IMPORTANT NOTICE

IMPORTANT: You must read the following disclaimer before continuing. The following disclaimer applies to the attached International Offering Document, and you are therefore advised to read it carefully before reading, accessing or making any other use of the International Offering Document. In accessing the International Offering Document, you agree to be bound by the following terms and conditions, including any modifications to them any time you receive any information from us as a result of such access. You acknowledge that this electronic transmission and the delivery of the International Offering Document is confidential and intended only for you, and you agree you will not forward, reproduce, copy, download or publish it (electronically or otherwise) to any other person.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN ANY JURISDICTION WHERE SUCH OFFER WOULD BE UNLAWFUL. ANY FORWARDING, REDISTRIBUTION OR REPRODUCTION OF THE INTERNATIONAL OFFERING DOCUMENT IN WHOLE OR IN PART IS UNAUTHORIZED. FAILURE TO COMPLY WITH THIS NOTICE MAY RESULT IN A VIOLATION OF APPLICABLE SECURITIES LAWS.

THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**U.S. SECURITIES ACT**"), OR ANY U.S. STATE SECURITIES LAWS AND, UNLESS SO REGISTERED, MAY NOT BE OFFERED, SOLD OR DELIVERED WITHIN THE UNITED STATES, EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT AND APPLICABLE U.S. STATE SECURITIES LAWS.

Confirmation of your representation: By accepting electronic delivery of the International Offering Document, you are deemed to have represented to the Company, the Selling Shareholder and the Bookrunners (each as defined in the International Offering Document) that you and any customers you represent are outside of the United States purchasing such securities in an offshore transaction in reliance on Regulation S. The International Offering Document is being sent at your request.

The International Offering Document has been prepared on the basis that (a) any offering in any member state of the European Economic Area will be made pursuant to an exemption under Regulation (EU) 2017/1129 and (b) any offering in the United Kingdom (the "**UK**") will be made pursuant to an exemption under Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018. In the UK, the International Offering Document is for distribution only to persons who (i) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "**Financial Promotion Order**"), (ii) are persons falling within Article 49(2)(a) to (d) ("high net worth companies, unincorporated associations etc.") of the Financial Promotion Order or (iii) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000, as amended (the "**FSMA**")), in connection with the issue or sale of any securities may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as "**Relevant Persons**"). In the UK, the International Offering Document is directed only at Relevant Persons and must not be acted on or relied on by persons who are not Relevant Persons. Any investment or investment activity to which the International Offering Document relates is available only to Relevant Persons and will be engaged in only with Relevant Persons. Relevant Persons should note that all, or most, of the protections offered by the UK regulatory system will not apply to an investment in the securities and that compensation will not be available under the UK Financial Services Compensation Scheme. No person may communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of the securities other than in circumstances in which Section 21(1) of the FSMA does not apply to the Company.

In Canada, the International Offering Document may be directed solely to persons that that are (i) accredited investors, as defined in National Instrument 45-106 – *Prospectus Exemptions* or subsection 73.3(1) of the Securities Act (Ontario), as applicable, and (ii) permitted clients, as defined in National Instrument 31-103 – *Registration Requirements, Exemptions and Ongoing Registrant Obligations*.

The International Offering Document has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of Saudi Aramco, the Selling Shareholder (as defined in the International Offering Document) or any of the Bookrunners (as defined in the International Offering Document), nor any person who controls them, nor any director, officer, employee nor agent of any of them or affiliate of any of them accepts any liability or responsibility whatsoever in respect of any difference between the International Offering Document distributed to you in electronic format and the hard copy version available to you on request from any of the Bookrunners.

If a jurisdiction requires that the offering be made by a licensed broker or dealer and the Bookrunners or any affiliate of the Bookrunners is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the Bookrunners or such affiliate on behalf of the Company and the Selling Shareholder in such jurisdiction.

Restriction: Nothing in this electronic transmission constitutes, nor may be used in connection with, an offer of securities for sale to persons other than the specified categories of institutional buyers described above and to whom it is directed and access has been limited so that it shall not constitute a general solicitation. If you have gained access to this electronic transmission contrary to the foregoing restrictions, you will be unable to purchase any of the securities described in the International Offering Document.

THE INTERNATIONAL OFFERING DOCUMENT IS IN PRELIMINARY FORM ONLY, IS NOT COMPLETE AND CONTAINS INFORMATION THAT IS SUBJECT TO COMPLETION AND CHANGE. NO OFFER OF SECURITIES WILL BE MADE AND NO INVESTMENT DECISION SHOULD BE MADE ON THE BASIS OF THIS INTERNATIONAL OFFERING DOCUMENT ALONE, BUT ONLY ON THE BASIS OF THE FINALIZED INTERNATIONAL OFFERING DOCUMENT OR ON THE BASIS OF THIS INTERNATIONAL OFFERING DOCUMENT AS FINALIZED AND COMPLETED BY THE RELEVANT PRICING NOTIFICATION.

None of the Bookrunners, the Independent Financial Advisors (as defined in the International Offering Document) or any of their respective affiliates, directors, officers, employees or agents accepts any responsibility whatsoever for the contents of the International Offering Document or for any statement made or purported to be made by the Company, or on its behalf, in connection with Saudi Aramco (as defined in the International Offering Document) or the offer. The Bookrunners, the Independent

Financial Advisors and each of their respective affiliates accordingly disclaim all and any liability whether arising in tort, contract, or otherwise which they might otherwise have in respect of such International Offering Document or any such statement. No representation or warranty express or implied, is made by any of the Bookrunners, the Independent Financial Advisors or any of their respective affiliates as to the accuracy or completeness of the information set out in the International Offering Document.

The Bookrunners and the Independent Financial Advisors are acting exclusively for the Selling Shareholder and the Company and no one else in connection with the offer. They will not regard any other person (whether or not a recipient of the International Offering Document) as their client in relation to the offer and will not be responsible to anyone other than the Selling Shareholder and the Company for providing the protections afforded to their clients nor for giving advice in relation to the offer or any transaction or arrangement referred to herein.

None of Saudi Aramco, the Selling Shareholder or any of the Bookrunners or any of their respective representatives is making any representation to any offeree or purchaser of securities regarding the legality of an investment in such securities by such offeree or purchaser under the laws applicable to such offeree or purchaser. Each investor should consult with his or her own advisors as to the legal, tax, business, financial and related aspects of a purchase of securities.

You are responsible for protecting against viruses and other destructive items. Your receipt of the International Offering Document via electronic transmission is at your own risk, and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

SUBJECT TO COMPLETION
PRELIMINARY INTERNATIONAL OFFERING DOCUMENT
DATED 30 MAY 2024

CONFIDENTIAL

أرامكو السعودية
saudi aramco

1.545 billion Offer Shares
Saudi Arabian Oil Company

Saudi Arabian Oil Company (Saudi Aramco)

This international offering document (this "**International Offering Document**") contains information regarding the offering of 1.545 billion ordinary shares (the "**Offer Shares**") of Saudi Arabian Oil Company (Saudi Aramco) (the "**Company**") by the Government (the "**Government**") of the Kingdom of Saudi Arabia (the "**Kingdom**"). The Offer Shares are being offered at a price range of SAR 26.7 to SAR 29.0 per Offer Share (the "**Offer Price Range**"). The Offering (as defined below) is being made outside the Kingdom (the "**International Offering**") to institutional investors outside the United States in reliance on the exemption from registration provided by Regulation S ("**Regulation S**") under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**"). Inside the Kingdom, the Offering is being conducted as a public offering (the "**Domestic Offering**" and, together with the International Offering, the "**Offering**"). The International Offering is being made solely on the basis of this International Offering Document, which includes an English language translation of the Arabic language offering document that is being utilized solely for the Domestic Offering (the "**Domestic Offering Document**"). The final offer price of the Offer Shares (the "**Final Offer Price**") will be determined by the Selling Shareholder in consultation with the Bookrunners (as defined below) and the Company at the end of the Book-building Period (as defined below) based on the level of the investors' demand for the Offer Shares.

All of the Offer Shares will be sold by the Selling Shareholder. As a result, the Company will not receive any of the proceeds from the Offering, except for the reimbursement of expenses incurred by the Company in connection with the Offering. See Section 8 (*Use of Offering Proceeds*) of the Domestic Offering Document included in this International Offering Document. Delivery of the Offer Shares is expected to occur on or about 9 June 2024, but no assurance can be given that such delivery will not be delayed. The Final Offer Price will be the same for the International Offering and the Domestic Offering. The ordinary shares of the Company (the "**Ordinary Shares**") are listed and currently tradeable on the Saudi Exchange under the symbol "2222". Saudi Arabian nationals, other GCC nationals, non-GCC nationals resident in the Kingdom and companies, banks and investment funds established in the Kingdom or in other GCC member states will be permitted to trade directly in the Offer Shares on the Saudi Exchange. QFIs (as defined below) will be permitted to trade the Offer Shares in accordance with the FIS Rules (as defined below). Non-GCC nationals who are not resident in the Kingdom and institutions incorporated outside the GCC, other than QFIs, will be permitted to acquire an economic interest in the Offer Shares by entering into a swap agreement with a capital market institution licensed by the Capital Market Authority of the Kingdom (the "**CMA**") to engage in the securities business (each, a "**Capital Market Institution**"). Under such swap agreements, the Capital Market Institution will be the registered legal owner of such Offer Shares. For further information relating to the regime applicable to QFIs and Foreign Investors (as defined herein), please see pages W-5 to W-6 of this International Offering Document.

Investing in the Offer Shares involves certain risks and uncertainties. See Section 2 (Risk Factors) of the Domestic Offering Document included in this International Offering Document for a discussion of certain factors to be carefully considered in connection with a decision to invest in the Offer Shares.

The distribution of this International Offering Document may be restricted by law and, therefore, those persons into whose possession this International Offering Document comes must inform themselves about and observe any such restrictions. Any failure to comply with any of those restrictions may constitute a violation of applicable securities laws. The Offer Shares have not been and will not be registered under the U.S. Securities Act. Accordingly, the Offer Shares may not be offered or sold in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act.

This International Offering Document has been prepared on the basis that any offer of Offer Shares to the public in any member state (each, a "**Member State**") of the European Economic Area (the "**EEA**") and in the United Kingdom (the "**UK**") will be made pursuant to an exemption under the Prospectus Regulation and the UK Prospectus Regulation (each as defined herein), respectively, from the requirement to publish a prospectus for such offers of Offer Shares. Accordingly, any person making or intending to make any offer of Offer Shares to the public in any Member State of the EEA or in the UK may only do so in circumstances in which no obligation arises for the Company, the Selling Shareholder or any of the Bookrunners (as defined herein) or any of their respective affiliates to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or Section 85 of the FSMA, as applicable, or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation or Article 23 of the UK Prospectus Regulation, as applicable, in each case, in relation to such offer. None of the Company, the Selling Shareholder or any of the Bookrunners or any of their respective affiliates have authorized, nor do they authorize, the making of any offer of Offer Shares in circumstances in which an obligation arises for the Company, the Selling Shareholder or any of the Bookrunners to publish or supplement a prospectus for such offer. None of the Bookrunners, the Company or the Selling Shareholder have authorized, nor will authorize, the making of any offer of Offer Shares through any financial intermediary.

The date of this International Offering Document is   2024.

Joint Global Coordinators and Bookrunners

BofA Securities	Citigroup	Goldman Sachs	HSBC
BofA SECURITIES	citi	Goldman Sachs	HSBC

J.P. Morgan	Morgan Stanley	SNB Capital
J.P.Morgan	Morgan Stanley	SNB Capital

Bookrunners

Al Rajhi Capital	Riyad Capital	Saudi Fransi Capital
الراجحي المالية alrajhi capital	الرياض المالية Riyad Capital	السعودي الفرنسي كابيتال Saudi Fransi Capital

Independent Financial Advisors

M. Klein and Company	Moelis & Company
M. KLEIN & COMPANY	Moelis

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saudi aramco

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IMPORTANT INFORMATION

This International Offering Document is a confidential document that the Company is providing to prospective investors and is not for general distribution in the United States. You are authorized to use this International Offering Document solely for the purpose of considering an investment in the Offer Shares offered in the International Offering as described herein. This International Offering Document is based on information provided by the Company and by other sources that it believes are reliable. You acknowledge and agree that none of Al Rajhi Capital, Citigroup Saudi Arabia, Goldman Sachs Saudi Arabia, HSBC Saudi Arabia, J.P. Morgan Saudi Arabia Company, Merrill Lynch Kingdom of Saudi Arabia, Morgan Stanley Saudi Arabia, Riyad Capital, Saudi Fransi Capital and SNB Capital Company (collectively, the "**Bookrunners**" and each a "**Bookrunner**"), M. Klein and Company and Moelis & Company UK LLP (collectively, the "**Independent Financial Advisors**") or their respective representatives make any representation or warranty, express or implied, as to the accuracy or completeness of such information, and nothing contained in this International Offering Document is, or shall be relied upon as, a promise or representation by any of the Bookrunners, the Independent Financial Advisors or their respective representatives. You may not reproduce or distribute this International Offering Document, in whole or in part, and you may not disclose any of the contents of this International Offering Document or use any information in this International Offering Document for any purpose other than considering an investment in the Offer Shares. You agree to the foregoing by accepting delivery of this International Offering Document.

Prospective investors also acknowledge that they have relied only on the information contained in this International Offering Document and that no person has been authorized to give any information or to make any representation concerning the Company or its subsidiaries or the Offer Shares (other than as contained in this International Offering Document) and, if given or made, any such other information or representation should not be relied upon as having been authorized by the Company, the Selling Shareholder, the Bookrunners, the Independent Financial Advisors or any of their respective affiliates, advisors or selling agents. Neither the delivery of this International Offering Document nor any sale made hereunder shall under any circumstances imply that there has been no change in the Company's affairs since the date hereof or that the information set out in this International Offering Document is correct as at any date subsequent to its date.

In making an investment decision, prospective investors must rely upon their own examination, analysis of and enquiry into the Offer Shares and the terms of the International Offering, including the merits and risks involved.

None of the Company, the Selling Shareholder, any of the Bookrunners, any of the Independent Financial Advisors or any of their respective representatives is making any representation to any offeree or purchaser of the Offer Shares regarding the legality of an investment in the Offer Shares by such offeree or purchaser under the laws applicable to such offeree or purchaser. The contents of this International Offering Document are not to be construed as legal, business or tax advice. Each investor should consult with his or her own advisors as to the legal, tax, business, financial and related aspects of a purchase of the Offer Shares.

The distribution of this International Offering Document and the offering and sale of the Offer Shares in certain jurisdictions may be restricted by law. Persons into whose possession this International Offering Document comes are required to inform themselves about, and to observe, any such restrictions. For a description of certain restrictions on the offering and sale of the Offer Shares, see "*Selling Restrictions*" of this International Offering Document. This International Offering Document is not intended to provide the basis of any credit or other valuation and does not constitute an offer of, or an invitation to purchase, any of the Offer Shares offered by any person in any jurisdiction in which such offer or sale would be unlawful for such person to make such an offer or solicitation. No one has taken any action that would permit a public offering of the Offer Shares to occur in any jurisdiction other than in the Kingdom pursuant to the Domestic Offering Document.

The Company has not submitted this International Offering Document for approval by the CMA and, accordingly, it may not be used in connection with any offer to purchase or sell any Offer Shares to the public in the Kingdom.

The Bookrunners are acting exclusively for the Selling Shareholder and the Company and no one else in connection with the International Offering and will not be responsible to any other person for providing the protections afforded to their respective clients or for providing advice in relation to the International Offering. Apart from the responsibilities and liabilities, if any, which may be imposed on any of the Bookrunners by applicable regulatory regimes, none of the Bookrunners accepts any responsibility whatsoever for any acts or omissions of the Company or the Selling Shareholder or any other person in connection with this International Offering Document or the offer or sale of the Offer Shares, or for the contents of this International Offering Document or for any other statement made or purported to be made by it or any of them or on its or their behalf in connection with the Company, the Selling Shareholder or the Offer Shares. Each of the Bookrunners accordingly disclaims, to the fullest extent permitted by applicable law, all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this International Offering Document or any such statement.

In connection with the International Offering, each of the Bookrunners and any of their respective affiliates acting as an investor for its or their own account(s) may subscribe for or purchase the Offer Shares and, in that capacity, may retain, purchase, sell, offer to sell or otherwise deal for its or their own account(s) in such securities, any other securities of the Company or other related investments and may offer or sell such Offer Shares or other investments. Accordingly, references in this International Offering Document to the Offer Shares being offered or sold should be read as including any offer or sale to the Bookrunners or any of their respective affiliates acting as an investor for its or their own account(s). The Bookrunners do not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so. Each of the Bookrunners and their respective affiliates may have engaged in transactions with, and provided various commercial banking, investment banking, financial advisory transactions and services in the ordinary course of their business with the Company, the Selling Shareholder and their respective affiliates for which they would have received customary fees and commissions. Each of the Bookrunners and their respective affiliates may provide such services to the Company, the Selling Shareholder and their respective affiliates in the future. In addition, certain of the Bookrunners or their affiliates may enter into financing arrangements (including swaps) with investors from time to time in connection with which such Bookrunners (or their affiliates) may from time to time acquire, hold or dispose of Shares.

The investors also acknowledge that (i) they have not relied on the Bookrunners or any person affiliated with the Bookrunners in connection with any investigation of the accuracy of any information contained in this International Offering Document or their investment decision, (ii) they have relied only on the information contained in this International Offering Document and (iii) that no person has been authorized to give any information or to make any representation concerning the Company or its subsidiaries or the Offer Shares (other than as contained in this document) and, if given or made, any such other information or representation should not be relied upon as having been authorized by the Company, the Selling Shareholder or the Bookrunners.

SERVICE OF PROCESS AND ENFORCEMENT OF CIVIL LIABILITIES

The Company is a joint stock company incorporated in the Kingdom and a substantial portion of its assets and operations are located there. As a result, it may not be possible for investors to effect service of process on the Company outside the Kingdom.

Pursuant to the Company's Bylaws, the competent courts and the relevant judicial committees of the Kingdom shall be the sole and exclusive forum for any action or proceeding brought by the Company or against it, including in connection with claims by shareholders. All such disputes shall be decided by applying the substantive and procedural law of the Kingdom. For further information, see Section 12.7.35 (*Disputes*) of the Domestic Offering Document.

Furthermore, in the absence of a treaty for the reciprocal enforcement of foreign judgments with the jurisdiction in which a judgment is obtained, the courts of the Kingdom are unlikely to enforce a judgment obtained in courts outside the Kingdom without re-examining the merits of the claim, including any judgment predicated upon United States federal securities laws or the securities laws of any state or territory within the United States. In addition, the courts of the Kingdom may (1) decline to enforce a foreign judgment if certain criteria are not met, including, but not limited to, compliance with public policy of the Kingdom, or (2) decline to entertain original actions brought in the Kingdom against the Company or its directors or officers predicated upon the securities laws of another jurisdiction.

NOTICE TO PROSPECTIVE INVESTORS

THE INTERNATIONAL OFFERING IS BEING MADE ON THE BASIS OF THIS INTERNATIONAL OFFERING DOCUMENT ONLY. ANY DECISION TO PURCHASE THE OFFER SHARES IN THE INTERNATIONAL OFFERING MUST BE BASED ON THE INFORMATION CONTAINED HEREIN.

NOTWITHSTANDING ANYTHING HEREIN TO THE CONTRARY, RECIPIENTS OF THIS INTERNATIONAL OFFERING DOCUMENT AND EACH EMPLOYEE, REPRESENTATIVE OR OTHER AGENT OF ANY SUCH RECIPIENT MAY DISCLOSE TO ANY AND ALL PERSONS, WITHOUT LIMITATION OF ANY KIND, THE TAX TREATMENT AND TAX STRUCTURE OF THE INTERNATIONAL OFFERING AND ALL MATERIALS OF ANY KIND, INCLUDING OPINIONS OR OTHER TAX ANALYSES, THAT ARE PROVIDED TO THE RECIPIENTS RELATING TO SUCH TAX TREATMENT AND TAX STRUCTURE.

IF YOU PURCHASE OFFER SHARES IN THE INTERNATIONAL OFFERING, YOU WILL BE DEEMED TO HAVE MADE THE REPRESENTATIONS AND AGREEMENTS DESCRIBED BELOW WITH RESPECT TO THAT PURCHASE.

NOTICE TO PROSPECTIVE INVESTORS IN THE UNITED STATES

The Offer Shares have not been, and will not be, registered under the U.S. Securities Act or any U.S. state securities laws and, unless so registered, may not be offered, sold or delivered within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act, including the exemption under Regulation S and applicable U.S. state securities laws.

None of the Offer Shares have been registered with or approved or disapproved by the U.S. Securities and Exchange Commission or any other United States federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not passed on or endorsed the merits of the International Offering or the adequacy of this International Offering Document. Any representation to the contrary is a criminal offence in the United States.

NOTICE TO PROSPECTIVE INVESTORS IN THE KINGDOM

This International Offering Document may not be distributed in the Kingdom.

The CMA and the Saudi Exchange assume no responsibility for the contents of this International Offering Document, do not make any representations as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss arising from, or incurred as a result of reliance on, any part of this International Offering Document. Prospective purchasers of the Offer Shares should conduct their own due diligence on the accuracy of the information relating to the Offer Shares. If you do not understand the contents of this document, you should consult an authorized financial advisor.

The Qualified Foreign Investor Regime

The Rules for Foreign Investment in Securities issued by the Board of the CMA pursuant to Resolution No. 2-26-2023 dated 05/09/1444H (corresponding to 27 March 2023) (the "**FIS Rules**"), permit certain qualified foreign investors ("**QFIs**") to invest in listed securities in the Kingdom. Under the FIS Rules, foreign applicants are required to be a QFI to invest in shares listed on the Saudi Exchange's main market.

The foreign applicant must meet the following QFIs qualification criteria stipulated in the FIS Rules: (i) shall have a legal personality; and (ii) shall have assets under its own or its group ownership, management or custody of SAR 1,875,000,000 (or an equivalent amount) or more, at the time of submitting an application to open an investment account (unless a lower amount is approved by the CMA). The minimum amount of asset requirement does not apply to the following categories:

(a) pension funds with a main objective to collect fees or periodic contributions from participants or for their interest, for the purpose of compensating them according to a specific mechanism;

(b) endowment funds with a main objective to making grants to organizations, institutions or individuals for scientific, educational and cultural purposes, including university endowment funds;

(c) a market maker's client, provided that a Capital Market Institution verifies that the investment account is for market making purposes;

(d) government entities, central banks and investment funds fully owned (directly or indirectly) by a government entity, including sovereign funds, pension funds and endowment funds; and

(e) international organizations of which the Kingdom is a member and their affiliated institutions.

QFIs must open an investment account though a Capital Market Institution. To do so, the Capital Market Institution must ensure that the QFI fulfills the relevant qualification conditions stipulated in the FIS Rules before opening the investment account.

Investments of non-residing foreign investors in shares listed on the Saudi Exchange are limited to the following categories:

(a) QFIs;

(b) Foreign Strategic Investors;

(c) ultimate beneficiaries in swap agreements with a Capital Market Institution; and

(d) foreign natural or legal persons which are clients of a Capital Market Institution authorized by the CMA to conduct managing activity, provided that the Capital Market Institution has been appointed on conditions that enable it to make all investment decisions on the client's behalf without obtaining prior approval from the client.

Investments of foreign investors are subject to the following restrictions:

(a) a non-residing foreign investor (except a Foreign Strategic Investor) may not own 10% or more of the listed shares or convertible debt instruments of any issuer;

(b) the maximum proportion of the shares of any issuer whose shares are listed or convertible debt instrument of the issuer that may be owned by all foreign investors (in all categories, whether residents or non-residents, except the Foreign Strategic Investors) in aggregate is 49%;

(c) the restrictions set forth in the bylaws of the listed company; and

(d) any regulatory restrictions or any instructions issued by the competent authorities to which the listed company is subject.

Other Foreign Investors

Pursuant to the FIS Rules, non-Saudi nationals who are not residents in the Kingdom and institutions other than Qualified Foreign Investors incorporated outside the Kingdom ("**Foreign Investors**") will have the right to invest indirectly to acquire an economic benefit in the Offer Shares by entering into swap agreements with Capital Market Institutions to purchase shares listed on the Saudi Exchange for the purpose of transferring the economic benefits of securities listed on the Saudi Exchange to the Foreign Investors in their capacities as ultimate beneficiaries. In accordance with the Capital Market Institutions Regulations, the funds and possessions belonging to the ultimate beneficiary will be classified as client funds and client assets. These regulations also dictate that the client funds and assets must be kept separate from the Capital Market Institution's own funds and assets and the creditors of a Capital Market Institution are not entitled to make any claims or demands on the segregated funds or assets of the clients.

The Capital Market Institution may not enter into any swap agreement or execute any swap transaction in which the ultimate beneficiary is any of the following parties:

(a) QFIs who has investment accounts in accordance with the Investment Accounts Instructions;

(b) GCC Persons;

(c) foreign investors residing in the Kingdom; and

(d) a foreign person other than those mentioned in subparagraphs (1), (2) and (3) above, that owns securities of a company listed on the Saudi Exchange, in relation to executing swap transactions that involve shares or convertible debt instruments of that same listed company.

The Capital Market Institution must purchase and sell the securities underlying the swap transactions through an investment portfolio under its name at the Depository Center (as defined herein). Such investment portfolio shall include an indication that it is for the purpose of executing swap transactions under the swap agreement, and an indication of the name, nationality and identity of the ultimate beneficiary.

NOTICE TO PROSPECTIVE INVESTORS IN THE UNITED KINGDOM

This International Offering Document has been prepared on the basis that any offer of the Offer Shares to the public in the UK will be made pursuant to an exemption under Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the "**UK Prospectus Regulation**") from the requirement to publish a prospectus for such offers of Offer Shares. Accordingly, any person making or intending to make an offer of Offer Shares to the public in the UK may only do so in circumstances in which no obligation arises for the Company, the Selling Shareholder or any of the Bookrunners or any of their respective affiliates to publish a prospectus pursuant to Section 85 of the Financial Services and Markets Act 2000, as amended (the "**FSMA**") or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation, in each case, in relation to such offer. None of the Company, the Selling Shareholder or any of the Bookrunners or any of their respective affiliates have authorized, nor do they authorize, the making of any offer of the Offer Shares in circumstances in which an obligation arises for the Company, the Selling Shareholder or any of the Bookrunners to publish or supplement a prospectus for such offer.

Financial Promotion Order

In the UK, this International Offering Document is for distribution only to persons who: (i) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "**Financial Promotion Order**"); (ii) are persons falling within Article 49(2)(a) to (d) ("high net worth companies, unincorporated associations etc.") of the Financial Promotion Order; or (iii) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) in connection with the issue or sale of any securities may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as "**Relevant Persons**"). This International Offering Document is directed only at Relevant Persons and must not be acted on or relied on by persons who are not Relevant Persons. Any investment or investment activity to which this International Offering Document relates is available only to Relevant Persons and will be engaged in only with Relevant Persons. Relevant Persons should note that all, or most, of the protections offered by the UK regulatory system will not apply to an investment in the Offer Shares and that compensation will not be available under the UK Financial Services Compensation Scheme.

NOTICE TO PROSPECTIVE INVESTORS IN THE EUROPEAN ECONOMIC AREA

This International Offering Document has been prepared on the basis that any offer of Offer Shares to the public in any Member State of the EEA will be made pursuant to an exemption under Regulation (EU) 2017/1129 (the "**Prospectus Regulation**") from the requirement to publish a prospectus for such offers of Offer Shares. Accordingly any person making or intending to make an offer of Offer Shares to the public in a Member State may only do so in circumstances in which no obligation arises for the Company, the Selling Shareholder or any of the Bookrunners or any of their respective affiliates to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation, in each case, in relation to such offer. None of the Company, the Selling Shareholder or any of the Bookrunners or any of their respective affiliates have authorized, nor do they authorize, the making of any offer of Offer Shares in circumstances in which an obligation arises for the Company, the Selling Shareholder or any of the Bookrunners to publish or supplement a prospectus for such offer.

UK Product Governance Requirements

Solely for the purposes of the product governance requirements of Chapter 3 of the FCA Handbook Product Intervention and Product Governance Sourcebook (the "**UK Product Governance Requirements**"), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any "manufacturer" (for the purposes of the UK Product Governance Requirements) may otherwise have with respect thereto, the Offer Shares have been subject to a product approval process, which has determined that the Offer Shares are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each defined in paragraph 3 of the FCA Handbook Conduct of Business Sourcebook; and (ii) eligible for distribution through all permitted distribution channels (the "**UK Target Market Assessment**"). Notwithstanding the UK Target Market Assessment, "distributors" (for the purposes of the UK Product Governance Requirements) should note that: the price of the Offer Shares may decline and investors could lose all or part of their investment; the Offer Shares offer no guaranteed income and no capital protection; and an investment in the Offer Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The UK Target Market Assessment is without prejudice to any contractual, legal or regulatory selling restrictions in relation to the Offering. Furthermore, it is noted that, notwithstanding the UK Target Market Assessment, the Underwriters will only procure investors who meet the criteria of professional clients and eligible counterparties.

For the avoidance of doubt, the UK Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of Chapters 9A or 10A respectively of the FCA Handbook Conduct of Business Sourcebook; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the Offer Shares.

Each distributor is responsible for undertaking its own UK Target Market Assessment in respect of the Offer Shares and determining appropriate distribution channels.

MiFID II Product Governance Requirements

Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended ("**MiFID II**"); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures (together, the "**MiFID II Product Governance Requirements**"), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any "manufacturer" (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the Offer Shares which are the subject of the Offering have been subject to a product approval process, which has determined that such Offer Shares are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II; and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II (the "**Target Market Assessment**"). Notwithstanding the Target Market Assessment, distributors should note that: the price of the Offer Shares may decline and investors could lose all or part of their investment; the Offer Shares offer no guaranteed income and no capital protection; and an investment in the Offer Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Offering. Furthermore, it is noted that, notwithstanding the Target Market Assessment, the Underwriters will only procure investors who meet the criteria of professional clients and eligible counterparties.

For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the Offer Shares.

Each distributor is responsible for undertaking its own Target Market Assessment in respect of the Offer Shares and determining appropriate distribution channels.

NOTIFICATION UNDER SECTION 309B OF THE SECURITIES AND FUTURES ACT 2001 (2020 REVISED EDITION) OF SINGAPORE

In connection with Section 309B of the Securities and Futures Act 2001 (2020 Revised Edition) of Singapore (as modified or amended from time to time, the "**SFA**") and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the "**CMP Regulations 2018**"), the Company has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Offer Shares are prescribed capital markets products (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in the Monetary Authority of Singapore (the "**MAS**") Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

NOTICE TO PROSPECTIVE INVESTORS IN CANADA

This International Offering Document is not, and under no circumstances is to be construed as, a prospectus, an advertisement or a public offering of the Offer Shares in Canada. No prospectus has been filed with any securities commission or similar regulatory authority in Canada in connection with the offering of the Offer Shares. In addition, no securities commission or similar regulatory authority in Canada has reviewed or in any way passed upon the merits of this International Offering Document or the merits of the Offer Shares and any representation to the contrary is an offence. In Canada, this International Offering Document may be directed and the Offer Shares may be sold only to persons that that are (i) accredited investors, as defined in National Instrument 45-106 – *Prospectus Exemptions* or subsection 73.3(1) of the *Securities Act* (Ontario), as applicable, and (ii) permitted clients, as defined in National Instrument 31-103 – *Registration Requirements, Exemptions and Ongoing Registrant Obligations* ("**NI 31-103**"). See "*Selling Restrictions – Canada*" of this this International Offering Document.

ACCESS PRODUCTS

Subject to compliance with all applicable laws, rules and regulations in the Kingdom, financial institutions, including affiliates of the Bookrunners, may issue or otherwise deal in offshore derivative instruments (which term shall refer to any instrument, by whatever name called, which is issued or offered outside of the Kingdom by a financial institution against securities held by it that are listed or proposed to be listed on the Saudi Exchange, as its underlying, and all such offshore derivative instruments are referred to herein as "**Access Products**"), for which they may receive compensation from the purchasers of such instruments. Access Products are subject to applicable law and regulations and the terms and conditions of the relevant underlying documentation. Access Products have not been and are not being offered or sold pursuant to this International Offering Document. This International Offering Document does not contain any information concerning Access Products or the issuer(s) or offeror(s) of any Access Products, including any information regarding any risk factors relating thereto.

Any Access Products that may be issued are not instruments of the Company and do not constitute any obligation of, claims on or interests in the Company. The Company has not participated in any offer of any Access Products, or in the structuring or establishment of the terms of any Access Products, or in the preparation of any disclosure or underlying documentation related to any Access Products. Any Access Products that may be offered are issued or offered by, and are the sole obligations of, third parties that are unrelated to the Company. None of the Company, the Selling Shareholder or the Bookrunners make any recommendation as to any investment in Access Products and accepts any responsibility whatsoever in connection with any Access Products. Any Access Products that may be issued or offered are not instruments of the Bookrunners and do not constitute any obligations of or claims on or interests in the Bookrunners. Affiliates of the Bookrunners that are financial institutions may purchase, to the extent permissible under law and regulation, the Offer Shares in the International Offering, and may issue or offer Access Products in respect thereof. If a significant portion of the Offer Shares is purchased with the intention to be held or referenced as underlying securities for Access Products, trading liquidity in the Shares may be limited and pricing may be impacted. In addition, trading in the Access Products themselves may impact liquidity and pricing in the Shares, and the Access Products themselves may be illiquid and/or subject to restrictions on their resale.

To the extent you are interested in purchasing or entering into any Access Products, you have the responsibility to obtain adequate disclosures as to the issuer(s) or offeror(s) of such Access Products and the terms and conditions of any such Access Products from the issuer(s) or offeror(s) of such Access Products. Neither the Company, the Selling Shareholder nor the Bookrunners are aware whether the CMA or any other regulatory authority has reviewed or approved any Access Products or any disclosure related thereto. You are urged to consult your own financial, legal, accounting and tax advisors regarding any contemplated investment in Access Products, including whether Access Products are issued in compliance with applicable laws and regulations, and whether such investment is consistent with your financial needs, objectives and conditions and complies with all restrictions applicable to you, and whether such investment is a fit, proper and suitable investment for you.

AVAILABLE INFORMATION

Pursuant to Saudi Arabian law, the Company is required to prepare and disclose to the CMA, and make publicly available through the Saudi Exchange and its website (i) its reviewed quarterly financial statements (for the first three quarters of each fiscal year), prepared in accordance with IAS 34 (as defined below), within 30 business days following the end of the relevant period and (ii) its audited annual financial statements, prepared in accordance with IFRS (as defined below), within three months following the end of the relevant financial year and no less than 21 days prior to the date of convening its annual general assembly of shareholders.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

General

The Domestic Offering Document includes: (i) the annual audited consolidated financial statements of the Company, together with its consolidated subsidiaries, and where the context requires, its joint operations, joint ventures and associates ("**Saudi Aramco**"), as at and for the year ended 31 December 2023 (the "**2023 Financial Statements**") and the annual audited consolidated financial statements of Saudi Aramco as at and for the year ended 31 December 2022 (the "**2022 Financial Statements**") which have been audited by PricewaterhouseCoopers - Public Accountants (the "**Auditor**") as stated in its audit reports included in the Domestic Offering Document; and (ii) the unaudited interim condensed consolidated financial report of Saudi Aramco as at and for the three month period ended 31 March 2024 (including the comparative information as at and for the three month period ended 31 March 2023) (the "**2024 Three Month Interim Period Financial Statements**") and, together with the 2023 Financial Statements and the 2022 Financial Statements, the "**Financial Statements**") which have been reviewed by the Auditor as stated in their review report included in the Domestic Offering Document. The 2023 Financial Statements and the 2022 Financial Statements were prepared in accordance with International Financial Reporting Standards that are endorsed in the Kingdom and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants ("**IFRS**"). The 2024 Three Month Interim Period Financial Statements were prepared in accordance with International Accounting Standard 34, "*Interim Financial Reporting*" that is endorsed in the Kingdom and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants ("**IAS 34**").

With respect to the 2024 Three Month Interim Period Financial Statements, the Auditor has reported that it applied limited procedures in accordance with professional standards for a review of such information. However, its review report included in this Offering Document states that it did not audit, and it does not express an opinion on, such interim financial information. Accordingly, the degree of reliance on the Auditor's review report on such information should be restricted in light of the limited nature of the review procedures applied.

Saudi Aramco's financial year ends on 31 December of each year. References to any financial year refer to the year ended 31 December of the calendar year specified.

Non-IFRS Financial Measures

Certain financial information presented in the Domestic Offering Document are non-IFRS financial measures. Saudi Aramco supplements its use of IFRS financial measures with non-IFRS financial measures, including Free Cash Flow, Gearing, ROACE, EBIT and EBITDA which the Company uses in the analysis of its business and financial position. These non-IFRS financial measures are not defined by, nor presented in accordance with, IFRS. These non-IFRS financial measures are not measurements of Saudi 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. These non-IFRS financial measures are not intended to be predictive of future results. In addition, other companies, including those in Saudi Aramco's industry, may calculate similarly titled non-IFRS financial measures differently. Because companies do not necessarily calculate these non-IFRS financial measures in the same manner, Saudi 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. For more information on the Non-IFRS Financial Measures and a reconciliation to the comparable IFRS measures, see Section 6.4 (*Non-IFRS Financial Measures*) of the Domestic Offering Document.

The non-IFRS financial measures included in the Domestic Offering Document are set out below:

Non-IFRS Financial Measure	Definition method of calculation	Rationale
Free Cash Flow	Calculated as net cash provided by operating activities less capital expenditures.	Liquidity measure
Gearing	Calculated as the ratio of net (cash)/debt (total borrowings less cash and cash equivalents, short-term investments, investment in debt securities (current and non-current) and non-current cash investments) to total equity and net (cash) / debt.	Liquidity measure
Return on Average Capital Employed ("**ROACE**")	Calculated as net income before finance costs, net of income taxes and zakat, for a period as a percentage of average capital employed during that period. Average capital employed is the average of Saudi Aramco's total borrowings plus total equity at the beginning and end of the applicable period.	Performance measure
Earnings Before Interest and Taxes ("**EBIT**")	Calculated as net income plus finance costs and income taxes and zakat, less finance income.	Performance measure
Earnings Before Interest, Taxes, Depreciation and Amortization ("**EBITDA**")	Calculated as net income plus finance costs, income taxes and zakat, depreciation and amortization, less finance income.	Performance measure

SELLING RESTRICTIONS

Abu Dhabi Global Market

This International Offering Document relates to an offering which is not subject to any form of regulation or approval by the Financial Services Regulatory Authority (the "**FSRA**") of the Abu Dhabi Global Market (the "**ADGM**"). The FSRA has not approved this International Offering Document nor has any responsibility for reviewing or verifying any document or other documents in connection with this the Offering. Accordingly, the FSRA has not approved this International Offering Document or any other associated documents nor taken any steps to verify the information set out in this International Offering Document, and has no responsibility for it.

The Offer Shares have not been offered and will not be offered to any persons in the ADGM except on the basis that an offer is:

(a) an "Exempt Offer" in accordance with the FSRA Financial Services and Markets Regulations and Markets Rules (the "**FSMR**"); and

(b) made only to persons who are "Authorized Persons" or "Recognized Bodies" (as such terms are defined in the FSMR) or persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 18 of the FSMR) in connection with the issue or sale of any securities may otherwise lawfully be communicated or caused to be communicated.

The FSRA has not taken steps to verify the information set out in this International Offering Document, and has no responsibility for it. If you do not understand the contents of this International Offering Document or are unsure whether the Offer Shares are suitable for your individual investment objectives and circumstances, you should consult an authorized financial advisor.

Australia

Any offer in Australia of the Offer Shares under this International Offering Document or otherwise may only be made to persons who are "sophisticated investors" (within the meaning of section 708(8) of the Australian Corporations Act 2001 (Cth)), to "professional investors" (within the meaning of section 708(11) of the Australian Corporations Act 2001 (Cth)) or otherwise pursuant to one or more exemptions under section 708 of the Australian Corporations Act 2001 (Cth) so that it is lawful to offer the Offer Shares in Australia without disclosure to investors under Part 6D.2 of the Australian Corporations Act.

Bahrain

The Offer Shares have not been offered or sold, and will not be offered or sold to any person in the Kingdom of Bahrain except on a private placement basis to persons who are "accredited investors".

For this purpose, an "**accredited investor**" means:

(a) an individual holding financial assets (either singly or jointly with a spouse) of USD 1,000,000 or more, excluding that person's principal place of residence;

(b) a company, partnership, trust or other commercial undertaking which has financial assets available for investment of not less than USD 1,000,000; or

(c) a government, supranational organization, central bank or other national monetary authority or a state organization whose main activity is to invest in financial instruments (such as a state pension fund).

The Offering does not constitute an offer of securities in the Kingdom of Bahrain in terms of Article (81) of the Central Bank and Financial Institutions Law 2006 (Decree Law No. 64 of 2006). This International Offering Document has not been and will not be registered as a prospectus with the Central Bank of Bahrain (the "**CBB**"). Accordingly, no Offer Shares may be offered, sold or made the subject of an invitation for subscription or purchase nor will this International Offering Document or material be used in connection with any offer, sale or invitation to subscribe or purchase Offer Shares, whether directly or indirectly, to persons in the Kingdom of Bahrain, other than as marketing to accredited investors for an offer outside the Kingdom of Bahrain.

The CBB has not reviewed, approved or registered this International Offering Document and it has not in any way considered the merits of the Offer Shares, whether in or outside the Kingdom of Bahrain. Therefore, the CBB assumes no responsibility for the accuracy and completeness of the statements and information contained in this International Offering Document and expressly disclaims any liability whatsoever for any loss howsoever arising from reliance upon the whole or any part of the content of this International Offering Document.

No offer of Offer Shares will be made to the public in the Kingdom of Bahrain and this International Offering Document must be read by the addressee only and must not be issued, passed to, or made available to the public generally.

Canada

The Offer Shares may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 *Prospectus Exemptions* or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in NI 31-103; and such purchaser shall have been designated and authorized by (x) a dealer that is relying on its registration as an "investment dealer" within the meaning of applicable Canadian securities laws, or (y) a dealer that is relying on the "international dealer exemption" contained in NI 31-103. Any resale of the Offer Shares must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this International Offering Document (including any amendment thereto) contains a misrepresentation (as defined under applicable Canadian securities legislation), provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Each Canadian investor hereby confirms its express wish that all documents evidencing or relating in any way to the sale of the Offer Shares and all other contracts and related documents be drafted in the English language. *Chaque investisseur Canadien confirme sa volonté expresse que tous les documents* *faisant foi ou se rapportant de quelque manière que ce soit à la vente des valeurs mobilières décrites aux présentes ainsi que tous les autres contrats et documents s'y rattachant soient rédigés en langue anglaise.*

Dubai International Financial Centre

This International Offering Document relates to an offering which is not subject to any form of regulation or approval by the Dubai Financial Services Authority (the "**DFSA**"). The DFSA has not approved this International Offering Document nor has any responsibility for reviewing or verifying any document or other documents in connection with the Offering. Accordingly, the DFSA has not approved this International Offering Document or any other associated documents nor taken any steps to verify the information set out in this International Offering Document, and has no responsibility for it.

The Offer Shares have not been offered and will not be offered to any persons in the Dubai International Financial Centre (the "**DIFC**") except on that basis that an offer is:

(a) an "Exempt Offer" in accordance with the Markets Rules (MKT) module of the DFSA Rulebook; and

(b) made only to persons who meet the "Deemed Professional Client" criteria set out in the Conduct of Business (COB) module of the DFSA Rulebook, who are not natural persons.

This International Offering Document must not, therefore, be delivered to, or relied on by, any other type of person. The Offer Shares may be illiquid and/or subject to restrictions on their resale. Prospective purchasers should conduct their own due diligence on the Offering.

The DFSA has not taken steps to verify the information set out in this International Offering Document, and has no responsibility for it. If you do not understand the contents of the Offering or are unsure whether the Offer Shares are suitable for your individual investment objectives and circumstances, you should consult an authorized financial advisor.

Egypt

The Offer Shares may not be offered or sold in any form of general solicitation or general advertising or in a public offering in Egypt, unless the pre-approval of the Financial Regulatory Authority (previously Capital Market Authority) ("**FRA**") and/or the Egyptian Exchange ("**EGX**") has been obtained. Offer Shares may be offered or sold in Egypt through a private placement only to Egyptian QIBs, or Eligible Individual Investors (each within the meaning of the FRA Directives no. 48 for the year 2019 concerning private placements) and only in accordance with a public subscription notice and the applicable Egyptian law and regulations including the applicable provisions of the Capital Market Law, its Executive Regulations as amended, the EGX listing rules and the provisions of the FRA's Directives no. 48 for the year 2019 concerning private placements. Each purchaser of Offer Shares in Egypt will be deemed to have represented that it is either an Egyptian QIB or an Eligible Individual Investor.

An Egyptian QIB is an institutional investor, which means:

- Egyptian banks and foreign banks' branches subject to the supervision of the Egyptian Central Bank;
- investment banks;
- portfolio formation and management companies;
- insurance and re-insurance companies;
- venture capital companies;
- direct investment companies;
- mortgage finance companies;
- financial leasing companies;
- factoring companies;
- private insurance funds of a portfolio that exceeds EGP 100 Million;
- investment funds;
- Arab, regional and foreign financial institutions' investment funds; and
- international and regional financial institutions.

Egyptian QIBs shall have: (i) a minimum equity book value of EGP 20.0 million; (ii) a minimum investment in securities (excluding securities acquired in the Offering) of EGP 10.0 million as of the date of the placement; or (iii) a license to undertake a security related activity and permitted to acquire securities within its objects and permitted activities.

European Economic Area

No Offer Shares have been offered or will be offered to the public in any Member State of the EEA pursuant to the Offering, except that the Offer Shares may be offered to the public in a Member State at any time under the following exemptions under the Prospectus Regulation:

(a) to any legal entity which is a qualified investor as defined under Article 2 of the Prospectus Regulation;

(b) to fewer than 150 natural or legal persons (other than qualified investors as defined under Article 2 of the Prospectus Regulation) per Member State, subject to obtaining the prior consent of the Bookrunners for any such offer; or

(c) in any other circumstances falling within Article 1(4) of the Prospectus Regulation, *provided* that no such offer of Offer Shares will result in a requirement for the publication of a prospectus pursuant to Article 3 of the Prospectus Regulation or of a supplement to a prospectus pursuant to Article 23 of the Prospectus Regulation. Each person in a Member State who acquires any Offer Shares or to whom any offer is made under the Offering will be deemed to have represented, acknowledged and agreed that it is a "qualified investor" within the meaning of Article 2 of the Prospectus Regulation.

For the purposes of this provision, the expression an "**offer to the public**" in relation to any Offer Shares in any Member State means the communication in any form and by any means of sufficient information of the terms of the offer and any Offer Shares to be offered so as to enable an investor to decide to purchase, or subscribe for, any Offer Shares.

Hong Kong

This International Offering Document has not been approved by the Securities and Futures Commission in Hong Kong and, accordingly, (a) the Offer Shares may not be offered or sold in Hong Kong by means of this International Offering Document or any other document other than to "professional investors" as defined in the Securities and Futures Ordinance of Hong Kong (Cap. 571) and any rules made thereunder, or in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the "**C(WUMP)O**") or which do not constitute an offer to the public within the meaning of the C(WUMP)O, and (b) no person shall issue or possess for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Offer Shares which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the Offer Shares which are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors (as set out above).

India

No offer or invitation to subscribe to, or purchase the Offer Shares is made or intended to be made to the public in India through this International Offering Document. This International Offering Document does not constitute a prospectus, offer document, shelf prospectus, information memorandum, notice, circular or advertisement inviting offers from the public for the subscription or purchase of the Offer Shares under any applicable law or regulation in India, including the Companies Act 2013, together with the rules thereunder, each as amended ("**Indian Companies Act**") and the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended. This International Offering Document has not been submitted or registered as a prospectus in India, and has not been reviewed, approved, or recommended by any Registrar of Companies in India, the Securities and Exchange Board of India, the Reserve Bank of India, any stock exchange in India or any other Indian statutory or regulatory authority.

Communications or any material relating to the International Offering, including this International Offering Document, have not been and will not be circulated, issued or distributed, directly or indirectly, in circumstances which would constitute an offer or invitation to subscribe to or purchase the Offer Shares, to the public in India.

Any offer or invitation to offer in respect of the Offer Shares to a person in India shall be made such that the International Offering does not constitute an offer or invitation to offer to the public in terms of applicable laws or regulation in India, including the Indian Companies Act.

Each investor of the Offer Shares acknowledges, represents and agrees that it is eligible to invest in the Offer Shares under applicable laws and regulation in India and that it is not prohibited or debarred under any law or regulation from acquiring, owning or selling the Offer Shares.

Indonesia

This International Offering Document does not constitute a prospectus for a public offering of securities under Indonesian capital market laws and regulations. This International Offering Document may not be distributed directly or indirectly in Indonesia or to any Indonesian entity or Indonesian citizen (person), and the Offer Shares may not be offered or sold, directly or indirectly, in Indonesia or to any Indonesian entity or Indonesian citizen (person), in a manner constituting a public offering of the Offer Shares under the Indonesian Capital Market Law and the applicable regulations of the *Otoritas Jasa Keuangan* (Financial Services Authority) previously known as *Badan Pengawas Pasar Modal dan Lembaga Keuangan* (Capital Market and Financial Institution Supervisory Agency). Any offering of the Offer Shares in Indonesia will only be conducted in accordance with the applicable Indonesian capital markets laws and regulations.

This International Offering Document may not be distributed in Indonesia and the Offer Shares may not be offered to more than Indonesian parties and/or sold to more than 50 Indonesian parties wherever they are domiciled, or to Indonesian residents in a manner which constitutes a public offer under the Law Number 8 of 1995 regarding Capital Markets.

Japan

The Offer Shares have not been and will not be registered under the Financial Instruments and Exchange Law, as amended (the "**FIEL**"). This International Offering Document is not an offer of securities for sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or entity organized under the laws of Japan) or to others for reoffer or resale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan, except pursuant to an exemption from the registration requirements under the FIEL and otherwise in compliance with such law and any other applicable laws, regulations and ministerial guidelines of Japan.

Kuwait

The Offer Shares have not been and will not be offered, sold, promoted or advertised in Kuwait except on the basis that an offer is made in compliance with Decree Law No. 31 of 1990 and the implementing regulations thereto, as amended, and Law No. 7 of 2010 and the bylaws thereto, as amended, governing the issue, offering and sale of securities. No private or public offering of the Offer Shares is being made in Kuwait, and no agreement relating to the sale of the Offer Shares will be concluded in Kuwait. No marketing or solicitation or inducement activities are being used to offer or market the Offer Shares in Kuwait.

