan with the last payment due on or before September 30, 2025. On June 16, 2020, Aramco and the PIF agreed to further amend the payment terms to provide that the entire purchase price would be paid over several installments pursuant to a seller loan provided by the PIF (deferred consideration).

The deferred consideration was payable over several installments, in the form of promissory notes, from August 2020 to April 2028. During the year ended December 31, 2023, the Company made the following repayments:

- On March 13, 2023, the Company, in agreement with PIF, made a partial prepayment of SAR 59.0 billion ($15.7 billion).
- On April 7, 2023, the Company repaid the outstanding amounts of the promissory notes due on or before April 7, 2023, aggregating to SAR 41.3 billion ($11.0 billion).
- On May 2, 2023, the Company, in agreement with PIF, made a final prepayment of SAR 16.7 billion ($4.5 billion).

As a result of these payments, the outstanding amount of deferred consideration payable to PIF for the SABIC acquisition was fully settled.

Intellectual property

Aramco assesses, develops, and incorporates new technology in a manner tailored to Aramco's operations to protect business interests, enhance its operational efficiency, increase profitability and reduce the environmental impact of its operations. The scale of Aramco's hydrocarbon reserves and operational capabilities enable it to realize significant benefits and value from otherwise marginal technological benefits.

Aramco focuses its technology initiatives in two primary areas: upstream and downstream. In addition, Aramco is working on several focused initiatives, including reductions in the environmental impact of operations and advancements in digital technologies. Upstream technology development is directed primarily at improving methods for discovering new hydrocarbon reserves, improving oil recoveries, increasing productivity, discovering novel catalysts, and reducing lifting costs. Downstream technology development is dedicated primarily at maximizing value across the hydrocarbon chain and finding new and improved methods of producing products. Aramco's environmental impact initiatives include efforts aimed at producing lower carbon intensity crude oil, advancing efficient transport, and driving high-impact lower carbon intensity solutions. Aramco's digital technologies include innovations that leverage machine learning, artificial intelligence, and data analytics.

Aramco intellectual property portfolio includes patents, trademarks, and copyrights, of which no individual asset is considered material to the Company, nor does the business of the Company depend on any such asset.

Litigation

From time to time, Aramco is subject to various claims, lawsuits, regulatory investigations, and other legal matters arising in the ordinary course of business, including contractual claims relating to construction projects and agreements to render services undertaken by Aramco, claims for title to land, and environmental claims. Additionally, Aramco in the past has been subject to antitrust claims.

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

The outcome of litigation and other legal matters, including Government investigations or other trade actions, is inherently uncertain. Aramco believes it has valid defenses to the legal matters currently pending against it as a party. Certain trade actions that do not involve Aramco as a party may instead involve its products or industry, other products or industries impacting its operations, or the countries in which it operates. Trade actions may be taken without prior notice, or with retroactive effect. Actual outcomes of these legal, regulatory, and other proceedings may materially differ from current estimates. To date, none of these types of litigation or trade matters have had a material impact on Aramco's operations or financial position. Aramco believes that it is not presently a party to any legal, regulatory or other proceedings that, if determined adversely to it, could reasonably be expected, individually or taken together, to have a material adverse effect on Aramco's business, financial position or results of operations.

Debt instruments issued by subsidiaries

All amounts in millions SAR unless otherwise stated	Debt instrument	Balance as at December 31, 2023[1]
Motiva Enterprises LLC	Debentures	**5,639**
Sadara Chemical Company	Sukuk	**5,243**
Saudi Aramco Sukuk Company	Sukuk	**11,250**
Saudi Aramco Total Refining and Petrochemical Company ("SATORP")[2]	Sukuk	**–**
Saudi Basic Industries Corporation ("SABIC")	Debentures	**8,320**
S-Oil Corporation	Debentures	**8,081**
SA Global Sukuk Limited	Sukuk	**22,500**

1. Represents 100% of the balance as reported in the respective subsidiaries' balance sheet.
2. During 2023, SATORP redeemed all of its outstanding debt instruments listed in the Saudi Exchange, amounting to SAR 1,458 million.

Additional legal information continued

Shares issued by subsidiaries

The Company holds direct or indirect ownership in the following domestic and foreign subsidiaries as at December 31, 2023[1]

Name of entity	Place of business / country of incorporation	Percent ownership[2]	Principal business activity	Share capital	
				Currency	Amount (millions)
4 Rivers Energy LLC	USA	100%	Retail fuel operations	USD	–
AOC Management Consultancies LLC	UAE	100%	Consulting services	AED	–
Aramco (Beijing) Venture Management Consultant Co., Ltd.	China	100%	Investment	USD	1.8
Aramco Affiliated Services Company	USA	100%	Support services	USD	–
Aramco Asia India Private Limited	India	100%	Purchasing and other services	INR	2.9
Aramco Asia Japan K.K.	Japan	100%	Purchasing and other services	JPY	738.2
Aramco Asia Korea Limited	South Korea	100%	Marketing and vendor sourcing activities	KRW	3.7
Aramco Asia Singapore Pte. Ltd.	Singapore	100%	Purchasing and other services	USD	3.9
Aramco Associated Company	USA	100%	Aircraft operations	USD	0.0
Aramco Capital Company, LLC	USA	100%	Aircraft leasing	USD	–
Aramco Chemicals Company	Saudi Arabia	100%	Chemicals	SAR	75.0
Aramco Far East (Beijing) Business Services Co., Ltd.	China	100%	Petrochemical purchasing, sales and other services	USD	25.0
Aramco Financial Services Company	USA	100%	Financing	USD	0.0
Aramco Fuels Poland sp. z o.o.	Poland	100%	Wholesale fuel operations	USD	312.5
Aramco Gulf Operations Company Limited	Saudi Arabia	100%	Production and sale of crude oil	USD	0.3
Aramco Innovations Limited Liability Company	Russia	100%	Research and commercialization	USD	0.2
Aramco International Gas Holding Co B.V.	Netherlands	100%	Financing	EUR	0.0
Aramco InvestCo GP B.V.	Netherlands	100%	Financing	EUR	0.0
Aramco InvestCo NewCo Sub B.V.	Netherlands	100%	Financing	EUR	0.0
Aramco Lubricants and Retail Company	Saudi Arabia	100%	Retail fuel marketing	SAR	0.2
Aramco Overseas - Egypt	Egypt	100%	Personnel and other support services	USD	0.0
Aramco Overseas Company B.V.	Netherlands	100%	Purchasing and other services	USD	15,614.5
Aramco Overseas Company Spain, S.L.	Spain	100%	Personnel and other support services	USD	0.0
Aramco Overseas Company UK Limited	United Kingdom	100%	Personnel and other support services	USD	0.0
Aramco Overseas Malaysia SDN. BHD.	Malaysia	100%	Personnel and other support services	USD	0.1
Aramco Performance Materials LLC	USA	100%	Petrochemical manufacture and sales	USD	–
Aramco Services Company	USA	100%	Purchasing, engineering and other services	USD	0.0
Aramco Shared Benefits Company	USA	100%	Benefits administration	USD	0.0
Aramco Sohar Overseas SPC	Oman	100%	Personnel and other support services	OMR	–
Aramco Trading Americas Holding Inc.	USA	100%	Holding	USD	772.4
Aramco Trading Americas LLC (formerly, Motiva Trading LLC)	USA	100%	Purchasing and sale of petroleum goods and other services	USD	771.4
Aramco Trading Company	Saudi Arabia	100%	Importing, exporting and trading of crude oil, refined and chemical products	USD	35.0
Aramco Trading Dubai Company Limited	UAE	100%	Importing, exporting and trading of crude oil and refined products	AED	0.4
Aramco Trading Fujairah FZE	UAE	100%	Importing and exporting refined products	AED	0.2
Aramco Trading Limited	United Kingdom	100%	Importing and exporting refined products	GBP	0.0
Aramco Trading Singapore Pte. Ltd.	Singapore	100%	Marketing and sales support	USD	4.5
Aramco Valvoline Global Holding Corp.	USA	100%	Holding company	USD	0.0
Aramco Venture Management Consultant Company LLC	USA	100%	Consulting services	n/a	–
Aramco Ventures Company	Saudi Arabia	100%	Investment	SAR	0.5
Aramco Ventures Holdings Limited	Guernsey	100%	Investment	USD	–
Aramco Ventures Investments Limited	Guernsey	100%	Investment	USD	–
ARLANXEO Holding B.V.	Netherlands	100%	Development, manufacture, and marketing of high-performance rubber	EUR	0.0
ARLANXEO Belgium N.V.	Belgium	100%	Development, manufacture, and marketing of high-performance rubber	EUR	108.4
ARLANXEO Branch Offices B.V.	Netherlands	100%	Development, manufacture, and marketing of high-performance rubber	EUR	0.1
ARLANXEO Brasil S.A.	Brazil	100%	Development, manufacture, and marketing of high-performance rubber	BRL	1,264.0
ARLANXEO Canada Inc.	Canada	100%	Development, manufacture, and marketing of high-performance rubber	CAD	46.9
ARLANXEO Deutschland GmbH	Germany	100%	Development, manufacture, and marketing of high-performance rubber	EUR	0.0
ARLANXEO Elastomères France S.A.S.	France	100%	Development, manufacture, and marketing of high-performance rubber	EUR	18.9
ARLANXEO Emulsion Rubber France S.A.S.	France	100%	Development, manufacture, and marketing of high-performance rubber	EUR	19.1
ARLANXEO High Performance Elastomers (Changzhou) Co., Ltd.	China	100%	Development, manufacture, and marketing of high-performance rubber	CNY	1,143.2
ARLANXEO India Private Limited	India	100%	Development, manufacture, and marketing of high-performance rubber	INR	22.5

Additional legal information continued

Shares issued by subsidiaries continued

Name of entity	Place of business / country of incorporation	Percent ownership[2]	Principal business activity	Share capital	
				Currency	Amount (millions)
ARLANXEO Netherlands B.V.	Netherlands	100%	Development, manufacture, and marketing of high-performance rubber	EUR	30.4
ARLANXEO Singapore Pte. Ltd.	Singapore	100%	Development, manufacture, and marketing of high-performance rubber	USD	1,003.6
ARLANXEO Switzerland S.A.	Switzerland	100%	Development, manufacture, and marketing of high-performance rubber	USD	35.1
ARLANXEO USA LLC	USA	100%	Development, manufacture, and marketing of high-performance rubber	USD	–
Bolanter Corporation N.V.	Curaçao	100%	Crude oil storage	USD	0.0
Briar Rose Ventures LLC	USA	100%	Real estate holdings	USD	–
Canyon Lake Holdings LLC	USA	100%	Retail fuel operations	USD	–
Ellis Enterprises B.V.	Netherlands	100%	Product sales and manufacturing/distribution	EUR	0.1
Ellis Enterprises East doo Krusevac	Serbia	100%	Product sales and manufacturing/distribution	RSD	9.8
Energy City Development Company	Saudi Arabia	100%	Industrial development	SAR	18.8
Energy City Operating Company	Saudi Arabia	100%	Industrial development	SAR	5.0
Excellent Performance Chemicals Company	Saudi Arabia	100%	Petrochemical manufacture and sales	USD	0.3
Global Digital Integrated Solutions Company	Saudi Arabia	100%	Information technology	SAR	0.5
Investment Management Company	Saudi Arabia	100%	Investment management of post-employment benefit plans	USD	0.1
Lex Capital LLC	USA	100%	Financing/funding company	USD	397.1
Motiva Enterprises LLC	USA	100%	Refining and marketing	USD	9,558.7
Motiva Pipeline LLC	USA	100%	Pipeline transport	USD	–
Mukamala Oil Field Services Limited	Saudi Arabia	100%	Oil field services	USD	461.1
Mukamalah Aviation Company (formerly, Mukamala International Investments Company)	Saudi Arabia	100%	Aviation	SAR	0.5
P.T. Valvoline Lubricants and Chemicals Indonesia	Indonesia	100%	Product sales	IDR	17.7
Pandlewood Corporation N.V.	Curaçao	100%	Financing	USD	0.0
Pedernales Ventures LLC	USA	100%	Retail fuel operations	USD	–
Pedernales Ventures II LLC	USA	100%	Investment	USD	–
PT Aramco Overseas Indonesia	Indonesia	100%	Project management support	IDR	2,500.0
Qingdao Valvoline Automotive Services Co., Ltd.	China	100%	Product sales	CNY	0.1
SAEV Europe Limited	United Kingdom	100%	Investment	USD	0.0
SAEV Guernsey 1 Ltd	Guernsey	100%	Investment	USD	2.8
SAEV Guernsey Holdings Limited	Guernsey	100%	Investment	USD	–
Saudi Aramco Asia Company Limited	Saudi Arabia	100%	Investment	USD	0.1
Saudi Aramco Capital Company Limited	Guernsey	100%	Investment	USD	–
Saudi Aramco Development Company	Saudi Arabia	100%	Investment	SAR	0.5
Saudi Aramco Energy Ventures US LLC	USA	100%	Investment	USD	–

Name of entity	Place of business / country of incorporation	Percent ownership[2]	Principal business activity	Share capital	
				Currency	Amount (millions)
Saudi Aramco Entrepreneurship Center Company Limited	Saudi Arabia	100%	Financing	USD	0.1
Saudi Aramco Entrepreneurship Venture Company Limited	Saudi Arabia	100%	Investment	SAR	0.5
Saudi Aramco Jubail Refinery Company	Saudi Arabia	100%	Refining	SAR	1,600.0
Saudi Aramco Power Company	Saudi Arabia	100%	Power generation	SAR	0.1
Saudi Aramco Sukuk Company	Saudi Arabia	100%	Investment	SAR	0.5
Saudi Aramco Technologies Company	Saudi Arabia	100%	Research and commercialization	USD	0.1
Saudi Aramco Upstream Technology Company	Saudi Arabia	100%	Research and commercialization	USD	0.1
Saudi Petroleum International, Inc.	USA	100%	Marketing support services	USD	0.0
Saudi Petroleum Overseas, Ltd.	United Kingdom	100%	Marketing support and tanker services	GBP	0.0
Saudi Refining, Inc.	USA	100%	Refining and marketing	USD	0.0
Sofon Industries Company	Saudi Arabia	100%	Investment in maritime activities	SAR	0.5
Sofon Naval Industries Company	Saudi Arabia	100%	Manufacturing of naval vessels	SAR	–
Stellar Insurance, Ltd.	Bermuda	100%	Insurance	USD	0.1
Valvoline (Australia) Pty. Limited	Australia	100%	Product sales and manufacturing/distribution	AUD	0.9
Valvoline (Deutschland) GmbH	Germany	100%	Product sales	EUR	(0.1)
Valvoline (Shanghai) Chemical Co., Ltd.	China	100%	Product sales	CNY	5.2
Valvoline (Thailand) Ltd.	Thailand	100%	Product sales	THB	17.6
Valvoline (Zhangjiagang) Lubricants Co., Ltd.	China	100%	Manufacturing and distribution	CNY	35.0
Valvoline Canada Corp.	Canada	100%	Product sales and manufacturing/distribution	CAD	25.7
Valvoline Canada Holdings B.V.	Netherlands	100%	Holding company	EUR	25.5
Valvoline Europe Holdings LLC	USA	100%	Holding company	USD	(0.1)
Valvoline Holdings 2 B.V.	Netherlands	100%	Holding company	EUR	186.4
Valvoline Holdings Pte. Ltd.	Singapore	100%	Holding company	USD	442.0
Valvoline ME FZE	UAE	100%	Product sales	USD	–
Valvoline Middle East DMMC	UAE	100%	Holding company	USD	–
Valvoline Indonesia Holdings LLC	USA	100%	Holding company	USD	2.3
Valvoline International de Mexico S. de R.L. de C.V.	Mexico	100%	Product sales	MXN	7.6
Valvoline International Holdings Inc.	USA	100%	Holding company	USD	691.3
Valvoline International Inc.	USA	100%	Product sales	USD	28.9
Valvoline International Servicios de Mexico S. de R.L. de C.V.	Mexico	100%	Payroll/employment	MXN	0.3
Valvoline Investments B.V.	Netherlands	100%	Investing/holding company	EUR	454.9
Valvoline Italy S.r.l.	Italy	100%	Product sales	EUR	0.4
Valvoline Lubricants & Solutions India Private Limited	India	100%	Payroll/employment	INR	2.1
Valvoline New Zealand Limited	New Zealand	100%	Product sales	NZD	0.5
Valvoline Poland Sp. z.o.o.	Poland	100%	Product sales	PLN	3.4
Valvoline Pte Ltd.	Singapore	100%	Product sales	SGD	434.2
Valvoline South Africa Proprietary Ltd	South Africa	100%	Product sales	ZAR	1.0
Valvoline Spain S.L.	Spain	100%	Product sales	EUR	0.6

Additional legal information continued

Shares issued by subsidiaries continued

Name of entity	Place of business / country of incorporation	Percent ownership[2]	Principal business activity	Share capital	
				Currency	Amount (millions)
Valvoline UK Limited	United Kingdom	100%	Product sales	EUR	2.5
VCA Solutions, LLC	USA	100%	Product sales	USD	10.9
Vela International Marine Limited	Liberia	100%	Marine management and transportation	USD	0.0
VGP Holdings LLC	USA	100%	Holding company	USD	1,247.7
VGP IPCo LLC	USA	100%	IP company	USD	–
Wisayah Global Investment Company	Saudi Arabia	100%	Investment services	SAR	0.5
B. Non-wholly-owned:					
Aramco Gas Pipelines Company	Saudi Arabia	51%	Pipeline transport	SAR	0.1
Aramco Oil Pipelines Company	Saudi Arabia	51%	Pipeline transport	SAR	0.1
Aramco Training Services Company	USA	49%	Training	USD	0.0
ARLANXEO-TSRC (Nantong) Chemical Industries Co., Ltd.	China	50%	Development, manufacture, and marketing of high-performance rubber	CNY	288.3
Johns Hopkins Aramco Healthcare Company	Saudi Arabia	80%	Healthcare	SAR	93.8
Saudi Aramco Base Oil Company[4]	Saudi Arabia	70%	Production and sale of petroleum based lubricants	SAR	1,688.0
Saudi Aramco Nabors Drilling Company	Saudi Arabia	50%	Drilling	SAR	150.0
Saudi Aramco Rowan Offshore Drilling Company	Saudi Arabia	50%	Drilling	SAR	187.5
S-International Ltd.	The Independent State of Samoa	61.6%	Purchasing and sale of petroleum goods	USD	0.0
S-Oil Corporation	South Korea	61.6%	Refining	USD	265.2
S-Oil Singapore Pte. Ltd.	Singapore	61.6%	Marketing support	SGD	1.2
Saudi Basic Industries Corporation ("SABIC")[3]	Saudi Arabia	70%	Holding	SAR	30,000.0
SABIC Luxembourg S.à r.l. ("SLUX")	Luxembourg	70%	Petrochemicals	USD	34.4
SABIC Industrial Investments Company ("SIIC")	Saudi Arabia	70%	Investments	SAR	30.0
SABIC Agri-Nutrients Company ("SABIC AN")	Saudi Arabia	35.1%	Agri-nutrients	SAR	4,760.4
SABIC Investment and Local Content Development Company ("NUSANED")	Saudi Arabia	70%	Investment	SAR	336.2
Arabian Petrochemical Company ("PETROKEMYA")	Saudi Arabia	70%	Petrochemicals	SAR	1,955.5
Saudi Iron and Steel Company ("HADEED")	Saudi Arabia	70%	Metals	SAR	1,070.0
Saudi European Petrochemical Company ("IBN ZAHR")	Saudi Arabia	56%	Petrochemicals	SAR	1,025.7
Jubail United Petrochemical Company ("UNITED")	Saudi Arabia	52.5%	Petrochemicals	SAR	2,495.6
Saudi Methanol Company ("AR-RAZI")	Saudi Arabia	52.8%	Petrochemicals	SAR	259.0
National Industrial Gases Company ("GAS")	Saudi Arabia	51.8%	Utilities	SAR	248.0
National Global Business Services Company	Saudi Arabia	70%	Shared service	SAR	0.1
Yanbu National Petrochemical Company ("YANSAB")	Saudi Arabia	36.5%	Petrochemicals	SAR	5,625.0
National Methanol Company ("IBN-SINA")	Saudi Arabia	35%	Petrochemicals	SAR	558.0
Arabian Industrial Fibers Company ("IBN RUSHD")	Saudi Arabia	33.9%	Petrochemicals	SAR	2,000.0
SABIC Innovative Plastics Argentina SRL	Argentina	70%	Petrochemicals	USD	33.5
SABIC High Performance Plastic ("SHPP") Argentina SRL	Argentina	70%	Specialties	USD	3.0

Name of entity	Place of business / country of incorporation	Percent ownership[2]	Principal business activity	Share capital	
				Currency	Amount (millions)
SABIC Australia Pty Ltd.	Australia	70%	Petrochemicals	AUD	110.2
SABIC Innovative Plastics Aus GmbH	Austria	70%	Petrochemicals	EUR	0.2
SABIC Innovative Plastics GmbH & Co. KG	Austria	70%	Petrochemicals	EUR	164.7
SABIC Innovative Plastics South America-Indústria e Comércio de Plásticos Ltda	Brazil	70%	Petrochemicals	BRL	318.8
SHPP South America Comércio de Plásticos Ltda	Brazil	70%	Specialties	BRL	44.3
NV Pijpleiding Antwerpen-Limburg-Luik (PALL)	Belgium	70%	Support services	EUR	12.3
SABIC Belgium NV	Belgium	70%	Petrochemicals	EUR	210.1
SHPP Canada, Inc.	Canada	70%	Specialties	CAD	209.1
SABIC Petrochemicals Canada, Inc.	Canada	70%	Petrochemicals	CAD	0.0
SABIC Innovative Plastics (China) Co., Ltd.	China	70%	Petrochemicals	USD	392.2
SABIC Innovative Plastics (Chongqing) Co., Ltd.	China	70%	Petrochemicals	USD	112.5
SABIC Innovative Plastics International Trading (Shanghai) Ltd.	China	70%	Petrochemicals	USD	1.2
SHPP (Shanghai) Co., Ltd.	China	70%	Specialties	USD	432.7
SABIC (Shanghai) Trading Co. Ltd.	China	70%	Petrochemicals	CNY	16.9
SABIC (China) Research & Development Co. Ltd.	China	70%	Petrochemicals	CNY	170.6
SABIC China Holding Co. Ltd.	China	70%	Petrochemicals	USD	0.8
SABIC Innovative Plastics Czech s.r.o.	Czech Republic	70%	Petrochemicals	CZK	0.0
SHPP Czech s.r.o.	Czech Republic	70%	Specialties	EUR	0.0
SABIC Innovative Plastics Denmark Aps	Denmark	70%	Petrochemicals	DKK	0.1
SABIC Nordic A/S	Denmark	70%	Petrochemicals	DKK	2.0
SABIC Innovative Plastics Finland OY	Finland	70%	Petrochemicals	EUR	3.0
SHPP Finland OY	Finland	70%	Specialties	EUR	0.0
SABIC France S.A.S.	France	70%	Petrochemicals	EUR	1.9
SABIC Innovative Plastics France S.A.S.	France	70%	Petrochemicals	EUR	4.5
SHPP France S.A.S.	France	70%	Specialties	EUR	9.8
SABIC Deutschland GmbH	Germany	70%	Petrochemicals	EUR	0.1
SABIC Holding Deutschland GmbH	Germany	70%	Petrochemicals	EUR	0.1
SABIC Innovative Plastics GmbH	Germany	70%	Petrochemicals	EUR	0.5
SABIC Innovative Plastics Holding Germany GmbH	Germany	70%	Petrochemicals	EUR	0.3
SABIC Polyolefine GmbH	Germany	70%	Petrochemicals	EUR	0.1
SHPP Germany GmbH	Germany	70%	Specialties	EUR	0.1
SD Verwaltungs GmbH	Germany	70%	Administrative company	EUR	0.1
SD Lizenzverwertungs GmbH & Co KG	Germany	n/a[5]	License company	EUR	0.4
SD Beteiligungs GmbH & Co KG	Germany	n/a[5]	Specialties	EUR	0.4
SABIC Greece M.E.P.E.	Greece	70%	Petrochemicals	EUR	0.1
SABIC Innovative Plastics Hong Kong Ltd.	Hong Kong, China	70%	Petrochemicals	USD	279.7
SABIC Innovative Plastics SIT Holding Ltd.	Hong Kong, China	70%	Petrochemicals	USD	27.4
SABIC Taiwan Holding Ltd.	Hong Kong, China	70%	Petrochemicals	USD	92.7
SHPP Hong Kong	Hong Kong, China	70%	Specialties	USD	12.7

Additional legal information continued

Shares issued by subsidiaries continued

Name of entity	Place of business / country of incorporation	Percent ownership[2]	Principal business activity	Share capital	
				Currency	Amount (millions)
SABIC Hungary Kft.	Hungary	70%	Petrochemicals	HUF	0.1
SABIC Innovative Plastics Kereskedelmi Kft.	Hungary	70%	Petrochemicals	HUF	0.1
SHPP Hungary Kft.	Hungary	70%	Specialties	HUF	0.0
SABIC India Pvt Ltd.	India	70%	Petrochemicals	INR	3.3
SABIC Innovative Plastics India Private Ltd.	India	70%	Petrochemicals	INR	34.4
SABIC R&T Pvt Ltd.	India	70%	Petrochemicals	INR	259.7
High Performance Plastics India Pvt Ltd.	India	70%	Petrochemicals	INR	0.0
SABIC Innovative Plastics Italy Srl	Italy	70%	Petrochemicals	EUR	69.8
SABIC Italia Srl	Italy	70%	Petrochemicals	EUR	0.5
SABIC Sales Italy Srl	Italy	70%	Specialties	EUR	0.0
SHPP Italy Srl	Italy	70%	Specialties	EUR	0.0
SHPP Sales Italy Srl	Italy	70%	Specialties	EUR	0.0
SHPP Japan LLC	Japan	70%	Petrochemicals	JPY	276.8
SABIC Petrochemicals Japan LLC	Japan	70%	Petrochemicals	JPY	3.6
SABIC Korea Ltd.	South Korea	70%	Petrochemicals	KRW	86.7
SHPP Korea Ltd.	South Korea	70%	Specialties	KRW	63.6
SABIC Innovative Plastics Malaysia Sdn Bhd	Malaysia	70%	Petrochemicals	MYR	8.5
SHPP Malaysia Sdn Bhd	Malaysia	70%	Specialties	MYR	0.9
SABIC Innovative Plastics Mexico S de RL de CV	Mexico	70%	Petrochemicals	MXN	36.2
High Performance Plastics Manufacturing Mexico S de RL de CV	Mexico	70%	Specialties	MXN	13.8
BV Snij-Unie HiFi	Netherlands	70%	Petrochemicals	EUR	0.0
SABIC Capital B.V.	Netherlands	70%	Financing	USD	0.1
SABIC Capital I B.V.	Netherlands	70%	Financing	USD	0.1
SABIC Capital II B.V.	Netherlands	70%	Financing	USD	0.1
Petrochemical Pipeline Services B.V.	Netherlands	70%	Petrochemicals	EUR	13.6
SABIC Europe B.V.	Netherlands	70%	Petrochemicals	EUR	747.1
SABIC Global Technologies B.V.	Netherlands	70%	Petrochemicals	EUR	0.1
SABIC International Holdings B.V.	Netherlands	70%	Petrochemicals	EUR	727.9
SABIC Innovative Plastics B.V.	Netherlands	70%	Petrochemicals	EUR	648.6
SABIC Innovative Plastics Holding B.V.	Netherlands	70%	Petrochemicals	EUR	0.1
SABIC Innovative Plastics GP B.V.	Netherlands	70%	Petrochemicals	EUR	0.1
SABIC Innovative Plastics Utilities B.V.	Netherlands	70%	Petrochemicals	EUR	0.0
SABIC Licensing B.V.	Netherlands	70%	Petrochemicals	EUR	0.1
SABIC Limburg B.V.	Netherlands	70%	Petrochemicals	EUR	0.1
SABIC Sales Europe B.V.	Netherlands	70%	Petrochemicals	EUR	0.5
SABIC Petrochemicals B.V.	Netherlands	70%	Petrochemicals	EUR	192.1
SABIC Ventures B.V.	Netherlands	70%	Petrochemicals	EUR	0.1
SABIC Mining B.V.	Netherlands	70%	Petrochemicals	EUR	0.1
SHPP Holding B.V.	Netherlands	70%	Specialties	EUR	0.0
SHPP Global Technologies B.V.	Netherlands	70%	Specialties	EUR	0.0
SHPP Ventures B.V.	Netherlands	70%	Specialties	USD	0.0
SHPP Capital B.V.	Netherlands	70%	Financing	USD	0.0
SHPP Capital I B.V.	Netherlands	70%	Financing	USD	0.0
SHPP Capital II B.V.	Netherlands	70%	Financing	USD	0.0

Name of entity	Place of business / country of incorporation	Percent ownership[2]	Principal business activity	Share capital	
				Currency	Amount (millions)
SHPP B.V.	Netherlands	70%	Specialties	EUR	0.0
SHPP Sales B.V.	Netherlands	70%	Specialties	EUR	0.0
SABIC Innovative Plastics Poland Sp. Z o.o.	Poland	70%	Petrochemicals	PLN	1.8
SABIC Poland Sp. Z o.o.	Poland	70%	Petrochemicals	PLN	0.1
SHPP Poland Sp. Z o.o.	Poland	70%	Specialties	PLN	0.0
SABIC Canada, Inc.	Canada	70%	Petrochemical	CAD	1.0
F&S BV	Netherlands	70%	Petrochemical	EUR	1.0
F&S Holding BV	Netherlands	70%	Petrochemical	EUR	1.0
F&S US LLC	USA	70%	Petrochemical	USD	1.0
Forms & Sheets Spain, S.L.	Spain	70%	Petrochemical	EUR	12.0
Films & Sheets Korea Ltd.	South Korea	70%	Petrochemical	KRW	290.0
F&S France SAS	France	70%	Petrochemical	EUR	1.0
F&S Germany GmbH	Germany	70%	Petrochemical	EUR	103.0
F&S Japan LLC	Japan	70%	Petrochemical	JPY	1.0
Films & Sheets South America Ltd.	Brazil	70%	Petrochemical	BRL	3,631.0
F&S Capital I BV	Netherlands	70%	Petrochemical	EUR	1.0
F&S (SEA) Singapore Sales Pte Ltd	Singapore	70%	Petrochemical	SGD	1.0
F&S Sales India Private Limited	India	70%	Petrochemical	INR	5.0
F&S Malaysia Sdn. Bhd	Malaysia	70%	Petrochemical	MYR	1.0
Film & Sheets Hong Kong Co. Ltd	Hong Kong, China	70%	Petrochemical	USD	64.0
F&S China Co. Ltd.	China	70%	Petrochemical	CNY	48,750.0
LLC SABIC Eastern Europe	Russia	70%	Petrochemicals	RUB	0.0
SABIC Innovative Plastics Rus Z.o.o	Russia	70%	Petrochemicals	RUB	0.0
SHPP Russia OOO	Russia	70%	Specialties	RUB	0.0
SABIC Innovative Plastics (SEA) Pte. Ltd.	Singapore	70%	Petrochemicals	USD	271.0
SABIC Innovative Plastics Holding Singapore Pte. Ltd.	Singapore	70%	Petrochemicals	SGD	1,902.6
SHPP Singapore Pte. Ltd.	Singapore	70%	Specialties	USD	1,827.5
SABIC Asia Pacific Pte Ltd ("SAPPL")	Singapore	70%	Petrochemicals, agri-nutrients	SGD	0.2
SABIC Sales Spain SL	Spain	70%	Petrochemicals	EUR	0.0
SABIC Innovative Plastics Espana ScpA	Spain	70%	Petrochemicals	EUR	2,603.6
SABIC Marketing Ibérica S.A.	Spain	70%	Petrochemicals	EUR	0.3
SHPP Manufacturing Spain SL	Spain	70%	Specialties	EUR	0.0
SHPP Marketing Plastics SL	Spain	70%	Specialties	EUR	0.0
Saudi Innovative Plastics Sweden AB	Sweden	70%	Petrochemicals	SEK	1.6
SHPP Thailand Co. Ltd.	Thailand	70%	Specialties	THB	70.9
SABIC (Thailand) Co. Ltd.	Thailand	70%	Petrochemicals	THB	28.8
SHPP Petrokimya Ticaret Ltd Sirketi	Turkey	70%	Specialties	TRY	0.0
SABIC Global Ltd.	United Kingdom	70%	Petrochemicals	GBP	166.3
SABIC Tees Holdings Ltd.	United Kingdom	70%	Petrochemicals	EUR	1,245.0
SHPP Manufacturing UK Ltd.	United Kingdom	70%	Specialties	GBP	80.1
SABIC Innovative Plastics Ltd.	United Kingdom	70%	Petrochemicals	GBP	17.5
SABIC UK Ltd.	United Kingdom	70%	Petrochemicals	GBP	-
SABIC UK Pension Trustee Ltd.	United Kingdom	70%	Petrochemicals	GBP	-
SABIC UK Petrochemicals Ltd.	United Kingdom	70%	Petrochemicals	GBP	2,576.3
SHPP Sales UK Ltd.	United Kingdom	70%	Specialties	GBP	0.0

Additional legal information continued

Shares issued by subsidiaries continued

Name of entity	Place of business / country of incorporation	Percent ownership[2]	Principal business activity	Share capital	
				Currency	Amount (millions)
Exatec, LLC	USA	70%	Petrochemicals	USD	380.6
SABIC Americas LLC	USA	70%	Petrochemicals, agri-nutrients	USD	7.0
SABIC US Holdings LP	USA	70%	Petrochemicals	USD	13,968.0
SABIC Innovative Plastics Mt. Vernon, LLC	USA	70%	Petrochemicals	USD	7,593.8
SABIC Innovative Plastics US LLC	USA	70%	Petrochemicals	USD	9,766.2
SABIC Petrochemicals Holding US, LLC	USA	70%	Petrochemicals	USD	(30.8)
SABIC Ventures US Holdings LLC	USA	70%	Petrochemicals	USD	231.0
SABIC US Projects LLC	USA	70%	Petrochemicals	USD	56.3
SABIC US Methanol LLC	USA	70%	Petrochemicals	USD	–
SHPP US LLC	USA	70%	Specialties	USD	0.0
JVSS Holding Co Inc.	USA	70%	Specialties	USD	6.0
Scientific Design Co. Inc.	USA	70%	Specialties	USD	69.2
SABIC Vietnam Company Ltd.	Vietnam	70%	Petrochemicals	VND	1.9
SHPP Vietnam Co Ltd	Vietnam	70%	Specialties	VND	0.4
SABCAP Insurance Limited ("SABCAP")	Guernsey	70%	Insurance	USD	187.5
SABIC Petrokemya Ticaret Limited ("SABIC TURKEY")	Turkey	70%	Petrochemicals	TRY	0.9
SABIC Middle East Offshore Company ("SABIC MIDDLE EAST")	Lebanon	n/a[5]	Petrochemicals	USD	0.1
SABIC Middle East Business Management LLC	Jordan	70%	Petrochemicals	JOD	0.1
SABIC South Africa Proprietary Ltd.	South Africa	70%	Petrochemicals	ZAR	(4.7)
SABIC Africa for Trade & Marketing ("S.A.E.")	Egypt	70%	Petrochemicals	EGP	0.1
SABIC Morocco	Morocco	70%	Petrochemicals	MAD	0.4
SABIC Global Mobility Company FZ LLC ("GMC")	UAE	70%	Personnel and other support services	AED	–
SABIC Global Mobility ("GMC LLC")	UAE	n/a[5]	Personnel and other support services	AED	0.1
SABIC Tunisia	Tunisia	70%	Petrochemicals	TND	0.8
SABIC Kenya	Kenya	70%	Petrochemicals	KES	0.9
SABIC Pakistan (Pvt.) Ltd.	Pakistan	70%	Petrochemicals	PKR	0.9
SABIC East Africa for Trade and Marketing LLC	Egypt	70%	Petrochemicals	EGP	0.0
International Shipping and Transportation Co. ("ISTC")	Saudi Arabia	69.3%	Supply chain	SAR	40.0
SABIC Supply Chain Services Limited Company ("SSCS")	Saudi Arabia	69.3%	Supply chain	SAR	0.5
SABIC Terminal Services ("SABTANK")	Saudi Arabia	63%	Supply chain	SAR	30.0
Jubail Chemical Storage and Services Company ("CHEMTANK")	Saudi Arabia	40.6%	Supply chain	SAR	582.8
SABIC Agri-Nutrients Investment Company ("SANIC")	Saudi Arabia	35.1%	Agri-nutrients	SAR	0.0
National Chemical Fertiliser Company ("IBN AL-BAYTAR")	Saudi Arabia	35.1%	Agri-nutrients	SAR	494.7
Joint operations:					
Al-Khafji Joint Operations	Saudi-Kuwaiti Partitioned Zone	50%	Oil and gas exploration and production	SAR	–
Fadhili Plant Cogeneration Company	Saudi Arabia	30%	Power generation	SAR	1.5

