



**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.

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

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.

#### 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

SAR **366.7** bn  
Total dividends paid in 2023  
(\$97.8 billion)