Malaysia

This International Offering Document has not been and will not be registered as a prospectus with the Securities Commission Malaysia ("**SC**") under the Capital Markets and Services Act 2007 of Malaysia ("**CMSA**"). No prospectus or other offering material or document in connection with the offer and sale of the Offer Shares which complies with the requirements of the CMSA and the guidelines of the SC has been or will be registered with the SC under the CMSA or with any other regulatory body in Malaysia. Also, no approval, authorization or recognition of the SC has been granted for making available, offering for subscription or purchase, or issuing an invitation to subscribe for or purchase or sale, of the Offer Shares in Malaysia. This International Offering Document does not constitute and may not be used for the purpose of an offering or an issue, offer for subscription or purchase, invitation to subscribe for or purchase of sale of any securities requiring (a) the approval, authorization or recognition of the SC and (b) the registration of a prospectus with the SC under the CMSA.

Accordingly, this International Offering Document and any other document or material in connection with the Offer Shares will not be circulated or distributed, nor will the Offer Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Malaysia other than to the categories of persons specified in paragraph 14 of Schedule 5 of the CMSA and this is also *provided that* the distribution of the Offer Shares to such categories of exempted persons is made by a holder of a Capital Markets Services License in Malaysia who carries on the business of dealing in securities.

New Zealand

Any offer or sale of any Offer Shares described in this International Offering Document and the distribution of the information contained in or accompanying this International Offering Document in New Zealand will only be made in accordance with the Financial Markets Conduct Act 2013 (New Zealand) (the "**FMC Act**") and to a person who (i) is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act, (ii) meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act, (iii) is large within the meaning of clause 39 of Schedule 1 of the FMC Act or (iv) is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act. Each purchaser of the Offer Shares in New Zealand under the Offering:

- acknowledges that (i) Part 3 of the FMC Act shall not apply in respect of the offer of Offer Shares, (ii) no product disclosure statement, registry entry or other disclosure document under the FMC Act will be prepared in respect of the Offering, (iii) any information provided to any persons in respect of the Offering is not required to, and may not, contain all of the information that a product disclosure statement under New Zealand law is required to contain, and (iv) the information contained or accompanying this International Offering Document or any other product disclosure statement, prospectus or similar offering or disclosure, have not been registered, filed with or reviewed or approved by any New Zealand regulatory authority or under or in accordance with the FMC Act; and

- warrants that if in the future the purchaser of the Offer Shares elects to directly or indirectly offer or sell any of the Offer Shares allotted to that purchaser, or distribute (either directly or indirectly) this International Offering Document, any information contained in or accompanying this International Offering Document, or any other offering materials or advertisements in relation to the Offering, that person undertakes not to do so in a manner that could result in (i) such offer or sale being viewed as requiring a product disclosure statement or other similar disclosure document or any registration or filing in New Zealand, (ii) any contravention of the FMC Act or (iii) the Company or its directors incurring any liability; and (iii) warrants that (i) any person for whom the persons are acquiring or procuring Shares meets one or more of the criteria specified in (i) – (iv) of the first paragraph of this selling restriction and (ii) the purchaser of the Offer Shares has delivered, where applicable, a safe harbor certificate in accordance with clause 44 of Schedule 1 of the FMC Act.

Oman

This International Offering Document does not constitute a public offer of securities in the Sultanate of Oman, as contemplated by the Commercial Companies Law of Oman (Royal Decree No. 4/1974) or the Capital Market Law of Oman (Royal Decree No. 80/1998) and Ministerial Decision No. 1/2009 or an offer to sell or the solicitation of any offer to buy non-Omani securities in the Sultanate of Oman.

This International Offering Document is strictly private and confidential. It is being provided to a limited number of sophisticated investors solely to enable them to decide whether or not to make an offer to the Company to enter into commitments to invest in the Offer Shares outside of the Sultanate of Oman, upon the terms and subject to the restrictions set out herein and may not be reproduced or used for any other purpose or provided to any person other than the original recipient. Additionally, this International Offering Document is not intended to lead to the making of any contract within the territory or under the laws of the Sultanate of Oman.

The Capital Market Authority and the Central Bank of Oman take no responsibility for the accuracy of the statements and information contained in this International Offering Document or for the performance of the Company with respect to the Offer Shares nor shall they have any liability to any person for damage or loss resulting from reliance on any statement or information contained herein.

People’s Republic of China

This International Offering Document, the Offer Shares and any material or information contained or incorporated by reference herein relating to the Offer Shares have not been, and will not be, submitted to or approved/verified by or registered with the China Securities Regulatory Commission (“**CSRC**”) or other relevant governmental and regulatory authorities in the People’s Republic of China (the “**PRC**”) (which, for the sole purpose herein, does not include Hong Kong, Macau or Taiwan) pursuant to relevant laws and regulations and thus may not be supplied to the public in the PRC or used in connection with any offer for the subscription or sale of the Shares in the PRC. Neither this International Offering Document nor any material or information contained or incorporated by reference herein relating to the Offer Shares constitutes an offer to sell or the solicitation of an offer to buy any securities in the PRC.

The Offer Shares may only be invested by PRC investors that are authorized to engage in the investment in the Offer Shares of the type being offered or sold. PRC investors are responsible for informing themselves about and observing all legal and regulatory restrictions, obtaining all relevant government regulatory approvals/licenses, verification and/or registrations themselves, including, but not limited to, any which may be required from the People’s Bank of China, the State Administration of Foreign Exchange, CSRC, the China Banking and Insurance Regulatory Commission and other relevant regulatory bodies, and complying with all relevant PRC regulations, including, but not limited to, all relevant foreign exchange regulations and/or overseas investment regulations.

Qatar (excluding the Qatar Financial Centre)

This International Offering Document and the offering of the Offer Shares have not been, and will not be: (i) lodged or registered with, or reviewed or approved by, the Qatar Central Bank, the Qatar Financial Markets Authority, the Ministry of Business and Trade or any other governmental authority in Qatar or (ii) authorized, permitted or licensed for offering or distribution in Qatar, and the information contained in this International Offering Document does not, and is not intended to, constitute a public or general offer or other invitation in respect to the Offer Shares in Qatar. Accordingly, the Offer Shares are not being, and will not be, offered or sold in Qatar, and this International Offering Document is not being, and will not be, distributed in Qatar. The offering, marketing and sale of the Offer Shares and distribution of this International Offering Document is being made in, and is subject to the laws, regulations and rules of jurisdictions outside of Qatar. No application has been or will be made for the Offer Shares to be listed or traded on the Qatar Stock Exchange.

This International Offering Document is strictly private and confidential, and is being sent to a limited number of institutional and/or sophisticated investors (a) upon their request and confirmation that they understand the statements above; and (b) on the condition that it will not be provided to any person other than the original recipient, and is not for general circulation and may not be reproduced or used for any other purpose.

Qatar Financial Centre

This International Offering Document does not, and is not intended to, constitute an invitation or offer of securities from or within the Qatar Financial Centre (the "**QFC**"), and accordingly should not be construed as such. This International Offering Document has not been reviewed or approved by or registered with the Qatar Financial Centre Authority, the Qatar Financial Centre Regulatory Authority or any other competent legal body in the QFC. This International Offering Document is strictly private and confidential, and may not be reproduced or used for any other purpose, nor provided to any person other than the recipient thereof. The Company has not been approved or licensed by or registered with any licensing authorities within the QFC.

Singapore

This International Offering Document has not been registered as a prospectus with the MAS. Accordingly, this International Offering Document and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Offer Shares may not be circulated or distributed, nor may the Offer Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to any person in Singapore other than (a) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA, (b) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA and in accordance with the conditions specified in Section 275 of the SFA and, where applicable, Regulation 3 of the Securities and Futures (Classes of Investors) Regulations 2018 of Singapore, or (c) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Offer Shares are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an individual who is an accredited investor,

the securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Offer Shares pursuant to an offer made under Section 275 of the SFA except:

(i) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(c)(ii) of the SFA; or

(ii) where no consideration is or will be given for the transfer; or

(iii) where the transfer is by operation of law; or

(iv) as specified in Section 276(7) of the SFA; or

(v) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018 of Singapore.

A reference to any term as defined in the SFA or any provision in the SFA is a reference to that term or provision as modified or amended from time to time including by such of its subsidiary legislation as may be applicable at the relevant time.

South Africa

The Offer Shares are not the subject of a registered prospectus in terms of chapter 4 of the South African Companies Act, 71 of 2008 ("**Companies Act**"). Any purchaser of the Offer Shares in South Africa may not offer the Offer Shares for sale to the public in South Africa unless such offer is accompanied by a prospectus, or where applicable a written statement, that is registered with the Companies and Intellectual Property Commission in terms of the said chapter of the Companies Act and which complies with all relevant provisions in this regard. No advertisement in relation to a public offer may be made unless it complies with section 98 of the Companies Act. The "public" includes any section of the public.

Certain offers of Offer Shares are deemed, in terms of the safe harbor provisions of section 96 of the Companies Act, to not be offers to the public. These include offers to (i) persons whose ordinary business is dealing in securities, whether as principals or agents; (ii) the Public Investment Corporation; (iii) registered banks; (iv) authorized and licensed financial services providers; and (v) financial institutions as defined in the Financial Services Board Act, 1990, or a combination of any of the foregoing. Also included in the safe harbors are offers where the minimum offer consideration per offeree, acting as principal, is R1,000,000 (one million Rand). Accordingly, offers may be made to such institutions or under such circumstances without having to comply with chapter 4 of the Companies Act.

South Korea

A registration statement for the offering and sale of the Offer Shares has not been filed with the Financial Services Commission of South Korea ("**Korea**") under the current laws and regulations of Korea, including but not limited to the Financial Investment Services and Capital Markets Act of Korea. Accordingly, the Offer Shares may not be offered, sold or delivered, directly or indirectly, in Korea or to, or for the account or benefit of, any resident of Korea (as such term is defined in the Foreign Exchange Transactions Law of Korea) or to others for reoffering or resale, directly or indirectly in Korea or for the account or benefit of any resident of Korea, except as otherwise permitted under applicable Korean laws and regulations.

Switzerland

The offering of the Offer Shares in Switzerland is exempt from the requirement to prepare and publish a prospectus under the Swiss Financial Services Act ("**FinSA**") because the Offer Shares are offered only to professional investors and the Offer Shares will not be admitted to trading on any trading venue (exchange or multilateral trading facility) in Switzerland. This International Offering Document does not constitute a prospectus or a similar document pursuant to FinSA, and no such prospectus has been or will be prepared for or in connection with the offering of the Offer Shares.

Taiwan

The Offer Shares have not been and will not be registered or filed with, or approved by, the Financial Supervisory Commission of Taiwan pursuant to relevant securities laws and regulations and may not be issued, offered or sold in Taiwan through a public offering or in any manner which would constitute an offer within the meaning of the Securities and Exchange Act of Taiwan or relevant laws and regulations that would otherwise require registration or filing with or the approval of the Financial Supervisory Commission of Taiwan and/or other regulatory authority or agency of Taiwan. No person or entity in Taiwan has been authorized to offer or sell the Offer Shares in Taiwan.

United Arab Emirates (excluding the ADGM and the DIFC)

This International Offering Document has not been approved or licensed by the UAE Central Bank, the UAE Ministry of Economy, the UAE Securities and Commodities Authority (the "**SCA**") or any other relevant licensing authorities or governmental agencies in the UAE, and accordingly does not constitute a public offer of securities in the UAE in accordance with Federal Decree Law No. 32 of 2021 on Commercial Companies (as amended), the Chairman of the Authority's Board of Directors Decision No. (13/Chairman) of 2021 (the "**SCA Rulebook**") or otherwise. Accordingly, the Offer Shares may not be offered to the public in the UAE.

This International Offering Document is strictly private and confidential and is being issued to a limited number of institutional and individual investors: (a) who fall within with the exceptions set out in the SCA Rulebook (Professional Investors); and (b) upon their request and confirmation that they understand that the Offer Shares have not been approved or licensed by or registered with the UAE Central Bank, the UAE Ministry of Economy, the SCA or any other relevant licensing authorities or governmental agencies in the UAE, and must not be provided to any person other than the original recipient, is not for general circulation in the UAE and may not be reproduced or used for any other purpose.

United Kingdom

No Offer Shares have been offered or will be offered to the public in the UK pursuant to the Offering, except that the Offer Shares may be offered to the public in the UK at any time under the following exemptions under the UK Prospectus Regulation:

(a) to any legal entity which is a qualified investor as defined under Article 2 of the UK Prospectus Regulation;

(b) to fewer than 150 natural or legal persons (other than qualified investors as defined under Article 2 of the UK Prospectus Regulation) in the UK, subject to obtaining the prior consent of the Bookrunners for any such offer; or

(c) in any other circumstances falling under the scope of Section 86 of the FSMA,

provided that no such offer of Offer Shares will result in a requirement for the publication of a prospectus pursuant to Section 85 of the FSMA or of a supplement to a prospectus pursuant to Article 23 of the UK Prospectus Regulation. Each person in the United Kingdom who acquires any Offer Shares or to whom any offer is made under the Offering will be deemed to have represented, acknowledged and agreed that it is a "qualified investor" within the meaning of Article 2 of the UK Prospectus Regulation.

For the purposes of this provision, the expression an "**offer to the public**" in relation to any Offer Shares in the United Kingdom means the communication in any form and by any means of sufficient information on the terms of the offer and any Offer Shares to be offered so as to enable an investor to decide to purchase, or subscribe for, any Offer Shares.

This International Offering Document is being distributed to, and is directed only at (i) persons in the United Kingdom who are "qualified investors" (within the meaning of Article 2 of the UK Prospectus Regulation) and who (a) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Promotion Order; and/or (b) are high net worth entities falling within Article 49(2)(a) to (d) of the Order; and (ii) other persons to whom it may otherwise be lawfully distributed (each a "**relevant person**"). Any investment or investment activity to which this International Offering Document relates is available only to relevant persons and will be engaged in only with such persons. Persons who are not relevant persons should not rely on or act upon this International Offering Document.

United States

The Offer Shares have not been, and will not be, registered under the U.S. Securities Act or with any securities regulatory authority of any state of the United States for offer or sale as part of their distribution and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act. The Offer Shares are being offered and sold only outside the United States in reliance on Regulation S under the U.S. Securities Act.

Each purchaser of the Offer Shares will be deemed to have represented, agreed and acknowledged that it has received a copy of this International Offering Document and such other information as it deems necessary to make an investment decision and that:

(a) the purchaser is authorized to consummate the purchase of the Offer Shares in compliance with all applicable laws and regulations;

(b) the purchaser acknowledges that the Offer Shares (i) have not been, and will not be, registered under the U.S. Securities Act or with any securities regulatory authority of any state, territory or other jurisdiction of the United States, and, subject to certain exceptions, may not be offered or sold within the United States and (ii) are being sold in accordance with Rule 903 or 904 of Regulation S and is purchasing such Offer Shares in an "offshore transaction" in reliance on Regulation S;

(c) the purchaser and the person, if any, for whose account or benefit the purchaser is acquiring the Offer Shares, was located outside the United States at the time the buy order for such Offer Shares was originated and continues to be located outside the United States and has not purchased such Offer Shares for the account or benefit of any person in the United States or entered into any arrangement for the transfer of such Offer Shares or any economic interest therein to any person in the United States;

(d) the purchaser is not an affiliate of the Company or a person acting on behalf of an affiliate;

(e) the Offer Shares have not been offered to the purchaser by means of any "directed selling efforts" as defined in Regulation S;

(f) if the purchaser is acquiring any Offer Shares as a fiduciary or agent for one or more accounts, the purchaser represents that the purchaser has sole investment discretion with respect to each such account and that the purchaser has full power to make, and does make, the foregoing acknowledgements, representations and agreements on behalf of each such account;

(g) the purchaser understands that any offer, sale, pledge or other transfer of the Offer Shares made other than in compliance with the above-stated restrictions may not be recognized by the Company or the Selling Shareholder; and

(h) the purchaser acknowledges that the Company, the Selling Shareholder, the Bookrunners and their respective affiliates will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.

CERTAIN SAUDI ARABIAN TAXATION AND ZAKAT CONSIDERATIONS

The following discussion is a summary of certain Saudi Arabian tax and Zakat considerations relating to an acquisition, ownership and disposition of the Offer Shares. The discussion is based on current law and is for general information only. The discussion below is not intended to constitute a complete analysis of all tax and Zakat consequences relating to ownership of the Offer Shares, nor does it address the considerations that are dependent on individual circumstances, whether in the Kingdom or elsewhere. You should consult your own tax advisors concerning the tax consequences of your particular situation. The discussion is based upon laws and relevant interpretations thereof in effect as of the date of this International Offering Document, all of which are subject to change in law that might take effect after such date.

Overview of Saudi tax and Zakat law

Income Tax

According to the income tax law issued under Royal Decree No. M/1 dated 15/01/1425H (corresponding to 6 March 2004) and its Implementing Regulations issued under Ministerial Resolution No. 1535 dated 11/06/1425H (corresponding to 28 July 2004), as amended from time to time (the "**Income Tax Law**"), a resident company in the Kingdom with foreign (*i.e.*, non-GCC) ownership (on its foreign partner's (shareholder's) share) and a non-resident who carries out business in the Kingdom through a Permanent Establishment (as defined below, other than a Permanent Establishment of GCC persons that meets the conditions set out under Article 2(4) of the Zakat Regulations) are subject to corporate income tax in the Kingdom at the rate of 20% (if not engaged in oil and hydrocarbon production activities, see below). Resident companies wholly owned by GCC Persons (in addition to persons subject to Zakat listed below under the section entitled "*Zakat*") are subject to Zakat instead of corporate income tax. Resident companies owned jointly by GCC and non-GCC Persons are subject to corporate income tax in respect of the share of their taxable profit attributable to the ownership (legal or beneficial) percentage held by non-GCC Persons and Zakat on the ownership (legal or beneficial) percentage held by GCC Persons.

Shares held directly by GCC Persons or via other GCC companies (where the shareholding structure does not fall outside of the GCC) in a resident company are subject to Zakat and not income tax. In determining the tax/Zakat profile of a Saudi tax/Zakat resident company, the ZATCA applies a "look-through" approach to determine whether the up-stream shareholding structure at any point exists outside of the GCC (*i.e.*, at the ultimate shareholder level).

Saudi resident entities operating in the oil and hydrocarbon production sector are subject to corporate income tax irrespective of the nationality of their shareholders/owners. According to the Income Tax Law, the tax rates applicable to such entities range from 50% to 85% depending on the level of total capital investment of the relevant entity:

- entities with capital investment of more than SAR 375 billion ($100 billion) are subject to 50% corporate income tax;
- entities with capital investment between SAR 300 billion ($80 billion) to SAR 375 billion ($100 billion) are subject to 65% corporate income tax;

- entities with capital investment between SAR 225 billion ($60 billion) to SAR 300 billion ($80 billion) are subject to 75% corporate income tax; and

- entities with capital investment of less than SAR 225 billion ($60 billion) are subject to 85% corporate income tax.

However, Royal Decree No. M/13, dated 18/01/1441H (corresponding to 17 September 2019), Council of Ministers Resolution No. 54, dated 18/01/1441H (corresponding to 17 September 2019) and Ministerial Resolution issued by the Ministry of Finance No. 559, dated 10/2/1441H (corresponding to 9 October 2019) provide that the tax rate applicable to the downstream activities of certain tax payers undertaking domestic oil and hydrocarbon production activities will be the general corporate tax rate of 20%, for a five-year period beginning on 1 January 2020, provided the relevant taxpayer separates its downstream activities (from the oil and hydrocarbon production activities) into an independent legal entity before 31 December 2024. If the taxpayer does not comply in separating its downstream activities from the oil and hydrocarbon production activities by 31 December 2024, income from downstream activities will be taxed retroactively on an annual basis for such five-year period in accordance with the multi-tiered tax rates applicable to domestic oil and hydrocarbon production companies. In such a case, the taxpayer will be required to pay the difference in taxes due to the Government.

In addition, effective 1 January 2018, a 20% corporate income tax rate applies to companies engaged in natural gas investment activities. Companies involved in both oil and hydrocarbon production activities as well as natural gas investment activities are required to prepare tax computation for each activity separately.

Furthermore, according to the Income Tax Law, ownership by companies engaged in oil and hydrocarbon production activities in Saudi Arabian entities that are not carrying out oil and hydrocarbon production activities should generally be subject to corporate income tax at 20% (at the level of the investee/subsidiary). Additionally, by Royal Decree No. M/153 dated 05/11/1441H (corresponding to 26 June 2020), the Income Tax Law was amended to provide that companies listed on the Saudi Exchange are not subject to corporate income tax with respect to shares owned (directly or indirectly) by companies engaged in oil and hydrocarbon activities and instead are subject to Zakat, including their indirect interest in those companies (at the level of the investee/subsidiary of such listed companies).

Non-GCC natural persons resident in the Kingdom who are not performing commercial activities in the Kingdom (as defined in Chapter 1 – Article 1 of the Income Tax Law, and Chapter 1 – Article 1 of the Zakat Regulations) are not currently subject to income tax or Zakat in the Kingdom according to existing practices of ZATCA (as compliance/administration of Income Tax Law is not currently enforced by ZATCA on natural persons).

Zakat

Zakat is a religious obligation imposed on Muslims under Shari'a to pay a fixed percentage of their wealth for the relief of poverty. The Ministry of Finance has issued Zakat implementing regulations under Ministerial Resolution No. 2216 dated 07/07/1440H (corresponding to 14 March 2019), as amended under Ministerial Resolution No. 58705 dated 21/09/1444H (corresponding to 12 April 2023) (the "**Zakat Regulations**"). The Zakat Regulations are effective for financial years starting from 1 January 2019.

Additionally, the Ministry of Finance has issued new Zakat implementing regulations under Ministerial Resolution No. 1007 dated 19/08/1445H (corresponding to 29 February 2024) (the "**New Zakat Regulations**"). The New Zakat Regulations are effective (and replace the existing Zakat Regulations) for financial years starting 1 January 2024. Investors are advised to consult their Zakat/Tax advisors on the specific implications of these New Zakat Regulations.

The rules governing the calculation of Zakat are complex. Separate rules are applicable for the calculation of Zakat by Zakat payers who are engaged in the Kingdom in financing activities (licensed by the Saudi Central Bank) and Zakat payers who are engaged in the Kingdom in non- financing activities. This "*Certain Saudi Arabian Taxation and Zakat Considerations*" section broadly covers the Zakat consequences of investment in Offer Shares by the investors who are engaged in non-financing activities in the Kingdom.

According to the Zakat Regulations, Zakat is assessed on/applicable to:

- GCC Persons resident in the Kingdom;
- resident companies wholly owned by GCC Persons and on the ownership (legal or beneficial) percentage held by GCC Persons with respect to a resident company jointly owned by GCC and non-GCC Persons;
- GCC Persons carrying out activities in the Kingdom through a Permanent Establishment for Zakat purposes as defined under Chapter 1 – Article 2(4) of the Zakat Regulations (except for non-resident GCC Persons who do not meet certain conditions, as mentioned below, in which case they would be subject to corporate income tax); and
- resident companies listed on a financial market in the Kingdom on the shares held by GCC persons and non-GCC Persons (except for ownership by founder shareholders and those considered founder shareholders based on the articles of association or other legal documents), and on the shares held by government entities.

Notwithstanding the above, Zakat is not assessed/applicable:

(i) resident companies operating in the oil and hydrocarbon production sector; and

(ii) any entity (or Zakat payer) for which ZATCA (or the Ministry of Finance) issues a decision to exempt from Zakat.

Based on exclusion (i) set forth above, resident companies operating in the oil and hydrocarbon production sector should continue to be subject to corporate income tax (and not Zakat).

For completeness, as per the Zakat Regulations, a Permanent Establishment of a GCC Person in the Kingdom is subject to Zakat (and not corporate income tax) provided at least two of the following three conditions are met in respect of central management of such Permanent Establishment (as set out under Chapter 1 – Article 2(4)):

(i) board of directors' ordinary meetings which are held regularly and where main policies and decisions relating to management and running of the Permanent Establishment's business are held in and made from the Kingdom;

(ii) senior executive decisions relating to the Permanent Establishment’s functions such as executive directors /deputies’ decisions are made in the Kingdom; and

(iii) the GCC Person’s business is mainly (*i.e.*, 50% of its revenues) generated from the Kingdom.

There are certain rules that apply to the method of calculating the Zakat liability. In general, Zakat on Zakat payers engaged in non-financing activities is currently levied on the higher of the adjusted Zakatable profits or the Zakat base (following a Hijri year) which, in general, comprises equity, loans and credit balances (subject to certain conditions), provisions and adjusted net profit or loss for Zakat purposes, reduced by, among other items, certain deductible long-term investments and fixed assets. The Zakat rate on the Zakat base is approximately 2.578% if a Zakat payer is following the Gregorian financial year and 2.5% if a Zakat payer is following Hirji financial year. The Zakat rate on Zakatable profit is 2.5% regardless of the financial year (Gregorian or Hijri) followed by the Zakat payer.

In addition, under the New Zakat Regulations, the minimum Zakat base is the lower of (i) total non-deductible assets plus the difference between net adjusted profit and net accounting profit or (ii) net adjusted profit. The maximum Zakat base is the total of equity components and their equivalents (such as profits under distribution classified as a liability, shareholder loans and certain other amounts classified as equity for Zakat purposes). The determination of the maximum Zakat base relies on the values reflected on the Zakat payer’s Statement of Financial Position at the close of the Zakatable year, factoring in the difference between the accounting net profit/(loss) and the adjusted profit/(loss) for Zakat purposes.

The Zakat rate under the New Zakat Regulations for both the Zakat base and net adjusted income is approximately 2.578% if a Zakat payer is following the Gregorian financial year and 2.5% if a Zakat payer is following the Hirji financial year.

Under the Zakat Regulations, equity investments in a Saudi company are generally deductible from the Zakat base of the investor to the extent (i) the investment is not held for trading purposes and (ii) the investee is registered with ZATCA and is subject to Zakat according to the applicable Zakat regulations. In addition to conditions (i) and (ii) above, under the New Zakat Regulations, these equity investments should also be classified as non-current assets in order to be eligible for deduction as stipulated in Article 43. Investments in Saudi Zakat paying entities held for trading purposes (i.e., short-term investments) or classified as a current asset should not be deductible from the Zakat base at the level of the investor.

Pursuant to Royal Order No. 16712, dated 11/03/1441H (corresponding to 8 November 2019), the Zakat obligations resulting from investments in the Offer Shares listed on the Saudi Exchange will be settled by calculating and deducting the Zakat amounts resulting from such investments from tax payments by the Company and transferring such amounts to the Zakat account at the Ministry of Finance for transfer to eligible Zakat recipients in accordance with applicable law.

GCC natural persons resident in the Kingdom for tax/Zakat purposes should in principle be subject to Zakat in the Kingdom if they carry out activities (as defined in Chapter 1 – Article 1 of the Zakat Regulations) in the Kingdom. However, Zakat compliance/administration is not currently enforced by ZATCA for such individuals.

Withholding tax

Saudi Arabian resident persons and permanent establishments of non-resident entities registered in the Kingdom are required to withhold taxes on payments to non-residents, including GCC residents, if such payment is from a source in the Kingdom. Saudi Arabian withholding tax ("**WHT**") rates vary from 5% to 20% depending on the nature of the underlying payment. WHT is imposed on payments against services and not the sale of goods. Services are defined to mean anything done for consideration other than the purchase and sale of goods and other property. Dividends paid by a Saudi tax resident (or a permanent establishment of a non-resident) to non-residents are subject to Saudi WHT at a rate of 5%, unless such WHT is reduced or eliminated pursuant to the terms of an applicable double tax treaty signed between a non-resident's country of tax residence and the Kingdom (see below).

Application of double tax treaties in the Kingdom may take place under one of two methods: (i) a refund mechanism which requires the payor to subject the relevant payment to WHT and then a refund request of the WHT may be submitted to ZATCA; or (ii) the automatic application of double tax treaties which provides for the possibility of the payor to not subject the relevant payment to WHT in the first place. Both mechanisms require the beneficiary/recipient to provide certain documents and forms to ZATCA (such as, among others, a tax residency certificate).

Further, the Income Tax Law provides that no WHT should apply to distribution of dividends made by a company engaged in the oil or hydrocarbon production or gas investment sectors (even if such distributions are made to investors not resident in the Kingdom).

Certain tax and Zakat implications for investors

GCC investors who are resident in the Kingdom

Investors who are GCC Persons (as defined below) and resident in the Kingdom for tax purposes (as defined in Chapter 2 – Article 3 of the Income Tax Law and Chapter 1 – Article 3 of the Zakat Regulations) are not subject to any income tax in the Kingdom, whether by way of withholding or direct assessment, in respect of any dividend income received or gain realized in respect of the Offer Shares. However, such investors will be subject to Zakat in respect of any dividend income or gain realized in respect of the Offer Shares (to the extent they are legal entities registered for Zakat purposes in the Kingdom and not natural persons) including capital gain on sale/transfer of the Offer Shares.

Additionally, the deduction of the investment in the Offer Shares from the Zakat base of such investors would be permitted provided it meets the criteria prescribed under Chapter 2 – Article 5(4) of the Zakat Regulations which is mainly as follows (i) the entity (i.e. investee) is registered with ZATCA and is subject to Zakat in the Kingdom and (ii) the investment in Offer Shares made by the investor is not held for trading purposes. In addition to conditions (i) and (ii) above, under the New Zakat Regulations, these equity investments should also be classified as a non-current asset in order to be eligible for deduction as stipulated in Article 43.

The Zakat obligations resulting from the investment in the Offer Shares will be settled through the mechanism outlined in Royal Order No. 16712, dated 11/03/1441H (corresponding to 8 November 2019) as explained in the "*Zakat*" section above.

GCC natural persons resident in the Kingdom for tax/Zakat purposes should in principle be subject to Zakat if they carry out activities in the Kingdom. However, Zakat compliance/administration is not currently enforced by ZATCA for such natural persons (unless they carry out such activities through establishments).

Non-GCC investors who are resident in the Kingdom

Investors who are non-GCC legal entities and resident in the Kingdom for tax purposes (as defined in Chapter 2 – Article 3 of the Income Tax Law) should be subject to Saudi Arabian corporate income tax at the rate of 20% (assuming they are owned by non-GCC persons and not listed on a financial market in the Kingdom) on any dividend income received or gain realized in respect of the Offer Shares (subject to potential exemptions described below), but they will not be subject to any Zakat.

The considerations described above also apply to Saudi Arabian companies wholly owned by non-GCC Persons (which should be subject to Saudi Arabian corporate income tax) and on the income attributable to the ownership of non-GCC Persons in Saudi Arabian companies (which should be subject to Saudi Arabian corporate income tax on the profits attributable to such non-GCC ownership).

However, the Income Tax Law and Income Tax Regulations provide for exemption from income tax of capital gains realized from the disposal of securities traded in a financial market in the Kingdom (or outside of the Kingdom if these securities are also traded in the Kingdom) subject to meeting the following conditions:

Disposal of securities (shares) traded in the Kingdom:

(i) the disposal is carried out in accordance with the regulations of the financial market in the Kingdom; and

(ii) the investor did not hold the securities (shares) before the effective date of the Income Tax Law (*i.e.*, 30 July 2004).

Disposal of securities (shares) traded outside the Kingdom:

(i) the securities (shares) are also traded in a financial market in the Kingdom; and

(ii) the investor did not hold the securities (shares) before the effective date of the Income Tax Law (*i.e.*, 30 July 2004).

In addition, dividend income (whether cash or in-kind) earned by such corporate investors from investments in Saudi or non-Saudi capital companies (resident or non-resident in the Kingdom) are exempt from corporate income tax in the Kingdom if the following conditions are met:

(i) minimum shareholding percentage: the investment represents 10% or more in the capital of such capital company during the years in which such dividends are distributed; and

(ii) minimum shareholding period: the minimum shareholding percentage is held at least for one year during the years in which such dividends are distributed.

Investors who are non-GCC natural persons and resident in the Kingdom and not performing commercial activities (as defined in Chapter 1 – Article 1 of the Income Tax Law) in the Kingdom are not currently subject to income tax in the Kingdom or Zakat on any dividend income generated or gain realized in respect of the Offer Shares, according to existing practices of ZATCA (as compliance/administration of Income Tax Law is not currently enforced by ZATCA on such natural person).

Investors who are not resident in the Kingdom

Investors, either natural persons or legal entities, who are not resident in the Kingdom (whether such investors are GCC nationals or non-GCC nationals (including investors resident in GCC other than the Kingdom)) and do not have a Permanent Establishment in the Kingdom for tax/Zakat purposes are generally subject to Saudi Arabian WHT on dividends paid to them by entities resident in the Kingdom, unless such WHT is reduced or eliminated pursuant to exemptions stipulated in the Income Tax Law or under the terms of an applicable double tax treaty.

The Income Tax Regulations provide that no WHT should apply to distribution of dividends made by a company engaged in the oil or hydrocarbon production or gas investment sector (even if such distributions are made to investors not resident in the Kingdom). Accordingly, investors in the Company who are not resident in the Kingdom should not be subject to Saudi Arabian WHT on dividends paid to them by the Company.

Investors, either natural persons or legal entities, who are not resident in the Kingdom (whether such investors are GCC nationals or non-GCC nationals (including investors resident in the GCC)) and do not have a Permanent Establishment in the Kingdom for tax/Zakat purposes, are generally subject to 20% income tax on gains realized from the disposal of shares in a Saudi company (subject to potential tax exemption described below and/or relief of such taxes under an applicable double tax treaty).

However, the Income Tax Law and Income Tax Regulations provide for exemption from income tax of capital gains realized from the disposal of securities traded in a financial market in the Kingdom (or outside of the Kingdom if they are also traded in the Kingdom) subject to meeting the following conditions:

Disposal of securities (shares) traded in the Kingdom:

(i) the disposal is carried out in accordance with the regulations of the financial market in the Kingdom; and

(ii) the investor did not hold the securities (shares) before the effective date of the Income Tax Law (*i.e.*, 30 July 2004).

Disposal of securities (shares) traded outside the Kingdom:

(i) the securities (shares) are also traded in a financial market in the Kingdom; and

(ii) the investor did not hold the securities (shares) before the effective date of the Income Tax Law (*i.e.*, 30 July 2004).

Accordingly, non-resident investors without a Permanent Establishment in the Kingdom should not be subject to tax/Zakat in the Kingdom on the disposal of the Offer Shares (provided above conditions are met).

Non-resident investors having a Permanent Establishment in the Kingdom should be subject to Saudi Arabian corporate income tax at the rate of 20% in respect of any dividend income generated or gain realized in respect of the Offer Shares to the extent such profits/gains are attributable to such Permanent Establishment (subject to capital gain exemptions described above), but will not be subject to Zakat (unless they are GCC Persons with a Permanent Establishment in the Kingdom that meet the conditions set out under Chapter 1 – Article 2(4) of the Zakat Regulations).

Transfer taxes/stamp duty

There are no transfer taxes currently applicable in the Kingdom (other than the newly introduced rules for real estate transaction/transfer taxes).

The Kingdom has introduced VAT with an effective date of 1 January 2018 pursuant to ratifying the GCC VAT Agreement between the GCC member states. To this effect, VAT legislation has also been issued by ZATCA in line with the GCC framework agreement. The VAT legislation in the Kingdom provides that dividend payments are out of scope of VAT. Additionally, the VAT legislation in the Kingdom exempts the transfer of shares from VAT.

Definitions

For the purposes of this summary:

a) the “**Capital Market Institutions Regulations**” means the regulations issued by the Board of the Capital Market Authority;

b) a “**Depository Center**” means a Depository Center authorised to carry out operations of deposit, transfer, settlement, and registration of ownership of securities, in accordance with the law and the Securities Exchanges and Depository Centers Regulations;

c) “**GCC**” means the Gulf Cooperation Council comprised of Bahrain, the Kingdom, Kuwait, Oman, Qatar and the UAE;

d) a “**GCC Person**” means: (a) a natural person having the nationality of any of the GCC countries; and (b) any legal entity wholly owned by GCC nationals and established under the laws of a GCC country;

e) a “**Foreign Strategic Investor**” means a foreign legal entity that aims to own a direct percentage in a listed company’s shares for a period of not less than two years, for the purpose of contributing in promoting the financial or operational performance of that listed company;

f) subject to the exceptions stipulated in the Income Tax Law, a “**Permanent Establishment**” of a non-resident in the Kingdom represents a permanent place for the non-resident’s activity where such person conducts the activity either fully or partly, which also includes any activity conducted by the non-resident through a dependent agent. A non-resident carrying out an activity in the Kingdom through a licensed branch is considered to have a Permanent Establishment in the Kingdom;

g) a person is "**resident**" in the Kingdom for tax purposes (as defined in Chapter 2 – Article 3 of the Income Tax Law), if it meets the following conditions:

  i. a natural person is considered a tax resident in the Kingdom for a taxable year if such person meets either of the two following conditions:

    1) such person has a permanent place of abode in the Kingdom and is physically present in the Kingdom for a total of not less than 30 days in a tax year; or

    2) such person is physically present in the Kingdom for a period of not less than 183 days in a tax year; and

  ii. a company is considered a tax resident in the Kingdom during a tax year if it meets either of the following conditions:

    1) it is formed in accordance with the Saudi Companies Law; or

    2) its place of central control and management is located in the Kingdom.

  iii. Investors should not be deemed to be resident in the Kingdom solely by reason of holding any Offer Shares in the Company.

LEGAL MATTERS

Certain legal matters with respect to the Offering will be passed upon for the Company by White & Case LLP as to English law, United States federal law and Saudi Arabian law. Certain legal matters with respect to the Offering will be passed upon for the Bookrunners by the Law Firm of Latham & Watkins as to English law, United States federal law and Saudi Arabian law.

APPENDIX: DOMESTIC OFFERING DOCUMENT

The Subscription Period for Institutional Investors shall commence at 9:00 a.m. (Riyadh time) on Sunday, 2 June 2024 and shall end at 5:00 p.m. (Riyadh time) on Thursday, 6 June 2024.

The Subscription Period for Individual Investors shall commence at 9:00 a.m. (Riyadh time) on Monday, 3 June 2024 and shall end at 5:00 p.m. (Riyadh time) on Wednesday, 5 June 2024.

A joint stock company by virtue of Council of Ministers Resolution No. 180 dated 01/04/1439H (corresponding to 19 December 2017), with commercial registration No. 2052101150 dated 11/07/1439H (corresponding to 28 March 2018).

A fully marketed secondary public offering ("**Offering**") of 1.545 billion ordinary shares ("**Shares**") of Saudi Arabian Oil Company (Saudi Aramco) (the "**Company**") by the Government (the "**Government**") of the Kingdom of Saudi Arabia (the "**Kingdom**"), representing 0.64% of the issued Shares, at an offer price of SAR per Share.

The Company was originally established in the Kingdom by virtue of Royal Decree No. M/8 dated 04/04/1409H (corresponding to 13 November 1988) as a company wholly owned by the Government with a fully paid share capital of sixty billion Saudi Riyals (SAR 60,000,000,000). It became a Saudi joint stock company on 14/04/1439H (corresponding to 1 January 2018) by virtue of the Bylaws (as defined below), which were approved by Council of Ministers Resolution No. 180 dated 01/04/1439H (corresponding to 19 December 2017), was listed on 14/04/1441H (corresponding to 11 December 2019, and was registered in the city of Dhahran under commercial registration No. 2052101150 on 11/07/1439H (corresponding to 28 March 2018). On 11/10/1443H (corresponding to 12 May 2022), the Extraordinary General Assembly resolved to increase the Company's share capital from sixty billion Saudi Riyals (SAR 60,000,000,000) divided into two hundred billion (200,000,000,000) Shares to seventy-five billion Saudi Riyals (SAR 75,000,000,000) divided into two hundred and twenty billion (220,000,000,000) Shares by capitalizing an amount of fifteen billion Saudi Riyals (SAR 15,000,000,000) from the Company's retained earnings, and on 18/10/1444H (corresponding to 8 May 2023), the Extraordinary General Assembly resolved to increase the Company's share capital from seventy-five billion Saudi Riyals (SAR 75,000,000,000) divided into two hundred and twenty billion (220,000,000,000) Shares to ninety billion Saudi Riyals (SAR 90,000,000,000) divided into two hundred and forty-two billion (242,000,000,000) Shares by capitalizing an amount of fifteen billion Saudi Riyals (SAR 15,000,000,000) from the Company's retained earnings.

The Company has a number of Subsidiaries (as defined below) inside and outside the Kingdom (the Company, together with its consolidated subsidiaries, and where the context requires, its joint operations, joint ventures and associates, is hereinafter referred to as "**Saudi Aramco**").

In December 2019, the Government sold three billion four hundred fifty million (3,450,000,000) Shares, representing 1.725% of the outstanding Shares, through an initial public offering and the Shares were listed on the Saudi Exchange.

As at the date of this Offering Document, the share capital of the Company is ninety billion Saudi Riyals (SAR 90,000,000,000), divided into two hundred and forty two billion (242,000,000,000) shares, with 82.186% of the Shares owned directly by the Government (the "**Substantial Shareholder**" or the "**Selling Shareholder**") and 17.814% owned by other shareholders or held in treasury by the Company.

The offering described in this Offering Document involves the sale by the Selling Shareholder of 1.545 billion Shares, representing 0.64% of the issued Shares (hereinafter collectively referred to as the "**Offer Shares**" and, individually, as an "**Offer Share**"), while retaining a controlling interest in the Company, through a Secondary Public Offering Process (as defined below). The Offering was approved by the Selling Shareholder pursuant to a Royal Order. The price range in respect of each Offer Share is from SAR 26.7 to SAR 29.0 (the "**Offer Price Range**"). The final offer price of the Offer Shares (the "**Final Offer Price**") will be announced by both the Selling Shareholder (after consultation with the Bookrunners and the Company) and the Company (after consultation with the Bookrunners (as defined below)) after the end of the Book-building Period (as defined below) based on the level of the investors' demand for the Offer Shares. If there are any updates or amendments to the terms and conditions applicable to the Offering, including the number of Offer Shares, an announcement will be made by the Bookrunners (on behalf of the Selling Shareholder and the Company). However, no amendments will be made to the number of Offer Shares allocated to the Individual Investors, which is 154.5 million Offer Shares, to the extent there is sufficient demand. Certain of Saudi Aramco's executive officers and members of its Board of Directors may subscribe for Offer Shares as part of Tranche (B) – Individual Investors (as described below). The Company intends to purchase Offer Shares in the Offering at the Final Offer Price for an aggregate purchase price of up to SAR 3.75 billion for use under the Saudi Aramco Share Plan (as described below).

The Offering is in two tranches and directed only at the following two categories of investors (the "**Investors**"):

Tranche (A) – Institutional Investors: This category comprises the categories stated in Part (5) of the Instructions for Book-building Process and Allocation Method in Initial Public Offerings issued by the Board of the Capital Market Authority (the "**CMA**") pursuant to Resolution No. 2-94-2016 dated 15/10/1437H (corresponding to 20 July 2016), which was amended by the CMA's Board Resolution No. 1-103-2022 dated 02/03/1444H (corresponding to 28 September 2022) (hereinafter referred to as the "**Book-building Instructions**") in accordance with the terms stipulated in this Offering Document, which have active portfolio accounts and are eligible to trade on the Saudi Exchange (collectively, the "**Institutional Investors**") (for more information on the Institutional Investors, please refer to Section 1 (*Definitions and Terminology*) and Section 15 (*Subscription Terms and Conditions*)). The number and percentage of Offer Shares that will be allocated to the Institutional Investors is 1.39 billion Offer Shares, representing 90% of the number of Offer Shares, and will be determined following the completion of the Book-building Period and the announcement of the Final Offer Price based on consultations amongst the Selling Shareholder, the Lead Manager, the Financial Advisors and the Bookrunners. As mentioned above, if there are any updates or amendments to the terms and conditions applicable to the Offering, including the percentage and number of Offer Shares to be allocated to Institutional Investors, an announcement will be made by the Bookrunners (on behalf of the Selling Shareholder and the Company).

Tranche (B) – Individual Investors: This category comprises (a) Saudi Arabian natural persons, including any Saudi female divorcees or widows with minor children from a marriage to a non-Saudi person who can subscribe for her own benefit or in the names of her minor children, on the condition that she proves that she is a divorcee or widow and the mother of her minor children, (b) any non-Saudi natural person who is resident in the Kingdom and (c) any national of a country of the Cooperation Council for the Arab States of the Gulf ("**GCC**"), in each case who has a bank account at a Receiving Entity (as defined below) and an investment portfolio account with a brokerage company affiliated with the same Receiving Entity that provides such services (collectively, the "**Individual Investors**" and, individually, an "**Individual Investor**"). Subscription by a person in the name of his divorcee shall be deemed invalid, and if a transaction of this nature has been proved to have occurred, then the applicable regulations shall be enforced against such person. If a duplicate subscription is made, the second subscription will be considered void and only the first subscription will be accepted. If the Individual Investor does not have a bank account and an investment portfolio account as set out above, the subscription shall be deemed void. The number and percentage of Offer Shares that will be allocated to Individual Investors is 154.5 million Offer Shares, representing 10% of the number of Offer Shares, to the extent there is sufficient demand, and will be determined following the completion of the Book-building Period and the announcement of the Final Offer Price based on consultations amongst the Selling Shareholder, the Bookrunners, the Financial Advisors and the Lead Manager. As mentioned above, if there are any updates or amendments to the terms and conditions applicable to the Offering, including the number of Offer Shares, an announcement will be made by the Bookrunners (on behalf of the Selling Shareholder and the Company). However, no amendments will be made to the aforementioned number of Offer Shares allocated to the Individual Investors, to the extent there is sufficient demand.

Each Institutional Investor must apply for the subscription of a minimum of 100,000 Offer Shares within the Offer Price Range. There is no maximum number of Offer Shares that may be subscribed for by an Institutional Investor. However, for public funds only, the number of Offer Shares shall not exceed the maximum limit for such participating public fund, which shall be defined in accordance with the Book-building Instructions. Institutional Investors have the right to change or cancel their subscription application at any time during the Book-building Period provided that such change or cancellation takes place through submitting a revised or an additional subscription application, as applicable, before the expiry of the Book-building Period. Individual Investors subscribing for Offer Shares must apply for the subscription of ten Offer Shares or a multiple thereof at a price of SAR 29.0, the highest price in the Offer Price Range (the "**Retail Subscription Price**"). There is no maximum number of Offer Shares that may be subscribed for by an Individual Investor. Individual Investors are not permitted to change or cancel their subscription application following its submission. The excess subscription amount or the full amount shall be refunded to the Individual Investor in cash in the following cases: (a) the Final Offer Price is less than the Retail Subscription Price, (b) not all of the Offer Shares requested by such Individual Investor have been allocated thereto or (c) if the Final Offer Price is higher than the closing market price of the Shares on the Saudi Exchange on the last day of the Book-building Period on Thursday, 6 June 2024. If paragraph (c) is applicable, no allocations of Offer Shares will be made to Individual Investors. All subscription amounts will be refunded to the Individual Investor (if applicable) without any commissions or deductions by the Receiving Entities (as defined below). Refunds will be deposited in the Individual Investors' accounts specified in his/her subscription application, including any amounts related to the fractional Offer Shares (if any). The allocation process will be announced on Friday, 7 June 2024 and the excess amount (if any) will be refunded no later than Tuesday, 11 June 2024. For more information on the subscription process, please refer to Section 15 (*Subscription Terms and Conditions*).

In connection with the Offering, the Stabilizing Manager (as defined below) may effect transactions to stabilize the market price of the Shares. Such transactions may be effected on the Saudi Exchange and may be undertaken at any time for a period of 30 calendar days after the first trading day of the Offer Shares (the "**Stabilization Period**"). However, the Stabilizing Manager is under no obligation to undertake any stabilizing transactions and such stabilization, if commenced, may be discontinued at any time without prior notice. The Stabilizing Manager, at the end of every five trading days starting from the first trading day of the Offer Shares and until the end of the Stabilization Period, will disclose to the public the details of all price stabilization processes that it implemented, including disclosure of the number of shares purchased and the price range of the shares being purchased.

In order to allow the Stabilizing Manager to cover short positions resulting from any over-allotments, the Selling Shareholder has granted the Stabilizing Manager an option (the "**Over-allotment Option**") pursuant to which the Stabilizing Manager may purchase an additional number of Shares equal to up to 10% of the total number of Offer Shares (the "**Over-allotment Shares**") at the Final Offer Price. The Over-allotment Option will be exercisable in whole or in part at any time during the Stabilization Period upon notice by the Stabilizing Manager. The Over-allotment Shares will be the same class and have all the same rights as the Offer Shares, including with respect to all dividends and other distributions, and will be traded on the Saudi Exchange on the same terms and conditions as the Offer Shares.

Investors include institutional investors and individuals located outside the United States. Accordingly, the Offer Shares will be offered outside the United States in compliance with Regulation S under the U.S. Securities Act of 1933, as amended (the "**U.S. Securities Act**").

Institutional Investor Subscription Forms may be submitted to any of the Bookrunners during the Subscription Period for Institutional Investors. Individual Investors Subscription Applications may be submitted to any of the Receiving Entities during the Subscription Period for Individual Investors. For more details, please refer to "*Key Dates, Subscription Procedures and Important Announcement Dates*" on page xxv and Section 15 (*Subscription Terms and Conditions*).

All of the Shares are ordinary shares of one class with no preferential voting rights. Each Share entitles the holder to one vote. Each holder of Shares (hereinafter collectively referred to as "**Shareholders**" individually, a "**Shareholder**") has the right to attend and vote at the General Assemblies (as defined below). Holders of the Offer Shares will be entitled to receive dividends declared by the Company on and after the date of this Offering Document (for more details, please refer to Section 7 (*Dividend Policy*)).

The Selling Shareholder will receive all of the proceeds of the Offering after deduction of the Bookrunners' commissions and brokerage commissions and will reimburse the Company for all fees, costs and expenses it incurs in connection with the Offering. Accordingly, the Company will not receive any of the proceeds from the Offering. For more information, see Section 8 (*Use of Offering Proceeds*). In accordance with the Bookrunners' Agreement and the Coordination Agreement (each as described in Section 13 (*Book-Building*)), (a) the Selling Shareholder may not dispose of any other Shares within six months after the Closing Date and (b) the Company may not issue or dispose of new Shares within six months after the Closing Date, in each case subject to certain exceptions. For more information regarding the Bookrunners' Agreement and the Coordination Agreement, including contractual lock-up periods, please refer to Section 13 (*Book-Building*).

Investors are expected to be able to commence trading in the Offer Shares on Sunday, 9 June 2024 (for more information, please see "*Key Dates, Subscription Procedures and Important Announcement Dates*" on page xxv). Saudi Arabian nationals, other GCC nationals, non-GCC nationals resident in the Kingdom and companies, banks, and investment funds established in the Kingdom or in other GCC member states will be permitted to trade directly in the Offer Shares on the Saudi Exchange. Qualified Foreign Investors (as defined below) will be permitted to trade the Offer Shares in accordance with the FIS Rules (as defined below). Non-GCC nationals who are not resident in the Kingdom and institutions incorporated outside the GCC, other than Qualified Foreign Investors, will be permitted to acquire an economic interest in the Offer Shares by entering into a swap agreement with a Capital Market Institution (as defined below). Under such swap agreements, the Capital Market Institution will be the registered legal owner of such Offer Shares.

Investment in the Offer Shares involves risks and uncertainties. The section titled "*Important Notice*" on page i and Section 2 (*Risk Factors*) should be carefully reviewed prior to making a decision to invest in the Offer Shares.