Name of entity	Place of business / country of incorporation	Percent ownership[2]	Principal business activity	Share capital	
				Currency	Amount (millions)
Korea Electric Power Corporation for Power Company	Saudi Arabia	40%	Power generation	SAR	15.0
Pengerang Petrochemical Company SDN. BHD.	Malaysia	50%	Petrochemicals	MYR	1,207.0
Pengerang Refining Company SDN. BHD.	Malaysia	50%	Refining	MYR	6,457.0
Power Cogeneration Plant Company	Saudi Arabia	50%	Power generation	SAR	24.8
Saudi Aramco Mobil Refinery Company Ltd	Saudi Arabia	50%	Refining	SAR	1,800.0
Saudi Aramco Total Refining and Petrochemical Company	Saudi Arabia	62.5%	Refining/petrochemicals	USD	2,200.0
Torathuna Social Responsibility Company	Saudi Arabia	62.5%	Corporate social responsibility	SAR	0.5
Tanajib Cogeneration Power Company	Saudi Arabia	40%	Power systems	SAR	15.0
Yanbu Aramco Sinopec Refining Company Limited	Saudi Arabia	62.5%	Refining	USD	1,560.3
Gulf Coast Growth Venture LLC ("GCGV")[3]	USA	35%	Petrochemicals	USD	24,701.5
Saudi Methacrylates Company ("SAMAC")[3]	Saudi Arabia	35%	Petrochemicals	SAR	1,350.0
Joint ventures:					
AIR BP Aramco Poland sp. z o.o.	Poland	50%	Aviation fuels	USD	11.4
Arabian Rig Manufacturing Company	Saudi Arabia	30%	Rig manufacturing	SAR	28.6
Energy City Logistics Company	Saudi Arabia	51%	Logistics	SAR	0.5
First Coast Energy, L.L.P.	USA	50%	Marketing	USD	164.0
HAERTOL Chemie GmbH	Germany	50%	Coolant manufacturer	EUR	–
Juniper Ventures of Texas LLC	USA	60%	Marketing	USD	139.0
Latitude Ventures JV LLC	USA	35%	Leasing and developing retail gas stations	USD	242.0
Lubrival	Ecuador	51%	Product sales	USD	–
Middle East Cloud and Digital Transformation Company Limited	Saudi Arabia	51%	Information technology	SAR	22.5
Middle East Information Technology Solutions	Saudi Arabia	49%	Information technology	SAR	41.3
Novel Non-Metallic Solutions Manufacturing	Saudi Arabia	50%	Manufacturing	SAR	150.1
Plant Digital for Industry Company	Saudi Arabia	50%	Industrial digital solutions	SAR	–
Sadara Chemical Company	Saudi Arabia	65%	Petrochemicals	USD	9,500.0
Sadara Basic Services Company	Saudi Arabia	65%	Petrochemical manufacture and sales	USD	2.0
Saudi Hydrogen Peroxide Company	Saudi Arabia	32.5%	Petrochemical manufacture	SAR	242.0
Sadara Sukuk Wahid BV	Netherlands	65%	Investment	USD	0.1
Sadara Sukuk Ithnayn BV	Netherlands	65%	Investment	USD	0.1
Sadara Sukuk Thalatha BV	Netherlands	65%	Investment	USD	0.1
Sadara Sukuk Arba'a BV	Netherlands	65%	Investment	USD	0.1
Sadara Sukuk Khamsa BV	Netherlands	65%	Investment	USD	0.1
Saudi Arabian Industrial Investment Company	Saudi Arabia	42.5%	Investment	SAR	3,300.0
Saudi Engines Manufacturing Company	Saudi Arabia	55%	Manufacturing	SAR	156.0
S-Oil TotalEnergies Lubricants Co., Ltd.	South Korea	30.8%	Lubricants production and sales	KRW	35,000.0
Star Enterprise	USA	n/a[5]	Pension administration	USD	247.0
Sahel Cafe Food Services Company	Saudi Arabia	n/a[5]	Retail services	SAR	0.1
Sahel Mart Company	Saudi Arabia	50%	Retail services	SAR	40.0
Sahel Transportation Company	Saudi Arabia	50%	Retail services	SAR	50.0
Tas'helat Marketing Company	Saudi Arabia	50%	Marketing	SAR	40.0
Advanced Energy Storage System Investment Company ("AESSIC")[3]	Saudi Arabia	n/a[5]	Renewable energy	SAR	110.3
Al-Jubail Petrochemical Company ("Kemya")[3]	Saudi Arabia	35%	Petrochemicals	SAR	2,149.2

Additional legal information continued

Shares issued by subsidiaries continued

Name of entity	Place of business / country of incorporation	Percent ownership[2]	Principal business activity	Share capital	
				Currency	Amount (millions)
Cosmar Company ("COSMAR")[3]	USA	35%	Petrochemicals	USD	918.6
Eastern Petrochemical Company ("Sharq")[3]	Saudi Arabia	35%	Petrochemicals	SAR	1,890.0
Mauritania Saudi Mining & Steel Company S.A. ("TAKAMUL")[3]	Mauritania	35%	Mining (metal)	MRU	91.4
SABIC Fujian Petrochemicals Co., Ltd. ("FUJIAN")[3]	China	35.7%	Petrochemicals	CNY	7,307.5
SABIC Plastic Energy Advanced Recycling BV ("SPEAR")[3]	Netherlands	35%	Petrochemicals	EUR	8.1
SABIC SK Nexelene Company Pte. Ltd. ("SSNC")[3]	Singapore	35%	Petrochemicals	SAR	1,125.0
Saudi Yanbu Petrochemical Company ("Yanpet")[3]	Saudi Arabia	35%	Petrochemicals	SAR	4,596.0
Shanghai VC Lubricating Oil Co Ltd	China	50%	Product sales	USD	–
Shanghai ZhiSheng Automobile Technology Co Ltd	China	49%	Product sales	CNY	–
Sinopec SABIC Tianjin Petrochemical Company Limited ("SSTPC")[3]	China	35%	Petrochemicals	SAR	5,342.9
Utility Support Group B.V. ("USG")[3]	Netherlands	35%	Utilities	EUR	0.0
Valvoline Cummins Argentina	Argentina	50%	Product sales	USD	–
Valvoline Cummins Private Limited	India	50%	Product sales	USD	–
Valvoline de Colombia	Colombia	51%	Product sales	USD	–
VC Lubricating Oil Co Ltd	Hong Kong, China	50%	Holding company	USD	–
Associates:					
Asmo Logistics Services Company	Saudi Arabia	49%	Logistics	SAR	–
BP AOC Pumpstation Maatschap	Netherlands	50%	Storage	EUR	–
BP ESSO AOC Maatschap	Netherlands	34.4%	Storage	EUR	–
International Maritime Industries Company	Saudi Arabia	40.1%	Maritime	SAR	1,590.4
Noor Al Shuaibah Holding Company	Saudi Arabia	30%	Power generation	SAR	0.1
Rabigh Refining and Petrochemical Company[3]	Saudi Arabia	37.5%	Refining/petrochemicals	SAR	16,710.0
Rafineria Gdańska sp. z o.o.	Poland	30%	Refining	USD	270.2
Sudair 1 Holding Company	Saudi Arabia	30.3%	Holding	SAR	0.2
Team Terminal B.V.	Netherlands	34.4%	Storage	EUR	–
Huajin Aramco Petrochemical Co., Ltd.	China	30%	Refining/petrochemicals	RMB	1,190.3
Nusaned Fund I[3]	Saudi Arabia	35%	Equity investments	SAR	74.6
Nusaned Fund II[3]	Saudi Arabia	42%	Equity investments	SAR	450.0

1. Excludes subsidiaries which are passively held for investment purposes and not deemed material by Aramco.
2. Percentages disclosed reflect the effective ownership of Aramco in the respective entities.
3. Share capital amounts are presented in SAR. The currencies listed represent the functional currency of the entity.
4. In December 2022, Saudi Aramco Base Oil Company ("Luberef") listed its shares on the Saudi Exchange following the successful completion of its IPO. There was no change in the Company's shareholding interest following the listing.
5. Under liquidation.

For more information on Aramco's subsidiaries, see Section 7: Consolidated financial statements – Notes 38, 39 and 40.

Forecasts and forward-looking statements

This Annual Report may contain certain forward-looking statements with respect to Aramco's financial position, results of operations and business and certain of Aramco's plans, intentions, expectations, assumptions, goals and beliefs regarding such items. These statements include all matters that are not historical fact and generally, but not always, may be identified by the use of words such as "believes", "expects", "are expected to", "anticipates", "intends", "estimates", "should", "strive", "will", "shall", "may", "is likely to", "plans", "targets", "goals", "outlook" or similar expressions, including variations and the negatives thereof or comparable terminology. These statements include, among other things, statements about expectations in connection with Aramco's environmental, social and governance ("ESG") initiatives.

Prospective investors should be aware that forward-looking statements are not guarantees of future performance and that Aramco's actual financial position, results of operations and business and the development of the industries in which it operates may differ significantly from those made in or suggested by these forward-looking statements. In addition, even if Aramco's financial position, results of operations and business and the development of the industries in which it operates are consistent with these forward-looking statements, those results or developments may not be indicative of results or developments in subsequent periods.

Factors that could cause actual results to differ materially from Aramco's expectations are contained in cautionary statements in this Annual Report and include, among other things, the following:

- global supply, demand and price fluctuations with respect to oil, gas, and petrochemicals;
- global economic market conditions;
- competition in the industries in which Aramco operates;
- climate change concerns, weather conditions and related impacts on the global demand for hydrocarbons and hydrocarbon-based products;
- risks related to Aramco's ability to successfully meet its ESG targets goals, including its failure to fully meet its GHG emission reduction targets by 2050;
- 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;
- political and social instability and unrest, and actual or potential armed conflicts in the MENA region and other areas;
- natural disasters and public health pandemics or epidemics;
- the management of Aramco's growth;
- the management of Aramco's subsidiaries, joint operations, joint ventures, associates and entities in which it holds a minority interest;
- Aramco's exposure to inflation, interest rate risk and foreign exchange risk;
- risks related to operating in a regulated industry and changes to oil, gas, environmental, health, safety or other regulations that impact the industries in which Aramco operates; and,
- legal proceedings, international trade matters, and other disputes or agreements.

The sections of this Annual Report entitled "Risk Factors" and "Financial Performance" contain a more complete discussion of the factors that could affect Aramco's future performance and the industries in which it operates. In light of these risks, uncertainties and assumptions, the forward-looking events described in this Annual Report may not occur in the manner described or may not occur at all.

The forward-looking statements speak as of the date of this Annual Report. We undertake no obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise. All subsequent written and oral forward-looking statements attributable to us or to persons acting on our behalf are expressly qualified in their entirety by the cautionary statements referred to above and contained elsewhere in this Annual Report. Undue reliance should not be placed on the forward-looking statements.

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

Bn
Billion

boe
Barrels of oil equivalent

bpd
Barrels per day

bscf
Billion standard cubic feet

bscfd
Billion standard cubic feet per day

BTU
British thermal unit

GW
Gigawatts

mboed
Thousand barrels of oil equivalent per day

mbpd
Thousand barrels per day

mmbbl
Million barrels

mmboe
Million barrels of oil equivalent

mmboed
Million barrels of oil equivalent per day

mmbpd
Million barrels per day

mmBTU
Million British thermal units

$mmtCO_2e$
Million metric tons of carbon dioxide equivalent

mmscf
Million standard cubic feet

mmscfd
Million standard cubic feet per day

mmtpa
Million metric tons per annum

per day
Volumes are converted into a daily basis using a calendar year (Gregorian)

scf
Standard cubic feet

tscf
Trillion standard cubic feet

Technical terms

Arabian Extra Light
Crude oil with API gravity of 36° to 40° and sulfur content between 0.5% and 1.3%.

Arabian Heavy
Crude oil with API gravity less than 29° and sulfur content greater than 2.9%.

Arabian Light
Crude oil with API gravity of 32° to 36° and sulfur content between 1.3% and 2.2%.

Arabian Medium
Crude oil with API gravity of 29° to 32° and sulfur content between 2.2% and 2.9%.

Arabian Super Light
Crude oil with API gravity more than 40° and sulfur content less than 0.5%.

Carbon dioxide equivalent (CO_2e)
A metric measure used to compare the emissions from various greenhouse gases based upon their global warming potential (GWP). Carbon dioxide equivalents are commonly expressed as million metric tons of carbon dioxide equivalents ($mmtCO_2e$). The carbon dioxide equivalent for a gas is derived by multiplying the tons of the gas by the associated GWP.

Carbon intensity
A measure of greenhouse gas emissions in carbon dioxide (CO_2) equivalent per barrel of oil equivalent.

CO_2
Carbon dioxide.

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

Delineation
A process by which new wells are drilled in order to determine the boundaries of a discovered oil or gas field, both its areal extent and its vertical hydrocarbon column.

Freshwater
Non-brackish water with total dissolved solids (TDS) concentration up to 2,000 mg/l.

Greenhouse gas (GHG) emissions
Any gaseous compound in the atmosphere that is capable of absorbing infrared radiation. Generally, consists of water vapor, CO_2, methane, nitrous oxide, hydro fluorocarbons, perfluorocarbons and sulfur hexafluoride. Aramco's inventory includes CO_2, methane and nitrous oxide.

Gross chemicals production capacity
The total combined chemicals production capacity of Aramco and the joint ventures and other entities in which Aramco owns an equity interest.

Gross refining capacity
The total combined refining capacity of Aramco and the joint ventures and other entities in which Aramco owns an equity interest.

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

Lifting costs
Oil and gas operations (i) production related expenses; (ii) taxes other than income taxes (if applicable); and (iii) production-related general and administrative expenses. Lifting costs exclude exploration, royalty, R&D, public service costs, gain or loss on disposal of property, plant and equipment, and depreciation costs.

Liquids
Crude oil, condensate, and NGL.

LNG
Liquefied natural gas.

LPG
Liquefied petroleum gas, which is a mixture of saturated and unsaturated hydrocarbons, with up to five carbon atoms, used as household fuel.

MSC
Maximum Sustainable Capacity – the average maximum number of barrels per day of crude oil that can be produced for one year during any future planning period, after taking into account all planned capital expenditures and maintenance, repair, and operating costs, and after being given three months to make operational adjustments. The MSC excludes AGOC's crude oil production capacity.

MTBE
Methyl tertiary butyl ether – a volatile, colorless, flammable liquid that is manufactured via a chemical reaction between methanol and isobutylene, and is used as a component in fuel for gasoline engines.

Natural gas
Methane produced at Aramco's gas plants and sold within the Kingdom as sales gas.

Net chemicals production capacity
Aramco's equity share of its gross chemicals production capacity, calculated by multiplying the gross chemicals production capacity of each facility in which Aramco has an interest by Aramco's percentage equity ownership in the entity that owns the facility.

Net refining capacity
Aramco's equity share of its gross refining capacity, calculated by multiplying the gross refining capacity of each refinery in which Aramco has an interest by Aramco's percentage equity ownership in the entity that owns the refinery.

NGL
Natural gas liquids, which are liquid or liquefied hydrocarbons produced in the manufacture, purification, and stabilization of natural gas. For the reporting of reserves, ethane is included in NGL. For the reporting of production, NGL is included in total liquids, and ethane is reported as a component of total gas.

Production costs
The sum of operating costs and depreciation, reflecting both the erosion of asset value over time on an accounting basis and the cost of operating the business.

Proved reserves/Hydrocarbon reserves
Those quantities of liquids and gas, which, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be economically producible — from a given date forward, from known reservoirs, and under existing economic conditions, operating methods, and government regulations — prior to the time at which contracts providing the right to operate expire, unless evidence indicates that renewal is reasonably certain, regardless of whether deterministic or probabilistic methods, are used for the estimation. The project to extract the hydrocarbons must have commenced or the operator must be reasonably certain that it will commence the project within a reasonable time.

Reliability
Total products volume shipped/delivered within 24 hours of the scheduled time, divided by the total products volume committed. Any delays caused by factors that are under the Company's control (e.g. terminal, pipeline, stabilization, or production) negatively affect the score, whereas delays caused by conditions that are beyond the Company's control, such as adverse weather, are not considered. A score of less than 100% indicates there were issues that negatively impacted reliability.

Reserves life
Calculated on a barrel of oil equivalent basis by dividing proved reserves as at a given year-end by production for that year.

Scope 1 GHG emissions
Direct emissions, which include GHG emissions from onsite fuel combustion, flaring, venting and fugitive emissions.

Scope 2 GHG emissions
Indirect emissions, which account for GHG emissions from offsite power generation including electricity and steam.

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

Total recordable case (TRC) rate
Sum of recordable cases that occurred in the workplace per 200,000 work hours.

Unconventional oil and gas
Refers to the oil and gas resources which cannot be explored, developed, and produced by conventional processes just in using the natural pressure of the wells and pumping or compression operations.

Glossary

Affiliate
Except with respect to financial information, the term Affiliate means a person who controls another person or is controlled by that other person, or who is under common control with that person by a third person. In any of the preceding, control could be direct or indirect.

With respect to financial information, the term Affiliate means the Company's subsidiaries, joint arrangements and associates, each as defined by IFRS.

AGM
Ordinary Annual General Assembly meeting.

AGOC
Aramco Gulf Operations Company Ltd.

API
The American Petroleum Institute, which is the major United States trade association for the oil and gas industry.

ARLANXEO
ARLANXEO Holding B.V., a wholly-owned specialty chemicals subsidiary.

Associate
With respect to financial information, the term Associate, as defined by IFRS, means an entity over which the Company has significant influence but not control, generally reflected by a shareholding of between 20% and 50% of the voting rights. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

ATC
Aramco Trading Company, a wholly-owned subsidiary of Aramco.

Auditor
An auditor is a person or entity authorized to review and verify the accuracy of financial records and ensure that companies comply with tax laws. Aramco is audited by an independent external auditor, PricewaterhouseCoopers (PwC) Public Accountants, the independent external auditor of Aramco.

Blended Price
Pursuant to Council of Ministers Resolution No. 370, dated 10/7/1439H (corresponding to March 27, 2018) and the Ministerial Resolution issued by the Ministry of Energy, in agreement with the Ministry of Finance, No. 01-5928-1439, dated as at 27/8/1439H (corresponding to May 13, 2018), effective on 1/7/1439H (corresponding to March 17, 2018), the Kingdom established the price due to licensees for the domestic sale of Regulated Gas Products.

Board
The Board of Directors of the Company.

Bylaws
The Bylaws of the Company, approved by Council of Ministers Resolution No. 180 dated 1/4/1439H (corresponding to December 19, 2017), which came into effect on 14/4/1439H (corresponding to January 1, 2018), as amended from time to time.

Capital Market Law
The Capital Market Law, pursuant to Royal Decree No. (M/30) dated 2/6/1424H (corresponding to July 31, 2003), as amended.

Circular carbon economy
A circular carbon economy is a framework for managing and reducing emissions. It is a closed loop system involving 4Rs: reduce, reuse, recycle, and remove.

CMA
The Capital Market Authority, including, where the context permits, any committee, sub-committee, employee or agent to whom any function of the CMA may be delegated.

Companies Law
The Companies Law, issued under Royal Decree No. M/132, dated 1/12/1443H (corresponding to July 1, 2022) which came into effect on January 19, 2023, as amended.

Company
Saudi Arabian Oil Company (The Company).

Concession
As defined in Section 6: Additional financial and legal information — Material agreements — The Concession.

Concession Amendment
As defined in Section 6: Additional financial and legal information — Material agreements — The Concession.

Concession Area
The territorial lands and maritime areas of the Kingdom except in the Excluded Areas.

Concession Effective Date
As defined in Section 6: Additional financial and legal information — Material agreements — The Concession.

Control
Except with respect to financial information, the term "Control" means the ability to influence the actions or decisions of another person through, whether directly or indirectly, alone or with a relative or affiliate (a) holding 30% or more of the voting rights in a company, or (b) having the right to appoint 30% or more of the Board of a company; "controller" shall be construed accordingly.

With respect to financial information, the term "Control" is defined by IFRS: The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Corporate Governance Regulations
The Corporate Governance Regulations as issued by the Board of the CMA pursuant to CMA Board Resolution No. 3-123-2017 dated 9/4/1439H (corresponding to December 27, 2017) based on the Capital Market Law, as amended.

Council of Ministers
A regulatory body presided over by HRH the Crown Prince, except when the Custodian of the Two Holy Mosques, the King is in attendance.

COVID-19
The coronavirus disease identified in 2019.

D&M
DeGolyer & MacNaughton, Aramco's independent petroleum consultant.

Domestic
Refers to the Kingdom of Saudi Arabia.

Domestic Gas Price
Certain prices for the domestic sale of gas hydrocarbons including those for Regulated Gas Products.

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

EGM
Extraordinary General Assembly meeting.

EPC
Engineering, procurement, and construction.

ERM
Enterprise risk management.

ESG
Environmental, social, and governance.

Esmax
Esmax Distribución SpA.

Excluded Areas
The limited area excluded from Aramco's rights under the Concession, consisting of: (a) the boundaries of the Holy Mosques in Makkah Al-Mukarramah and Madinah Al-Munawwarah, (b) the partitioned territory and its adjoining offshore areas in accordance with the agreements between the Kingdom and the State of Kuwait, and, (c) the common zone in the Red Sea in accordance with the agreement between the Kingdom and the Republic of Sudan.

FREP
Fujian Refining & Petrochemical Company Limited, a joint venture established among Saudi Aramco Asia Company Ltd., Fujian Petrochemical Company Ltd. (itself a joint venture between Sinopec and the provincial government of Fujian, China) and ExxonMobil China Petroleum & Petrochemical Company Ltd.

GCC
The Cooperation Council for the Arab States of the Gulf, consisting of the member states of the Kingdom of Bahrain, State of Kuwait, Sultanate of Oman, State of Qatar, Kingdom of Saudi Arabia, and United Arab Emirates.

GDP
Gross domestic product. The broadest quantitative measure of a nation's total economic activity, representing the monetary value of all goods and services produced within a nation's geographic borders over a specified period of time.

General Assembly
Any Ordinary General Assembly or Extraordinary General Assembly.

GMTN program
The global medium-term note program, established on April 1, 2019, pursuant to which the Company may from time to time issue notes.

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

Greenhouse gas (GHG)
Any gas that absorbs infrared radiation in the atmosphere rather than allowing it to radiate into space. Greenhouse gases include CO_2, methane, nitrous oxide, ozone, chlorofluorocarbons, hydrochlorofluorocarbons, hydrofluorocarbons, perfluorocarbons, and sulfur hexafluoride.

Greenhouse Gas Protocol
Establishes comprehensive global standardized frameworks to measure and manage greenhouse gas emissions from private and public sector operations, value chains, and mitigation actions. It is a product of the collaboration between the World Resources Institute (WRI) and World Business Council for Sustainable Development (WBCSD).

GSPR
The Law of Gas Supplies and Pricing enacted by Royal Decree No. M/36, dated 25/6/1424H (corresponding to August 23, 2003), which has been replaced by the Energy Supply Law.

H
Hijri calendar.

HAPCO
Huajin Aramco Petrochemical Company Limited, a joint venture between Aramco, North Huajin Chemical Industries Group Corporation, and Panjin Xincheng Industrial Group Company Limited.

HSE
Health, safety, and environment.

HSSE
Health, safety, security, and environment.

Hydrocarbons Law
Law governing hydrocarbons, hydrocarbon resources, and hydrocarbon operations existing within the territory of the Kingdom, enacted by Royal Decree No. M/37, dated 2/4/1439H (corresponding to December 20, 2017), as amended.

IAS
International Accounting Standard(s).

IASB
International Accounting Standards Board.

IFRS
International Financial Reporting Standard(s) that are endorsed in the Kingdom and other standards and pronouncements endorsed by SOCPA.

iktva
In-Kingdom Total Value Add.

Income Tax Law
Income Tax Law issued under Royal Decree No. M/1 dated 15/1/1425H (corresponding to March 6, 2004) and its Implementing Regulations issued under Ministerial Resolution No. 1535 dated 11/6/1425H (corresponding to August 11, 2004), as amended from time to time.

IOCs
International oil companies.

Ipieca
International Petroleum Industry Environmental Conservation Association.

IPO
Initial public offering.

ISO
International Organization for Standardization.

Joint arrangement
The term joint arrangement, as defined by IFRS, refers to either a joint operation or a joint venture.

Joint operation
The term joint operation, as defined by IFRS, means a type of joint arrangement whereby the parties that have joint control of the agreement have rights to the assets and obligations for the liabilities relating to the arrangement.

Glossary continued

Joint venture
The term joint venture, as defined by IFRS, means a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement.

KAUST
King Abdullah University of Science and Technology.

KFUPM
King Fahd University of Petroleum and Minerals.

Kingdom
Kingdom of Saudi Arabia.

Luberef
Saudi Aramco Base Oil Company, a Saudi listed joint stock company and a subsidiary of Saudi Aramco.

Marafiq
Power and Water Utility Company for Jubail and Yanbu', which is a publicly traded company listed on the Saudi Exchange.

Master Gas System (MGS)
An extensive network of pipelines that connects Aramco's key gas production and processing sites throughout the Kingdom.

MEIM
The Ministry of Energy, Industry and Mineral Resources of the Kingdom. Predecessor to the Ministry of Energy.

MENA
Middle East and North Africa.

Ministry of Energy
Ministry of Energy of the Kingdom. Successor to MEIM.

Ministry of Finance
Ministry of Finance of the Kingdom.

Ministry of Industry and Mineral Resources
The Ministry of Industry and Mineral Resources of the Kingdom.

Motiva
Motiva Enterprises LLC.

Namaat
Aramco's industrial investment program.

Net-zero emissions
This is achieved when anthropogenic GHG emissions to the atmosphere are balanced by anthropogenic removals.

OPEC
Organization of the Petroleum Exporting Countries.

Operationally controlled entities
An entity is designated to be under Saudi Aramco's operational control, if Saudi Aramco is able to exercise direct operational control over the day-to-day activities of that entity. Includes SASREF, Motiva, ARLANXEO, Aramco Trading Company, Aramco Overseas Company, Aramco Services Company, Saudi Aramco Asia Company Ltd.

Original Concession
As defined in Section 6: Additional financial and legal information — Material agreements — The Concession.

PETRONAS
Petroliam Nasional Bhd.

Petro Rabigh
Rabigh Refining and Petrochemical Company, a venture established by Aramco and Sumitomo Chemical Co. Ltd. in 2005, which is a publicly traded company listed on the Saudi Exchange.

PIF
Public Investment Fund of Saudi Arabia.

PKN ORLEN
Polski Koncern Naftowy ORLEN S.A.

PRefChem
PRefChem Petrochemical and PRefChem Refining.

PRefChem Petrochemical
Pengerang Petrochemical Company Sdn. Bhd.

PRefChem Refining
Pengerang Refining Company Sdn. Bhd.

Price equalization
Prices are established separately by the Ministry of Energy for each relevant product using a combination of either internationally recognized indices or, where relevant, the Company's official selling price and, depending on the relevant product, on the basis of export parity, import parity or a combination of both.

PwC
PricewaterhouseCoopers.

R&D
Research and development.

Regulated Gas Products
Gas hydrocarbons which are subject to the Kingdom's gas pricing regime, including natural gas, ethane and NGL (propane, butane and natural gasoline).

Relatives
The term relatives, as defined under the Corporate Governance Regulations, refers to:

I. Fathers, mothers, grandfathers and grandmothers (and their ancestors);
II. Children and grandchildren and their descendants;
III. Siblings, maternal and paternal half-siblings; and,
IV. Husbands and wives.

Reserved Areas
The areas reserved for Aramco's operations within the Concession Area.

ROACE
Return on average capital employed.

Rongsheng Petrochemical
Rongsheng Petrochemical Company Limited.

Rules on the Offer of Securities and Continuing Obligations (OSCO Rules)
As issued by the Board of the CMA pursuant to CMA Board Resolution No. 3-123-2017 dated 9/4/1439H (corresponding to December 27, 2017) based on the Capital Market Law, as amended.

SABIC
Saudi Basic Industries Corporation.

Sadara
Sadara Chemical Company, a joint venture established by Aramco and Dow Chemical Company in 2011.

Sanabil Investments
Saudi Arabian Investment Company, a wholly-owned subsidiary of the PIF.

SASREF
Saudi Aramco Jubail Refinery Company, a subsidiary of Aramco, formerly known as Saudi Aramco Shell Refinery Company.

SATORP
Saudi Aramco Total Refining and Petrochemical Company, a joint venture established by Aramco and Total Refining Saudi Arabia SAS in 2008.

Saudi Aramco/Aramco/Group
Saudi Arabian Oil Company, together with its consolidated subsidiaries, and where the context requires, its joint operations, joint ventures and associates.

Any reference to "us", "we" or "our" refers to Aramco except where otherwise stated.

Unless otherwise stated, the text does not distinguish between the activities and operations of the Company and those of its subsidiaries.

Saudi Exchange
The Saudi Exchange, the sole entity authorized in the Kingdom to act as a securities exchange.

Saudi Green Initiative (SGI)
A national initiative that unites environmental protection, energy transition, and sustainability programs with the overarching aim of offsetting and reducing emissions, increasing the Kingdom's use of clean energy, and addressing climate change.

Senior Executives/The Group Executive Committee
The members of the Senior Management of Aramco holding the title of CEO, President, or Executive Vice President.

Senior Management
The Senior Management and other officers of Aramco who, while subordinate to the Senior Executives, are still involved in the management of Aramco and participate in driving its strategies, decisions or operations.

Senior Unsecured Notes
Senior Unsecured Notes under the GMTN Program.

Shareek program
A cooperative Government program that is designed to provide support via various pillars including financial, monetary, operational and regulatory cooperation and asset investment, aiming to enhance the development and resilience of the Saudi economy by increasing the gross domestic product, providing job opportunities, diversifying the economy and strengthening cooperation between public and private sectors.

Shareholder
Any holder of shares.

Shari'a
The Islamic law.

Sinopec
China Petroleum & Chemical Corporation.

SME
Small and medium enterprise.

SOCPA
Saudi Organization for Chartered and Professional Accountants.

S-OIL
S-Oil Corporation.

SPE-PRMS
Society of Petroleum Engineers – Petroleum Resources Management System.

SSC
Sustainability Steering Committee.

Stellar
Stellar Insurance Ltd.

Subsidiaries
Except with respect to financial information, the term subsidiaries mean the companies that Aramco controls through its ability to influence the actions or decisions of another person through, whether directly or indirectly, alone or with a relative or affiliate (i) holding 30% or more of the voting rights in a company or (ii) having the right to appoint 30% or more of the Board of a company.

With respect to financial information, the term subsidiaries is defined by IFRS, meaning entities over which the Company has controls.

Sukuk
A financial instrument similar to a bond that complies with Shari'a principles.

Sumed
The Arab Petroleum Pipelines Company.

Sumitomo
Sumitomo Chemical Co. Ltd.

Taleed
Aramco's program which aims to accelerate the growth of SMEs in Saudi Arabia.

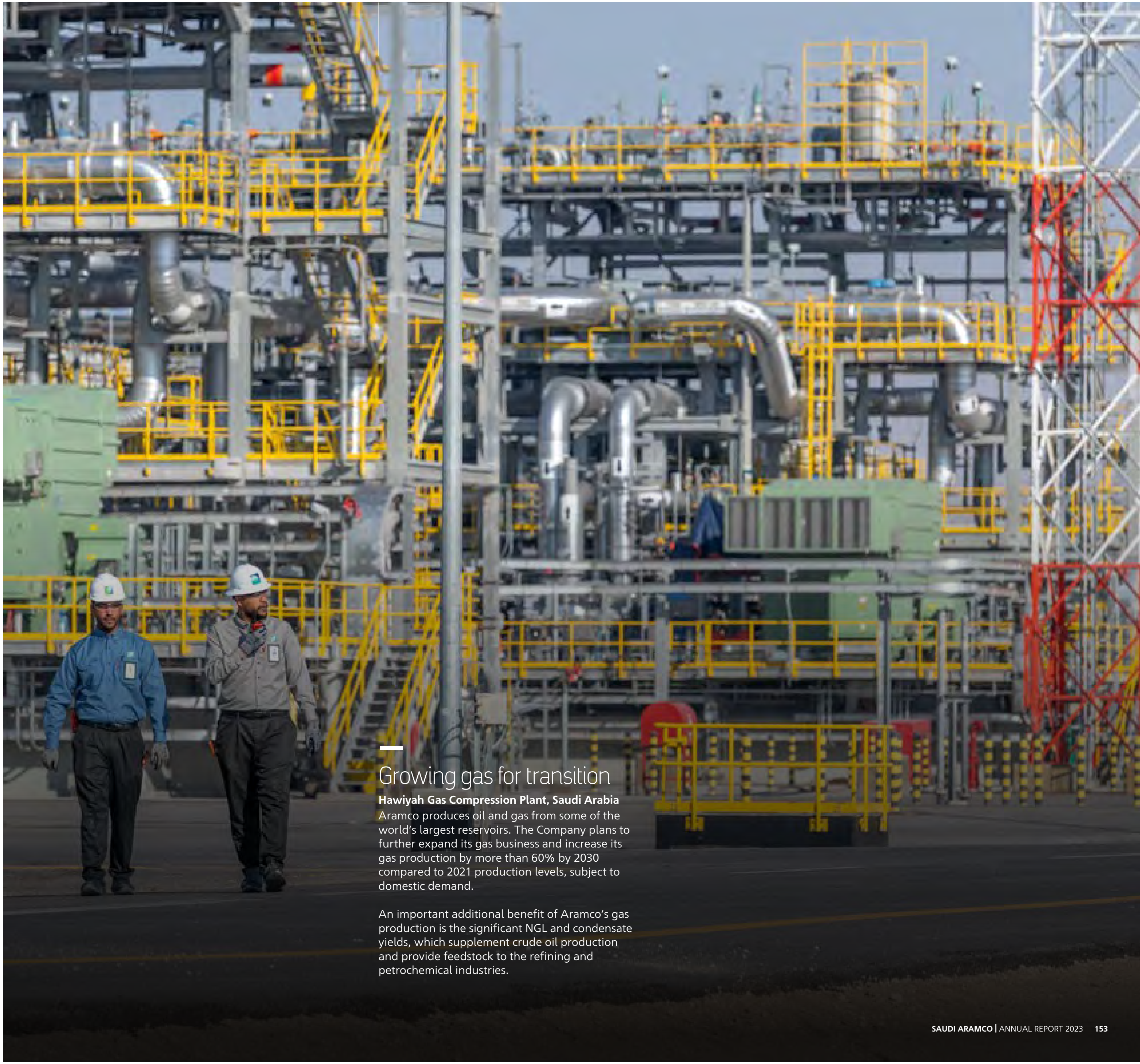
The Energy Supply Law
The Energy Supply Law issued by Royal Decree No. (M/80) dated 4/6/1444 (corresponding to December 28, 2022).

TotalEnergies
TotalEnergies SE.

U.S./United States/USA
United States of America.

YASREF
Yanbu' Aramco Sinopec Refinery Company Limited, a joint venture established by Aramco and Sinopec Century Bright Capital Investment (Amsterdam) B.V. in 2010.

7. Consolidated financial statements



Growing gas for transition

Hawiyah Gas Compression Plant, Saudi Arabia
Aramco produces oil and gas from some of the world's largest reservoirs. The Company plans to further expand its gas business and increase its gas production by more than 60% by 2030 compared to 2021 production levels, subject to domestic demand.

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

Independent auditor's report to the shareholders of Saudi Arabian Oil Company

Report on the audit of the consolidated financial statements

Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Saudi Arabian Oil Company (the "Company") and its subsidiaries (together the "Group") as at December 31, 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards, that are endorsed in the Kingdom of Saudi Arabia, and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA).

What we have audited

The Group's consolidated financial statements comprise:

- the consolidated statement of income for the year ended December 31, 2023;
- the consolidated statement of comprehensive income for the year ended December 31, 2023;
- the consolidated balance sheet as at December 31, 2023;
- the consolidated statement of changes in equity for the year ended December 31, 2023;
- the consolidated statement of cash flows for the year ended December 31, 2023; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing, that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards), endorsed in the Kingdom of Saudi Arabia (the "Code"), that is relevant to our audit of the consolidated financial statements and we have fulfilled our other ethical responsibilities in accordance with the Code's requirements.

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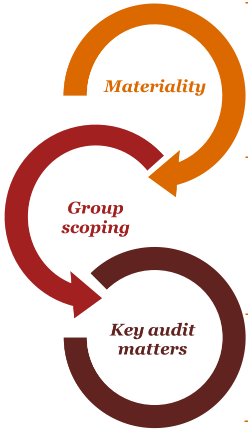
Independent auditor's report to the shareholders of Saudi Arabian Oil Company (continued)

Our audit approach

Overview



- We determined overall Group materiality taking into account the profit-oriented nature of the Group.
- Based on a percentage of income before income taxes and zakat of SAR 888.1 billion, we determined our overall Group materiality at SAR 30.0 billion.
- Our quantitative threshold for reporting misstatements to those charged with governance was set at SAR 2.3 billion.

Based on their size, complexity and risk:
- We selected the Company's standalone operations and five other components located in the Kingdom of Saudi Arabia, the United States of America and the Republic of Korea for full-scope audits; and
- We also determined a number of other components to be in scope for the Group audit, in respect of which audit procedures over specified financial statement line items were performed.

Our key audit matters comprise the following:
- Assessment of the recoverability of the goodwill and brand recognised as part of the Saudi Basic Industries Corporation ("SABIC") acquisition; and
- Assessment of the recoverability of property, plant and equipment.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where the Board of Directors made subjective judgments; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgment, we determined certain quantitative thresholds for materiality, including the overall Group materiality for the consolidated financial statements as a whole as set out in the following table. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the consolidated financial statements as a whole.

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Independent auditor's report to the shareholders of Saudi Arabian Oil Company (continued)

Overall Group materiality	SAR 30.0 billion (2022: SAR 37.5 billion).
How we determined it	Based on a percentage of income before income taxes and zakat.
Rationale for the materiality benchmark applied	Income before income taxes and zakat is an important benchmark for the users of the consolidated financial statements and is a generally accepted benchmark for profit-oriented groups.

We agreed with those charged with governance that we would report to them misstatements identified during our audit above SAR 2.3 billion.

How we tailored our Group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

The Group's operations are conducted through many components in different parts of the world. The most significant component within the Group is the Company itself and most of the audit effort was spent by the Group engagement team based in Dhahran, Kingdom of Saudi Arabia. The Group engagement team also directed the work done by the various component teams across different locations and performed audit procedures on the consolidation workings and disclosures.

We identified five other components where a full-scope audit on the respective components' financial information was performed under our instructions. Members of the Group engagement team performed the full-scope audit of the component located in Dhahran, Kingdom of Saudi Arabia. Component teams in Riyadh, Kingdom of Saudi Arabia, the United States of America and the Republic of Korea performed full-scope audits of the components at those locations. We also requested certain other component teams to perform audit procedures over specified financial statement line items. The selection of these components was based on qualitative and quantitative considerations, including whether the component accounted for a significant proportion of individual consolidated financial statement line items.