Company's Financial Advisors

citi
Goldman Sachs
Morgan Stanley
BofA SECURITIES
J.P.Morgan
SNB Capital
HSBC

Bookrunners

الراجحي المالية alrajhi capital
BofA SECURITIES
HSBC
citi
Goldman Sachs
J.P.Morgan
Morgan Stanley
الرياض المالية Riyad Capital
السعودي الفرنسي كابيتال Saudi Fransi Capital
SNB Capital

Lead Manager

SNB Capital

Stabilizing Manager

BofA SECURITIES

This Offering Document is an unofficial English translation of the official Arabic Offering Document and is provided for information purposes only. The Arabic Offering Document published on the Company's website (www.saudiaramco.com) remains the only official, legally binding version and shall prevail in the event of any conflict between the two languages.

This Offering Document includes information provided in relation to Saudi Aramco and the Offer Shares. The Directors (as defined below) whose names appear in Table 1: Board of Directors, jointly and severally, accept full responsibility for the accuracy of the information related to Saudi Aramco contained in this Offering Document and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading. The CMA and the Saudi Exchange assume no responsibility for the contents of this Offering Document, do not make any representations as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this Offering Document.

This Offering Document was issued on 2024

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saudi aramco

Important Notice

This Offering Document includes information provided in relation to Saudi Aramco and the Offer Shares. The preparation of this Offering Document was guided by the provisions of the draft Regulatory Framework to Regulate Secondary Offerings in the Saudi Capital Market published by the Authority on 08/05/1445H (corresponding to 22 November 2023). The Company has appointed Citigroup Saudi Arabia, Goldman Sachs Saudi Arabia, HSBC Saudi Arabia, J.P. Morgan Saudi Arabia Company, Merrill Lynch Kingdom of Saudi Arabia, Morgan Stanley Saudi Arabia and SNB Capital Company as Financial Advisors. The Selling Shareholder and the Company have appointed Al Rajhi Capital, Citigroup Saudi Arabia, Goldman Sachs Saudi Arabia, HSBC Saudi Arabia, J.P. Morgan Saudi Arabia Company, Merrill Lynch Kingdom of Saudi Arabia, Morgan Stanley Saudi Arabia, Riyad Capital, Saudi Fransi Capital and SNB Capital Company as the Bookrunners and the Selling Shareholder has appointed SNB Capital Company as the Lead Manager.

When submitting an application for the Offer Shares, Institutional Investors and Individual Investors will be treated as applying solely on the basis of the information contained in this Offering Document, copies of which are available by visiting the websites of the Company, the Financial Advisors and the Bookrunners set forth on pages ix to xvii.

The Directors whose names appear in Table 1: Board of Directors, jointly and severally, accept full responsibility for the accuracy of the information related to Saudi Aramco contained in this Offering Document and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading. The CMA and the Saudi Exchange assume no responsibility for the contents of this Offering Document, do not make any representations as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss arising from, or incurred as a result of reliance on, any part of this Offering Document.

While the Company has made all reasonable enquiries as to the accuracy of the information contained in this Offering Document as at the date of its publication, a substantial portion of the information relevant to the market and industry in which it operates is derived from external sources. While neither the Company nor any of the Advisors (as defined below) have any reason to believe that any of the market and industry information is materially inaccurate, neither the Company nor any of the Advisors have independently verified such information. Accordingly, no representation or assurance is made with respect to the accuracy or completeness of any of such information.

The information included herein is subject to change. In particular, the financial position of Saudi Aramco and the value of the Offer Shares may be adversely affected by future developments related to numerous factors over which the Company has no control (for more information, please refer to Section 2 (*Risk Factors*)). Neither the delivery of this Offering Document nor any oral, written or printed information in relation to the Offer Shares is intended to be, nor should be, construed as, or relied upon in any way as, a promise or representation of future earnings, results or events.

This Offering Document is not to be regarded as a recommendation on the part of the Selling Shareholder, the Company, the Directors, Receiving Entities, any Advisor or the Auditor (as defined below). The information provided in this Offering Document is of a general nature and has been prepared without taking into account individual investment objectives or the financial situation or particular investment needs of investors. Prior to making an investment decision, each recipient of this

Offering Document, or person accessing it from a reliable source, is responsible for obtaining independent professional advice from a CMA-licensed financial advisor in relation to the Offering. An investment in the Offer Shares may be appropriate for some investors but not others, and investors should not rely on another party's decision whether to invest as a basis for their own examination of the investment opportunity and such investor's individual circumstances.

The Offering is directed only to Investors in the following two categories:

Tranche (A) – Institutional Investors: This category comprises the categories stated in Part (5) of the Book-building Instructions in accordance with the terms stipulated in this Offering Document, which have active portfolio accounts and are eligible to trade on the Saudi Exchange (for more information, please refer to Section 15 (*Subscription Terms and Conditions*)). The number and percentage of Offer Shares that will be allocated to the Institutional Investors is 1.39 billion Offer Shares, representing 90% of the number of Offer Shares, and will be determined following the completion of the Book-building Period and the announcement of the Final Offer Price based on consultations amongst the Selling Shareholder, the Lead Manager, the Financial Advisors and the Bookrunners. If there are any updates or amendments to the terms and conditions applicable to the Offering, including the percentage and number of Offer Shares to be allocated to Institutional Investors, an announcement will be made by the Bookrunners (on behalf of the Selling Shareholder and the Company).

Tranche (B) - Individual Investors: This category comprises (a) Saudi Arabian natural persons, including any Saudi female divorcees or widows with minor children from a marriage to a non-Saudi person who can subscribe for her own benefit or in the names of her minor children, on the condition that she proves that she is a divorcee or widow and the mother of her minor children, (b) any non-Saudi natural person who is resident in the Kingdom and (c) any national of a country of the GCC, in each case who has a bank account at a Receiving Entity and an investment portfolio account with a brokerage company affiliated with the same Receiving Entity that provides such services. Subscription by a person in the name of his divorcee shall be deemed invalid, and if a transaction of this nature has been proved to have occurred, then the applicable regulations shall be enforced against such person. If a duplicate subscription is made, the second subscription will be considered void and only the first subscription will be accepted. If the Individual Investor does not have a bank account and an investment portfolio account as set out above, the subscription shall be deemed void. The number and percentage of Offer Shares that will be allocated to Individual Investors is 154.5 million Offer Shares, representing 10% of the number of Offer Shares, to the extent there is sufficient demand, and will be determined following the completion of the Book-building Period and the announcement of the Final Offer Price based on consultations amongst the Selling Shareholder, the Bookrunners, the Financial Advisors and the Lead Manager. If there are any updates or amendments to the terms and conditions applicable to the Offering, including the number of Offer Shares, an announcement will be made by the Bookrunners (on behalf of the Selling Shareholder and the Company). However, no amendments will be made to the aforementioned number of Offer Shares allocated to the Individual Investors, to the extent there is sufficient demand.

The Final Offer Price for Institutional and Individual Investors will be determined on 01/12/1445H (corresponding to Friday, 7 June 2024).

Investors include institutional investors and individuals located outside the United States. Accordingly, the Offer Shares will be offered outside the United States in compliance with Regulation S under the U.S. Securities Act.

This Offering Document may be distributed outside the Kingdom only to foreign investors who are based outside the United States that are foreign institutional investors and GCC corporates and funds. All recipients of this Offering Document must inform themselves of all legal and regulatory restrictions relevant to this Offering and the sale of the Offer Shares and observe all such restrictions.

Since the Offering is not a public offering in the United States, the Offer Shares have not been registered under the U.S. Securities Act or any U.S. state securities laws and, unless so registered, may not be offered, sold or delivered within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act, including the exemption under Regulation S, and applicable U.S. state securities laws.

In making its purchase, each purchaser of Offer Shares will be required to make or will be deemed to have made certain acknowledgements, representations and agreements (for more information, please refer to Section 15 (*Subscription Terms and Conditions*)).

All recipients of this Offering Document shall review and abide by all the legal restrictions relating to the Offering and sale of the Offer Shares. Every qualified Institutional Investor and Individual Investor should read this Offering Document in full and seek advice from their own attorneys, financial advisors and other advisors regarding statutory, tax, regulatory and economic considerations related to their investments in the Offer Shares. Investors will bear all the fees and charges associated with advice sought from their attorneys, financial advisors and other advisors regarding all matters related to investment in the Offer Shares. No assurance can be made that profits will be realized.

Financial and Statistical Information

The 2022 Financial Statements and the 2023 Financial Statements (each as defined below) have been prepared in accordance with IFRS (as defined below) and have been audited by Saudi Aramco's independent auditor, PricewaterhouseCoopers - Public Accountants, as stated in its audit reports related thereto. The 2024 Three Month Interim Period Financial Statements (as defined below) have been prepared in accordance with IAS 34 (as defined below).

Saudi Aramco's financial information as at and for the year ended 31 December 2021 included in this Offering Document has been derived without material adjustment from the comparative column of the 2022 Financial Statements. Saudi Aramco's financial information as at and for the years ended 31 December 2022 and 2023 included in this Offering Document has been derived without material adjustment from the 2022 Financial Statements and 2023 Financial Statements, respectively. Saudi Aramco's financial information as at and for the three month period ended 31 March 2023 included in this Offering Document has been derived without material adjustment from the comparative column of the 2024 Three Month Interim Period Financial Statements and Saudi Aramco's financial information as at and for the three month period ended 31 March 2024 included in this Offering Document has been derived without material adjustment from the 2024 Three Month Interim Period Financial Statements.

This Offering Document includes certain non-IFRS financial measures. See Section 6.4 (*Non-IFRS Financial Measures*).

Some of the financial and statistical information contained herein has been rounded up to the nearest integer. Accordingly, in case of aggregating the figures shown in the tables, there might be slight deviations in the figures shown in the Financial Statements compared to those shown in this Offering Document.

Certain Reserves and Production Information

All natural resources within the Kingdom, including hydrocarbons, are owned by the Kingdom. Through the Concession (as defined below), the Government has granted the Company the exclusive right to explore, develop and produce the Kingdom's hydrocarbon resources, except in the Excluded Areas (for more information, please refer to Section 12.2.1 (*The Concession*)). Any reference in this Offering Document to reserves of crude oil and condensate, natural gas or other hydrocarbons are reserves owned by the Kingdom that the Company has the right to operate and develop through the Concession and excludes reserves other entities have the right to develop, including AGOC (as defined below), the Company's wholly owned subsidiary, which operates in the partitioned territory and its adjoining offshore areas between the Kingdom and the State of Kuwait. In addition, any reference in this Offering Document to amounts produced includes blended condensate and AGOC's oil production in the partitioned territory and its adjoining offshore areas in accordance with the agreements between the Kingdom and the State of Kuwait, and excludes the Kingdom of Bahrain's entitlement to volumes produced from the Abu Sa'fah field. Pursuant to an agreement between the Kingdom and the Kingdom of Bahrain regarding the Abu Sa'fah field, the Kingdom of Bahrain is entitled to 50% of the net income derived from crude oil produced from Abu Sa'fah.

The reserve estimates in this Offering Document conform to the SPE-PRMS definitions and guidelines, which are the internationally recognized industry standards promulgated 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. Reserve estimation is an inherently complex process that principally relies on a combination of knowledge, experience and engineering judgment and, with respect to the Company's reserves, takes into account the Government's production decisions. The accuracy of any reserve estimate is a function of a number of variable factors and assumptions, many of which are beyond the Company's control. Therefore, the reserves information in this Offering Document represent only estimates. In addition, results of drilling, testing and production subsequent to the date of an estimate may justify revising the original estimate. Accordingly, due to the inherent uncertainties and the necessarily limited nature of reservoir data and the inherently imprecise nature of reserve estimates, the initial reserve estimates may differ from the quantities of oil and natural gas that are ultimately recovered. Thus, investors should not place undue reliance on the Company's ability to determine actual reserves or on comparisons of reserves of other companies. In addition, except to the extent that the Company conducts successful exploration and development activities, the Company's reserves will decline as they are produced. For more information, see Section 3.6.1.1 (*Reserves*).

Industry and Other Information

This Offering Document includes information regarding the industry and the geographies in which Saudi Aramco operates and competes. Certain economic and industry data and forecasts contained in this Offering Document were obtained from market research, governmental and other publicly available information and independent industry publications and reports. These generally state that the information contained therein has been obtained from sources believed to be reliable, but that the accuracy and completeness of such information is not guaranteed. Forecasts and other forward-looking information obtained from these sources are subject to the same qualifications and uncertainties as the other forward-looking statements in this Offering Document. See "*Forecasts and Forward-Looking*

Statements" on pages vi to viii. Maps contained in this Offering Document are for reference only and do not necessarily reflect international borders or other locations accurately.

In addition, certain statements regarding the oil and gas industry and Saudi Aramco's position in the industry are not based on published statistical data or information obtained from independent third parties, but are based solely on Saudi Aramco's experience, its internal studies and estimates and its own investigation of industry conditions.

The Directors believe that the information and data from third party sources contained in this Offering Document are reliable. However, such information and data have not been independently verified by Saudi Aramco, the Directors, the Advisors or the Selling Shareholder, and thus none of them bears any liability for the accuracy or completeness of such information or data.

Currencies and Exchange Rates

All references in this Offering Document to:

- "**Saudi Riyal**" and "**SAR**" are to the Saudi Arabian Riyal, the legal currency of the Kingdom; and
- "**U.S. Dollar**", "**USD**", "**$**" and "**U.S.$**" are to the United States Dollar, the legal currency of the United States.

For all periods presented in this Offering Document, the Saudi Riyal has been pegged to the U.S. Dollar at a fixed exchange rate of SAR 3.75 = U.S.$1.00. In cases where amounts included in this Offering Document were converted from Saudi Riyals into U.S. Dollars, this fixed exchange rate has been used for convenience. No representation is made that Saudi Riyal amounts referred to could have been or could be converted into U.S. Dollars at any particular rate on any date.

Definitions and Terminology

For definitions of some phrases and terms that are included herein, please refer to Section 1 (*Definitions and Terminology*).

Type and Format of the Numbers Contained Herein

This Offering Document has been made using Arabic numerals (*i.e.*, 1, 2, 3, 4, 5, 6, 7, 8, 9, 0). Some numbers have been formatted to be written in decimal form, in which a decimal point is placed to the right of the decimal place with the base value. Each digit to the right of this decimal point has a base value accounting for one-tenth the value of the preceding digit from the left. Thus, the number (123.4) represents one hundred twenty three and four tenths.

General Provisions

In this Offering Document, Hijri dates (depicted with an H after the year) are presented along with corresponding Gregorian dates, where relevant. Unless otherwise expressly stated in this Offering Document, any reference to "year" or "years" means Gregorian years.

The websites and reports referenced in this Offering Document are not a part of, and are not incorporated by reference into, this Offering Document.

Forecasts and Forward-Looking Statements

This Offering Document and any supplement thereto may contain certain forward-looking statements with respect to Saudi Aramco's financial position, results of operations and business and certain of Saudi Aramco's plans, intentions, expectations, assumptions, goals and beliefs. These statements include all matters that are not historical fact and generally, but not always, may be identified by the use of words such as "believes", "expects", "are expected to", "anticipates", "intends", "estimates", "should", "will", "shall", "may", "is likely to", "plans" or similar expressions, including variations and the negatives thereof or comparable terminology.

Prospective investors should be aware that forward-looking statements are not guarantees of future performance and that Saudi 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 Saudi 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 Saudi Aramco's expectations are contained in cautionary statements in this Offering Document and include, among other things, the following:

- global supply, demand and price fluctuations of oil, gas and petrochemicals;
- global economic conditions;
- competition in the industries in which Saudi Aramco operates;
- climate change concerns, weather conditions and related impacts on the global demand for hydrocarbons and hydrocarbon-based products;
- risks related to Saudi Aramco's ability to successfully meet its environmental, social and governance ("**ESG**") targets, including any failure to fully meet its GHG emissions 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 Saudi Aramco's growth;
- the management of the Company's subsidiaries, joint operations, joint ventures, associates and entities in which it holds a minority interest;
- Saudi 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 or other regulations that impact the industries in which Saudi Aramco operates; and
- legal proceedings, international trade matters, and other disputes or agreements.

Sections 2 (*Risk Factors*) and 6 (*Management's Discussion and Analysis of Financial Position and Results of Operations*) contain a more complete discussion of the factors that could affect the Company'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 Offering Document may not occur.

In accordance with the OSCO Rules (as defined below), the Company will submit a supplementary prospectus to the CMA if, at any time after this Offering Document has been published and before completion of the Offering, the Company becomes aware that:

(a) there has been a significant change in material matters contained in this Offering Document or any document required under the OSCO Rules; or

(b) additional significant matters have become known which would have been required to be included in this Offering Document.

Except for these two cases, the Company undertakes no obligation to update or revise any information included in this Offering Document, whether as a result of new information, future events or otherwise. Based on the foregoing risks, assumptions and other uncertainties, forward-looking events and conditions described in this Offering Document may not occur as expected by the Company or at all. Consequently, investors should review all forward-looking statements based on these explanations and should not rely solely on forward-looking statements. All subsequent written and oral forward-looking statements attributable to the Company or to persons acting on its behalf are expressly qualified in their entirety by the cautionary statements referred to above and contained elsewhere in this Offering Document.

Corporate Directory

Board of Directors

Table 1: **Board of Directors**

	Name	Position	Nationality	Membership Status	Independence	Direct ownership (%)	Original Date of Appointment to the Board	Date of Appointment to the Current Board
1.	H.E. Yasir O. Al-Rumayyan	Chairman	Saudi	Non-Executive Director	No	0.0015000	20 June 2016	1 July 2021
2.	H.E. Dr. Ibrahim A. Al-Assaf	Deputy Chairman	Saudi	Non-Executive Director	No	0.0000579	2 January 1999	1 July 2021
3.	H.E. Mohammed A. Al-Jadaan	Director	Saudi	Non-Executive Director	No	-	24 April 2018	1 July 2021
4.	H.E. Mohammad M. Al-Tuwaijri	Director	Saudi	Non-Executive Director	No	-	24 April 2018	1 July 2021
5.	Mr. Andrew N. Liveris	Director	Australian	Non-Executive Director	Yes	-	1 July 2018	1 July 2021
6.	Ms. Lynn Laverty Elsenhans	Director	American	Non-Executive Director	Yes	-	24 April 2018	1 July 2021
7.	Mr. Peter L. Cella	Director	American	Non-Executive Director	Yes	-	24 April 2018	1 July 2021
8.	Mr. Mark A. Weinberger	Director	American	Non-Executive Director	Yes	-	31 March 2020	1 July 2021
9.	Mr. Stuart T. Gulliver	Director	British	Non-Executive Director	Yes	-	1 July 2021	1 July 2021
10.	Mr. Khalid H. Al-Dabbagh	Director	Saudi	Non-Executive Director	No	-	1 July 2021	1 July 2021
11.	Mr. Amin H. Nasser	Director, President and Chief Executive Officer	Saudi	Executive Director	No	0.0004268	25 October 2010	1 July 2021

Source: The Company.

Company Address

Saudi Arabian Oil Company (Saudi Aramco)
P.O. Box 5000 Dhahran 31311
Kingdom of Saudi Arabia
Tel: +966 13 873-6050
Website: www.saudiaramco.com
E-mail: investor.relations@aramco.com

أرامكو السعودية
saudi aramco

Company's Representative

Mr. Amin H. Nasser
Director, President and Chief Executive Officer
P.O. Box 5000 Dhahran 31311
Kingdom of Saudi Arabia
Tel: +966 13 872-0115
Website: www.saudiaramco.com
E-mail: president.ceo@aramco.com

Company's Representative

Mr. Ziad T. Al-Murshed
Executive Vice President and Chief Financial Officer
P.O. Box 5000 Dhahran 31311
Kingdom of Saudi Arabia
Tel: +966 13 873-3638
Website: www.saudiaramco.com
E-mail: EVP-CFO@aramco.com

Board Secretary

Mr. Nabeel A. Al Mansour
P.O. Box 5000 Dhahran 31311
Kingdom of Saudi Arabia
Tel: +966 13 873-6050
Website: www.saudiaramco.com
E-mail: investor.relations@aramco.com

The Saudi Exchange

Saudi Exchange Company
King Fahd Road-Al Olaya 6897
Unit No. 15
Riyadh 12211-3388
Kingdom of Saudi Arabia
Tel: +966 92000 1919
Fax: +966 112189 392
Website: www.saudiexchange.sa
E-mail: csc@saudiexchange.sa

Saudi
Exchange

Share Registrar

Securities Depository Center Company
King Fahd Road-Al Olaya 6897
Unit No. 11
Riyadh 12211-3388
Kingdom of Saudi Arabia
Tel: +966 9200 26000
Website: www.edaa.com.sa
E-mail: cc@edaa.com.sa

إيداع
Edaa
من مجموعة تداول السعودية
From Saudi Tadawul Group

Advisors

Financial Advisors

Citigroup Saudi Arabia
Kingdom Tower, 20th Floor
P.O. Box 301700
Riyadh 12214
Kingdom of Saudi Arabia
Tel: +966112246140
Fax: +966112110020
Website: www.citibank.com/icg/sa/emea/saudi-arabia
E-mail: info.csa@citi.com

Goldman Sachs Saudi Arabia
25th Floor, Kingdom Tower
P.O. Box 52969
Riyadh 11573
Kingdom of Saudi Arabia
Tel: +966 11 279 4800
Fax: +966 11 279 4807
Website: www.goldmansachs.com/worldwide/saudi-arabia
E-mail: gssainfo@gs.com

HSBC Saudi Arabia
HSBC Building 7267
Olaya Street
Al Murooj District
Riyadh 12283-2255
Kingdom of Saudi Arabia
Tel: +966 92 000 5920
Fax: +966 11 299 2385
Website: www.hsbcsaudi.com
E-mail: hsbcksaecm@hsbc.com

J.P. Morgan Saudi Arabia Company
P.O. Box 51907, Riyadh 11553
Kingdom of Saudi Arabia
Tel: +966 11 299 3800
Fax: +966 11 299 3840
Website: www.jpmorgansaudiarabia.com
E-mail: Project_BOND_External@jpmorgan.com

Merrill Lynch Kingdom of Saudi Arabia
Kingdom Tower, Floor 22
2239 Al-Orouba Road – Olaya
Unit number: 50, Ar Riyadh 12214 – 9597
P.O. Box 90534
Riyadh 11623
Kingdom of Saudi Arabia
Tel: +966 11 299 3700
Fax: +966 11 299 3701

Morgan Stanley Saudi Arabia
Al Rashid Tower – 10th Floor
King Saud Road
P.O. Box 66633, Riyadh 11586
Kingdom of Saudi Arabia
Tel: +966 11 2187000
Fax: +966 11 2187003
Website: www.morganstanley.com
Email: lneqsy@morganstanley.com

SNB Capital Company
Regional Building of the Saudi National Bank
King Saud Road
P.O. Box 22216
Riyadh 11495
Kingdom of Saudi Arabia
Tel: +966920000232
Fax: +966114060052
Website: www.alahlicapital.com
E-mail: SNBC.CM@alahlicapital.com

Bookrunners

Al Rajhi Capital
King Fahd Road
P.O. Box 5561, Riyadh 11432
Kingdom of Saudi Arabia
Tel: +966920005856
Fax: +9661146000625
Website: www.alrajhi-capital.com
E-mail: PR@alrajhi-capital.com

Citigroup Saudi Arabia
Kingdom Tower, 20th Floor
P.O. Box 301700
Riyadh 12214
Kingdom of Saudi Arabia
Tel: +966112246140
Fax: +966112110020
Website: www.citibank.com/icg/sa/emea/saudi-arabia
E-mail: info.csa@citi.com

Goldman Sachs Saudi Arabia
25th Floor, Kingdom Tower
P.O. Box 52969
Riyadh 11573
Kingdom of Saudi Arabia
Tel: +966 11 279 4800
Fax: +966 11 279 4807
Website: www.goldmansachs.com/worldwide/saudi-arabia
E-mail: gssainfo@gs.com

HSBC Saudi Arabia
HSBC Building 7267
Olaya Street
Al Murooj District
Riyadh 12283-2255
Kingdom of Saudi Arabia
Tel: +966 92 000 5920
Fax: +966 11 299 2385
Website: www.hsbcsaudi.com
E-mail: hsbcksaecm@hsbc.com

J.P. Morgan Saudi Arabia Company
P.O. Box 51907, Riyadh 11553
Kingdom of Saudi Arabia
Tel: +966 11 299 3800
Fax: +966 11 299 3840
Website: www.jpmorgansaudiarabia.com
E-mail: Project_BOND_External@jpmorgan.com

Merrill Lynch Kingdom of Saudi Arabia
Kingdom Tower, Floor 22
2239 Al-Orouba Road – Olaya
Unit number: 50, Ar Riyadh 12214 – 9597
P.O. Box 90534
Riyadh 11623
Kingdom of Saudi Arabia
Tel: +966 11 299 3700
Fax: +966 11 299 3701
Website: www.ml-ksa.com
E-mail: dg.infomlksa@bofa.com

Morgan Stanley Saudi Arabia
Al Rashid Tower – 10th Floor
King Saud Road
P.O. Box 66633, Riyadh 11586
Kingdom of Saudi Arabia
Tel: +966 11 2187000
Fax: +966 11 2187003
Website: www.morganstanley.com
Email: lneqsy@morganstanley.com

Riyad Capital
Granada Business Park 2414, Al-Shuhada Dist.
Unit No. 69
Riyadh 7279-13241
Kingdom of Saudi Arabia
Tel: +966114865649
Fax: +966114875908
Website: www.riyadcapital.com
E-mail: ask@riyadcapital.com

Saudi Fransi Capital
King Fahd Road
Olaya 8092
P.O. Box 23454, Riyadh 11426
Kingdom of Saudi Arabia
Tel: +966 11 2826666
Fax: +966 11 2826823
Website: www.sfc.sa
Email: Aramco.SPO@fransicapital.com.sa

SNB Capital Company
Regional Building of the Saudi National Bank
King Saud Road
P.O. Box 22216
Riyadh 11495
Kingdom of Saudi Arabia
Tel: +966920000232
Fax: +966114060052
Website: www.alahlicapital.com
E-mail: SNBC.CM@alahlicapital.com

Lead Manager

SNB Capital Company
Regional Building of the Saudi National Bank
King Saud Road
P.O. Box 22216
Riyadh 11495
Kingdom of Saudi Arabia
Tel: +966920000232
Fax: +966114060052
Website: www.alahlicapital.com
E-mail: SNBC.CM@alahlicapital.com

Stabilizing Manager

Merrill Lynch Kingdom of Saudi Arabia
Kingdom Tower, Floor 22
2239 Al-Orouba Road – Olaya
Unit number: 50, Ar Riyadh 12214 – 9597
P.O. Box 90534
Riyadh 11623
Kingdom of Saudi Arabia
Tel: +966 11 299 3700
Fax: +966 11 299 3701
Website: www.ml-ksa.com
E-mail: dg.infomlksa@bofa.com

Legal Advisor to the Company

White & Case LLP
The Business Gate
Building No. 26, Zone C
Airport Road
P.O. Box 1080, Riyadh 11431
Kingdom of Saudi Arabia
Tel.: +966114167300
Fax: +966114167399
Website: www.whitecase.com
E-mail: wcfmo@whitecase.com

Legal Advisor to the Financial Advisors, the Bookrunners and Lead Manager

The Law Firm of Latham & Watkins
7th Floor, Tower 1, Al-Tatweer Towers
King Fahad Highway
P.O. Box 17411 Riyadh 11484
Saudi Arabia
Tel: +966112072500
Fax: +966112072577
Website: www.lw.com
E-mail: LWFMO@lw.com

Receiving Entities

Alinma Bank
Al Anoud Tower, King Fahad Road
P.O. Box 66674 Riyadh 11586
Kingdom of Saudi Arabia
Tel: +966 218 5555
Fax: +966 218 5000
Website: www.alinma.com
Email: info@alinma.com

Alrajhi Banking and Investment Corporation
King Fahad Road, Almorouj, Alrajhi Bank Tower
P.O. Box 11411
Kingdom of Saudi Arabia
Tel: +966 8282515
Fax: +966 112798190
Website: www.alrajhibank.com.sa
Email: contactcenter1@alrajhibank.com.sa

Arab National Bank
King Faisal Road, Al Muraba, Unit 1
P.O. Box 56921, Riyadh 11564
Kingdom of Saudi Arabia
Tel: +966 114029000
Fax: +966 114039044
Website: www.anb.sa
Email: info@anb.com.sa

Banque Saudi Fransi
P.O. Box 56006 Riyadh 11554
Tel: +966 920000579
Fax: +966 11 4027261
Website: www.alfransi.com.sa
Email: fransiplusadmin@alfransi.com.sa

Riyad Bank
Al Shuhada St.
P.O. Box 22622 Riyadh 11416
Kingdom of Saudi Arabia
Website: www.riyadbank.com
Email: customercare@riyadbank.com

Saudi Awwal Bank (SAB)
Prince Abdulaziz Bin Musaad Bin Jalawi Road,
Al Morouj District
P.O. Box 9084 Riyadh 11413
Kingdom of Saudi Arabia
Tel: +966 440 8440
Fax: +966 276 3414
Website: www.sab.com
Email: sab@sab.com

Saudi National Bank
King Fahad Road
P.O. Box 3208, Unit 778
Kingdom of Saudi Arabia
Tel: +966 920001000
Fax: +966 114060052
Website: www.alahli.com
Email: contactus@alahli.com

Each of the above-mentioned Advisors and the Auditor has given and has not withdrawn its written consent to the reference to its name, address, and logo and the publication of its statements in the context in which they appear in this Offering Document, and does not itself, nor do its employees forming part of the team serving the Company or their relatives, have any interest of any kind in the Company or its Subsidiaries which would impair its independence as at the date of this Offering Document.

Auditor

PricewaterhouseCoopers - Public Accountants
c/o Saudi Aramco
P.O. Box 1659 Dhahran 31311
Kingdom of Saudi Arabia
Tel: +966 13 873 6800
Fax: +966 13 873 8883
Website: www.pwc.com/middle-east
E-mail: mer_ksa@pwc.com

Offering Summary

This Offering Summary provides a brief overview of the information relevant to the Offering. As it is a summary, it does not contain all information that may be important to investors who wish to participate in the Offering. Any decision to invest in the Offer Shares should be based on consideration of this Offering Document as a whole. In particular, "*Important Notice*" on page i and Section 2 (*Risk Factors*) should be reviewed carefully prior to making the decision to invest in the Offer Shares.

<table>
<tr><td>Company name, description and establishment information</td><td>The Company was originally established in the Kingdom by virtue of Royal Decree No. M/8 dated 04/04/1409H (corresponding to 13 November 1988) as a company wholly owned by the Government with a fully paid share capital of sixty billion Saudi Riyals (SAR 60,000,000,000). It became a Saudi joint stock company on 14/04/1439H (corresponding to 1 January 2018) by virtue of the Bylaws, which were approved by Council of Ministers Resolution No. 180 dated 01/04/1439H (corresponding to 19 December 2017), was listed on 14/04/1441H (corresponding to 11 December 2019, and was registered in the city of Dhahran under commercial registration No. 2052101150 on 11/07/1439H (corresponding to 28 March 2018). On 11/10/1443H (corresponding to 12 May 2022), the Extraordinary General Assembly resolved to increase the Company's share capital from sixty billion Saudi Riyals (SAR 60,000,000,000) divided into two hundred billion (200,000,000,000) Shares to seventy-five billion Saudi Riyals (SAR 75,000,000,000) divided into two hundred and twenty billion (220,000,000,000) Shares by capitalizing an amount of fifteen billion Saudi Riyals (SAR 15,000,000,000) from the Company's retained earnings, and on 18/10/1444H (corresponding to 8 May 2023), the Extraordinary General Assembly resolved to increase the Company's share capital from seventy-five billion Saudi Riyals (SAR 75,000,000,000) divided into two hundred and twenty billion (220,000,000,000) Shares to ninety billion Saudi Riyals (SAR 90,000,000,000) divided into two hundred and forty-two billion (242,000,000,000) Shares by capitalizing an amount of fifteen billion Saudi Riyals (SAR 15,000,000,000) from the Company's retained earnings. As at the date of this Offering Document, the share capital of the Company is ninety billion Saudi Riyals (SAR 90,000,000,000), consisting of two hundred and forty two billion (242,000,000,000) ordinary shares with no par value.</td></tr>
<tr><td>Company activity</td><td>In accordance with the Bylaws, the main objective of the Company shall be to engage in any activities relating to the energy industry, including hydrocarbons, chemicals and other associated and complementary industries, or any other activity, in or outside the Kingdom. See Section 12.7.3 (<i>Objectives of the Company</i>).</td></tr>
<tr><td>Substantial Shareholder</td><td>The name and ownership interest of the Selling Shareholder (which is also the sole Substantial Shareholder) pre- and post-offering is provided in the following table along with the other Shareholders interests.
Table 2: Substantial Shareholder and Ownership Percentages in the Company Pre-Offering and Post-Offering.
<table>
<tr><th rowspan="2">Shareholder</th><th colspan="3">Pre-Offering</th><th colspan="3">Post-Offering</th></tr>
<tr><th>No. of Shares</th><th>Percent</th><th>Share Capital (SAR)</th><th>No. of Shares</th><th>Percent</th><th>Share Capital (SAR)</th></tr>
<tr><td>Government</td><td>198,890,559,062</td><td>82.186%</td><td>73,967,400,000</td><td>197,345,559,062</td><td>81.548%</td><td>73,392,976,511</td></tr>
<tr><td>Other[1]</td><td>43,109,440,938</td><td>17.814%</td><td>16,032,600,000</td><td>44,654,440,938</td><td>18.452%</td><td>16,607,023,489</td></tr>
<tr><td>Total</td><td>242,000,000,000</td><td>100%</td><td>90,000,000,000</td><td>242,000,000,000</td><td>100%</td><td>90,000,000,000</td></tr>
</table>
<i>Source</i>: The Company.
(1) Includes Shares held in treasury by the Company, including the Offer Shares that the Company intends to purchase from the Government at the Final Offer Price for an aggregate purchase price of up to SAR 3.75 billion.
As of the date of this Offering Document, 82.186% of the Shares are owned directly by the Government and 17.814% are owned by other shareholders or held in treasury by the Company.</td></tr>
<tr><td>Selling Shareholder</td><td>The Government.</td></tr>
</table>

Share Capital of the Company	Ninety billion Saudi Riyals (SAR 90,000,000,000), which is fully paid. The Company's share capital will not change as a result of this Offering.
Total number of Shares	Two hundred and forty two billion (242,000,000,000) Shares. The number of issued Shares will not change as a result of this Offering.
Nominal value of each Share	The Shares have no par value.
Offering	The Offering involves the sale by the Selling Shareholder of 1.545 billion Shares, representing 0.64% of the issued Shares, while retaining a controlling interest in the Company, through a Secondary Public Offering Process. The Company intends to purchase Offer Shares in the Offering at the Final Offer Price for an aggregate purchase price of up to SAR 3.75 billion for use under the Saudi Aramco Share Plan (as described below). The Final Offer Price will be announced by both the Selling Shareholder (after consultation with the Bookrunners and the Company) and the Company (after consultation with the Bookrunners) after the end of the Book-building Period based on the level of the investors' demand for the Offer Shares. If there are any updates or amendments to the terms and conditions applicable to the Offering, including the number of Offer Shares, an announcement will be made by the Bookrunners (on behalf of the Selling Shareholder and the Company). However, no amendments will be made to the number of Offer Shares allocated to the Individual Investors, to the extent there is sufficient demand. The Selling Shareholder reserves the right in its sole discretion to cancel the Offer for any reason or for no reason.
Total number of Offer Shares	1.545 billion Shares.
Percentage of Offer Shares of the issued capital	0.64% of the issued capital.
Offer Price Range	From SAR 26.7 to SAR 29.0 per Offer Share.
Final Offer Price	The Final Offer Price will be announced by both the Selling Shareholder (after consultation with the Bookrunners and the Company) and the Company (after consultation with the Bookrunners) after the end of the Book-building Period based on the level of the investors' demand for the Offer Shares (for more details, please refer to Section 15 (*Subscription Terms and Conditions*)). The Final Offer Price is the price at which the Offer Shares are allocated to all Investors, amounting to SAR per Offer Share. An increase in the size of the Offering may be announced at any time before the start of the retail offering period (before 9:00am on Monday, 3 June 2024).
Total Offering Value	SAR .
Use of Offering Proceeds	The Selling Shareholder will receive all of the proceeds of the Offering after deduction of the Bookrunners' commissions and brokerage commissions and will reimburse the Company for all fees, costs and expenses it incurs in connection with the Offering. The Company will not receive any of the proceeds of the Offering (for more information, please refer to Section 8 (*Use of Offering Proceeds*)).
Categories of Investors	The Offering is directed at, and may be accepted only by, Investors in the following two tranches: **Tranche (A) – Institutional Investors**: This category comprises the categories stated in Part (5) of the Book-building Instructions in accordance with the terms stipulated in this Offering Document, which have active portfolio accounts and are eligible to trade on the Saudi Exchange. For more information on the Institutional Investors, please refer to Section 15 (*Subscription Terms and Conditions*).

	Tranche (B) – Individual Investors: This category comprises (a) Saudi Arabian natural persons, including any Saudi female divorcees or widows with minor children from a marriage to a non-Saudi person who can subscribe for her own benefit or in the names of her minor children, on the condition that she proves that she is a divorcee or widow and the mother of her minor children, (b) any non-Saudi natural person who is resident in the Kingdom and (c) any national of a country of the GCC, in each case who has a bank account at a Receiving Entity and an investment portfolio account with a brokerage company affiliated with the same Receiving Entity that provides such services. Investors include institutional investors and individuals located outside the United States. Accordingly, the Offer Shares will be offered outside the United States in compliance with Regulation S under the U.S. Securities Act.
Total number of Shares for each category of Investors	
Number of Offer Shares offered to Institutional Investors	1.39 billion Shares.
Number of Offer Shares offered to Individual Investors	154.5 million Shares.
Subscription method for each category of Investors	
Subscription method for Institutional Investors	Institutional Investors may submit Institutional Investor Subscription Forms based on the subscription application forms to be made available by the Bookrunners during the Book-building Period in accordance with the instructions set out in Section 15 (*Subscription Terms and Conditions*). The Institutional Investor Subscription Forms shall be considered binding on Institutional Investors following the acceptance of their allocation of the Offer Shares, and will include instructions for the broker to take necessary actions to execute the settlement process of such Offer Shares.
Subscription method for Individual Investors	Each Individual Investor shall submit their Individual Investors Subscription Application within the Subscription Period for Individual Investors in accordance with the instructions provided in Section 15 (*Subscription Terms and Conditions*). An Individual Investor can subscribe online, via mobile banking or ATMs of the Receiving Entities that provide such services to their customers, *provided* that: (a) such Individual Investor has a bank account at a Receiving Entity, (b) such Individual Investor shall have an investment portfolio account at a brokerage company affiliate with the same Receiving Entity that provides such services and (c) no change shall have been made to the information and details of such Individual Investor previously held by such Receiving Entity.
The minimum and maximum number/value of Offer Shares to be subscribed for each category of Investors	
The value of the minimum and maximum number of Offer Shares to which the Institutional Investors may subscribe	The minimum number of Offer Shares that may be subscribed by Institutional Investors is 100,000 Offer Shares within the Offer Price Range of SAR 26.7 to SAR 29.0 per Offer Share. There is no maximum number of Offer Shares that may be subscribed for by an Institutional Investor. However, for public funds only, the number of Offer Shares shall not exceed the maximum limit for such participating public fund, which shall be defined in accordance with the Book-building Instructions.
The value of the minimum and maximum number of Offer Share to which Individual Investors may subscribe	Individual Investors must subscribe for ten Offer Shares or a multiple thereof based on the Retail Subscription Price, which is SAR 29.0, representing the highest price of the Offer Price Range. There is no maximum number of Offer Shares for which the Individual Investors may subscribe. Individual Investors Subscription Applications cannot be amended or withdrawn by the Individual Investors once submitted.

Stabilization and Over-allotment Option	
Stabilization and Over-allotment Option	In connection with the Offering, the Stabilizing Manager may effect transactions to stabilize the market price of the Shares. Such transactions may be effected on the Saudi Exchange and may be undertaken at any time during the Stabilization Period. However, the Stabilizing Manager is under no obligation to undertake any stabilizing transactions and such stabilization, if commenced, may be discontinued at any time without prior notice. The Stabilizing Manager, at the end of every five trading days starting from the first trading day of the Offer Shares and until the end of the Stabilization Period, will disclose to the public the details of all price stabilization processes that it implemented, including disclosure of the number of shares purchased and the price range of the shares being purchased. In order to allow the Stabilizing Manager to cover short positions resulting from any Over-allotments, the Selling Shareholder has granted the Stabilizing Manager the Over-allotment Option pursuant to which the Stabilizing Manager may purchase the Over-allotment Shares at the Final Offer Price. The Over-allotment Option will be exercisable in whole or in part at any time during the Stabilization Period upon notice by the Stabilizing Manager to the Selling Shareholder. The Over-allotment Shares will be the same class and have all the same rights as the Offer Shares, including with respect to all dividends and other distributions, and will be traded on the Saudi Exchange on the same terms and conditions as the Offer Shares.
Method of allocation and refund to each category of Investors	
Allocation of Offer Shares to Institutional Investors	The number and percentage of Offer Shares that will be allocated to the Institutional Investors is 1.39 billion Offer Shares, representing 90% of the number of Offer Shares (for more details, please refer to Section 15 (*Subscription Terms and Conditions*)), and will be determined by the Selling Shareholder following the completion of the Book-building Period and the announcement of the Final Offer Price after consultations amongst the Selling Shareholder, the Lead Manager, the Financial Advisors and the Bookrunners. If there are any updates or amendments to the terms and conditions applicable to the Offering, including the percentage and number of Offer Shares to be allocated to Institutional Investors, an announcement will be made by the Bookrunners (on behalf of the Selling Shareholder and the Company).
Allocation of Offer Shares to Individual Investors	The number and percentage of Offer Shares that will be allocated to Individual Investors is 154.5 million Offer Shares, representing 10% of the number of Offer Shares, to the extent there is sufficient demand (for more details, please refer to Section 15 (*Subscription Terms and Conditions*)), and will be determined by the Selling Shareholder following the completion of the Book-building Period and the announcement of the Final Offer Price after consultations amongst the Selling Shareholder, the Bookrunners, the Financial Advisors and the Lead Manager. If there are any updates or amendments to the terms and conditions applicable to the Offering, including the number of Offer Shares, an announcement will be made by the Bookrunners (on behalf of the Selling Shareholder and the Company). However, no amendments will be made to the aforementioned number of Offer Shares allocated to the Individual Investors, to the extent there is sufficient demand.
Refund of Excess Subscription Amounts	The excess subscription amount or the full amount shall be refunded to an Individual Investor in cash in the following cases: (a) the Final Offer Price is less than the Retail Subscription Price, (b) not all of the Offer Shares requested by such Individual Investor have been allocated thereto or (c) if the Final Offer Price is higher than the closing market price of the Shares on the Saudi Exchange on the last day of the Book-building Period on Thursday, 6 June 2024. If paragraph (c) is applicable, no allocations of Offer Shares will be made to Individual Investors. All subscription amounts will be refunded to the Individual Investor (if applicable) without any commissions or deductions by the Receiving Entities. The refunds (if any) will be deposited in the relevant Individual Investor's account specified in his or her Individual Investors Subscription Application, including any amounts related to the fractional Offer Shares (if any) without any deduction by the Receiving Entities. The final allocation process will be announced on Friday, 7 June 2024 and the excess subscription amounts (or as applicable, full subscription amounts) (if any) will be refunded no later than Tuesday, 11 June 2024. For more information about the subscription process and allocating Offer Shares to individual Investors, please refer to Section 15 (*Subscription Terms and Conditions*).

Subscription Period	The Subscription Period and Book-building Period for Institutional Investors shall commence at 9:00 a.m. (Riyadh time) on Sunday, 2 June 2024 and shall end at 5:00 p.m. (Riyadh time) on Thursday, 6 June 2024. The Subscription Period for Individual Investors shall commence at 9:00 a.m. (Riyadh time) on Monday, 3 June 2024 and shall end at 5:00 p.m. (Riyadh time) on Wednesday, 5 June 2024. For more details, please refer to "*Key Dates, Subscription Procedures and Important Announcement Dates*" on page xxv.
Rights to Dividend Distribution	The holders of the Offer Shares will be entitled to their portion of any dividends declared by the Company from and including the date of this Offering Document (for more details, please refer to Section 7 (*Dividend Policy*)).
Voting Rights	All shares of the Company are ordinary shares of one class with no preferable rights. Each share entitles the owner thereof to one vote. Each shareholder has the right to attend and vote at General Assemblies. Any Shareholder may delegate his or her right to attend and act at any General Assembly to another person who is not a member of the Board of Directors.
Restriction on the Shares (Lock-up period)	In accordance with the Bookrunners' Agreement and the Coordination Agreement, (a) the Selling Shareholder may not dispose of any other Shares within six months after the Closing Date and (b) the Company may not issue or dispose of new Shares within six months after the Closing Date, in each case subject to certain exceptions (for more details, please refer to Section 13 (*Book-building)*).
Listing of the Shares	In December 2019, the Government sold three billion four hundred fifty million (3,450,000,000) Shares, representing 1.725% of the Shares, through an initial public offering and the Shares were listed on the Saudi Exchange.
Risk Factors	There are a number of potential risks relating to the investment in the Offer Shares. Such risks can be classified as follows: (a) Risks Related to Saudi Aramco's Operations and Activities, (b) Risks Related to the Legal and Regulatory Environment, (c) Risks Related to the Kingdom and (d) Risks Related to the Shares, including the Offer Shares. These risks are described in Section 2 (*Risk Factors*) and should be considered carefully prior to making a decision to invest in the Offer Shares.
Offering Expenses	The Offering expenses will be deducted from the Offering proceeds. The Selling Shareholder will reimburse the Company for all fees, costs and expenses incurred in connection with the Offering.
Lead Manager	SNB Capital Company
Stabilizing Manager	Merrill Lynch Kingdom of Saudi Arabia
Financial Advisors	Citigroup Saudi Arabia Goldman Sachs Saudi Arabia HSBC Saudi Arabia J.P. Morgan Saudi Arabia Company Merrill Lynch Kingdom of Saudi Arabia Morgan Stanley Saudi Arabia SNB Capital Company (for more details, please refer to pages xi to xii of this Document).

Bookrunners	Al Rajhi Capital
	Citigroup Saudi Arabia Goldman Sachs Saudi Arabia HSBC Saudi Arabia J.P. Morgan Saudi Arabia Company Merrill Lynch Kingdom of Saudi Arabia Morgan Stanley Saudi Arabia Riyad Capital Saudi Fransi Capital SNB Capital Company (for more details, please refer to pages xi to xii of this Document).

Note: Investors should refer to “*Important Notice*” on page i and Section 2 (*Risk Factors*) prior to making a decision to invest in the Offer Shares.

Key Dates, Subscription Procedures and Important Announcement Dates

Table 3: **The Expected Offering Timetable and Key Announcement Dates**

Announcements and Key Deadlines	Announcing Party	Date
Announcement of the Offering and publication of the Offering Document, which includes the number and percentage of the initial Offer Shares	Bookrunners (on behalf of the Selling Shareholder and the Company)	Thursday, 30 May 2024.
Announcement of the launch of the Offering	Bookrunners (on behalf of the Selling Shareholder and the Company)	Before 9:00 a.m. (Riyadh time) on Sunday, 2 June 2024.
Book-building Period for Institutional Investors	Bookrunners (on behalf of the Selling Shareholder and the Company)	A period starting at 9:00 a.m. (Riyadh time) on Sunday, 2 June 2024 and ending at 5:00 p.m. (Riyadh time) on Thursday, 6 June 2024.
Subscription Period for Individual Investors	Bookrunners (on behalf of the Selling Shareholder and the Company)	A period starting at 9:00 a.m. (Riyadh time) on Monday, 3 June 2024 and ending at 5:00 p.m. (Riyadh Time) on Wednesday, 5 June 2024.
Deadline to announce any updates or amendments to the terms and conditions applicable to the Offering, including the number of Offer Shares	Bookrunners (on behalf of the Selling Shareholder and the Company)	Before 9:00 a.m. (Riyadh time) on Monday, 3 June 2024.
The announcement of the Final Offer Price for the Offer Shares	Bookrunners (on behalf of the Selling Shareholder and the Company)	Friday, 7 June 2024.
The announcement of the final allocation of the Offer Shares to Institutional Investors and Individual Investors	Bookrunners (on behalf of the Selling Shareholder and the Company)	Friday, 7 June 2024.
Deadline for completion of the execution of the negotiated trades	-	Sunday, 9 June 2024, prior to the commencement of trading on the Saudi Exchange.
Deadline for the deposit of the Shares into Individual Investors' investment portfolio	-	Sunday, 9 June 2024, prior to the commencement of trading on the Saudi Exchange.
The announcement of the completion of the execution of the negotiated trades	The Bookrunners	Sunday, 9 June 2024
The announcement of the deposit of the Individual Investors' Offer Shares into their investment portfolios	Securities Depository Center Company (Edaa)	Sunday, 9 June 2024

Announcements and Key Deadlines	Announcing Party	Date
Expected commencement of trading in the Offer Shares	-	Investors are expected to be able to commence trading in the Offer Shares on the Saudi Exchange after the negotiated trades of the Institutional Investors are executed and Individual Investors' shares are deposited in their respective investment portfolios on Sunday, 9 June 2024.
Deadline for the refund of excess subscription amounts (or as applicable, full subscription amounts) (if any) for Individual Investors	-	Tuesday, 11 June 2024.
The announcement of the cash settlement and refund of the excess subscription amounts (or as applicable, full subscription amounts) (if any)	The Selling Shareholder and the Company	Tuesday, 11 June 2024.
The announcement of the completion of the Offering and the total final Offering value	The Selling Shareholder and the Company	Tuesday, 11 June 2024.
Stabilization Period	Stabilizing Manager	From Sunday, 9 June 2024 until Tuesday, 9 July 2024.

Note: The above timetable and dates therein are approximate. Actual dates will be announced by announcements displayed on the Saudi Exchange's website (www.saudiexchange.sa) and the websites of the Lead Manager, the Financial Advisors, the Bookrunners and the Company set forth on pages ix to xvii.

How to Apply for Subscription

Subscription for the Offer Shares shall be limited to the following two groups of investors (hereinafter referred to as "**Investors**"):

(a) **Institutional Investors:**

This category includes the Institutional Investors mentioned in Part (5) of the Book-building Instructions in accordance with the terms set forth in this Offering Document, which have active portfolio accounts and are eligible to trade on the Saudi Exchange (for more information regarding the Institutional Investors, please refer to Section 1 (*Definitions and Terminology*) and Section 15 (*Subscription Terms and Conditions*)).

The Bookrunners shall offer the Offer Shares to Institutional Investors during the Book-building Period based on the Offer Price Range. The Final Offer Price will be announced after the end of the Book-building Period and will be determined by both the Selling Shareholder (after consultation with the Bookrunners and the Company) and the Company (after consultation with the Bookrunners).

Subscription for Offer Shares during the Book-building Period will be done in accordance with the terms and conditions made available by the Bookrunners. Institutional Investors shall comply with the following requirements with respect to the Book-building Period:

(a) Institutional Investors must submit Institutional Investor Subscription Forms based on the subscription application forms to be made available by the Bookrunners during the Book-building Period.

(b) The minimum number of Offer Shares that may be subscribed by an Institutional Investor is 100,000 Offer Shares. However, for public funds only, the number of Offer Shares shall not exceed the maximum limit for such participating public fund, which shall be defined in accordance with the Book-building Instructions.

(c) Institutional Investors shall fund the Offer Shares allocated to them on the basis of the Final Offer Price by way of negotiated trades through their brokers.

(d) Institutional Investors may change or cancel their subscription application any time during the Book-building Period, provided that such change shall be made by the submission of an amended or an additional subscription application, where applicable, before the end of the Book-building Period.

The number of requested Offer Shares shall be subject to the allocation procedures described herein. The Bookrunners will inform the Institutional Investors of the Final Offer Price and the number of Offer Shares allocated thereto. Following the end of the Book-building Period, the submission of an Institutional Investor Subscription Form by an Institutional Investor shall be deemed binding on an Institutional Investor and the Institutional Investors will be bound to accept the Offer Shares allocated to them. Such Institutional Investor Subscription Form shall contain instructions to the broker to take the necessary actions for executing the settlement of the Offer Shares for which the Institutional Investors have agreed to subscribe.

(b) Individual Investors

This category comprises (a) Saudi Arabian natural persons, including Saudi female divorcees or widows with minor children from a marriage to a non-Saudi person who can subscribe for her own benefit or in the names of her minor children, on the condition that she proves that she is a divorcee or widow and the mother of her minor children, (b) any non-Saudi natural person who is resident in the Kingdom and any (c) any national of a country of the GCC, in each case who has a bank account at a Receiving Entity and an investment portfolio account with a brokerage company affiliated with the same Receiving Entity that provides such services.

Each Individual Investor must submit an Individual Investors Subscription Application and must subscribe for ten Offer Shares or a multiple thereof at a price of SAR 29.0, the highest price in the Offer Price Range. There is no maximum number of Offer Shares that may be subscribed for by an Individual Investor. Individual Investors may not amend or cancel the Individual Investors Subscription Application after submitting it.

Individual Investors can subscribe through the electronic channels of any of the Receiving Entities (*i.e.*, online banking, mobile applications, telephone banking and ATMs), provided that the following requirements are satisfied:

(a) an Individual Investor must have a bank account at the Receiving Entity offering such services;

(b) such Individual Investor must have an investment portfolio with an affiliated brokerage house of the same Receiving Entity; and

(c) there have been no changes in the personal information or data of the Individual Investor since such person last participated in an initial public offering.

The Lead Manager has the right to cancel an Individual Investors Subscription Application if the above requirements are not met. Once submitted, each Individual Investor will be deemed to have accepted the terms and conditions of the Individual Investors Subscription Application, which represents a legally binding agreement between the Selling Shareholder, the Company and the relevant Individual Investor submitting it.

Investors include institutional investors and individuals located outside the United States. Accordingly, the Offer Shares will be offered outside the United States in compliance with Regulation S under the U.S. Securities Act.

Offer Questions and Answers

1. What is the expected time to complete the Offering?

See "*Key Dates, Subscription Procedures and Important Announcement Dates*" on page xxv, which indicates the key dates and procedures in connection with the Offering.

The Selling Shareholder reserves the right in its sole discretion to cancel the Offering.

2. How will the Final Offer Price be determined?

The Offer Price Range is from SAR 26.7 to SAR 29.0. The Final Offer Price will be announced by both the Selling Shareholder (after consultation with the Bookrunners and the Company) and the Company (after consultation with the Bookrunners) after the end of the Book-building Period based on the level of the investors' demand for the Offer Shares (for more details, please refer to Section 15 (*Subscription Terms and Conditions*)).

3. How will the marketing process occur?

After the launch of the Offering, the Company will carry out a marketing exercise which will include an investor presentation to the Institutional Investors by the Company's management during the Book-building Period.

The marketing strategy for Individual Investors within the Kingdom includes the marketing of the Offering by the Company and the Receiving Entities through banners, websites, social media and various notices through the Company's investor relations channels to ensure that Individual Investors are aware of information and developments relating to the Offering.

In addition, all necessary information relating to the Company and the Offering, including details of key dates, subscription procedures, terms and conditions applicable to Individual Investors in the Kingdom and the Receiving Entities, are included in this Offering Document so that investors can make informed investment decisions regarding the Offer Shares.

4. How will the subscription process for the Institutional Investors and Individual Investors occur?

Please refer to "How to Apply for Subscription" on page xxvi.

5. How will the Book-building process be completed?

The Company, the Selling Shareholder and the Bookrunners agreed on a Book-building process that will be implemented in accordance with customary international practices and the Book-building Instructions.

The Book-building Period shall commence at 9:00 a.m. (Riyadh time) on Sunday, 2 June 2024 and shall end at 5:00 p.m. (Riyadh time) on Thursday, 6 June 2024. For more details, please refer to "*Key Dates, Subscription Procedures and Important Announcement Dates*" on page xxv.

6. How will the Offer Shares be allocated to the Investors?

The number and percentage of Offer Shares that will be allocated to the Institutional Investors is 1.39 billion Offer Shares, representing 90% of the number of Offer Shares, and will be determined following the completion of the Book-building Period and the announcement of the Final Offer Price based on consultations amongst the Selling Shareholder, the Lead Manager, the Financial Advisors and the Bookrunners. If there are any updates or amendments to the terms and conditions applicable to the Offering, including the percentage and number of Offer Shares to be allocated to Institutional Investors, an announcement will be made by the Bookrunners (on behalf of the Selling Shareholder and the Company).

The number and percentage of Offer Shares that will be allocated to Individual Investors is 154.5 million Offer Shares, representing 10% of the number of Offer Shares, to the extent there is sufficient demand, and will be determined following the completion of the Book-building Period and the announcement of the Final Offer Price based on consultations amongst the Selling Shareholder, the Bookrunners, the Financial Advisors and the Lead Manager. If there are any updates or amendments to the terms and conditions applicable to the Offering, including the number of Offer Shares, an announcement will be made by the Bookrunners (on behalf of the Selling Shareholder and the Company). However, no amendments will be made to the aforementioned number of Offer Shares allocated to the Individual Investors, to the extent there is sufficient demand.

Allocation to Individual Investors will be done on a pro rata basis, following the determination of the Final Offer Price. The excess subscription amount or the full amount shall be refunded to the Individual Investor in cash in the following events: (a) the Final Offer Price is less than the Retail Subscription Price, (b) not all of the Offer Shares subscribed for by the relevant Individual Investor have been allocated thereto or (c) if the Final Offer Price is higher than the closing market price of the Shares on the Saudi Exchange on the last day of the Book-building Period on Thursday, 6 June 2024. If paragraph (c) is applicable, no allocations of Offer Shares will be made to Individual Investors. The refunds (if any) will be deposited in the relevant Individual Investor's account specified in his or her Individual Investors Subscription Application, including any amounts related to the fractional Offer Shares (if any) without any deduction by the Receiving Entities. The final allocation process will be announced on Friday, 7 June 2024 and the excess subscription amounts (or as applicable, full subscription amounts) (if any) will be refunded no later than Tuesday, 11 June 2024.

7. Will there be any preferential allocation to the Company’s current shareholders?

There will not be any preferential allocation to any Institutional Investor or Individual Investor in the Offering, including the Company’s current shareholders. The allocation will be made as set out in the abovementioned question (6).

8. When will the allocation of the Offer Shares to the Investors be determined?

The final allocation of the Offer Shares will be made after the Book-building Period. The Final Offer Price will be announced by both the Selling Shareholder (after consultation with the Bookrunners and the Company) and the Company (after consultation with the Bookrunners) based on the level of demand from Investors. As a result, the allocation will not be guaranteed for any category of Investors. Therefore, Investors may not obtain all or part of the Offer Shares for which they have applied.

9. How will the settlement process be made?

The settlement process regarding the sale of the Offer Shares to the Investors will be made as follows:

- The settlement process and delivery of the Offer Shares to the Institutional Investors will be made by way of out-of-market negotiated trades that will be executed in accordance with the Saudi Exchange’s “Negotiated Trades” framework.

- The settlement process for Individual Investors will be made via the Lead Manager and the Securities Depository Center Company (Edaa). The Offer Shares allocated to Individual Investors will be transferred directly to such Individual Investors’ investment portfolio accounts with the Receiving Entities’ brokers on the same day as the allocation to Institutional Investors is settled.

The deposit of the Offer Shares allocated to Institutional Investors and Individual Investors will be completed before market open, and accordingly both Institutional Investors and Individual Investors will be able to trade their Offer Shares on the same day, which is Sunday, 9 June 2024. Any additional information regarding timing of settlement will be shared with Investors through electronic channels, telephone banking, branches where available, or ATMs belonging to the receiving entities that provide all or some of these services to their customers.

Summary of Key Information

This Summary of the Key Information provides an overview of the information contained in this Offering Document. As it is a summary, it does not contain all information that may be important to investors who wish to participate in the Offering. Any decision to invest in the Offer Shares should be based on a consideration of this Offering Document as a whole. In particular, "*Important Notice*" on page i and Section 2 (*Risk Factors*) should be reviewed carefully prior to making the decision to invest in the Offer Shares.

The Company Overview

The Company was originally established in the Kingdom by virtue of Royal Decree No. M/8 dated 04/04/1409H (corresponding to 13 November 1988) as a company wholly owned by the Government with a fully paid share capital of sixty billion Saudi Riyals (SAR 60,000,000,000). It became a Saudi joint stock company on 14/04/1439H (corresponding to 1 January 2018) by virtue of the Bylaws, which were approved by Council of Ministers Resolution No. 180 dated 01/04/1439H (corresponding to 19 December 2017), was listed on 14/04/1441H (corresponding to 11 December 2019, and was registered in the city of Dhahran under commercial registration No. 2052101150 on 11/07/1439H (corresponding to 28 March 2018). On 11/10/1443H (corresponding to 12 May 2022), the Extraordinary General Assembly resolved to increase the Company's share capital from sixty billion Saudi Riyals (SAR 60,000,000,000) divided into two hundred billion (200,000,000,000) Shares to seventy-five billion Saudi Riyals (SAR 75,000,000,000) divided into two hundred and twenty billion (220,000,000,000) Shares by capitalizing an amount of fifteen billion Saudi Riyals (SAR 15,000,000,000) from the Company's retained earnings, and on 18/10/1444H (corresponding to 8 May 2023), the Extraordinary General Assembly resolved to increase the Company's share capital from seventy-five billion Saudi Riyals (SAR 75,000,000,000) divided into two hundred and twenty billion (220,000,000,000) Shares to ninety billion Saudi Riyals (SAR 90,000,000,000) divided into two hundred and forty-two billion (242,000,000,000) Shares by capitalizing an amount of fifteen billion Saudi Riyals (SAR 15,000,000,000) from the Company's retained earnings.

As at the date of this Offering Document, the current share capital of the Company is ninety billion Saudi Riyals (SAR 90,000,000,000), divided into two hundred and forty two billion (242,000,000,000) shares, and 82.186% of the Shares are owned directly by the Government and 17.814% are owned by other shareholders or held in treasury by the Company.

The Company's Main Activities

In accordance with the Bylaws, the main objective of the Company shall be to engage in any activities relating to the energy industry, including hydrocarbons, chemicals and other associated and complementary industries, or any other activity, in or outside the Kingdom (for further details, please refer to Section 12.7.3 (*Objectives of the Company*)).

Saudi Aramco's Vision, Mission and Strategy

Vision

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

Mission

Saudi 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 pre-eminence 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.

Strategy

- Saudi Aramco intends to continue to invest in crude oil exploration and production to maintain its position as the world's largest crude oil company by production volume.
- Saudi Aramco plans to further expand its gas business, including by developing its unconventional gas resources, increasing production and investing in additional infrastructure to meet the large and growing domestic demand for low-cost, lower carbon intensity energy.
- Saudi Aramco intends to continue the strategic integration of its upstream and downstream businesses to capture additional value across the hydrocarbon chain.
- Saudi Aramco's strategy for lower carbon intensity energy aims to position itself to continue its leadership in the energy business, de-risk its portfolio of assets and maintain competitiveness and differentiation in carbon-constrained scenarios.
- Saudi Aramco is seeking to foster domestic businesses that will increase the long-term reliability of its supply chain and contribute to the Kingdom's economic development.

Key Enablers

The key enablers of Saudi Aramco's strategies are its people, technology and approach to portfolio optimization.

Competitive Strengths and Advantages of Saudi Aramco

Upstream Competitive Strengths

- Unrivalled scale of crude oil and condensate production and conventional proved reserves
- Long reserves life and proven track record of low-cost reserves replacement
- Ability to produce multiple crude oil grades with access to global delivery points
- Extensive high-quality gas reserves with exclusive access to the Kingdom's large and growing domestic marketplace
- Unique ability to capture value through exclusive active management of the world's largest conventional hydrocarbons reserves base
- Unique operational flexibility and opportunities to rapidly increase its crude oil production

- Crude oil extraction with one of the lowest average upstream carbon intensities in the industry
- Low lifting costs and capital expenditures per barrel of oil equivalent

Downstream Competitive Strengths

- Ability to monetize upstream production into a high-quality external customer base and through a captive downstream system
- Strong track record of supply reliability
- World class partners that provide access to additional geographies, technological expertise, operational know-how and marketing capabilities
- Major petrochemicals producer globally
- Major integrated refiner and base oils and finished lubricant producer with a global network of complex, reliable assets in key regional markets and hubs
- Scale advantage with one of the largest refining portfolios globally
- Globally integrated trading activities, which optimizes product supply to maximize returns

Financial and Other Competitive Strengths

- High Operating Cash Flow, Free Cash Flow, EBIT and ROACE and low Gearing
- Ability to execute some of the world’s largest upstream and downstream capital projects
- History of responsible environmental stewardship
- World scale integrated upstream and downstream infrastructure

Summary of Risk Factors

Before considering an investment in the Offer Shares, investors are advised to carefully consider all the information contained in this Offering Document, particularly the risks stated below, which are described in detail in Section 2 (*Risk Factors*).

Risks Related to Saudi Aramco’s Operations and Activities

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

- Saudi 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.

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

- Saudi 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.

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

- Terrorism and armed conflict may materially and adversely affect Saudi Aramco.

- 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 Saudi Aramco's proved reserves.

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

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

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

- Saudi Aramco is dependent on Senior Management and key personnel.

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

Risks Related to the Legal and Regulatory Environment

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

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

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

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

- Saudi 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.

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

Risks Related to the Kingdom

- The Government determines the Kingdom’s maximum level of crude oil production and target MSC.
- If growth in domestic gas demand is less than expected, Saudi Aramco may not receive its expected return on its gas infrastructure investments.
- The Kingdom’s public finances are highly connected to the hydrocarbon industry.
- Political and social instability and unrest and actual or potential armed conflicts in the MENA region may affect Saudi Aramco’s results of operations and financial position.
- Saudi Aramco’s financial position and results of operations may be adversely affected if the Kingdom stops pegging the SAR to the U.S. Dollar.
- The Government may direct Saudi Aramco to undertake projects or provide assistance for initiatives outside Saudi Aramco’s core business, which may not be consistent with Saudi Aramco’s immediate commercial objectives.

Risks Related to the Shares, including the Offer Shares

- The settlement of the Offer Shares may be subject to interruptions or delays.
- The Saudi Exchange limits on share price movements of 10% or more per day apply to the Shares.
- If foreign investors are unable to exchange SAR for other currencies, it could have a material adverse effect on demand for, and the trading price of, the Shares.
- The trading price of the Shares may be volatile and may fluctuate significantly due to a variety of factors, many of which are outside the Company’s control, which could result in significant losses to investors.
- The interests of the Government, the Company’s controlling shareholder, may differ from the interests of the Company’s minority shareholders.
- If securities or industry analysts do not publish research or publish inaccurate or unfavorable research about Saudi Aramco or its business, the market price for the Shares may decline.
- There can be no assurance that Saudi Aramco will pay dividends on the Shares or as to the amount of any such dividends and the dividend distribution policy may be changed by vote of an Ordinary General Assembly.

Summary of Financial Information

Saudi Aramco's financial information as at and for the year ended 31 December 2021 included in this Offering Document has been derived without material adjustment from the comparative column of the 2022 Financial Statements. Saudi Aramco's financial information as at and for the years ended 31 December 2022 and 2023 included in this Offering Document has been derived without material adjustment from the 2022 Financial Statements and 2023 Financial Statements, respectively. Saudi Aramco's financial information as at and for the three month period ended 31 March 2023 included in this Offering Document has been derived without material adjustment from the comparative column of the 2024 Three Month Interim Period Financial Statements and the financial information as at and for the three month period ended 31 March 2024 included in this Offering Document has been derived without material adjustment from the 2024 Three Month Interim Period Financial Statements.

Saudi Aramco's financial information included in this Offering Document should be read in conjunction with and is qualified in its entirety by the Financial Statements contained elsewhere in this Offering Document. This discussion contains forward-looking statements that involve risks and uncertainties. Saudi Aramco's actual results could differ materially from those anticipated in these forward-looking statements as a result of various factors, including those discussed below and elsewhere in this Offering Document, particularly under Section 2 (*Risk Factors*).

Statement of Income Data

The following table summarizes Saudi Aramco's results of operations for the years ended 31 December 2021, 2022 and 2023 and the three month periods ended 31 March 2023 and 2024.

Table 4: **Consolidated Statement of Income Data**

	Year Ended 31 December				Three Month Periods Ended 31 March		
	2021	2022	2023	2023	2023	2024	2024
	SAR	SAR	SAR	U.S.$	SAR	SAR	U.S.$
	(*in millions*)						
Revenue	1,346,930	2,006,955	1,653,281	440,875	417,460	402,037	107,210
Other income related to sales	154,828	259,418	203,092	54,158	42,373	35,810	9,549
Revenue and other income related to sales	**1,501,758**	**2,266,373**	**1,856,373**	**495,033**	**459,833**	**437,847**	**116,759**
Royalties and other taxes	(144,793)	(341,510)	(231,795)	(61,812)	(68,242)	(52,232)	(13,928)
Purchases	(352,377)	(490,690)	(471,225)	(125,660)	(106,369)	(110,011)	(29,336)
Producing and manufacturing	(76,495)	(101,912)	(96,523)	(25,739)	(23,133)	(24,271)	(6,473)
Selling, administrative and general	(59,496)	(83,700)	(76,890)	(20,504)	(15,247)	(22,109)	(5,896)
Exploration	(7,285)	(8,447)	(9,416)	(2,511)	(1,752)	(2,593)	(691)
Research and development	(3,873)	(4,419)	(5,197)	(1,386)	(931)	(1,156)	(308)
Depreciation and amortization	(85,521)	(91,618)	(97,040)	(25,877)	(21,975)	(23,427)	(6,247)
Operating costs	**(729,840)**	**(1,122,296)**	**(988,086)**	**(263,489)**	**(237,649)**	**(235,799)**	**(62,879)**
Operating income	**771,918**	**1,144,077**	**868,287**	**231,544**	**222,184**	**202,048**	**53,880**
Share of results of joint ventures and associates	7,874	2,873	(4,001)	(1,067)	(741)	(778)	(208)

	Year Ended 31 December				Three Month Periods Ended 31 March		
	2021	2022	2023	2023	2023	2024	2024
	SAR	SAR	SAR	U.S.$	SAR	SAR	U.S.$
	(in millions)						
Finance and other income	1,787	14,894	31,967	8,524	10,968	6,769	1,805
Finance costs	(12,058)	(8,882)	(8,186)	(2,183)	(3,177)	(3,025)	(807)
Income before income taxes and zakat	**769,521**	**1,152,962**	**888,067**	**236,818**	**229,234**	**205,014**	**54,670**
Income taxes and zakat	(357,125)	(548,957)	(433,303)	(115,547)	(109,692)	(102,743)	(27,398)
Net income	**412,396**	**604,005**	**454,764**	**121,271**	**119,542**	**102,271**	**27,272**
Net income/(loss) attributable to:							
Shareholders' equity	395,203	597,215	452,753	120,734	117,471	103,356	27,562
Non-controlling interests	17,193	6,790	2,011	537	2,071	(1,085)	(290)
	412,396	**604,005**	**454,764**	**121,271**	**119,542**	**102,271**	**27,272**

Source: The Financial Statements.

Balance Sheet Data

The following table summarizes Saudi Aramco's consolidated balance sheet as at 31 December 2021, 2022 and 2023 and 31 March 2024.

Table 5: **Selected Consolidated Balance Sheet Data**

	As at 31 December				As at 31 March	
	2021	2022	2023	2023	2024	2024
	SAR	SAR	SAR	U.S.$	SAR	U.S.$
	(in millions)					
Cash and cash equivalents(1)	299,579	226,047	198,973	53,059	243,972	65,059(2)
Property, plant and equipment	1,244,316	1,303,266	1,384,717	369,258	1,411,857	376,495
Total assets	2,162,690	2,492,924	2,477,940	660,784	2,481,139	661,637
Total borrowings	510,921	393,144	290,147	77,373	291,831	77,822
Total liabilities	882,022	826,777	740,848	197,559	758,764	202,337
Total equity(1)	1,280,668	1,666,147	1,737,092	463,225	1,722,375	459,300

Source: The Financial Statements.

(1) The Company intends to purchase Offer Shares in the Offering at the Final Offer Price for an aggregate purchase price of up to SAR 3.75 billion.

(2) In May 2024, the Company declared and distributed dividend payments of SAR 116.5 billion ($31.1 billion).

Cash Flow Data

The following table summarizes Saudi Aramco's cash flow from operating activities, investing activities and financing activities for the years ended 31 December 2021, 2022 and 2023 and the three month periods ended 31 March 2023 and 2024.

Table 6: **Selected Consolidated Statement of Cash Flows Data**

	Year Ended 31 December				**Three Month Periods Ended 31 March**		
	2021	**2022**	**2023**	**2023**	**2023**	**2024**	**2024**
	SAR	**SAR**	**SAR**	**U.S.$**	**SAR**	**SAR**	**U.S.$**
	(in millions)						
Net cash provided by/(used in):							
Operating activities	522,601	698,152	537,814	143,417	148,647	125,969	33,592
Investing activities	(135,741)	(389,009)	(54,019)	(14,405)	90,324	48,030	12,808
Financing activities	(294,513)	(382,675)	(510,869)	(136,232)	(124,344)	(129,000)	(34,400)

Source: The Financial Statements.

Non-IFRS Financial Measures

Saudi Aramco supplements its use of IFRS financial measures with non-IFRS financial measures, including Free Cash Flow, Gearing, ROACE, EBIT, and EBITDA which the Company uses in the analysis of its business and financial position. These non-IFRS financial measures are not defined by, nor presented in accordance with, IFRS, are not measurements of Saudi 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 and are not intended to be predictive of future results. Other companies, including those in Saudi Aramco's industry, may calculate similarly titled non-IFRS financial measures differently. Because companies do not necessarily calculate these non-IFRS financial measures in the same manner, Saudi 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. For more information on the Non-IFRS Financial Measures and a reconciliation to the comparable IFRS measures, see Section 6.4 (*Non-IFRS Financial Measures*).

The following table sets forth Saudi Aramco's Free Cash Flow, EBIT and EBITDA for the years ended 31 December 2021, 2022 and 2023 and the three month periods ended 31 March 2023 and 2024.

Table 7: **Free Cash Flow, EBIT and EBITDA**

	Year Ended 31 December				**Three Month Periods Ended 31 March**		
	2021	**2022**	**2023**	**2023**	**2023**	**2024**	**2024**
	SAR	**SAR**	**SAR**	**U.S.$**	**SAR**	**SAR**	**U.S.$**
	(in millions)						
Free Cash Flow	402,956	556,991	379,506	101,202	115,850	85,348	22,760
EBIT	780,174	1,149,419	865,037	230,677	221,548	201,384	53,702
EBITDA	865,695	1,241,037	962,077	256,554	243,523	224,811	59,950

Source: The Company.

The following table sets forth Saudi Aramco's Gearing as at 31 December 2021, 2022 and 2023 and as at 31 March 2024.

Table 8: **Gearing**

	As at 31 December			
	2021	**2022**	**2023**	**As at 31 March 2024**
Gearing(1)	12.0%	(7.9)%	(6.3)%	(3.8)%

Source: The Company.

(1) The Company intends to purchase Offer Shares in the Offering at the Final Offer Price for an aggregate purchase price of up to SAR 3.75 billion, which will affect its Gearing.

The following table sets forth Saudi Aramco's ROACE for the years ended 31 December 2021, 2022 and 2023 and the twelve months ended 31 March 2024.

Table 9: **ROACE**

	Year Ended 31 December			
	2021	**2022**	**2023**	**Twelve Months Ended 31 March 2024**
ROACE(1)	24.4%	31.6%	22.5%	21.7%

Source: The Company.

(1) The Company intends to purchase Offer Shares in the Offering at the Final Offer Price for an aggregate purchase price of up to SAR 3.75 billion, which will affect its ROACE.

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Tables Guide

Figures Guide

1. Definitions and Terminology

1. Definitions and Terminology

1.1 Glossary of Defined Terms

2022 Financial Statements	The audited consolidated financial statements of Saudi Aramco as at and for the year ended 31 December 2022 (with comparative data as at and for the year ended 31 December 2021) prepared in accordance with IFRS.
2023 Financial Statements	The audited consolidated financial statements of Saudi Aramco as at and for the year ended 31 December 2023 (with comparative data as at and for the year ended 31 December 2022) prepared in accordance with IFRS.
2024 Three Month Interim Period Financial Statements	The condensed consolidated interim financial report of Saudi Aramco as at and for the three month period ended 31 March 2024 (unaudited) (with comparative data for the three month period ended 31 March 2023) prepared in accordance with IAS 34.
Advisors	The Company's advisors in relation to the Offering whose names are listed on pages ix to xvii of this Offering Document.
Affiliate	Pursuant to the definition stated in the Glossary of Defined Terms of the CMA Regulations, 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.
AGOC	Aramco Gulf Operations Company Ltd, a wholly owned subsidiary of the Company.
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 subsidiary of the Company.
ATC	Aramco Trading Company, a wholly owned subsidiary of the Company.
Auditor	PricewaterhouseCoopers - Public Accountants, the independent external auditor of the Company.
Bankruptcy Law	Bankruptcy Law promulgated by Royal Decree No. M/50 of 28/05/1439H (corresponding to 14 February 2018) and its amendments.

Blended Price	As defined in Section 4.4.3 (*Gas Pricing*).
Board or the Board of Directors	The Board of Directors of the Company.
Board Secretary	The Secretary of the Board of Directors.
Book-building Instructions	Instructions for Book Building Process and Allocation Method in Initial Public Offerings issued by the Board of the CMA pursuant to Resolution No. 2-94-2016 dated 15/10/1437H (corresponding to 20 July 2016), which was amended by the CMA's Board Resolution No. 1-103-2022 dated 02/03/1444H (corresponding to 28 September 2022).
Bookrunners	Al Rajhi Capital, Citigroup Saudi Arabia, Goldman Sachs Saudi Arabia, HSBC Saudi Arabia, J.P. Morgan Saudi Arabia Company, Merrill Lynch Kingdom of Saudi Arabia, Morgan Stanley Saudi Arabia, Riyad Capital, Saudi Fransi Capital and SNB Capital Company.
Bookrunners' Agreement	The Bookrunners' Agreement entered into among the Selling Shareholder, the Company and the Bookrunners with regard to the sale of Offer Shares to Institutional Investors.
Bylaws	The Bylaws of the Company, approved by Council of Ministers Resolution No. 180 dated 01/04/1439H (corresponding to 19 December 2017), which came into effect on 1 January 2018.
CAGR	Compound annual growth rate (the average annual growth rate over a specified period of time longer than one year).
Capital Market Institution	A capital market institution licensed by the CMA to engage in the securities business.
Capital Market Law	The Capital Market Law promulgated by Royal Decree No. M/30 of 06/02/1424H (corresponding to 31 July 2003) and its amendments.
CASOC	California Arabian Standard Oil Company.
CCS	Carbon capture, utilization and storage.
Chevron	Chevron Corporation.
Closing Date	The date falling two trading days after the date of execution of the buy orders by the Selling Shareholder on which the announcement of the completion of the Offer and the total final value of the Offer will be made (for more details, please refer to "*Key Dates, Subscription Procedures and Important Announcement Dates*" on page xxv).

CMA	The Capital Market Authority, including, where the context permits, any committee, sub-committee, employee or agent to whom any of its functions may be delegated.
CMA Regulations	The implementing regulations to the Capital Market Law issued and amended by the CMA from time to time, including but not limited to the Corporate Governance Regulation and the Listing Rules.
Companies Law	The Companies Law, issued under Royal Decree M/132 dated 01/12/1443H (corresponding to 30 June 2022).
Company	Saudi Arabian Oil Company (Saudi Aramco).
Concession	The Concession Agreement dated 24 December 2017 between the Government (represented by the Minister of Energy) and the Company, promulgated by Royal Decree No. (M/38), as amended.
Concession Amendment	As defined in Section 3.13.2 (*The Concession*).
Concession Area	The territorial lands and maritime areas of the Kingdom, other than the Excluded Areas.
Control	Pursuant to the definition in the Glossary of Defined Terms Used in of the CMA Regulations, 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 members of the governing body.
Coordination Agreement	The Coordination Agreement entered into between the Company and the Bookrunners relating to the sale of Offer Shares to Institutional Investors.
Corporate Governance Regulation	The Corporate Governance Regulation issued by the CMA's Board, according to the Companies Law, by virtue of the CMA's Board resolution No. 8-16-2017, dated 16/05/1438H (corresponding to 13 February 2017), and as amended by the CMA's Board Resolution No. 8-5-2023, dated 25/06/1444H (corresponding to 18 January 2023).
Council of Ministers	The cabinet of the Kingdom.
Directors	The members of the Board of Directors.
Domestic Gas Price	As defined in Section 4.4.3 (*Gas Pricing*).

Domestic Sukuk Program	A Saudi domestic sukuk program established by Saudi Aramco on 21 March 2017 for the issuance of up to SAR 37.5 billion ($10 billion) in aggregate nominal amount of sukuk.
Dow	Dow Inc.
Energy Supply Law	The Energy Supply Law enacted by Royal Decree No. (M/80) dated 04/06/1444H (corresponding to 28 December 2022).
Esmax	Esmax Distribución SpA.
Excluded Areas	The limited area excluded from the Company'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.
Extraordinary General Assembly	The extraordinary general assembly of the Shareholders held in accordance with the Bylaws.
ExxonMobil	ExxonMobil Corporation.
Final Offer Price	The final offer price for the Offer Shares, amounting to SAR , determined by the Selling Shareholder and the Company after consultation with the Bookrunners and the Company after the end of the Book-building Period based on the level of investors' demand for the Offer Shares.
Financial Advisors	Citigroup Saudi Arabia, Goldman Sachs Saudi Arabia, HSBC Saudi Arabia, J.P. Morgan Saudi Arabia Company, Merrill Lynch Kingdom of Saudi Arabia, Morgan Stanley Saudi Arabia and SNB Capital Company.
Financial Statements	The 2022 Financial Statements, the 2023 Financial Statements and the 2024 Three Month Interim Period Financial Statements.
FIS Rules	Rules for Foreign Investment in Securities issued by the Board of the CMA pursuant to Resolution No. 2-26-2023 dated 05/09/1444H (corresponding to 27 March 2023).
Foreign Investors	(a) Non-Saudi nationals who are not residents in the Kingdom and (b) institutions other than Qualified Foreign Investors incorporated outside the Kingdom, in accordance with the FIS Rules.

Foreign Strategic Investor	A foreign legal entity that aims to own a direct percentage in a listed company's shares for a period of not less than two years, for the purpose of contributing to the promotion of the financial or operational performance of that listed company.
FREP	Fujian Refining & Petrochemical Company Ltd., a joint venture established among Saudi Aramco Asia Company Limited, Fujian Petrochemical Company Ltd. (itself a joint venture between Sinopec and the Fujian, China provincial government) and ExxonMobil China Petroleum & Petrochemical Company Ltd.
GCC	The Cooperation Council for the Arab States of the Gulf.
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	An Ordinary General Assembly or Extraordinary General Assembly of the Company.
GHG	Greenhouse gas.
GMTN Program	As defined in Section 6.9.5.4 (*GMTN Program*).
GO	Gas & Oil Pakistan Limited.
Government	The Government of the Kingdom of Saudi Arabia. In the context of acting as a Shareholder of the Company, the Government is the State. See Section 12.7 (*Summary of Company Bylaws*).
GSPR	The Law of Gas Supplies and Pricing enacted by Royal Decree No. M/36, dated 25/06/1424H (corresponding to 23 August 2003).
Hydrocarbons Law	Law governing hydrocarbons, hydrocarbon resources and hydrocarbon operations existing within the Kingdom, enacted by Royal Decree No. M/37, dated 02/04/1439H (corresponding to 20 December 2017).
IAS 34	International Accounting Standard 34 "Interim Financial Reporting" that is endorsed in the Kingdom and other standards and pronouncements issued by SOCPA.
IASB	International Accounting Standards Board.
Idemitsu Kosan	Idemitsu Kosan Co., Ltd.

IFRS	International Financial Reporting Standards as issued by the IASB that are endorsed in the Kingdom and other standards and pronouncements issued by SOCPA.
iktva	In-Kingdom Total Value Add, a program launched in 2015 by Saudi Aramco to increase the use of in-Kingdom suppliers of goods and services.
Individual Investors	(a) Saudi Arabian natural persons, including any Saudi female divorcees or widows with minor children from a marriage to a non-Saudi person who can subscribe for her own benefit or in the names of her minor children, on the condition that she proves that she is a divorcee or widow and the mother of her minor children, (b) any non-Saudi natural person who is resident in the Kingdom and (c) any national of a country of the GCC, in each case who has a bank account at a Receiving Entity and an investment portfolio account with a brokerage company affiliated with the same Receiving Entity that provides such services.
Individual Investors Subscription Application	The subscription application form to be filled out by Individual Investors to subscribe for the Offer Shares during the Subscription Period for Individual Investors.
Institutional Investors	The entities mentioned in Part (5) of the Book-building Instructions in accordance with the terms and conditions stipulated in Section 15 (*Subscription Terms and Conditions*), which have active portfolio accounts and are eligible to trade on the Saudi Exchange, as follows: (a) public and private funds that invest in securities listed on the Saudi Exchange, if permissible according to the terms and conditions of such funds and in compliance with the provisions and restrictions stipulated in the Investment Funds Regulation and Book-building Instructions; (b) authorized persons who are licensed to deal as a principal, in compliance with the Prudential Rules when submitting the bidding participation application; (c) customers of a Capital Market Institution that is licensed by the CMA to conduct management services in accordance with the provisions and restrictions set forth in the Book-building Instructions;

	(d) any legal persons allowed to open an investment account in the Kingdom, and an account with the Securities Depository Center Company (Edaa), including foreign legal persons who are allowed to invest in the market where the shares of the issuer are to be listed, with regards to the conditions of listing companies investments in listed securities stipulated in the CMA's circular number 6/05158, dated 11/08/1435H (corresponding to 9 June 2014) based on the CMA's board resolution number 9-28-2014 dated 20/07/1435H (corresponding to 19 May 2014); (e) Governmental entities and any other international body recognized by the CMA, the Saudi Exchange or other exchange recognized by the CMA or the Securities Depository Center Company (Edaa); (f) companies and firms either directly owned by the Government or through a private portfolio manager; and (g) GCC companies and funds, if the terms and conditions of such funds permit so. Investors include institutional investors and individuals located outside the United States. Accordingly, the Offer Shares will be offered outside the United States in compliance with Regulation S under the U.S. Securities Act.
Institutional Investor Subscription Form	The subscription application form to be filled out by Institutional Investors to subscribe for the Offer Shares during the Subscription Period for Institutional Investors.
Investment Funds Regulation	The Investment Funds Regulation issued by the CMA's Board Resolution No. 1-219-2006, dated 12/03/1427H (corresponding to 24 December 2006), in accordance with the CMA Law promulgated by the Royal Decree No. M/30, dated 06/02/1424H, and as amended by the CMA's Board Resolution No. 2-22-2021, dated 12/07/1442H (corresponding to 24 February 2021).
KAPSARC	King Abdullah Petroleum Studies and Research Center.
KAUST	King Abdullah University of Science and Technology.
KFUPM	King Fahd University of Petroleum and Minerals.
Kingdom	The Kingdom of Saudi Arabia.
Lead Manager	SNB Capital Company.
Listing Rules	The listing rules approved by the CMA's Board Resolution No. 3-123-2017, dated 09/04/1439H (corresponding to 27 December 2017), as amended by the CMA's Board Resolution No. 1-108-2022, dated 23/03/1444H (corresponding to 19 October 2022).

Luberef	Saudi Aramco Base Oil Company - Luberef, an affiliate of the Company and a publicly traded company listed on the Saudi Exchange.
MENA	Middle East and North Africa.
MGS	Master Gas System, an extensive network of pipelines that connects Saudi Aramco's key gas production and processing sites with demand centers throughout the Kingdom.
Ministry of Commerce	The Ministry of Commerce of the Kingdom.
Ministry of Energy	The Ministry of Energy of the Kingdom.
Motiva	Motiva Enterprises LLC, a wholly owned subsidiary of the Company.
Ordinary General Assembly	An ordinary general assembly of the Company's shareholders held in accordance with the Bylaws.
Offer Price Range	From SAR 26.7 to SAR 29.0 per Offer Share.
Offer Shares	1.545 billion ordinary shares of the Company, excluding the Over-allotment Shares.
Offering	The offering described in this Offering Document involving the sale by the Selling Shareholder of 1.545 billion Shares, representing 0.64% of the issued Shares.
OPEC	Organization of the Petroleum Exporting Countries.
Original Concession	As defined in Section 3.13.2 (*The Concession*).
OSCO Rules	The rules on the Offer of Securities and Continuing Obligations issued by the CMA's Board under Resolution No. 3-123-2017, dated 09/04/1439H (corresponding to 27 December 2017), and as lastly amended by the CMA's Board Resolution No. 3-6-2024, dated 05/07/1445H (corresponding to 17 January 2024).
Over-allotment	The process by which a number of additional shares are allocated to the Offer Shares, which are borrowed from the lending shareholders (i.e., the Selling Shareholder in this Offering) and sold to the Public or to qualified investors during the offering period at the subscription price in accordance with the over-allotment contract and the price stabilization to be carried out by the Stabilizing Manager.

Over-allotment Option	A contractual option whereby the Stabilizing Manager is granted the right to buy an amount of shares not exceeding the amount of the shares included in the Over-allotment at the subscription price in the offering period, during the Stabilization Period or after its end.
Over-allotment Shares	An additional number of Shares equal to up to 10% of the total number of Shares to be sold in the Offering, granted by the Selling Shareholder to the Stabilizing Manager in connection with the Over-allotment Option.
Paris Agreement	An agreement within the United Nations Framework Convention on Climate Change.
Permitted Transferee	(a) a foreign government or its government-related entities (as defined in the FIS Rules), (b) a Foreign Strategic Investor affiliated with a foreign government and (c) an entity wholly owned or otherwise directly or indirectly controlled by the Government of the Kingdom or the PIF.
Person	Any natural or legal person recognized as such under the laws of the Kingdom.
Petro Rabigh	Rabigh Refining and Petrochemical Company, a joint venture between the Company and Sumitomo Chemical Co., Ltd and a publicly traded company listed on the Saudi Exchange.
Petronas	Petroliam Nasional Bhd.
PIF	The Public Investment Fund of the Kingdom.
PRefChem	Together, PRefChem Petrochemical and PRefChem Refining.
PRefChem Petrochemical	Pengerang Petrochemical Company Sdn. Bhd, a joint venture between the Company and Petronas.
PRefChem Refining	Pengerang Refining Company Sdn. Bhd, a joint venture between the Company and Petronas.
Prudential Rules	The Prudential Rules issued by the CMA's Board under Resolution No. 1-40-2012, dated 17/02/1434H (corresponding to 30 December 2012), and as amended by the CMA's Board Resolution No. 1-129-2022, dated 04/06/1444H (corresponding to 28 December 2022).
Qualified Foreign Investor	A foreign investor qualified in accordance with the FIS Rules to invest in listed securities.
Receiving Entities	The Receiving Entities are those mentioned on pages xvi to xvii.
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).

Regulation S	Regulation S under the U.S. Securities Act.
Related Party	The terms "Related Party" or "Related Parties" in this Offering Document include, pursuant to the Glossary of Defined Terms of the CMA's Regulations, issued by the CMA's Board Resolution No. 4-11-2004, dated 20/08/1425H (corresponding to 4 October 2004), as amended by the CMA's Resolution No. 3-6-2024, dated 05/07/1445H (corresponding to 17 January 2024), the following: 1) Affiliates of the issuer, except for wholly owned companies; 2) substantial shareholders of the issuer; 3) directors and senior executives of the issuer; 4) directors of Affiliates of the issuer; 5) directors and senior executives of substantial shareholders of the issuer; 6) any relatives of persons described at (1), (2), (3) or (5) above; and 7) any company controlled by any person described at (1), (2), (3), (5) or (6) above. For the purposes of paragraph (6) of this definition, the term "relatives" shall mean a parent, spouse and children.
Relatives	For the purposes of the Corporate Governance Regulation: 1) fathers, mothers, grandfathers and grandmothers (and their ancestors); 2) children and grandchildren and their descendants; 3) siblings, maternal and paternal half-siblings; and 4) husbands and wives.
Reserved Areas	The areas reserved for the Company's operations within the Concession Area.
Retail Subscription Price	The highest price of the Offer Price Range of SAR 29.0.
Rongsheng	Rongsheng Petrochemical Co. Ltd., in which Saudi Aramco holds a 10% equity interest.
SABIC	Saudi Basic Industries Corporation, a subsidiary of the Company and a publicly traded company listed on the Saudi Exchange.

Sadara	Sadara Chemical Company, a joint venture between the Company and a subsidiary of Dow.
SADCO	Saudi Aramco Development Company, a wholly owned subsidiary of the Company.
SAMREF	Saudi Aramco Mobil Refinery Company Limited, a joint venture between the Company and ExxonMobil.
Sanabil Investments	Saudi Arabian Investment Company, a wholly owned subsidiary of the PIF.
SAR or Saudi Riyal	Saudi Arabian Riyal, the lawful currency of the Kingdom.
SASREF	Saudi Aramco Jubail Refinery Company, a wholly owned subsidiary of the Company.
SATORP	Saudi Aramco Total Refining and Petrochemical Company, a joint venture between the Company and Total Refining Saudi Arabia SAS.
Saudi Aramco	The Company, together with its consolidated subsidiaries, and where the context requires, its joint operations, joint ventures and associates.
Saudi Aramco Share Plan	The share plan or sub-plans established by the Company pursuant to which Share-based incentives and awards may be issued by the Company to senior executives and employees of the Company and its subsidiaries and affiliates.
Saudization	Replacement of expatriate workers by Saudi citizens in private sector jobs.
Secondary Public Offering Process	A public offer by a shareholder of all or part of its shares in a company listed in the Main Market.
Selling Shareholder	The Government.
Senior Management	Any natural Person who is assigned, severally or jointly with third parties, by the Board of Directors or a Director with supervision and management tasks. Such person shall report to any of the Board of Directors, a Director or the CEO.
Senior Unsecured Notes	As defined in Section 6.9.5.4 (*GMTN Program*).
Shareholder or Shareholders	Any owner(s) of Shares.
Shares	Two hundred and forty two billion (242,000,000,000) fully paid ordinary shares of the Company.
Shell	Shell plc.
Sinopec	China Petroleum & Chemical Corporation.

S-Oil	S-Oil Corporation, an affiliate of the Company and a publicly traded company listed on the Korea Exchange.
Socal	Standard Oil of California.
SOCPA	Saudi Organization for Chartered and Professional Accountants.
SPE-PRMS	Society of Petroleum Engineers-Petroleum Resources Management System.
SSPC	Sinopec SenMei (Fujian) Petroleum Company Limited, a joint venture between the Company, Sinopec and ExxonMobil China Petroleum & Petrochemical Company Limited.
Stabilizing Manager	Merrill Lynch Kingdom of Saudi Arabia.
Stabilization Period	30 calendar days after the first trading day of the Offer Shares.
Stellar	Stellar Insurance, Ltd., a wholly owned subsidiary of the Company.
STEM	Science, technology, engineering and mathematics.
Subscription Period for Individual Investors	The Subscription Period for Individual Investors shall commence at 9:00 a.m. (Riyadh time) on Monday, 3 June 2024 and shall end at 5:00 p.m. (Riyadh time) on Wednesday, 5 June 2024 (for more details, please refer to "*Key Dates, Subscription Procedures and Important Announcement Dates*" on page xxv).
Subscription Period for Institutional Investors or Book-building Period	The Subscription Period for Institutional Investors and Book-building Period shall commence at 9:00 a.m. (Riyadh time) on Sunday, 2 June 2024 and shall end at 5:00 p.m. (Riyadh time) on Thursday, 6 June 2024 (for more details, please refer to "*Key Dates, Subscription Procedures and Important Announcement Dates*" on page xxv).
Subsidiary or Subsidiaries	Pursuant to the definition in the Glossary of Defined Terms of the CMA Regulations, in relation to a company, any other company controlled by such company.
Substantial Shareholder	A Shareholder that owns 5% or more of the Shares.
Sumitomo	Sumitomo Chemical Co., Ltd.
Sustainability, Risk and HSE Committee	The Sustainability, Risk and HSE Committee of the Company. For more information, please refer to Section 5.5.4 (*Sustainability, Risk and HSE Committee*).
TotalEnergies	TotalEnergies SE

Trading and Membership Procedures	Trading and Membership Procedures approved by the CMA pursuant to Board Resolution No. (1-82-2018) dated 11/17/1439H (corresponding to 30 July 2018) and amended by Saudi Stock Exchange pursuant to Board Resolution No. (10-2023) dated 24/07/1444H (corresponding to 15 February 2023).
Trust Certificate (sukuk) Issuance Program	A trust certificate (sukuk) issuance program established by Saudi Aramco on 7 June 2021 with an unlimited program size.
Valvoline Global Operations	VGP Holdings LLC (formerly Valvoline Inc.'s global products business), a wholly owned subsidiary of Saudi Aramco.
YASREF	Yanbu' Aramco Sinopec Refining Company Limited, a joint venture between the Company and Sinopec Century Bright Capital Investment (Amsterdam) B.V.

1.2 Glossary of Measurement and Technical Terms

barrels	Barrels of crude oil, condensate or refined and chemicals products
boe	Barrels of oil equivalent
bscf	Billion standard cubic feet
bscfd	Billion standard cubic feet per day
BTU	British Thermal Units
mboed	Thousand barrels of oil equivalent per day
mbpd	Thousand barrels per day
mmbbl	Million barrels of crude oil, condensate or refined and chemicals products
mmboe	Million barrels of oil equivalent
mmbpd	Million barrels per day
mmBTU	Million British Thermal Units
mmscfd	Million standard cubic feet per day
scf	Standard cubic feet
tscf	Trillion standard cubic feet

1.3 Certain Terminology

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%.
condensate	Light hydrocarbon substances produced with raw gas which condenses into liquid at normal temperatures and pressures associated with surface production equipment.
crude oil	A mixture of hydrocarbons that exists in liquid phase in natural underground reservoirs and, when referring to Saudi Aramco's amount of crude oil production, includes blended condensate.
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.
gross production capacity	The total combined production capacity of the Company and the joint ventures and other entities in which the Company owns an equity interest.
gross refining capacity	The total combined refining capacity of the Company and the joint ventures and other entities in which the Company owns an equity interest.
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.
low carbon hydrogen	Hydrogen that is derived from methods that generate minimal GHG emissions or significantly reduced GHG emissions compared to traditional hydrogen production processes.
LPG	Liquefied petroleum gas, which is a mixture of saturated and unsaturated hydrocarbons, with up to five carbon atoms, used mainly as household fuel.

MSC	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.
MTBE	Methyl tertiary butyl ether, an intermediate product used in the blending of gasoline.
net production capacity	The Company's equity share of its gross production capacity, calculated by multiplying the gross production capacity of each facility in which the Company has an equity interest by the Company's percentage equity ownership in the entity that owns the facility.
net refining capacity	The Company's equity share of its gross refining capacity, calculated by multiplying the gross refining capacity of each refinery in which the Company has an equity interest by the Company'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 purposes of reserves, ethane is included in NGL. For purposes of production, ethane is excluded from NGL.
original reserves	The sum of cumulative actual production and remaining proved reserves to be produced, each determined at the time of assessment. Also known as "initial reserves" or "estimated ultimate recovery".
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	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.
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.

reserves replacement ratio	The reserves added during a period divided by net reservoir withdrawal for that period.
upstream carbon intensity	Upstream carbon intensity is the ratio of total upstream GHG emissions (Scopes 1 and 2) to production sold from the upstream operations of the assets that Saudi Aramco wholly owns or operates. This metric is used to measure the upstream GHG emission intensity of oil and gas production and does not include GHG emissions associated with the end use of hydrocarbons.
water cut	Ratio of water produced compared to the volume of total liquids produced from an oil or gas well.

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2. Risk Factors

2. Risk Factors

Potential investors should carefully consider the following risk factors and other information contained in this Offering Document before investing in the Offer Shares. The occurrence of any such risks may materially and adversely affect Saudi Aramco's business, financial position and results of operations, the trading price of the Shares and the Company's ability to pay dividends, which may cause investors to lose all or part of their investment. The Directors confirm that, to the best of their knowledge and belief, there are no material risks besides those mentioned in this Section that may affect investors' decisions to invest in the Offer Shares as at the date of this Offering Document. However, the following risks do not necessarily comprise all the risks affecting Saudi Aramco or associated with an investment in the Offer Shares. There may be additional risks that Saudi Aramco and the Directors are currently not aware of, or that Saudi Aramco and the Directors currently believe are immaterial, which may in the future become material or affect Saudi 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 Offering Document might not occur in the way Saudi Aramco or the Directors expect, or at all. Investors should consider all forward-looking statements in this Offering Document in light of these explanations and should not place undue reliance on forward-looking statements (see "Forecasts and Forward-Looking Statements" on page viii).

An investment in the Offer Shares is appropriate only for those investors who are able to evaluate the risks and the benefits of such investment and who have sufficient resources to bear any loss resulting from such investment. Prospective investors who have doubts about which actions to take should consult a financial advisor accredited by the CMA for advice about investing in the Offer Shares.

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

2.1 Risks Related to Saudi Aramco's Operations and Activities

2.1.1 ***Risks related to international crude oil supply and demand and the price at which it sells crude oil***

Saudi 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 Saudi Aramco's consolidated revenue and other income related to sales, accounting for 47.0%, 50.3% and 47.9% for the years ended 31 December 2021, 2022 and 2023, respectively. Accordingly, Saudi 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 Saudi 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) (see Section 3.13 (*Relationship with the Kingdom*));
- 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 Section 2.1.3 (*Risks related to climate change*));
- changes to environmental or other regulations or laws applicable to crude oil and related products or the energy industry (see Section 2.2.5 (*Risks related to environmental protection, health and safety laws and regulations and increased concerns regarding the safe use of chemicals and plastics*));
- 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.