The Group engagement team's involvement in the audit work performed by component teams considered the relative significance and complexity of the individual component. This included allocating overall Group materiality to the different components, sending formal instructions, obtaining regular updates on progress and results of procedures as well as reviewing deliverables and selected underlying working papers.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Independent auditor's report to the shareholders of Saudi Arabian Oil Company (continued)

Key audit matter	***How our audit addressed the Key audit matter***
Assessment of the recoverability of the goodwill and brand recognised as part of the SABIC acquisition	
International Accounting Standard ("IAS") 36 'Impairment of Assets', that is endorsed in the Kingdom of Saudi Arabia, requires goodwill and intangible assets that have indefinite useful lives to be tested annually for impairment, irrespective of whether there is any indication of impairment. Management performed an assessment of recoverability of the goodwill and brand (determined to have an indefinite useful life) recognised as part of the SABIC acquisition during the year ended December 31, 2020. The carrying amounts of these assets were SAR 99.1 billion and SAR 18.1 billion, respectively, as at December 31, 2023. Goodwill has been allocated to the Downstream operating segment. Therefore, the goodwill impairment test was performed at the Downstream operating segment level. The brand test was performed based on an aggregation of the relevant Cash-Generating Units ("CGUs"). The recoverable amounts were determined based on value-in-use derived using discounted cash flow models. Each of the models were based on the most recent approved financial plans and included 10-year projection periods with terminal values assumed thereafter. The exercise performed by management supported the goodwill and brand carrying values and did not identify the need for any impairment charges to be recognised. We considered this to be a key audit matter given the significant judgment and estimates involved in determining recoverable amounts and the uncertainty inherent in the underlying forecasts and assumptions. The key inputs to the recoverable amounts included the: • Cash flows during the 10-year projection periods including commodity prices, margins and other underlying assumptions; • Terminal values; and • Pre-tax discount rates. *Refer to Note 2(e), Note 2(h) and Note 6 to the consolidated financial statements for further information.*	Our procedures included the following: • We considered the appropriateness of management's allocation of goodwill to the Downstream operating segment and brand to the aggregation of the relevant CGUs, based on the requirements of IAS 36 'Impairment of Assets', that is endorsed in the Kingdom of Saudi Arabia. • We considered the completeness of the carrying values of the assets and liabilities considered as part of the impairment tests for both goodwill and brand. • With input from internal valuation experts, where considered necessary, we performed the following procedures on management's valuation models, as deemed appropriate: - Considered the consistency of certain unobservable inputs underlying the 10-year cash flows such as expected product volumes and costs with approved financial plans; - Compared a sample of forecast commodity prices and margins underlying the 10-year cash flows to market data points; - Evaluated the reasonableness of approved financial plans by comparison to historical results; - Assessed the reasonableness of the approach and inputs used to determine the terminal values; - Evaluated the reasonableness of the pre-tax discount rates used by cross-checking the underlying assumptions against observable market data; - Tested the mathematical accuracy and logical integrity of the models; and - Tested management's sensitivity analyses that considered the impact of changes in assumptions on the outcome of the impairment assessments. • We considered the reasonableness of the movements in the recoverable amounts during the year ended December 31, 2023 in view of the changes in the underlying key assumptions. • We considered the appropriateness of the related accounting policies and disclosures in the consolidated financial statements.

Independent auditor's report to the shareholders of Saudi Arabian Oil Company (continued)

Key audit matter	*How our audit addressed the Key audit matter*
Assessment of the recoverability of property, plant and equipment	
Management performed an assessment to consider whether there was any indication that items of property, plant and equipment as at December 31, 2023 may be impaired. For certain Downstream operating segment CGUs where such indicators were identified, recoverable amounts were determined. The recoverable amounts were based on value-in-use derived using discounted cash flow models, and determined to be higher than the fair value less costs of disposal. Based on a comparison of recoverable amounts with carrying values, an aggregate impairment charge of SAR 3.1 billion was recorded as part of depreciation and amortization in the consolidated financial statements. We considered this to be a key audit matter given the significant judgment and estimates involved in identifying impairment indicators and in determining recoverable amounts of the property, plant and equipment as well as the uncertainty inherent in the underlying forecasts and assumptions. The key inputs to the recoverable amounts included the following, where applicable: • Cash flows during the projection periods including commodity prices, margins and other underlying assumptions; • Terminal values; and • Pre-tax discount rates. *Refer to Note 2(g), Note 2(h) and Note 5 to the consolidated financial statements for further information.*	Our procedures included the following: • We considered the reasonableness of management's assessments of impairment indicators considering our knowledge of internal and external factors based on the requirements of IAS 36 'Impairment of Assets', that is endorsed in the Kingdom of Saudi Arabia. • We considered the completeness of the carrying values of the assets and liabilities considered as part of the impairment tests for the relevant CGUs. • With input from internal valuation experts, where considered necessary, we performed the following procedures on management's valuation models, as deemed appropriate: - Considered the consistency of certain unobservable inputs underlying the cash flows such as expected product volumes and future costs with approved financial plans; - Compared a sample of forecast commodity prices and margins underlying the cash flows to market data points; - Evaluated the reasonableness of approved financial plans by comparison to historical results; - Assessed the reasonableness of the approach and inputs used to determine the terminal values; - Evaluated the reasonableness of the pre-tax discount rates used by cross-checking the underlying assumptions against observable market data; - Tested the mathematical accuracy and logical integrity of the models; and - Tested management's sensitivity analyses that considered the impact of changes in assumptions on the outcome of the impairment assessments. • We considered the appropriateness of the related accounting policies and disclosures in the consolidated financial statements.

Independent auditor's report to the shareholders of Saudi Arabian Oil Company (continued)

Other information

The Board of Directors is responsible for the other information. The other information comprises the Annual Report (but does not include the consolidated financial statements and our auditor's report thereon).

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and those charged with governance for the consolidated financial statements

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards, that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, and the applicable requirements of the Regulations for Companies and the Company's Bylaws, and for such internal control as they determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing, that are endorsed in the Kingdom of Saudi Arabia, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

Independent auditor's report to the shareholders of Saudi Arabian Oil Company (continued)

As part of an audit in accordance with International Standards on Auditing, that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

Independent auditor's report to the shareholders of Saudi Arabian Oil Company (continued)

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

PricewaterhouseCoopers

Omar M. Al Sagga
License No. 369

March 8, 2024

Consolidated statement of income

All amounts in millions of Saudi Riyals unless otherwise stated

		SAR		USD*	
		Year ended December 31		Year ended December 31	
	Note	2023	2022	2023	2022
Revenue	24	1,653,281	2,006,955	440,875	535,188
Other income related to sales		203,092	259,418	54,158	69,178
Revenue and other income related to sales		1,856,373	2,266,373	495,033	604,366
Royalties and other taxes		(231,795)	(341,510)	(61,812)	(91,069)
Purchases	25	(471,225)	(490,690)	(125,660)	(130,851)
Producing and manufacturing		(96,523)	(101,912)	(25,739)	(27,177)
Selling, administrative and general		(76,890)	(83,700)	(20,504)	(22,320)
Exploration		(9,416)	(8,447)	(2,511)	(2,253)
Research and development		(5,197)	(4,419)	(1,386)	(1,178)
Depreciation and amortization	5,6	(97,040)	(91,618)	(25,877)	(24,431)
Operating costs		(988,086)	(1,122,296)	(263,489)	(299,279)
Operating income		868,287	1,144,077	231,544	305,087
Share of results of joint ventures and associates	7	(4,001)	2,873	(1,067)	766
Finance and other income	27	31,967	14,894	8,524	3,972
Finance costs	20	(8,186)	(8,882)	(2,183)	(2,369)
Income before income taxes and zakat		888,067	1,152,962	236,818	307,456
Income taxes and zakat	8	(433,303)	(548,957)	(115,547)	(146,388)
Net income		454,764	604,005	121,271	161,068
Net income attributable to					
Shareholders' equity		452,753	597,215	120,734	159,257
Non-controlling interests		2,011	6,790	537	1,811
		454,764	604,005	121,271	161,068
Earnings per share (basic and diluted)	37	1.87	2.47	0.50	0.66

* This supplementary information is converted at a fixed rate of U.S. dollar 1.00 = SAR 3.75 for convenience only, and is presented in millions of U.S. dollars.

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

Amin H. Nasser
President & Chief Executive Officer

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

Consolidated statement of comprehensive income

All amounts in millions of Saudi Riyals unless otherwise stated

		SAR		USD*	
		Year ended December 31		Year ended December 31	
	Note	2023	2022	2023	2022
Net income		454,764	604,005	121,271	161,068
Other comprehensive income (loss), net of tax	18				
Items that will not be reclassified to net income					
Remeasurement of post-employment benefits		(25)	21,208	(7)	5,655
Share of post-employment benefits remeasurement from joint ventures and associates		90	144	24	38
Changes in fair value of equity investments classified as fair value through other comprehensive income		(1,671)	(211)	(446)	(56)
Items that may be reclassified subsequently to net income					
Cash flow hedges and other		(1,044)	1,450	(278)	387
Changes in fair value of debt securities classified as fair value through other comprehensive income		520	(427)	139	(114)
Share of other comprehensive income of joint ventures and associates		1,250	351	333	94
Currency translation differences		(829)	(3,889)	(221)	(1,037)
		(1,709)	18,626	(456)	4,967
Total comprehensive income		453,055	622,631	120,815	166,035
Total comprehensive income attributable to					
Shareholders' equity		451,111	615,245	120,296	164,065
Non-controlling interests		1,944	7,386	519	1,970
		453,055	622,631	120,815	166,035

* This supplementary information is converted at a fixed rate of U.S. dollar 1.00 = SAR 3.75 for convenience only, and is presented in millions of U.S. dollars.

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

Amin H. Nasser
President & Chief Executive Officer

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

Consolidated balance sheet

All amounts in millions of Saudi Riyals unless otherwise stated

	Note	SAR At December 31 2023	SAR At December 31 2022	USD* At December 31 2023	USD* At December 31 2022
Assets					
Non-current assets					
Property, plant and equipment	5	1,384,717	1,303,266	369,258	347,538
Intangible assets	6	164,554	159,328	43,881	42,487
Investments in joint ventures and associates	7	69,474	72,196	18,526	19,252
Deferred income tax assets	8	20,560	18,093	5,483	4,825
Post-employment benefits	21	24,661	23,034	6,576	6,142
Other assets and receivables	9	48,265	32,418	12,871	8,645
Investments in securities	10	33,974	26,758	9,060	7,136
		1,746,205	1,635,093	465,655	436,025
Current assets					
Inventories	11	85,951	100,528	22,920	26,808
Trade receivables	12	163,919	164,442	43,712	43,851
Due from the Government	13	49,378	54,545	13,168	14,545
Other assets and receivables	9	33,747	31,054	8,999	8,281
Short-term investments	14	184,343	281,215	49,158	74,991
Cash and cash equivalents	15	198,973	226,047	53,059	60,279
		716,311	857,831	191,016	228,755
Assets classified as held for sale	34(a)	15,424	–	4,113	–
		731,735	857,831	195,129	228,755
Total assets		2,477,940	2,492,924	660,784	664,780
Equity and liabilities					
Shareholders' equity					
Share capital		90,000	75,000	24,000	20,000
Additional paid-in capital		26,981	26,981	7,195	7,195
Treasury shares	16	(1,362)	(2,236)	(363)	(596)
Retained earnings:					
Unappropriated		1,411,474	1,339,892	376,394	357,305
Appropriated		6,000	6,000	1,600	1,600
Other reserves	18	1,514	3,279	403	874
		1,534,607	1,448,916	409,229	386,378
Non-controlling interests	19	202,485	217,231	53,996	57,928
		1,737,092	1,666,147	463,225	444,306
Non-current liabilities					
Borrowings	20	226,481	318,380	60,395	84,901
Deferred income tax liabilities	8	142,449	122,311	37,986	32,616
Post-employment benefits	21	26,147	26,923	6,973	7,179
Provisions and other liabilities	22	28,205	27,777	7,521	7,408
		423,282	495,391	112,875	132,104
Current liabilities					
Trade payables and other liabilities	23	151,553	135,390	40,414	36,104
Obligations to the Government:					
Income taxes and zakat	8	82,539	104,978	22,010	27,995
Royalties		14,107	16,254	3,762	4,334
Borrowings	20	63,666	74,764	16,978	19,937
		311,865	331,386	83,164	88,370
Liabilities directly associated with assets classified as held for sale	34(a)	5,701	–	1,520	–
		317,566	331,386	84,684	88,370
Total liabilities		740,848	826,777	197,559	220,474
Total equity and liabilities		2,477,940	2,492,924	660,784	664,780

* This supplementary information is converted at a fixed rate of U.S. dollar 1.00 = SAR 3.75 for convenience only, and is presented in millions of U.S. dollars.

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

Amin H. Nasser
President & Chief Executive Officer

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

Consolidated statement of changes in equity

All amounts in millions of Saudi Riyals unless otherwise stated

	SAR Shareholders' equity Share capital	SAR Shareholders' equity Additional paid-in capital	SAR Shareholders' equity Treasury shares	SAR Shareholders' equity Retained earnings Unappropriated	SAR Shareholders' equity Retained earnings Appropriated[1]	SAR Shareholders' equity Other reserves (Note 18)	SAR Non-controlling interests	SAR Total	USD* Total
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	–	–	–	597,215	–	–	6,790	604,005	161,068
Other comprehensive income	–	–	–	–	–	18,030	596	18,626	4,967
Total comprehensive income	–	–	–	597,215	–	18,030	7,386	622,631	166,035
Transfer of post-employment benefits remeasurement (Note 18)	–	–	–	19,427	–	(19,427)	–	–	–
Transfer of share of post-employment benefits remeasurement from joint ventures and associates (Note 18)	–	–	–	144	–	(144)	–	–	–
Treasury shares issued to employees (Note 16)	–	–	592	99	–	(137)	–	554	147
Share-based compensation	–	–	–	(3)	–	296	–	293	78
Dividends (Note 36)	–	–	–	(281,318)	–	–	–	(281,318)	(75,018)
Bonus shares issued (Note 36)	15,000	–	–	(15,000)	–	–	–	–	–
Sale of non-controlling equity interest in a subsidiary (Note 34(c))	–	–	–	–	–	–	58,125	58,125	15,500
Acquisition of non-controlling interests in certain subsidiaries	–	–	–	(3)	–	–	(227)	(230)	(62)
Dividends to non-controlling interests and other	–	–	–	888	–	–	(15,464)	(14,576)	(3,886)
Balance at December 31, 2022	75,000	26,981	(2,236)	1,339,892	6,000	3,279	217,231	1,666,147	444,306
Net income (loss)	–	–	–	452,753	–	–	2,011	454,764	121,271
Other comprehensive income (loss)	–	–	–	–	–	(1,642)	(67)	(1,709)	(456)
Total comprehensive income (loss)	–	–	–	452,753	–	(1,642)	1,944	453,055	120,815
Transfer of post-employment benefits remeasurement (Note 18)	–	–	–	66	–	(66)	–	–	–
Transfer of share of post-employment benefits remeasurement from joint ventures and associates (Note 18)	–	–	–	90	–	(90)	–	–	–
Treasury shares issued to employees (Note 16)	–	–	874	232	–	(439)	–	667	178
Share-based compensation	–	–	–	(4)	–	472	–	468	125
Dividends (Note 36)	–	–	–	(366,674)	–	–	–	(366,674)	(97,780)
Bonus shares issued (Note 36)	15,000	–	–	(15,000)	–	–	–	–	–
Dividends to non-controlling interests and other	–	–	–	119	–	–	(16,690)	(16,571)	(4,419)
Balance at December 31, 2023	90,000	26,981	(1,362)	1,411,474	6,000	1,514	202,485	1,737,092	463,225

1. Appropriated retained earnings, originally established under the 1988 Articles of the Saudi Arabian Oil Company, represent a legal reserve which is not available for distribution. This amount is maintained pursuant to the Bylaws adopted on January 1, 2018 (Note 1).

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

Amin H. Nasser
President & Chief Executive Officer

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

Consolidated statement of cash flows

All amounts in millions of Saudi Riyals unless otherwise stated

		SAR		USD*	
		Year ended December 31		Year ended December 31	
	Note	2023	2022	2023	2022
Income before income taxes and zakat		**888,067**	1,152,962	**236,818**	307,456
Adjustments to reconcile income before income taxes and zakat to net cash provided by operating activities					
Depreciation and amortization	5,6	**97,040**	91,618	**25,877**	24,431
Exploration and evaluation costs written off	6	**3,018**	2,916	**804**	777
Loss on disposal of property, plant and equipment		**1,805**	3,861	**482**	1,029
Loss on fair value measurement of assets classified as held for sale	34(a)	**3,219**	–	**858**	–
Inventory movement		**832**	1,525	**222**	407
Share of results of joint ventures and associates	7	**4,001**	(2,873)	**1,067**	(766)
Finance and other income	27	**(31,967)**	(14,894)	**(8,524)**	(3,972)
Finance costs	20	**8,186**	8,882	**2,183**	2,369
Change in fair value of investments through profit or loss		**(347)**	237	**(92)**	64
Change in joint ventures and associates inventory profit elimination	7	**(389)**	(373)	**(103)**	(99)
Other		**406**	1,205	**108**	322
Change in working capital					
Inventories		**11,285**	(26,555)	**3,010**	(7,082)
Trade receivables		**47**	(22,906)	**12**	(6,108)
Due from the Government		**5,167**	(13,228)	**1,377**	(3,527)
Other assets and receivables		**(3,005)**	(462)	**(801)**	(123)
Trade payables and other liabilities		**9,946**	13,745	**2,653**	3,665
Royalties payable		**(2,147)**	2,190	**(572)**	584
Other changes					
Other assets and receivables	35(c)	**(17,740)**	2,973	**(4,731)**	792
Provisions and other liabilities		**476**	(411)	**126**	(109)
Post-employment benefits		**1,034**	596	**276**	158
Settlement of income, zakat and other taxes	8	**(441,120)**	(502,856)	**(117,633)**	(134,094)
Net cash provided by operating activities		**537,814**	698,152	**143,417**	186,174
Capital expenditures	4	**(158,308)**	(141,161)	**(42,215)**	(37,643)
Acquisition of affiliates, net of cash acquired	35(a)	**(9,878)**	(1,708)	**(2,634)**	(455)
Additional investments in joint ventures and associates	7	**(3,607)**	(1,489)	**(962)**	(397)
Proceeds from sale of equity interest in an associate	34(b)	**–**	1,651	**–**	440
Distributions from joint ventures and associates	7	**3,545**	4,535	**945**	1,210
Dividends from investments in securities	27	**411**	390	**110**	104
Interest received		**25,628**	5,950	**6,834**	1,587
Investments in securities – net	35(c)	**(8,682)**	(3,035)	**(2,316)**	(810)
Net maturities (purchases) of short-term investments		**96,872**	(254,142)	**25,833**	(67,772)
Net cash used in investing activities		**(54,019)**	(389,009)	**(14,405)**	(103,736)
Dividends paid to shareholders of the Company	36	**(366,674)**	(281,318)	**(97,780)**	(75,018)
Dividends paid to non-controlling interests in subsidiaries		**(14,428)**	(14,417)	**(3,848)**	(3,845)
Proceeds from sale of non-controlling equity interest in a subsidiary		**–**	58,125	**–**	15,500
Acquisition of non-controlling interests in certain subsidiaries		**–**	(230)	**–**	(62)
Proceeds from issue of treasury shares	16	**662**	550	**176**	146
Proceeds from borrowings		**32,057**	9,082	**8,549**	2,422
Repayments of borrowings		**(134,495)**	(132,514)	**(35,865)**	(35,337)
Principal portion of lease payments		**(13,639)**	(12,114)	**(3,637)**	(3,230)
Interest paid		**(14,352)**	(9,839)	**(3,827)**	(2,623)
Net cash used in financing activities		**(510,869)**	(382,675)	**(136,232)**	(102,047)
Net decrease in cash and cash equivalents		**(27,074)**	(73,532)	**(7,220)**	(19,609)
Cash and cash equivalents at beginning of the year		**226,047**	299,579	**60,279**	79,888
Cash and cash equivalents at end of the year		**198,973**	226,047	**53,059**	60,279

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

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

Notes to the consolidated financial statements

All amounts in millions of Saudi Riyals unless otherwise stated

1. General information

The Saudi Arabian Oil Company (the "Company"), with headquarters located in Dhahran, Kingdom of Saudi Arabia (the "Kingdom"), is engaged in prospecting, exploring, drilling and extracting hydrocarbon substances ("Upstream") and processing, manufacturing, refining and marketing these hydrocarbon substances ("Downstream"). The Company was formed on November 13, 1988, by Royal Decree No. M/8; however, its history dates back to May 29, 1933, when the Saudi Arabian Government (the "Government") granted a concession to the Company's predecessor for the right to, among other things, explore the Kingdom for hydrocarbons.

On December 20, 2017, Royal Decree No. M/37 dated 2/4/1439H was issued approving the Hydrocarbons Law, which applies to the Kingdom's hydrocarbons and hydrocarbon operations. Under the Hydrocarbons Law, all hydrocarbon deposits, hydrocarbons and hydrocarbon resources are the property of the Kingdom until ownership is transferred at the well head or when extracted. Further, the Hydrocarbons Law codifies the Government's sole authority to set the maximum amount of hydrocarbons production by the Company and the maximum sustainable capacity that the Company must maintain.

All natural resources within the Kingdom, including hydrocarbons, are owned by the Kingdom. Through a concession in 1933, the Government granted the Company the exclusive right to explore, develop and produce the Kingdom's hydrocarbon resources, except in certain areas. As of December 24, 2017, the Company's original concession agreement was replaced and superseded by an amended concession agreement (the "Concession Agreement") which provides the Company the exclusive right to explore, drill, prospect, appraise, develop, extract, recover, and produce hydrocarbons in the concession area. The Company is also provided the exclusive right to market and distribute hydrocarbons, petroleum products and liquid petroleum gas ("LPG") in the Kingdom along with the non-exclusive right to manufacture, refine, and treat production and to market, sell, transport and export such production.

The initial term of the Concession Agreement is for 40 years, which shall be extended by the Government for 20 years unless the Company does not satisfy certain conditions commensurate with its then current operating practices. In addition, the Concession Agreement may be amended and extended for an additional 40 years beyond the original 60-year period, subject to the Company and the Government agreeing on the terms of such extension.

Effective January 1, 2018, Council of Ministers Resolution No. 180, dated 1/4/1439H (December 19, 2017) converted the Company to a Saudi Joint Stock Company with new Bylaws. The Company's 1988 Articles were cancelled as of January 1, 2018, pursuant to Royal Decree No. M/36, dated 2/4/1439H (December 20, 2017). The Company's Commercial Registration Number is 2052101150. The Company's share capital was set at Saudi Riyal ("SAR") 60,000, divided into 200 billion fully paid ordinary shares with equal voting rights without par value. On May 12, 2022 and May 8, 2023, after obtaining necessary approvals from the competent authorities in relation to the issuance of bonus shares, the Extraordinary General Assembly ("EGA") approved the increases in the Company's share capital by SAR 15,000 and SAR 15,000, respectively, and the commensurate increase in the number of the Company's issued ordinary shares by 20 billion and 22 billion, respectively. The Company's share capital after these increases is SAR 90,000, divided into 242 billion fully paid ordinary shares with equal voting rights without par value (Note 36).

On December 11, 2019, the Company completed its Initial Public Offering ("IPO") and its ordinary shares were listed on the Saudi Exchange. In connection with the IPO, the Government, being the sole owner of the Company's shares at such time, sold an aggregate of 3.45 billion ordinary shares, or 1.73% of the Company's share capital. In addition, concurrent with the IPO, the Company acquired 117.2 million of its ordinary shares from the Government for a cash payment of SAR 3,750, and classified them as treasury shares (Note 16). These shares are being used by the Company for its employee share plans (Note 17).

On February 13, 2022, the Government transferred 4% of the Company's issued shares to the Public Investment Fund ("PIF"), the sovereign wealth fund of the Kingdom, followed by another transfer of 4% on April 16, 2023 to Saudi Arabian Investment Company ("Sanabil Investments"), a wholly-owned company of PIF. Further, on March 7, 2024, the Government announced the transfer of an additional 8% of the Company's issued shares to PIF's wholly-owned companies. Following the transfers, the Government remains the Company's largest shareholder, retaining a 82.19% direct shareholding.

The consolidated financial statements of the Company and its subsidiaries (together "Saudi Aramco") were approved by the Board of Directors on March 8, 2024.

2. Material accounting policy information and significant judgments and estimates

The material accounting policies applied in the preparation of these consolidated financial statements are set out below.

(a) Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), that are endorsed in the Kingdom, and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA"). The consolidated financial statements are also in compliance with IFRS as issued by the International Accounting Standards Board ("IASB"). Amounts and balances relating to Shari'a compliant financial instruments are disclosed separately.

2. Material accounting policy information and significant judgments and estimates continued

(a) Basis of preparation continued

The consolidated financial statements have been prepared under the historical cost convention except for certain items measured at fair value, which are primarily investments in securities, derivatives, certain trade receivables and payables, and post-employment benefit plan assets. Further, assets classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell. The accounting policies that follow have been consistently applied to all years presented, unless otherwise stated.

(b) Significant accounting judgments and estimates

The preparation of the consolidated financial statements in conformity with IFRS requires management to exercise judgment in applying Saudi Aramco's accounting policies and in the use of certain critical accounting estimates and assumptions concerning the future. Management has made various judgments that may significantly impact the valuation and presentation of assets and liabilities. In addition, management also applies judgment when undertaking the estimation procedures necessary to calculate assets, liabilities, revenue and expenses. Accounting estimates, by definition, may not equal the related actual results and are subject to change based on experience and new information.

The areas requiring the most significant judgments, estimates and assumptions in the preparation of the consolidated financial statements are: accounting for interests in subsidiaries, joint arrangements and associates, fair values of assets acquired and liabilities assumed on acquisition, recoverability of asset carrying amounts, determining the lease term, taxation, provisions, post-retirement obligations and determination of functional currency and are set out in the individual accounting policies below.

Net zero ambition and the energy transition

Saudi Aramco's ambition is to achieve net-zero Scope 1 and Scope 2 greenhouse gas emissions by 2050 across its wholly-owned operated assets. Low lifting costs and lower upstream carbon intensity, associated with the production of both oil and gas, compared to its peers, facilitates Saudi Aramco to continuously supply hydrocarbon products through the energy transition for the foreseeable future. Saudi Aramco's greenhouse gas emissions mitigation targets are to be achieved through: further improving energy efficiency and managing flaring and methane emissions; investing in renewable energy projects and certificates; carbon capture and storage; and developing an offsetting program that includes planting mangroves and purchasing carbon offsets through voluntary markets.

Climate change considerations are key elements of Saudi Aramco's strategic planning processes, which include judgments and estimates relating to the pace of the energy transition and associated demand forecasts, and their impact on commodity prices, margins, and growth rates. Such judgments and estimates, used in the preparation of the 2023 consolidated financial statements, are consistent with Saudi Aramco's long-term strategy and the profile of its operations, and are subject to change as market factors, policies and regulations evolve. Saudi Aramco will continue to assess its financial plans, estimates, and assumptions concerning the economic environment and the pace of the energy transition to update any impacts on the financial statements in future periods.

(c) New or amended standards

(i) Saudi Aramco adopted the following IASB pronouncements, as endorsed in the Kingdom, effective for annual periods beginning on or after January 1, 2023:

Amendment to IAS 1, Presentation of Financial Statements

In February 2021, the IASB amended IAS 1, Presentation of Financial Statements, to require entities to disclose material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements. The amendment further clarifies that immaterial accounting policy information does not need to be disclosed, and if it is disclosed, it should not obscure material accounting policy information. This amendment does not have any significant impact on Saudi Aramco's consolidated financial statements.

Amendment to IAS 12, Income Taxes

In May 2023, the IASB issued an amendment to IAS 12, Income Taxes, relating to the International Tax Reform – Pillar Two Model Rules. This amendment applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two Model Rules published by the Organisation for Economic Co-operation and Development ("OECD"), including tax law that implements qualified domestic minimum top-up taxes described in those rules. The amendment requires entities to make additional disclosures in their annual financial statements regarding their current tax exposure to Pillar Two income taxes. Further, as required by the amendment, Saudi Aramco has applied the mandatory temporary exception to neither recognize nor disclose information about deferred tax assets and liabilities related to Pillar Two income taxes.

Saudi Aramco has performed a preliminary assessment of its exposure to Pillar Two income taxes for jurisdictions where it operates and where Pillar Two legislation has been enacted or substantively enacted as of the reporting date and will be effective for annual periods beginning on or after January 1, 2024. The legislation mandates a top-up tax liability for any difference between the Pillar Two effective tax rate per jurisdiction and the 15% minimum rate. Based on this preliminary assessment, Saudi Aramco is not expected to have any material exposure to Pillar Two top-up taxes.

All amounts in millions of Saudi Riyals unless otherwise stated

2. Material accounting policy information and significant judgments and estimates continued

(c) New or amended standards continued

IFRS 17, Insurance Contracts

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

There are no other standards, amendments or interpretations that are effective for annual periods beginning on or after January 1, 2023, that have a material impact on the current or future reporting periods or on foreseeable future transactions.

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

(d) Principles of consolidation, acquisition and equity accounting

(i) Subsidiaries

The consolidated financial statements reflect the assets, liabilities and operations of the Company and its subsidiaries. Subsidiaries are entities over which the Company has control. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which the Company obtains control, and continue to be consolidated until the date that such control ceases.

Intercompany balances and transactions, including unrealized profits and losses arising from intragroup transactions, have been eliminated. Where necessary, adjustments are made to the financial statements of subsidiaries to align the accounting policies with those used by the Company.

The acquisition method of accounting is used to account for business combinations, including those acquisitions of businesses under common control that have commercial substance. Acquisition related costs are expensed as incurred. The consideration transferred to acquire a subsidiary comprises the fair value of the assets transferred, liabilities incurred to the former owners of the acquired business, equity interests issued by Saudi Aramco, the fair value of any asset or liability resulting from a contingent consideration arrangement, and the fair value of any pre-existing equity interest in the subsidiary. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at fair value at the date the assets and liabilities are exchanged, irrespective of the extent of any non-controlling interests. The excess of the consideration transferred and the amount of any non-controlling interest in the acquired entity over the fair value of the acquired identifiable net assets is recorded as goodwill. Where settlement of any part of the cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained under comparable terms and conditions. Any goodwill arising on acquisition is allocated to each of the cash-generating units, or groups of cash-generating units, expected to benefit from the business combination's synergies.

Non-controlling interests represent the equity in subsidiaries that is not attributable, directly or indirectly, to Saudi Aramco. Saudi Aramco recognizes any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets. Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of income, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, and the consolidated balance sheet, respectively.

Saudi Aramco treats transactions with non-controlling interests that do not result in a loss of control as transactions between equity owners of the group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognized in equity.

If the business combination is achieved in stages, the acquisition date carrying value of the previously held equity interest is remeasured to fair value at the acquisition date with any gains or losses arising from such remeasurement recognized in net income or other comprehensive income, as appropriate.

(ii) Joint arrangements

Under IFRS 11, Joint Arrangements, an arrangement in which two or more parties have joint control is a joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. Saudi Aramco has interests in both joint operations and joint ventures.

2. Material accounting policy information and significant judgments and estimates continued

(d) Principles of consolidation, acquisition and equity accounting continued

1) Joint operations

Joint operations arise where the investors have rights to the assets and obligations for the liabilities of a joint arrangement. Saudi Aramco recognizes its direct right to the assets, liabilities, revenues and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses.

2) Joint ventures

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Investments in joint ventures are accounted for using the equity method of accounting and are initially recognized at cost.

Saudi Aramco's share of results of its joint ventures is recognized within net income, while its share of post-acquisition movements in other comprehensive income is recognized within other comprehensive income. The cumulative effect of these changes is adjusted against the carrying amount of Saudi Aramco's investments in joint ventures, which is presented separately in the consolidated balance sheet. When Saudi Aramco's share of losses in a joint venture equals or exceeds its interest in the joint venture, including any other unsecured non-current receivables, Saudi Aramco does not recognize further losses, unless it has incurred obligations or made payments on behalf of the joint venture.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, the difference between the carrying amount derecognized and the proceeds received is recognized in the consolidated statement of income.

Gains and losses on transactions between Saudi Aramco and joint ventures not realized through a sale to a third party are eliminated to the extent of Saudi Aramco's interest in the joint ventures. Where necessary, adjustments are made to the financial statements of joint ventures to align their accounting policies with those used by Saudi Aramco.

Saudi Aramco's investments in joint ventures includes, when applicable, goodwill identified on acquisition, net of any accumulated impairment loss. Goodwill represents the excess of the cost of an acquisition over the fair value of Saudi Aramco's share of the net identifiable assets of the acquired joint venture at the date of acquisition.

Dividends received or receivable from joint ventures are recognized as a reduction in the carrying amount of the investment.

(iii) Associates

Associates are entities over which Saudi Aramco has significant influence. Significant influence is the power to participate in financial and operating policy decisions but without control or joint control over those policies and is generally reflected by a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognized at cost. The accounting policies for joint ventures detailed in Note 2(d)(ii)(2) above are also applied by Saudi Aramco to its associates.

Significant accounting judgments and estimates

The acquisition of subsidiaries, joint arrangements and associates require management to estimate the fair values of the assets acquired and liabilities assumed. In addition, judgments are applied in the determination of whether control, joint control or significant influence is present with respect to investments in subsidiaries, joint arrangements or associates. Judgment is applied when determining if an entity is controlled by voting rights, potential voting rights or other rights granted through contractual arrangements and includes consideration of an entity's purpose and design, among other factors. Judgment is applied when assessing whether an arrangement is jointly controlled by all of its parties or by a group of the parties by taking decisions about relevant activities through unanimous consent of the parties sharing control. Judgment is also applied as to whether a joint arrangement is classified as a joint venture or joint operation taking into account specific facts and circumstances, such as the purpose and design of the arrangement, including with respect to its output, its relationship to the parties and its source of cash flows. Judgment is applied in determining whether significant influence is held by assessing factors such as representation on the board of directors, participation in policy-making processes, material transactions with the entity, interchange of managerial personnel, and provision of essential technical information. Refer to Notes 7, 34, 35, 38, 39 and 40.

(e) Intangible assets

Goodwill on the acquisition of subsidiaries is included in intangible assets. Goodwill is not amortized but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired. Goodwill is carried at cost less accumulated impairment losses. For the purpose of impairment testing, goodwill is allocated to cash-generating units or groups of cash-generating units that are expected to benefit from the acquisition in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes.

All amounts in millions of Saudi Riyals unless otherwise stated

2. Material accounting policy information and significant judgments and estimates continued

(e) Intangible assets continued

Intangible assets other than exploration and evaluation costs (Note 2(f)) and those with indefinite useful lives such as goodwill and brands acquired on acquisition of certain subsidiaries, consist primarily of brands and trademarks, franchise/customer relationships and computer software. If acquired in a business combination, these intangible assets are recognized at their fair value at the date of acquisition and, if acquired separately, these intangible assets are recognized at cost. All these intangible assets are subsequently amortized on a straight-line basis over their estimated useful lives.

The following table sets forth estimated useful lives, in years, of the principal groups of these intangible assets:

Brands and trademarks	10 to 22
Franchise/customer relationships	5 to 25
Computer software	3 to 15

Amortization is recorded in depreciation and amortization in the consolidated statement of income.

(f) Exploration and evaluation

Exploration and evaluation costs are recorded under the successful efforts method. Under the successful efforts method, geological and geophysical costs are recognized as an expense when incurred and exploration costs associated with exploratory wells are initially capitalized on the consolidated balance sheet as an intangible asset until the drilling of the well is complete and the results have been evaluated. If potential commercial quantities of hydrocarbons are found, these costs continue to be capitalized subject to further appraisal activities that would determine the commercial viability and technical feasibility of the reserves. If potentially commercial quantities of hydrocarbons have not been found, and no alternative use of the well is determined, the previously capitalized costs are written off to exploration in the consolidated statement of income.

Exploratory wells remain capitalized while additional appraisal drilling on the potential oil and/or gas field is performed or while optimum development plans are established. All such capitalized costs are not subject to amortization, but at each reporting date are subject to regular technical and management review to confirm the continued intent to develop, or otherwise extract value from the well. Where such intent no longer exists, the costs are written off to exploration in the consolidated statement of income. Capitalized exploratory expenditures are, at each reporting date, subject to review for impairment indicators.

When proved reserves of hydrocarbons are determined and there is a firm plan for development approved by management, the relevant capitalized costs are transferred to property, plant and equipment.

(g) Property, plant and equipment

Property, plant and equipment is stated on the consolidated balance sheet at cost less accumulated depreciation and impairment losses, if any. Cost includes expenditures directly attributable to the construction and/or acquisition of the asset (Note 2(s)). Land and construction-in-progress are not depreciated. When a construction-in-progress asset is deemed available for use as intended by management, depreciation commences.

Subsequent expenditures including major renovations are included in an asset's carrying amount, or recognized as a separate asset only when it is probable that future economic benefits associated with the item will flow to Saudi Aramco and the cost of the item can be measured reliably. The carrying amount of the replaced item is derecognized. All other repair and maintenance expenditures are expensed as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met (Note 2(v)).

Where the life of expected hydrocarbon reserves substantially exceeds the economic or technical lives of the underlying assets, the straight-line method of depreciation is used. The unit of production method is used for fields where the expected reserve life is approximately equal to or less than the estimated useful lives of the underlying assets. Depletion rates are calculated on the basis of a group of wells or fields with similar characteristics based on proved developed reserves. The estimation of expected reserve lives reflects management's assessment of proved developed reserves and the related depletion strategy on a field-by-field basis. Depreciation expense on all other assets is calculated using the straight-line method to allocate the cost less residual values over the estimated useful lives. Depreciation expense is recorded in the consolidated statement of income.

Depreciation expense is calculated after determining an estimate of an asset's expected useful life and the expected residual value at the end of its useful life. The useful lives and residual values are determined by management at the time the asset is initially recognized and are reviewed annually for appropriateness or when events or conditions occur that impact capitalized costs, hydrocarbon reserves, residual values or estimated useful lives.

2. Material accounting policy information and significant judgments and estimates continued

(g) Property, plant and equipment continued

The estimated useful lives or, for right-of-use assets the lease term, if shorter (Note 2(i)), in years, of principal groups of depreciable assets is as follows:

Land and land improvements	3 to 54
Buildings	5 to 50
Oil and gas properties	15 to 30
Plant, machinery and equipment	2 to 52
Depots, storage tanks and pipelines	4 to 30
Fixtures, IT and office equipment	2 to 20

Gains and losses on disposals of depreciable assets are recognized in net income.

(h) Impairment of non-financial assets

At each reporting date, Saudi Aramco assesses, whether there are any indications that a non-financial asset with a definite life might be impaired. Assets with indefinite useful lives, such as goodwill and brands acquired on acquisition of certain subsidiaries, are reviewed for impairment on an annual basis. If an indication of impairment exists, or when annual impairment testing for an asset is required, the asset's recoverable amount is estimated. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal or value in use ("VIU"). The fair value less costs of disposal calculation is based on either, post-tax discounted cash flow models or available data from binding arm's length sales transactions for similar assets, or observable market prices less incremental costs of disposing of the asset. The VIU calculation is based on a post-tax risk adjusted discounted cash flow model. The use of post-tax discount rates in determining VIU does not result in a materially different determination of the need for, or the amount of, impairment that would be required if pre-tax discount rates had been used.

Impairment losses are recognized as a component of net income. If, in a subsequent period, the amount of a non-goodwill impairment loss decreases, a reversal of the previously recognized impairment loss is recognized in net income.

Significant accounting judgments and estimates

Impairment tests are undertaken on the basis of the smallest identifiable group of assets (cash-generating unit), or individual assets, for which there are largely independent cash inflows. The key assumptions used to determine the different cash-generating units involves significant judgment by management.