Fluctuations in the price at which Saudi 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 Saudi Aramco is able to sell its crude oil could have a material adverse effect on Saudi Aramco’s results of operations and cash flow.

2.1.2 *Risks related to competition*

Saudi 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. Saudi 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 Saudi Aramco can sell crude oil and its regional and global market share.

In addition, outside the Kingdom, refining and petrochemical plants in Saudi 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 Saudi Aramco's refineries are not sufficiently competitive in the geographies they serve, Saudi Aramco's business, financial position and results of operations could be materially and adversely impacted.

2.1.3 *Risks related to climate change*

Climate change concerns and impacts could reduce global demand for hydrocarbons and hydrocarbon-based products and could cause Saudi Aramco to incur costs or invest additional capital. In addition, Saudi 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 re-assessment and it is difficult to predict the ultimate impact that GHG related laws, regulations and international agreements will have on Saudi Aramco. Furthermore, jurisdictions in which Saudi 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 Saudi Aramco's business, financial position and results of operations.

In line with the Kingdom's announced aims and the Saudi Green Initiative Forum, Saudi 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. Saudi Aramco may incur substantial costs and capital expenditures to achieve its net-zero targets. In addition, Saudi Aramco may not fully meet its announced net-zero targets by 2050.

2.1.4 Risks related to customers in Asia

Saudi 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.

Saudi Aramco exports a substantial portion of its crude oil and refined and chemicals products to customers in Asia. In 2021, 2022 and 2023, customers in Asia, including Saudi Aramco's affiliated refineries located in Asia, purchased 81%, 79% and 82%, respectively, of its crude oil exports. See Section 6.3.2 (*Upstream Liquids Sales*). Saudi Aramco expects to export additional crude oil to Asia as new downstream assets in Asia commence operations. See Section 3.1.2 (*Downstream*). In addition, the refined, chemical, petrochemical, base oil and finished lubricant products that are produced at Saudi 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, Saudi 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 Saudi Aramco sells its products to customers there. A significant decrease in demand for Saudi Aramco's products in Asia could have a material adverse effect on its business, financial position and results of operations.

2.1.5 Risks related to operational risks and hazards

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

Saudi 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 Saudi 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, Saudi 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, Saudi Aramco is not insured against all risks and insurance in connection with certain risks and hazards may not be available. See Section 2.1.7 (*Risks related to insufficient insurance*). To the extent a subcontractor is responsible for the damage, Saudi Aramco's recourse to the relevant subcontractor may be limited by contract or the financial viability of such subcontractor. Such occurrences could also interrupt Saudi Aramco's operations, delay Saudi Aramco projects or damage its reputation, which could have a material adverse effect on its business.

Furthermore, the majority of Saudi 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. Saudi 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 Saudi 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 Saudi Aramco's critical transport systems or processing facilities were subject to a significant disruption, it could have a material adverse effect on Saudi Aramco's business, financial position and results of operations. See Section 2.1.8 (*Terrorism and armed conflict may materially and adversely affect Saudi Aramco*).

2.1.6 Risks related to Saudi Aramco's ability to achieve its strategic growth objectives

Saudi 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.

Saudi 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 Saudi Aramco or by it along with joint ventures or partners and affiliates. Saudi 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 Saudi 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, Saudi Aramco's operations and expected levels of production could be impacted. These occurrences could result in Saudi 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 Saudi Aramco's business, financial position and results of operations.

Saudi 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 CCS, which could impact Saudi Aramco's competitive position. In addition, Saudi 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 Saudi 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 Saudi 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 Saudi Aramco's projects require significant capital expenditures. If cash flow from operating activities and funds from external financial resources are not sufficient to cover Saudi Aramco's capital expenditure requirements, Saudi 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 Saudi Aramco's capital expenditure plans could, in turn, have a material adverse effect on Saudi Aramco's growth objectives and its business, financial position and results of operations. For a more detailed discussion on Saudi Aramco's capital expenditures, see Section 6.9.2.1 (*Capital Expenditures*).

2.1.7 ***Risks related to insufficient insurance***

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

Saudi Aramco insures against risk primarily by self-insuring through its captive insurance subsidiary, Stellar, which provides insurance exclusively to Saudi Aramco. Saudi Aramco also obtains insurance in certain areas from third-party providers in excess of the coverage provided through Stellar. For more information, see Section 12.3 (*Insurance*).

Saudi 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 Saudi 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 Saudi Aramco's business, financial position and results of operations.

2.1.8 ***Risks related to terrorism and armed conflict***

Terrorism and armed conflict may materially and adversely affect Saudi Aramco.

Saudi 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 Saudi Aramco took a number of actions to minimize the impact of lower Arabian Light and Arabian Extra Light production by tapping into Saudi 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 Saudi Aramco's operations and have a material adverse effect on Saudi Aramco's business, financial position and results of operations, could cause Saudi Aramco to expend significant funds and could impact the market price of the Shares.

2.1.9 Risks related to estimates of proved hydrocarbon reserves

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 Saudi Aramco's proved reserves.

Saudi 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. Saudi Aramco's estimates of the quantity of Saudi 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. See Section 3.1.1 (*Upstream*) for a discussion of the process utilized by Saudi Aramco to estimate its reserves.

There can be no assurance that the interpretations, assumptions and judgments utilized by Saudi Aramco to estimate proved reserves 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 Saudi 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 Saudi 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 Saudi Aramco's proved reserves could adversely affect Saudi Aramco's business and reputation.

2.1.10 Risks related to future outbreaks of infectious diseases

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

Future epidemics or pandemics may have a widespread impact on business and economic conditions and, in particular, on Saudi Aramco's business, including on the demand for crude oil, natural gas and 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 and refined and chemicals products which had a direct impact on Saudi 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 Saudi Aramco.

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

2.1.11 Risks related to Saudi Aramco not realizing the expected benefits of recent or future acquisitions

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

Saudi 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 Saudi 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. Saudi 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 Saudi 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 16 June 2020, Saudi 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 Saudi 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 Saudi Aramco's control. Failure to realize some or all of the anticipated benefits of the acquisition may impact Saudi Aramco's financial performance and prospects, including the growth of its downstream business.

2.1.12 Risks related to operating in several countries

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

A substantial portion of Saudi 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 Saudi Aramco's business, financial position and results of operations.

2.1.13 Risks related to Senior Management and key personnel

Saudi Aramco is dependent on Senior Management and key personnel.

Saudi 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. Saudi Aramco's Senior Management and other key personnel may voluntarily terminate their employment with Saudi Aramco or leave their positions due to reasons beyond Saudi Aramco's control. If Saudi 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 Saudi 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 Saudi Aramco's business, financial position and results of operations.

2.1.14 Risks related to the reliability and security of IT systems

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

Saudi 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. Saudi 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 Saudi 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 Saudi 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 Saudi Aramco's operations and reputation. For further information on Saudi Aramco's cybersecurity, see Section 3.9 (*Business—IT and Cybersecurity*).

2.2 Risks Related to the Legal and Regulatory Environment

2.2.1 Risks related to litigation

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

Saudi 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 Saudi 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 Saudi Aramco will prevail on the basis of these defenses in the future in connection with OPEC-related or other lawsuits, and Saudi 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 Saudi 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 Saudi 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 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. Saudi 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 Saudi 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 Saudi 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 Saudi Aramco actions or operations. Because the majority of Saudi Aramco's products are exported, any such measures may have a material adverse effect on Saudi 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 Saudi 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, Saudi Aramco's business operations could be exposed to scrutiny and Saudi Aramco or its affiliates' exports could be subject to potential remedial measures, such as duties, which could have a material adverse effect on Saudi Aramco's business, financial position and results of operations.

2.2.2 *Risks related to operating in a regulated industry*

Saudi 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. See Section 3.13.2 (*The Concession*) and Section 4 (*Regulation of the Oil and Gas Industry in the Kingdom*) for a description of the Concession and the regulations and royal decrees that apply to Saudi Aramco in the Kingdom. 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 Saudi 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 Saudi Aramco satisfies certain conditions commensurate with current operating practices (and may be amended and extended for an additional 40 years thereafter subject to Saudi 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 Saudi Aramco's rights in respect of the Concession, which would have a significant adverse effect on Saudi Aramco's business, financial position and results of operations.

In addition, Saudi 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 Saudi 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 Saudi Aramco's business.

2.2.3 *Risks related to sanctions and trade restrictions*

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

Saudi 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 Saudi Aramco does business or trade restrictions affecting its markets could have a material adverse effect on Saudi Aramco's business. In addition, there can be no assurance that Saudi 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 Saudi Aramco's business. Furthermore, if Saudi 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 Saudi Aramco, restrictions on investors trading securities issued by Saudi Aramco or other adverse consequences. Such penalties or sanctions could have a material adverse effect on Saudi Aramco's business, financial position and results of operations.

2.2.4 *Risks related to obtaining, maintaining and renewing governmental licenses, permits and approvals*

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

The rights granted to Saudi Aramco under the Concession constitute its licenses, permits and approvals necessary to conduct hydrocarbons operations and related activities in the Kingdom. However, Saudi 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). See Section 3.13.2 (*The Concession*) and

Section 4 (*Regulation of the Oil and Gas Industry in the Kingdom*). As a result of the Energy Supply Law superseding the GSPR, Saudi 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, Saudi Aramco is currently in discussions with the Ministry of Energy concerning the gas facilities licenses mandated by the GSPR. Saudi 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 Saudi 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 Saudi Aramco's operations, could result in financial and other penalties and could have a material adverse effect on Saudi Aramco's business, financial position and results of operations.

2.2.5 Risks related to environmental protection, health and safety laws and regulations and increased concerns regarding the safe use of chemicals and plastics

Saudi 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.

Saudi 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 Saudi Aramco's employees and the communities in which it operates. Compliance with these obligations can result in significant expenditures. If Saudi Aramco fails to comply with applicable laws and regulations, it could be subject to fines or the partial or total shutdown of related operations. Saudi 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 Saudi 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 Saudi Aramco or otherwise adversely affect Saudi Aramco's business, financial position and results of operations. See Section 3.10 (*Sustainability, Health and Safety and Environment*).

Saudi 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 Saudi 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 Saudi Aramco's business, financial position, results of operations and reputation.

2.2.6 *Risks related to the mechanism for equalization compensation Saudi Aramco receives*

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

The Concession requires Saudi 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, Saudi 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 Saudi Aramco than if the same product had been sold for export.

Pursuant to an equalization mechanism, the Government compensates Saudi Aramco for the revenue it directly forgoes as a result of selling these products in the Kingdom at regulated prices. Under this mechanism, Saudi Aramco receives compensation for the difference between regulated prices and equalization prices in respect of such sales. See Section 4.4 (*Regulated Domestic Pricing of Certain Hydrocarbons*) and Section 6.3.6 (*Fiscal Regime*).

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 17 September 2019, the Government implemented an equalization mechanism to compensate Saudi Aramco for the revenue it directly forgoes as a result of selling Regulated Gas Products in the Kingdom at Domestic Gas Prices to ensure Saudi Aramco receives a commercial rate of return on each project. Under this mechanism, Saudi Aramco receives compensation for the difference between Domestic Gas Prices and Blended Prices in respect of such sales. See Section 4.4.3 (*Gas Pricing*) and Section 6.3.6 (*Fiscal Regime*).

No assurance can be given that either equalization mechanism will not be revoked or amended on terms less favorable to Saudi 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 Saudi Aramco to the Government. Any such event could have an adverse effect on Saudi Aramco's earnings, cash flow, financial position and results of operations.

2.3 Risks Related to the Kingdom

2.3.1 Risks related to the Kingdom's maximum level of crude oil production and target MSC

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 Saudi Aramco to maintain MSC in accordance with the Government's exclusive authority to set MSC under the Hydrocarbons Law. Saudi 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 30 January 2024, the Government (acting through the Ministry of Energy) directed Saudi Aramco to maintain MSC at the current level of 12.0 million barrels of crude oil per day. Future increases in MSC could require Saudi Aramco to incur significant additional capital expenditures.

The Government's decisions regarding maximum level of crude oil production and MSC, and Saudi Aramco's costs of complying with such decisions, may not maximize returns for Saudi Aramco. For example, Saudi 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 Saudi Aramco's business, financial position and results of operations.

2.3.2 Risks related to demand for natural gas in the Kingdom

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

The Concession requires that Saudi 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, Saudi Aramco is undertaking several projects to grow its gas supply. Saudi 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. Saudi Aramco is compensated for its sales of natural gas to domestic consumers based on usage. See Section 6.3.6 (*Fiscal Regime—Gas Price System*). Therefore, if the forecasted growth in domestic demand for natural gas is less than expected, Saudi 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.

2.3.3 Risks related to the Kingdom's public finances being highly connected to the hydrocarbon industry

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

The oil sector accounted for 38.6%, 39.2% and 35.9% of the Kingdom's real GDP in the years ended 31 December 2021, 2022 and 2023, respectively. In addition, the oil sector accounted for 58.2%, 67.6% and 63.0% of the Government's total revenues in the years ended 31 December 2021, 2022 and 2023, respectively. The Government is expected to continue to rely on royalties, taxes, dividends from Saudi 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 Saudi 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 Saudi Aramco, are subject. Any such change could have a material adverse effect on Saudi Aramco's business, financial position and results of operations. See Section 6.3.6 (*Fiscal Regime*).

2.3.4 Risks related to political and social instability and unrest and armed conflicts in the MENA region

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

Saudi 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 Saudi 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 Saudi Aramco's business, financial position and results of operations.

In addition, the majority of Saudi 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 Saudi Aramco's crude oil and are located in areas subject to political or armed conflict from time to time. For example, on 27 April 2023 and 3 May 2023, two oil tankers belonging to other oil companies were seized by Iranian forces in the Strait of Hormuz. In addition, in early 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 Saudi 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 Saudi Aramco's business, financial position and results of operations.

Moreover, the majority of Saudi 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 Saudi Aramco, which could in turn have a material adverse effect on Saudi Aramco's business, financial position and results of operations or investments that Saudi 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.

*2.3.5 **Risks related to the SAR to U.S. Dollar peg***

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

Saudi 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 Saudi 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, Saudi Aramco may experience an increase in the SAR denominated costs of its operations. Such an increase could have a material adverse effect on Saudi Aramco's business, financial position and results of operations.

In addition, Saudi 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, Saudi Aramco may be required to expend additional cash to fund its SAR denominated dividends. Such changes could have a material adverse effect on Saudi Aramco's financial position.

*2.3.6 **Risks related to the Government directing Saudi Aramco to undertake projects or provide assistance for initiatives outside Saudi Aramco's core business***

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

The Government has directed, and may in the future direct, Saudi Aramco to undertake projects or provide assistance for initiatives outside Saudi Aramco's core business in furtherance of the Government's macroeconomic, social or other objectives, leveraging Saudi Aramco's know-how, resources and operational capabilities. For instance, the Government has previously directed Saudi Aramco to develop and construct large infrastructure projects and provide management, logistical and other technical assistance for certain Government initiatives. See Section 12.4.7 (*Corporate Citizenship*). The Concession requires that all Saudi 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 5 September 2019, Saudi Aramco and the Government entered into a framework agreement to govern the furnishing of services by Saudi Aramco to the Government. See Section 12.4 (*Related Party Contracts and Transactions*). While these projects and initiatives have generally been of national importance to the Kingdom and in Saudi Aramco's long-term commercial interests, they have often been outside of Saudi Aramco's core businesses and have not always been consistent with its immediate commercial objectives. If the Government directs Saudi Aramco to undertake future projects other than on a commercial basis, Saudi Aramco's financial position and results of operation may be materially and adversely affected.

2.4 Risks Related to the Shares, including the Offer Shares

2.4.1 Risks related to the settlement of the Offer Shares

The settlement of the Offer Shares may be subject to interruptions or delays.

The Offering is a fully marketed secondary public offering. Unlike initial public offerings, sales of shares in such offerings are not settled at the same time by the Saudi Exchange. Instead, each sale is settled by way of a separate transaction via brokers that perform the subscription procedures in line with investors' orders. The settlement of a transaction is made once that transaction is registered with the trading and depository systems by the applicable brokers. There are two types of these transactions:

- Cross Trades: execution of both sale and buy orders takes place through the same broker, and the delay risk, if any, is limited. This type of trade is limited to investors who have a portfolio with any of the Receiving Entities.
- Two-sided Trades: there is a broker for the sell-side and another broker for the buy-side. The sell-side broker places the sale transaction immediately after commencement of the trading session. The buy-side broker must accept the transaction (where a delay may occur) and the sell-side broker has no control over that aspect of transaction.

This process is subject to human or technical errors. For example, a broker may not accept a transaction in a timely manner or may not properly execute the transfer of the Offer Shares, which may lead to settlement delays for particular transactions. In the event of non-execution of a negotiated trade, there would be an instant reallocation among the Institutional Investors or the cancellation of the applicable Institutional Investor Subscription Form. In addition, a delay in the settlement of trades may result in a loss of an opportunity for Investors to sell if the price of the Shares on the Saudi Exchange increases and the Investor is unable to sell its Offer Shares until they are registered, or may result in a loss for Investors if the price of the Shares on the Saudi Exchange declines and the Investor is unable to sell its Offer Shares until they are registered. A breach or delay in the closing of the Offering may lead to instability in the price of the Shares on the Saudi Exchange.

2.4.2 *Risks related to the Saudi Exchange's trading limits*

The Saudi Exchange limits on share price movements of 10% or more per day apply to the Shares

The Saudi Exchange applies a trading limit for shares listed on its Main Market equal to a variance of 10% (upwards or downwards) of the previous day's closing price. If the trading limit is reached (upwards or downwards), trading in the Shares will cease and investors will not be able to buy or sell Shares until the next trading day, at which time the restriction on fluctuations of 10% (upwards or downwards) will again apply. This limitation could have an impact on the trading price and trading volume of the Shares.

2.4.3 *Risks related to the inability of foreign investors to exchange SAR for other currencies*

If foreign investors are unable to exchange SAR for other currencies, it could have a material adverse effect on demand for, and the trading price of, the Shares.

All purchases and sales of Shares on the Saudi Exchange, or interests in the Shares through swap arrangements, will be denominated in SAR. There can be no assurance that foreign investors will have the ability to obtain SAR in amounts necessary to purchase the desired number of Shares or swap interests. In addition, the Company will pay dividends on the Shares to non-Government Shareholders in SAR. Any actual or perceived inability for foreign investors to exchange SAR for other currencies could have a material adverse effect on demand for, and the trading price of, the Shares.

2.4.4 *Risks related to trading price volatility of the Shares*

The trading price of the Shares may be volatile and may fluctuate significantly due to a variety of factors, many of which are outside the Company's control, which could result in significant losses to investors.

The trading price of the Shares may be volatile and could fluctuate significantly in response to a variety of factors, many of which are beyond the Company's control, including:

- changes affecting the price of crude oil, the market valuations of oil and gas companies or the willingness of investors to invest in oil and gas companies;
- variations in Saudi Aramco's results of operations or reserve data;
- announcements regarding Saudi Aramco's earnings that are not consistent with market expectations;
- political or military developments or terrorist attacks in the MENA region or elsewhere;
- publication of industry data by third parties, including government statistical agencies, that differ from expectations of industry or financial analysts;
- downgrades or changes in research coverage by securities research analysts;
- changes in eligibility for the Shares to be included in certain financial indices;
- press reports, whether or not factual, about Saudi Aramco or the Kingdom;

- political, economic or other developments in or affecting the Kingdom;
- changes in the regulatory environment;
- additions to, or departures of, key personnel;
- changes to the policy of pegging the exchange rate between the SAR and the U.S. Dollar;
- release or expiry of lock up or other transfer restrictions on the Shares; and
- sales or perceived potential sales of Shares by the Government or other significant shareholders.

Any of these factors may result in large and sudden changes in the trading volume and market price of the Shares which in turn could lead to potential losses for investors.

Saudi Aramco cannot assure Investors that, after they subscribe for the Offer Shares, they will be able to sell them at a price equal to or greater than the Final Offer Price. Moreover, Investors will be unable to sell the Offer Shares upon completion of the Offering until the Offer Shares are credited with the Saudi Exchange securities accounts designated in the relevant subscription forms.

2.4.5 ***Risks related to the differing interests of the Government, the Company's controlling shareholder, and the Company's minority shareholders***

The interests of the Government, the Company's controlling shareholder, may differ from the interests of the Company's minority shareholders.

The Government will continue to own a controlling interest in the Company after the Offering and will be able to control matters requiring shareholder approval. As a result, the Government will have the power to control decisions of any General Assembly, which include without limitation the election of the Board. In addition, the Government will have the power to veto any shareholder action or approval requiring a majority vote, except where it is required by relevant rules for the Government, as controlling shareholder, to abstain from voting. If the interests of the Government conflict with those of the Company's minority shareholders, the minority shareholders may be disadvantaged.

In addition, in certain circumstances, minority shareholders may be required to sell their Shares to the Government at the offer price proposed by the Government. A minority shareholder who is not present at such Extraordinary General Assembly, or votes against the resolution approving the sale of Shares to the Government, will still be bound by the Extraordinary General Assembly's resolution and will be compelled to sell its Shares to the Government. For further details regarding the Government's option to purchase additional Shares, see Section 12.7.7 (*Government's Option to Acquire Shares*).

2.4.6 *Risks related to analysts not publishing research or publishing inaccurate or unfavorable research*

If securities or industry analysts do not publish research or publish inaccurate or unfavorable research about Saudi Aramco or its business, the market price for the Shares may decline.

The trading price and volume of the Shares will depend in part on the research that securities or industry analysts publish about Saudi Aramco and its business. If research analysts do not maintain adequate research coverage or if one or more of the analysts who covers Saudi Aramco downgrades their recommendations on the Shares or publishes inaccurate or unfavorable research about its business, the market price for the Shares could decline. In addition, if one or more research analysts ceases coverage of Saudi Aramco or fails to publish reports on it regularly, it could lose visibility in the financial markets, which, in turn, could cause the market price for the Shares to decline significantly.

2.4.7 *Risks related to the Company paying dividends on the Shares*

There can be no assurance that Saudi Aramco will pay dividends on the Shares or as to the amount of any such dividends and the dividend distribution policy may be changed by vote of an Ordinary General Assembly.

Any decision to pay dividends on the Shares and the amount of dividends to be paid will be made at the discretion of the Board subject to the Company's dividend distribution policy. The amount and frequency of any dividends will depend on a number of factors, including Saudi Aramco's historic and anticipated earnings and cash flow, its financial obligations and its capital requirements and opportunities, general economic and market conditions and other factors deemed relevant by the Board. Accordingly, there can be no assurance that Saudi Aramco will pay dividends on the Shares or the amount of any such dividends as the Board has discretion to modify dividends subject to the Company's dividend distribution policy. Additionally, the dividend distribution policy may be changed by vote of an Ordinary General Assembly. The Government will continue to own a controlling interest in the Company after the Offering (for more information, see Section 2.4.5 (*Risks related to the differing interests of the Government, the Company's controlling shareholder, and the Company's minority shareholders*)). For further details regarding dividends on the Shares, see Section 7 (*Dividend Policy*).

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3. Business

3. Business

3.1 Overview

Saudi Aramco is the world's largest integrated energy and chemicals company. In the three month period ended 31 March 2024, it produced 12.4 million barrels per day of oil equivalent and, in the year ended 31 December 2023, it produced 12.8 million barrels per day of oil equivalent, including 10.7 million barrels per day of liquids and 10.7 bscfd of natural gas and ethane. As at 31 December 2023, its proved liquids reserves were 217.4 billion barrels and it had gross refining capacity of 7.9 million barrels per day and net chemicals production capacity of 59.6 million tons per annum.

Saudi Aramco seeks to enhance its preeminent upstream position by maintaining its oil and growing its gas production capacity and continuing to pursue integration of its upstream and downstream operations to secure demand for its crude oil. It also is continuing to enhance the resilience and strategic integration of its refining and chemicals portfolios to capture additional value across the hydrocarbon value chain and to improve the balance of its fuels and chemicals production.

Saudi Aramco aims to grow its business sustainably by leveraging technology and innovation to continue to lower its climate impact and by undertaking low carbon energy and sustainability initiatives throughout its operations both in the Kingdom and abroad with international partners. In October 2021, Saudi Aramco announced its ambition to achieve net-zero Scope 1 and Scope 2 GHG emissions across its wholly owned operated assets by 2050 and, in August 2019, announced its objective to eliminate routine flaring by 2030. It also intends to maintain its position as a leader in upstream carbon intensity, with one of the lowest average upstream carbon intensities per unit of hydrocarbons produced and is pursuing a wide range of initiatives to reduce its upstream carbon intensity by at least 15% by 2035 against its 2018 baseline. It has also set a target to reduce its upstream methane intensity to near zero by 2030 and has made recent investments in renewable energy, CCS and low carbon fuels.

Saudi Aramco's heritage dates back to 1933 as an upstream venture founded by predecessors to Chevron and ExxonMobil. Its upstream operations are predominantly based in the Kingdom, and it operates a global downstream business. As at 31 December 2023, Saudi Aramco had two reportable segments, namely upstream and downstream, which are supported by corporate activities.

For the year ended 31 December 2023 and the three month period ended 31 March 2024, Saudi Aramco generated SAR 537.8 billion ($143.4 billion) and SAR 126.0 billion ($33.6 billion) in net cash provided by operating activities and SAR 379.5 billion ($101.2 billion) and SAR 85.3 billion ($22.8 billion) of Free Cash Flow, respectively. Saudi Aramco operates within a conservative financial framework that ensures its ability to invest through oil price cycles to maximize its long-term value and meet its sustainability ambitions. Its Gearing ratio was (6.3)% and (3.8)% as at 31 December 2023 and 31 March 2024, respectively. Free Cash Flow and Gearing are non-IFRS financial measures. For a definition of Free Cash Flow and Gearing and a reconciliation to the nearest financial measures calculated in accordance with IFRS, see Section 6.4 (*Non-IFRS Financial Measures*).

3.1.1 *Upstream*

Saudi Aramco is a major producer of crude oil and condensate. For the three month period ended 31 March 2024, it produced 12.4 million barrels per day of oil equivalent and, for the year ended 31 December 2023, it produced 12.8 million barrels per day of oil equivalent, including 10.7 million barrels per day of liquids. Saudi Aramco manages the Kingdom's unique reserves and resource base to maximize long-term value pursuant to the Hydrocarbons Law, which mandates that Saudi Aramco's hydrocarbon operations promote long-term productivity of the Kingdom's reservoirs and support the prudent stewardship of its hydrocarbon resources.

As at 31 December 2023, the Kingdom's reserves in the fields Saudi Aramco operates consisted of 340.8 billion barrels of oil equivalent, including 261.7 billion barrels of crude oil and condensate, 37.4 billion barrels of NGL and 252.6 trillion standard cubic feet of natural gas.

Pursuant to the Concession, effective 24 December 2017, Saudi 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 Saudi 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 Saudi Aramco and the Government agreeing on the terms of the extension. See Section 12.2.1 (*The Concession*). The provision of a specified term in the Concession impacts the calculation of Saudi Aramco's reserves as compared to the Kingdom's reserves in the fields Saudi Aramco operates. The Concession also requires Saudi Aramco to meet domestic demand for certain hydrocarbons, petroleum products and LPG through domestic production or imports.

As at 31 December 2023, based on the initial 40-year period (which began in 2017) and 20-year extension of the Concession, Saudi Aramco's reserves were 251.2 billion barrels of oil equivalent (sufficient for a proved reserves life of 54 years), consisting of 191.3 billion barrels of crude oil and condensate, 26.0 billion barrels of NGL and 207.5 trillion standard cubic feet of natural gas.

Saudi Aramco's average upstream lifting cost was SAR 11.96 ($3.19) per barrel of oil equivalent produced in 2023. In addition, its upstream capital expenditures for the year ended 31 December 2023 averaged SAR 23.7 ($6.3) per barrel of oil equivalent produced. Saudi Aramco's low cost position is due to its low depletion rate operational model, the unique nature of the Kingdom's geological formations, favorable onshore and shallow water offshore environments in which Saudi Aramco's reservoirs are located, synergies available from Saudi Aramco's use of its large infrastructure and logistics networks and its scaled application of technology. Given the quality of most of Saudi 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.

The Government determines the Kingdom's maximum level of crude oil production in the exercise of its sovereign prerogative and requires Saudi Aramco to maintain MSC in excess of its then current production in accordance with the Hydrocarbons Law. It also uses this spare capacity as an alternative supply option in case of unplanned production outages and to maintain its production levels.

Saudi Aramco is the exclusive supplier of natural gas in the Kingdom. It owns and operates the Master Gas System (the "**MGS**"), which is an extensive network of pipelines that connects its key gas production and processing sites throughout the Kingdom, and has commenced reproduction activities from the Hawiyah Unayzah reservoir gas storage program, with the goal of providing up to 2.0 bscfd of gas for reintroduction into the MGS in 2024 to enhance its ability to respond to seasonality of demand, which is driven by utility sector demand patterns, and to improve the utilization rate of its gas assets. In support of its plan to develop its unconventional resources, in November 2021, Saudi Aramco commenced development of the Jafurah unconventional gas field. The Jafurah field is expected to commence production in 2025 and will gradually increase natural gas deliveries to reach a rate of 2.0 bscfd by 2030, which is expected to support growing local energy demand and provide feedstock for hydrogen and ammonia production. Saudi Aramco has booked 15 trillion standard cubic feet of raw gas and two billion stock tank barrels of condensate as proven reserves at Jafurah.

Saudi Aramco expects to further expand its oil and gas reserves through new field discoveries, new reservoir additions in existing fields and delineation and reassessment of existing reservoirs and fields.

3.1.2 Downstream

Saudi Aramco has a large and growing, strategically integrated global downstream business. The downstream segment's activities consist primarily of refining, petrochemicals, supply and trading, distribution, retail, base oils, lubricants and power generation. Saudi Aramco is also developing renewables, undertaking projects to capture emissions from its own facilities and the facilities of others and has ambitions to develop low carbon fuels and products, including blue hydrogen and blue ammonia.

As at 31 December 2023, Saudi Aramco had gross refining capacity of 7.9 million barrels per day and net refining capacity of 4.1 million barrels per day. The strategic integration of Saudi Aramco's upstream and downstream segments provide opportunities for Saudi Aramco 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. In addition, the integration of Saudi 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.

Saudi Aramco's downstream business is the single largest customer for the upstream business's crude oil production, consuming 47% and 51% of its crude oil production in the year ended 31 December 2023 and the three month period ended 31 March 2024, respectively. Its upstream business produces all the crude oil supplied to and processed by Saudi Aramco's refineries in the Kingdom and the majority of crude oil used by its international refineries. As at 31 December 2023, Saudi Aramco's weighted average ownership percentage in its international refineries was 34%, but it supplied an average of 54% of the crude oil used by those refineries for the year ended 31 December 2023. This crude oil placement provides benefits to the downstream operations, including a secure and reliable supply of high-quality crude oil, which helps to ensure a secure and reliable supply of refined and chemicals products to its downstream customers. In addition, Saudi Aramco intends to continue to grow its liquids-to-chemicals business, with a goal to increase its throughput in integrated refining and petrochemicals complexes to up to four million barrels per day by 2030.

As the sole supplier to the large domestic marketplace, Saudi Aramco's refining operations in the Kingdom, including its domestic affiliates, accounted for 62% of its net refining capacity in 2023. In addition to its domestic focus, Saudi Aramco is focusing its downstream investments in economies of high-growth, including China, India and Southeast Asia, while maintaining and opportunistically expanding its 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.

Saudi Aramco's chemicals business operates in over 50 countries and spans from production of basic chemicals such as aromatics, olefins and polyolefins to more complex products such as polyols, isocyanates and synthetic rubber. The chemicals business continues to grow through capacity expansions in the Kingdom, increased ownership positions in affiliates and new investments, including its acquisition of the PIF's 70% equity interest in SABIC on 16 June 2020. Since the acquisition of a 70% stake in SABIC, Saudi Aramco has sought to achieve synergies in procurement, supply chain, marketing, feedstock optimization, stream integration, operations and maintenance. Saudi Aramco expects to capture a total value of approximately SAR 11.3 billion to SAR 15.0 billion ($3.0 billion to $4.0 billion) in annual recurring synergies from this acquisition by 2025. Its investment in SABIC makes it a major global producer of petrochemicals and expands its capabilities in technology and product innovation, marketing and sales, procurement and manufacturing, among others. Its chemicals business is focused on participation in high-growth chemical markets with demand from industries such as electronics, automotive, appliances and packaging, among others.

In 2021, Saudi Aramco's downstream segment launched a transformation program, seeking to realize incremental value from its portfolio through yield enhancements, stream integration and cost reduction. 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 SAR 15.0 billion ($4.0 billion) in 2023.

Saudi Aramco's downstream segment also includes its crude oil marketing and product sales, distribution, retail and trading operations. These operations support Saudi 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. Saudi Aramco also maintains flexibility to respond to fluctuations in demand through its five crude oil grades and MSC. This flexibility contributes to its ability to meet its customers' needs and its reputation as one of the most reliable suppliers of crude oil and refined products, gas and NGL, meeting 99.9% of its delivery obligations on time in each of 2021 and 2022, 99.8% in 2023 and 99.7% for the first three months of 2024.

3.1.3 ***Corporate***

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

In June 2021, Saudi Aramco completed a transaction pursuant to which it leased its stabilized crude oil pipeline network to one of its wholly owned subsidiaries for 25 years and leased back the exclusive rights to use, operate and maintain the pipeline network for that period. It then sold 49% of the equity of the subsidiary to a consortium of international and domestic investors for upfront sale proceeds of SAR 46.5 billion ($12.4 billion) in cash. During the 25-year lease period, the subsidiary will receive quarterly, volume-based tariff payments from Saudi Aramco, backed by minimum volume commitments. Saudi Aramco will at all times retain title to, and full operational control of, the crude oil pipeline network, and the transaction will not impose any restrictions on its crude oil production volumes.

In addition, in February 2022, in a transaction similar to that described above with respect to the crude oil pipeline network, Saudi Aramco completed a transaction pursuant to which it leased its natural gas, NGL products, ethane and stabilized gas condensate pipelines to one of its wholly owned subsidiaries for 20 years and leased back the exclusive rights to use, operate and maintain these pipelines for that period. It then sold 49% of the equity of the subsidiary to a consortium of international and domestic investors for upfront sale proceeds of SAR 58.1 billion ($15.5 billion) in cash. During the 20-year lease period, the subsidiary will receive quarterly, volume-based tariff payments from Saudi Aramco, backed by minimum volume commitments. Saudi Aramco will at all times retain title to, and full operational control of, these pipelines and the transaction does not impose any restrictions on Saudi Aramco's gas production volumes.

Furthermore, Saudi Aramco intends to foster domestic businesses with the aim to grow its returns, enhance the reliability and resilience of its local supply chain and support the economic growth and diversification of the Kingdom's economy. Under its National Champions program, which encompasses a set of initiatives to enable in-Kingdom business development, Saudi Aramco seeks to facilitate the creation of a diverse, sustainable, and globally competitive in-Kingdom energy sector as well as other diversified sectors. The National Champions program encompasses a set of programs focused around five strategic domains, namely sustainability, digital, industrial, manufacturing and social innovation, that aim to support the development of initial ideas for small, medium and large-sized enterprises to become global businesses, and aligns with the Kingdom's Vision 2030 and its Shareek program. Other corporate programs include the iktva, Namaat, and Taleed programs, which together support in-Kingdom economic growth, innovation, job creation and small, medium and large-sized enterprise development.

3.2 Corporate History and Evolution

On 29 May 1933, the Government granted a concession to Socal giving it the right to explore for oil within the Kingdom's borders. Later that year, Socal incorporated CASOC as a subsidiary to manage the concession. Texaco acquired a 50% interest in CASOC in 1936. CASOC's first commercial success came in 1938 at a drill site in Dhahran, which quickly began producing more than 1,500 barrels of crude oil per day. In 1944, CASOC was renamed Arabian American Oil Company. In 1948, Standard Oil Company of New Jersey, which later became Exxon, purchased 30% of Arabian American Oil Company, and Socony-Vacuum Oil Company, which later became Mobil, purchased 10% to help provide market outlets and capital for the Kingdom's hydrocarbon reserves. In 1952, Arabian American Oil Company's headquarters moved from New York to Dhahran, and in 1973, the Government acquired an initial 25% participating interest in the concession, which increased to 60% in the following year. Arabian American Oil Company continued to grow and had become the world's largest oil producer in terms of volume produced in a single year by 1976. Between 1980 and 1981, the Government increased its participation interest in Arabian American Oil Company's crude oil concession rights, production and facilities to 100%. During the 1980s, Arabian American Oil Company increased its production volumes and expanded its infrastructure with the construction of the East-West pipeline, a 1,200 kilometer pipeline dedicated to transporting crude oil from Dhahran to Yanbu' on the Red Sea. In the 1980s and 1990s, Arabian American Oil Company established refining and marketing joint ventures in strategic geographies around the globe in order to further expand its market and product offerings.

In 1988, Saudi Arabian Oil Company, also known as Saudi Aramco, was established as a company with limited liability by virtue of Royal Decree No. M/8, dated 04/04/1409H (corresponding to 13 November 1988), to assume the privileges and rights under the Original Concession.

On 1 January 2018, the Company was converted into a joint stock company pursuant to Council of Ministers Resolution No. 180 dated 01/04/1439H (corresponding to 19 December 2017) and registered in the city of Dhahran under commercial registration No. 2052101150 dated 11/07/1439H (corresponding to 28 March 2018) with Saudi Arabian Oil Company (Saudi Aramco) as its official name.

On 11 December 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 Shares at such time, sold 3.45 billion ordinary shares, or 1.725% of the Shares. In addition, concurrently with the IPO, the Company acquired 117.2 million of its shares from the Government for a cash payment of SAR 3.75 billion ($1.0 billion) and classified them as treasury shares for use by the Company for its employee share plans. On 13 February 2022, the Government announced the transfer of 4% of the Company's issued Shares to the PIF, followed by an additional 4% on 16 April 2023 to Sanabil Investments, a wholly owned subsidiary of the PIF, and an additional 8% on 7 March 2024 to the portfolios of PIF's wholly-owned companies. As a result, the Government currently directly owns 82.186% of the Shares.

On 12 May 2022, the Extraordinary General Assembly resolved to increase the Company's share capital from sixty billion Saudi Riyals (SAR 60,000,000,000) divided into two hundred billion (200,000,000,000) Shares to seventy-five billion Saudi Riyals (SAR 75,000,000,000) divided into two hundred and twenty billion (220,000,000,000) Shares by capitalizing an amount of fifteen billion Saudi Riyals (SAR 15,000,000,000) from the Company's retained earnings. On 8 May 2023, the Extraordinary General Assembly resolved to increase the Company's share capital from seventy-five billion Saudi Riyals (SAR 75,000,000,000) divided into two hundred and twenty billion (220,000,000,000) Shares to ninety billion Saudi Riyals (SAR 90,000,000,000) divided into two hundred and forty-two billion (242,000,000,000) Shares by capitalizing an amount of fifteen billion Saudi Riyals (SAR 15,000,000,000) from the Company's retained earnings. As a result, as at the date of the Offering Document, the share capital of the Company was SAR 90,000,000,000, which is fully paid, consisting of two hundred and forty two billion (242,000,000,000) Shares with no par value.

The Company's registered office is P.O. Box 5000, Dhahran 31311, Kingdom of Saudi Arabia and its telephone number is +966 13 873-6050. The Company's website is www.aramco.com.

3.3 Business Strategies

3.3.1 Saudi Aramco intends to continue to invest in crude oil exploration and production to maintain its position as the world's largest crude oil company by production volume.

According to IHS Global Inc., global demand for crude oil will continue to increase in the near to medium term and Saudi Aramco believes that substantial investments in the oil industry continue to be required in the near to medium term to meet future global demand. Saudi Aramco intends to continue to invest in crude oil exploration and production through oil price cycles in order to meet this expected continued global demand and believes that its low lifting costs, low capital intensity and low upstream carbon intensity uniquely position it to benefit from these investments. Saudi Aramco believes that it produces one of the least carbon intensive sources of crude oil, which competitively positions it to benefit from continued pressure on the oil and gas industry to reduce the environmental impact of the industry's operations, and that by being a reliable and low carbon intensity producer, it will support energy access and security throughout the energy transition.

Saudi Aramco maintains its level of crude oil production by balancing production between maturing areas and newer production sources, tapping into new reservoirs when required to optimize the depletion rate of its fields. It also maintains its low-cost position due to its low depletion rate operational model, the unique nature of the Kingdom's geological formations, favorable onshore and shallow water offshore environments in which its reservoirs are located, synergies from its use of its large infrastructure and logistics networks and its scaled application of technology.

The Government determines the level of MSC maintained by the Company and the Kingdom's maximum level of crude oil production in the exercise of its sovereign prerogative in accordance with the Hydrocarbons Law. MSC is currently set at 12.0 million barrels of crude oil per day. The spare capacity afforded by maintaining an MSC provides operational flexibility to increase its production. While Saudi 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.

3.3.2 Saudi Aramco plans to further expand its gas business, including by developing its unconventional gas resources, increasing production and investing in additional infrastructure to meet the large and growing domestic demand for low-cost, lower carbon intensity energy.

Saudi Aramco plans to further expand its gas business to meet the expected substantial growth in domestic demand for gas, driven by continued economic and industrial development and the Government's plans to substitute liquids burning with gas in the utility sector. Accordingly, as sole supplier of gas to the Kingdom, Saudi Aramco aims to increase its gas production by more than 60% by 2030 from the 2021 level, subject to domestic demand, including from its low carbon hydrogen business. To satisfy these production targets, Saudi Aramco intends to further increase the capacity of the MGS and 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. In 2021, Saudi Aramco commenced development of the Jafurah field, a key component of its unconventional gas program. In November 2023, Saudi Aramco successfully produced the first unconventional tight gas from its South Ghawar operational area. In addition, through its conventional gas program, Saudi Aramco is undertaking several additional projects to grow its gas supply. It has commenced reproduction from the Hawiyah Unayzah reservoir gas storage program, with the goal of providing up to 2.0 bscfd of gas for reintroduction into the MGS in 2024 to enhance its ability to respond to seasonality of demand, which is driven by utility sector demand patterns, and to improve the utilization rate of its gas assets. Saudi Aramco expects an increase of up to 1 million barrels per day in associated liquids in connection with anticipated growth in gas production by 2030.

Expanding the gas business enables Saudi Aramco to meet the energy needs of the Kingdom and continue to replace liquids with gas for the Kingdom's power generation, thereby lowering the carbon intensity of domestic energy production and availing more liquids for export. Gas production also yields NGL and condensate, which supplement Saudi Aramco's crude oil production and provide feedstock to its refining and petrochemical operations. In addition, liquids produced with associated and non-associated gas can be utilized in Saudi Aramco's liquids-to-chemicals business. In addition to domestic gas, Saudi Aramco is also opportunistically assessing LNG investments internationally.

3.3.3 Saudi Aramco intends to continue the strategic integration of its upstream and downstream businesses to capture additional value across the hydrocarbon chain.

Saudi Aramco intends to continue the strategic integration of its upstream and downstream businesses to secure and de-risk liquids demand through placement of larger volumes into its dedicated and growing system of domestic and international integrated refining and petrochemical production facilities. In addition, Saudi Aramco intends to continue to grow its liquids-to-chemicals business, with a goal to increase its throughput in integrated refining and petrochemicals complexes to up to four million barrels per day by 2030. According to IHS Global Inc., global total demand for ethylene is expected to grow from 188.6 million metric tons in 2024 to nearly 228 million metric tons in 2030. This strategy enhances the resilience of Saudi Aramco's upstream business and enables it to capture additional value across the hydrocarbon value chain and diversify its sources of earnings, which also helps to mitigate the impact of oil price volatility. In the three month period ended 31 March 2024, 51% of crude oil produced by Saudi Aramco was delivered into this captive downstream system, compared to 47% in 2023, 44% in 2022 and 43% in 2021.

Saudi Aramco's acquisition of a 70% equity interest in SABIC in June 2020 has supported the expansion of its downstream activities, including integration between refining and chemicals and improving the balance of its product portfolio between fuels and chemicals, and provides a consistent outlet for its crude oil and gas. Saudi Aramco is also seeking to further diversify its downstream portfolio. Recent investments include:

- In November 2022, Saudi Aramco acquired from PKN Orlen a 30% equity stake in a 210,000 barrels per day refinery in Gdansk, Poland, a 100% equity stake in an associated wholesale business and a 50% equity stake in a jet fuel marketing joint venture with BP in Poland for a total purchase price of PLN 2,226.4 million (approximately SAR 1.8 billion ($0.5 billion) as of November 2022).

- In December 2022, Saudi Aramco and TotalEnergies made a final investment decision for the construction of a large petrochemical complex in the Kingdom and in June 2023 awarded engineering, procurement and construction contracts worth SAR 41.3 billion

($11.0 billion). The complex, known as Amiral, will be owned, operated and integrated with the existing SATORP refinery located in Jubail. Its commercial operation is expected to start in 2027.

- In March 2023, Saudi Aramco acquired Valvoline Global Operations, a lubricants manufacturer, for SAR 10.34 billion ($2.76 billion), which is expected to complement Saudi Aramco's base oil business, as well as diversify and increase the resilience of its revenue streams.

- In March 2023, Saudi Aramco and S-Oil broke ground on the Shaheen project, which will be one of the world's largest refinery-integrated petrochemical steam crackers. The SAR 26.3 billion ($7.0 billion) project will be located at S-Oil's existing site in Ulsan, South Korea, with a planned capacity to produce up to 3.2 million tons of petrochemicals annually. The complex is expected to be operational by 2026.

- In March 2023, Saudi Aramco entered into definitive agreements with North Huajin Chemical Industries Group Corporation and Panjin Xincheng Industrial Group Co., Ltd. to construct a major integrated refinery and petrochemical complex in northeast China. The complex is expected to be fully operational by 2026 and will include a 300 mbpd refinery and petrochemical units with annual production capacity of 1.65 million metric tons of ethylene and 2.0 million metric tons of paraxylene and Saudi Aramco will have the right to supply up to 210 mbpd of crude oil feedstock to the complex.

- In July 2023, Saudi Aramco acquired a 10% equity stake in Rongsheng for SAR 12.8 billion ($3.4 billion). As part of this investment, Saudi Aramco acquired the right to supply 480 mbpd of crude oil to China's largest integrated refining and chemicals complex, which is owned by an affiliate of Rongsheng.

- In January 2024, SABIC made a final investment decision for the construction of a large petrochemical complex in China's Fujian province. The project has an estimated cost of SAR 24.0 billion ($6.4 billion). The complex is expected to have an ethylene capacity of up to 1.8 million tons per annum and construction is expected to be completed in 2027.

- In March 2024, Saudi Aramco completed its acquisition of a strategic equity interest in MidOcean Energy, a LNG company that recently acquired equity interests in three Australian LNG projects.

Saudi Aramco intends to enhance both its domestic and global downstream businesses in key high-growth economies 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. It 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, and to opportunistically expand its global footprint through acquisitions in other markets.

3.3.4 *Saudi Aramco's strategy for lower carbon intensity energy aims to position itself to continue its leadership in the energy business, de-risk its portfolio of assets and maintain competitiveness and differentiation in carbon-constrained scenarios.*

Saudi Aramco aims to grow its business sustainably, notably by leveraging technology and innovation to lower its carbon emissions. It has one of the lowest average upstream carbon intensities per barrel produced and is pursuing a wide range of initiatives to reduce its upstream carbon intensity by at least 15% by 2035 against its 2018 baseline. It has also established a new internal organization, "New Energies," to oversee its low carbon businesses, including renewables, hydrogen and CCS. This strategy has two main pillars: to lower the net carbon emissions of its upstream operations, with an ambition to reach net zero (Scope 1 and Scope 2) across its portfolio of wholly owned operated assets by 2050 and to develop lower carbon products and solutions across the energy, chemicals and materials industries, with the aim of building a robust and sustainable new business sector.

- *Lowering Carbon Emissions*. Saudi Aramco is developing projects to capture emissions from its own facilities and the facilities of others. In October 2021, Saudi Aramco announced its ambition to achieve net-zero Scope 1 and Scope 2 GHG emissions across its wholly owned operated assets by 2050. Lowering Saudi Aramco's own net carbon emissions will require managing, reducing and balancing carbon emissions across its operations through a number of measures, including efficiency gains, renewable power investment, CCS and multiple offset initiatives. Saudi Aramco has several near-term projects under design for carbon dioxide sequestration and has set a goal of developing its CCS capacity to capture and sequester up to 14 million metric tons of carbon dioxide equivalent annually by 2035. In November 2022, Saudi Aramco signed a joint development agreement with SLB and Linde to construct a CCS hub in the Jubail Industrial Zone in the Kingdom. This project is expected to become one of the largest CCS hubs globally, as it is expected to capture up to nine million metric tons annually of carbon dioxide equivalent by 2027.

- *Developing Low Carbon Fuels, Products and Solutions*. Saudi Aramco is developing projects for low carbon fuels and products such as renewables and low carbon hydrogen and ammonia. In addition, gas supplies are being developed to meet growing domestic energy demand, which is expected to displace liquids-burning in power generation. Saudi Aramco aims to produce up to 11 million metric tons per year of blue ammonia by 2030, subject to securing offtake agreements. In 2022, an independent certification agency certified the blue hydrogen and ammonia production facilities of SABIC, which produced 37,810 tons of blue ammonia from April 2021 to March 2022, and SASREF, which produced 8,075 tons of blue hydrogen in 2021. Furthermore, in the second quarter of 2023, Saudi Aramco, through ATC and SABIC Agri-Nutrients, supplied three shipments of independently-certified low carbon ammonia from the Kingdom to India, Japan and Taiwan for use in fertilizer production and for fuel in power generation.

3.3.5 *Saudi Aramco is seeking to foster domestic businesses that will increase the long-term reliability of its supply chain and contribute to the Kingdom's economic development.*

Saudi Aramco intends to foster domestic businesses that will enhance the reliability of its supply chain and subsequently support the economic growth and diversification of the Kingdom's economy by creating direct and indirect employment opportunities for Saudi Arabian nationals. Under its National Champions program, which encompasses a set of initiatives to enable in-Kingdom business development, Saudi Aramco seeks to facilitate the creation of a diverse, sustainable and globally competitive in-Kingdom energy sector. In addition, Saudi Aramco is utilizing the Kingdom's Shareek program, which was announced in March 2021 and provides a framework to incentivize investments in the Kingdom which are aligned with Saudi Aramco's strategy and plans to improve its supply chain. In 2023, 65% of Saudi Aramco's spending was directed to domestic suppliers. As part of this strategy, Saudi Aramco strives to increase the use of in-Kingdom suppliers of goods and services to 70% by 2025 through its iktva program.

Furthermore, in September 2021, Saudi Aramco announced a major expansion of its industrial investment program, Namaat, to drive the continued growth and development of a resilient and sustainable domestic supply chain, which also strengthens and helps expand the private sector in the Kingdom. In addition, Saudi Aramco launched the Taleed program in October 2022, which delivers funding and financial solutions to existing and new small and medium sized enterprises in the Kingdom.

3.4 Key Enablers of Saudi Aramco's Strategies

Key aspects of Saudi Aramco's operations that help enable it to achieve its strategies include:

- **People** – Saudi Aramco recognizes the need to prepare its workforce of the future, thereby ensuring its capabilities match the requirements of its strategies by (a) advancing technical and professional skills, developing commercial and leadership competencies and supporting the progress of localization and (b) focusing on diversity and inclusion. For more details, see Section 3.14 (*Employee Development and Other Programs*).

- **Technology** – Saudi Aramco's technology program aims to develop new solutions for its upstream and downstream businesses, and to help in diversifying its product portfolio, grow its business sustainably and achieve its net zero ambition. The program also aims to enable Saudi Aramco to grow its business competitively and sustainably in new areas such as new energies, advanced materials and digital solutions. For more details, see Section 3.8 (*Technology, Research and Development*).

- **Portfolio Optimization** – Through its approach to portfolio optimization, Saudi Aramco seeks to unlock value, enhance its capital structure and reallocate capital to higher growth and higher return investments. It has a comprehensive and disciplined internal approval process for capital expenditures, new projects and debt issuance. For more details, see Section 3.6.1.3 (*Crude Oil and Condensate*), Section 6.3.5 (*Investments and Acquisitions in Expansion of the Downstream Segment*) and Section 6.9.2.1 (*Capital Expenditures*).

3.5 Competitive Strengths

3.5.1 Upstream Competitive Strengths

3.5.1.1 Unrivalled scale of crude oil and condensate production and conventional proved reserves

In 2023, Saudi Aramco produced 12.8 million barrels per day of oil equivalent, including total liquids production of 10.7 million barrels per day. As at 31 December 2023, Saudi Aramco's proved liquids reserves were 217.4 billion barrels. Saudi Aramco believes that its portfolio includes the world's largest discovered conventional onshore oil field (Ghawar) and largest discovered conventional offshore oil field (Safaniyah).

3.5.1.2 *Long reserves life and proven track record of low-cost reserves replacement*

As at 31 December 2023, based on the initial 40-year period (which began in 2017) and 20-year extension of the Concession, Saudi Aramco's reserves were 251.2 billion barrels of oil equivalent (sufficient for a proved reserves life of 54 years). Saudi Aramco has historically replaced the Kingdom's reserves in a low-cost manner and on an organic basis through revisions of reserve estimates at existing fields by employing state-of-the-art reservoir simulation technologies and delineating existing fields' boundaries, as well as the discovery of new fields through exploration efforts.

3.5.1.3 *Ability to produce multiple crude oil grades with access to global delivery points*

The five grades of Arabian crude oil Saudi Aramco produces are highly compatible with most refineries globally. In addition, Saudi Aramco's multiple in-Kingdom and international crude oil delivery points comprise an established network of access points to the global marketplace, enabling it to maximize delivery options based on variations in demand and positioning it as the major base load crude supplier. Furthermore, Saudi Aramco's MSC and integrated logistics network, including crude oil in storage facilities, both inside and outside the Kingdom, allow it to vary its crude oil grade production which, combined with their compatibility with global refining systems, provides Saudi Aramco with a unique ability to respond to changes in demand for its crude oil grades.

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

As at 31 December 2023, Saudi Aramco had 207.5 trillion standard cubic feet of proved natural gas reserves and in 2023, its natural gas and ethane production was 10.7 bscfd. In 2021, Saudi Aramco commenced development of the Jafurah unconventional gas field, which is expected to commence production in 2025 and will gradually increase natural gas deliveries to reach a rate of 2.0 bscfd by 2030. The liquids stemming from gas enhance the value of production since condensate and NGL generally command a higher margin than natural gas, supplement Saudi Aramco's crude oil production and provide feedstock for its refining and petrochemical operations. In addition, liquids produced with non-associated gas can be utilized in Saudi Aramco's liquids-to-chemicals business. Furthermore, Saudi Aramco operates the MGS, which is an extensive network of pipelines that connects its key gas production and processing sites with demand centers throughout the Kingdom, and has commenced reproduction activities from the Hawiyah Unayzah reservoir gas storage program, with the goal of providing up to 2.0 bscfd of gas for reintroduction into the MGS in 2024 to enhance its ability to respond to seasonality of demand, which is driven by utility sector demand patterns, and to improve the utilization rate of its gas assets.

3.5.1.5 *Unique ability to capture value through exclusive active management of the world's largest conventional hydrocarbons reserves base*

Saudi Aramco actively manages its prolific reserves base in accordance with the Kingdom's laws and regulations to maximize long-term value while optimizing ultimate recovery from its fields. Because of the size and number of its fields and spare capacity, Saudi Aramco maintains its level of crude oil production by balancing production between maturing areas and newer production sources, tapping into new reservoirs when required to optimize the depletion rate of its fields. This approach, which differs from the typical industry practice of maximizing production rates per field, is more capital efficient given the nature of the resources available and leads to more stable production and higher ultimate oil recoveries. In addition, this approach to reservoir management has contributed to Saudi Aramco achieving what it believes to be one of the lowest average upstream carbon intensities per unit of hydrocarbons produced.

3.5.1.6 Unique operational flexibility and opportunities to rapidly increase its crude oil production

The spare capacity afforded by maintaining an MSC provides operational flexibility to increase its production, which provides an alternative supply option in the event of unplanned production outages and allowing it to maintain its production levels.

3.5.1.7 Crude oil extraction with one of the lowest average upstream carbon intensities in the industry

Climate change concerns may cause demand for crude oil with lower average carbon intensities to increase relative to those with higher average carbon intensities. The Company's approach to reservoir management, low depletion rate operational model and focus on energy efficiency contribute to low upstream carbon intensity. In addition, the Kingdom has a small number of large and productive oil fields, low per barrel gas flaring rates and low water production, resulting in less mass lifted per unit of oil produced and less energy used for fluid separation, handling, treatment and reinjection, all of which contribute to low upstream carbon intensity. The upstream carbon intensity of Saudi Aramco was 10.7 kilograms of carbon dioxide equivalent per barrel of oil equivalent for 2023. Saudi Aramco is pursuing a wide range of initiatives to reduce its upstream carbon intensity by at least 15% by 2035 against its 2018 baseline. In addition, it is pursuing initiatives to manage GHG emissions from its operations and assets by investing in cost-effective and efficient low emission technologies, including energy efficiency programs and energy mix diversification.

3.5.1.8 Low lifting costs and capital expenditures per barrel of oil equivalent

Saudi Aramco's lifting costs are among the lowest in the world due to its low depletion rate operational model, the unique nature of the Kingdom's geological formations, favorable onshore and shallow water offshore environments in which its reservoirs are located, synergies available from Saudi Aramco's use of its large infrastructure and logistics networks and its scaled application of technology. For the year ended 31 December 2023, Saudi Aramco's average upstream lifting cost was SAR 11.96 ($3.19) per barrel of oil equivalent produced and its upstream capital expenditures averaged SAR 23.7 ($6.3) per barrel of oil equivalent produced. This low-cost base enables Saudi Aramco to generate material cash flow from operations during periods of relatively high crude oil prices, and has enabled it to operate profitably and maintain positive cash flow from operations during periods of relatively low prices, including periods of disruption caused by COVID-19.

3.5.2 *Downstream Competitive Strengths*

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

Saudi Aramco maintains its longstanding strategic customer supply relationships through the unique level of volumes it makes available to the market, its world-class supply reliability and crude oil quality. In addition, the integration of Saudi Aramco's upstream and downstream segments provides the opportunity to place crude oil into Saudi Aramco's downstream system, which is optimally designed to process Arabian crude oils. In the year ended 31 December 2023 and the three month period ended 31 March 2024, 47% and 51% of crude oil produced by Saudi Aramco was delivered into this captive downstream system, respectively.

3.5.2.2 Strong track record of supply reliability

Saudi Aramco has a strong track record as a reliable supplier of crude oil and refined products, gas and NGL, meeting 99.9% of its delivery obligations on time in each of 2021 and 2022, 99.8% in 2023 and 99.7% for the first three months of 2024.

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

Saudi Aramco's partners in its joint ventures, joint operations and associate companies include Dow, ExxonMobil, Petronas, Sinopec, Sumitomo and TotalEnergies. These partnerships provide Saudi Aramco's joint ventures and joint operations with access to additional geographies, technological expertise, operational know-how and marketing capabilities. In 2022, Saudi Aramco announced a partnership with the Formula One team now known as Aston Martin Aramco Formula One™ Team to harness the shared commitment to engineering excellence and innovation. This partnership includes the placement of Valvoline Global Operations' lubricants into Aston Martin Formula One cars. Through the partnership, Saudi Aramco aims to drive development of high performance, more sustainable fuels and advanced lubricants, grow awareness of its high-quality products and support its ambition to supply premium fuels and lubricants to the global automotive sector.

3.5.2.4 Major petrochemicals producer globally

Saudi Aramco's chemicals business continues to grow through capacity expansions in the Kingdom, increased ownership positions in affiliates and new investments. Its chemicals business operates in over 50 countries and produces a range of chemicals. Its acquisition of a 70% equity interest in SABIC made Saudi Aramco a major global producer of petrochemicals and expands its capabilities in technology and product innovation, marketing and sales, procurement and manufacturing. It is also realizing significant synergies from the SABIC integration, including in procurement, supply chain, marketing, feedstock optimization, stream integration, operations and maintenance. Saudi Aramco expects to capture a total value of approximately SAR 11.3 billion to SAR 15.0 billion ($3.0 billion to $4.0 billion) in annual recurring synergies from this acquisition by 2025. Saudi Aramco transferred to SABIC offtake rights and the marketing and sales responsibility for a number of its petrochemicals and polymer products and transferred to ATC the offtake and resale responsibility for a number of SABIC's liquid products. These changes are intended to take advantage of SABIC's capabilities in marketing solid chemical products, such as polymers, and ATC's capabilities in marketing fuels, aromatics, MTBE and other liquid products, driving further operational efficiencies, strengthening the brands of both companies and improving overall competitiveness.

3.5.2.5 *Major integrated refiner and base oils and finished lubricant producer with a global network of complex, reliable assets in key regional markets and hubs*

As at 31 December 2023, Saudi Aramco had gross refining capacity of 7.9 million barrels per day and net refining capacity of 4.1 million barrels per day. As the sole supplier of refined and chemicals products to the large domestic marketplace, Saudi Aramco's refining operations in the Kingdom, including its domestic affiliates, accounted for 62% of its net refining capacity in 2023. In addition to its domestic focus, Saudi Aramco is focusing its downstream investments in high-growth economies, including China, India and Southeast Asia, while maintaining and opportunistically expanding its participation in material demand centers, such as the United States, and countries that rely on importing crude oil, such as Japan and South Korea. Saudi Aramco continues to grow its finished lubricants business, including through recently acquiring Valvoline Global Operations, a lubricants manufacturer, for SAR 10.34 billion ($2.76 billion). Saudi Aramco, through its subsidiaries (Luberef, Motiva and S-Oil), also operates a global base oils business and in 2023, sold 4.4 million tons of base oils.

3.5.2.6 *Scale advantage with one of the largest refining portfolios globally*

Saudi Aramco's in-Kingdom affiliated refineries and international refineries have been designed to have both scale and significant product upgrading capabilities, resulting in high refining complexity metrics. Refineries with higher complexity are generally more technically advanced and able to extract higher value from the crude oil they process by producing greater yields of high margin products. Saudi Aramco's in-Kingdom affiliated and international refining portfolio provides it with competitive refining assets in the geographies it serves and enables it to produce greater yields of high-margin downstream products than less complex refineries. These refining assets also provide an important platform upon which Saudi Aramco expects to grow its integrated refining and petrochemicals business, which is expected to improve the balance of fuels and petrochemicals production, expand Saudi Aramco's sources of earnings and provide resilience to oil price volatility.

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

Saudi Aramco operates a global hydrocarbon trading business through ATC. ATC's trading activities provide Saudi Aramco with visibility into demand for Saudi Aramco's products, which enables it to benefit from time, product, technical and geographic arbitrage opportunities.

ATC is fully integrated with Saudi Aramco's downstream business and is the exclusive supplier to Saudi Aramco of refined products to meet demand for any fuel deficit in the Kingdom. In addition, ATC has an agreement with Saudi Aramco through which it can offtake crude oil produced by Saudi Aramco provided that the crude oil is exchanged for refined and chemicals products outside the Kingdom.

3.5.3 *Financial and Other Competitive Strengths*

3.5.3.1 *High Operating Cash Flow, Free Cash Flow, EBIT, ROACE and low Gearing*

Saudi Aramco generates significant cash flow and earnings and an attractive return on average capital employed. Its low lifting costs and capital expenditures per barrel of oil equivalent support profitability and cash flow performance throughout the oil price cycle, including during the disruptions caused by COVID-19. Saudi Aramco also operates within a conservative financial framework that enhances its ability to invest through fluctuations of oil price cycles to maximize long-term value creation while continuing to pay a sustainable dividend. As shown below, Saudi Aramco has high operating cash flow, Free Cash Flow, EBIT and ROACE and low Gearing.

	Year Ended 31 December 2023	Three Month Period Ended 31 March 2024
Net cash provided by operating activities (in billions)	SAR 537.8 ($143.4)	SAR 126.0 ($33.6)
Free Cash Flow (in billions)	SAR 379.5 ($101.2)	SAR 85.3 ($22.8)
EBIT (in billions)	SAR 865.0 ($230.7)	SAR 201.4 ($53.7)
ROACE(1) (2)	22.5%	21.7%
Gearing (at end of period) (1)	(6.3)%	(3.8)%

Source: The Company and the Financial Statements.

(1) The Company intends to purchase Offer Shares in the Offering at the Final Offer Price for an aggregate purchase price of up to SAR 3.75 billion, which will affect its ROACE and Gearing.
(2) Calculated on a 12-month rolling basis.

Free Cash Flow, EBIT, ROACE and Gearing are non-IFRS financial measures. For definitions of these terms and a reconciliation to the nearest financial measures calculated in accordance with IFRS, see Section 6.4 (*Non-IFRS Financial Measures*).

3.5.3.2 *Ability to execute some of the world's largest upstream and downstream capital projects*

Saudi Aramco has a long track record of successfully executing some of the world's largest upstream and downstream capital projects. Saudi Aramco completed several large crude oil and gas projects, including the Manifa project and the Fadhili Gas Plant, which added production capacity of 900,000 barrels per day and 2.5 bscfd, respectively. Most recently, in 2021, the 'Ain Dar and Fazran crude oil increments were completed and successfully brought online. In addition, in 2019, Saudi Aramco entered into various agreements to increase the combined crude oil and natural gas production capacities at the Marjan and Berri fields, which are expected to add production capacity of 300,000 barrels per day and 250,000 barrels per day, respectively, by 2025. The construction and engineering activities for Marjan and Berri projects crude oil increments continue to progress. The facility will also be equipped to process associated gas and produced water. The MGS expansion project is expected to be fully operational in the first half of 2024, increasing the Kingdom's overall gas supply capacity from 9.6 bscfd to 12.5 bscfd.

3.5.3.3 History of responsible environmental stewardship

Environmental stewardship and sustainability have been core elements of Saudi Aramco's operational philosophy over the past four decades. Saudi Aramco's approach to reservoir management and investments in technology and operational efficiency, reduction in flare gas and methane emissions and GHG management have contributed to it achieving what it believes to be one of the lowest average upstream carbon intensities per unit of hydrocarbons produced. In 2023, its carbon dioxide equivalent per boe produced was 10.7 kilograms, contributing positively to the Oil and Gas Climate Initiative ("**OGCI**") 2025 carbon intensity target of 17 kilograms per boe. Saudi Aramco is a founding and active member of the OGCI, a collaboration between 12 major oil and gas companies whose shared mission is to act collectively in combating the climate challenge and to accelerate the global response to the risk of climate change. In addition, Saudi Aramco believes that its investments in cogeneration facilities located at several of its facilities have contributed to significant improvements in the energy efficiency of its operations.

Saudi Aramco has also made recent investments in renewable energy, CCS and low carbon fuels. For example, Saudi Aramco aims to invest in 12 GW of solar and wind energy in the Kingdom by 2030. Furthermore, in November 2022, Saudi Aramco signed a joint development agreement with SLB and Linde to construct a CCS hub in the Jubail Industrial Zone in the Kingdom. This project is expected to become one of the largest CCS hubs globally, as it is expected to capture up to nine million metric tons of carbon dioxide equivalents annually by 2027.

3.5.3.4 World scale integrated upstream and downstream infrastructure

Saudi Aramco's strategically integrated upstream and downstream assets in the Kingdom cover the full hydrocarbon value chain and provide unique economies of scale and scope. Saudi Aramco's production, processing, manufacturing and logistics infrastructure supports a lower overall cost structure with high supply reliability, capture significant synergies through co-location of assets and system-wide optimization and is expected to enable further scalability supporting its growth plans in its upstream and downstream segments.

3.6 Operating Segments

Saudi Aramco's primary operating segments are its upstream segment and downstream segment. The upstream segment's activities consist of exploring for, developing and producing crude oil, condensate, gas and NGL. The downstream segment's activities consist primarily of refining and petrochemical manufacturing, supply and trading, fuel retail, base oil and finished lubricants, distribution and power generation, as well as logistics and marketing of crude oil and related services to international and domestic customers. Saudi Aramco's business support activities are included within its corporate activities.

3.6.1 ***Upstream***

The upstream segment's activities consist of exploring for, developing and producing crude oil, condensate, natural gas and NGL. Pursuant to the Concession, Saudi Aramco has exclusive access to all hydrocarbons within the Kingdom, except the Excluded Areas, and is required to meet domestic demand for certain hydrocarbons, petroleum products and LPG through domestic production or imports. See Section 12.2.1 (*The Concession*).

As at 31 December 2023, based on the initial 40-year period (which began in 2017) and 20-year extension of the Concession, Saudi Aramco's reserves were 251.2 billion barrels of oil equivalent (sufficient for a proved reserves life of 54 years).

The majority of Saudi Aramco's reservoirs are geographically clustered in the Eastern Province of the Kingdom and adjacent Arabian Gulf and a large portion of its gas fields are co-located with its oil fields. In 2023, Saudi Aramco produced 12.8 million barrels per day of oil equivalent, including total liquids production of 10.7 million barrels per day, which generally command a higher margin than natural gas.

Saudi Aramco's lifting costs are among the lowest in the world due to its low depletion rate operational model, the unique nature of the Kingdom's geological formations, favorable onshore and shallow water offshore environments in which Saudi Aramco's reservoirs are located, synergies available from Saudi Aramco's use of its large infrastructure and logistics networks and its scaled application of technology. For the year ended 31 December 2023, Saudi Aramco's lifting cost averaged SAR 11.96 ($3.19) per barrel of oil equivalent produced and its upstream capital expenditures averaged SAR 23.7 ($6.3) per barrel of oil equivalent produced.

3.6.1.1 *Reserves*

As at 31 December 2023, the Kingdom's reserves in the fields Saudi Aramco operates consisted of 340.8 billion barrels of oil equivalent, including 261.7 billion barrels of crude oil and condensate, 37.4 billion barrels of NGL and 252.6 trillion standard cubic feet of natural gas, including 164.8 trillion standard cubic feet of non-associated gas.

Pursuant to the Concession, Saudi 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 Saudi 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 Saudi Aramco and the Government agreeing on the terms of the extension. See Section 12.2.1 (*The Concession*). The provision of a specified term in the Concession impacts the calculation of Saudi Aramco's reserves as compared to the Kingdom's reserves in the fields Saudi Aramco operates.

As at 31 December 2023, based on the initial 40-year period (which began in 2017) and 20-year extension of the Concession, Saudi Aramco's reserves were 251.2 billion barrels of oil equivalent consisting of 191.3 billion barrels of crude oil and condensate, 26.0 billion barrels of NGL and 207.5 trillion standard cubic feet of natural gas. Saudi Aramco's oil equivalent reserves were sufficient for proved reserves life of 54 years.

Saudi Aramco manages the Kingdom's unique hydrocarbon reserves and resources base to maximize long-term value pursuant to the Hydrocarbons Law, which mandates that Saudi Aramco's hydrocarbon operations promote long-term productivity of the Kingdom's reservoirs and support the prudent stewardship of its hydrocarbon resources. Saudi 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 Saudi Aramco have increased since the time of original production. The organic crude oil and condensate reserves replacement ratio based on the Kingdom's reserves on a three-year rolling average from 2021 to 2023 was 101.1%. The organic oil equivalent reserves replacement ratio based on the Kingdom's reserves on a three-year rolling average from 2021 to 2023 was 126.1%. Reserves replacement ratios are calculated on reserves changes relative to net reservoir withdrawal from operated fields, rather than production volumes.

The following table sets forth Saudi Aramco's estimates of its proved reserves based on the term of the Concession.

	Crude Oil and Condensate	**Natural Gas**		**NGL**	**Combined**
	(mmbbl)	*(bscf)*	*(mmboe)*	*(mmbbl)*	*(mmboe)*
Reserves as at 31 December 2023	191,349	207,450	33,822	26,024	251,195

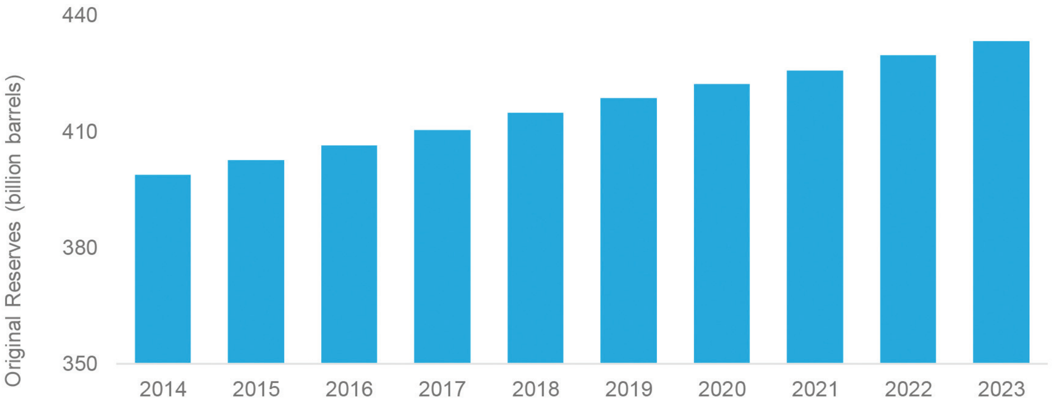
Source: The Company.

The following table sets forth Saudi Aramco's estimates of the Kingdom's proved reserves in the fields Saudi Aramco operates.

	Crude Oil Condensate	**Natural Gas**		**NGL**	**Combined**
	(mmbbl)	*(bscf)*	*(mmboe)*	*(mmbbl)*	*(mmboe)*
Reserves as at 31 December 2023	261,677	252,567	41,696	37,395	340,768

Source: The Company.

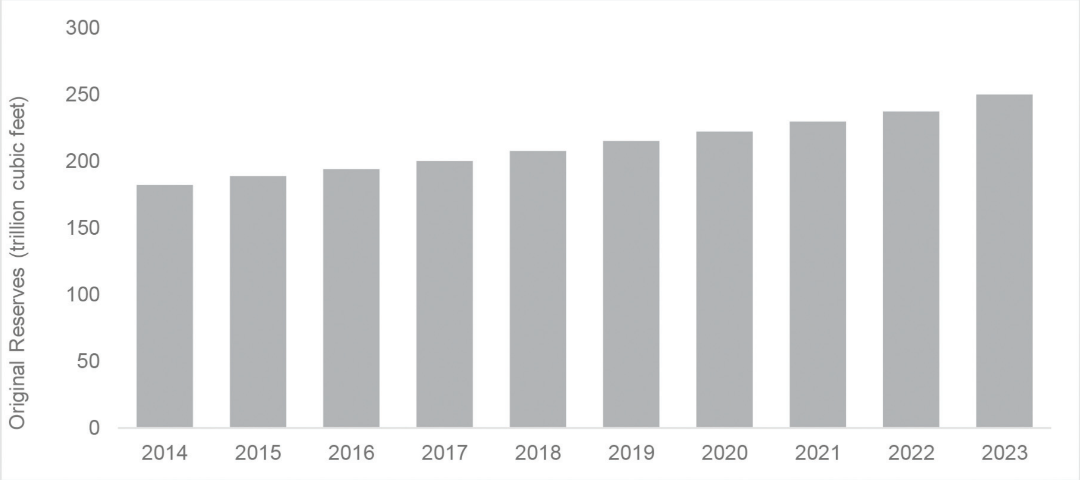
The following chart shows the growth of the Kingdom's original crude oil and condensate reserves from 2014 to 2023.



Source: The Company.

(1) Original reserves is defined as the sum of cumulative actual production and remaining proved reserves to be produced, each determined at the time of assessment. See Section 1.3 (*Certain Terminology*).

The following chart shows the growth of the Kingdom's original non-associated gas reserves from 2014 to 2023.



Source: The Company.

(1) Original reserves is defined as the sum of cumulative actual production and remaining proved reserves to be produced, each determined at the time of assessment. See Section 1.3 (*Certain Terminology*).

Saudi Aramco's reserve estimates conform to the SPE-PRMS definitions and guidelines, which is 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 Saudi 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. Saudi Aramco annually updates its estimates as it acquires and interprets new data. For reservoirs that have been producing and have established certain performance trends, Saudi Aramco is typically able to reliably forecast the reservoir's future production. For reservoirs that have little to no production history and new discoveries, Saudi Aramco undertakes further analysis in addition to multidisciplinary evaluation to formulate production forecasts.

3.6.1.2 Upstream Production

The following table highlights Saudi Aramco's upstream production in 2021, 2022 and 2023:

	Year Ended 31 December		
	2021	**2022**	**2023**
Upstream production:			
Total liquids (mbpd)	10,359	11,540	10,682
Natural gas and ethane (mmscfd)	10,136	10,617	10,672
Total hydrocarbon production(1) (mboed)	**12,343**	**13,617**	**12,767**

Source: The Company.

(1) Combined barrel of oil equivalent volume (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).

3.6.1.3 Crude Oil and Condensate

(a) Exploration and Development

A substantial portion of Saudi Aramco's current crude oil exploration activities are focused in the Eastern Province, with lower levels of exploration and expenditures in known hydrocarbon-bearing basins in the Rub' al-Khali, Northwest and Summan regions.

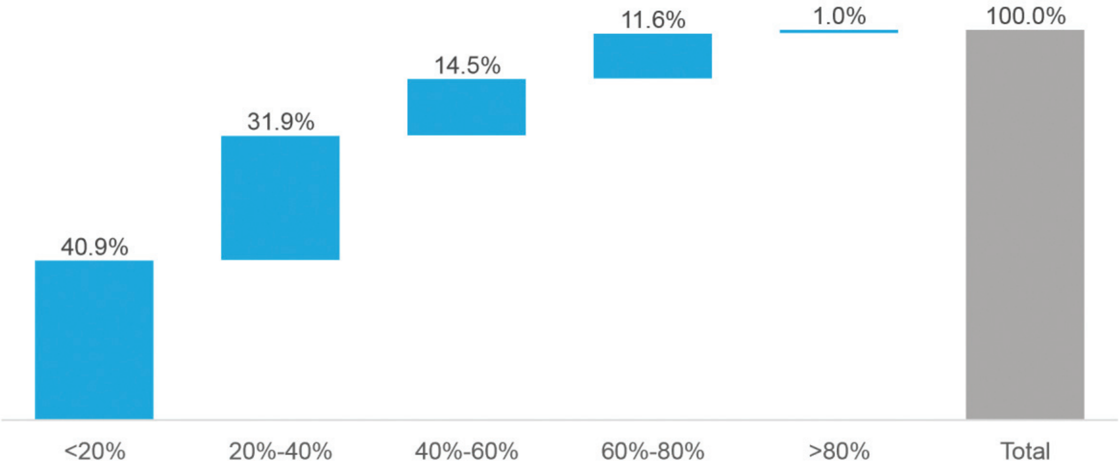
Saudi Aramco places a strong emphasis on operational performance improvement of its drilling operations by applying innovative drilling technologies and benchmarking of key metrics to identify trends and potential areas for improvement. Saudi Aramco believes that its approach to drilling and development has led to high levels of well integrity.

(b) Reservoir Management and Production Strategy

Saudi Aramco actively manages its prolific reserves base in accordance with the Kingdom's laws and regulations to maximize long-term value while optimizing ultimate recovery from its fields. Because of the size and number of its fields and spare capacity, Saudi Aramco 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. This approach, which differs from the typical industry practice of maximizing production rates per field, is more capital efficient given the nature of the resources available and leads to stable production and higher ultimate oil recoveries. In addition, this approach to reservoir management has contributed to Saudi Aramco achieving what it believes to be one of the lowest average upstream carbon intensities per unit of hydrocarbons produced. Saudi Aramco's reservoir management and production strategy is characterized by its commitment to responsible and sustainable stewardship of its unique fields, ability to optimize supply and value, and high-quality crude oil with blend and supply flexibility.

(i) *Responsible and Sustainable Stewardship of Unique Fields*

Most of Saudi Aramco's crude oil fields have been producing for many decades at low depletion rates of 1% to 2% per year relative to estimated ultimate recovery. As at 31 December 2023, approximately 73% of the Kingdom's proved crude oil reserves were in reservoirs that were less than 40% depleted. The following chart illustrates the depletion stage of the Kingdom's crude oil reservoirs as at 31 December 2023.



Source: The Company.

Saudi Aramco also aims to optimize recovery of its reserves. As at 31 December 2023, approximately 80% of the Kingdom's crude oil reserves had a recovery factor between 41% and 80% due to the high-quality of the reservoirs.

Saudi Aramco's main recovery mechanism for its oil reservoirs is peripheral water injection, which maintains reservoir pressure, maximizes reservoir sweep and minimizes water produced over time. In a few fields, Saudi Aramco employs other methods, such as re-injection of produced gas in gas caps. Given its low depletion stage, Saudi Aramco expects to continue to use these recovery mechanisms, combined with advanced technologies (for example, horizontal and multilateral wells, including wells that come into contact with more than five kilometers of the reservoir), to optimize horizontal and vertical reservoir sweep.

(ii) *Ability to Optimize Supply and Value in the Event of a Market Disruption or Opportunity*

The uniqueness of Saudi Aramco's reserves base provides flexibility to optimize its crude oil mix in response to changes in supply and demand. Saudi Aramco considers the long-term value of different crude oil grades, medium-term ability to market heavy crude oil grades in strategic markets and near-term requirements to efficiently respond to global market disruptions or opportunities.

The Government determines the Kingdom's maximum level of crude oil production in the exercise of its sovereign prerogative and requires Saudi Aramco to maintain MSC. Saudi Aramco maintains MSC in accordance with the Hydrocarbons Law. MSC is currently set at 12.0 million barrels of crude oil per day. The spare capacity afforded by maintaining an MSC provides operational flexibility to increase its production. Saudi Aramco also uses this spare capacity as an alternative supply option in case of unplanned production outages and to maintain its production levels. In addition, Saudi Aramco holds volumes in various storage facilities, both inside and outside the Kingdom, to supplement operational flexibility and supply reliability.

(iii) *High Quality Crude Oil with Blend and Supply Flexibility*

Saudi Aramco consistently produces five grades of Arabian crude oil, namely Arabian Super Light, Arabian Extra Light, Arabian Light, Arabian Medium and Arabian Heavy. Saudi Aramco's five crude oil grades and the wide range of blends that can be produced from them are compatible with most refineries globally. In addition, Saudi Aramco's MSC and integrated logistics network allow Saudi Aramco to vary crude oil production as required which, combined with the compatibility of these crude oil grades with global refining systems, provides Saudi Aramco with a unique ability to respond to changes in demand for its crude oil grades. This flexibility contributes to Saudi Aramco's reputation as one of the most reliable suppliers of crude oil and refined and chemicals products, gas and NGL, meeting 99.9% of its delivery obligations on time in each of 2021 and 2022, 99.8% in 2023 and 99.7% for the first three months of 2024.

Crude oil quality is measured primarily based on density, which is measured as API gravity, and sulfur content. API gravity is the specific gravity scale developed by the American Petroleum Institute. It represents the inverse measure of liquid hydrocarbon density against water, with lighter hydrocarbon liquids having higher API gravities. API gravity is used to classify crude oil by weight (*i.e.*, light, medium and heavy), which is the largest determinant of market value. All other things being equal, a lighter crude oil, which has a higher API gravity, is generally more valuable because, when processed through a refinery, it yields a greater percentage of lighter refined and chemicals products that are generally more valuable, such as naphtha used to produce gasoline or petrochemicals, jet fuel, heating oil and diesel, thereby delivering higher refining margins from that crude oil than from those with lower API gravities. Sulfur content also affects the value of crude oil. Because sulfur must be removed by refineries to produce finished refined and chemicals products, crude oil with lower sulfur content has a higher value.

Saudi Aramco classifies Arabian Super Light, Arabian Extra Light and Arabian Light as premium crude oil grades based on their API gravity and sulfur contents. The following table sets forth the API gravity and sulfur content of each of Saudi Aramco's crude oil grades and the percentage of crude oil reserves each grade accounted for as at 31 December 2023:

	API Gravity	Sulfur Content (wt%)	Percentage of Saudi Aramco's Crude Oil Reserves
Arabian Super Light	More than 40	Less than 0.5	0.86
Arabian Extra Light	36 – 40	0.5 – 1.3	13.52
Arabian Light	32 – 36	1.3 – 2.2	34.14
Arabian Medium	29 – 32	2.2 – 2.9	16.90
Arabian Heavy	Less than 29	More than 2.9	34.58

Source: The Company.

(c) Principal Oil Fields

Saudi Aramco's resource base allows it to maintain its level of overall production by tapping into new reservoirs as costs rise in maturing areas, enhancing capital efficiency, increasing overall stability of production and ultimately improving total oil recoveries. 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.

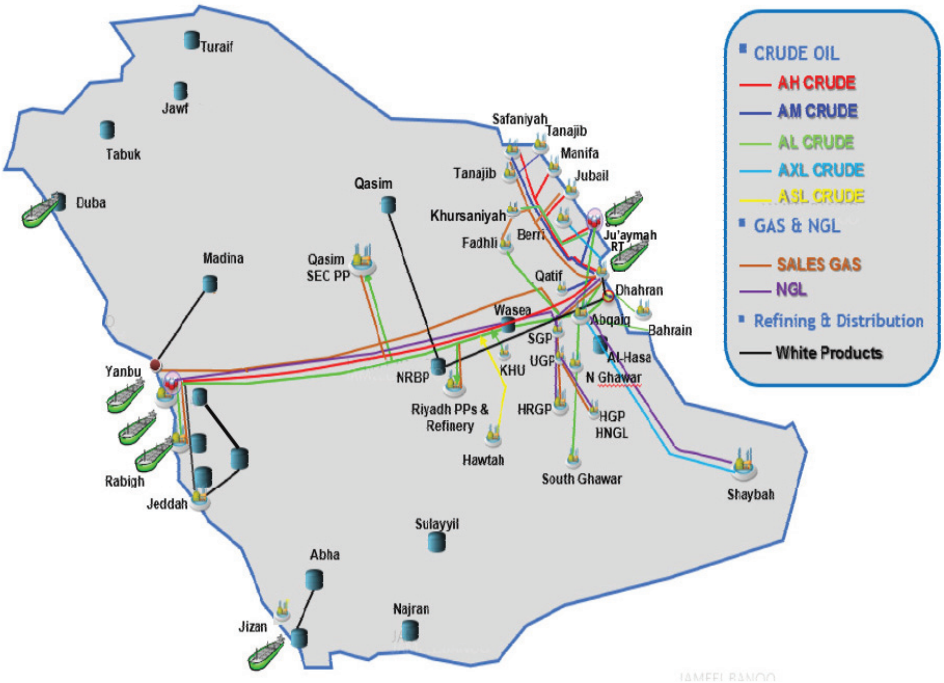
(d) Recent Upstream Development Projects

Saudi Aramco has a long track record of executing some of the world's largest upstream capital projects in the oil and gas industry. It is in the process of increasing the crude oil and natural gas production capacities at the Marjan and Berri fields, which are expected to add production capacity of 300,000 barrels per day and 250,000 barrels per day, respectively, by 2025, and the Dammam development project, which is expected to add production capacity of 25,000 barrels per day in 2024 and 50,000 barrels per day of crude oil in 2027. In addition, the Zuluf crude oil increment is in the engineering phase and is expected to provide a central facility to process a total of 600,000 barrels per day of crude oil from the Zuluf field by 2026. Furthermore, the Tanajib gas processing facility is expected to be completed in 2025 with gas processing capacity of 2.6 bscfd.

(e) Crude Oil Infrastructure

Saudi Aramco's principal fields are located in close proximity to each other within the Central and Eastern Provinces of the Kingdom. An extensive pipeline network connects Saudi Aramco's fields, processing plants and other facilities. The crude oil, condensate, natural gas and NGL that it produces travel through its pipelines to multiple facilities for processing into refined and chemicals products or to domestic customers or export terminals. In particular, the 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 coast of the Kingdom. In addition, the Abqaiq facility processes a significant amount of Saudi Aramco's daily produced crude oil. The Abqaiq facility is Saudi Aramco's largest oil processing facility and the largest crude oil stabilization plant in the world. Saudi Aramco has strategic international delivery points located in Rotterdam (Netherlands), Sidi Kerir (Egypt), Okinawa and Kiire (Japan) and Ulsan (South Korea).

The following map illustrates the location of Saudi Aramco's crude oil processing infrastructure n relation to certain Saudi Aramco facilities as at 31 December 2023.



Source: The Company.

HRGP – Haradh Gas Plant

HGP HNGL – Hawiyah Gas Plant & Hawiyah NGL Recovery Plant

KHU – Khurais

NRBP – North Riyadh Bulk Plant

Qasim SEC PP – Qasim Saudi Electric Company Power Plant

Riyadh PPs – Riyadh Power Plants & Refinery

RT – Ras Tanura Terminal

SGP – Shedgum Gas Plant

UGP – Uthmaniyah Gas Plant

Yanbu – Yanbu North Terminal, Yanbu South Terminal, Yanbu Refinery Terminal, Yanbu Distribution Hub, Yanbu NGL Fractionation, Yanbu Refinery, YASREF Refinery, SAMREF Refinery

(f) Sales and Marketing

In the year ended 31 December 2023 and the three month period ended 31 March 2024, Saudi Aramco produced 12.8 million barrels per day of oil equivalent and 12.4 million barrels per day of oil equivalent and its downstream operations utilized 47% and 51% of its crude oil production, respectively.

Saudi Aramco's crude oil sales agreements include pricing formulas that reflect the market prices in the relevant geographical region in which the oil will be delivered. The pricing formulas use "marker crudes" in each geographical region to determine a market-based price. The formulas also include price differentials for each grade in each region, which are set by Saudi Aramco on a monthly basis, and reflect crude oil quality differences vis-à-vis the marker crude oil and other factors, such as the value of competing crude oils, in-transit losses, freight allowances and other commercial considerations. These formula prices are also used for sales of Saudi Aramco's crude oil to its in-Kingdom and international refineries.

In addition, the Concession requires Saudi Aramco to meet domestic demand for certain hydrocarbons, petroleum products and LPG. See Section 12.2.1 (*The Concession*). In connection with this requirement, the Government mandates that crude oil and other products sold to third parties in the Kingdom are sold at regulated prices that are typically lower than the prices Saudi Aramco could obtain if it exported those products. Pursuant to an equalization mechanism, the Government compensates Saudi Aramco for the revenue it directly forgoes as a result of Saudi Aramco's compliance with the mandates related to crude oil and certain refined and chemicals products. Effective 1 January 2020, the Government expanded the equalization mechanism to include LPG and certain other products. See Section 6.3.6 (*Fiscal Regime*).

3.6.1.4 Gas and NGL

As at 31 December 2023, Saudi Aramco had 207.5 trillion standard cubic feet of proved natural gas reserves and 26.0 billion barrels of proved NGL reserves.

In 2023, Saudi Aramco produced 10.7 bscfd of natural gas and ethane. As at 31 December 2023, the total conventional and unconventional gas processing capacity was 19.1 bscfd, which primarily feeds into the MGS, an extensive network of pipelines that connects Saudi Aramco's key gas production and processing sites with demand centers throughout the Kingdom. The liquids stemming from gas enhance the value of Saudi Aramco's natural gas production as liquids generally command higher prices than natural gas.

Pursuant to the Concession, Saudi Aramco is the exclusive supplier of natural gas in the Kingdom. Since 1980, Saudi Aramco has produced associated gas from oil production to supply the domestic energy marketplace, and in 1984 began producing non-associated gas to address growing domestic demand. Gas in the Kingdom is currently used primarily for power generation and water desalination activities, as well as in the industrial, chemicals and petrochemicals feedstock sectors. Domestic demand for gas is expected to grow substantially by 2030 due to continued strong economic and industrial growth, as well as the Government's plans to substitute liquids burning with gas in the utility sector.

Saudi Aramco's gas and NGL infrastructure currently consists of the following:

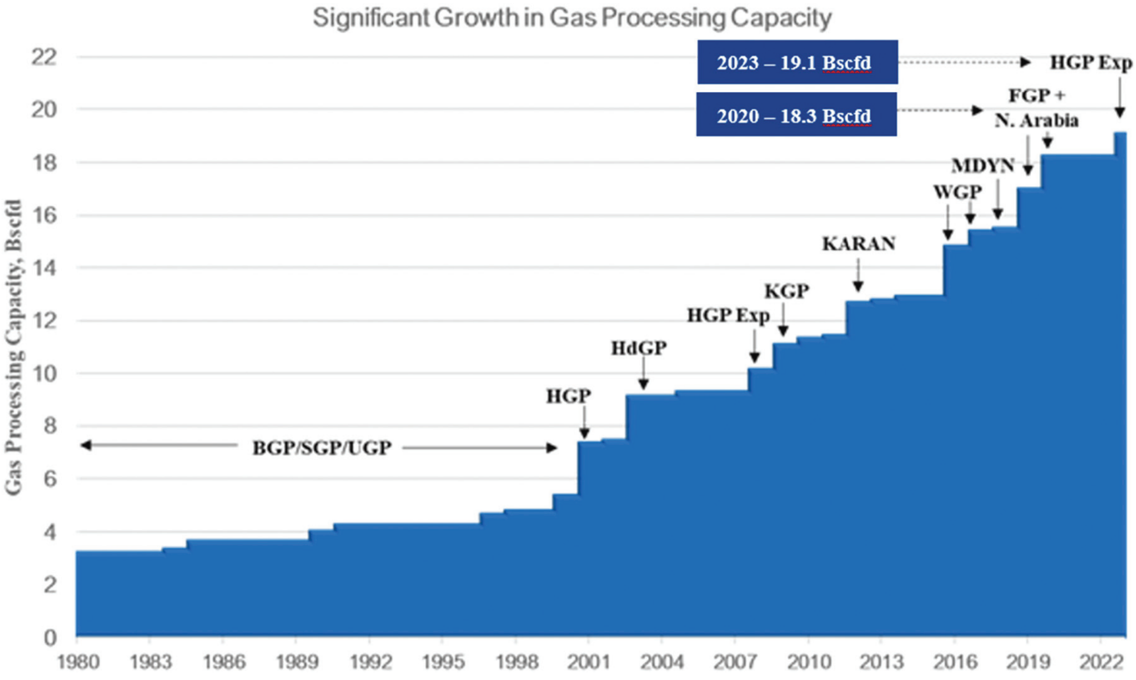
- ten gas processing plants—Berri, Shedgum, 'Uthmaniyah, Hawiyah, Haradh, Khursaniyah, Wasit, Midyan, North Arabia and Fadhili;
- two NGL recovery straddle plants—Hawiyah and Shaybah;
- four NGL fractionation plants—Juaymah, Yanbu', Ras Tanura and Wasit; and
- the MGS.

This infrastructure does not include the Shaybah processing capacity, since Shaybah gas capacity is used for NGL recovery but does not contribute natural gas to the MGS.

The decision to build the MGS was made in 1975 and the MGS has grown significantly as Saudi Aramco expanded its associated and non-associated gas production. Saudi Aramco is currently in the process of expanding the MGS to increase overall gas supply capacity from 9.6 bscfd to 12.5 bscfd, which is expected to be fully operational in the first half of 2024. The MGS collects natural gas produced in the Kingdom and distributes it in an efficient manner for domestic power generation and to other end users.

Between 2009 and 2023, Saudi Aramco completed a number of projects which increased its gas processing capacity. For example, the Fadhili Gas Plant reached its full gas processing capacity of 2.5 bscfd during the second quarter of 2020. Furthermore, Saudi Aramco completed the Hawiyah Gas Plant expansion, which added 0.8 bscfd of additional processing capacity, and the Haradh and Hawiyah gas compression projects. A number of projects are underway to further increase Saudi Aramco's gas processing capacity, including the Tanajib Gas Plant, which is expected to add 2.6 bscfd of additional processing capacity by 2025.

The following chart illustrates the historical increases in gas processing capacity from 1980 to 2023 (excluding Shaybah gas processing).



Source: The Company.

BGP/SGP/UGP – Berri/Shedgum/'Uthmaniyah Gas Plants
FGP – Fadhili Gas Plant
HdGP – Haradh Gas Plant
HGP – Hawiyah Gas Plant
HGP Exp – Hawiyah Gas Plant Expansion
KGP – Khursaniyah Gas Plant
MDYN – Midyan
N.Arabia – North Arabia
WGP – Wasit Gas Plant

(a) Exploration and Development

Saudi Aramco's non-associated gas exploration activity has yielded a number of major discoveries, with particular success in the Ghawar area and in deep reservoirs in the Arabian Gulf. Currently, the majority of Saudi Aramco's exploration activities relate to gas. Saudi Aramco has enjoyed high success rates in locating new reserves in known hydrocarbon basins adjacent to its existing fields and production infrastructure, allowing it to meet growing domestic demand at low costs, but exploration in new basins with high potential is also being carried out. Saudi Aramco expects to further expand its proved natural gas reserves through new field discoveries, new reservoir additions in existing fields and the delineation and reassessment of existing reservoirs and fields.

In addition to its gas exploration activities, Saudi Aramco developed the Flaring Minimization Program, which began nearly four decades ago with the introduction of the MGS. The program provided for Saudi Aramco to capture associated gas from crude oil production and process it into products that can be sold in the Kingdom. In 2006, Saudi Aramco developed and deployed its Corporate Flaring Minimization Roadmap, which established guidelines to further reduce and minimize its daily flaring and install flare gas recovery systems. Saudi Aramco remains committed to continue its efforts to further reduce flaring levels.

(b) Reservoir Management and Production Strategy

Saudi Aramco's gas management and production strategy focuses on maximizing economically recoverable gas using the best available methods and technologies. Its primary production strategy is focused on pressure depletion at moderate rates, with no aquifer support and little water production expected. The gas fields also make extensive use of advanced technologies (for example, horizontal, multilateral, extreme reach wells, multi-stage fracturing and underbalanced coiled tubing drilling). Due to demand patterns, with higher summer utilization, there is significant opportunity to optimize value by balancing production between relatively mature fields with high-value liquids content and newer fields with longer remaining plateau production but lower liquids content. Further, optimization to manage supply efficiently and meet the higher demand for gas during peak months is anticipated through the implementation of a gas storage system using a partially depleted gas reservoir in the Ghawar area.

Saudi Aramco expects its associated gas supply to remain stable due to the quality of its fields and ability to replace reserves with low operational cost and risk. It has experienced a gradual decrease in the gas-to-oil ratio of its production portfolio, due to an increase in heavy oil production.

(c) Principal Gas Fields

Saudi Aramco's crude oil production provides a base load of associated gas, which is rich in liquids. Its non-associated 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. A large portion of its gas fields are co-located with its oil fields.

(d) Gas Processing, NGL Recovery and Fractionation Facilities

Saudi Aramco's primary natural gas processing and fractionation 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. At the fractionation centers, gas and NGL streams are split into individual components: ethane (C2), propane (C3), butane (C4) and natural gasoline (C5+). The ethane production is currently marketed domestically. Propane, butane and natural gasoline are marketed both domestically and exported.

(e) Delivery Commitments

Pursuant to the Concession, Saudi Aramco is the exclusive supplier of natural gas in the Kingdom. Saudi Aramco sells natural gas to power generation plants primarily pursuant to long-term contracts and to customers in the Kingdom's industrial sector. It also exports a portion of its NGL production.

Saudi Aramco's supply of natural gas to domestic customers is regulated by the Energy Supply Law and the prices paid by domestic customers are set by resolutions issued from time to time by the Government. Effective 27 March 2018, the Government implemented a price system for Regulated Gas Products to enable Saudi Aramco to realize a commercial rate of return suitable for the development and exploitation of the gas resources of the Kingdom. See Section 4.4 (*Regulated Domestic Pricing of Certain Hydrocarbons*) and Section 6.4 (*Non-IFRS Financial Measures*).

3.6.2 Downstream

Saudi Aramco has a large, strategically integrated global downstream business. The downstream segment's activities consist primarily of refining, petrochemicals, supply and trading, distribution, retail, base oils, lubricants and power generation.

Saudi Aramco operates its refining business through its wholly owned operations and affiliated refineries with major global industry partners and is exploring new opportunities for downstream investments globally. This growth is reflected in the significant increase in its net refining capacity from 2.2 million barrels per day as at 31 December 2010 to 4.1 million barrels per day as at 31 December 2023. As at 31 December 2023, Saudi Aramco had gross refining capacity of 7.9 million barrels per day.

In the year ended 31 December 2023 and the three month period ended 31 March 2024, Saudi Aramco's downstream operations utilized 47% and 51% of its crude oil production, respectively. Saudi Aramco specifically designs and configures its refining system to optimize production using the crude oil it produces, which helps improve supply chain cost and operational efficiency in its refining operations and therefore supply of refined and chemicals products to its downstream customers. Saudi Aramco's downstream portfolio is highly sophisticated with full conversion refineries operated by Motiva, S-Oil, HDO, PRefChem, SATORP and YASREF.

Saudi Aramco has historically entered into downstream ventures inside and outside of the Kingdom with major international refining and chemical companies, such as Exxon (SAMREF) in 1982, Mobil (Luberef) in 1998, Sumitomo (Petro Rabigh) in 2005, TotalEnergies (SATORP) in 2008, Sinopec (YASREF) in 2010, Dow (Sadara) in 2011, Petronas (PRefChem) in 2018, Hyundai Oil bank in 2019, PKN Orlen in 2022 and Rongsheng in 2023. Saudi Aramco believes these downstream investments diversify its revenue by integrating its oil and gas operations to optimize value across the hydrocarbon chain, supporting crude oil and gas demand and, in the case of international refining operations, facilitate the placement of Saudi Aramco's crude oil in large offtake volumes relative to Saudi Aramco's equity interest and capital costs.