For the purposes of determining whether impairment of items of property, plant and equipment has occurred, and the extent of any impairment or its reversal, the key assumptions management uses in estimating future cash flows for its VIU calculations are forecasted future oil, gas, refined product and chemical prices, expected production volumes, future operating and development costs, refining and petrochemical margins and changes to the discount rate used for the discounted cash flow model. There is an inherent uncertainty over forecasted information and assumptions. Changes in these assumptions and forecasts could impact the recoverable amounts of assets and any calculated impairment and reversals thereof.

(i) Leases

Saudi Aramco's portfolio of leased assets mainly comprises land and buildings, drilling rigs, marine vessels, industrial facilities, equipment, storage and tanks, aircraft and vehicles. The determination of whether the contract is, or contains, a lease is based on the substance of the contract at the inception of the lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Saudi Aramco recognizes right-of-use assets and lease liabilities at the lease commencement date. Right-of-use assets are initially measured at cost, which comprises lease liabilities at initial measurement, any initial direct costs incurred, any lease payments made at or before the commencement date, and restoration costs less any lease incentives received. Subsequent to initial recognition the right-of-use assets are measured at cost less accumulated depreciation and accumulated impairment losses, if any, and adjusted for any remeasurement of the lease liability. Right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis unless the lease transfers ownership of the underlying asset by the end of the lease term or if the cost of the asset reflects the exercise of the purchase option, in which case right-of-use assets are depreciated over the useful life of the underlying asset. Depreciation expense is recorded in the consolidated statement of income. Right-of-use assets are included under property, plant and equipment (Note 5).

All amounts in millions of Saudi Riyals unless otherwise stated

2. Material accounting policy information and significant judgments and estimates continued

(i) Leases continued

Lease liabilities are initially measured at the present value of lease payments. Lease payments include fixed lease payments, variable lease payments that depend on an index or rate, amounts payable for guaranteed residual values and payments to be made under extension or purchase or termination options, where applicable. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions. Subsequent to initial recognition, the lease liabilities are measured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and adjusted for remeasurement to reflect any reassessments or lease modifications. Lease liabilities are included under borrowings (Note 20). Lease payments are allocated between the principal and finance costs. Finance costs are recorded as an expense in the consolidated statement of income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Saudi Aramco has elected not to recognize right-of-use assets and lease liabilities for short-term and low-value leases. Lease payments under short-term and low-value leases are recorded as an expense in the consolidated statement of income on a straight-line basis over the lease term.

Significant accounting judgments and estimates

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options are only included in the lease term if the lease is reasonably certain to not be terminated or to be extended. The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and is within the control of the lessee.

(j) Investments and other financial assets

(i) Classification

Management determines the classification of its financial assets based on its business model for managing the financial assets and the contractual terms of the cash flows. Saudi Aramco's financial assets are classified into the following categories:

- those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss). These include equity securities at fair value through profit or loss ("FVPL"), equity securities at fair value through other comprehensive income ("FVOCI"), debt securities at FVPL, and debt securities at FVOCI. In addition, certain revenue contracts provide for provisional pricing at the time of shipment with the final pricing based on an average market price for a particular future period. Such trade receivables are measured at fair value because the contractual cash flows are not solely payments of principal and interest; and
- those to be measured subsequently at amortized cost. These comprise debt securities at amortized cost, cash and cash equivalents, short-term investments, other assets and receivables, due from the Government, and trade receivables other than those subsequently measured at FVPL, as described above.

(ii) Recognition and derecognition

Regular purchases and sales of financial assets are recognized on the trade-date, which is the date on which Saudi Aramco commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and Saudi Aramco has transferred substantially all the risks and rewards of ownership.

(iii) Measurement

At initial recognition, Saudi Aramco measures a financial asset at its fair value plus, in the case of a financial asset not subsequently measured at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed as a component of net income.

Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are subsequently measured at amortized cost using the effective interest method. A gain or loss on a debt investment that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized as a component of net income when the asset is derecognized or impaired. Interest income from these financial assets is included in finance income using the effective interest method.

All equity investments and certain debt instruments are subsequently measured at fair value. Gains and losses on financial assets measured at fair value are recorded either through profit or loss, or other comprehensive income. For investments in debt securities, this depends on the business model within which the investment is held. Saudi Aramco reclassifies debt securities, when and only when, its business model for managing those assets changes. For investments in equity securities that are not held for trading whose gains and losses are recorded in profit or loss, this depends on whether Saudi Aramco has made an irrevocable election at the time of initial recognition, due to the strategic nature of these investments, to account for such equity securities at fair value through other comprehensive income.

2. Material accounting policy information and significant judgments and estimates continued

(j) Investments and other financial assets continued

(iv) Impairment

Saudi Aramco assesses, on a forward-looking basis, the expected credit losses associated with debt securities carried at either amortized cost or FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, Saudi Aramco applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the receivables.

(k) Derivative instruments and hedging activities

(i) Derivative instruments classified as held for trading

Saudi Aramco uses commodity derivative financial instruments to manage exposure to price fluctuations, which arise on purchase and sale transactions for physical deliveries of crude, natural gas liquids and various refined and bulk petrochemical products. The derivatives are initially recognized, and subsequently remeasured at fair value and recorded as an asset, when the fair value is positive, or as a liability, when the fair value is negative, under trade receivables or trade payables and other liabilities in the consolidated balance sheet, respectively.

The fair value of the derivatives is determined in accordance with Saudi Aramco's derivative valuation policy by reference to the traded price of that instrument on the relevant exchange or over-the-counter markets at the consolidated balance sheet date. The gain or loss from the changes in the fair value of the swap from its value at inception is recognized in net income.

(ii) Derivative instruments designated as hedges

Saudi Aramco uses interest rate swaps and currency forward contracts as derivative financial instruments to manage its exposure to fluctuations in interest rates and foreign exchange rates. These derivative financial instruments, designated as either fair value or cash flow hedges, are purchased from counterparties of high credit standing and are initially recognized, and subsequently remeasured, at fair value.

At the inception of the hedging transaction, Saudi Aramco documents the economic relationship between the hedging instrument and the hedged item, as well as its risk management objectives and strategy for undertaking the hedge transaction.

The fair value of a derivative financial instrument used for hedging purposes is classified as a current asset or liability when the remaining maturity of the derivative is less than 12 months; otherwise, it is classified as a non-current asset or liability.

(l) Income tax and zakat

Income tax expense for the period comprises current and deferred income tax expense. Income tax expense is recognized in net income, except to the extent that it relates to items recognized in other comprehensive income. In this case, the related income tax is also recognized in other comprehensive income.

Current income tax expense is calculated primarily on the basis of the Saudi Arabian Income Tax Law of 2004 and its amendments (the "Tax Law"). In addition, income tax expense results from taxable income generated by foreign affiliates.

Deferred income tax is provided in full, using the liability method at tax rates enacted or substantively enacted at the end of the reporting period and expected to apply when the related deferred income tax is realized or settled on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. In estimating such tax consequences, consideration is given to expected future events. Deferred income tax is not provided on initial recognition of an asset or liability in a transaction, other than a business combination that at the time of the transaction, does not affect either the accounting profit or the taxable profit. As required by the amendment to IAS 12 (Note 2(c)(i)), Saudi Aramco has applied the mandatory temporary exception to neither recognize nor disclose information about deferred tax assets and liabilities related to Pillar Two income taxes.

Deferred income tax assets are recognized where future recovery is probable. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority. Deferred income tax is not provided for taxes on possible future distributions of retained earnings of subsidiaries where the timing of the distribution can be controlled and it is probable that the retained earnings will be substantially reinvested by the entities.

Zakat is levied at the higher of adjusted income subject to zakat or the zakat base in accordance with the Regulations of the Zakat, Tax and Customs Authority ("ZATCA") in the Kingdom. Zakat is computed using the zakat base. The zakat provision is charged to the consolidated statement of income.

2. Material accounting policy information and significant judgments and estimates continued

(l) Income tax and zakat continued

Significant accounting judgments and estimates

Saudi Aramco establishes provisions, based on reasonable estimates, for potential claims by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as different interpretations of tax regulations by the taxable entity and the responsible tax authority and the outcome of previous negotiations. This requires the application of judgment as to the ultimate outcome, which can change over time depending on facts and circumstances. A change in estimate of the likelihood of a future outflow and/or in the expected amount to be settled would be recognized in net income in the period in which the change occurs. Deferred income tax assets are recognized only to the extent it is considered probable that those assets are recoverable. This includes an assessment of when those assets are likely to reverse, and a judgment as to whether or not there will be sufficient taxable income available to offset the assets when they do reverse. This requires assumptions regarding future profitability. To the extent assumptions regarding future profitability change, there can be an increase or decrease in the amounts recognized in respect of deferred income tax assets as well as in the amounts recognized in net income in the period in which the change occurs.

Detailed taxation information, including current expense and deferred income tax assets and liabilities, is presented in Note 8.

(m) Inventories

Inventories are stated at the lower of cost or estimated net realizable value. Cost comprises all expenses to bring inventories to their present location and condition and, for hydrocarbon and chemical inventories, is determined using the first-in, first-out ("FIFO") method. For materials and supplies inventories, cost is determined using the weighted average method, less an allowance for disposal of obsolete and/or surplus materials and supplies. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

(n) Due from the Government

The Government compensates the Company through price equalization (Note 2(y)) and for past due trade receivables of specified Government, semi-Government and other entities with Government ownership or control to whom the Company supplies specified products and services.

Revenue on sales to these specified Government, semi-Government and other entities with Government ownership or control is recognized upon the satisfaction of performance obligations, which occurs when control transfers to these customers. Control of the products is determined to be transferred when the title of products passes, which typically takes place when product is physically transferred to these customers. Once receivables from these customers are past due, these trade receivables are reclassified as a due from the Government current receivable. In cases where any of these customers settle past due amounts, the Government guarantee receivable is credited with the amounts received. The balance is presented within due from the Government even if it is payable to the Government based on the Company's expectation to settle the balance on a net basis with other amounts due from the Government.

Implementing regulations issued by the Government allow the Company to offset any amounts due from the Government against payment of taxes, and in the event of insufficiency of tax balances, offset against any other amounts due and payable by the Company to the Government. Balances due from the Government at December 31 represent amounts to be settled through offset against tax payments.

(o) Cash and cash equivalents

Cash and cash equivalents include cash on hand and in banks together with all highly liquid investments purchased with original maturities of three months or less.

(p) Assets classified as held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable.

Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell, and are not depreciated, or amortized. An impairment loss is recognized for any initial or subsequent write-down of the asset to fair value less costs to sell. Non-current assets and disposal groups classified as held for sale are presented separately from the other assets in the statement of financial position. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the statement of financial position.

(q) Treasury shares

Treasury shares are recognized as a deduction from equity at the amount of consideration paid by the Company for their acquisition, including any directly attributable transaction costs incurred.

All amounts in millions of Saudi Riyals unless otherwise stated

2. Material accounting policy information and significant judgments and estimates continued

(r) Financial liabilities

Saudi Aramco initially recognizes a financial liability at fair value when it becomes party to the contractual provisions of an instrument. A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

Saudi Aramco's financial liabilities are classified into the following categories:

- those to be measured subsequently at FVPL, which mainly include derivative financial liabilities categorized as held for trading unless they are designated as hedges (Note 2(k)). Derivative financial liabilities held for trading are included in current liabilities under trade payables and other liabilities with gains or losses recognized in net income. In addition, trade payables related to contracts with provisional pricing arrangements are subsequently measured at fair value through profit or loss; and
- those to be measured subsequently at amortized cost using the effective interest method, which mainly include borrowings, trade payables, excluding those with provisional pricing arrangements, and other liabilities.

(s) Borrowing costs

Any difference between borrowing proceeds and the redemption value is recognized as finance costs in the consolidated statement of income over the term of the borrowing using the effective interest method.

Borrowing costs are expensed as incurred except for those costs directly attributable to the acquisition, construction or production of a qualifying asset which are capitalized as part of the cost of that asset until the asset is complete for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for intended use or sale.

(t) Post-employment benefit plans

(i) Pension plans

Funded pension plans are non-contributory plans for the majority of employees and are generally funded by payments by Saudi Aramco and where applicable by group companies to independent trusts or other separate entities. Assets held by the independent trusts and other separate entities are held at their fair value. Valuations of both funded and unfunded plans are performed annually by independent actuaries using the projected unit credit method. The valuations take into account employees' years of service, average or final pensionable remuneration, and are discounted to their present value using interest rates of high-quality corporate bonds that have terms to maturity approximating the terms of the related defined benefit obligation.

The amount recognized in the consolidated balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The periodic pension cost included in operating costs in the consolidated statement of income in respect of defined benefit pension plans primarily represents the increase in the actuarially assessed present value of the obligation for pension benefits based on employee service during the year and the net interest on the net defined benefit liability or asset. Net interest is calculated by multiplying the defined benefit liability and plan assets by the discount rate applied to each plan at the beginning of each year, amended for changes to the defined benefit liability and plan assets as a result of benefit payments or contributions.

Past service costs, representing plan amendments, are recognized immediately as pension costs in the consolidated statement of income, regardless of the remaining vesting period.

Remeasurements representing actuarial gains and losses, arising from experience adjustments and changes in actuarial assumptions, and the actual returns on plan assets excluding interest on plan assets, are credited or charged to equity, net of tax, through other comprehensive income.

For defined contribution plans where benefits depend solely on the amount contributed to or due to the employee's account and the returns earned from the investment of those contributions, plan cost is the amount contributed by or due from Saudi Aramco and is recognized as an expense in the consolidated statement of income.

(ii) Other post-employment benefits

Saudi Aramco provides certain post-employment healthcare, life insurance and other benefits to retirees and certain former employees. The entitlement is usually based on the employee remaining in service up to retirement age and the completion of a minimum service period. To the extent these plans are not fully funded, a liability is recognized in the consolidated balance sheet. Valuations of benefits are performed by independent actuaries.

Such plans follow the same accounting methodology as used for defined benefit pension plans.

Significant accounting judgments and estimates

The costs of defined benefit pension plans and post-employment medical benefits are determined using actuarial valuations. The actuarial valuation involves making assumptions, which are reviewed annually. Key assumptions include discount rates, future salary increases, future healthcare costs, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long-term nature of these plans, such estimates are subject to significant uncertainty. Information about amounts reported in respect of defined benefit plans, assumptions applicable to the plans and their sensitivity to changes are presented in Note 21.

2. Material accounting policy information and significant judgments and estimates continued

(u) Share-based compensation

The cost of an equity-settled award granted to employees is measured by reference to the fair value of the equity instrument on the date the award is granted. This cost is recognized as an employee benefit expense in the consolidated statement of income with a corresponding increase in equity.

The cost of a cash-settled award granted to employees is measured by reference to the fair value of the liability at each consolidated balance sheet date until settlement. This cost is recognized as an employee benefit expense in the consolidated statement of income with the corresponding recognition of a liability on the consolidated balance sheet.

The cost of both the equity-settled and cash-settled awards is recognized over the vesting period, which is the period over which the employees render the required service for the award and any non-market performance condition attached to the award is required to be met. Additionally, for a cash-settled award, any changes in the fair value of the liability between the vesting date and the date of its settlement are also recognized in the consolidated statement of income within employee benefit expense.

In determining the fair value of an equity-settled or cash-settled award, an appropriate valuation method is applied. Service and non-market performance conditions are not taken into account in determining the fair value of the award, but during the vesting period the likelihood of the conditions being met is assessed as part of the Company's best estimate of the number of awards that are expected to vest. Any market performance conditions and non-vesting conditions are taken into account in determining the award's fair value.

(v) Provisions and contingencies

Saudi Aramco records a provision, and a corresponding asset, for decommissioning activities in Upstream operations for well plugging and abandonment. The decommissioning obligation for a well is recognized when it is drilled. Decommissioning provisions associated with Downstream facilities are generally not recognized, as the potential obligations cannot be measured, given their indeterminate settlement dates. The decommissioning obligations will be recognized in the period when sufficient information becomes available to estimate a range of potential settlement dates. Decommissioning costs are provided for at the present value of expected costs to settle the obligation using estimated cash flows. The value of the obligation is added to the carrying amount of the related asset and amortized over the useful life of the asset. The increase in the provision due to the passage of time is recognized as finance costs in the consolidated statement of income. Changes in future cash flow estimates resulting from revisions to the estimated timing or amount of undiscounted cash flows are recognized as a change in provision and related asset.

A contingent liability is disclosed where the existence of a possible obligation will only be confirmed by future events or where the amount of a present obligation cannot be measured with reasonable reliability or it is not probable that there will be an outflow of resources to settle that obligation. Contingent assets are not recognized, but are disclosed where the inflow of economic benefits is probable.

Significant accounting judgments and estimates

Most of Saudi Aramco's well plugging and abandonment activities are many years into the future with technology and costs constantly changing. Estimates of the amounts of a provision are recognized based on current legal and constructive requirements and costs associated to abandon using existing technologies. Actual costs are uncertain and estimates can vary as a result of changes in the scope of the project and/or relevant laws and regulation. The estimated timing of decommissioning may change due to certain factors, such as reserve life, a decision to terminate operations, or changes in legislation. Changes to estimates related to future expected costs, discount rates and timing may have a material impact on the amounts presented. As a result, significant judgment is applied in the initial recognition and subsequent adjustment of the provision and the capitalized cost associated with decommissioning, plugging and abandonment obligations. Any subsequent adjustments to the provision are made prospectively. Detail on the particular assumptions applied when making certain non-current provisions is included in Note 22.

(w) Functional and presentation currency

The U.S. dollar ("USD") is the functional currency of the Company. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign currency monetary assets or liabilities are translated at each reporting date using the prevailing reporting date exchange rate. Non-monetary assets or liabilities measured at fair value are translated at the exchange rate on the date when fair value was last measured. Non-monetary assets or liabilities, other than those measured at fair value, are translated into the functional currency using the exchange relevant spot rates at the dates of the transactions. Foreign exchange gains and losses from these translations are recognized as a component of net income.

The consolidated financial statements are presented in SAR. The financial position and results of the operations of the Company, subsidiaries, joint arrangements and associates that have a functional currency which is different from the presentation currency are translated to the presentation currency at reporting date exchange rates and the average exchange rates that approximate the cumulative effect of rates prevailing at the transaction dates, respectively. All resulting exchange differences are recognized through other comprehensive income.

2. Material accounting policy information and significant judgments and estimates continued

(w) Functional and presentation currency continued

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the reporting date exchange rate.

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

Significant accounting judgments and estimates

The Company has determined that USD is the functional currency as a substantial amount of its products are traded in USD in international markets. However, a substantial amount of costs of the Company are denominated in SAR, which has been exchanged at a fixed rate to USD since 1986. A change in the fixed exchange rate could impact the recorded revenue, expenses, assets and liabilities of the Company.

(x) Revenue recognition and sales prices

Revenue from sales of crude oil and related products is recognized upon the satisfaction of performance obligations, which occurs when control transfers to the customer. Control of the products is determined to be transferred to the customer when the title of crude oil and related products passes to the customer, which typically takes place when product is physically transferred into a vessel, pipe or other delivery mechanism.

Revenue contracts for crude oil and certain related products provide for provisional pricing at the time of shipment, with final pricing based on the average market price for a particular future period. Revenue on these contracts is recorded based on the estimate of the final price at the time control is transferred to the customer. Any difference between the estimate and the final price is recorded as a change in fair value of the related receivable, as part of revenue, in the consolidated statement of income. Where applicable the transaction price is allocated to the individual performance obligations of a contract based on their relative stand-alone selling prices.

(y) Other income related to sales

The Government compensates the Company through price equalization for revenue directly forgone as a result of the Company's compliance with local regulations governing domestic sales and distribution of certain liquid products, LPGs and certain other products. This compensation reflected in these consolidated financial statements, is calculated by the Company as the difference between the product's equalization price and the corresponding domestic regulated price, net of Government fees, in accordance with the implementing regulations issued by the Government in 2017 and 2019.

This compensation is recorded as other income related to sales, that is taxable, when the Company has satisfied its performance obligations through transfer of the title to the buyer, which occurs when product is physically transferred. The compensation due from the Government is characterized as a due from the Government (Note 2(n)) current receivable and is recognized initially at fair value and subsequently measured at amortized cost using the effective interest method less impairment losses, if any.

The implementing regulations allow the Company to offset any amounts due from the Government against payment of taxes, and in the event of insufficiency of tax balances, offsetting may extend against any other amounts due and payable by the Company to the Government.

(z) Production royalties

Royalties to the Government are calculated based on a progressive scheme applied to crude oil production. An effective royalty rate is applied to production based on the Company's official selling prices. The effective royalty rate is determined based on a baseline marginal rate of 15% applied to prices up to $70 per barrel, increasing to 45% applied to prices above $70 per barrel and 80% applied to prices above $100 per barrel. All such royalties are accounted for as an expense in the consolidated statement of income based on volumes sold during the year and are deductible costs for the Government income tax calculations.

(aa) Research and development

Development costs that are expected to generate probable future economic benefits are capitalized as intangible assets and amortized over their estimated useful life. During the period of development, the asset is tested for impairment annually. All other research and development costs are recognized in net income as incurred.

(bb) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorized and no longer at the discretion of the Company, on or before the end of the reporting period but not distributed at the end of the reporting period.

All amounts in millions of Saudi Riyals unless otherwise stated

2. Material accounting policy information and significant judgments and estimates continued

(cc) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the net income attributable to the ordinary shareholders of the Company
- by the weighted average number of ordinary shares outstanding during the reporting period, adjusted for bonus elements in ordinary shares issued during the period and excluding treasury shares.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares; and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(dd) Reclassifications

Certain comparative amounts for 2022 in the notes to the consolidated financial statements have been reclassified to conform to the current year presentation.

3. Financial risk management

Financial risks include market risk (including foreign currency exchange risk, price risk, and interest rate risk), credit risk, and liquidity risk. Financial risk management is carried out primarily by a central treasury department. The adequacy of financial risk management policies is regularly reviewed with consideration of current activities and market conditions on a consolidated basis. Saudi Aramco uses derivative financial instruments with limited complexity to manage certain risk exposures and does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

(a) Financial risk factors

(i) Market risk

1) Foreign currency exchange risk – The risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign currency exchange rates.

Saudi Aramco operates internationally but has limited exposure to financial risk due to changes in foreign currency exchange rates as most significant transactions are denominated in its functional currency (Note 2(w)), are linked to its functional currency or are hedged. Saudi Aramco's limited foreign currency exchange risk arises from future commercial transactions or recognized assets or liabilities denominated in a currency that is not Saudi Aramco's functional currency. In addition, a substantial amount of costs of Saudi Aramco are denominated in SAR which has been at a fixed rate to USD since 1986. A change in the fixed exchange rate would result in foreign exchange differences being recognized in the consolidated financial statements.

Saudi Aramco engages in foreign currency hedging activities through the use of currency forward contracts to manage its exposure from significant transactions denominated in a foreign currency. The hedge ratio considers variability in potential outcomes, spot rates, as well as interest rates on a transaction by transaction basis.

The notional amounts of outstanding currency forward contracts designated as hedging instruments are included in Note 30.

2) Price risk – The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Price risk primarily stems from investments in securities and commodity trading.

a) Investments in securities

Saudi Aramco has limited exposure to price risk with such risk arising from investments in securities carried at fair value.

Saudi Aramco regularly reviews its positions in investments in securities considering current and expected future economic trends.

At December 31, 2023 and 2022, a change in fair value due to a movement of 5% in the price of listed equity securities would result in a change in other comprehensive income before income taxes and zakat of SAR 669 and SAR 435, respectively.

At December 31, 2023 and 2022, a change in fair value due to a movement of 5% in the unit price of equities and mutual and hedge funds would result in a change in income before income taxes and zakat of SAR 26 and SAR 15, respectively.

b) Commodity derivative contracts

Saudi Aramco trades crude, natural gas liquids and various refined and bulk petrochemical products and uses commodity derivatives as a means of managing price and timing of risks arising from this trading. In effecting these transactions, Saudi Aramco operates within policies and procedures designed to ensure that risks, including those related to the default of counterparties, are managed within authorized limits. The notional amounts of outstanding commodity derivative contracts are included in Note 30.

3. Financial risk management continued

(a) Financial risk factors continued

3) Interest rate risk – The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Saudi Aramco is exposed to interest rate risk from changes in interest rates that affect the fair value or future cash flows of financial instruments, principally borrowings, issued at variable and fixed rates. Borrowings issued at variable rates expose Saudi Aramco to cash flow interest rate risk, which is partially offset by short-term time deposits and debt securities held at variable rates. Borrowings issued at fixed rates expose Saudi Aramco to fair value interest rate risk. Saudi Aramco may enter into interest rate swap agreements as part of its overall strategy to manage the interest rate risk on its debt.

At December 31, 2023 and 2022, a change of 1% in market interest rates, with all other variables held constant, would result in a net change of SAR 1,281 and SAR 2,161, respectively, in Saudi Aramco's income before income taxes and zakat as a result of the effect of higher or lower market interest rates.

The notional amounts of interest rate swap contracts are included in Note 30.

(ii) Credit risk

Credit risk is the risk that counterparties might not fulfill their contractual payment obligations towards an entity.

Saudi Aramco is exposed to credit risk related to its counterparties not performing or honoring their obligations, which could result in financial loss. Credit risk arises from credit exposures on trade and other receivables as well as from cash and cash equivalents, short-term investments, debt securities, and derivatives with financial institutions. The maximum exposure to credit risk is the carrying value of these assets.

Saudi Aramco's trade receivables arise from a global customer base, which limits geographic concentrations of credit risk. Moreover, a credit risk policy is in place to ensure credit limits are extended to creditworthy counterparties and risk mitigation measures are defined and implemented accordingly. Saudi Aramco performs ongoing evaluations of its counterparties' financial standing and takes additional measures to mitigate credit risk when considered appropriate, including but not limited to letters of credits, bank guarantees or parent company guarantees.

In addition, the credit risk policy limits the amount of credit exposure to any individual counterparty based on their credit rating as well as other factors. Moreover, Saudi Aramco's investment policy limits exposure to credit risk arising from investment activities. The policy requires that cash and cash equivalents and short-term investments be invested with a diversified group of financial institutions with acceptable credit ratings. Saudi Aramco ensures that each counterparty is of an acceptable credit quality by relying on quantitative and qualitative measures compiled from internal and third-party rating models. At December 31, 2023, all short-term investments were with financial institutions assigned a long-term credit rating of "BBB" (2022: "BBB") or above.

Employee home loans (Note 9) and debt securities are generally considered to have low credit risk based on history of default and thus the impairment provision recognized during the year based on the general approach allowed by IFRS 9, where applicable, was substantially limited to 12-month expected losses.

Saudi Aramco applies the simplified approach allowed by IFRS 9 in providing for expected credit losses for trade receivables, which uses the lifetime expected credit loss provision for all trade receivables. Such credit losses have historically been nominal and the loss allowance for trade receivables (Note 12) is not material.

(iii) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

Saudi Aramco's liquidity risk management includes maintaining sufficient cash and cash equivalents and ensuring the availability of incremental funding through credit facilities (Note 20). Management also monitors and forecasts Saudi Aramco's liquidity requirements based on current and non-current expected cash flows.

Saudi Aramco invests surplus cash in current accounts, time deposits, money market instruments, government repurchase agreements, and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to meet forecasted cash flow requirements. Saudi Aramco prioritizes security and liquidity over yield.

Note 20 analyzes Saudi Aramco's borrowings into relevant maturity groupings based on the balances associated with each contractual maturity date at the end of the reporting period.

Saudi Aramco's derivative liabilities relate to contracts that mature within 12 months from the balance sheet date, except for certain interest rate swaps and financial liabilities – options and forward contracts that have maturity dates of more than five years.

Saudi Aramco has financial guarantees arising in the ordinary course of business. The earliest period in which such guarantees can be called is the effective date as defined in the related agreements. The maximum exposure is limited to the gross value of such guarantees.

All amounts in millions of Saudi Riyals unless otherwise stated

3. Financial risk management continued

(b) Capital structure management

Saudi Aramco seeks to maintain a prudent capital structure, comprised of borrowings and shareholders' equity, to support its capital investment plans and maintain a sustainable dividend profile. Maintaining sufficient financial flexibility is considered strategically important to mitigate industry cyclicality, while also enabling the pursuit of organic and inorganic investment opportunities. Borrowings or dividends will result in an adjustment to Saudi Aramco's capital structure.

Gearing is a measure of the degree to which Saudi Aramco's operations are financed by debt. Saudi Aramco defines gearing as the ratio of net debt / (cash) (total borrowings less cash and cash equivalents, short-term investments, investments in debt securities (current and non-current), and non-current cash investments) to total equity and net debt / (cash). Saudi Aramco's gearing ratios at December 31, 2023 and 2022, were as follows:

	2023	2022
Total borrowings (current and non-current)	**290,147**	393,144
Cash and cash equivalents	**(198,973)**	(226,047)
Short-term investments	**(184,343)**	(281,215)
Investments in debt securities (current and non-current)	**(9,584)**	(8,565)
Non-current cash investments	**–**	–
Net cash	**(102,753)**	(122,683)
Total equity	**1,737,092**	1,666,147
Total equity and net cash	**1,634,339**	1,543,464
Gearing	**(6.3)%**	(7.9)%

(c) Casualty loss risk retention

Saudi Aramco's casualty loss risk strategy includes a risk retention and insurance program, including providing coverage to certain joint arrangements and associates limited to Saudi Aramco's percentage interest in the relevant entity. Current maximum risk retention is SAR 3,301 per loss event (2022: SAR 3,190) and various insurance limits apply, of which the risk retention forms a part. Should a credible loss event occur, the maximum insurance limit above retention is SAR 4,388 (2022: SAR 4,498) per event dependent on the circumstances.

(d) Fair value estimation

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or, in the absence of a principal market, in the most advantageous market for the asset or liability. Management believes that the fair values of Saudi Aramco's financial assets and liabilities that are measured and recognized at amortized cost are not materially different from their carrying amounts at the end of the reporting period.

Saudi Aramco measures financial instruments such as derivatives, equity investments and debt securities classified as FVPL, and equity investments and debt securities classified as FVOCI, at fair value at each consolidated balance sheet date. Saudi Aramco uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

All amounts in millions of Saudi Riyals unless otherwise stated

3. Financial risk management continued

(d) Fair value estimation continued

The following table presents Saudi Aramco's assets and liabilities measured and recognized at fair value at December 31, 2023 and 2022, based on the prescribed fair value measurement hierarchy on a recurring basis. Saudi Aramco did not measure any financial assets or financial liabilities at fair value on a non-recurring basis at December 31, 2023 and 2022.

Assets	Level 1	Level 2	Level 3	Total
2023				
Investments in securities:				
Equity securities at FVOCI	13,376	36	2,143	15,555
Debt securities at FVOCI	75	8,884	–	8,959
Equity securities at FVPL	548	1,628	7,908	10,084
Debt securities at FVPL	–	176	–	176
Trade receivables related to contracts with provisional pricing arrangements	–	–	98,978	98,978
	13,999	10,724	109,029	133,752
Other assets and receivables:				
Interest rate swaps	–	556	–	556
Commodity derivative contracts	–	3,651	486	4,137
Currency forward contracts	–	80	–	80
Financial assets – option rights	–	–	3,745	3,745
	–	4,287	4,231	8,518
Total assets	13,999	15,011	113,260	142,270
2022				
Investments in securities:				
Equity securities at FVOCI	8,699	33	2,285	11,017
Debt securities at FVOCI	47	7,463	–	7,510
Equity securities at FVPL	318	1,562	6,201	8,081
Debt securities at FVPL	53	82	4	139
Trade receivables related to contracts with provisional pricing arrangements	–	–	113,542	113,542
	9,117	9,140	122,032	140,289
Other assets and receivables:				
Interest rate swaps	–	734	–	734
Commodity derivative contracts	–	2,987	47	3,034
Currency forward contracts	–	130	–	130
Financial assets – option rights	–	–	2,687	2,687
	–	3,851	2,734	6,585
Total assets	9,117	12,991	124,766	146,874

3. Financial risk management continued

(d) Fair value estimation continued

Liabilities	Level 1	Level 2	Level 3	Total
2023				
Trade payables and other liabilities:				
Interest rate swaps	–	21	–	21
Commodity derivative contracts	225	2,776	126	3,127
Currency forward contracts	–	49	–	49
Trade payables related to contracts with provisional pricing arrangements	–	–	35,598	35,598
Provisions and other liabilities:				
Financial liabilities – options and forward contracts	–	–	2,011	2,011
Total liabilities	225	2,846	37,735	40,806
2022				
Trade payables and other liabilities:				
Interest rate swaps	–	16	–	16
Commodity derivative contracts	228	2,358	81	2,667
Currency forward contracts	–	134	–	134
Trade payables related to contracts with provisional pricing arrangements	–	–	17,060	17,060
Provisions and other liabilities:				
Financial liabilities – options and forward contracts	–	–	2,929	2,929
Total liabilities	228	2,508	20,070	22,806

The valuation techniques for Saudi Aramco's investments in securities are described in Note 10. The changes in Level 3 investments in securities for the years ended December 31, 2023 and 2022, are as follows:

	2023	2022
January 1	8,490	5,268
Net additions	1,633	2,790
Net unrealized fair value (loss) gain	(64)	391
Realized (loss) gain	(8)	41
December 31	10,051	8,490

The movement in trade receivables and trade payables related to contracts with provisional pricing arrangements is mainly arising from sales and purchase transactions made during the year, net of settlements (Notes 12 and 23). Unrealized fair value movements on these trade receivables and trade payables are not significant.

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

The movements in financial assets – option rights and financial liabilities – options and forward contracts, being put, call and forward contracts on equity instruments of certain non-wholly-owned subsidiaries, are mainly due to changes in the unrealized fair values of those contracts during the period.

4. Operating segments

Saudi Aramco is engaged in prospecting, exploring, drilling, extracting, processing, manufacturing, refining and marketing hydrocarbon substances within the Kingdom and has interests in refining, petrochemical, distribution, marketing and storage facilities outside the Kingdom.

Saudi Aramco's operating segments are established on the basis of those components that are evaluated regularly by the President & CEO, considered to be the Chief Operating Decision Maker. The Chief Operating Decision Maker monitors the operating results of Saudi Aramco's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on revenues, costs and a broad range of key performance indicators in addition to segment profitability.

For management purposes, Saudi Aramco is organized into business units based on the main types of activities. At December 31, 2023, Saudi Aramco had two reportable segments, Upstream and Downstream, with all other supporting functions aggregated into a Corporate segment. Upstream activities include crude oil, natural gas and natural gas liquids exploration, field development and production. Downstream activities consist primarily of refining and petrochemical manufacturing, supply and trading, distribution and power generation, logistics, and marketing of crude oil and related services to international and domestic customers. Corporate activities include primarily supporting services including Human Resources, Finance and IT, not allocated to Upstream and Downstream. Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

The accounting policies used by Saudi Aramco in reporting segments internally are the same as those described in Note 2 of the consolidated financial statements. There are no differences from the consolidated financial statements for the year ended December 31, 2022 in the basis of segmentation or in the basis of measurement of segment earnings before interest, income taxes and zakat, except for some limited changes in the pricing basis of certain inter-segment transactions between Upstream and Downstream.

Information by segments is as follows:

	Upstream	Downstream	Corporate	Eliminations	Consolidated
2023					
External revenue	**784,642**	**866,688**	**1,951**	**–**	**1,653,281**
Other income related to sales	**71,361**	**131,731**	**–**	**–**	**203,092**
Inter-segment revenue	**355,770**	**35,093**	**312**	**(391,175)**	**–**
Share of results of joint ventures and associates	**(21)**	**(3,555)**	**(425)**	**–**	**(4,001)**
Depreciation and amortization	**(48,997)**	**(42,352)**	**(5,691)**	**–**	**(97,040)**
Dividends and other income	**–**	**736**	**15**	**–**	**751**
Earnings (losses) before interest, income taxes and zakat	**863,549**	**21,184**	**(18,220)**	**(1,476)**	**865,037**
Finance income					**31,216**
Finance costs					**(8,186)**
Income before income taxes and zakat					**888,067**
Capital expenditures – cash basis	**123,543**	**32,735**	**2,030**	**–**	**158,308**
2022					
External revenue	1,024,628	980,681	1,646	–	2,006,955
Other income related to sales	85,475	173,943	–	–	259,418
Inter-segment revenue	463,302	45,090	305	(508,697)	–
Share of results of joint ventures and associates	(16)	3,195	(306)	–	2,873
Depreciation and amortization	(44,209)	(41,425)	(5,984)	–	(91,618)
Dividends and other income	–	2,469	–	–	2,469
Earnings (losses) before interest, income taxes and zakat	1,092,425	79,292	(19,667)	(2,631)	1,149,419
Finance income					12,425
Finance costs					(8,882)
Income before income taxes and zakat					1,152,962
Capital expenditures – cash basis	109,789	29,541	1,831	–	141,161

All amounts in millions of Saudi Riyals unless otherwise stated

4. Operating segments continued

Information by geographical area is as follows:

	In-Kingdom	Out-of-Kingdom	Total
2023			
External revenue	**1,011,932**	**641,349**	**1,653,281**
Property, plant and equipment, intangible assets, investments in joint ventures and associates	**1,431,965**	**186,780**	**1,618,745**
2022			
External revenue	1,293,097	713,858	2,006,955
Property, plant and equipment, intangible assets, investments in joint ventures and associates	1,328,545	206,245	1,534,790

Revenue from sales to external customers by region is based on the location of the Saudi Aramco entity, which made the sale. Out-of-Kingdom revenue includes sales of SAR 194,072 originating from the United States of America ("USA") (2022: SAR 223,731).

Property, plant and equipment, intangible assets and investments in joint ventures and associates by region are based on the location of the Saudi Aramco entity holding the assets.