Over the past several years, Saudi Aramco has increased its equity interests and management participation in certain of its affiliates in order to ensure that they are operated efficiently and profitably. For example, in 2015, Saudi Aramco increased its 34.2% equity interest in S-Oil to a 61.6% economic interest (63.4% on a non-diluted basis) and gained greater control over the company, it acquired full ownership in Motiva (formerly a joint venture with Shell) on 1 May 2017 and in ARLANXEO (an associate in partnership with Lanxess AG) on 31 December 2018 and acquired the 50% share of SASREF from Shell that it did not already own in September 2019.

In addition, on 16 June 2020, Saudi Aramco acquired the PIF's 70% equity interest in SABIC, which significantly expanded Saudi Aramco's chemicals business. Its chemicals business operates in over 50 countries and produces a range of chemicals. Also, in December 2019, it acquired a 17% equity interest in Hyundai Oil bank, an integrated refinery the portfolio of which includes oil refining, base oil, petrochemicals and a network of gas stations. In addition, in October 2019, it acquired all the equity interests in the Flint Hills chemicals plant in the United States, which is currently named Motiva Chemicals, enhancing its presence in refining, chemicals and wholesale markets. Another recent acquisition involved a 30% equity stake in PKN Orlen, a Polish refinery, alongside wholesale and jet fuel joint ventures, aimed at expanding its market reach. In March 2023, Saudi Aramco and S-Oil began construction of the Shaheen project, a large refinery-integrated petrochemical steam cracker located at S-Oil's existing site in South Korea, with a planned capacity to produce up to 3.2 million tons of petrochemicals annually. Saudi Aramco and TotalEnergies also made a final investment decision for the construction of a large petrochemical complex in the Kingdom, integrated with the existing SATORP refinery located in Jubail. In addition, Saudi Aramco entered into agreements with North Huajin Chemical Industries Group Corporation and Panjin Xincheng Industrial Group Co., Ltd. to construct a major integrated refinery and petrochemical complex in northeast China. The complex is expected to be fully operational by 2026 and will include a 300 mbpd refinery and petrochemicals unit with annual production capacity of 1.65 million metric tons of ethylene and 2.0 million metric tons of paraxylene and Saudi Aramco will have the right to supply up to 210 mbpd of crude oil feedstock to the complex. Furthermore, in 2023, Saudi Aramco acquired a 10% equity stake in Rongsheng Petrochemical Co. Ltd. (Rongsheng) for SAR 12.8 billion ($3.4 billion), securing the right to supply 480 mbpd of crude oil feedstock to a major Chinese integrated refining and chemicals complex. In December 2023, Saudi Aramco entered into an agreement to acquire a 40% equity stake in GO, a diversified downstream fuels, lubricants, and convenience stores operator in Pakistan. This transaction is subject to certain customary conditions, including regulatory approvals. In March 2024, Saudi Aramco acquired 100% of Esmax, a diversified downstream fuels and lubricants retailer in Chile. These transactions highlight Saudi Aramco's strategic expansion efforts and investments in diverse global markets.

Saudi Aramco has initiatives in place to improve operational and financial performance of its downstream business, such as capacity increases, asset upgrades, improvements in product yield and petrochemical integration. Saudi Aramco believes it can achieve a number of these improvements with low capital requirements. These improvements can be safely achieved at existing refining assets as key units demonstrate an operational track record that allows it to increase throughput. Moreover, Saudi Aramco's ongoing initiatives are also focused on optimizing petrochemicals integration at existing facilities and developing new integrated facilities. Further projects are under consideration to increase this level of integration and capture additional value across the hydrocarbon chain, with a focus on integration of Saudi Aramco's refining assets.

3.6.2.1 *Refining*

Saudi Aramco operates one of the world's largest refining businesses, with gross refining capacity of 7.9 million barrels per day as at 31 December 2023. Its refining operations allow it to transform its crude oil, condensate and natural gas into refined products and chemicals for sale within the Kingdom and internationally. It specifically designs and configures its refining system to optimize production using the crude oil grades Saudi Aramco produces, which helps improve supply chain cost and operational efficiency in its refining operations and therefore supply of refined and chemicals products to its downstream customers.

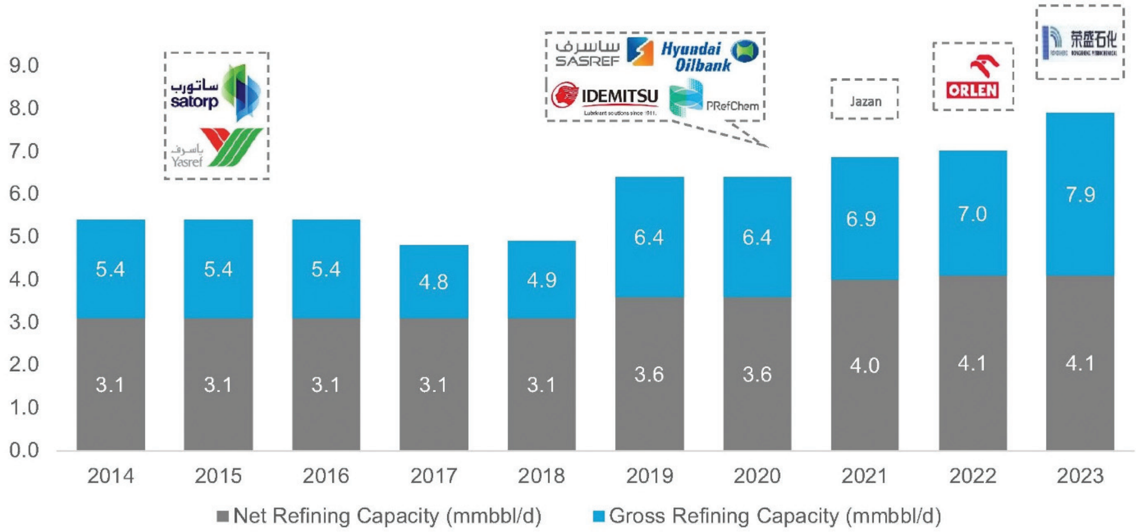
Saudi Aramco's refining operations are conducted in the Kingdom and internationally. The following table sets forth the gross refining capacity of its refineries as at 31 December 2023:

	Capacity
	(mbpd)
Domestic wholly owned	1,635
Domestic affiliated	1,690
International	4,529

Source: The Company.

Saudi Aramco's strategy is to continue increasing its integrated refining and chemicals capability domestically and expand its strategically integrated downstream business in high-growth economies, such as China, India and Southeast Asia, while maintaining and opportunistically expanding its participation in material demand centers, such as the United States, and countries that rely on importing crude oil, such as Japan and South Korea. Consistent with this strategy, it has invested in two refining and petrochemical joint ventures with Petronas, the Malaysian national oil company, collectively known as PRefChem. The PRefChem joint ventures include a 300,000 barrel per day refinery, an integrated steam cracker with capacity to produce 1.3 million tons of ethylene with associated propylene, butadiene, benzene, polyolefins and ethylene glycol facilities, all of which are located in Johor, Malaysia, adjacent to Singapore, Asia's refined and chemicals products trading hub. Other recent investments in its refining portfolio include Jazan, which commenced operations in the first quarter of 2021.

The following chart illustrates the changes in Saudi Aramco's refining capacity from 2014 to 2023.



Source: The Company.

In general, with respect to Saudi Aramco's international joint ventures, the joint venture company handles all or a portion of the local marketplace sales and each joint venture partner offtakes its equity share of refined and chemicals products that are not sold by the joint venture. Saudi Aramco takes its full equity share of the refined and chemicals products produced in the Kingdom and, in the case of Petro Rabigh, 100% of the refinery products, into its wholly owned distribution and trading system.

(a) Domestic Refining

A substantial portion of Saudi Aramco's refining operations are located in the Kingdom. Saudi Aramco's domestic refineries receive all their crude oil, NGL and natural gas supply from its upstream production. Saudi Aramco's equity share of refined and chemicals products produced at its affiliated refineries in the Kingdom and the refined and chemicals products produced through its wholly owned refineries located within the Kingdom are primarily distributed wholesale to domestic fuels retailers and industrial customers. The balance of its share of domestically refined and chemicals products is exported internationally by its sales and trading arm. For further information regarding Saudi Aramco's supply and trading activities, see Section 3.6.2.3 (*Supply and Trading*).

(i) *Domestic Wholly Owned Refining Operations*

Saudi Aramco has five wholly owned refineries within the Kingdom, three of which were built specifically to supply transportation and utility fuels for the domestic marketplace. In 2023, Saudi Aramco placed 26% of its crude oil production in its in-Kingdom wholly owned and affiliated refineries.

The following table provides data about Saudi Aramco's domestic wholly owned refineries as at 31 December 2023:

	Asset Type	Capacity
		(mbpd)
Ras Tanura	Refining	550
Jazan	Refining and petrochemical	400
SASREF	Refining and petrochemical	305
Yanbu'	Refining	250
Riyadh	Refining	130
Total		**1,635**

Source: The Company.

(ii) *Domestic Affiliated Operations*

Saudi Aramco has four domestic affiliated refineries within the Kingdom. These refineries are highly competitive with other world-class facilities based on scale, configurations and product yields. Through its long-term supply agreements with these ventures, Saudi Aramco has the right to supply all crude processed at these refineries. All four of these domestic refineries manufacture products both for domestic consumption and export.

The following table provides data about Saudi Aramco's domestic affiliated refineries and marketing operations as at 31 December 2023:

	Asset Type	Gross Refining Capacity	Economic Interest	Partner	Retail Sites
		(mbpd)	*(%)*		
SATORP	Refining and petrochemical	460	62.5	TotalEnergies	
YASREF	Refining and petrochemical	430	62.5	Sinopec	
SAMREF	Refining	400	50.0	ExxonMobil	
Petro Rabigh	Refining and petrochemical	400	37.5	Sumitomo	
Tas'helat Marketing Company	Marketing	n/a	50.0	TotalEnergies	>200
Total		**1,690**			

Source: The Company.

(b) International Refining

Saudi Aramco's international refining footprint is focused in key growth geographies, particularly in Asia, that offer an opportunity for Saudi Aramco to place its crude oil and reach new customers in growing economies that are net importers of crude oil. In 2023, Saudi Aramco's weighted average ownership percentage in its international refineries was 34% and it supplied an average of 54% of the crude oil used by those refineries. Product sales by Saudi Aramco's international ventures are generally facilitated by a distribution system owned by the respective joint venture through over 17,200 branded company-owned, company-operated or dealer-owned dealer-operated retail networks.

The following table provides data about Saudi Aramco's international refining and marketing operations as at 31 December 2023:

	Asset type	**Location**	**Gross Refining Capacity**	**Economic Interest**	**Partner**	**Retail Sites**
			(mbpd)	*(%)*		
Motiva (Port Arthur Refinery)	Refining and petrochemical	U.S.	635	100.0	—	5,300
S-Oil	Refining and petrochemical	South Korea	669	61.6(1)	—	>2,100
Hyundai Oil bank	Refining and petrochemical	South Korea	690	17.0	—	>2,200
FREP	Refining and petrochemical	China	280	25.0	Sinopec, ExxonMobil	—
SSPC	Marketing	China	—	22.5	Sinopec, ExxonMobil	>1000
Idemitsu Kosan	Refining and petrochemical	Japan	945	7.8		>6,400
PRefChem	Refining and petrochemical	Malaysia	300	50.0	Petronas	—
PKN Orlen (Gdansk Refinery)	Refining	Poland	210	30.0	—	—
ZPC (Rongsheng Petrochemical)	Refining and petrochemical	China	800	5.1(2)	—	—
Total			**4,529**(3)			

Source: The Company.

(1) Economic interest in S-Oil on a fully diluted basis. On a non-diluted basis, Saudi Aramco's shareholding in S-Oil is 63.4%.

(2) On 21 July 2023, Saudi Aramco acquired a 10% stake in Rongsheng, which holds a 51% ownership share in ZPC.

(3) On 1 March 2024, Saudi Aramco acquired a 100% equity interest in Esmax.

3.6.2.2 *Chemicals*

Saudi Aramco's chemicals businesses include participation in high-growth chemicals markets with demand from industries such as packaging, automotive and appliances and operates in over 50 countries. Saudi Aramco's chemicals business continues to grow through capacity expansion and new investments. As at 31 December 2023, it had a net chemicals production capacity of 59.6 million tons per year (excluding SABIC Agri-Nutrients).

Through its acquisition of SABIC, Saudi Aramco expanded its 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.

Since the acquisition of a 70% stake in SABIC, Saudi Aramco has sought to achieve synergies in procurement, supply chain, marketing, feedstock optimization, stream integration, operations and maintenance. Saudi Aramco expects to capture a total value of approximately SAR 11.3 billion to SAR 15.0 billion ($3.0 billion to $4.0 billion) in annual recurring synergies from this acquisition by 2025.

Saudi 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, Saudi Aramco produces a wide range of commodity and differentiated petrochemicals.

Saudi Aramco and SABIC successfully converted oil derived from plastic waste into ISCC+ certified circular polymers for the first time in the region. Through the process, end-of-life plastics including nonsorted plastics are converted into plastic waste derived oil, which is then used as feedstock to produce certified circular polymers. Saudi Aramco aims to establish the first petrochemical circular value chain in the Kingdom to produce polymers from plastic waste, reducing the impact of single-use plastic on the environment.

(a) Chemicals Facilities

The following table describes Saudi Aramco's standalone chemicals facilities as at 31 December 2023. Standalone chemicals facilities refer to chemicals production facilities that do not also produce refined products.

	Equity Interest	Partner	Location
SABIC	70.0%	—	Kingdom
Sadara	65.0%	Dow	Kingdom
ARLANXEO	100.0%	—	Netherlands

Source: The Company.

In addition to its standalone chemicals facilities, Saudi Aramco's integrated refining and chemicals business includes the following operations as at 31 December 2023.

	Equity Interest	Partner	Location
Domestic Operations:			
SATORP	62.5%	Total Energies	Kingdom
YASREF	62.5%	Sinopec	Kingdom
SASREF	100.0%	—	Kingdom
Petro Rabigh	37.5%	Sunitomo	Kingdom
Jazan	100.0%	—	Kingdom
International Operations(2)**:**			
Motiva (Port Arthur Refinery)	100.0%	—	U.S.
S-Oil	61.6%(1)	—	South Korea
PRefChem	50.0%	Petronas	Malaysia
FREP	25.0%	Sinopec, ExxonMobil	China
Hyundai Oil bank	17.0%	—	South Korea
ZPC (Rongsheng Petrochemical)	5.1%	—	China

Source: The Company.

(1) Economic interest in S-Oil on a fully diluted basis. On a non-diluted basis, Saudi Aramco's shareholding in S-Oil is 63.4%.

(2) On 21 July 2023, Saudi Aramco acquired a 10% equity interest in Rongsheng.

Saudi Aramco's integrated refining and chemicals operations are located in close proximity to major industrial and manufacturing hubs and, given their locations, have potential for asset upgrades. Their locations also present significant opportunities to develop petrochemical complexes and associated value parks adjacent to the production facilities, similar to the PlasChem Park adjacent to Sadara facilities and the Plus Tech Park adjacent to the Petro Rabigh facilities.

(b) Commodity Petrochemicals (Olefins and Aromatics)

Saudi Aramco produces commodity petrochemicals including ethylene, propylene, paraxylene and benzene, which are either sold to third party customers or used to produce downstream derivatives such as polymers or chemicals intermediates. Ethylene is Saudi Aramco's primary chemical product and is the most widely used chemical in the petrochemical industry. According to IHS Global Inc., global total ethylene demand is expected to increase by a CAGR of 3.0% from 2023 to 2030.

In December 2022, Saudi Aramco and TotalEnergies made a final investment decision for the construction of a large petrochemical complex in the Kingdom and in June 2023 awarded engineering, procurement and construction contracts for SAR 41.3 billion ($11.0 billion). The complex, known as Amiral, will be owned, operated and integrated with the existing SATORP refinery located in Jubail and is expected to house one of the largest mixed-load steam crackers in the region, with a capacity to produce 1,650 kilotons per annum of ethylene and other industrial gases. Its commercial operation is expected to start in 2027.

(c) Differentiated Petrochemicals (Polyolefins, Synthetic Rubber, Elastomers and Polyurethanes)

Polyolefins. Saudi Aramco's principal polyolefins are polyethylene and polypropylene. Polyolefins are primarily used in the manufacturing of packaging, automobiles, construction materials and a variety of consumer goods.

Synthetic Rubber and Elastomers. Synthetic rubber and elastomers are widely used in the manufacture of tyres, automotive parts, housewares, shoes, toys and in other industries. ARLANXEO is a major global supplier of such products.

Polyurethanes. Propylene oxide, polyols and isocyanates are the essential building blocks for the polyurethane industry, with end uses in automobiles, furniture, construction, appliances, coatings and adhesives.

3.6.2.3 Supply and Trading

In the year ended 31 December 2023, Saudi Aramco traded 4.7 million tons of liquid chemical products and an average of 6.8 million barrels per day of crude oil and refined petroleum products. With the recent increase in scale of its downstream operations, Saudi Aramco is well positioned to use its production and distribution network to optimize its supply and trading capabilities. By controlling the production, refining and distribution processes and integrating them with its trading business, Saudi 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.

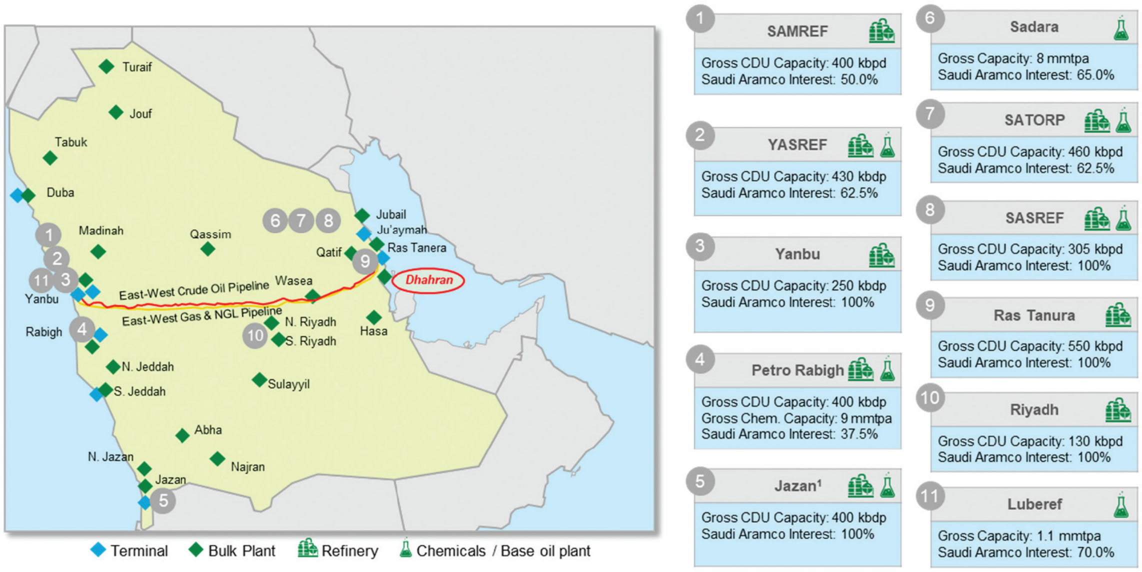
In January 2023, Saudi Aramco advanced its strategy to expand and integrate its global trading operations through an internal reorganization, pursuant to which ATC acquired Motiva's U.S. trading business, providing it with a platform to supply Motiva with crude oil and feedstocks and to offtake and trade refined and chemicals products and chemicals generated by Motiva. The acquisition provides ATC with access to incremental volumes and markets that are expected to strengthen its trading capabilities.

3.6.2.4 Pipelines, Distribution and Terminals

Saudi Aramco supplies oil products to customers throughout the Kingdom, which provides it with reliable demand and allows for high utilization of its domestic refining system. In order to meet this demand and help ensure high levels of supply reliability, Saudi Aramco has made significant investments in its Oil Supply Planning and Scheduling department ("**OSPAS**"). OSPAS employs a global distribution system that utilizes sophisticated control and monitoring hardware and highly skilled personnel to ensure highly reliable operations that maximize the value of the crude oil and other products produced and sold by Saudi Aramco. OSPAS gains unique domestic market insights from a wide variety of sources, including Saudi Aramco's customers, product supply and price data and trading and marketing networks. OSPAS then conveys these market insights to the upstream and downstream businesses to optimize operations. In addition, Saudi Aramco's Kingdom-wide distribution network includes pipelines, bulk plants, air refueling sites and terminals that deliver crude oil, NGL, natural gas and refined and chemicals products. See Section 3.6.1.4 (*Gas and NGL*) for details on the MGS. This network provides control and cost optimization of the entire supply chain from well-head to the end customer.

In addition, Saudi 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.

The following map illustrates Saudi Aramco's key domestic downstream infrastructure as at 31 December 2023.



Source: The Company.

3.6.2.5 *Retail Operations*

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

In 2019, Saudi Aramco entered into a 50:50 joint venture with TotalEnergies to operate service stations in the Kingdom. In addition, in 2019, Saudi Aramco and TotalEnergies entered into an agreement to significantly upgrade, re-brand and expand the range of retail services at a network of more than 200 service stations throughout the Kingdom.

In December 2023, Saudi Aramco entered into an agreement to acquire a 40% equity stake in GO, a diversified downstream fuels, lubricants, and convenience stores operator in Pakistan. This transaction is subject to certain customary conditions, including regulatory approvals. In March 2024, Saudi Aramco acquired 100% of Esmax, a diversified downstream fuels and lubricants retailer in Chile. These strategic moves mark Saudi Aramco's inaugural downstream retail investments in South America and Pakistan. These investments aim to secure outlets for Saudi Aramco's refined products and facilitate the expansion of its retail business on an international scale. Additionally, these acquisitions are expected to further unlock new market opportunities for Valvoline-branded lubricants.

3.6.2.6 *Base Oils and Lubricants*

Saudi Aramco markets its base oils under three brand names: aramcoDURA for Group I base oil, aramcoPRIMA for Group II base oil and aramcoULTRA for Group III base oil. It has formed a marketing alliance with three of its affiliated companies that are major producers of Group I, Group II and Group III base oils (Luberef, Motiva and S-Oil) to globally market its base oils. In 2023, Saudi Aramco sold 4.4 million tons of base oils. In March 2023, Saudi Aramco acquired Valvoline Global Operations, a lubricants manufacturer, for SAR 10.34 billion ($2.76 billion). This acquisition is intended to complement Saudi Aramco's line of premium branded lubricant products, optimize its global base oils production capabilities and expand its own R&D activities and partnerships with original equipment manufacturers. Saudi Aramco sold 0.2 million tons and 0.9 million tons of finished lubricants in 2022 and 2023, respectively.

3.6.2.7 Power Systems

As at 31 December 2023, Saudi Aramco's power operations comprised 18 captive power plants and associated transmission and distribution assets located across the Kingdom. These assets are primarily designed to provide electricity and steam to Saudi Aramco's upstream oil and gas production facilities, gas processing plants and wholly owned downstream refineries in a safe, reliable, efficient and profitable manner. Certain of these power assets are wholly owned by Saudi Aramco and some are owned by joint ventures in which Saudi Aramco has an ownership interest. Saudi Aramco also enters into offtake arrangements with independent power producers. In addition, Saudi Aramco currently owns a 6.9% stake in Saudi Electricity Company, 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, Saudi Aramco generated 5.3 gigawatts of power, of which 4.2 gigawatts was used to meet internal demand and 1.1 gigawatts of spill power was transferred to the national grid.

Saudi Aramco plans to invest in or to have made a final investment decision with respect to 12 GW of solar PV and wind projects by 2030. For example, in May 2021, Saudi Aramco entered into a shareholders' agreement with PIF and ACWA Power to invest in the Sudair Solar PV Plant and now holds a 30% interest in the project. The project is one of the largest solar plants in the region with a capacity of 1.5 GW and reached full power generation in January 2024. In addition, in August 2023, Saudi Aramco entered into another agreement with PIF and ACWA Power to invest in the development of the Al Shuaibah 1 and Al Shuaibah 2 Solar PV projects. The projects are expected to have a combined capacity of 2.66 GW and are expected to commence power generation in 2025. Saudi Aramco is participating with PIF in this strategic energy program that reflects its efforts to diversify the energy mix, advance energy solutions in the Kingdom and avail additional hydrocarbons.

In September 2021, Saudi Aramco entered into a financing arrangement of SAR 44.1 billion ($11.8 billion) relating to the Jazan integrated gasification combined-cycle power plant, an air separation unit and certain ancillary assets. The transaction resulted in the creation of Jazan Integrated Gasification and Power Company ("**JIGPC**"), a Saudi Aramco joint venture consisting of Saudi Aramco Power Company, Air Products, ACWA Power and Air Products Qudra. JIGPC will operate the facility under a 25-year contract for a predetermined monthly fee. Saudi Aramco will supply feedstock to JIGPC, and JIGPC will produce power, steam, hydrogen and other utilities for Saudi Aramco.

3.7 Head Office Location

Saudi Aramco's head office is located in the city of Dhahran in the Kingdom.

3.8 Technology, Research and Development

Saudi Aramco assesses, develops and incorporates new technology in a manner tailored to its operations to ensure the long-term sustainability of its business, enhance its operational efficiency, increase profitability and reduce the environmental impact of its operations. The scale of Saudi Aramco's hydrocarbon reserves and operational capabilities enable it to realize significant benefits and value from technology development and deployment that would otherwise provide only incremental benefits.

Saudi Aramco focuses its technology initiatives in three areas: upstream, downstream and sustainability, and recognizes the importance of embedding technology in its strategy and business culture. Upstream technology development is directed primarily to improving methods for discovering new hydrocarbon reserves, improving oil recovery, increasing productivity and reducing lifting costs. Downstream technology development is dedicated primarily to maximizing value across the hydrocarbon chain, finding new and improved methods of producing products and diversifying revenue streams. Sustainability technology development is aimed at addressing global energy demand challenges, growing non-fuel applications for crude oil and demand for lower carbon intensity crude oil, advancing sustainable transport and driving high-impact low carbon intensity solutions.

Saudi Aramco manages a global network of research and technology centers aimed at delivering innovative breakthroughs to achieve its recovery, discovery, diversification and sustainability objectives. Key examples of such technologies deployed and under development include the following:

- *Digital ARC* is a platform that hosts and integrates Saudi Aramco's in-house developed technologies spanning its upstream segment with the goal of maximizing the value of these technologies and accelerating the upstream segment's digital transformation. In its next iteration, the Digital Arc is expected to be able to use artificial intelligence and deep-learning to create solutions from Saudi Aramco's digital data lake, with the goal of increasing hydrocarbon discovery and improving production efficiency.

- *GeoDRIVE* is an integrated seismic imaging platform that enables ultra-high resolution subsurface mapping and characterization for geophysical applications. This platform enables Saudi Aramco to efficiently analyze large amounts of seismic data with state-of-the-art imaging algorithms.

- *Smart Flooding* is a technology designed specifically to increase oil recovery in Saudi Aramco's carbonate reservoirs by optimizing the ionic composition and properties of injected water. Saudi Aramco is able to deploy this technology through existing infrastructure.

- *TeraPOWERS* is Saudi Aramco's proprietary cornerstone modelling technology that is an evolutionary step from giga-cell to terra-cell reservoir simulation. TeraPOWERS uses over one trillion cells to simulate parallel basin and reservoir fluid movement with detail beyond that of other simulator technologies. This technology enables Saudi Aramco to model the physics of its reservoirs to prioritize prospects, reduce exploration risks and costs and sustainably manage its reservoirs.

- *Dammam-7* is one of the most powerful supercomputers in the world and was commissioned by Saudi Aramco and Saudi Telecom Company to run three-dimensional earth models with the intention of improving exploration and development capabilities. The new 55.4 petaflops supercomputer was named "Dammam-7" in tribute to the Kingdom's first commercial oil well.

- *Ghawar-1* is one of the most powerful supercomputers in the world and was commissioned by Saudi Aramco to run three-dimensional reservoir models to simulate its reservoirs at finer scale with the aim to further enhance the efficiency of its developments. The new 22.9 petaflops supercomputer was named "Ghawar-1" in tribute to the largest conventional oil field in the world.

- *Thermal Crude Oil to Chemicals* involves pre-treating crude oil to enable it to be directly introduced into a steam cracker with the goal of increasing chemical product yields from oil to upwards of 70%, while also reducing capital costs.

- *Catalytic Crude Oil to Chemicals* involves the direct cracking of crude oil in a high severity catalytic cracking reactor after first flashing the crude oil into low and high boiling streams. The aim of this technology is to increase chemical product yields from oil to upwards of 60% at lower capital costs.

- *Advanced Transport Technologies* involve in-house research and collaboration with engine technology developers and major automakers to improve internal combustion engine efficiency and reduce GHG and tailpipe emissions through new engine designs and fuel formulations.

- *Carbon Capture, Utilization and Storage* includes the development of innovative technologies to capture and store carbon dioxide or utilize it in novel materials.

- *Hydrogen and Low Carbon Fuels* involves advancing solutions for lower carbon intensity hydrogen production, transport, ammonia backcracking and dispensing, as well as for production of lower carbon intensity synthetic fuels from CO2 and hydrogen.

Saudi Aramco also operates an active venture capital program through its subsidiary, Aramco Ventures with investment funds of SAR 26.3 billion ($7.0 billion). Saudi Aramco has increased the venture capital 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 venture capital programs to SAR 28.1 billion ($7.5 billion), including Wa'ed Ventures. This venture capital program invests in the following areas:

- *Sustainability technologies* that support the Company's announced 2050 net-zero decarbonization ambitions, as well as development of new lower-carbon fuels products, including the announcement of a $1.5 billion sustainability fund at the Future Investment Initiative 2022.

- *Digital and industrial technologies* that can provide value to Saudi Aramco's operations.

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 Ventures also operates a $1 billion venture capital fund, Prosperity7, which invests in disruptive technologies outside of the energy industry. Since inception, Aramco Ventures has made over 95 venture investments globally through these programs, with over 35 technologies piloted or deployed in Saudi Aramco.

3.9 IT and Cybersecurity

Saudi Aramco relies on the security of information technology and operational technology systems. It has programs, controls and processes in place designed to protect its data and systems, to ensure business continuity and operational recovery and to repel intrusion attempts. To respond to an ever-changing cyber threat landscape, Saudi Aramco has instituted a cybersecurity governance management model for its operations in the Kingdom, led by a Chief Information Security Officer, whose office establishes and maintains cybersecurity policies, directs the cybersecurity programs and mandates relevant processes, capabilities and technologies. Saudi Aramco addresses cybersecurity at senior levels, including Board of Directors consideration and oversight of Saudi Aramco's cybersecurity posture and assessment of risks.

One of Saudi Aramco's main technology strengths is the communication and computing infrastructure it has built in the Kingdom to provide connectivity and computing solutions to its domestic operations infrastructure, which it continuously monitors for security events from multiple locations. This infrastructure reaches remote areas and connects Saudi Aramco's upstream and downstream hydrocarbon facilities, including cross-country pipelines. Saudi Aramco's infrastructure also includes satellite services that extend connectivity to both offshore and onshore drilling operations and marine services. Saudi Aramco's infrastructure additionally includes a high availability (Tier-4) corporate data center and a remote disaster recovery site to further promote resilience and recovery.

Despite the presence of cybersecurity programs, controls and processes, attempts to gain unauthorized access to Saudi Aramco networks have been successful in the past, and Saudi Aramco's operations remain potentially vulnerable to additional known or unknown threats. For further information on cybersecurity risks, see Section 2.1.14 (*Saudi Aramco's operations are dependent on the reliability and security of its IT systems*).

3.10 Sustainability, Health and Safety and Environment

3.10.1 ***Sustainability***

Saudi Aramco has developed a sustainability framework to help guide the Company and integrate sustainability into its corporate strategy and operations. The framework helps to identify and prioritize sustainability issues that impact its business, connecting the Kingdom's Vision 2030 to the Company's four focus areas: climate change and the energy transition, safe operations and people development, minimizing environmental impact and growing societal value. Saudi Aramco's ambition is to achieve net-zero Scope 1 and Scope 2 GHG emissions across its wholly owned operated assets by 2050 and the Company has set interim targets to support its ambition to reduce or mitigate more than 50 million metric tons of CO2 equivalent annually compared to business as usual 2035 forecast emissions. These ambitions complement the Kingdom's aim to reach net-zero emissions by 2060, announced as part of the Saudi Green Initiative. In June 2022, Saudi Aramco published its inaugural Sustainability Report, which presented an approach to integrating sustainability within its corporate strategy and operations, the sustainability issues that impact the business and its ambition, initiatives and performance. The Company published its third Sustainability Report in May 2024, adding 13 new key performance indicators (KPIs) and metrics to provide greater quantitative and qualitative information across multiple ESG topics. This brings the total KPIs and metrics in this Sustainability Report to 74, with 18 metrics undergoing external assurance.

Saudi Aramco's Sustainability Steering Committee is responsible for identifying sustainability issues and their impact on long-term value creation for the business and its stakeholders. The Sustainability Steering Committee's membership is made up of senior vice presidents representing relevant business lines and administrative areas, and is led by the Executive Vice President of Strategy and Corporate Development. The Sustainability Steering Committee reports to both Saudi Aramco's Group Executive Committee and Group Strategy Committee.

3.10.2 Health and Safety

An enterprise-wide, organizationally driven focus on health and safety supports Saudi Aramco's goal of protecting its workforce, preventing property losses and avoiding business interruptions, while adapting to market and operating conditions. This involves establishing and maintaining Saudi Aramco standards that utilize a continuous improvement approach commonly used throughout the industry. Additionally, Saudi Aramco's robust and exacting standards reflect low risk tolerance with rigorously applied operational safety procedures. This is complemented by procedures for crisis management and business continuity designed to provide operational resilience and the ability to quickly respond to internal or external incidents to restore operations safely and efficiently in an orderly manner. The Sustainability, Risk and HSE Committee provides strategic direction and governance on health and safety matters.

The Health, Safety, Security and Environmental Committee, an executive management committee that is led by the CEO and includes other selected members of corporate management, establishes Saudi Aramco's safety policy and standards covering key issues, including emergency preparedness, incident reporting and investigation, competency and training, community awareness, off-job safety, risk management and asset integrity. The Health, Safety, Security and Environmental Committee actively tracks and monitors the safety performance across the organization to extend accountability and improve safety performance.

Saudi Aramco has various occupational and environmental health programs in place to protect its workforce and various communities from hazards that may arise from its operations or activities, including the Occupational Health Hazard Assessment, Hazard Materials Communication, Comprehensive Environmental Health Assessment and Contractor Camp Environmental Health Inspection programs.

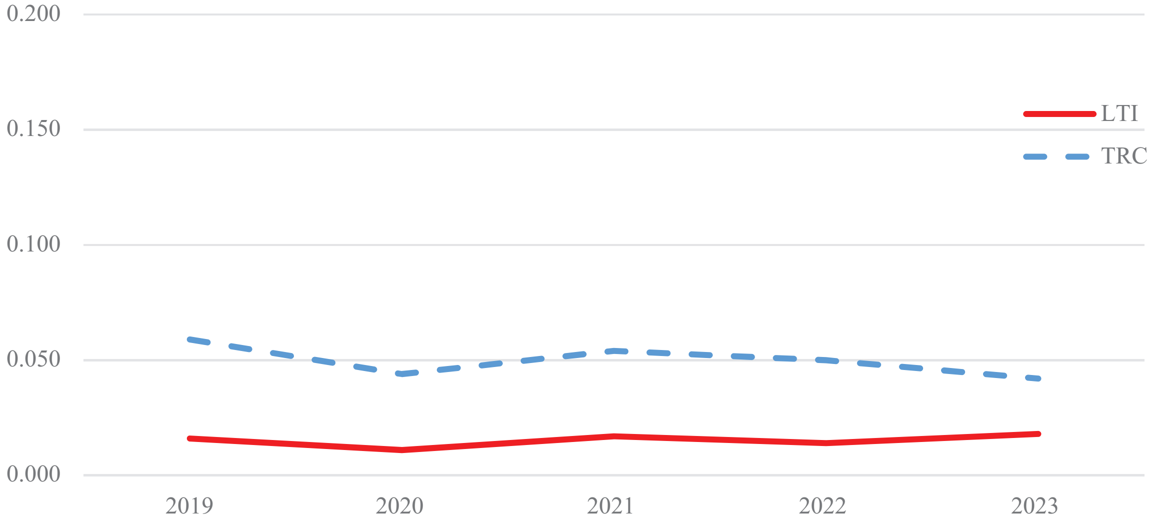
Saudi Aramco employs a Safety Management System ("**SMS**") aligned with Saudi Aramco's safety policy that drives a disciplined approach in establishing specific safety expectations and provides a framework for managers to fulfill their safety and loss prevention obligations. Saudi Aramco continually works proactively to deliver and improve its safety performance with respect to the expectations and objectives articulated in the SMS and its underlying programs, processes, procedures, rules, standards and instructions.

3.10.2.1 Health and Safety Key Performance Indicators

Saudi Aramco benchmarks its safety performance against industry standards and performance targets that are set in line with industry practices to improve safety performance. Safety performance is measured and tracked through key performance indicators established by and reported to the Sustainability, Risk and HSE Committee. Formal and informal safety reviews are conducted by qualified reviewers to assure compliance and operational discipline.

In addition, the Company monitors its total recordable case ("**TRC**") rate, which includes fatalities, lost time injuries/illnesses ("**LTI**"), restricted duty injuries/illnesses and medical treatment cases. The TRC rate for the Company's total workforce of domestic wholly owned assets, including contractors, from 2019 to 2023 decreased from 0.059 per 200,000 work hours to 0.042 per 200,000 work hours. The LTI rate increased from 0.016 per 200,000 work hours in 2019 to 0.018 per 200,000 work hours in 2023.

The following chart shows the TRC rate and LTI rate for the Company's total workforce, including contractors, from 2019 to 2023.



Source: The Company.

Moreover, the Company monitors the number of unplanned or uncontrolled releases of any material, including non-toxic and non-flammable materials, from a process that results in certain consequences articulated by the American Petroleum Institute Recommended Practice 754 (Process Safety Performance Indicators for the Refining and Petrochemical Industries) ("**PSE Tier 1**") and fatalities. The following table shows the TRC Rate, LTI Rate, PSE Tier 1 incidents and fatalities for the Company in the Kingdom.

	2019(2)	2020(2)	2021(1)	2022(1)	2023(1)
TRC Rate (incidents/200,000 workhours)	0.059	0.044	0.054	0.050	0.042
LTI Rate (incidents/200,000 workhours)	0.016	0.011	0.017	0.014	0.018
PSE Tier 1	4	9	8	11	15
Fatalities	6	1	1	5	3

Source: The Company.

(1) The Company and its operationally controlled entities.
(2) The Company.

3.10.3 *Environment*

Saudi Aramco's operations are subject to a number of environmental laws, regulations, protocols and policies in each of the jurisdictions in which it operates, governing, among other things, the generation, storage, handling, use, disposal and transportation of hazardous materials, the emission and discharge of hazardous materials, ground water use and contamination, discharges of water, soil contamination, hazardous substances and wastes, industrial hygiene and occupational health. It seeks to comply with all applicable environmental laws, regulations, protocols and policies and has established management systems and other internal processes to identify emerging environmental risks and to prepare and execute a response plan to mitigate potential impacts of those risks. In addition, for certain of its operations within the Kingdom for which there are no applicable national environmental regulations, Saudi Aramco has developed environmental standards aligned with leading industry practices to achieve its environmental protection objectives. Furthermore, Saudi Aramco also conducts environmental impact assessments when evaluating new projects, including assessments of project design, construction, operations and decommissioning in compliance with applicable environmental laws, regulations, protocols and policies. For a description of the domestic environmental regulations to which Saudi Aramco is subject and the multilateral environmental agreements to which the Kingdom is a party that are relevant to Saudi Aramco's operations in the Kingdom, see Sections 2.1.3 (*Risks related to climate change*), 3.10.3.3 (*GHG Intensity*) and 4 (*Regulation of the Oil and Gas Industry in the Kingdom*).

The Sustainability, Risk and HSE Committee oversees the management of environmental risks and key environmental performance indicators, and Saudi Aramco has established a corporate risk management program focused on environmental compliance. It also has established an environmental management system aligned to ISO 14001:2015 standards to manage environmental compliance and enhance environmental performance. Each subsidiary is responsible for establishing its own environmental compliance framework and monitoring ongoing compliance.

Saudi Aramco has measures in place to monitor and assess performance, to prevent releases that might occur and to remediate occurrences from facilities that it owns or operates. Since 2007, Saudi Aramco has implemented a groundwater remediation program to systematically and consistently identify and implement clean-up assessments at impacted wholly owned Saudi Aramco facilities within the Kingdom. This program quantifies risks that contaminated soil or groundwater pose on human health and the environment and also develops appropriate corrective solutions tailored to specific facilities. A key component of this program is the prevention stage, which involves addressing soil and groundwater contamination sources, reviewing project designs and environmental impact assessments and conducting field investigations.

As at 31 December 2021, 2022 and 2023, Saudi Aramco established provisions of SAR 824 million, SAR 770 million and SAR 698 million ($186 million), respectively, for environmental liabilities. Saudi Aramco relies on engineering studies, historical and technical experience, generally accepted accounting standards and other factors to identify and evaluate environmental-related reserves. These amounts primarily relate to liabilities for environmental projects driven by governmental mandates, projects for groundwater remediation and remediation of oil impoundments throughout Saudi Aramco's in-Kingdom wholly owned assets.

3.10.3.1 Operational Incidents

The Company proactively manages its operations in a manner that seeks to avoid hydrocarbon leaks and spills by maintaining asset integrity throughout the asset lifecycle, including by utilizing modern technologies to monitor operations in real time and mitigate the risk of leaks. These technologies include high frequency radar, high-tech mooring buoys, intelligent early-warning systems and hydrodynamic modelling capabilities. Saudi Aramco had 13, 15 and 12 hydrocarbon spills for the years ended 31 December 2021, 2022 and 2023, respectively.

3.10.3.2 GHG emissions

Saudi Aramco's Sustainability Steering Committee reviews and advises management on climate strategy and the corporate risk assessment of sustainability matters, including overseeing the carbon footprint of operations and assets and assessing expectations on future energy, technology and climate change trends. Additionally, the Sustainability Steering Committee facilitates collaboration among relevant internal parties with respect to climate change matters.

The Kingdom has a small number of large and productive oil reservoirs, low per barrel gas flaring rates and low water production, resulting in less mass lifted per unit of oil produced and less energy used for fluid separation, handling, treatment and reinjection, all of which contribute to low upstream carbon intensity. For the years ended 31 December 2021, 2022 and 2023, the Company disclosed its direct (Scope 1) and indirect (Scope 2) GHG emission sources (consistent with the Greenhouse Gas Protocol guidelines – 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 and the Company reports emissions using the operational control basis for measurement) from its wholly owned and operated facilities in the Kingdom, as well as its operationally controlled affiliates SASREF, Motiva and ARLANXEO, by type of emission as set forth in the following table:

	2021		2022		2023	
Type(1)	**Carbon dioxide** *(million tons)*	**Total CO$_2$e** *(million tons)*	**Carbon dioxide** *(million tons)*	**Total CO$_2$e** *(million tons)*	**Carbon dioxide** *(million tons)*	**Total CO$_2$e** *(million tons)*
Scope 1(1)	51.23	52.25	54.46	55.70	52.98	54.35
Scope 2(1)	15.43	15.53	15.99	16.13	18.06	18.21
Total	**66.65**	**67.78**	**70.46**	**71.84**	**71.04**	**72.56**

Source: The Company.

(1) CO$_2$e means carbon dioxide equivalent.

(2) Absolute GHG emission data reflect the Company's emissions from wholly owned in-Kingdom assets, SASREF, Motiva and ARLANXEO. GHG emissions and flaring inventories exclude the Jazan Refinery and the Fadhili Gas Plant.

For the year ended 31 December 2023, the Company's Scope 1 GHG emissions were 54.4 million metric tons of carbon dioxide equivalent and its Scope 2 GHG emissions were 18.2 million metric tons of carbon dioxide equivalent.

Saudi Aramco has set a target to reduce or mitigate its net Scope 1 and Scope 2 GHG emissions from both its upstream and downstream operations by 52 million metric tons of carbon dioxide equivalent per annum by 2035 compared to business as usual forecast emissions. The Company also commissioned a limited assurance engagement on the 2021, 2022 and 2023 GHG emissions in accordance with International Standards for Assurance Engagements 3000 Revised, Assurance Engagements Other Than Audits or Reviews of Historical Financial Information.

3.10.3.3 GHG Intensity

The upstream carbon intensity of Saudi Aramco was 10.7 kilograms of carbon dioxide equivalent per barrel of oil equivalent for 2023.

Saudi Aramco is pursuing various initiatives to manage the carbon emissions of its operations and assets and to reduce its upstream carbon intensity by at least 15% by 2035 against its 2018 baseline. These initiatives include the implementation of flare gas recovery systems, energy efficiency programs, leak detection and repair programs, investing in low-emission technologies such as carbon capture, and evaluating the potential utilization of carbon dioxide in various applications, such as enhanced oil recovery. An enhanced leak detection and repair program for its methane emissions in the Kingdom prioritizes actions at operating facilities and includes efforts to develop and deploy new, more effective technologies to detect and reduce facility emissions.

Saudi Aramco participates in collaborations that help further its understanding of future energy, technology and potential climate change trends, including through R&D projects related to fuels, engines and new transport technologies. It is a founding member of the OGCI, a voluntary, CEO-led initiative composed of 12 global oil and gas companies committed to reducing GHG emissions through technology. Additionally, Saudi Aramco is collaborating within the oil and gas industry through memberships in joint platforms such as the International Petroleum Industry Environmental Conservation Association and the Petroleum Environmental Research Forum. Saudi Aramco also supports the Government's efforts to achieve the objectives set by the United Nations Framework Convention on Climate Change, the Paris Agreement, the United Nations Environment Program, as well as other climate change mitigation and adaptation efforts.

3.10.3.4 *Flaring*

One of Saudi Aramco's long-standing initiatives is to efficiently and sustainably use associated gas. Since the 1970s, Saudi Aramco has acted to mitigate the negative environmental impacts of systematic flaring of associated gas by utilizing the gas for power generation and petrochemicals production. Additionally, development of the MGS reduced Saudi Aramco's environmental impact and GHG emissions arising from flaring, in addition to supporting national economic growth. In order to further improve its environmental performance, Saudi Aramco established a flaring minimization plan in 2006. For the years ended 31 December 2021, 2022 and 2023, the flaring intensity of the Company's wholly owned in-Kingdom operated assets, SASREF, Motiva and ARLANXEO was 5.51, 4.60 and 5.64 scf/boe, respectively. Additionally, the volume of flared gas for the Company's wholly owned in-Kingdom operated assets, SASREF, Motiva and ARLANXEO for the years ended 31 December 2021, 2022 and 2023 was 25.8, 23.8 and 27.5 bscf, respectively.

With an aim to further improve its environmental performance, in August 2019, Saudi Aramco formally endorsed and signed the World Bank's initiative of "Zero Routine Flaring by 2030" with the objective of sharing best practices and knowledge in flaring minimization, report progress and demonstrate its efforts in reaching zero routine flaring. As at 31 December 2023, Saudi Aramco had less than 1% flaring of its gas production.

3.10.3.5 *Methane Emissions*

Saudi Aramco maintains a methane leak detection and repair program covering all operating wholly owned facilities in the Kingdom. Upstream methane intensity was 0.05% for in-Kingdom wholly owned and operated assets for each of the years ended 31 December 2021, 2022 and 2023. Saudi Aramco is committed to reducing its upstream methane intensity to near zero by 2030.

3.10.3.6 *Water Management*

Saudi Aramco monitors the total volume of water used in its in-Kingdom operations, including treated water, desalinated seawater, groundwater and reused wastewater. Saudi Aramco has a water conservation policy that uses best practices and technologies to promote the use of sustainable sources of water, optimizing water demand, maximizing wastewater reuse and minimizing water loss. Following the definition of freshwater consumption set forth by the IPIECA (an oil and gas industry association), Saudi Aramco consumed 89.90 million cubic meters of freshwater in 2023.

Additionally, the Company monitors its hydrocarbon discharges by deploying online monitoring systems to provide continuous, reliable and accurate measurements of hydrocarbons in wastewater effluents, helping to proactively manage hydrocarbon discharges to the marine environment in a timely manner.

3.10.3.7 *Renewable Energy and Environmental Stewardship Projects*

Saudi Aramco is investing in clean and lower carbon intensity energy and sustainability initiatives throughout its operations both in the Kingdom and abroad with international partners. It is deploying renewable energy systems in office buildings and industrial facilities such as production wells and bulk plants.

Saudi Aramco intends to continue investing in renewables as a complement to its energy products, leveraging the vast solar and wind resources in the Kingdom. For example, it plans to invest in or to have made a final investment decision with respect to 12 GW of solar PV and wind projects by 2030. For additional information, see Section 3.6.2.7 (*Power Systems*).

In the Kingdom, Saudi Aramco's operational areas include vast tracts of land and sea areas that contain important and sensitive habitats and species. This natural biodiversity is considered an important asset to the Kingdom and Saudi Aramco exerts considerable effort to document, protect and enhance the Kingdom's biodiversity. For example, Saudi Aramco has established a wildlife sanctuary near its Shaybah facility to promote and preserve biodiversity.

Saudi Aramco has also invested in sustainability projects, such as artificial reefs deployed in the Arabian Gulf, a fish hatchery in Abu Ali and reserving areas with significant biodiversity as Saudi Aramco Biodiversity Protection Areas. As of 31 December 2023, Saudi Aramco has planted approximately 30 million mangrove trees.

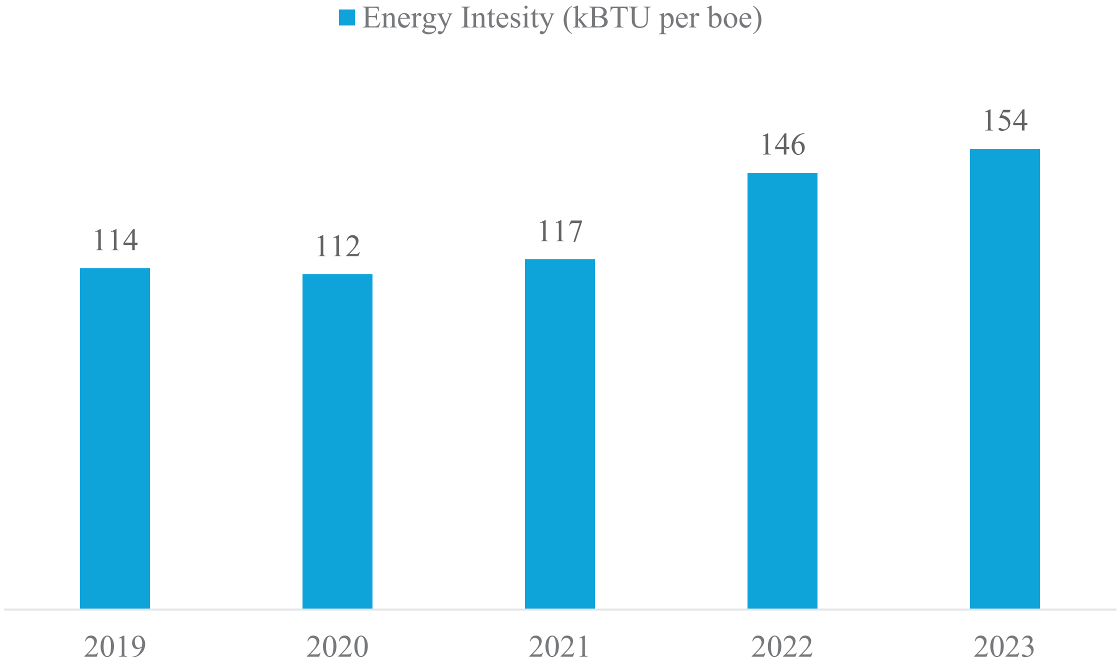
The Company has developed an environmental stewardship program where staff and communities are encouraged to participate in protecting the environment. The stewardship program also extends outside the Kingdom where Saudi Aramco collaborates with leading international conservation entities whom Saudi Aramco is assisting in the protection of biodiversity globally.