5. Property, plant and equipment

	Land and land improvements	Buildings	Oil and gas properties	Plant, machinery and equipment	Depots, storage tanks and pipelines	Fixtures, IT and office equipment	Construction-in-progress	Total
Cost								
January 1, 2023	50,738	91,617	641,029	937,307	95,610	20,755	262,903	2,099,959
Additions[1]	660	1,000	292	21,507	375	248	164,142	188,224
Acquisition (Note 35(a))	482	806	–	779	35	44	139	2,285
Construction completed	1,358	2,815	55,216	47,290	14,232	802	(121,713)	–
Currency translation differences	(59)	171	–	813	(106)	8	85	912
Transfers and adjustments[2]	(125)	(77)	(3,024)	398	316	84	(670)	(3,098)
Transfer of exploration and evaluation assets	–	–	–	–	–	–	1,858	1,858
Transfer to assets held for sale	(312)	(4,087)	–	(21,758)	–	(415)	(741)	(27,313)
Retirements and sales	(563)	(807)	(424)	(6,982)	(956)	(591)	(279)	(10,602)
December 31, 2023	52,179	91,438	693,089	979,354	109,506	20,935	305,724	2,252,225
Accumulated depreciation								
January 1, 2023	(19,411)	(42,330)	(244,678)	(431,840)	(45,802)	(12,632)	–	(796,693)
Charge for the year[2]	(1,934)	(4,038)	(21,810)	(61,840)	(3,377)	(1,681)	–	(94,680)
Currency translation differences	(4)	(90)	–	(741)	44	(9)	–	(800)
Transfers and adjustments	(57)	10	(15)	(1,106)	(13)	(12)	–	(1,193)
Transfer to assets held for sale	64	2,436	–	15,773	–	393	–	18,666
Retirements and sales	194	671	229	4,983	551	564	–	7,192
December 31, 2023	(21,148)	(43,341)	(266,274)	(474,771)	(48,597)	(13,377)	–	(867,508)
Property, plant and equipment – net, December 31, 2023	31,031	48,097	426,815	504,583	60,909	7,558	305,724	1,384,717

All amounts in millions of Saudi Riyals unless otherwise stated

5. Property, plant and equipment continued

	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	47,926	86,411	596,495	883,216	84,110	19,554	246,175	1,963,887
Additions[1]	1,118	642	281	19,209	294	293	132,819	154,656
Acquisitions	42	39	–	62	–	17	14	174
Construction completed	1,839	6,056	46,991	47,748	11,695	1,441	(115,770)	–
Currency translation differences	(452)	(578)	2	(5,041)	(438)	(105)	(253)	(6,865)
Transfers and adjustments[2]	331	(240)	17	(198)	365	46	(3,088)	(2,767)
Transfer of exploration and evaluation assets	–	–	–	–	–	–	3,386	3,386
Retirements and sales	(66)	(713)	(2,757)	(7,689)	(416)	(491)	(380)	(12,512)
December 31, 2022	50,738	91,617	641,029	937,307	95,610	20,755	262,903	2,099,959
Accumulated depreciation								
January 1, 2022	(17,989)	(38,603)	(225,273)	(382,413)	(43,679)	(11,614)	–	(719,571)
Charge for the year[2]	(1,441)	(4,810)	(19,766)	(58,945)	(2,646)	(1,565)	–	(89,173)
Currency translation differences	5	317	–	2,976	175	84	–	3,557
Transfers and adjustments	(13)	138	20	(245)	(34)	(23)	–	(157)
Retirements and sales	27	628	341	6,787	382	486	–	8,651
December 31, 2022	(19,411)	(42,330)	(244,678)	(431,840)	(45,802)	(12,632)	–	(796,693)
Property, plant and equipment – net, December 31, 2022	31,327	49,287	396,351	505,467	49,808	8,123	262,903	1,303,266

1. Additions include borrowing costs capitalized during the year ended December 31, 2023, amounting to SAR 8,204 (2022: SAR 4,826), which were calculated using an average annualized capitalization rate of 5.36% (2022: 3.24%).
2. During the year ended December 31, 2023, Saudi Aramco recognized an impairment loss of SAR 3,110 (2022: SAR 3,690) mainly relating to plant, machinery and equipment of certain downstream facilities. The impairment was recognized as a result of changed market conditions and was calculated based on the recoverable amount of SAR 10,132 (2022: SAR 25,100), which was determined using VIU calculations. The pre-tax discount rate used in the calculations was 10.2%. In addition, a write-down of SAR 907 was recorded for the year ended December 31, 2023 (2022: SAR 476) on certain downstream facilities, including facilities under construction of SAR 377 (2022: SAR 122).

5. Property, plant and equipment continued

Additions to right-of-use assets during the year ended December 31, 2023, were SAR 18,083 (2022: SAR 16,065). Acquisition of right-of-use assets during the year ended December 31, 2023, amounted to SAR 364 (2022: SAR 8). The following table presents depreciation expense and net carrying amounts of right-of-use assets by class of assets. Information on lease liabilities and related finance costs is provided in Note 20.

	Depreciation expense for the year ended December 31, 2023	**Net carrying amount at December 31, 2023**	Depreciation expense for the year ended December 31, 2022	Net carrying amount at December 31, 2022
Land and land improvements	**161**	**5,160**	199	5,044
Buildings	**510**	**3,210**	596	2,981
Oil and gas properties	**11**	**–**	15	11
Plant, machinery and equipment	**12,116**	**52,196**	10,455	48,735
Depots, storage tanks and pipelines	**338**	**2,250**	296	2,194
Fixtures, IT and office equipment	**128**	**263**	124	345
	13,264	**63,079**	11,685	59,310

6. Intangible assets

	Goodwill	**Exploration and evaluation[1]**	**Brands and trademarks**	**Franchise/ customer relationships**	**Computer software**	**Other[2]**	**Total**
Cost							
January 1, 2023	**100,603**	**17,971**	**22,730**	**19,647**	**5,854**	**4,031**	**170,836**
Additions	**–**	**6,918**	**–**	**–**	**81**	**113**	**7,112**
Acquisition (Note 35(a))	**410**	**–**	**2,288**	**2,073**	**–**	**267**	**5,038**
Currency translation differences	**(3)**	**–**	**(15)**	**(2)**	**11**	**34**	**25**
Transfers and adjustments	**–**	**–**	**(21)**	**(17)**	**(58)**	**(388)**	**(484)**
Transfer of exploration and evaluation assets	**–**	**(1,858)**	**–**	**–**	**–**	**–**	**(1,858)**
Transfer to assets held for sale	**–**	**–**	**–**	**–**	**–**	**(167)**	**(167)**
Retirements and write offs	**–**	**(3,018)**	**–**	**–**	**(1,655)**	**(14)**	**(4,687)**
December 31, 2023	**101,010**	**20,013**	**24,982**	**21,701**	**4,233**	**3,876**	**175,815**
Accumulated amortization							
January 1, 2023	**–**	**–**	**(2,559)**	**(3,362)**	**(4,066)**	**(1,521)**	**(11,508)**
Charge for the year	**–**	**–**	**(254)**	**(1,118)**	**(302)**	**(309)**	**(1,983)**
Currency translation differences	**–**	**–**	**(2)**	**(2)**	**(10)**	**(28)**	**(42)**
Transfers and adjustments	**–**	**–**	**20**	**17**	**42**	**380**	**459**
Transfer to assets held for sale	**–**	**–**	**–**	**–**	**–**	**146**	**146**
Retirements and write offs	**–**	**–**	**–**	**–**	**1,655**	**12**	**1,667**
December 31, 2023	**–**	**–**	**(2,795)**	**(4,465)**	**(2,681)**	**(1,320)**	**(11,261)**
Intangible assets – net, December 31, 2023	**101,010**	**20,013**	**22,187**	**17,236**	**1,552**	**2,556**	**164,554**

All amounts in millions of Saudi Riyals unless otherwise stated

6. Intangible assets continued

	Goodwill	Exploration and evaluation[1]	Brands and trademarks	Franchise/ customer relationships	Computer software	Other[2]	Total
Cost							
January 1, 2022	100,188	19,219	22,874	19,720	5,149	2,929	170,079
Additions	–	5,054	–	–	292	89	5,435
Acquisitions	426	–	–	4	400	1,108	1,938
Currency translation differences	(11)	–	(74)	(12)	(24)	(92)	(213)
Transfers and adjustments	–	–	(70)	(65)	55	23	(57)
Transfer of exploration and evaluation assets	–	(3,386)	–	–	–	–	(3,386)
Retirements and write offs	–	(2,916)	–	–	(18)	(26)	(2,960)
December 31, 2022	100,603	17,971	22,730	19,647	5,854	4,031	170,836
Accumulated amortization							
January 1, 2022	–	–	(2,235)	(2,367)	(3,721)	(1,088)	(9,411)
Charge for the year[3]	–	–	(391)	(980)	(359)	(593)	(2,323)
Currency translation differences	–	–	(3)	(1)	20	63	79
Transfers and adjustments	–	–	70	(14)	(11)	92	137
Retirements and write offs	–	–	–	–	5	5	10
December 31, 2022	–	–	(2,559)	(3,362)	(4,066)	(1,521)	(11,508)
Intangible assets – net, December 31, 2022	100,603	17,971	20,171	16,285	1,788	2,510	159,328

1. Cash used for exploration and evaluation operating activities in 2023 was SAR 6,398 (2022: SAR 5,531) and expenditures for investing activities were SAR 6,918 (2022: SAR 5,054).
2. Other intangible assets with a net book value of SAR 2,556 as at December 31, 2023 (2022: SAR 2,510) comprise processing and offtake agreements, licenses, technology, usage rights, patents and intellectual property.
3. In 2022, Saudi Aramco recognized a write-down on certain other intangible assets of SAR 330.

Saudi Aramco performed an annual impairment test for the goodwill acquired as part of the SABIC acquisition, amounting to SAR 99,116 at December 31, 2023 and 2022, which is allocated to the Downstream segment. The recoverable amount of the Downstream segment was determined based on VIU calculations which require use of certain assumptions. The calculations used cash flow projections for a period of 10 years based on financial plans approved by management. Cash flows were discounted and aggregated with a terminal value. Management's estimate for the cash flows is based on past performance and management's expectation of the future. This includes management's forecast for prices and margins for the downstream operations. The growth rate of 2.25% (2022: 2.25%) used in the terminal value calculation represents the long-term inflation forecast. The pre-tax discount rate for the VIU calculations was 9.9% (2022: 11.1%). As a result of the analysis, management did not identify any impairment of goodwill related to the SABIC acquisition.

Saudi Aramco also performed an annual impairment test for the brand acquired as part of the SABIC acquisition, which has been determined to have an indefinite useful life, amounting to SAR 18,140 at December 31, 2023 and 2022. The impairment test was performed by aggregating the relevant cash-generating units. Cash flows were calculated in the same way as for the goodwill impairment test. The pre-tax discount rate for the VIU calculations was 9.1% (2022: 10.9%). As a result of the analysis, management did not identify any impairment.

Pre-tax discount rates of 10.9% and 11.7% in the VIU calculations for the goodwill and the brand, respectively, would result in the recoverable amounts to be equal to the carrying amounts used in the annual impairment tests. Further, management believes that a 1% decrease in the growth rate, or a reasonable range of increase or decrease in any of the other assumptions used for cash flow projections, individually, would not change the outcome of the impairment analysis for the goodwill or the brand.

7. Investments in joint ventures and associates

Company	Equity ownership 2023/2022	Principal place of business	Nature of activities	Carrying amount at December 31, 2023	Carrying amount at December 31, 2022
Joint ventures					
Saudi Yanbu Petrochemical Company ("Yanpet")[1]	50%	Saudi Arabia	Petrochemicals	**9,943**	10,362
Al-Jubail Petrochemical Company ("Kemya")[1]	50%	Saudi Arabia	Petrochemicals	**6,108**	6,438
Sinopec SABIC Tianjin Petrochemical Company Limited ("SSTPC")[1]	50%	China	Petrochemicals	**5,481**	6,251
Eastern Petrochemical Company ("Sharq")[1]	50%	Saudi Arabia	Petrochemicals	**4,758**	5,235
Sadara Chemical Company ("Sadara")[2,3]	65%	Saudi Arabia	Petrochemicals	**1,139**	3,769
Other				**6,811**	4,646
				34,240	36,701
Associates					
Clariant AG ("Clariant")[1,4]	31.5%	Switzerland	Specialty chemical	**7,522**	7,968
Hyundai Oilbank Co. Ltd. ("Hyundai Oilbank")[6]	17%	South Korea	Refining/ marketing/ petrochemicals	**3,560**	3,467
Ma'aden Phosphate Company ("MPC")[1]	30%	Saudi Arabia	Agri-nutrients	**3,277**	3,396
Aluminium Bahrain BSC ("ALBA")[1,4]	20.6%	Bahrain	Aluminum	**3,134**	3,208
Power and Water Utility Company for Jubail and Yanbu ("Marafiq")[4] (Note 34(b))	35%	Saudi Arabia	Utilities	**3,008**	3,020
Rabigh Refining and Petrochemical Company ("Petro Rabigh")[3,4,5]	37.5%	Saudi Arabia	Refining/ petrochemicals	**2,786**	4,415
The National Shipping Company of Saudi Arabia ("Bahri")[4]	20%	Saudi Arabia	Global logistics services	**2,570**	2,262
Ma'aden Wa'ad Al Shamal Phosphate Company ("MWSPC")[1,6]	15%	Saudi Arabia	Agri-nutrients	**2,189**	2,075
Fujian Refining and Petrochemical Company Limited ("FREP")	25%	China	Refining/ petrochemicals	**1,640**	1,790
Other				**5,548**	3,894
				35,234	35,495
				69,474	72,196

1. Equity ownership represents shareholding by SABIC, which is 70% owned by Saudi Aramco.
2. Agreements and constitutive documents do not give a single shareholder control; therefore, the joint venture does not qualify as a subsidiary and has not been consolidated.
3. Saudi Aramco has provided guarantees as described in Note 33.
4. Listed company.
5. On July 6, 2022, the Company subscribed to its share in the Petro Rabigh Rights Issue Offering for an amount of SAR 2,981 through the conversion of an outstanding loan receivable as described in Note 33(b).
6. Agreements and constitutive documents provide Saudi Aramco significant influence over this entity.

All amounts in millions of Saudi Riyals unless otherwise stated

7. Investments in joint ventures and associates continued

The components of the change in the investments in joint ventures and associates for the years ended December 31 are as follows:

	Joint ventures		Associates	
	2023	2022	**2023**	2022
January 1	**36,701**	38,003	**35,495**	31,556
Acquisitions (Note 35)	**393**	36	**–**	853
Share of results of joint ventures and associates	**(2,831)**	(918)	**(1,170)**	3,791
Additional investment	**2,025**	1,338	**1,582**	3,132
Distributions	**(1,924)**	(2,856)	**(1,621)**	(1,679)
Sale of equity interest (Note 34(b))	**–**	–	**–**	(1,187)
Change in elimination of profit in inventory	**255**	352	**134**	21
Share of other comprehensive income (loss)	**1,248**	748	**92**	(253)
Other	**(1,627)**	(2)	**722**	(739)
December 31	**34,240**	36,701	**35,234**	35,495

Summarized financial information (100%) for joint ventures and associates and reconciliation with the carrying amount of the investments in the consolidated financial statements at December 31, 2023, are set out below:

Summarized balance sheet
At December 31, 2023

	Yanpet	Clariant[1]	Kemya	SSTPC	Sharq	Hyundai Oilbank[2]	MPC	ALBA	Marafiq	Petro Rabigh[3]	Bahri	MWSPC	FREP	Sadara[3]
Current assets:														
Cash and cash equivalents	831	1,189	502	1,576	480	1,106	1,817	589	1,187	1,372	2,913	1,191	1,725	1,018
Other	3,420	8,069	3,948	1,301	3,046	18,788	4,848	5,739	1,938	10,567	2,389	4,431	6,858	7,352
Total current assets	4,251	9,258	4,450	2,877	3,526	19,894	6,665	6,328	3,125	11,939	5,302	5,622	8,583	8,370
Non-current assets	4,556	14,431	10,021	9,937	10,245	37,303	12,085	18,902	19,928	51,264	17,809	23,968	6,399	47,062
Current liabilities:														
Financial liabilities (excluding trade payables and other liabilities)	8	2,570	5	901	4	6,932	1,429	2,022	804	10,900	797	618	4,358	281
Other	1,548	3,496	1,864	2,365	1,614	11,263	573	1,652	1,524	11,856	2,009	2,818	2,494	4,951
Total current liabilities	1,556	6,066	1,869	3,266	1,618	18,195	2,002	3,674	2,328	22,756	2,806	3,436	6,852	5,232
Non-current liabilities	1,191	6,992	1,355	3,050	2,583	20,943	4,551	3,877	12,522	29,896	7,663	14,572	1,568	47,820
Net assets	6,060	10,631	11,247	6,498	9,570	18,059	12,197	17,679	8,203	10,551	12,642	11,582	6,562	2,380
Saudi Aramco interest	50%	31.5%	50%	50%	50%	17%	30%	20.6%	35%	37.5%	20%	15%	25%	65%
Saudi Aramco share	3,030	3,349	5,624	3,249	4,785	3,070	3,659	3,642	2,871	3,957	2,528	1,737	1,641	1,547
Fair value and other adjustments at Saudi Aramco level	6,913	4,173	484	2,232	(27)	490	(382)	(508)	137	(1,171)	42	452	(1)	(408)
Investment balance at December 31	9,943	7,522	6,108	5,481	4,758	3,560	3,277	3,134	3,008	2,786	2,570	2,189	1,640	1,139

1. The information provided for Clariant is at June 30, 2023, and for the six months then ended.
2. The information provided for Hyundai Oilbank is at September 30, 2023, and for the nine months then ended.
3. Information disclosed reflects estimated results.

All amounts in millions of Saudi Riyals unless otherwise stated

7. Investments in joint ventures and associates continued

Summarized statement of comprehensive income
Year ended December 31, 2023

	Yanpet	Clariant[1]	Kemya	SSTPC	Sharq	Hyundai Oilbank[2]	MPC	ALBA	Marafiq	Petro Rabigh[3]	Bahri	MWSPC	FREP	Sadara[3]
Revenue	5,594	9,529	8,974	9,819	7,489	58,254	6,770	15,255	6,389	44,604	8,778	7,314	31,999	10,708
Depreciation and amortization	558	501	792	695	1,391	1,851	1,142	1,323	1,228	3,221	1,406	1,081	858	3,124
Conventional interest income	27	54	13	60	1	365	135	-	87	27	-	162	73	66
Interest expense	65	188	61	108	44	1,326	265	615	478	2,217	622	996	167	2,426
Income tax expense (benefit)	176	167	138	(224)	(31)	152	121	2	46	(100)	101	320	184	79
Net income (loss)	1,042	960	1,403	(747)	(599)	480	762	1,166	526	(4,693)	1,793	1,259	478	(3,777)
Dividends received from JVs/associates	597	182	1,009	–	182	275	450	288	193	–	49	56	–	–

1. The information provided for Clariant is at June 30, 2023, and for the six months then ended.
2. The information provided for Hyundai Oilbank is at September 30, 2023, and for the nine months then ended.
3. Information disclosed reflects estimated results.

Summarized financial information (100%) for individually immaterial joint ventures and associates is set out below:

	Joint ventures	Associates
Net (loss) income	(402)	1,676

All amounts in millions of Saudi Riyals unless otherwise stated

7. Investments in joint ventures and associates continued

Summarized financial information (100%) for joint ventures and associates and reconciliation with the carrying amount of the investments in the consolidated financial statements at December 31, 2022, are set out below:

Summarized balance sheet
At December 31, 2022

	Yanpet	Clariant[1]	Kemya	SSTPC	Sharq	Hyundai Oilbank[2]	MPC	ALBA	Marafiq	Petro Rabigh[3]	Bahri	MWSPC	FREP	Sadara[3]
Current assets:														
Cash and cash equivalents	395	1,436	688	2,455	270	1,205	328	6,190	686	2,045	2,529	1,274	2,002	2,058
Other	4,419	9,951	4,164	1,400	3,977	19,797	5,932	932	3,187	10,216	3,039	6,226	6,066	8,409
Total current assets	4,814	11,387	4,852	3,855	4,247	21,002	6,260	7,122	3,873	12,261	5,568	7,500	8,068	10,467
Non-current assets	4,784	16,377	10,532	10,882	10,662	34,733	12,327	18,931	20,354	53,318	17,329	24,166	7,035	49,747
Current liabilities:														
Financial liabilities (excluding trade payables and other liabilities)	34	2,379	563	899	10	4,365	62	1,236	744	14,038	1,078	659	3,569	289
Other	2,189	6,597	1,855	2,549	1,723	13,528	1,532	1,586	1,669	12,893	1,727	2,755	2,230	5,005
Total current liabilities	2,223	8,976	2,418	3,448	1,733	17,893	1,594	2,822	2,413	26,931	2,805	3,414	5,799	5,294
Non-current liabilities	1,140	6,932	1,248	3,830	2,569	20,186	4,049	5,089	13,568	23,393	8,963	17,557	2,142	48,335
Net assets	6,235	11,856	11,718	7,459	10,607	17,656	12,944	18,142	8,246	15,255	11,129	10,695	7,162	6,585
Saudi Aramco interest	50%	31.5%	50%	50%	50%	17%	30%	20.6%	35%	37.5%	20%	15%	25%	65%
Saudi Aramco share	3,118	3,735	5,859	3,730	5,304	3,002	3,883	3,737	2,886	5,721	2,226	1,604	1,791	4,280
Fair value and other adjustments at Saudi Aramco level	7,244	4,233	579	2,521	(69)	465	(487)	(529)	134	(1,306)	36	471	(1)	(511)
Investment balance at December 31	10,362	7,968	6,438	6,251	5,235	3,467	3,396	3,208	3,020	4,415	2,262	2,075	1,790	3,769

1. The information provided for Clariant is at June 30, 2022, and for the six months then ended.
2. The information provided for Hyundai Oilbank is at September 30, 2022, and for the nine months then ended.
3. Information disclosed reflects estimated results.

7. Investments in joint ventures and associates continued

Summarized statement of comprehensive income
Year ended December 31, 2022

	Yanpet	Clariant[1]	Kemya	SSTPC	Sharq	Hyundai Oilbank[2]	MPC	ALBA	Marafiq	Petro Rabigh[3]	Bahri	MWSPC	FREP	Sadara[3]
Revenue	6,993	10,457	10,157	9,793	9,654	77,797	10,701	18,325	6,505	55,952	8,583	10,313	33,114	16,725
Depreciation and amortization	483	559	819	542	1,378	1,692	1,061	1,269	1,174	3,039	1,332	1,323	1,033	3,314
Conventional interest income	7	33	2	–	5	137	61	–	51	280	–	66	60	–
Interest expense	41	180	58	62	24	1,801	185	189	298	1,359	297	586	184	2,278
Income tax expense	176	265	334	–	11	1,579	152	4	6	48	93	308	321	61
Net income (loss)	1,171	1,575	2,229	(915)	(266)	4,228	4,870	4,143	846	(1,115)	1,163	3,477	(922)	(1,993)
Dividends received from JVs/associates	720	163	1,045	257	773	193	225	247	189	–	–	–	256	–

1. The information provided for Clariant is at June 30, 2022, and for the six months then ended.
2. The information provided for Hyundai Oilbank is at September 30, 2022, and for the nine months then ended.
3. Information disclosed reflects estimated results.

Summarized financial information (100%) for individually immaterial joint ventures and associates is set out below:

	Joint ventures	Associates
Net income	87	1,513

Saudi Aramco's share of the fair value of the listed associates at December 31, together with their carrying value at those dates, is as follows:

	Fair value		Carrying value	
	2023	2022	**2023**	2022
Clariant	**5,786**	6,217	**7,522**	7,968
Petro Rabigh	**6,479**	6,692	**2,786**	4,415
Marafiq (Note 34(b))	**5,670**	4,104	**3,008**	3,020
Bahri	**3,257**	2,904	**2,570**	2,262
ALBA	**3,335**	3,165	**3,134**	3,208

All amounts in millions of Saudi Riyals unless otherwise stated

8. Income taxes and zakat

(a) Kingdom income tax rates

The Company is subject to an income tax rate of 20% on its Downstream activities and on the activities of exploration and production of non-associated natural gas, including gas condensates, as well as the collection, treatment, processing, fractionation and transportation of associated and non-associated natural gas and their liquids, gas condensates and other associated elements. All other activities are subject to an income tax rate of 50%, in accordance with the Tax Law. The 20% income tax rate applicable to the Company's Downstream activities, which came into effect on January 1, 2020, is conditional on the Company separating its Downstream activities under the control of one or more separate wholly-owned subsidiaries before December 31, 2024, otherwise the Company's Downstream activities will be retroactively taxed at 50%. The Company expects to transfer its Downstream activities in line with the applicable requirements within the specified period.

Additionally, according to the Tax Law, shares held directly or indirectly in listed companies on the Saudi Exchange by taxpayers engaged in oil and hydrocarbon activities are exempt from the application of corporate income tax. As a result, the Company's ownership interests in such companies are subject to zakat.

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

	2023	2022
Income before income taxes and zakat	888,067	1,152,962
Less: Income subject to zakat	(2,674)	(24,682)
Income subject to income tax	885,393	1,128,280
Income taxes at the Kingdom's statutory tax rates	428,966	548,473
Tax effect of:		
Loss (income) not subject to tax at statutory rates and other	2,888	(1,497)
Income tax expense	431,854	546,976
Zakat expense	1,449	1,981
Total income tax and zakat expense	433,303	548,957

(b) Income tax and zakat expense

	2023	2022
Current income tax – Kingdom	409,931	512,587
Current income tax – Foreign	5,066	5,331
Deferred income tax – Kingdom	19,638	28,091
Deferred income tax – Foreign	(2,781)	967
Zakat – Kingdom	1,449	1,981
	433,303	548,957

Saudi Aramco paid foreign taxes of SAR 7,519 and SAR 2,741 for the years ended December 31, 2023 and 2022, respectively.

Income tax charge recorded through other comprehensive income was SAR 248 for the year ended December 31, 2023 (2022: SAR 14,936).

8. Income taxes and zakat continued

(c) Income tax and zakat obligation to the Government

	2023	2022
January 1	104,978	90,525
Provided during the period	411,380	514,568
Payments during the period by the Company (Note 28)	(200,189)	(232,661)
Payments during the period by subsidiaries and joint operations	(14,227)	(10,644)
Settlements of due from the Government	(214,032)	(251,476)
Other settlements	(5,153)	(5,334)
Transfer to liabilities associated with assets held for sale	(218)	–
December 31	82,539	104,978

(d) Deferred income tax

	2023	2022
Deferred income tax assets:		
Kingdom	17,466	16,680
U.S. Federal and State	172	134
Other foreign	2,922	1,279
	20,560	18,093
Deferred income tax liabilities:		
Kingdom	133,921	113,163
U.S. Federal and State	4,995	5,355
Other foreign	3,533	3,793
	142,449	122,311
Net deferred income tax liabilities	(121,889)	(104,218)

The gross movement of the net deferred income tax position is as follows:

	2023	2022
January 1	(104,218)	(59,881)
Current period charge to income	(16,857)	(29,058)
Other reserves charge	(248)	(14,936)
Other adjustments	(566)	(343)
December 31	(121,889)	(104,218)

8. Income taxes and zakat continued

(d) Deferred income tax continued

The movement in deferred income tax assets (liabilities) for the years ended December 31 is as follows:

	Post-employment benefits	Investment in subsidiary	Undistributed earnings	Provisions and other	Loss carry-forward	Property plant and equipment and intangible assets	Investments in securities at FVOCI	Total
January 1, 2022								
Deferred income tax assets	4,236	–	–	1,806	9,661	(734)	–	14,969
Deferred income tax liabilities	8,314	(4,980)	(1,097)	20,149	10,139	(106,984)	(391)	(74,850)
	12,550	(4,980)	(1,097)	21,955	19,800	(107,718)	(391)	(59,881)
Recognized during the year								
Current period (charges) credits to income[1]	(792)	354	(193)	(4,268)	(5,366)	(18,793)	–	(29,058)
Other reserves (charges) credits	(14,979)	–	–	–	–	–	43	(14,936)
Other adjustments	–	–	–	(343)	–	–	–	(343)
	(15,771)	354	(193)	(4,611)	(5,366)	(18,793)	43	(44,337)
December 31, 2022								
Deferred income tax assets	2,953	–	–	7,729	8,137	(726)	–	18,093
Deferred income tax liabilities	(6,174)	(4,626)	(1,290)	9,615	6,297	(125,785)	(348)	(122,311)
	(3,221)	(4,626)	(1,290)	17,344	14,434	(126,511)	(348)	(104,218)
Recognized during the year								
Current period (charges) credits to income[1]	**(672)**	**538**	**(45)**	**(998)**	**(68)**	**(15,612)**	**–**	**(16,857)**
Other reserves (charges) credits	**(505)**	**–**	**–**	**–**	**–**	**–**	**257**	**(248)**
Other adjustments	**–**	**–**	**–**	**(566)**	**–**	**–**	**–**	**(566)**
	(1,177)	**538**	**(45)**	**(1,564)**	**(68)**	**(15,612)**	**257**	**(17,671)**
December 31, 2023								
Deferred income tax assets	**2,729**	**–**	**–**	**11,604**	**6,943**	**(718)**	**2**	**20,560**
Deferred income tax liabilities	**(7,127)**	**(4,088)**	**(1,335)**	**4,176**	**7,423**	**(141,405)**	**(93)**	**(142,449)**
	(4,398)	**(4,088)**	**(1,335)**	**15,780**	**14,366**	**(142,123)**	**(91)**	**(121,889)**

1. Current period charge includes the net impact of SAR 3,112 (2022: 8,971) recognized in relation to unrealized fair value movements on the long-term agreements for the pipelines transactions (Note 19).

A deferred income tax liability has not been recognized with regard to the undistributed earnings of certain subsidiaries, which are considered to be permanently reinvested in their respective businesses. Such earnings would be taxed only upon distribution. There was no material cumulative taxable undistributed earnings or unrecognized deferred income tax liability for such subsidiaries at December 31, 2023 and 2022. Also, a deferred income tax asset has not been recognized largely related to cumulative unused tax losses of certain subsidiaries with carry-forward periods from 2024 to indefinite. Such losses are available for offsetting against future taxable profits of the subsidiaries in which the losses arose. The cumulative amount of the unused tax losses and other items is SAR 52,622 and SAR 41,178 at December 31, 2023 and 2022, respectively, and the unrecognized deferred income tax asset is SAR 13,019 and SAR 11,077 at December 31, 2023 and 2022, respectively.

(e) Income tax and zakat assessments

The Company and the majority of its affiliates are subject to tax review and audit in tax jurisdictions where they operate. In June 2020, the Company and its wholly-owned domestic affiliates were notified that the Saudi Arabian income tax submissions for all years up to and including the year ended December 31, 2019 were accepted as filed.

For the Company's other domestic and international affiliates, examinations of tax and zakat returns for certain prior years had not been completed as of December 31, 2023; however, the Company is not aware of any significant claims. Therefore, no material provision for any additional income tax and zakat liability has been recorded in the consolidated financial statements.

All amounts in millions of Saudi Riyals unless otherwise stated

9. Other assets and receivables

	2023	2022
Non-current:		
Home loans (Note 9(a))	**12,427**	12,890
Loans to joint ventures and associates (Note 29(b))	**9,866**	6,461
Loans and advances	**9,066**	7,734
Advance payment related to long-term sales agreement (Note 35(c))	**5,833**	–
Derivative assets (Note 3)	**4,299**	2,687
Receivable from Government, semi-Government and other entities with Government ownership or control (Note 29(b))	**1,151**	510
Home ownership construction	**692**	364
Lease receivable from associates (Note 29(b))	**389**	408
Other	**4,542**	1,364
	48,265	32,418
Current:		
Employee and other receivables	**9,043**	7,613
Tax receivables	**8,286**	9,302
Prepaid expenses	**4,840**	3,493
Derivative assets (Note 3)	**4,219**	3,898
Interest receivable	**2,211**	3,396
Home loans (Note 9(a))	**1,318**	1,115
Investments in securities (Note 10)	**1,249**	905
Receivables from joint ventures and associates (Note 29(b))	**5**	13
Other	**2,576**	1,319
	33,747	31,054

(a) Home loans

The home ownership programs provide subsidized non-interest-bearing loans to eligible Saudi Arabian employees. Loans are repayable through payroll deductions and are net of associated subsidies. Any balance remaining upon the death, permanent disability or termination of an employee under the Chronic Medical Condition Program is forgiven. An analysis of the home loans balance is as follows:

	2023	2022
Gross amounts receivable	**19,066**	18,568
Less:		
Discount	**(4,604)**	(3,830)
Allowance for doubtful home loans	**(555)**	(528)
Subsidies	**(162)**	(205)
Net amounts receivable	**13,745**	14,005
Current	**(1,318)**	(1,115)
Non-current	**12,427**	12,890

All amounts in millions of Saudi Riyals unless otherwise stated

10. Investments in securities

	Equity ownership percentage 2023/2022	Carrying amount at December 31, 2023	Carrying amount at December 31, 2022
Investments in equity securities			
Equity securities at FVOCI:			
Listed securities:			
Saudi Electricity Company ("SEC")	**6.9%**	**5,480**	6,667
Rongsheng Petrochemical Co., Ltd. ("Rongsheng Petrochemical") (Note 35(c))	**10.0%**	**5,536**	–
Idemitsu Kosan Co. Ltd. ("Idemitsu")	**7.8%**	**2,360**	2,032
Unlisted securities:			
Arab Petroleum Pipelines Company ("SUMED")	**15.0%**	**769**	859
Industrialization and Energy Services Company ("TAQA")	**7.1%**	**626**	611
Daehan Oil Pipeline Corporation	**8.9%**	**165**	158
Other		**619**	690
Equity securities at FVPL:			
Listed securities		**548**	318
Unlisted securities		**9,536**	7,763
		25,639	19,098
Investments in debt securities			
Debt securities at FVOCI:			
Listed securities		**75**	47
Unlisted securities:			
USD debt securities with fixed interest rates ranging from 0.3% to 10.8% (2022: 0.1% to 13.9%) and maturity dates between 2024 and 2072 (2022: 2023 and 2071)		**7,073**	5,865
USD debt securities with variable interest rates and maturity dates between 2024 and 2073 (2022: 2023 and 2069)		**806**	915
Mutual and hedge funds		**1,005**	683
Debt securities at FVPL:			
Listed securities		**–**	53
Unlisted securities		**176**	86
Debt securities at amortized cost:			
Unlisted securities:			
Debt securities with fixed interest rates ranging from 2.5% to 5.1% (2022: 3.2% to 5.1%) and maturity dates between 2024 and 2043 (2022: 2023 and 2043)		**188**	523
Debt securities with variable interest rates and maturity dates between 2024 and 2028 (2022: 2024 and 2028)		**261**	393
		9,584	8,565
Total investments in securities		**35,223**	27,663
Current portion (Note 9)		**(1,249)**	(905)
Non-current		**33,974**	26,758

10. Investments in securities continued

Equity investments designated at FVOCI are not held for trading. Instead, they are held for medium to long-term strategic purposes. Accordingly, management has elected to designate these equity investments at FVOCI as recognizing short-term fluctuations in these investments' fair value in net income would not be consistent with Saudi Aramco's strategy of holding these investments for long-term purposes and realizing their performance potential in the long run.

The fair value of SUMED is based on expected cash flows discounted using a rate based on market interest rates and a risk premium specific to the unlisted security which was 18.1% and 16.1% at December 31, 2023 and 2022, respectively. The fair value of TAQA is based on an earnings growth factor for unlisted equity securities from market information for similar types of companies. The fair value of Daehan Oil Pipeline Corporation is determined using discounted cash flow analysis based on the risk-adjusted yield.

The fair value of other unlisted equity and debt securities is determined based on valuation techniques, including discounted cash flows, using both observable and unobservable inputs that are categorized in level 2 and level 3, respectively, of the fair value hierarchy.

The maximum exposure to credit risk at the reporting date of the investments in debt securities is the fair value. To limit credit risk, Saudi Aramco's investment policy requires that these securities be diversified. Credit ratings for debt securities held at December 31, 2023, range from AAA to BB (2022: AAA to BB) as set out by internationally recognized credit rating agencies.

The movement in investments in securities is as follows:

	2023	2022
January 1	**27,663**	25,676
Net additions	**8,596**	3,002
Net unrealized fair value loss	**(1,061)**	(918)
Net unrealized foreign currency gain (loss)	**25**	(97)
December 31	**35,223**	27,663
Current (Note 9)	**(1,249)**	(905)
Non-current	**33,974**	26,758

Net additions include unsettled transactions of SAR (86) at December 31, 2023 (2022: SAR (33)).

11. Inventories

	2023	2022
Crude oil, refined products and chemicals	**70,512**	81,698
Materials and supplies – net	**14,157**	17,054
Natural gas liquids and other	**1,282**	1,776
	85,951	100,528

During 2023, a write-down to net realizable value of SAR 914 (2022: SAR 1,759) was recognized in the consolidated statement of income for a portion of the hydrocarbon and chemical inventories purchased from third parties by certain affiliates.

The carrying amount of materials and supplies are shown net of an allowance for obsolete and surplus materials with movement as follows:

	2023	2022
Balance, January 1	**3,214**	3,448
Net movement in allowance	**(82)**	(234)
Balance, December 31	**3,132**	3,214

All amounts in millions of Saudi Riyals unless otherwise stated

12. Trade receivables

Trade receivables from export and local sales are denominated primarily in USD and SAR, respectively. The components of trade receivables are as follows:

	2023	2022
Arising from export and local sales at international prices	**153,883**	154,858
Arising from local sales at Kingdom regulated prices	**10,287**	9,865
	164,170	164,723
Less: Loss allowance	**(251)**	(281)
	163,919	164,442

Trade receivables relating to certain contracts with provisional pricing arrangements are measured at fair value. The fair value was calculated using forward curves and future prices. These trade receivables are classified as level 3 in the fair value hierarchy (Note 3(d)) due to the inclusion of unobservable inputs, including counterparty credit risk in the fair value calculation.

As described in Note 2(n), the Government, through the Ministry of Finance, provided a guarantee to the Company in the event that certain Government, semi-Government and other entities with Government ownership or control are unable to settle within the terms agreed with the Company.

The movement of the allowance for trade receivables related to past due sales is as follows:

	2023	2022
January 1	**281**	265
Net movement in allowance	**(30)**	16
December 31	**251**	281

13. Due from the Government

	2023	2022
Other income related to sales (Note 2(y))	**50,274**	53,109
Government guarantee (Note 2(n))	**(1,156)**	603
Other	**260**	833
Note 29(b)	**49,378**	54,545

14. Short-term investments

	2023	2022
USD time deposits	**123,851**	206,633
USD Murabaha time deposits (Shari'a compliant)	**10,009**	11,809
USD commercial paper	**–**	28,241
SAR time deposits	**9,188**	5,843
SAR repurchase agreements (Shari'a compliant)	**21,648**	11,700
SAR Murabaha time deposits (Shari'a compliant)	**19,583**	16,514
South Korean Won time deposits	**64**	475
	184,343	281,215

All amounts in millions of Saudi Riyals unless otherwise stated

15. Cash and cash equivalents

	2023	2022
Cash at bank and in hand	**67,348**	95,579
USD time deposits	**87,783**	91,490
USD Murabaha time deposits (Shari'a compliant)	**25,661**	15,544
SAR time deposits	**1,545**	323
SAR repurchase agreements (Shari'a compliant)	**1,808**	5,351
SAR Murabaha time deposits (Shari'a compliant)	**11,588**	17,190
South Korean Won time deposits	**3,240**	570
	198,973	226,047

16. Treasury shares

On December 11, 2019, the Company acquired 117.2 million ordinary shares from the Government for cash consideration of SAR 3,750. These shares were classified by the Company as treasury shares for the purposes of issuing them to the Company's employees upon vesting or purchase of the shares in the employee share plans, including those that the Company may adopt in the future. The number of treasury shares issued to employees during 2023 was 31.4 million (2022: 19.7 million) in relation to employee share plans (Note 17). Further, the number of treasury shares held by the Company increased by 6.1 million ordinary shares as a result of the issuance of bonus shares during 2023 (2022: 8 million) (Note 36). The number of treasury shares outstanding as at December 31, 2023, was 51.3 million (2022: 76.6 million).

17. Share-based compensation

Share-based compensation relates to grants or issuance of ordinary shares awarded to the Company's eligible employees under the respective plan terms. Awards are generally equity-settled; however, in limited circumstances awards may be settled in cash. The Company recognized the following share-based compensation expense in the consolidated statement of income, as an employee benefit expense, for the years ended December 31, 2023 and 2022:

	Equity-settled	Cash-settled	Total
2023			
Share-based compensation expense	**472**	**10**	**482**
2022			
Share-based compensation expense	296	3	299

At December 31, 2023, the total carrying amount of the liabilities in respect of the cash settlement elements and dividend equivalents of the respective awards was SAR 16 (2022: SAR 20) and the intrinsic value of such liabilities, which had vested during the year, was SAR 17 (2022: SAR 5).

Awards granted or shares issued during the year relate to the Long-Term Incentive Plan for Executives ("ELTIP") and the Long-Term Incentive Plan for Management ("MLTIP"), the Long-Term Incentive Plan for certain other eligible employees ("LTIP") and the Employee Share Purchase Plan ("ESPP").

Awards for all plans were granted for nil consideration, with the exception for ESPP, under which shares were issued at a discount of 20% to the fair market value of the shares at each purchase date. The fair values of awards granted were determined by reference to the market values of the Company's ordinary shares on the grant dates for equity-settled awards and at the consolidated balance sheet date for cash-settled awards. Where applicable, the fair values of the awards subject to market-based performance measures were estimated using an appropriate valuation method.

17. Share-based compensation continued

	Number of shares granted (in millions)	Weighted average fair value per share (SAR)
2023		
ESPP	**25**	**33.17**
ELTIP	**2**	**31.55**
MLTIP	**2**	**31.55**
LTIP	**2**	**31.55**
2022		
ESPP	18	38.51
ELTIP	2	41.55
MLTIP	3	41.55
LTIP	1	41.85

The number of awards settled in shares during the year in relation to the employee share plans was 31.4 million (2022: 19.7 million).

Participants in the plans (other than the ESPP) are entitled to dividend equivalents, if dividends are paid to ordinary shareholders, during the vesting period. Such dividend equivalents will be paid in cash on vesting of the awards. Accordingly, no adjustment for expected dividends during the vesting period was made in determining the fair value of the awards. Participants in all plans become entitled to dividends only after shares have been issued to the participants as the registered holders.

The vesting of ELTIP is dependent on the achievement of (a) specified non-market and market-based performance measures over a three-year performance period, and (b) required service, except for certain qualifying leavers. Upon vesting, 50% of the vested awards are required to be held by the participants for an additional two years, except for certain qualifying leavers. The awards will be settled with the participants in shares on vesting.

The vesting of MLTIP is dependent on the participants achieving (a) specified individual performance targets over a one-year performance period, and (b) required service, except for certain qualifying leavers. The awards are subject to graded vesting. Twenty-five percent of the awards will vest after the end of the performance period, and the remaining 75% of the awards will vest in equal installments over three years from thereon, provided that the participants continue to meet the required service condition. The awards will be settled with the participants in shares on vesting, except for certain qualifying participants who will receive cash-settlement.

The vesting of LTIP is dependent only on the participants achieving required service, except for certain qualifying leavers. The awards are subject to graded vesting. Twenty-five percent of the awards will vest immediately, and the remaining 75% of the awards will vest in equal installments over three years, provided that the participants continue to meet the required service condition. The awards will be settled with the participants in shares on vesting, except for certain qualifying participants who will receive cash-settlement.

Shares issued under the ESPP are required to be held until the earlier of one year from the date of issuance or at the time of cessation of employment.

All amounts in millions of Saudi Riyals unless otherwise stated

18. Other reserves

						Share of other comprehensive income (loss) of joint ventures and associates		
	Currency translation differences	Investments in securities at FVOCI	Post-employment benefits	Share-based compensation reserve	Cash flow hedges and other	Foreign currency translation gains (losses)	Cash flow hedges and other	Total
January 1, 2022	(564)	5,769	–	139	(397)	733	(1,019)	4,661
Current period change	(3,889)	(681)	–	296	1,450	(672)	1,023	(2,473)
Remeasurement gain	–	–	36,187	–	–	–	144	36,331
Transfer to retained earnings	–	–	(19,427)	(137)	–	–	(144)	(19,708)
Tax effect	–	43	(14,979)	–	–	–	–	(14,936)
Less: amounts related to non-controlling interests	1,046	24	(1,781)	–	(19)	134	–	(596)
December 31, 2022	(3,407)	5,155	–	298	1,034	195	4	3,279
Current period change	**(829)**	**(1,408)**	**–**	**472**	**(1,044)**	**1,407**	**(157)**	**(1,559)**
Remeasurement gain	**–**	**–**	**480**	**–**	**–**	**–**	**90**	**570**
Transfer to retained earnings	**–**	**–**	**(66)**	**(439)**	**–**	**–**	**(90)**	**(595)**
Tax effect	**–**	**257**	**(505)**	**–**	**–**	**–**	**–**	**(248)**
Less: amounts related to non-controlling interests	**396**	**(25)**	**91**	**–**	**35**	**(430)**	**–**	**67**
December 31, 2023	**(3,840)**	**3,979**	**–**	**331**	**25**	**1,172**	**(153)**	**1,514**

19. Non-controlling interests

Summarized consolidated financial information (100%) for each subsidiary that has non-controlling interests that are material to Saudi Aramco are set out below. The amounts disclosed for each subsidiary are before inter-company eliminations:

Summarized statement of comprehensive income
Year ended December 31

	2023				2022			
	SABIC	**AOPC**	**AGPC**	**S-Oil Corporation**	SABIC	AOPC	AGPC[1]	S-Oil Corporation
Revenue and other income (loss)	**156,259**	**(4,988)**	**9,446**	**102,803**	199,556	(9,536)	(5,438)	123,300
Net (loss) income	**(3,705)**	**(3,990)**	**7,549**	**2,516**	17,456	(7,841)	(4,358)	5,513
Other comprehensive income (loss)	**221**	**–**	**–**	**(439)**	2,471	–	–	(1,466)
Total comprehensive (loss) income	**(3,484)**	**(3,990)**	**7,549**	**2,077**	19,927	(7,841)	(4,358)	4,047
Net (loss) income attributable to non-controlling interests	**(1,159)**	**(1,955)**	**3,699**	**966**	9,915	(3,842)	(2,135)	2,116
Dividends paid to non-controlling interests	**(8,723)**	**(2,168)**	**(2,603)**	**(413)**	(10,163)	(2,258)	(908)	(705)

1. Amounts included are for the period from the date of sale of the non-controlling equity interest in the subsidiary.

All amounts in millions of Saudi Riyals unless otherwise stated

19. Non-controlling interests continued

On June 17, 2021, the Company sold a 49% equity interest in Aramco Oil Pipelines Company ("AOPC") to EIG Pearl Holdings S.à r.l. ("EIG") for upfront sale proceeds of SAR 46,547 ($12,412) in cash. Further, on February 23, 2022, the Company sold a 49% equity interest in Aramco Gas Pipelines Company ("AGPC") to GreenSaif Pipelines Bidco S.à r.l. ("GreenSaif") for upfront proceeds of SAR 58,125 ($15,500) in cash (Note 34(c)). AOPC and AGPC are expected to make quarterly distributions to their respective ordinary shareholders from available cash when the Company pays discretionary dividends to its ordinary shareholders. Given the discretionary nature of distributions to EIG and GreenSaif, the shareholdings of EIG and GreenSaif in AOPC and AGPC, respectively, represent non-controlling interests and, therefore, the upfront sale proceeds were recognized in the consolidated financial statements as non-controlling interest within equity.

Net loss of AOPC includes an unrealized loss of SAR 10,010, and net income of AGPC includes an unrealized gain of SAR 1,712, on their financial assets measured at FVPL at December 31, 2023 (2022: unrealized losses of SAR 13,819 and SAR 10,105, respectively).

Summarized balance sheet
At December 31

	2023				2022			
	SABIC	AOPC	AGPC	S-Oil Corporation	SABIC	AOPC	AGPC	S-Oil Corporation
Current assets	101,235	5,955	7,189	28,054	106,620	6,529	10,447	27,240
Non-current assets	242,704	73,043	107,899	37,223	259,613	81,273	103,410	33,866
Total assets	343,939	78,998	115,088	65,277	366,233	87,802	113,857	61,106
Current liabilities	53,475	424	435	26,693	48,679	806	1,444	24,281
Non-current liabilities	48,548	–	–	10,290	49,759	–	–	9,461
Total liabilities	102,023	424	435	36,983	98,438	806	1,444	33,742
Net assets	241,916	78,574	114,653	28,294	267,795	86,996	112,413	27,364
Accumulated non-controlling interest	94,511	38,501	56,180	10,859	106,535	42,628	55,082	10,502

Current assets of AOPC and AGPC as at December 31, 2023 and 2022, mainly include current portion of financial assets measured at FVPL, cash received and trade receivables from the Company in respect of quarterly volume-based tariff.

Summarized statement of cash flows
Year ended December 31

	2023				2022			
	SABIC	AOPC	AGPC	S-Oil Corporation	SABIC	AOPC	AGPC[1]	S-Oil Corporation
Cash flows from operating activities	21,469	4,425	4,680	7,635	34,418	4,384	2,479	4,628
Cash flows from investing activities	(8,801)	–	34	(5,873)	(9,375)	–	–	(2,209)
Cash flows from financing activities	(20,314)	(4,429)	(5,310)	71	(26,385)	(4,609)	(1,853)	(4,695)
Net (decrease) increase in cash and cash equivalents	(7,646)	(4)	(596)	1,833	(1,342)	(225)	626	(2,276)

1. Amounts included are for the period from the date of sale of the non-controlling equity interest in the subsidiary.

20. Borrowings

		2023			2022		
	Note	Non-current	Current	Total	Non-current	Current	Total
Conventional:							
Deferred consideration	a	–	–	–	81,168	40,995	122,163
Debentures	b	81,092	9,683	90,775	89,585	7,627	97,212
Bank borrowings	c	22,853	3,630	26,483	20,998	2,166	23,164
Short-term borrowings	d	–	18,378	18,378	–	10,205	10,205
Revolving credit facilities	e	–	1,237	1,237	–	–	–
Export credit agencies	f	941	656	1,597	1,582	657	2,239
Public Investment Fund	g	455	365	820	820	365	1,185
Other financing arrangements	h	36,070	200	36,270	23,570	408	23,978
		141,411	34,149	175,560	217,723	62,423	280,146
Shari'a compliant:							
Sukuk	i	18,689	15,000	33,689	34,300	281	34,581
Murabaha	j	13,830	2,089	15,919	16,158	2,135	18,293
Saudi Industrial Development Fund	k	3,057	281	3,338	3,441	295	3,736
Ijarah/Procurement	l	3,499	13	3,512	2,688	13	2,701
Wakala	m	771	27	798	997	26	1,023
		39,846	17,410	57,256	57,584	2,750	60,334
Borrowings – other than leases		181,257	51,559	232,816	275,307	65,173	340,480
Lease liabilities		45,224	12,107	57,331	43,073	9,591	52,664
Total borrowings		226,481	63,666	290,147	318,380	74,764	393,144

The carrying amounts of borrowings above are net of unamortized transaction costs of SAR 1,274 (2022: SAR 1,477). Interest payable on borrowings is included in trade payables and other liabilities.

The finance costs recognized in the consolidated statement of income are as follows:

	2023	2022
Finance costs:		
Conventional borrowings	2,781	4,863
Shari'a compliant financial instruments	2,665	1,777
Lease liabilities	2,229	1,732
Unwinding of discount	511	510
	8,186	8,882

In addition, finance costs amounting to SAR 8,204 were capitalized in property, plant and equipment during the year ended December 31, 2023 (2022: SAR 4,826) (Note 5).

Borrowings – other than leases

Saudi Aramco has entered into long-term financing arrangements with various lenders. These financing arrangements limit the creation of additional liens and/or financing obligations and some of these arrangements are secured predominantly over certain property, plant and equipment of Saudi Aramco aggregating to SAR 94,091 (2022: SAR 95,018). Additionally, certain financing arrangements require compliance by Saudi Aramco with covenants to maintain certain financial and other conditions. Saudi Aramco has complied with these covenants throughout the reporting period. The fair value of borrowings excluding lease liabilities at December 31, 2023, was approximately SAR 219,253 (2022: SAR 319,910). This was mainly determined using inputs that are categorized in level 1 or level 2 of the fair value hierarchy, except for the fair value of other financing arrangements that was primarily determined using level 3 inputs.

A majority of the contracts and agreements referencing USD LIBOR, recognized at December 31, 2022, were renegotiated with counterparties and transitioned to alternative benchmark rates in 2023. In addition, for borrowings of certain affiliates amounting to SAR 22,684 at December 31, 2023, Synthetic USD LIBOR has been used under fallback arrangements provided in the underlying financing agreements, which will be transitioned to reflect the agreed benchmark rates.

20. Borrowings continued

Borrowings – other than leases continued

(a) Deferred consideration

Deferred consideration represented the amount payable to PIF for the SABIC acquisition in 2020. The amount was payable over several installments, in the form of promissory notes, from August 2020 to April 2028. During the year ended December 31, 2023, the Company made the following repayments:

(i) On March 13, 2023, the Company, in agreement with PIF, made a partial prepayment of SAR 59,040 ($15,744), which resulted in a gain of SAR 4,634 ($1,236).

(ii) On April 7, 2023, the Company repaid the outstanding amounts of the promissory notes due on or before April 7, 2023, aggregating to SAR 41,250 ($11,000).

(iii) On May 2, 2023, the Company, in agreement with PIF, made a final prepayment of SAR 16,691 ($4,451), which resulted in a gain of SAR 1,141 ($304).

Following the above repayments, the outstanding amount of deferred consideration was fully settled.

(b) Debentures

(i) In October 2018, SABIC issued five-year and 10-year USD denominated $1,000 bonds each, equivalent to a total of SAR 7,500 ($2,000). These bonds are unsecured and carry coupon rates of 4% and 4.5%, respectively. The bonds are issued in accordance with the Rule 144A/Regulation S offering requirements under the U.S. Securities Act of 1933, as amended. The bonds are listed on the Irish Stock Exchange ("Euronext Dublin") and the proceeds were used for refinancing maturing debt. In 2023, bonds with five-year maturities, aggregating to a principal amount of SAR 3,750 ($1,000) and carrying a coupon rate of 4%, were repaid.

In September 2020, SABIC issued 10-year and 30-year USD denominated $500 bonds each, equivalent to a total of SAR 3,750 ($1,000). These bonds are unsecured and carry coupon rates of 2.15% and 3%, respectively. Both bonds are issued in accordance with Rule 144A/Regulation S offering requirements under the U.S. Securities Act of 1933, as amended. These bonds are listed on the Euronext Dublin and the 30-year bond is dual listed on the Taipei Exchange in Taiwan, China. The proceeds were used for general purposes and refinancing maturing debt.

(ii) On April 16, 2019, the Company issued five tranches of USD denominated unsecured notes aggregating to an equivalent of SAR 45,000 ($12,000) and consisting of three-year maturities for SAR 3,750 ($1,000) with a coupon rate of 2.75%, five-year maturities for SAR 7,500 ($2,000) with a coupon rate of 2.875%, 10-year maturities for SAR 11,250 ($3,000) with a coupon rate of 3.5%, 20-year maturities for SAR 11,250 ($3,000) with a coupon rate of 4.25%, and 30-year maturities for SAR 11,250 ($3,000) with a coupon rate of 4.375%. The notes were issued and sold in accordance with Rule 144A/Regulation S under the U.S. Securities Act of 1933, as amended. Interest is payable semi-annually in arrears on April 16 and October 16. The notes are listed on the London Stock Exchange's Regulated Market and the proceeds were for general corporate purposes. At initial recognition, the Company recorded an amount of SAR 44,460 ($11,856) for the issuance proceeds, net of discounts and estimated transaction costs. On April 16, 2022, notes with three-year maturities, aggregating to a principal amount of SAR 3,750 ($1,000) and carrying a coupon rate of 2.75%, were repaid.

On November 24, 2020, the Company issued another series of USD denominated unsecured notes, aggregating to an equivalent of SAR 30,000 ($8,000), consisting of maturity dates of three years to 50 years paid at the end of the maturity date with coupon rates ranging from 1.25% to 3.50%. At initial recognition, the Company recorded an amount of SAR 29,625 ($7,900) for the issuance proceeds, net of discounts. On November 24, 2023, notes with three-year maturities, aggregating to a principal amount of SAR 1,875 ($500) and carrying a coupon rate of 1.25%, were repaid.

(iii) Debentures amounting to SAR 8,078, denominated in South Korean Won, have been issued in capital markets with interest rates ranging from 1.49% to 4.8% and with maturities from 2024 to 2033. In 2023, debentures with three to seven-year maturities, aggregating to a principal amount of SAR 1,695, were repaid.

(iv) Certain notes denominated in USD have been issued in capital markets, by a wholly-owned subsidiary of Saudi Aramco, with fixed and variable interest rates and with maturities from 2027 to 2040. In September 2022, following a cash tender offer to buy-back its outstanding senior notes issued in January 2010 and maturing on January 15, 2040, notes with a principal amount of SAR 1,226 ($327) were redeemed for a cash payment of SAR 1,260 ($336). The buy-back resulted in a gain of SAR 188 ($50), which was recognized in the consolidated statement of income.

Discounts and transaction costs are amortized using the effective interest method and are reflected as finance costs in the consolidated statement of income.

All amounts in millions of Saudi Riyals unless otherwise stated

20. Borrowings continued

Borrowings – other than leases continued

(c) Bank borrowings

Saudi Aramco has commercial and other facility agreements with a number of banks with a total carrying amount at December 31, 2023 of SAR 26,483 (2022: SAR 23,164). The facilities are primarily repayable in semi-annual installments from November 2008 to September 2045. Interest is payable on amounts drawn and is mainly calculated at a market rate plus a margin. As at December 31, 2023, an amount of SAR 1,759 (2022: SAR 2,259) was undrawn against these facilities.

(d) Short-term borrowings

Saudi Aramco has short-term borrowing facilities with a number of banks with a total carrying amount at December 31, 2023 of SAR 18,378 (2022: SAR 10,205), including debt factoring arrangements of SAR 4,237 (2022: SAR 3,551) and a financial liability related to repurchase agreements of SAR 5,377 (2022: nil). The maturity period of short-term facilities is less than one year and they incur interest at a market rate plus a margin. As at December 31, 2023, an amount of SAR 14,871 (2022: SAR 16,795) was available for drawdown against these facilities.

(e) Revolving credit facilities

On April 4, 2022, the Company entered into a new five-year common terms agreement for unsecured revolving credit facilities aggregating to SAR 37,500 ($10,000), to replace facilities which expired during 2022. The new facilities comprise USD denominated conventional facilities of SAR 30,000 ($8,000) and a SAR denominated Shari'a compliant Murabaha facility of SAR 7,500 ($2,000) (Note 20(j)). The conventional facilities also incorporate a SAR 7,500 ($2,000) swingline sublimit facility in support of the Company's establishment of a U.S. commercial paper program. The common terms agreement provides the framework and common lending terms for the facilities and the Company has the option of up to two extensions of one year each. The Company shall apply all amounts advanced to it under these facilities for general corporate purposes and towards its general working capital requirements. The entire amounts of these facilities were undrawn as at December 31, 2023 and 2022. In addition, Saudi Aramco has a number of other revolving credit facilities with an aggregate carrying amount of SAR 1,237 (2022: nil), and undrawn amount of SAR 14,080 (2022: SAR 17,708) at December 31, 2023.

(f) Export credit agencies

Saudi Aramco has borrowing agreements with a number of export credit agencies with a total carrying amount at December 31, 2023, of SAR 1,597 (2022: SAR 2,239). The amounts borrowed are repayable in semi-annual installments from December 2014 to December 2033. Commission is payable on amounts drawn and is calculated at a market rate plus a margin.

(g) Public Investment Fund

Saudi Aramco has borrowing agreements with the PIF with a total carrying amount at December 31, 2023, of SAR 820 (2022: SAR 1,185). The amounts borrowed are repayable in semi-annual installments from December 2014 to December 2025. Commission is payable on amounts drawn and is calculated at a market rate plus a margin.

(h) Other financing arrangements

Other financing arrangements comprise borrowings from non-financial institutions under commercial terms.

On September 27, 2021, the Company entered into a financing arrangement with the Jazan Integrated Gasification and Power Company ("JIGPC"), a joint operation of Saudi Aramco, for an amount of SAR 44,063. Upon closing Saudi Aramco recognized an amount of SAR 21,226, representing the amount due to the other shareholders of JIGPC, in relation to the first tranche of SAR 26,532 under the financing arrangement. The second tranche of SAR 15,563 was received on January 19, 2023, of which SAR 12,450 is the amount due to the other shareholders of JIGPC. The remaining amount to be received under the financing arrangement as at December 31, 2023 is SAR 1,968. The total amount under the arrangement is repayable in monthly installments, commencing from October 2021 to October 2046.

(i) Sukuk

A Sukuk is a financial instrument similar to a bond that complies with Islamic financing principles.

(i) On October 9, 2011, Saudi Aramco issued Sukuk for SAR 2,344 at par value, with semi-annual repayments from December 20, 2014 to December 20, 2025. In May 2023, Saudi Aramco fully redeemed the remaining outstanding Sukuk with par value of SAR 911.

(ii) On April 10, 2017, Saudi Aramco issued Sukuk for SAR 11,250 at par value as part of a SAR 37,500 program. The Sukuk issuance provides a return based on Saudi Arabian Interbank Offered Rate ("SAIBOR") plus a predetermined margin payable semi-annually on April 10 and October 10. These Sukuk mature on April 10, 2024. In accordance with the terms of the Sukuk, 51% of the proceeds from issuance are invested in Mudaraba assets and the remaining 49% are used in a Murabaha arrangement.

All amounts in millions of Saudi Riyals unless otherwise stated

20. Borrowings continued

Borrowings – other than leases continued

(iii) On June 17, 2021, Saudi Aramco issued three tranches of USD denominated Sukuk trust certificates aggregating to an equivalent of SAR 22,500 ($6,000) at par value with semi-annual payments on June 17 and December 17. The Shari'a compliant senior unsecured certificates consist of three-year maturities of SAR 3,750 ($1,000) with a coupon rate of 0.946%, five-year maturities of SAR 7,500 ($2,000) with a coupon rate of 1.602% and 10-year maturities of SAR 11,250 ($3,000) with a coupon rate of 2.694%. In accordance with the terms of the Sukuk, 55% of the proceeds from issuance are structured as an Ijarah and the remaining 45% are structured as a Murabaha arrangement. The certificates were listed on the London Stock Exchange's Regulated Market and sold in accordance with Rule 144A/Regulation S under the U.S. Securities Act of 1933, as amended. The proceeds are for general corporate purposes and the Sukuk mature between 2024 and 2031. At initial recognition, the Company recorded an amount of SAR 22,399 ($5,973) for the issuance proceeds, net of estimated transaction costs.

(j) Murabaha

Saudi Aramco has various Murabaha Shari'a compliant borrowings from a number of financial intuitions. The borrowed amounts are repayable in semi-annual installments from 2008 to 2032. Commission is payable on amounts drawn and is calculated at a market rate plus a margin. In addition, Saudi Aramco also has access to unutilized Murabaha facilities of SAR 10,320 (2022: SAR 9,880), including the SAR denominated Islamic Murabaha facility of SAR 7,500 (Note 20(e)) (2022: SAR 7,500).

(k) Saudi Industrial Development Fund

Saudi Aramco has various borrowing agreements with the Saudi Industrial Development Fund. The amounts borrowed are not subject to periodic financial charges and are repayable in semi-annual installments from 2008 to 2035. As at December 31, 2023, no amounts were available for drawdown under these agreements (2022: SAR 48).

(l) Ijarah/Procurement

Saudi Aramco has Procurement and Ijarah Shari'a compliant Islamic facility agreements with a number of banks. The facilities are repayable in semi-annual installments from 2014 to 2039. As at December 31, 2023, an amount of SAR 165 (2022: SAR 603) was undrawn under these facilities.

(m) Wakala

Saudi Aramco has Shari'a compliant Islamic facility agreements with a number of lenders. The facilities utilize a Wakala financing structure which is an agency arrangement. The facilities are repayable in installments on a semi-annual basis, from 2019 to 2036. An amount of SAR 120 was undrawn as at December 31, 2023 (2022: SAR 271), under these facilities.

Lease liabilities

Lease liabilities are effectively secured as the rights to the leased asset revert to the lessor in the event of default. The lessor has ownership of the assets during the term of the contract and is typically responsible for the operation, insurance and maintenance of the assets until termination of the underlying agreements. For certain leases, the lessor shall transfer its rights, title and interest in the assets to the lessee on the last day of the agreements; for others, there are no further obligations on completion of agreements. Performance guarantees are provided by the lessor under the terms of the agreements.

The cash outflow related to the principal portion of leases for the year ended December 31, 2023, was SAR 13,639 (2022: SAR 12,114). Expenses relating to short-term and low value leases were recognized in the consolidated statement of income for the year ended December 31, 2023, and amounted to SAR 956 (2022: SAR 518) and SAR 309 (2022: SAR 261), respectively.

The maturities of borrowings are as follows:

	No later than one year	Later than one year and no later than five years	Later than five years	Total contractual amount	Total carrying amount
2023					
Borrowings – other than leases	**55,931**	**72,048**	**193,512**	**321,491**	**232,816**
Leases	**14,327**	**27,589**	**28,933**	**70,849**	**57,331**
	70,258	**99,637**	**222,445**	**392,340**	**290,147**
2022					
Borrowings – other than leases	74,640	171,825	214,391	460,856	340,480
Leases	12,788	28,118	29,194	70,100	52,664
	87,428	199,943	243,585	530,956	393,144

20. Borrowings continued

The movement of borrowings is as follows:

	Long-term borrowings	Short-term borrowings and revolving credit facilities	Lease liabilities	Total liabilities from financing activities
January 1, 2022	446,379	17,351	47,191	510,921
Cash flows	(116,281)	(7,151)	(12,114)	(135,546)
Non-cash changes:				
Lease additions	–	–	16,358	16,358
Foreign exchange adjustment	(665)	–	(170)	(835)
Accretion of liabilities and others[1]	842	5	1,399	2,246
December 31, 2022	330,275	10,205	52,664	393,144
Cash flows	**(111,999)**	**9,561**	**(13,639)**	**(116,077)**
Non-cash changes:				
Lease additions	**–**	**–**	**18,056**	**18,056**
Foreign exchange adjustment	**(141)**	**(214)**	**(96)**	**(451)**
Transfer to liabilities associated with assets held for sale	**(543)**	**–**	**–**	**(543)**
Accretion of liabilities and others[1]	**(4,391)**	**63**	**346**	**(3,982)**
December 31, 2023	**213,201**	**19,615**	**57,331**	**290,147**

1. Amount for long-term borrowings includes a gain of SAR 5,775 (2022: net gain of SAR 3,064) on prepayments of deferred consideration to PIF (Note 20(a)).

21. Post-employment benefits

Saudi Aramco sponsors or participates in several funded and unfunded defined benefit pension plans and other post-employment benefit plans that provide pension, severance, death, medical and other benefits to substantially all of its employees primarily in the Kingdom. The majority of the defined benefit plans for the Kingdom-based employees are governed under the Kingdom's Labor Law, applicable benefit plan laws of the USA, and/or Company policies. Benefits to employees of group companies are provided based on local regulations and practices of the respective jurisdiction.

Retirement benefits for defined benefit pension plans are paid, primarily, in the form of lump sum payments upon retirement based on final salary and length of service. Other post-employment benefits such as medical are used to cover retired employees and eligible dependents of retirees for medical services in line with the plan policy documents.

At December 31, the net liability recognized for employee defined benefit plans in the consolidated balance sheet is as follows:

	2023	2022
Pension plans	**(7,784)**	(7,481)
Medical and other post-employment benefit plans	**9,270**	11,370
Net benefit liability	**1,486**	3,889
Represented by:		
Non-current assets	**(24,661)**	(23,034)
Non-current liabilities	**26,147**	26,923
Net benefit liability	**1,486**	3,889

21. Post-employment benefits continued

The status of Saudi Aramco's pension and other post-employment defined benefit plans is as follows:

	Pension benefits		Other benefits	
	2023	2022	**2023**	2022
Net benefit obligation by funding:				
Present value of funded obligations	**66,746**	62,666	**96,034**	87,187
Fair value of plan assets	**(80,258)**	(74,393)	**(94,380)**	(84,270)
Benefit (surplus) deficit	**(13,512)**	(11,727)	**1,654**	2,917
Present value of unfunded obligations	**5,728**	4,246	**7,616**	8,453
Net benefit (asset) liability	**(7,784)**	(7,481)	**9,270**	11,370
Change in benefit obligations:				
Benefit obligations, January 1	**66,912**	85,504	**95,640**	136,042
Current service cost	**3,169**	4,455	**2,220**	3,551
Interest cost	**3,255**	2,546	**5,265**	4,305
Past service cost	**563**	173	**23**	–
Remeasurement	**3,870**	(21,161)	**4,204**	(44,351)
Plan participants' contribution	**38**	45	**–**	–
Benefits paid	**(3,514)**	(4,669)	**(2,745)**	(2,434)
Transfer to liabilities associated with assets held for sale	**(2,556)**	–	**(211)**	–
Foreign currency translation and other	**737**	19	**(746)**	(1,473)
Benefit obligations, December 31	**72,474**	66,912	**103,650**	95,640
Change in plan assets:				
Fair value of plan assets, January 1	**(74,393)**	(86,888)	**(84,270)**	(93,929)
Interest income	**(4,024)**	(2,726)	**(4,718)**	(2,948)
Remeasurement	**(3,053)**	13,965	**(5,501)**	15,360
Employer contributions	**(3,188)**	(3,746)	**(2,636)**	(5,258)
Benefits paid	**3,514**	4,669	**2,745**	2,434
Foreign currency translation and other	**886**	333	**–**	71
Fair value of plan assets, December 31	**(80,258)**	(74,393)	**(94,380)**	(84,270)
Net benefit (asset) liability at December 31	**(7,784)**	(7,481)	**9,270**	11,370

The weighted average duration of the pension benefit obligations is 12 years at December 31, 2023, and 12 years at December 31, 2022. The weighted average duration of the other benefit obligations is 18 years at December 31, 2023, and 17 years at December 31, 2022.

All amounts in millions of Saudi Riyals unless otherwise stated

21. Post-employment benefits continued

The components of net defined benefit cost, before tax, are primarily recognized in producing and manufacturing, and selling, administrative and general expenses in the consolidated statement of income. Remeasurements are included in the consolidated statement of comprehensive income. Net defined benefit cost and remeasurements for the years ended December 31 are as follows:

	Pension benefits		Other benefits	
	2023	2022	**2023**	2022
Amounts recognized in net income:				
Current service cost	**3,169**	4,455	**2,220**	3,551
Past service cost	**563**	173	**23**	–
Net interest (income) cost	**(769)**	(180)	547	1,357
Other	**–**	–	**(38)**	–
	2,963	4,448	**2,752**	4,908
Amounts recognized in other comprehensive income:				
(Gains) losses from changes in demographic assumptions	**(98)**	12	**323**	5,501
Losses (gains) from changes in financial assumptions	**2,336**	(23,044)	**4,699**	(50,212)
Losses (gains) from changes in experience adjustments	**1,632**	1,871	**(818)**	360
Returns on plan assets (excluding interest income)	**(3,053)**	13,965	**(5,501)**	15,360
	817	(7,196)	**(1,297)**	(28,991)
Net defined benefit loss (gain) before income taxes	**3,780**	(2,748)	**1,455**	(24,083)

The present value of the defined benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions, based in part on market conditions. Any changes in these assumptions will impact the carrying amount of the defined benefit obligations.

The significant assumptions used to determine the present value of the defined benefit obligations for the years ended December 31 are as follows:

	Pension benefits		Other benefits	
	2023	2022	**2023**	2022
Discount rate	**5.1%**	5.4%	**5.3%**	5.6%
Salary growth rate	**5.5%**	5.2%	**–**	–
Annual average medical claim cost, in whole SAR			**31,800**	29,138
Health care participation rate			**95.0%**	95.0%
Assumed health care trend rates:				
Cost-trend rate			**6.0%**	6.5%
Rate to which cost-trend is to decline			**5.0%**	5.0%
Year that the rate reaches the ultimate rate			**2026**	2026

All the above assumptions are reviewed and updated as necessary as part of the periodic actuarial valuation of the defined benefit obligations.

Saudi Aramco determines the discount rate used to calculate the present value of estimated future cash outflows expected to be required to settle the post-employment benefit plan obligations. In determining the appropriate discount rate, Saudi Aramco considers the interest rates of high-quality corporate bonds in the USA that have terms to maturity approximating the terms of the related defined benefit obligation.

The salary growth rate assumption is based on a study of recent years' salary experience and reflects management's outlook for future increases. The annual average medical claim cost assumption is based on medical costs incurred in external medical providers, on behalf of the Company's employees and retirees. The health care participation rate considers the historical participation rate, amongst others, derived from the best available historical data. The assumed health care cost-trend rates reflect Saudi Aramco's historical experience and management's expectations regarding future trends.

21. Post-employment benefits continued

Mortality assumptions are reviewed regularly and set based on actuarial advice in accordance with best practice and statistics, adjusted to reflect the experience and improvements to longevity. Relevant life expectancies are as follows:

	Saudi plans		U.S. plans	
Life expectancy at age:	Male	Female	Male	Female
50	**33.7**	**36.4**	**35.6**	**37.5**
60	**24.5**	**26.8**	**26.5**	**27.9**
60 (currently aged 40)	**26.3**	**28.4**	**28.0**	**29.4**

The sensitivity of the overall defined benefit obligations to changes in the principal assumptions, keeping all other assumptions constant, is presented below. The sensitivity analysis may not be representative of an actual change in the defined benefit obligations as it is unlikely that changes in assumptions would occur in isolation from one another.

	Change in assumption	Impact on obligation	2023	2022
Ultimate health care cost-trend rates	Increase by 0.5%	Increase by	**9,825**	8,633
	Decrease by 0.5%	Decrease by	**(8,648)**	(7,624)
Discount rate – other benefits	Increase by 0.5%	Decrease by	**(8,385)**	(7,305)
	Decrease by 0.5%	Increase by	**9,604**	8,336
Discount rate – pension benefits	Increase by 0.5%	Decrease by	**(3,795)**	(3,675)
	Decrease by 0.5%	Increase by	**4,028**	3,638
Salary growth rate	Increase by 0.5%	Increase by	**2,014**	2,055
	Decrease by 0.5%	Decrease by	**(2,213)**	(2,269)
Annual average medical claim cost	Increase by 5%	Increase by	**4,770**	4,350
	Decrease by 5%	Decrease by	**(4,770)**	(4,350)
Life expectancy	Increase by 1 year	Increase by	**3,484**	2,963
	Decrease by 1 year	Decrease by	**(3,664)**	(3,090)
Health care participation rate	Increase by 5%	Increase by	**1,260**	1,245
	Decrease by 5%	Decrease by	**(1,298)**	(1,283)

All amounts in millions of Saudi Riyals unless otherwise stated

21. Post-employment benefits continued

Plan assets consist of the following:

	2023	2022
Cash	**4,793**	5,381
Equity instruments	**31,712**	30,315
Investment funds	**62,178**	65,663
Bonds	**75,066**	55,500
Sukuk (Shari'a compliant)	**889**	1,804
	174,638	158,663

Plan assets are administered under the oversight of the Company or one of its subsidiaries and managed by independent trustees or separate entities, in a manner consistent with fiduciary obligations and principles, acting in the best interest of plan participants. The objectives of the plans are to maximize investment returns consistent with prudent risk over a long-term investment horizon in order to secure retiree benefits and minimize corporate funding.

All plan assets are held separately, solely to pay retiree benefits. Funded Saudi plans have the right to transfer assets held in excess of the plan's defined benefit obligation to another funded Saudi plan. The right to transfer such assets is solely in respect of amounts held in excess of the plan's defined benefit obligations and solely to plans with defined benefit obligations exceeding the value of assets held. Where Saudi Aramco has no rights to a refund of plan assets, surplus assets are recognized on the consolidated balance sheet on the basis that economic benefit can be gained through a reduction in future contributions.

Through its post-employment benefit plans, Saudi Aramco is exposed to a number of risks including asset volatility, changes in bond yields, inflation and life expectancy. Investment risk is minimized through diversification of investments among fixed income, equity, and alternative asset classes. Asset allocation is determined by an asset liability modeling study. The target asset allocation is, approximately, 17% (2022: 25%) equity instruments, 46% (2022: 38%) debt instruments, and 37% (2022: 37%) alternative assets. Inflation risk is partially offset by equities inflation and life expectancy risk is borne by Saudi Aramco.

Plan assets include transferable securities with a fair value of SAR 2,749 (2022: SAR 6,794) in the Company and its affiliated entities.

Employer contributions to defined benefit plans are estimated to be SAR 6,871 in 2024. While the Saudi plans are not governed by regulatory minimum funding requirements, the funding objective is to reach full funding of the larger plans only. Saudi Aramco pays annual contributions equal to benefit payments. Asset outperformance is expected to meet the shortfall between assets and the assessed liabilities within a reasonable period. Funding for the U.S. plans sponsored by Aramco Shared Benefit Company, a wholly-owned subsidiary of the Company, is recommended by the actuary in order to meet Saudi Aramco's funding strategy to meet benefit plan expenses using applicable U.S. plan funding rules. Other plans follow local regulations or contractual obligations to meet minimum funding requirements.

In addition to the above plans, Saudi Aramco maintains or participates in defined contribution plans for which Saudi Aramco's legal or constructive obligation is limited to the contributions. The costs of the defined contribution plans, which are included principally within producing and manufacturing, and selling, administrative and general expenses in the consolidated statement of income, are SAR 1,322 and SAR 1,201 for the years ended December 31, 2023 and 2022, respectively (Note 26).

22. Provisions and other liabilities

	2023	2022
Asset retirement	**15,150**	17,568
Environmental	**698**	770
Derivative liabilities (Note 3)	**2,011**	2,929
Other non-current liabilities	**10,346**	6,510
	28,205	27,777

Asset retirement provisions relate to the future plugging and abandonment of oil and natural gas wells and the decommissioning of certain Downstream assets. The environmental provision is for the remediation of ground water and soil contamination. Payments to settle these provisions will occur on an ongoing basis and will continue over the lives of the operating assets, which can exceed 50 years for the time when it is necessary to abandon oil and natural gas wells. The amount and timing of settlement in respect of these provisions are uncertain and dependent on various factors that are not always within management's control. Derivative liabilities comprise financial liabilities relating to options and forward contracts.

Notes to the consolidated financial statements continued

All amounts in millions of Saudi Riyals unless otherwise stated

22. Provisions and other liabilities continued

The movements in asset retirement and environmental provisions are as follows:

	Asset retirement	Environmental
January 1, 2022	18,296	824
Revision to estimate	(1,770)	(8)
Additional provisions	626	4
Unwinding of discount	431	4
Amounts charged against provisions	(15)	(54)
December 31, 2022	17,568	770
Revision to estimate	**(3,461)**	**23**
Additional provisions	**664**	**30**
Unwinding of discount	**458**	**15**
Amounts charged against provisions	**(79)**	**(140)**
December 31, 2023	**15,150**	**698**

23. Trade payables and other liabilities

	2023	2022
Trade payables	**71,993**	65,425
Accrued materials and services	**44,633**	34,083
Amounts due to related parties (Note 29(b))	**13,823**	15,431
Employee related payables	**10,769**	10,304
Derivative liabilities (Note 3)	**3,197**	2,817
Other	**7,138**	7,330
	151,553	135,390

Trade payables relating to certain contracts with provisional pricing arrangements are measured at fair value. The fair value was calculated using forward curves and future prices. These trade payables are classified as level 3 in the fair value hierarchy (Note 3(d)) due to the inclusion of unobservable inputs, including counterparty credit risk in the fair value calculation.

24. Revenue

	2023	2022
Revenue from contracts with customers	**1,644,114**	2,003,347
Movement between provisional and final prices	**(549)**	(3,397)
Other revenue	**9,716**	7,005
	1,653,281	2,006,955
Other revenue:		
Services provided to:		
Government, semi-Government and other entities with Government ownership or control (Note 29(a))	**934**	1,061
Third parties	**2,168**	698
Joint ventures and associates (Note 29(a))	**210**	195
Freight	**555**	1,076
Other	**5,849**	3,975
	9,716	7,005

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.

All amounts in millions of Saudi Riyals unless otherwise stated

24. 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:

2023	Upstream	Downstream	Corporate	Total
Crude oil	**746,689**	**91,945**	**–**	**838,634**
Refined and chemical products	**–**	**750,355**	**–**	**750,355**
Natural gas and NGLs	**38,053**	**4,018**	**–**	**42,071**
Metal products	**–**	**13,054**	**–**	**13,054**
Revenue from contracts with customers	**784,742**	**859,372**	**–**	**1,644,114**
Movement between provisional and final prices	**(475)**	**(74)**	**–**	**(549)**
Other revenue	**375**	**7,390**	**1,951**	**9,716**
External revenue	**784,642**	**866,688**	**1,951**	**1,653,281**

2022	Upstream	Downstream	Corporate	Total
Crude oil	971,325	105,401	–	1,076,726
Refined and chemical products	–	835,884	–	835,884
Natural gas and NGLs	56,055	19,292	–	75,347
Metal products	–	15,390	–	15,390
Revenue from contracts with customers	1,027,380	975,967	–	2,003,347
Movement between provisional and final prices	(3,142)	(255)	–	(3,397)
Other revenue	390	4,969	1,646	7,005
External revenue	1,024,628	980,681	1,646	2,006,955

25. Purchases

	2023	2022
Refined and chemical products	**277,022**	291,696
Crude oil	**162,236**	152,556
NGL and other products	**31,967**	46,438
	471,225	490,690

Purchases primarily consist of refined products, chemicals, crude oil and NGL purchased from third parties for use in Downstream operations and to meet demand for products in the Kingdom when it exceeds Saudi Aramco's production of the relevant product. Saudi Aramco also purchases products from third parties in certain markets where it is more cost effective compared to procuring them from other business units.

26. Employee benefit expense

	2023	2022
Salaries and wages	**49,530**	44,736
Social security costs	**3,280**	2,927
Post-retirement benefits (Note 21):		
Defined benefit plans	**5,715**	9,356
Defined contribution plans	**1,322**	1,201
Share-based compensation (Note 17)	**482**	299
	60,329	58,519

27. Finance and other income

	2023	2022
Interest income	22,275	7,955
Gain on partial prepayment of deferred consideration to PIF	5,775	3,281
Investment income	3,166	1,189
Dividend income from investments in securities	411	390
Other	340	2,079
	31,967	14,894

28. Payments to the Government by Saudi Arabian Oil Company

	2023	2022
Income taxes (Note 8(c))	200,189	232,661
Royalties	213,216	349,270
Dividends	333,699	265,066

29. Related party transactions

(a) Transactions

	2023	2022
Joint ventures:		
Revenue from sales	23,899	28,155
Other revenue (Note 24)	34	30
Interest income	23	161
Purchases	25,729	30,574
Service expenses	11	8
Associates:		
Revenue from sales	90,045	77,048
Other revenue (Note 24)	176	165
Interest income	124	113
Purchases	46,260	72,503
Service expenses	135	158
Government, semi-Government and other entities with Government ownership or control:		
Revenue from sales	23,355	23,351
Other income related to sales	203,092	259,418
Other revenue (Note 24)	934	1,061
Purchases	14,194	12,761
Service expenses	563	409
Lease expenses	1,015	791

Goods are purchased and sold according to supply agreements in force. Note 33 includes additional information on loans to joint ventures and associates.

All amounts in millions of Saudi Riyals unless otherwise stated

29. Related party transactions continued

(b) Balances

	2023	2022
Joint ventures:		
Other assets and receivables (Note 9)	5,378	5,363
Trade receivables	4,976	5,096
Interest receivable	581	371
Trade payables and other liabilities (Note 23)	6,236	7,060
Associates:		
Other assets and receivables (Note 9)	4,882	1,519
Trade receivables	12,971	13,410
Trade payables and other liabilities (Note 23)	6,139	6,278
Borrowings	–	15
Government, semi-Government and other entities with Government ownership or control:		
Other assets and receivables (Note 9)	1,151	510
Trade receivables	2,606	3,874
Due from the Government (Note 13)	49,378	54,545
Trade payables and other liabilities (Note 23)	1,448	2,093
Borrowings	7,736	128,026

Sales to and receivables from Government, semi-Government and other entities with Government ownership or control are made on specific terms within the relevant regulatory framework in the Kingdom.

(c) Compensation of key management personnel

Key management personnel of Saudi Aramco included directors and senior executive management. The compensation paid or payable to key management for services is shown below:

	2023	2022
Short-term employee benefits	90	80
Post-employment benefits	58	43
Share-based compensation	34	25
Other long-term benefits	4	3
	186	151

(d) Other transactions with key management personnel

Other than as set out in Note 29(c), there were no reportable transactions between Saudi Aramco and members of key management personnel or their close family members during the year ended December 31, 2023 (2022: nil).

30. Derivative instruments and hedging activities

Saudi Aramco uses interest rate swap contracts to manage exposure to interest rate risk mainly resulting from borrowings. These hedges are designated as cash flow hedges. Saudi Aramco also engages in hedging activities through the use of currency forward contracts in relation to firm commitments under procurement contracts and highly probable forecast transactions. These hedges are designated as fair value hedges and cash flow hedges, respectively. Further, Saudi Aramco uses short-term commodity derivative contracts to manage exposure to price fluctuations.

30. Derivative instruments and hedging activities continued

The notional amounts of currency forward contracts and interest rate swap contracts designated as hedging instruments and outstanding commodity derivative contracts are as follows:

	2023	2022
Interest rate swaps	10,399	10,658
Currency forward contracts	4,794	4,830
Commodity derivative contracts	18,488	29,846
	33,681	45,334

31. Non-cash investing and financing activities

Investing and financing activities during 2023 include additions to right-of-use assets of SAR 18,083 (2022: SAR 16,065), asset retirement provisions of SAR 295 (2022: SAR 467), and equity awards issued to employees of SAR 211 (2022: SAR 70) (Note 17). Further, investing activities during 2022 include an additional investment in Petro Rabigh as part of a subscription to a rights issuance offering through conversion of a non-current loan receivable of SAR 2,981.

32. Commitments

(a) Capital commitments

Capital expenditures contracted for but not yet incurred were SAR 222,938 and SAR 172,639 at December 31, 2023 and 2022, respectively. In addition, leases contracted for but not yet commenced were SAR 26,369 and SAR 18,326 at December 31, 2023 and 2022, respectively.

(b) International Maritime Industries Company ("IMI")

In 2017, Saudi Aramco Development Company ("SADCO"), a wholly-owned subsidiary of the Company, Maritime Offshore Limited, a wholly-owned subsidiary of Lamprell plc, Bahri and Korea Shipbuilding and Offshore Engineering Co., Ltd ("KSOE") formed a company, IMI, in which SADCO owns 40.1%, Maritime Offshore Limited owns 20%, Bahri owns 19.9% and KSOE owns 20%. The principal activities of IMI are the development, operation, and maintenance of a maritime yard under construction by the Government, as well as, the design, manufacture, maintenance and repair of ships and rigs. The maritime yard is divided into four main operational zones and completion of the construction of the individual zones will vary, with the final yard completion and handover expected in 2025. SADCO has committed to fund IMI up to SAR 1,053 through equity contributions. At December 31, 2023, the full amount of SAR 1,053 (2022: SAR 916) has been drawn down by IMI. In addition, Saudi Aramco has guaranteed the purchase of 20 offshore rigs over a 10-year period beginning in 2023. One of these rigs was delivered in 2023, and accordingly, the commitment as at December 31, 2023 for the 19 remaining rigs amounted to SAR 23,201.

(c) Arabian Rig Manufacturing Company ("ARM")

In June 2018, SADCO and NOV Downhole Eurasia Limited formed a company, ARM (Note 40), to provide onshore land drilling manufacturing, equipment and services to SANAD and the Middle East and North Africa region. The Company committed to invest SAR 225, of which, SAR 207 is invested at December 31, 2023. In addition, SADCO has guaranteed the purchase of 50 onshore rigs over a 10-year period beginning in 2022. Five of these rigs were delivered up to the end of 2023, and accordingly, the remaining commitment as at December 31, 2023 amounted to SAR 8,380. SADCO has the option to cancel the rig orders for a maximum financial exposure of SAR 1,181.

All amounts in millions of Saudi Riyals unless otherwise stated

32. Commitments continued

(d) Other

(i) The Company and The Dow Chemical Company ("Dow") equally committed to comply with the Ministry of Energy feedstock agreement to support the development of Chemical Value Parks in the Kingdom in the total amount of SAR 375. The first payment of approximately SAR 38 will be deposited within one month from the date of supplying Sadara with additional ethane. The remaining funds will be paid over nine years at SAR 38 annually. Saudi Aramco's commitment of SAR 188 is outstanding at December 31, 2023.

(ii) In order to comply with past Government directives, the Company expects to sell portions of its equity in Saudi Aramco Total Refining and Petrochemical Company and Yanbu Aramco Sinopec Refining Company Limited (Note 39) through a public offering of shares in Saudi Arabia.

(iii) Saudi Aramco is committed to comply with the Government directive to guarantee that Saudi Aramco Total Refining and Petrochemical Company shall spend a total of SAR 375 over a 10-year period ending December 31, 2025 on social responsibility programs. At December 31, 2023, SAR 217 remains to be spent.

(iv) Saudi Aramco is committed to comply with the Government directive to guarantee that Yanbu Aramco Sinopec Refining Company Limited shall spend a total of SAR 375 on social responsibility programs by September 30, 2025. At December 31, 2023, SAR 131 remains to be spent.

(v) Saudi Aramco has commitments of SAR 492 (2022: SAR 264) to invest in private equity investments both inside and outside the Kingdom. Such commitments can be called on demand.

(vi) Saudi Aramco has commitments of SAR 79 (2022: SAR 173) to fund additional loans and acquire additional unlisted equity investments of certain small to mid-sized enterprises in the Kingdom. The commitments can be called by the enterprises upon meeting certain conditions.

(vii) Saudi Aramco has commitments of SAR 1,175 (2022: SAR 2,107) in relation to capital contributions for certain other affiliates.

33. Contingencies

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

Saudi Aramco also has contingent liabilities with respect to the following:

(a) Sadara

On March 25, 2021, Sadara entered into various agreements to restructure its senior project financing debt amounting to SAR 37,280. Terms of the restructuring include a principal repayment grace period until June 2026 and an extension of the final maturity date from 2029 to 2038. In connection with the restructuring, the Company and Dow have agreed to guarantee up to an aggregate of SAR 13,875 of senior debt principal and its associated interest in proportion to their ownership interests in Sadara. Further, the Company and Dow have agreed to provide guarantees and support, in proportion to their ownership interest in Sadara, for interest payment shortfalls on all outstanding senior debt until June 2026, working capital shortfall support up to SAR 1,875 in 2030, as well as an undertaking to provide acceptable credit support to cover the required Debt Service Reserve Account balance, which needs to be funded prior to June 2026.

In addition to the senior debt restructuring, effective March 25, 2021, the Company, Dow (and/or their affiliates) and Sadara have also entered into agreements to (i) provide additional feedstock by increasing the allocated quantity of ethane and natural gasoline supplied by Saudi Aramco, and (ii) gradually increase Saudi Aramco's rights to market, through SABIC, its equity share of finished products produced by Sadara (subject to certain agreed terms) over the next five to 10 years. The Company has provided a guarantee for the payment and performance obligations of SABIC under the Product Marketing and Lifting Agreement.

On June 17, 2021, Excellent Performance Chemical Company ("EPCC"), a wholly-owned subsidiary of the Company, and Sadara entered into a SAR 1,500 subordinated revolving credit facility to provide shortfall funding to Sadara. The facility, originally scheduled to mature in June 2023, has been extended till June 2026. As of December 31, 2023, the facility was not utilized.

With respect to Sadara's fuel and feedstock allocation, Saudi Aramco has provided two letters of credit to the Ministry of Energy for SAR 169 and SAR 152 to construct epoxy plants and for the development of projects to support conversion industries in the Kingdom.

33. Contingencies continued

(b) Petro Rabigh

In 2020, the two founding shareholders of Petro Rabigh, the Company and Sumitomo Chemical Co. Ltd., entered into a debt service undertaking with lenders of the Rabigh II Project, whereby each founding shareholder, on a several basis, undertakes to pay 50% of any shortfalls in scheduled (and not accelerated) Rabigh II debt service on each Rabigh II payment date until the earlier of the final Rabigh II repayment date in June 2032 or the full repayment of SAR 5,625 of the equity bridge loans. The semi-annual scheduled principal debt service under the Rabigh II financing is approximately SAR 622.

On September 30, 2020, Petro Rabigh entered into revolving loan facilities in an aggregate amount of SAR 5,625 with the Company and Sumika Finance Company Limited, a wholly-owned subsidiary of Sumitomo Chemical Co. Ltd. An amount of SAR 3,525 was utilized as at December 31, 2023. In 2020, Petro Rabigh also entered into another revolving loan facility for SAR 1,875 with the Company, which remained unutilized as at December 31, 2023. The facilities mature on December 31, 2024.

The founding shareholders arranged equity bridge loans ("the EBLs") in an aggregate amount of SAR 11,250 which the founding shareholders guarantee on a several and equal basis, to meet the equity financing requirements under the senior finance agreements. Petro Rabigh repaid SAR 1,940 of the equity bridge loans out of the proceeds of the rights issuance in July 2022. The remaining EBLs of SAR 9,310 matured on March 20, 2023 and were refinanced by Petro Rabigh. Under the refinancing arrangement, Sumitomo Chemical Co. Ltd. guaranteed its share of the equity bridge loans, amounting to SAR 4,655, that was fully financed by external lenders. In addition, the Company, through its wholly-owned subsidiary, Aramco Overseas Company B.V. ("AOC"), provided Petro Rabigh an equity bridge loan of SAR 3,000, while the remaining amount of its share, amounting to SAR 1,655, was provided by external lenders and was guaranteed by the Company. The refinanced equity bridge loans mature on December 20, 2027.

(c) Noor Al Shuaibah Holding Company

On May 2, 2023, Saudi Aramco Power Company ("SAPCO"), a wholly-owned subsidiary of the Company, entered into a shareholders' agreement with the Water and Electricity Holding Company ("Badeel"), wholly-owned by PIF, and ACWA Power Company, to invest in Noor Al Shuaibah Holding Company for the development of Al Shuaibah 1 and Al Shuaibah 2 solar photovoltaic power generating plants in Makkah province in the Kingdom (the "Projects"). The Projects will have a combined capacity of over 2.6 gigawatts and commercial operations are expected to commence by 2025. The estimated total cost of the Projects is SAR 8,919 which will be funded through a mix of senior debt financing and equity bridge loans. The Company guaranteed SAPCO's 30% share of the equity bridge loans, amounting to approximately SAR 800, under the terms of the project financing. The equity bridge loans were fully drawn as of December 31, 2023. Further, additional guarantees amounting to SAR 347 have been provided to support SAPCO's obligations related to the Projects.

(d) Other

Saudi Aramco has provided guarantees of SAR 1,863 (2022: SAR 2,110) in relation to borrowings and other obligations of certain other affiliates, arising in the ordinary course of business.

34. Sale of equity interests in affiliates

(a) Saudi Iron and Steel Company ("Hadeed")

On September 3, 2023, SABIC, a subsidiary of Saudi Aramco, announced the signing of an agreement to sell its 100% shareholding in the Saudi Iron and Steel Company ("Hadeed") to PIF. This transaction will enable SABIC, which is part of the Downstream segment, to optimize its portfolio and focus on its core business. The completion of the transaction is subject to customary conditions and regulatory approvals, and is expected to occur in 2024.

Following the signing of the agreement, assets and liabilities of Hadeed were classified as held for sale, and were presented separately on the consolidated balance sheet. At the Saudi Aramco level, a loss on fair value measurement of SAR 3,219 was recognized within selling, administrative and general expenses in the consolidated statement of income to reduce the carrying amount of the assets to their fair value less costs to sell, that was determined based on the sale agreement.

As at December 31, 2023, the major classes of Hadeed's assets classified as held for sale comprise property, plant and equipment and intangible assets of SAR 5,335, inventories of SAR 3,904, trade receivables of SAR 2,765, and other assets of SAR 3,420. The liabilities directly associated with assets classified as held for sale comprise trade payables of SAR 529, post-employment benefit obligations of SAR 2,957, and other liabilities of SAR 2,215.

(b) Power and Water Utility Company for Jubail and Yanbu ("Marafiq")

On November 24, 2022, Marafiq, an associate of Saudi Aramco, announced the listing of its shares on the Main Market of the Saudi Exchange following the successful completion of its IPO. The IPO comprised shares offered by the majority shareholders of Marafiq, including Saudi Aramco Power Company and SABIC, in proportion to their shareholding. Following the completion of the IPO, the aggregate equity ownership of the aforementioned Saudi Aramco subsidiaries in Marafiq reduced from 49.6% to 35%, resulting in proceeds of SAR 1,651 and a gain of SAR 464. The carrying value of the investment in Marafiq in the consolidated financial statements at December 31, 2023, was SAR 3,008 (2022: SAR 3,020).

All amounts in millions of Saudi Riyals unless otherwise stated

34. Sale of equity interests in affiliates continued

(c) Aramco Gas Pipelines Company ("AGPC")

On February 23, 2022, the Company sold a 49% equity interest in AGPC, a newly formed wholly-owned subsidiary of the Company, to GreenSaif Pipelines Bidco S.à r.l. (formerly, GEPIF III Finance III Lux S.à r.l.) ("GreenSaif") for upfront proceeds of SAR 58,125 ($15,500) in cash.

GreenSaif is an entity owned by a consortium of investors led by affiliates of BlackRock Real Assets and Hassana Investment Company, the investment management arm of the General Organization for Social Insurance ("GOSI") in the Kingdom. GreenSaif, as a shareholder of AGPC, is entitled to receive quarterly distributions of its pro rata share of AGPC's available cash when the Company pays discretionary dividends to its ordinary shareholders. Given the discretionary nature of distributions to GreenSaif, in line with the principles outlined in Note 2(d), GreenSaif's shareholding represents a non-controlling interest and, therefore, the upfront sale proceeds are recognized in the consolidated financial statements as a non-controlling interest within equity.

Immediately prior to the closing of the transaction, the Company leased the usage rights to its gas pipelines network to AGPC for a 20-year period. Concurrently, AGPC granted the Company the exclusive right to use, operate and maintain the pipelines network during the 20-year period in exchange for a quarterly, volume-based tariff payable by the Company to AGPC. The tariff is backed by minimum volume commitments. The Company will at all times retain title to, and operational control of, the pipelines.

35. Investments in affiliates and securities

(a) Investments in subsidiaries

(i) Valvoline Inc.'s global products business

On March 1, 2023, AOC, a wholly-owned subsidiary of the Company, acquired a 100% equity interest in Valvoline Inc.'s global products business ("VGP Holdings LLC") for a cash consideration of SAR 10,338 ($2,757), including customary adjustments. VGP Holdings LLC is one of the leading worldwide independent producer and distributor of premium branded automotive, commercial and industrial lubricants, and automotive chemicals. This strategic acquisition is expected to complement Saudi Aramco's line of premium branded lubricant products, optimize its global base oils production capabilities, and expand its own research and development activities and partnerships with original equipment manufacturers.

The transaction resulted in Saudi Aramco obtaining control of VGP Holdings LLC. Saudi Aramco accounts for acquisitions of subsidiaries using the acquisition method of accounting. This requires recognition of the assets acquired and liabilities assumed at fair value as of the acquisition date.

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

Cash and cash equivalents	460
Trade receivables, inventories and other current assets	3,854
Property, plant and equipment (Note 5)	2,285
Intangible assets (Note 6)	4,628
Other non-current assets	512
Trade payables and other current liabilities	(1,275)
Non-current liabilities	(536)
Total identifiable net assets at fair value	9,928
Goodwill (Note 6)	410
Purchase consideration	10,338

Acquisition and transaction costs of SAR 161 were expensed as selling, administrative and general expenses in the consolidated statement of income for the year ended December 31, 2023.

Post-acquisition, VGP Holdings LLC contributed revenues of SAR 9,428 and net income of SAR 668, which is included in the consolidated statement of income. If the acquisition had occurred on January 1, 2023, management estimates that consolidated revenue and net income for the year ended December 31, 2023 would have been SAR 11,189 and SAR 802, respectively.

35. Investments in affiliates and securities continued

(a) Investments in subsidiaries continued

(ii) Grupa LOTOS S.A. transaction

On January 12, 2022, AOC, a wholly-owned subsidiary of the Company, entered into share purchase agreements with Grupa LOTOS Spółka Akcyjna ("Grupa LOTOS S.A."), a subsidiary of Polski Koncern Naftowy ORLEN S.A. ("PKN ORLEN"), to purchase shares in certain entities of Grupa LOTOS S.A. Under this transaction, AOC acquired 100% equity interest in LOTOS SPV 1 Sp. z o.o. for a cash consideration of SAR 930 ($248), in addition to acquiring 30% of the issued share capital of LOTOS Asfalt sp. z o.o. and 50% of the issued share capital of LOTOS-Air BP Polska sp. z o.o. for SAR 889 ($237) (Note 35(b)(iii)). These acquisitions are in line with Saudi Aramco's strategy of expanding its downstream presence in Europe and further expanding its crude imports into Poland.

Prior to completion of the transaction, an organized part of the wholesale business operated by LOTOS Paliwa sp. z o.o. ("LOTOS Paliwa"), a subsidiary of Grupa LOTOS S.A., was transferred to LOTOS SPV 1 Sp. z o.o., subsequently renamed as Aramco Fuels Poland sp. z o.o. ("AFP"). AFP is engaged in the acquisition, storage, blending, marketing, transportation, distribution and the sale of fuel to wholesale customers.

The closing of the transaction occurred on November 30, 2022. The transaction resulted in Saudi Aramco obtaining control of AFP. Saudi Aramco accounts for acquisitions of subsidiaries using the acquisition method of accounting. This requires recognition of the assets acquired and liabilities assumed at fair value as of the acquisition date.

Saudi Aramco engaged an independent valuer in order to determine the fair value of the assets and liabilities of AFP as part of the purchase price allocation process. Based on the fair values of the total identifiable net assets and liabilities of SAR 909, including cash acquired of SAR 513, goodwill of SAR 21 has been recognized.

Acquisition and transaction costs of SAR 37 were expensed as selling, administrative, and general expenses in the consolidated statement of income for the year ended December 31, 2022.

Post-acquisition, AFP contributed revenues of SAR 2,043 and net income of SAR 14, for the year ended December 31, 2022 which is included in the consolidated statement of income.

(b) Investments in joint ventures and associates

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

On March 25, 2023, AOC, a wholly-owned subsidiary of the Company, entered into definitive agreements with North Huajin Chemical Industries Group Corporation ("North Huajin") and Panjin Xincheng Industrial Group Co., Ltd. ("Panjin Xincheng") to construct the HAPCO refinery and petrochemical complex in Panjin City, Liaoning Province, China. AOC owns a 30% interest in HAPCO, while North Huajin and Panjin Xincheng own 51% and 19%, respectively. The investment in HAPCO has been accounted for as an associate. The complex, expected to be completed in 2026 with an estimated construction cost of RMB 83.7 billion (SAR 44,362), will be financed through a combination of debt and equity. The facility will combine a 300,000 barrels per day ("bpd") refinery and a petrochemical plant with annual production capacity of 1.65 million metric tons of ethylene and 2 million metric tons of paraxylene. Saudi Aramco's share of the equity contribution is RMB 8.4 billion (SAR 4,436), of which RMB 5.8 billion (SAR 3,090) was undrawn as at December 31, 2023.

(ii) MidOcean Energy ("MidOcean")

On September 27, 2023, AOC, a wholly-owned subsidiary of the Company, entered into definitive agreements to acquire a strategic minority stake in MidOcean Energy ("MidOcean") for a purchase consideration of SAR 1,875 ($500), with an option to increase its shareholding and associated rights in the future. MidOcean is a Liquefied Natural Gas ("LNG") company, formed and managed by EIG Global Energy Partners with the objective of building a portfolio of high-quality, long term LNG interests, and is currently in the process of acquiring interests in four Australian LNG projects, with a growth strategy to create a diversified global LNG business. The strategic partnership with MidOcean marks Saudi Aramco's first international investment in LNG. The transaction is expected to close during 2024, subject to customary closing conditions and regulatory approvals.

All amounts in millions of Saudi Riyals unless otherwise stated

35. Investments in affiliates and securities continued

(b) Investments in joint ventures and associates continued

(iii) Grupa LOTOS S.A. transaction

On November 30, 2022, AOC acquired 30% of the issued share capital of LOTOS Asfalt sp. z o.o., subsequently renamed as Rafineria Gdańska sp. z o.o. ("POLREF"), for SAR 853 ($227). The remaining 70% of the equity interest is held by PKN ORLEN (Note 35(a)(ii)). The investment in POLREF has been accounted for as an associate. POLREF operates an oil refinery located in Gdańsk, Poland. Post-acquisition, the refinery processes the crude oil supplied by PKN ORLEN and AFP into finished products, in exchange for a processing fee.

In addition, on November 30, 2022, AOC acquired 50% of the issued share capital of LOTOS-Air BP Polska sp. z o.o., subsequently renamed as Air BP Aramco Poland sp. z o.o. ("AIRBP"), for SAR 36 ($10). The remaining 50% of the issued share capital of AIRBP is retained by BP Europa SE (Note 35(a)(ii)). The investment in AIRBP has been accounted for as a joint venture. The business of AIRBP includes acquisition, storage, transport, distribution and sale of aviation fuels in bulk or having them delivered into aircrafts in and outside of Poland.

(c) Investment in securities

Rongsheng Petrochemical

On July 21, 2023, the Company announced the completion of the acquisition of a 10% equity interest in Rongsheng Petrochemical from Zhejiang Rongsheng Holding Group Co., Ltd., through its wholly-owned subsidiary, AOC, for a total transaction value of RMB 24.6 billion (SAR 12,767). The acquisition of the equity interest in Rongsheng Petrochemical, a company listed on the Shenzhen Stock Exchange in China, follows the signing of definitive strategic agreements by the companies, as announced on March 27, 2023. Among other assets, Rongsheng Petrochemical owns a 51% equity interest in Zhejiang Petroleum & Chemical Co., Ltd. ("ZPC"), which in turn owns and operates the largest integrated refining and chemicals complex in China with a capacity to process 800,000 bpd of crude oil and to produce 4.2 million metric tons of ethylene per year. Through this strategic arrangement, Saudi Aramco would significantly expand its downstream presence in China, including supplying 480,000 bpd of crude oil to ZPC, under a long-term sales agreement. Upon completion, Saudi Aramco recognized an equity investment at fair value through other comprehensive income of SAR 6,399 within investments in securities (Note 10), and a non-current other asset of SAR 5,932 (Note 9), relating to a payment made for the long-term sales agreement, which is amortized over the term of the agreement. In addition, a loss of SAR 436 was recognized in selling, administrative and general expenses in the consolidated statement of income, representing fair value changes to the market price up to the completion date.

36. Dividends

			SAR per share	
	2023	2022	**2023**	2022
Dividends declared and paid each quarter:				
March	**73,150**	70,331	**0.3326**	0.3518
June[1]	**73,160**	70,328	**0.3024**	0.3198
September[1]	**110,181**	70,329	**0.4554**	0.3198
December[1]	**110,183**	70,330	**0.4554**	0.3198
Total[2]	**366,674**	281,318	**1.5458**	1.3112
Dividends declared on March 8, 2024 and March 10, 2023[1,3]	**116,503**	73,150	**0.4815**	0.3326

1. Dividends per share of SAR 0.3024, SAR 0.4554, SAR 0.4554 and SAR 0.4815, declared on May 8, 2023, August 6, 2023, November 6, 2023, and March 8, 2024, respectively, reflect the effect of the issuance of the bonus shares approved on May 8, 2023, as described below.
2. Performance-linked dividends were introduced in the third quarter of 2023 and amount to SAR 74,035 (SAR 0.3060 per share) out of the total dividends declared and paid during the year.
3. Dividend of SAR 116,503 (SAR 0.4815 per share) represents a base dividend of SAR 76,096 (SAR 0.3145 per share) and a performance-linked dividend of SAR 40,407 (SAR 0.1670 per share). These dividends are not reflected in the consolidated financial statements and will be deducted from unappropriated retained earnings in the year ending December 31, 2024.

36. Dividends continued

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 was SAR 75,000, divided into 220 billion fully paid ordinary shares with equal voting rights without par value.

On May 8, 2023, after obtaining necessary approvals from the competent authorities, the EGA approved the increase of the Company's share capital by SAR 15,000 and the commensurate increase of the number of the Company's issued ordinary shares by 22 billion without par value. Such increase was effected through capitalization of the Company's retained earnings. Each shareholder was granted one (1) bonus share for every ten (10) shares owned. The Company's share capital after the increase is SAR 90,000, divided into 242 billion fully paid ordinary shares with equal voting rights without par value.

37. Earnings per share

The following table reflects the net income and number of shares used in the earnings per share calculations:

	2023	2022
Net income attributable to the ordinary shareholders of the Company	452,753	597,215
Weighted average number of ordinary shares (in millions) (Note 2(cc))[1]	241,933	241,907
Earnings per share for net income attributable to the ordinary shareholders of the Company (in Saudi Riyals)[1]	1.87	2.47

1. Earnings per share for the years ended December 31, 2023 and 2022 have been calculated by retrospectively adjusting the weighted average number of outstanding shares to reflect the effect of the issuance of bonus shares approved on May 8, 2023 (Note 36).

Potential ordinary shares during the year ended December 31, 2023, related to employees' share-based compensation in respect of employee share plans that were awarded to the Company's eligible employees under those plan terms (Note 17). These share plans did not have a significant dilution effect on basic earnings per share for the years ended December 31, 2023 and 2022.

38. Subsidiaries of Saudi Arabian Oil Company

	Principal business activity	Percent ownership[1]	Place of business/ country of incorporation	Conventional financial assets as of December 31, 2023[2,3]	Conventional financial liabilities as of December 31, 2023[3]	Interest income from conventional financial assets for the year ended December 31, 2023[3]
A. Wholly-owned:						
4 Rivers Energy LLC	Retail fuel operations	100%	USA	–	–	–
AOC Management Consultancies LLC	Consulting services	100%	UAE	–	–	–
Aramco (Beijing) Venture Management Consultant Co., Ltd.	Investment	100%	China	8	8	–
Aramco Affiliated Services Company	Support services	100%	USA	1	–	–
Aramco Asia India Private Limited	Purchasing and other services	100%	India	1	1	–
Aramco Asia Japan K.K.	Purchasing and other services	100%	Japan	65	394	4
Aramco Asia Korea Limited	Marketing and vendor sourcing activities	100%	South Korea	59	17	1
Aramco Asia Singapore Pte. Ltd.	Purchasing and other services	100%	Singapore	24	18	–
Aramco Associated Company	Aircraft operations	100%	USA	160	317	20
Aramco Capital Company, LLC	Aircraft leasing	100%	USA	62	–	2
Aramco Chemicals Company	Chemicals	100%	Saudi Arabia	344	42	16
Aramco Far East (Beijing) Business Services Co., Ltd.	Petrochemical purchasing, sales and other services	100%	China	514	155	11
Aramco Financial Services Company	Financing	100%	USA	135	3	4
Aramco Fuels Poland sp. z o.o.	Wholesale fuel operations	100%	Poland	215	1,778	26
Aramco Gulf Operations Company Limited	Production and sale of crude oil	100%	Saudi Arabia	4,886	1,955	177
Aramco Innovations Limited Liability Company	Research and commercialization	100%	Russia	11	16	–
Aramco International Gas Holding Co B.V.	Financing	100%	Netherlands	–	–	–
Aramco InvestCo GP B.V.	Financing	100%	Netherlands	–	–	–
Aramco InvestCo NewCo Sub B.V.	Financing	100%	Netherlands	–	–	–
Aramco Lubricants and Retail Company	Retail fuel marketing	100%	Saudi Arabia	70	83	–
Aramco Overseas - Egypt	Personnel and other support services	100%	Egypt	–	–	–
Aramco Overseas Company B.V.	Purchasing and other services	100%	Netherlands	16,815	2,314	1,113
Aramco Overseas Company Spain, S.L.	Personnel and other support services	100%	Spain	–	1	–
Aramco Overseas Company UK Limited	Personnel and other support services	100%	United Kingdom	1	73	–
Aramco Overseas Malaysia SDN. BHD.	Personnel and other support services	100%	Malaysia	13	12	–
Aramco Performance Materials LLC	Petrochemical manufacture and sales	100%	USA	–	–	1
Aramco Services Company	Purchasing, engineering and other services	100%	USA	7,446	508	224
Aramco Shared Benefits Company	Benefits administration	100%	USA	1	1	–
Aramco Sohar Overseas SPC	Personnel and other support services	100%	Oman	–	–	–
Aramco Trading Americas Holding Inc.	Holding	100%	USA	2	2	–
Aramco Trading Americas LLC (formerly, Motiva Trading LLC)	Purchasing and sale of petroleum goods and other services	100%	USA	917	17,848	120
Aramco Trading Company	Importing, exporting and trading of crude oil, refined and chemical products	100%	Saudi Arabia	10,141	8,094	414

38. Subsidiaries of Saudi Arabian Oil Company continued

	Principal business activity	Percent ownership[1]	Place of business/ country of incorporation	Conventional financial assets as of December 31, 2023[2,3]	Conventional financial liabilities as of December 31, 2023[3]	Interest income from conventional financial assets for the year ended December 31, 2023[3]
Aramco Trading Dubai Company Limited	Importing, exporting and trading of crude oil and refined products	100%	UAE	–	33	–
Aramco Trading Fujairah FZE	Importing and exporting refined products	100%	UAE	326	8,709	195
Aramco Trading Limited	Importing and exporting refined products	100%	United Kingdom	256	2,550	216
Aramco Trading Singapore Pte. Ltd.	Marketing and sales support	100%	Singapore	2,337	9,443	86
Aramco Valvoline Global Holding Corp.	Holding company	100%	USA	–	–	–
Aramco Venture Management Consultant Company LLC	Consulting services	100%	USA	2	11	–
Aramco Ventures Company	Investment	100%	Saudi Arabia	120	58	–
Aramco Ventures Holdings Limited	Investment	100%	Guernsey	407	–	–
Aramco Ventures Investments Limited	Investment	100%	Guernsey	2,877	–	–
ARLANXEO Holding B.V.	Development, manufacture, and marketing of high-performance rubber	100%	Netherlands	771	2,563	28
ARLANXEO Belgium N.V.		100%	Belgium	104	120	–
ARLANXEO Branch Offices B.V.		100%	Netherlands	30	–	–
ARLANXEO Brasil S.A.		100%	Brazil	453	175	4
ARLANXEO Canada Inc.		100%	Canada	283	208	–
ARLANXEO Deutschland GmbH		100%	Germany	233	313	–
ARLANXEO Elastomères France S.A.S.		100%	France	7	96	–
ARLANXEO Emulsion Rubber France S.A.S.		100%	France	37	126	–
ARLANXEO High Performance Elastomers (Changzhou) Co., Ltd.		100%	China	445	243	5
ARLANXEO India Private Limited		100%	India	5	1	–
ARLANXEO Netherlands B.V.		100%	Netherlands	487	251	8
ARLANXEO Singapore Pte. Ltd.		100%	Singapore	159	500	–
ARLANXEO Switzerland S.A.		100%	Switzerland	9	3	–
ARLANXEO USA LLC		100%	USA	338	192	–
Bolanter Corporation N.V.	Crude oil storage	100%	Curaçao	34	–	2
Briar Rose Ventures LLC	Real estate holdings	100%	USA	–	–	–
Canyon Lake Holdings LLC	Retail fuel operations	100%	USA	–	–	–
Ellis Enterprises B.V.	Product sales and manufacturing/ distribution	100%	Netherlands	2	–	6
Ellis Enterprises East doo Kruševac	Product sales and manufacturing/ distribution	100%	Serbia	10	–	–
Energy City Development Company	Industrial development	100%	Saudi Arabia	64	56	1
Energy City Operating Company	Industrial development	100%	Saudi Arabia	33	17	–
Excellent Performance Chemicals Company	Petrochemical manufacture and sales	100%	Saudi Arabia	697	2	251
Global Digital Integrated Solutions Company	Information technology	100%	Saudi Arabia	101	115	–
Investment Management Company	Investment management of post-employment benefit plans	100%	Saudi Arabia	3	–	–
Lex Capital LLC	Financing/funding company	100%	USA	4	–	–
Motiva Enterprises LLC	Refining and marketing	100%	USA	2,772	12,845	289

All amounts in millions of Saudi Riyals unless otherwise stated

38. Subsidiaries of Saudi Arabian Oil Company continued

	Principal business activity	Percent ownership[1]	Place of business/ country of incorporation	Conventional financial assets as of December 31, 2023[2,3]	Conventional financial liabilities as of December 31, 2023[3]	Interest income from conventional financial assets for the year ended December 31, 2023[3]
Motiva Pipeline LLC	Pipeline transport	100%	USA	–	–	–
Mukamala Oil Field Services Limited	Oil field services	100%	Saudi Arabia	344	–	10
Mukamalah Aviation Company (formerly, Mukamala International Investments Company)	Aviation	100%	Saudi Arabia	9	133	6
P.T. Valvoline Lubricants and Chemicals Indonesia	Product sales	100%	Indonesia	3	–	–
Pandlewood Corporation N.V.	Financing	100%	Curaçao	1,311	1	50
Pedernales Ventures II LLC	Investment	100%	USA	294	–	–
Pedernales Ventures LLC	Retail fuel operations	100%	USA	–	–	–
PT Aramco Overseas Indonesia	Project management support	100%	Indonesia	1	–	–
Qingdao Valvoline Automotive Services Co., Ltd.	Product sales	100%	China	–	–	–
SAEV Europe Limited	Investment	100%	United Kingdom	6	6	–
SAEV Guernsey 1 Ltd	Investment	100%	Guernsey	325	–	–
SAEV Guernsey Holdings Limited	Investment	100%	Guernsey	2,459	–	–
Saudi Aramco Asia Company Limited	Investment	100%	Saudi Arabia	2,935	–	137
Saudi Aramco Capital Company Limited	Investment	100%	Guernsey	–	–	–
Saudi Aramco Development Company	Investment	100%	Saudi Arabia	1,107	–	21
Saudi Aramco Energy Ventures US LLC	Investment	100%	USA	3	7	–
Saudi Aramco Entrepreneurship Center Company Limited	Financing	100%	Saudi Arabia	315	11	13
Saudi Aramco Entrepreneurship Venture Company Limited	Investment	100%	Saudi Arabia	960	4	–
Saudi Aramco Jubail Refinery Company	Refining	100%	Saudi Arabia	5,775	942	–
Saudi Aramco Power Company	Power generation	100%	Saudi Arabia	6,771	13	192
Saudi Aramco Sukuk Company	Investment	100%	Saudi Arabia	1	166	–
Saudi Aramco Technologies Company	Research and commercialization	100%	Saudi Arabia	208	30	–
Saudi Aramco Upstream Technology Company	Research and commercialization	100%	Saudi Arabia	19	3	–
Saudi Petroleum International, Inc.	Marketing support services	100%	USA	36	60	2
Saudi Petroleum Overseas, Ltd.	Marketing support and tanker services	100%	United Kingdom	66	21	2
Saudi Refining, Inc.	Refining and marketing	100%	USA	2,189	84	89
Sofon Industries Company	Investment in maritime activities	100%	Saudi Arabia	34	14	1
Sofon Naval Industries Company	Manufacturing of naval vessels	100%	Saudi Arabia	–	–	–
Stellar Insurance, Ltd.	Insurance	100%	Bermuda	11,440	770	266
Valvoline (Australia) Pty. Limited	Product sales and manufacturing/ distribution	100%	Australia	22	–	1
Valvoline (Deutschland) GmbH	Product sales	100%	Germany	–	–	–
Valvoline (Shanghai) Chemical Co., Ltd.	Product sales	100%	China	36	26	–
Valvoline (Thailand) Ltd.	Product sales	100%	Thailand	25	–	–
Valvoline (Zhangjiagang) Lubricants Co., Ltd.	Manufacturing and distribution	100%	China	17	103	–
Valvoline Canada Corp.	Product sales and manufacturing/ distribution	100%	Canada	28	–	–
Valvoline Canada Holdings B.V.	Holding company	100%	Netherlands	–	–	–

Notes to the consolidated financial statements continued

All amounts in millions of Saudi Riyals unless otherwise stated

38. Subsidiaries of Saudi Arabian Oil Company continued

	Principal business activity	Percent ownership[1]	Place of business/ country of incorporation	Conventional financial assets as of December 31, 2023[2,3]	Conventional financial liabilities as of December 31, 2023[3]	Interest income from conventional financial assets for the year ended December 31, 2023[3]
Valvoline Europe Holdings LLC	Holding company	100%	USA	–	–	–
Valvoline Holdings 2 B.V.	Holding company	100%	Netherlands	11	–	8
Valvoline Holdings Pte. Ltd.	Holding company	100%	Singapore	1	–	–
Valvoline Indonesia Holdings LLC	Holding company	100%	USA	–	–	–
Valvoline International de Mexico S. de R.L. de C.V.	Product sales	100%	Mexico	47	–	–
Valvoline International Holdings Inc.	Holding company	100%	USA	–	–	–
Valvoline International Inc.	Product sales	100%	USA	25	–	–
Valvoline International Servicios de Mexico S. de R.L. de C.V.	Payroll/employment	100%	Mexico	1	–	–
Valvoline Investments B.V.	Investing/holding company	100%	Netherlands	–	–	–
Valvoline Italy S.r.l.	Product sales	100%	Italy	–	–	–
Valvoline Lubricants & Solutions India Private Limited	Payroll/employment	100%	India	7	–	–
Valvoline ME FZE	Product sales	100%	UAE	2	–	3
Valvoline Middle East DMCC	Holding company	100%	UAE	2	–	3
Valvoline New Zealand Limited	Product sales	100%	New Zealand	4	–	–
Valvoline Poland Sp. z.o.o.	Product sales	100%	Poland	7	–	–
Valvoline Pte Ltd.	Product sales	100%	Singapore	16	1	1
Valvoline South Africa Proprietary Ltd	Product sales	100%	South Africa	7	–	–
Valvoline Spain S.L.	Product sales	100%	Spain	3	–	–
Valvoline UK Limited	Product sales	100%	United Kingdom	–	–	–
VCA Solutions, LLC	Product sales	100%	USA	6	6	–
Vela International Marine Limited	Marine management and transportation	100%	Liberia	11,214	1	446
VGP Holdings LLC	Holding company	100%	USA	770	1,860	31
VGP IPCo LLC	IP company	100%	USA	–	–	–
Wisayah Global Investment Company	Investment services	100%	Saudi Arabia	311	53	11
B. Non-wholly-owned:						
Aramco Gas Pipelines Company	Pipeline transport	51%	Saudi Arabia	27	–	30
Aramco Oil Pipelines Company	Pipeline transport	51%	Saudi Arabia	1	1	–
Aramco Training Services Company[5]	Training	49%	USA	1	–	–
ARLANXEO-TSRC (Nantong) Chemical Industries Co., Ltd.[5]	Development, manufacture, and marketing of high-performance rubber	50%	China	68	20	2
Johns Hopkins Aramco Healthcare Company	Healthcare	80%	Saudi Arabia	702	815	3
SA Global Sukuk Limited[5]	Investment	0%	Cayman Islands	–	–	–
Saudi Aramco Base Oil Company[6,7]	Production and sale of petroleum-based lubricants	70%	Saudi Arabia			
Saudi Aramco Nabors Drilling Company[5]	Drilling	50%	Saudi Arabia	1,055	2,174	49
Saudi Aramco Rowan Offshore Drilling Company[5]	Drilling	50%	Saudi Arabia	348	3,020	14
S-International Ltd.	Purchasing and sale of petroleum goods	61.6%	The Independent State of Samoa	5	–	–
S-Oil Corporation	Refining	61.6%	South Korea	6,031	28,811	162
S-Oil Singapore Pte. Ltd.	Marketing support	61.6%	Singapore	75	180	3
Saudi Basic Industries Corporation ("SABIC")[7]	Holding	70%	Saudi Arabia			
SABIC Luxembourg S.à r.l. ("SLUX")	Petrochemicals	70%	Luxembourg			

All amounts in millions of Saudi Riyals unless otherwise stated

38. Subsidiaries of Saudi Arabian Oil Company continued

	Principal business activity	Percent ownership[1]	Place of business/ country of incorporation	Conventional financial assets as of December 31, 2023[2,3]	Conventional financial liabilities as of December 31, 2023[3]	Interest income from conventional financial assets for the year ended December 31, 2023[3]
SABIC Industrial Investments Company ("SIIC")	Investments	70%	Saudi Arabia			
SABIC Agri-Nutrients Company ("SABIC AN")[5]	Agri-nutrients	35.1%	Saudi Arabia			
SABIC Investment and Local Content Development Company ("NUSANED")	Investment	70%	Saudi Arabia			
Arabian Petrochemical Company ("PETROKEMYA")	Petrochemicals	70%	Saudi Arabia			
Saudi Iron and Steel Company ("HADEED") (Note 34(a))	Metals	70%	Saudi Arabia			
Saudi European Petrochemical Company ("IBN ZAHR")	Petrochemicals	56%	Saudi Arabia			
Jubail United Petrochemical Company ("UNITED")	Petrochemicals	52.5%	Saudi Arabia			
Saudi Methanol Company ("AR-RAZI")	Petrochemicals	52.5%	Saudi Arabia			
National Industrial Gases Company ("GAS")	Utilities	51.8%	Saudi Arabia			
Yanbu National Petrochemical Company ("YANSAB")[5]	Petrochemicals	36.5%	Saudi Arabia			
National Methanol Company ("IBN-SINA")[5]	Petrochemicals	35%	Saudi Arabia			
Arabian Industrial Fibers Company ("IBN RUSHD")[5]	Petrochemicals	33.9%	Saudi Arabia			
Saudi Kayan Petrochemical Company ("SAUDI KAYAN")[5]	Petrochemicals	24.5%	Saudi Arabia			
SABIC Innovative Plastics Argentina SRL	Petrochemicals	70%	Argentina			
SABIC High Performance Plastic ("SHPP") Argentina SRL	Specialties	70%	Argentina			
SABIC Australia Pty Ltd.	Petrochemicals	70%	Australia			
SABIC Innovative Plastics Aus GmbH	Petrochemicals	70%	Austria			
SABIC Innovative Plastics GmbH & Co. KG	Petrochemicals	70%	Austria			
SABIC Innovative Plastics South America-Indústria e Comércio de Plásticos Ltda	Petrochemicals	70%	Brazil			
SHPP South America Comércio de Plásticos Ltda	Specialties	70%	Brazil			
NV Pijpleiding Antwerpen-Limburg-Luik (PALL)	Support services	70%	Belgium			
SABIC Belgium NV	Petrochemicals	70%	Belgium			
SHPP Canada, Inc.	Specialties	70%	Canada			
SABIC Petrochemicals Canada, Inc.	Petrochemicals	70%	Canada			
SABIC Innovative Plastics (China) Co., Ltd.	Petrochemicals	70%	China			
SABIC Innovative Plastics (Chongqing) Co., Ltd.	Petrochemicals	70%	China			
SABIC Innovative Plastics International Trading (Shanghai) Ltd.	Petrochemicals	70%	China			
SHPP (Shanghai) Co., Ltd.	Specialties	70%	China			
SABIC (Shanghai) Trading Co. Ltd.	Petrochemicals	70%	China			
SABIC (China) Research & Development Co. Ltd.	Petrochemicals	70%	China			
SABIC China Holding Co. Ltd.	Petrochemicals	70%	China			
SABIC Innovative Plastics Czech s.r.o.	Petrochemicals	70%	Czech Republic			
SHPP Czech s.r.o.	Specialties	70%	Czech Republic			
SABIC Innovative Plastics Denmark Aps	Petrochemicals	70%	Denmark			
SABIC Nordic A/S	Petrochemicals	70%	Denmark			

All amounts in millions of Saudi Riyals unless otherwise stated

38. Subsidiaries of Saudi Arabian Oil Company continued

	Principal business activity	Percent ownership[1]	Place of business/ country of incorporation	Conventional financial assets as of December 31, 2023[2,3]	Conventional financial liabilities as of December 31, 2023[3]	Interest income from conventional financial assets for the year ended December 31, 2023[3]
SABIC Innovative Plastics Finland OY	Petrochemicals	70%	Finland			
SHPP Finland OY	Specialties	70%	Finland			
SABIC France S.A.S.	Petrochemicals	70%	France			
SABIC Innovative Plastics France S.A.S.	Petrochemicals	70%	France			
SHPP France S.A.S.	Specialties	70%	France			
SABIC Deutschland GmbH	Petrochemicals	70%	Germany			
SABIC Holding Deutschland GmbH	Petrochemicals	70%	Germany			
SABIC Innovative Plastics GmbH	Petrochemicals	70%	Germany			
SABIC Innovative Plastics Holding Germany GmbH	Petrochemicals	70%	Germany			
SABIC Polyolefine GmbH	Petrochemicals	70%	Germany			
SHPP Germany GmbH	Specialties	70%	Germany			
SD Verwaltungs GmbH	Administrative company	70%	Germany			
SD Lizenzverwertungs GmbH & Co KG[4]	License company	70%	Germany			
SD Beteiligungs GmbH & Co KG[4]	Specialties	70%	Germany			
SABIC Greece M.E.P.E.	Petrochemicals	70%	Greece			
SABIC Innovative Plastics Hong Kong Ltd.	Petrochemicals	70%	Hong Kong, China			
SABIC Innovative Plastics SIT Holding Ltd.	Petrochemicals	70%	Hong Kong, China			
SABIC Taiwan Holding Ltd.	Petrochemicals	70%	Hong Kong, China			
SHPP Hong Kong	Specialties	70%	Hong Kong, China			
SABIC Hungary Kft.	Petrochemicals	70%	Hungary			
SABIC Innovative Plastics Kereskedelmi Kft.	Petrochemicals	70%	Hungary			
SHPP Hungary Kft.	Specialties	70%	Hungary			
SABIC India Pvt Ltd.	Petrochemicals	70%	India			
SABIC Innovative Plastics India Private Ltd.	Petrochemicals	70%	India			
SABIC R&T Pvt Ltd.	Petrochemicals	70%	India			
High Performance Plastics India Pvt Ltd.	Petrochemicals	70%	India			
SABIC Innovative Plastics Italy Srl	Petrochemicals	70%	Italy			
SABIC Italia Srl	Petrochemicals	70%	Italy			
SABIC Sales Italy Srl	Specialties	70%	Italy			
SHPP Italy Srl	Specialties	70%	Italy			
SHPP Sales Italy Srl	Specialties	70%	Italy			
SHPP Japan LLC	Petrochemicals	70%	Japan			
SABIC Petrochemicals Japan LLC	Petrochemicals	70%	Japan			
SABIC Korea Ltd.	Petrochemicals	70%	South Korea			
SHPP Korea Ltd.	Specialties	70%	South Korea			
SABIC Innovative Plastics Malaysia Sdn Bhd	Petrochemicals	70%	Malaysia			
SHPP Malaysia Sdn Bhd	Specialties	70%	Malaysia			
SABIC Innovative Plastics Mexico S de RL de CV	Petrochemicals	70%	Mexico			
High Performance Plastics Manufacturing Mexico S de RL de CV	Specialties	70%	Mexico			
BV Snij-Unie HiFi	Petrochemicals	70%	Netherlands			
SABIC Capital B.V.	Financing	70%	Netherlands			
National Global Business Services Company	Shared service	70%	Saudi Arabia			

38. Subsidiaries of Saudi Arabian Oil Company continued

	Principal business activity	Percent ownership[1]	Place of business/ country of incorporation	Conventional financial assets as of December 31, 2023[2,3]	Conventional financial liabilities as of December 31, 2023[3]	Interest income from conventional financial assets for the year ended December 31, 2023[3]
SABIC Capital I B.V.	Financing	70%	Netherlands			
SABIC Capital II B.V.	Financing	70%	Netherlands			
Petrochemical Pipeline Services B.V.	Petrochemicals	70%	Netherlands			
SABIC Europe B.V.	Petrochemicals	70%	Netherlands			
SABIC Global Technologies B.V.	Petrochemicals	70%	Netherlands			
SABIC International Holdings B.V.	Petrochemicals	70%	Netherlands			
SABIC Innovative Plastics B.V.	Petrochemicals	70%	Netherlands			
SABIC Innovative Plastics GP B.V.	Petrochemicals	70%	Netherlands			
SABIC Innovative Plastics Holding B.V.	Petrochemicals	70%	Netherlands			
SABIC Innovative Plastics Utilities B.V.	Petrochemicals	70%	Netherlands			
SABIC Licensing B.V.	Petrochemicals	70%	Netherlands			
SABIC Limburg B.V.	Petrochemicals	70%	Netherlands			
SABIC Sales Europe B.V.	Petrochemicals	70%	Netherlands			
SABIC Petrochemicals B.V.	Petrochemicals	70%	Netherlands			
SABIC Ventures B.V.	Petrochemicals	70%	Netherlands			
SABIC Mining B.V.	Petrochemicals	70%	Netherlands			
SHPP Holding B.V.	Specialties	70%	Netherlands			
SHPP Global Technologies B.V.	Specialties	70%	Netherlands			
SHPP Ventures B.V.	Specialties	70%	Netherlands			
SHPP Capital B.V.	Financing	70%	Netherlands			
SHPP Capital I B.V.	Financing	70%	Netherlands			
SHPP Capital II B.V.	Financing	70%	Netherlands			
SHPP B.V.	Specialties	70%	Netherlands			
SHPP Sales B.V.	Specialties	70%	Netherlands			
SABIC Innovative Plastics Poland Sp. Z o.o.	Petrochemicals	70%	Poland			
SABIC Poland Sp. Z o.o.	Petrochemicals	70%	Poland			
SHPP Poland Sp. Z o.o.	Specialties	70%	Poland			
SABIC Canada, Inc.	Petrochemical	70%	Canada			
F&S BV	Petrochemical	70%	Netherlands			
F&S Holding BV	Petrochemical	70%	Netherlands			
F&S US LLC	Petrochemical	70%	USA			
Forms & Sheets Spain, S.L.	Petrochemical	70%	Spain			
Films & Sheets Korea Ltd.	Petrochemical	70%	Korea			
F&S France SAS	Petrochemical	70%	France			
F&S Germany GmbH	Petrochemical	70%	Germany			
F&S Japan LLC	Petrochemical	70%	Japan			
Films & Sheets South America Ltd.	Petrochemical	70%	Brazil			
F&S Capital I BV	Petrochemical	70%	Netherlands			
F&S (SEA) Singapore Sales Pte Ltd	Petrochemical	70%	Singapore			
F&S Sales India Private Limited	Petrochemical	70%	India			
F&S Malaysia Sdn. Bhd	Petrochemical	70%	Malaysia			
Film & Sheets Hong Kong Co. Ltd	Petrochemical	70%	Hong Kong, China			
F&S China Co. Ltd.	Petrochemical	70%	China			

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All amounts in millions of Saudi Riyals unless otherwise stated

38. Subsidiaries of Saudi Arabian Oil Company continued

	Principal business activity	Percent ownership[1]	Place of business/ country of incorporation	Conventional financial assets as of December 31, 2023[2,3]	Conventional financial liabilities as of December 31, 2023[3]	Interest income from conventional financial assets for the year ended December 31, 2023[3]
LLC SABIC Eastern Europe	Petrochemicals	70%	Russia			
SABIC Innovative Plastics Rus Z.o.o.	Petrochemicals	70%	Russia			
SHPP Russia OOO	Specialties	70%	Russia			
SABIC Innovative Plastics (SEA) Pte. Ltd.	Petrochemicals	70%	Singapore			
SABIC Innovative Plastics Holding Singapore Pte. Ltd.	Petrochemicals	70%	Singapore			
SHPP Singapore Pte. Ltd.	Specialties	70%	Singapore			
SABIC Asia Pacific Pte Ltd (“SAPPL”)	Petrochemicals, agri-nutrients	70%	Singapore			
SABIC Innovative Plastics Espana ScpA	Petrochemicals	70%	Spain			
SABIC Sales Spain SL	Petrochemicals	70%	Spain			
SABIC Marketing Ibérica S.A.	Petrochemicals	70%	Spain			
SHPP Manufacturing Spain SL	Specialties	70%	Spain			
SHPP Marketing Plastics SL	Specialties	70%	Spain			
Saudi Innovative Plastics Sweden AB	Petrochemicals	70%	Sweden			
SHPP Thailand Co. Ltd.	Specialties	70%	Thailand			
SABIC (Thailand) Co. Ltd.	Petrochemicals	70%	Thailand			
SHPP Petrokimya Ticaret Ltd Sirketi	Specialties	70%	Turkey			
SABIC Global Ltd.	Petrochemicals	70%	United Kingdom			
SABIC Tees Holdings Ltd.	Petrochemicals	70%	United Kingdom			
SHPP Manufacturing UK Ltd.	Specialties	70%	United Kingdom			
SABIC Innovative Plastics Ltd.	Petrochemicals	70%	United Kingdom			
SABIC UK Ltd.	Petrochemicals	70%	United Kingdom			
SABIC UK Pension Trustee Ltd.	Petrochemicals	70%	United Kingdom			
SABIC UK Petrochemicals Ltd.	Petrochemicals	70%	United Kingdom			
SHPP Sales UK Ltd.	Specialties	70%	United Kingdom			
Exatec, LLC	Petrochemicals	70%	USA			
SABIC Americas LLC	Petrochemicals, agri-nutrients	70%	USA			
SABIC US Holdings LP	Petrochemicals	70%	USA			
SABIC Innovative Plastics Mt. Vernon, LLC	Petrochemicals	70%	USA			
SABIC Innovative Plastics US LLC	Petrochemicals	70%	USA			
SABIC Petrochemicals Holding US, LLC	Petrochemicals	70%	USA			
SABIC Ventures US Holdings LLC	Petrochemicals	70%	USA			
SABIC US Projects LLC	Petrochemicals	70%	USA			
SABIC US Methanol LLC	Petrochemicals	70%	USA			
SHPP US LLC	Specialties	70%	USA			
JVSS Holding Co Inc.	Specialties	70%	USA			
Scientific Design Co. Inc.	Specialties	70%	USA			
SABIC Vietnam Company Ltd.	Petrochemicals	70%	Vietnam			
SHPP Vietnam Co Ltd	Specialties	70%	Vietnam			
SABCAP Insurance Limited (“SABCAP”)	Insurance	70%	Guernsey			
SABIC Petrokemya Ticaret Limited (“SABIC TURKEY”)	Petrochemicals	70%	Turkey			

All amounts in millions of Saudi Riyals unless otherwise stated

38. Subsidiaries of Saudi Arabian Oil Company continued

	Principal business activity	Percent ownership[1]	Place of business/ country of incorporation	Conventional financial assets as of December 31, 2023[2,3]	Conventional financial liabilities as of December 31, 2023[3]	Interest income from conventional financial assets for the year ended December 31, 2023[3]
SABIC Middle East Offshore Company (“SABIC MIDDLE EAST”)[4]	Petrochemicals	70%	Lebanon			
SABIC Middle East Business Management LLC	Petrochemicals	70%	Jordan			
SABIC South Africa Proprietary Ltd.	Petrochemicals	70%	South Africa			
SABIC Africa for Trade & Marketing (“S.A.E.”)	Petrochemicals	70%	Egypt			
SABIC Morocco	Petrochemicals	70%	Morocco			
SABIC Global Mobility Company FZ LLC (“GMC”)	Personnel and other support services	70%	UAE			
SABIC Global Mobility (“GMC LLC”)[4]	Personnel and other support services	70%	UAE			
SABIC Tunisia	Petrochemicals	70%	Tunisia			
SABIC Kenya	Petrochemicals	70%	Kenya			
SABIC Pakistan (Pvt.) Ltd.	Petrochemicals	70%	Pakistan			
SABIC East Africa for Trade and Marketing LLC	Petrochemicals	70%	Egypt			
International Shipping and Transportation Co. (“ISTC”)	Supply chain	69.3%	Saudi Arabia			
SABIC Supply Chain Services Limited Company (“SSCS”)	Supply chain	69.3%	Saudi Arabia			
SABIC Terminal Services (“SABTANK”)	Supply chain	63%	Saudi Arabia			
Jubail Chemical Storage and Services Company (“CHEMTANK”)[5]	Supply chain	40.6%	Saudi Arabia			
SABIC Agri-Nutrients Investment Company (“SANIC”)[5]	Agri-nutrients	35.1%	Saudi Arabia			
National Chemical Fertiliser Company (“IBN AL-BAYTAR”)[5]	Agri-nutrients	35.1%	Saudi Arabia			
Al-Jubail Fertiliser Company (“AL BAYRONI”)[5]	Agri-nutrients	17.5%	Saudi Arabia			

1. Percentages disclosed reflect the effective ownership of Saudi Aramco in the respective entities.
2. Conventional financial assets comprise cash, time deposits, short-term investments and investments in securities.
3. Represents 100% amounts of subsidiaries, after elimination of intercompany transactions.
4. Under liquidation.
5. Agreements and constitutive documents provide Saudi Aramco control.
6. In December 2022, Saudi Aramco Base Oil Company (“Luberef”) listed its shares on the Saudi Exchange following the successful completion of its IPO. There was no change in the Company’s shareholding interest following the listing.
7. Information for conventional financial assets, conventional financial liabilities and interest income from conventional financial assets not included for entities and groups listed on the Saudi Exchange.

Notes to the consolidated financial statements continued

All amounts in millions of Saudi Riyals unless otherwise stated

All amounts in millions of Saudi Riyals unless otherwise stated

39. Joint operations of Saudi Arabian Oil Company

	Principal business activity	Percent ownership[1]	Place of business/ country of incorporation	Conventional financial assets as of December 31, 2023[2,3]	Conventional financial liabilities as of December 31, 2023[3]	Interest income from conventional financial assets for the year ended December 31, 2023[3]
Al-Khafji Joint Operations	Oil and gas exploration and production	50%	Saudi-Kuwaiti Partitioned Zone	–	–	–
Fadhili Plant Cogeneration Company	Power generation	30%	Saudi Arabia	37	534	–
Jazan Integrated Gasification and Power Company	Power systems	20%	Saudi Arabia	120	3,028	9
Korea Electric Power Corporation for Power Company	Power generation	40%	Saudi Arabia	5	228	–
Maasvlakte Olie Terminal C.V.	Tank storage	9.6%	Netherlands	–	69	–
Maasvlakte Olie Terminal N.V.	Tank storage	16.7%	Netherlands	–	–	–
Pengerang Petrochemical Company SDN. BHD.	Petrochemicals	50%	Malaysia	103	2,969	3
Pengerang Refining Company SDN. BHD.	Refining	50%	Malaysia	350	20,228	10
Power Cogeneration Plant Company	Power generation	50%	Saudi Arabia	50	327	–
Saudi Aramco Mobil Refinery Company Ltd	Refining	50%	Saudi Arabia	78	924	26
Saudi Aramco Total Refining and Petrochemical Company[4]	Refining/petrochemicals	62.5%	Saudi Arabia	1,508	7,546	244
Tanajib Cogeneration Power Company	Power systems	40%	Saudi Arabia	5	813	–
Yanbu Aramco Sinopec Refining Company Limited[4]	Refining	62.5%	Saudi Arabia	1,348	3,554	–
Geismar[5]	Petrochemicals	8%	USA			
Gulf Coast Growth Venture LLC ("GCGV")[5]	Petrochemicals	35%	USA			
Saudi Acrylic Butanol Company ("SABUCO")[5]	Petrochemicals	8.2%	Saudi Arabia			
Saudi Methacrylates Company ("SAMAC")[5]	Petrochemicals	35%	Saudi Arabia			

1. Percentages disclosed reflect the effective ownership of Saudi Aramco in the respective entities.
2. Conventional financial assets comprise cash, time deposits, short-term investments and investments in securities.
3. Represents Saudi Aramco's share of conventional financial assets, financial liabilities and interest income.
4. Agreements and constitutive documents do not give a single shareholder control; therefore, the joint operation does not qualify as a subsidiary.
5. Information for conventional financial assets, conventional financial liabilities and interest income from conventional financial assets not included for entities and groups listed on the Saudi Exchange.

40. Joint ventures and associates of Saudi Arabian Oil Company

	Principal business activity	Percent ownership[1]	Place of business/ country of incorporation	Conventional financial assets as of December 31, 2023[2]	Conventional financial liabilities as of December 31, 2023[2]	Interest income from conventional financial assets for the year ended December 31, 2023[2]
A. Joint ventures:						
AIR BP Aramco Poland sp. z o.o.	Aviation fuels	50%	Poland	95	55	–
Arabian Rig Manufacturing Company	Rig manufacturing	30%	Saudi Arabia	247	1,213	–
Energy City Logistics Company	Logistics	51%	Saudi Arabia	19	4	-
First Coast Energy, L.L.P.	Marketing	50%	USA	18	166	–
HAERTOL Chemie GmbH	Coolant manufacturer	50%	Germany	35	14	–
Jasara Program Management Company	Engineering services	20%	Saudi Arabia	365	152	–
Juniper Ventures of Texas LLC	Marketing	60%	USA	4	34	–
Latitude Ventures JV LLC	Leasing and developing retail gas stations	35%	USA	–	4	–
Lubrival	Product sales	51%	Ecuador	59	46	–
Middle East Cloud and Digital Transformation Company Limited	Information technology	51%	Saudi Arabia	53	22	–
Middle East Information Technology Solutions	Information technology	49%	Saudi Arabia	23	6	–
Novel Non-Metallic Solutions Manufacturing	Manufacturing	50%	Saudi Arabia	98	57	–
Plant Digital for Industry Company	Industrial digital solutions	50%	Saudi Arabia	–	–	–
Port Neches Link LLC	Pipelines	5%	USA	7	2	–
Sadara Chemical Company	Petrochemicals	65%	Saudi Arabia	5,294	40,489	66
Saudi Arabian Industrial Investment Company	Investment	42.5%	Saudi Arabia	218	60	3
Saudi Engines Manufacturing Company	Manufacturing	55%	Saudi Arabia	3	46	–
Saudi Silk Road Industrial Services Company	Investment services	20%	Saudi Arabia	94	10	–
Shanghai VC Lubricating Oil Co., Ltd	Product sales	50%	China	205	94	1
Shanghai ZhiSheng Automobile Technology Co Ltd	Product sales	49%	China	12	2	–
S-OIL TotalEnergies Lubricants Co., Ltd.	Lubricants production and sales	30.8%	South Korea	142	221	–
Star Enterprise[3]	Pension administration	50%	USA	6	–	–
Synkedia Biscay EIA	E-fuels demo production	50%	Spain	–	–	–
Tas'helat Marketing Company	Marketing	50%	Saudi Arabia	167	245	–
Tuwaiq Casting & Forging Company	Metals	15%	Saudi Arabia	414	1,513	–
Valvoline Cummins Argentina	Product sales	50%	Argentina	25	48	3
Valvoline Cummins Private Limited	Product sales	50%	India	153	191	–
Valvoline de Colombia	Product sales	51%	Colombia	6	3	–
VC Lubricating Oil Co., Ltd.	Holding company	50%	Hong Kong, China	–	–	–
Advanced Energy Storage System Investment Company ("AESSIC")[3,4]	Renewable energy	34.1%	Saudi Arabia			
Al-Jubail Petrochemical Company ("Kemya")[4]	Petrochemicals	35%	Saudi Arabia			
Cosmar Company ("COSMAR")[4]	Petrochemicals	35%	USA			
Eastern Petrochemical Company ("Sharq")[4]	Petrochemicals	35%	Saudi Arabia			
ETG Inputs Holdco Limited ("EIHL")[4]	Agri-nutrients	17.2%	UAE			
Isotopes Company ("IHC")[4]	Machinery equipment	9.4%	Saudi Arabia			
Mauritania Saudi Mining & Steel Company S.A. ("TAKAMUL")[4,5]	Mining (metal)	35%	Mauritania			
SABIC Fujian Petrochemicals Co., Ltd. ("FUJIAN")[4]	Petrochemicals	35.7%	China			
SABIC Plastic Energy Advanced Recycling BV ("SPEAR")[4]	Petrochemicals	35%	Netherlands			
SABIC SK Nexelene Company Pte. Ltd. ("SSNC")[4]	Petrochemicals	35%	Singapore			
Saudi Pallet Manufacturing Company ("SPMC")[4]	Logistic	26.6%	Saudi Arabia			

All amounts in millions of Saudi Riyals unless otherwise stated

40. Joint ventures and associates of Saudi Arabian Oil Company continued

	Principal business activity	Percent ownership[1]	Place of business/ country of incorporation	Conventional financial assets as of December 31, 2023[2]	Conventional financial liabilities as of December 31, 2023[2]	Interest income from conventional financial assets for the year ended December 31, 2023[2]
Saudi Yanbu Petrochemical Company ("Yanpet")[4]	Petrochemicals	35%	Saudi Arabia			
Sinopec SABIC Tianjin Petrochemical Company Limited ("SSTPC")[4]	Petrochemicals	35%	China			
Utility Support Group B.V. ("USG")[4]	Utilities	35%	Netherlands			
B. Associates:						
ASMO for Logistics Services Company	Logistics	49%	Saudi Arabia	–	–	–
BP AOC Pumpstation Maatschap	Storage	50%	Netherlands	–	–	–
BP ESSO AOC Maatschap	Storage	34.4%	Netherlands	–	–	–
Fuel Cell Innovation Co., Ltd.	Fuel cell manufacturing	12.3%	South Korea	**1**	**36**	–
Fujian Refining and Petrochemical Company Limited	Refining/ petrochemicals	25%	China	**4,818**	**7,866**	**73**
GCC Electrical Equipment Testing Lab	Inspection	20%	Saudi Arabia	**223**	**32**	–
Huajin Aramco Petrochemical Co., Ltd.	Refining/ petrochemicals	30%	China	**572**	**1,806**	**2**
Hyundai Oilbank Co., Ltd.	Refining/ marketing/ petrochemicals	17%	South Korea	**7,092**	**38,253**	**953**
International Maritime Industries Company	Maritime	40.1%	Saudi Arabia	**135**	**329**	–
Lukoil Saudi Arabia Energy Limited[3]	Exploration	20%	British Virgin Islands	–	–	–
Noor Al Shuaibah Holding Company	Power generation	30%	Saudi Arabia	–	–	–
Power and Water Utility Company for Jubail and Yanbu[4]	Utilities	29.8%	Saudi Arabia			
Rabigh Refining and Petrochemical Company[4]	Refining/ petrochemicals	37.5%	Saudi Arabia			
Rafineria Gdańska sp. z o.o.	Refining	30%	Poland	**1,311**	**525**	–
Sinopec Senmei (Fujian) Petroleum Company Limited	Marketing/ petrochemicals	22.5%	China	**2,949**	**3,086**	**41**
Sudair 1 Holding Company	Holding	30.3%	Saudi Arabia	–	**1**	–
Team Terminal B.V.	Storage	34.4%	Netherlands	–	–	–
The National Shipping Company of Saudi Arabia[4]	Global logistics services	20%	Saudi Arabia			
Aluminium Bahrain BSC ("ALBA")[4]	Aluminum	14.4%	Bahrain			
ARG mbH & Co KG ("ARG")[4]	Transportation	17.5%	Germany			
ARG Verwaltungs GmbH[4]	Administrative company	17.5%	Germany			
Clariant AG ("Clariant")[4]	Specialty chemical	22.1%	Switzerland			
German Pipeline Development Company GMBH ("GPDC")[4]	Transportation	27.3%	Germany			
Gulf Aluminum and Rolling Mills Company ("GARMCO")[4]	Aluminum	10.4%	Bahrain			
Gulf Petrochemical Industries Company ("GPIC")[4]	Agri-nutrients, petrochemicals	11.7%	Bahrain			
Ma'aden Phosphate Company ("MPC")[4]	Agri-nutrients	21%	Saudi Arabia			
Ma'aden Wa'ad Al Shamal Phosphate Company ("MWSPC")[4]	Agri-nutrients	10.5%	Saudi Arabia			
Mallinda, Inc. ("MALLINDA")[4]	Ventures	18.3%	USA			

All amounts in millions of Saudi Riyals unless otherwise stated

40. Joint ventures and associates of Saudi Arabian Oil Company continued

	Principal business activity	Percent ownership[1]	Place of business/ country of incorporation	Conventional financial assets as of December 31, 2023[2]	Conventional financial liabilities as of December 31, 2023[2]	Interest income from conventional financial assets for the year ended December 31, 2023[2]
National Chemical Carrier Company ("NCC")[4]	Transportation	14%	Saudi Arabia			
Nusaned Fund I[4]	Equity investments	35%	Saudi Arabia			
Nusaned Fund II[4]	Equity investments	42%	Saudi Arabia			

1. Percentages disclosed reflect the effective ownership of Saudi Aramco in the respective entities.
2. Represents 100% amounts of conventional financial assets, financial liabilities and interest income.
3. Under liquidation.
4. Information for conventional financial assets, conventional financial liabilities and interest income from conventional financial assets not included for entities and groups listed on the Saudi Exchange.
5. TAKAMUL, a joint venture of Hadeed, is included in other assets classified as held for sale (Note 34(a)).

41. Events after the reporting period

(i) SABIC Fujian Petrochemicals Co., Ltd

On January 21, 2024, SABIC, a subsidiary of Saudi Aramco, announced its decision to develop a petrochemical complex located in China's Fujian province, in partnership with Fujian Fuhua Gulei Petrochemical Company Limited. The complex, with an estimated cost of SAR 24,000, will be jointly owned by SABIC and Fujian Fuhua Gulei Petrochemical, 51% and 49%, respectively, through their ownership of the joint venture, SABIC Fujian Petrochemicals Co., Ltd.

(ii) Esmax Distribución SpA ("Esmax")

On March 1, 2024, the Company announced the completion of the acquisition of a 100% equity stake in Esmax Distribución SpA ("Esmax"), through its wholly-owned subsidiary, AOC, from Southern Cross Group, a Latin America-focused private equity company. Esmax is one of the leading diversified downstream fuels and lubricants retailers in Chile, and its operations include retail fuel stations, airport operations, fuel distribution terminals and a lubricant blending plant. The transaction represents Saudi Aramco's first downstream retail investment in South America and would enable it to secure outlets for its refined products, including fuel placement from Motiva. It would also create a platform to launch the Aramco brand in South America while strengthening its downstream value chain and unlock new market opportunities for its Valvoline-branded lubricants.