3.10.3.8 Energy Efficiency

The Company has been adopting and implementing energy efficient technologies and practices to reduce its energy consumption, reduce its GHG emissions, improve its plant and facility operations and promote an environmentally conscious corporate culture. As part of its energy management efforts, Saudi Aramco monitors the energy intensity of its oil and gas operations and other business activities.

The energy intensity of the Company's in-Kingdom wholly owned and operated assets was 146.2 thousand BTU per boe and 153.8 thousand BTU per boe in 2022 and 2023, respectively.

The following chart illustrates the energy intensity of the Company's in-Kingdom operated facilities from 2019 to 2023.



Source: The Company.

(1) In 2020 and 2021, the reporting boundary was Company in-Kingdom and in 2022 and 2023, the reporting boundary expanded to operational control. In 2022, at a Company in-Kingdom level, the energy intensity was 112.9 thousand Btu/boe.

3.11 Corporate Citizenship

Saudi Aramco engages in a range of corporate social responsibility projects and initiatives to support the communities and the environment in which it operates and leverages its know-how and operational capabilities in furtherance of these projects. Saudi Aramco considers these activities to be "corporate citizenship" projects and initiatives. In addition to projects undertaken on its own initiative, the Government has directed, and may in the future direct, Saudi Aramco to undertake projects or provide assistance for initiatives outside Saudi Aramco's core businesses in furtherance of the Government's objectives. The Concession requires that all Saudi Aramco contracts with any Government agency or any arrangement for the furnishing of hydrocarbons, services or otherwise shall be on a commercial basis.

The largest corporate citizenship project undertaken by Saudi Aramco on its own initiative was the construction of The King Abdulaziz Center for World Culture ("**ithra**") in Dhahran, which opened in late 2017. ithra is the first of its kind in the Kingdom and contains a 16-floor "knowledge tower" with learning facilities, a children's museum, performing arts theatre library and cinema. Through ithra, Saudi Aramco commits resources across the Kingdom to educating and inspiring youth culturally and through development of STEM knowledge and skills.

Other corporate citizenship initiatives have included the following:

- In 2007, the Government directed Saudi Aramco to build a world-class post-graduate university to complement existing universities in the Kingdom. KAUST sponsors and promotes advanced programs in strategic fields of science, research and technology development in an effort to achieve the Kingdom's strategic, economic and social goals and assist domestic industries in becoming competitive at an international level.

- In 2009, at the direction of the Government, Saudi Aramco took part in the establishment of KAPSARC, an international research and policy center that investigates issues related to energy economics, the environment and energy policy. In 2015, KAPSARC moved into its Riyadh headquarters, constructed by Saudi Aramco.

- As a company operating in an industry that depends on STEM fields, Saudi Aramco has committed resources in the Kingdom, including through KAUST, and abroad to educating students in developing STEM skills. For example, Saudi Aramco facilitated the expansion of the Cambridge Chemistry Challenge at the University of Cambridge and assisted The Academy of Mathematics and Systems Science in China to expand its research and training capabilities in engineering and mathematics. Saudi Aramco also supports research on oil and gas in the Middle East and climate change through a fellowship program at the Oxford Institute for Energy Studies at the University of Oxford.

- Saudi Aramco provided the funds, and a partner provided the land, to construct the Shamah Autism Center in Dammam. This was the first multidisciplinary autism center for Saudi children in the Eastern Province of the Kingdom. In addition, Saudi Aramco constructed the Ajyal Center for Comprehensive Education & Life Skills. The center serves children with developmental disabilities, including autism spectrum disorder, behavior disorders and intellectual disabilities.

- In addition to environmental initiatives directly associated with operating its facilities, Saudi Aramco has established a wildlife sanctuary in the Rub' al-Khali near its Shaybah facility to promote and preserve biodiversity and, as of 31 December 2023, has planted approximately 30 million mangrove trees along the shores of the Arabian Gulf and established artificial reefs to protect and preserve ecosystems.

- Saudi Aramco partners with various institutions to support research of biodiversity, environmental challenges and climate change.

- Saudi Aramco has established a partnership with Technical & Vocational Training Corp. and other stakeholders to build training academies for young Saudis that provides training in various industry sectors through a sponsorship scheme followed by employment. As at 31 December 2023, Saudi Aramco has established a total of 16 national training centers in the Kingdom. The national training center initiative was created as part of Saudi Aramco's objective to contribute to the development of the Kingdom's economy. The training centers aim to provide employment opportunities to Saudi nationals in various industries through a sponsorship scheme that provides training followed by employment. The training centers also provide a key platform that strengthens the impact of the iktva and Saudization programs.

- With the goal of igniting entrepreneurship and enhancing the Kingdom's entrepreneurial and innovation ecosystem, Saudi Aramco established The Saudi Aramco Entrepreneurship Center (Wa'ed) in 2011. Wa'ed deploys a suite of programs, including enterprise development, seed funding, debt financing and equity investments, to assist entrepreneurs in establishing and expanding their ventures. In 2023, the Company invested $475 million in social investments globally.

- In April 2021, Saudi Aramco launched, in partnership with the Technical & Vocational Training Corp., the Saudi National Bank, HSBC, Citibank, J.P. Morgan, KPMG, Goldman Sachs, Deloitte, EY and Morgan Stanley, the Finance & Accounting Excellence Academy ("**Altamayyuz Academy**"). The Altamayyuz Academy offers a world-class finance program for the Kingdom's top graduates developed in partnership with IE University, which adopts an immersive, interactive and experiential methodology to provide its graduates with real-world experience needed and sought by employers across the Kingdom.

Saudi Aramco's Corporate Citizenship Policy sets out four target areas for future expenditures: community economic growth and development, protection of the natural environment, community economic empowerment and community-based corporate citizenship initiatives.

Saudi Aramco expects to continue to engage in a range of corporate citizenship projects and initiatives in the future. These include projects and initiatives which Saudi Aramco believes contribute to society in the Kingdom and aid in the development of a skilled workforce.

For additional information about Saudi Aramco's corporate citizenship activities, see Section 6.5.6 (*Selling, Administrative and General*) and Section 12.4.7 (*Corporate Citizenship*).

3.12 Business Development Projects

Saudi Aramco engages in business development projects that it believes benefit its core activities and support the development of the Kingdom's energy sector and local supply chain partners in ways that enhances its long-term commercial interests.

Through its subsidiary, SADCO, Saudi Aramco seeks to build a portfolio of companies and investments to enhance the resilience and competitiveness of its supply chain and create a platform for business diversification. For example, Saudi Aramco is building the International Maritime Industries, a industrial complex that aims to develop, operate and maintain a world-class maritime yard. See Section 12.4.8 (*Other Transactions*).

In addition, in support of Saudi Aramco's initiative to develop local supply chains to enhance its long-term commercial interests and reduce procurement costs, Saudi Aramco maintains its iktva program to increase the use of in-Kingdom suppliers of goods and services. In 2023, 65% of Saudi Aramco's spending was directed to domestic suppliers and Saudi Aramco strives to increase the use of in-Kingdom suppliers of goods and services to 70% through its iktva program and its development of the King Salman International Complex for Maritime Industries & Services.

In March 2021, the Government announced the launch of the new cooperative Shareek program, designed to reinforce the private sector by providing it with support through various means, including financial, monetary, operational and regulatory support. The aim of the program is to support the growth and diversification of the Saudi economy by providing new job opportunities, developing various sectors and strengthening the cooperation between the public and the private sector. In September 2021, Saudi Aramco announced a major expansion of its industrial investment program, Namaat, to drive the continued growth and development of a resilient and sustainable domestic supply chain. This is achieved by utilising investments, domestic and international partnerships and regional expertise to help aspiring companies develop into national champions in the Kingdom. Saudi Aramco is utilizing the Kingdom's Shareek program that provides a framework to incentivize investments in the Kingdom that are aligned with Saudi Aramco's strategy. Saudi Aramco was the first to take advantage and tap into Shareek Program. In addition, Saudi Aramco launched the Taleed program in October 2022, which supports the development of commercial ecosystems, enables SME growth and nurtures scalable and sustainable job creation. As part of the Shareek Program, iktva and Taleed programs, Saudi Aramco will seek to proactively support and partner with domestic businesses and ventures that contribute to the Kingdom's economic growth and development and are aligned with Saudi Aramco's business strategies. This is in addition to Saudi Aramco's existing programs of early-stage venture capital investments, targeting new technology applications that may be deployed in its operations, or which may have a broader economic impact in the future.

3.13 Relationship with the Kingdom

3.13.1 Overview of the Relationship with the Kingdom

All hydrocarbons in the Kingdom are owned by the Kingdom and, upon extraction or recovery of such hydrocarbons by Saudi Aramco, title to such hydrocarbons automatically passes to it at the ownership transfer point. The Government has the exclusive authority to set production limits and MSC so as to manage the Kingdom's hydrocarbon resources, in accordance with the Hydrocarbons Law. Accordingly, the Government may in its sole discretion increase or decrease the Kingdom's maximum hydrocarbon production at any time based on its sovereign energy security goals or for any other reason. The Government communicates its determination of such production limits to Saudi Aramco from time to time.

Pursuant to the Concession, Saudi 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 from 24 December 2017, which will be extended by the Government for 20 years provided Saudi Aramco satisfies certain conditions commensurate with current operating practices. In addition, the Concession may be extended for an additional 40 years after the initial 20-year extension subject to Saudi Aramco and the Government agreeing on the terms of the extension. See Section 12.2.1 (*The Concession*).

The Kingdom is a member state of OPEC. OPEC is an intergovernmental organization whose member countries meet periodically and engage in discussions in respect of crude oil. Any independent, sovereign decision that the Kingdom makes pursuant to such discussions is communicated by the Government to Saudi Aramco and can have a direct impact on Saudi Aramco. For additional information concerning Saudi Aramco's relationship with the Government, see Section 12.4 (*Related Party Contracts and Transactions*).

3.13.2 The Concession

The Arabian American Oil Company Concession Agreement was ratified on 04/02/1352H (corresponding to 29 May 1933 and granted the Company's predecessor certain exclusive rights, including the right to explore, drill, recover and treat crude oil and other hydrogen and carbon compounds in liquid or gaseous state located within certain areas of the Kingdom.

Pursuant to Royal Decree No. M/8 dated 04/04/1409H (corresponding to 13 November 1988) approving the Company's original articles, the Company 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 06/04/1439H (corresponding to 24 December 2017), and in accordance with the Hydrocarbons Law, the Government, represented by the Minister of Energy (the "**Minister**"), and the Company entered into the revised Concession Agreement (the "**Concession**"), which was adopted under Royal Decree No. (M/38) and replaced and superseded in its entirety the Original Concession on such date (the "**Concession Effective Date**"). Further, on 20/01/1441H (corresponding to 19 September 2019), and in accordance with the Hydrocarbons Law, the Government, represented by the Minister, and the Company entered into an amendment to the Concession, with effect from 1 January 2020 (the "**Concession Amendment**").

In return for certain royalty payments determined in accordance with the Concession to be made by the Company to the Government, the Government has granted the Company 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 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, unless the Company has not met certain specific conditions set forth in the Concession. The Concession can be further extended by an additional 40 years following the 60th anniversary of the Concession Effective Date by mutual agreement between the Government and the Company. The Excluded Areas consist 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.

The Concession requires that all of the Company's contracts with any Government agency or any arrangement for the furnishing of hydrocarbons, services or otherwise shall be on a commercial basis. The Concession also addresses other areas concerning the Company's relationship with the Kingdom, such as hydrocarbon discoveries and development, local labor requirements and communication of financial information, among other subjects.

For a more detailed summary of the Concession, see Section 12.2.1 (*The Concession*).

3.14 Employee Development and Other Programs

Saudi Aramco's employees and workplace culture are important to its success. Saudi Aramco increased its graduate hires from 1,459 in 2022 to 1,665 in 2023 and in 2023, it hired over 7,000 graduates, interns and apprentices. Saudi Aramco invests in its personnel and has implemented a number of training and skills development programs. Saudi Aramco believes these programs allow it to shape its workforce for the future. For example, it integrates hands-on technical training and online classes, rotational assignments between business lines within Saudi Aramco, internship and mentorship opportunities, sponsored university degree programs and leadership courses to develop its own employees and talent. In addition, to promote professional development, Saudi Aramco has established and maintained an e-learning solution that contains a substantive set of courses that include tailored administrative, technical and business courses.

This tool is accessible to all employees at no cost to enable continuous development. It also has an apprentice program that supports high-achieving high school and vocational college students and teaches them skills to enable them to join Saudi Aramco's workforce. Moreover, in order to promote the adoption of its ethics and compliance principles into its corporate culture, Saudi Aramco provides regular training to employees across business lines, as well as suppliers and contractors, in connection with its Anti-Bribery and Anti-Corruption, Conflict of Interest and Business Ethics policies.

As at 31 December 2021, 2022 and 2023, women comprised 5.6%, 6.4% and 7.2% of Saudi Aramco's workforce, respectively. Saudi Aramco aims to double its female workforce by 2030. To further increase the percentage of women employed by Saudi Aramco and to broaden the pool of qualified female employees in the energy sector generally, Saudi Aramco conducts STEM programming in elementary schools to encourage future careers in these fields. Saudi Aramco also sponsors young Saudi women pursuing degrees in STEM subjects through various training institutes, academies and a university scholarship program.

3.15 Employees

As at 31 December 2021, 2022 and 2023, the Company employed 68,493, 70,496 and 73,311 people, respectively.

The Company achieved Saudization percentages of 90.5%, 90.9% and 90.3% as at 31 December 2021, 2022 and 2023, respectively.

For a description of the Kingdom's Saudization policy and its application to the Company, see Section 4.5.4 (*Saudization*).

3.16 Employees' Share Plan

The Company established the Saudi Aramco Share Plan to provide additional incentives to employees whose contributions are essential to the growth and success of the Company, to attract and retain qualified individuals and to further align the interests of such employees with shareholders of the Company. The Compensation Committee administers the plan and all sub-plans and has the authority to grant and determine the terms of awards thereunder, consisting of restricted shares and units, performance shares and units and other share based awards. Awards under the plan may be granted to full time employees of the Company and any of its subsidiaries and affiliates selected by the Compensation Committee to participate in the plan.

The Company established sub-plans consisting of (i) a long-term incentive plan for executives, (ii) a long-term incentive plan for other members of management, (iii) an incentive plan for certain other employees, (iv) a celebratory grant plan, pursuant to which eligible employees were awarded a one-time grant of restricted share units following the IPO and (v) an employee stock purchase plan. The Company may establish other sub-plans in the future.

On 11 December 2019, the Company acquired 117.2 million Shares from the Government for the purposes of issuing them to employees through the Company's share plans. The Shares that the Company purchases in the Offering will be eligible for use under the Saudi Aramco Share Plan.

3.17 Business Continuity

There has been no suspension or interruption in the Company's business or that of its subsidiaries during the 12-month period preceding the date of this Offering Document which would affect or have a significant impact on their financial position and no material change in the nature of its or their business is contemplated.

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4. Regulation of the Oil and Gas Industry in the Kingdom

4. Regulation of the Oil and Gas Industry in the Kingdom

4.1 Overview of Governance, Legal Foundations and Economic Principles

4.1.1 Governance

The Kingdom is a monarchy with a political system rooted in the traditions and culture of Islam. It was established by the late King Abdul Aziz bin Abdul Rahman bin Faisal Al Saud (the "**Founder**") in 1932, with the issuance of Royal Decree No. 2716, dated 17/05/1351H (corresponding to 23 September 1932). The Custodian of the Two Holy Mosques, King Salman bin Abdulaziz bin Abdul Rahman bin Faisal bin Turki bin Abdullah bin Mohammed bin Saud, has been the Kingdom's Head of State since 23 January 2015.

The Basic Law of the Kingdom (the "**Basic Law**") was promulgated under Royal Order No. A/90, dated 27/08/1412H (corresponding to 1 March 1992) and provides that the Holy Quran and Sunnah (*i.e.*, the traditions of the Prophet Mohammad (PBUH) form the primary sources of law in the Kingdom). The Basic Law sets out the framework for government and provides for the powers and authorities of the executive, administrative, and judicial authorities of the Kingdom, under the ultimate authority of the King. The Basic Law also sets forth, in general terms, the respective rights and obligations of the Kingdom and its citizens.

The Monarchy in the Kingdom is limited to the sons of the Founder and their male descendants, among whom a Crown Prince is selected and appointed pursuant to the Law of the Allegiance Council. The King also appoints and relieves Deputy Prime Ministers and members of the Council of Ministers and specifies the government departments, agencies, and authorities for which a minister shall be responsible by Royal Order.

The Law of the Council of Ministers sets forth the power of the Council of Ministers with respect to internal and foreign affairs, and to the organization of the agencies of the Government and coordination among them. It also sets forth the requirements that ministers must meet, and their powers and accountability, among other things. The Council of Ministers is responsible for, among other things, executive and administrative matters such as foreign and domestic policy, defense, finance, health and education. Pursuant to the Royal Order No. A/61 dated 01/03/1444H (corresponding to 27 September 2022), His Royal Highness Prince Mohammed bin Salman bin Abdulaziz Al Saud was appointed as Prime Minister as an exception to the provision of Article 56 of the Basic Law and related provisions in the Law of the Council of Ministers. The King presides over the Council of Ministers if he attends the Council of Ministers meetings. The Prime Minister is assisted in the discharge of his functions by the members of the Council of Ministers in accordance with the provisions of the Basic Law and other laws.

4.1.2 Legal Foundations

Saudi law is derived from the Basic Law and legislation is enacted in various forms, the most common of which are Royal Orders, Royal Decrees, High Orders, Council of Ministers' resolutions, ministerial resolutions and ministerial circulars having the force of law.

The Basic Law provides that all God's bestowed wealth, be it underground, on the surface, or in national territorial waters, on the land or maritime domains under the Kingdom's control are the property of the Kingdom. The Basic Law states that the law can set forth the means for exploiting, protecting and developing such resources for the benefit, security and economic prosperity of the Kingdom. No concession can be granted and no public resources of the Kingdom can be exploited except pursuant to a law in accordance with the Basic Law.

The Basic Law provides that the Kingdom will guarantee private property and its inviolability and requires that no one be deprived of their property except for the public interest, provided the owner is fairly compensated.

4.2 Law on Hydrocarbons

4.2.1 Overview

The Hydrocarbons Law was enacted by Royal Decree No. M/37, dated 02/04/1439H (corresponding to 20 December 2017) and applies to hydrocarbons, hydrocarbon resources, hydrocarbon operations and hydrocarbon deposits existing within the territory of the Kingdom.

4.2.2 Licenses

No hydrocarbon operations can be conducted in the Kingdom without obtaining a license in accordance with the Hydrocarbons Law. The Government grants licenses related to hydrocarbon operations pursuant to regulations, procedures and policies established from time to time, which outline the terms and conditions relating to the granting of a license.

The grant of a license pursuant to the Hydrocarbons Law does not confer any right of ownership of the soil or subsoil in the license area. In addition, the Government retains the right to explore for and exploit any natural resource other than hydrocarbons in the license area and may exercise such right in a manner that does not prejudice the licensee’s rights and does not hinder the hydrocarbon operations conducted by a licensee.

4.2.3 Ownership Rights

Under the Hydrocarbons Law, the Kingdom exercises sovereignty over all hydrocarbon deposits, hydrocarbons and hydrocarbon resources. All hydrocarbons in the Kingdom are owned by the Kingdom and, upon extraction or recovery of such hydrocarbons by the licensee, title to such hydrocarbons shall automatically pass to the licensee at the ownership transfer point. The Kingdom’s ownership of hydrocarbon deposits and hydrocarbon resources may not be transferred.

4.2.4 Supervision and Implementation of the Hydrocarbons Law

The Ministry of Energy is the only body responsible for implementing the Hydrocarbons Law and overseeing all aspects of a licensee’s hydrocarbons operations, including the licensee’s technical operations and the review of all the licensee’s revenues and expenses. The Ministry of Energy is also responsible for preparing and overseeing the national strategies and policies related to hydrocarbons to ensure the implementation, development and appropriate use of hydrocarbon resources, and conservation of the Kingdom’s hydrocarbon reserves for future generations.

4.2.5 Production Decisions

The Kingdom has the sovereign, exclusive and binding authority to make production decisions related to both the maximum level of hydrocarbons that a licensee can produce at any given point in time and the level of MSC that a licensee must maintain. In each case, the Kingdom shall take into account the Kingdom’s economic development, environment conservation, national security, political and developmental goals, foreign policy, diplomatic considerations, domestic energy needs, public interest and any other sovereign interest when making a production decision. In setting the level of MSC, consideration shall be given to the economic or operational effects of a licensee. A licensee must provide the Kingdom with any requested information relating to hydrocarbons exploration, extraction and production, including financial and technical data, discovery data and any other information that could facilitate the issuance of a production decision. The Kingdom has unrestricted access to such information.

4.2.6 Conservation of Hydrocarbon Resources

The Hydrocarbons Law requires that hydrocarbons operations be managed professionally and proficiently in accordance with the Hydrocarbons Law and regulations and international industry standards, and in an economically feasible and efficient manner that promotes the long-term productivity of reservoirs in the licensed area and supports the prudent stewardship of hydrocarbon resources and hydrocarbons, and limits their migration.

4.2.7 Additional Licensees' Obligations

A licensee is responsible for taking all prudent and sound procedures to ensure the safety of the licensee's hydrocarbon operations and facilities, in accordance with international industry standards and applicable laws. A licensee is also obligated to take all required precautions, in accordance with the relevant hydrocarbons regulations and international industry standards, to prevent waste and leakage of hydrocarbons, damage to formations containing water and hydrocarbons during drilling, repairing or deepening of wells, or in events of abandonment or relinquishment, and to prevent leakage of gas and liquids into bearing layers or other layers.

The Hydrocarbons Law prohibits any licensee from selling to any entity any hydrocarbons or derivatives obtained through the license in violation of what the Kingdom considers necessary to protect the fundamental security interests of the Kingdom in times of war or other emergencies in international relations.

4.3 Energy Supply Law

The Energy Supply Law was enacted by Royal Decree No. M/80, dated 04/06/1444H (corresponding to 28 December 2022), which became effective on 15/08/1444H (corresponding to 7 March 2023). The Energy Supply Law replaces the GSPR and regulates the energy allocation to consumers in the fields of power production, crude oil refining, petrochemicals production, water desalination, industry, mining, agriculture, construction, communications, transportation, logistics and other fields. The Energy Supply Law also regulates the licensing of natural gas and its liquids activities, as well as activities related to hydrogen and others. The Ministry of Energy allocates these products in accordance with their availability and the criteria set by a designated energy allocation committee.

The royal decree enacting the Energy Supply Law provides for a transitional period of two years from the date of its enactment and allows for licenses issued under the GSPR to remain in effect and licensees to operate under the conditions imposed by the GSPR for that period. As at the date of this Offering Document, the Ministry of Energy has not yet adopted implementing regulations under the Energy Supply Law and, subsequently, Saudi Aramco continues to rely on its licenses issued under the GSPR.

4.4 Regulated Domestic Pricing of Certain Hydrocarbons

4.4.1 Setting of Domestic Prices for Regulated Hydrocarbons

Pursuant to a series of Council of Ministers Resolutions, the Kingdom has established regulated prices for domestic sales of certain hydrocarbons: crude oil, natural gas (including ethane), NGL (propane, butane and natural gasoline) and certain refined and chemicals products (kerosene, diesel, heavy fuel oil and gasoline).

4.4.2 *Liquids Price Equalization*

Pursuant to Council of Ministers Resolution No. 406, dated 28/06/1438H (corresponding to 27 March 2017), and the Ministerial Resolution issued by the Ministry of Energy, in agreement with the Ministry of Finance, No. 1/2465/1439, dated 10/04/1439H (corresponding to 28 December 2017), when the Company sells crude oil and certain refined and chemicals products (each a "**Relevant Liquid Product**") domestically at a price below the corresponding equalization prices (described below), the Company is entitled to compensation from the Government in an amount equal to the cost of the revenues directly forgone as a result of the Company's compliance with the Kingdom's current pricing mandates (the "**Liquids Price Equalization**"). The Ministerial Resolution issued by the Ministry of Energy, in agreement with the Ministry of Finance, No. 1/424/1441, dated 18/01/1441H (corresponding to 17 September 2019), effective 05/05/1441H (corresponding to 1 January 2020), superseded the prior Ministerial Resolution and expands the equalization mechanism to include LPG and certain other products. In the event the equalization price is less than the regulated price, the difference would be due from the Company to the Government.

The Ministry of Energy and the Ministry of Finance are responsible for administering the Liquids Price Equalization regime, including the setting of the equalization prices from time to time. The equalization prices are established separately by the Ministry of Energy and the Ministry of Finance for each Relevant Liquid Product using a combination of either internationally recognized indices or, where relevant, the Company's official selling price and, depending on the Relevant Liquid Product, on the basis of export parity, import parity or a combination of both. The Company is required to provide information and technical assistance to the Ministry of Energy as necessary for this purpose.

The compensation from the Government is calculated as the positive difference between the equalization prices and the regulated prices (minus any Government fees). The Company provides the Ministry of Energy with a statement detailing any amounts due and may offset such amounts against any taxes or other amounts payable by the Company to the Government.

4.4.3 *Gas Pricing*

From time to time, the Kingdom establishes certain prices for the domestic sale of gas hydrocarbons (the "**Domestic Gas Price**"), including those for Regulated Gas Products. Pursuant to Council of Ministers Resolution No. 370, dated 10/07/1439H (corresponding to 27 March 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 27/08/1439H (corresponding to 13 May 2018), effective 29/06/1439H (corresponding to 17 March 2018), the Kingdom established the price due to licensees for the domestic sale of Regulated Gas Products (the "**Blended Price**") in order to ensure that such licensees making gas investments realize a commercial rate of return suitable for the development and exploitation of gas resources in the Kingdom (with reasonable rates of return on existing non-associated gas projects and on incremental future non-associated projects).

Effective 18/01/1441H (corresponding to 17 September 2019), Council of Ministers Resolution No. 55, dated 18/01/1441H (corresponding to 17 September 2019), and the Ministerial Resolution issued by the Ministry of Energy, in agreement with the Ministry of Finance, No. 1/423/1441, dated 18/01/1441H (corresponding to 17 September 2019), were passed, superseding the prior Council of Ministers' resolutions and ministerial resolutions, and removing the requirement that the Domestic Gas Price be no less than the Blended Price. The new framework instead provides that the licensees are entitled to compensation from the Government in an amount equal to the cost of the revenues directly forgone as a result of the licensees' compliance with the Kingdom's pricing mandates if the Domestic Gas Prices are not set at least at the Blended Prices. In the event that the Blended Price is less than the Domestic Gas Price, the difference would be due from the Company to the Government.

The Ministry of Energy and the Ministry of Finance are responsible for administering this regime, including setting the Blended Prices from time to time. The Blended Prices are established separately by the Ministry of Energy and the Ministry of Finance for each Regulated Gas Product. The Company is required to provide information and technical assistance to the Ministry of Energy as necessary for this purpose.

The compensation from the Government is accounted for on a monthly basis and is calculated as the positive difference between the Blended Prices and the Domestic Gas Prices (minus any Government fees). The Company must provide the Ministry of Energy with a statement detailing the total amount due to the Company in a monthly period no later than 30 days after the relevant monthly period end. The Company may then offset this compensation against any taxes payable, and in the event taxes are insufficient, any other amounts due and payable by the Company to the Government, such as royalties.

4.4.4 Government Guarantee

The Company sells hydrocarbon products to various Government and semi-Government entities, including ministries and other branches of the Government, and separate legal entities in which the Government has share ownership or control. Effective 1 January 2017, the Government guaranteed amounts due to the Company from these entities, subject to a limit on the amount of the guarantee for each entity. The aggregate amount guaranteed in 2021, 2022 and 2023 was SAR 12.8 billion, SAR 11.2 billion and SAR 13.2 billion, respectively. Prior to the beginning of each subsequent fiscal year or during such year upon the change to any Government established domestic prices for hydrocarbon products (such regulated sales constituting the majority of the sales to Government and semi-Government entities covered by the guarantee), the Ministry of Energy will consult with the Ministry of Finance and will provide the Company with a list of the entities to be covered by the guarantee for that year and the guarantee limit for each covered entity. Government entities previously covered will remain subject to the guarantee, but the guarantee will cease with respect to any entity in which the Government has share ownership or control if such entity pays amounts due to the Company on a timely basis for five years. The Company is permitted to discontinue supply to any such Government or semi-Government customer upon the exhaustion of the credit limit or if such customer is no longer a guaranteed customer and fails to pay any amounts when due. The Company may set off any guaranteed amounts that are past due against taxes due to the Government, or if the amount of taxes are inadequate, any other amounts the Company owes to the Government.

4.5 Other Laws and Regulations

4.5.1 Petrochemical Regulations

Royal Order No. 10030, dated 15/02/1443H (corresponding to 22 September 2021), stipulates that the Ministry of Energy will oversee and regulate the petrochemical production operations in the following sector value chain (N+3,N+2,N+1,N), whereas the Ministry of Industry and Mineral Resources will be in charge of overseeing and regulating transformative industries (industrial applications) that depend on petrochemicals.

4.5.2 *Health and Safety Regulations*

Health and safety matters associated with oil and gas activities are regulated through several Government authorities, including the Ministry of Interior. In addition, the High Commission for Industrial Security issues safety and fire protection directives for industrial facilities which set forth minimum requirements for health and safety management systems. Health and safety principles and obligations are included in Part 8 (Protection against Occupational Hazards, Major Industrial Accidents and Work Injuries, and Health and Social Services) of the Saudi Arabian Labor Law issued under Royal Decree No. M/51, dated 23/08/1426H (corresponding to 27 September 2005), as amended, and Part 5 of the Social Insurance Law, enacted by Royal Decree No. M/22 dated 06/09/1389H (corresponding to 15 October 1969) as amended by Royal Decree No. M/33 dated 03/09/1421H (corresponding to 29 November 2000).

4.5.3 *Environmental Regulations*

Pursuant to Royal Decree No. M/165, dated 19/11/1441H (corresponding to 10 July 2020) (the "**Environmental Law**"), the Ministry of Environment Water and Agriculture (MEWA) and the national centers for the environmental sector are charged with the general supervision and regulation of environmental affairs in the Kingdom. The Environmental Law sets out wide-ranging prohibitions of pollution and contamination of air, land and water. Individuals carrying out environmental activities, which are defined as operational or technical activities related to the environmental sector, or activities that would have an environmental impact, which is defined as any negative or positive change that affects the environment as a result of engaging in any activity, are required to comply with requirements of the Environmental Law and the environmental specifications, standards, measurements and guidelines prescribed by the MEWA and the national centers. Prior to the initiation of a project, an environmental impact assessment, which is a study to identify, assess, and evaluate the environmental impact that may result from the establishment, operation, modification or dismantling of any project or activity in order to integrate and include all environmental considerations, and to identify the alternatives and the procedures necessary for the protection of the environment, must be completed in accordance with the relevant environmental specifications and standards.

The Water Law, enacted by Royal Decree No. M/159, dated 11/11/1441H (corresponding to 2 July 2020), aims to protect the Kingdom's water sources, grow additional sources, and ensure their sustainability. The Ministry of Energy signed a Memorandum of Understanding with MEWA whereby the Ministry of Energy will be responsible for the application of certain provisions of the Water Law for certain facilities falling under its supervision.

Apart from national environmental legislation, other regulations are applicable in certain areas of the Kingdom. For example, the Royal Commission for Jubail and Yanbu' has issued detailed local environmental regulations applicable to facilities located within the Royal Commission areas and contractors operating therein. The Company separately requires compliance with environmental standards in certain circumstances. For example, the Company administers the oil loading terminals at Ras Tanura, Ju'aymah and several smaller terminals independently of the Saudi Ports Authority.

4.5.4 *Saudization*

The Kingdom has promulgated a Saudization policy ("**Saudization**") implemented by the Ministry of Human Resources and Social Development. Saudization requires Saudi companies to ensure that a certain percentage of their workforce comprises Saudi nationals. Further, investors in the energy sector are encouraged to abide by the Kingdom's broad policies of ensuring a commitment to the training and employment of Saudis. The Nitaqat Saudization Program (the "**Nitaqat Program**") was approved pursuant to the Minister of Labor and Social Development Resolution No. 4040, dated 12/10/1432H (corresponding to 10 September 2011), based on Council of Ministers Resolution No. 50, dated 21/05/1415H (corresponding to 27 October 1994), which was applied as at 12/10/1432H (corresponding to 10 September 2011). The Ministry of Human Resources and Social Development established the Nitaqat Program to encourage establishments to hire Saudi nationals. The Nitaqat Program assesses an establishment's Saudization performance based on specific ranges of compliance, which are platinum, green (which is further divided into low, medium and high ranges), yellow and red. The Company has been classified under the "High Green" category, which means that the Company complies with the current Saudization requirements and is permitted to secure work visas. As at 31 December 2023, approximately 90.3% of the Company's employees were Saudi nationals.

5. Organizational Structure and Corporate Governance

5. Organizational Structure and Corporate Governance

5.1 Shareholding Structure

The following table sets out the ownership structure of the Company pre-and post-Offering.

	Pre-Offering			Post-Offering		
Shareholder	No. of Shares	Percent	Share Capital (SAR)	No. of Shares	Percent	Share Capital (SAR)
Government	198,890,559,062	82.186%	73,967,400,000	197,345,559,062	81.548%	73,392,976,511
Other(1)	43,109,440,938	17.814%	16,032,600,000	44,654,440,938	18.452%	16,607,023,489
Total	**242,000,000,000**	**100%**	**90,000,000,000**	**242,000,000,000**	**100%**	**90,000,000,000**

Source: The Company.

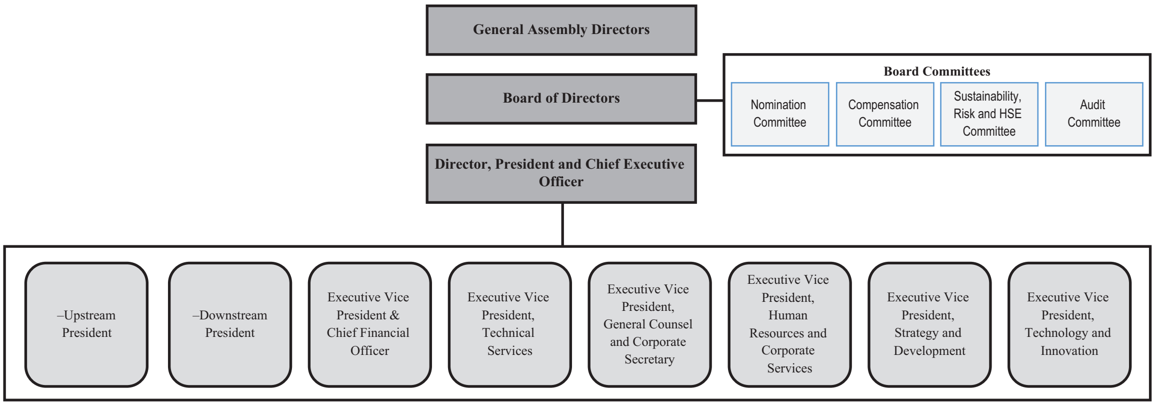
(1) Includes Shares held in treasury by the Company, including the Offer Shares that the Company intends to purchase from the Government at the Final Offer Price for an aggregate purchase price of up to SAR 3.75 billion.

5.2 Organizational structure of the Company

The Board of Directors assumes responsibility for the overall management and supervision of the Company. The Company's Senior Management, in particular, the President and Chief Executive Officer, are responsible for the Company's day-to-day operations.

The following chart shows the Company's organizational structure including the Board of Directors, supervisory committee and the main executive departments.

Figure 1: **Organizational Structure of the Company**



Source: The Company.

5.3 The Board of Directors

The Board of Directors comprises 11 Directors elected by an Ordinary General Assembly convened in accordance with the Bylaws, except that, pursuant to the Bylaws, the President and Chief Executive Officer has a permanent membership on the Board of Directors without being subject to election or any further action by the General Assembly. The Companies Law, the Bylaws and the internal governance regulations of the Company determine the duties and responsibilities of the Board of Directors. The term of a Director is for a period not to exceed three years, subject to renewal or extension. There is no limit on the number of terms that a Director may serve on the Board of Directors.

The Bylaws set forth requirements concerning the composition of its Board of Directors, including that the number of independent directors must satisfy the minimum requirements of applicable laws and regulations in the Kingdom. The current Board of Directors was elected at the Company Ordinary General Assembly held on 21/11/1442H (corresponding to 1 July 2021), and all Directors, other than the Company's President and CEO, Mr. Nasser, were elected for a term of three years commencing on 1 July 2021 and ending on 30 June 2024.

The business address of each Director is the registered address of the Company. There are no existing or potential conflicts of interest between any duties of any Director towards the Company and the Director's private interests or other duties.

The following table sets forth the current members of the Board of Directors:

Table 10: **Current Board of Directors of the Company**

Name	Position	Independent	Original Date of Appointment to the Board	Date of Appointment to the Current Board(1)
H.E. Yasir O. Al-Rumayyan	Chairman, Non-Executive Director	No	20 June 2016	1 July 2021
H.E. Dr. Ibrahim A. Al-Assaf	Deputy Chairman, Non-Executive Director	No	2 January 1999	1 July 2021
H.E. Mohammed A. Al Jadaan	Non-Executive Director	No	24 April 2018	1 July 2021
H.E. Mohammad M. Al-Tuwaijri(2)	Non-Executive Director	No	24 April 2018	1 July 2021
Mr. Andrew N. Liveris	Non-Executive Director	Yes	1 July 2018	1 July 2021
Ms. Lynn Laverty Elsenhans	Non-Executive Director	Yes	24 April 2018	1 July 2021
Mr. Peter L. Cella(3)	Non-Executive Director	Yes	24 April 2018	1 July 2021
Mr. Mark A. Weinberger	Non-Executive Director	Yes	31 March 2020	1 July 2021
Mr. Stuart T. Gulliver	Non-Executive Director	Yes	1 July 2021	1 July 2021
Mr. Khalid H. Al-Dabbagh	Non-Executive Director	No	1 July 2021	1 July 2021
Mr. Amin H. Nasser	Director, President and Chief Executive Officer	No	25 October 2010	1 July 2021

Source: The Company.

(1) H.E. Faisal Alibrahim and Mr. Robert W. Dudley were elected to the Board on 6 May 2024 and their term of appointment will be from 1 July 2024 to 30 June 2027.

(2) H.E. Mohammad M. Al-Tuwaijri did not stand for re-election to the Board and will step down on 30 June 2024.

(3) Mr. Peter L. Cella did not stand for re-election to the Board and will step down on 30 June 2024.

5.4 Biographies of the Directors

Brief biographies of all of the directors are set out below:

5.4.1 H.E. Yasir O. Al-Rumayyan (Chairman)

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 2022;
- 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 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, since 2017.

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

- Director of the board of Uber Technologies, Inc from 2016 to 2023;
- Director of the board of ARM Limited from 2018 to 2022;
- Director of the board of Red Sea Cruises Company from 2019 to 2022;
- Vice Chairman of Saudi Information Technology Company (SITE) from 2019 to 2022;
- Director of the board 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 board of the Saudi Industrial Development Fund from 2016 to 2020;
- Director of the board 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.

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

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.

*5.4.3 **H.E. Mohammed A. Al-Jadaan***

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;
- 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 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.

5.4.4 ***H.E. Mohammad M. Al-Tuwaijri***

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;
- 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 Company 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.

*5.4.5 **Mr. Andrew N. Liveris***

Mr. Andrew N. Liveris, 70, 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 and the Hevolution Foundation. He also serves on the board of Trustees of KAUST and the United States Council for International Business. 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.

*5.4.6 **Ms. Lynn Laverty Elsenhans***

Ms. Lynn Laverty Elsenhans, 68, 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 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.

5.4.7 *Mr. Peter L. Cella*

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.

5.4.8 *Mr. Mark A. Weinberger*

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 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. Mr. Weinberger 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.

5.4.9 Mr. Stuart T. Gulliver

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.

5.4.10 ***Mr. Khalid H. Al-Dabbagh***

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 SABIC, member of the investment committee of the 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 the 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 Aramco 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.

5.4.11 Mr. Amin H. Nasser

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.

5.5 Committees

To optimize the management of the Company, the following committees of the Board of Directors were established: (i) the Audit Committee; (ii) the Nomination Committee; (iii) the Compensation Committee; and (iv) the Sustainability, Risk and HSE Committee. Each committee is chaired by an independent Non-Executive Director. Each Committee is required to have clear rules identifying its role, its powers and its responsibilities and minutes must be prepared for each meeting of each Committee.

The following is a summary of the structure, responsibilities and current members of each Committee:

5.5.1 Audit Committee

The primary role of the Audit Committee is to monitor the Company's affairs and assist the Board of Directors and its Directors with oversight of the financial reporting and disclosure process, including oversight of: (i) the integrity, effectiveness and accuracy of the Company's consolidated financial statements and reports, and the performance, soundness and effectiveness the Company's internal controls, audit, financial reporting and financial risk management; (ii) the qualifications and performance of the Company's internal auditor; (iii) the qualifications, independence and performance of the Company's independent external auditor; and (iv) the Company's compliance with legal and regulatory requirements. Audit Committee members are appointed for a period of no more than three years.

The Audit Committee comprises the following members as at the date of this Offering Document:

Table 11: **Audit Committee of the Company**

Name	Role
Ms. Lynn Laverty Elsenhans	Chair
H.E. Mohammed A. Al-Jadaan	Member
Mr. Peter L. Cella	Member
Mr. Mark A. Weinberger	Member
Mr. Stuart T. Gulliver(1)	Member

Source: The Company.

(1) The membership of the Audit Committee was reconstituted on 5 August 2021 to include Mr. Stuart T. Gulliver.

5.5.2 *Nomination Committee*

The primary role of the Nomination Committee is to lead the process of nominating, appointing and evaluating members of the Board of Directors of the Company and to ensure the effectiveness of the Board of Directors and the individual Directors. The Nomination Committee also evaluates and makes recommendations with respect to the structure of the Board of Directors and composition of the committees of the Board of Directors. Further, the Nomination Committee evaluates and recommends to the Board of Directors the appointments of individuals (other than Directors) as officers of the Company, including those proposed to hold the title of vice president or higher or that are otherwise authorized by virtue of such appointment to bind or act on behalf of the Company. 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 comprises the following members as at the date of this Offering Document:

Table 12: **Nomination Committee of the Company**

Name	Role
Mr. Andrew N. Liveris	Chair
H.E. Yasir O. Al-Rumayyan	Member
H.E. Dr. Ibrahim A. Al-Assaf	Member
H.E. Mohammad M. Al-Tuwaijri	Member
Mr. Khalid H. Al-Dabbagh(1)	Member

Source: The Company.

(1) The membership of the Nomination Committee was reconstituted on 5 August 2021 to include Mr. Khalid H. Al-Dabbagh.

5.5.3 *Compensation Committee*

The primary role of the Compensation Committee is to: (i) oversee the Company’s policy on compensation and its implementation; (ii) develop individual compensation plans for Directors and executives of similar standing or performing duties equivalent to those of a executive vice president or higher; and (iii) review and design the annual compensation plans of the Company’s management holding the title of vice president or undertaking substantially similar duties.

The Compensation Committee comprises the following members as at the date of this Offering Document:

Table 13: **Compensation Committee of the Company**

Name	Role
Mr. Mark A. Weinberger(1)	Chair
H.E. Yasir O. Al-Rumayyan	Member
H.E. Mohammed A. Al-Jadaan	Member
Mr. Andrew N. Liveris	Member
Ms. Lynn Laverty Elsenhans(2)	Member

Source: The Company.

(1) Mr. Mark A. Weinberger was appointed as Chair to the Compensation Committee on 5 August 2021.

(2) The membership of the Compensation Committee was reconstituted on 5 August 2021, to include Ms. Lynn Laverty Elsenhans.

5.5.4 Sustainability, Risk and HSE Committee

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: (i) leadership, direction and oversight with respect to environmental, social, and governance matters which are likely to impact long-term value creation; (ii) governance and oversight of strategic and operational risks including providing leadership, direction and oversight with respect to the Company's risk appetite, risk tolerance, risk framework and risk strategy; and (iii) assisting the Board and the Audit Committee to foster a culture within the Company that emphasizes and demonstrates the benefits of risk management.

Table 14: **Sustainability, Risk and HSE Committee of the Company**

Name	Role
Mr. Peter L. Cella	Chair
H.E. Mohammad M. Al-Tuwaijri	Member
Mr. Stuart T. Gulliver(1)	Member
Mr. Amin H. Nasser	Member
Mr. Khalid H. Al-Dabbagh(1)	Member

Source: The Company.

(1) The membership of the Sustainability, Risk & HSE Committee was reconstituted on 5 August 2021, to include Mr. Stuart T. Gulliver and Mr. Khalid H. Al-Dabbagh.

5.6 Senior Management

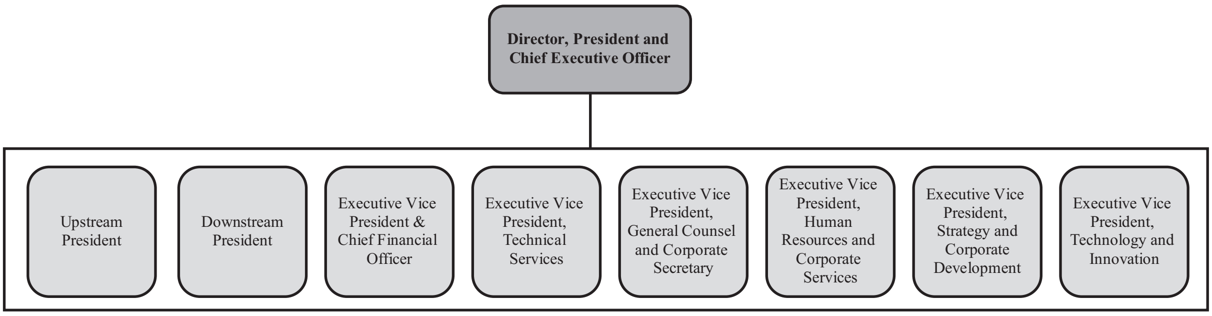
The Senior Management of the Company comprises qualified and experienced members with necessary knowledge and expertise to run the Company's business in line with the objectives and directives of the Board of Directors and the Shareholders. As required by Saudi law, the Company enters into employment agreements with its Senior Management when they are initially employed by the Company. Since the Company employs thousands of employees, it generally does not update its employment contracts, even if members of Senior Management change roles within the Company as is customary in the Kingdom. The Company has been successful in retaining its Senior Management, developing qualified employees and promoting them to senior positions in the Company.

In October 2022, the Board resolved to change the job titles of Senior Management as well as the officers of the Company to be closer in line with those broadly used in the market, effective 1 January 2023. Pursuant to this resolution, the title of Senior Vice President has been changed to Executive Vice President, the title of Vice President to Senior Vice President and the title of General Manager to Vice President. These changes do not affect organizational or reporting structures.

Furthermore, in May 2023, Saudi Aramco appointed Mr. Nasir K. Al-Naimi as President of its Upstream business and Mr. Mohammed Y. Al Qahtani as President of its Downstream business, both reporting, along with its Executive Vice Presidents, to the Company's President & CEO. The newly created positions and appointments replace the previous Upstream and Downstream Executive Vice President positions and aim to drive the Company's long-term strategy across its global portfolio and value chain.

The following chart sets forth the composition of the Senior Management as at the date of this Offering Document.

Figure 2: **Senior Management of the Company**



Source: The Company.

The following table sets forth the members of the Senior Management as at the date of this Offering Document:

Table 15: **Senior Management of the Company**

Name	Current Position	Date of Appointment to Senior Management
Mr. Amin H. Nasser	Director, President and Chief Executive Officer	17 September 2015
Mr. Nasir K. Al-Naimi	Upstream President	1 April 2021
Mr. Mohammed Y. Al Qahtani	Downstream President	1 January 2016
Mr. Ziad T. Al-Murshed	Executive Vice President & Chief Financial Officer	1 May 2022
Mr. Wail A. Al Jaafari	Executive Vice President, Technical Services	1 October 2023

Name	Current Position	Date of Appointment to Senior Management
Mr. Nabeel A. Al Mansour	Executive Vice President, General Counsel and Corporate Secretary	1 May 2016
Mr. Nabeel A. Al-Jama’	Executive Vice President, Human Resources and Corporate Services	1 July 2020
Mr. Ashraf A. Al Ghazzawi	Executive Vice President of Strategy & Corporate Development	1 January 2023
Mr. Ahmad O. Al-Khowaiter	Executive Vice President, Technology & Innovation	1 April 2023

Source: The Company.

5.6.1 *Mr. Amin H. Nasser*

See Section 5.4.11 (*Board of Directors—Mr. Amin H. Nasser*).

5.6.2 *Mr. Nasir K. Al-Naimi, Upstream President*

Mr. Nasir K. Al-Naimi was appointed Upstream President effective 1 July 2023. Prior to this, Mr. Al-Naimi held the position of Executive Vice President of Upstream since 1 April 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 chairman of the Saudi Aramco Upstream Technology board of directors. Previously, he was a board member of Saudi Aramco Mobil Refinery Company Limited, the Arabian Drilling Company, Aramco 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.

5.6.3 *Mr. Mohammed Y. Al Qahtani, Downstream President*

Mr. Mohammed Y. Al Qahtani was appointed Downstream President, effective 1 July 2023. Prior to that, Mr. Al Qahtani held the position of Executive Vice President of Downstream, effective 13 September 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 Saudi Aramco’s 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 committee and was named senior vice president of Upstream.

Mr. Al Qahtani earned a Bachelor of Science degree in petroleum engineering from King Fahad University of Petroleum & Minerals 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.

5.6.4 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. He 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 the Exploration and Producing business line; 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 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 Saudi Aramco.

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 the directors of Waed

Ventures, Vice Chairman of the board of directors 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 Industrial 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.

5.6.5 Mr. Wail A. Al Jaafari, Executive Vice President, Technical Services

Mr. Al Jaafari was appointed Executive Vice President of Technical Services, effective 1 October 2023, after serving as senior vice president of Southern Area Gas Operations (SAGO) since 1 September 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. He 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 Saudi Aramco’s Business Plan until May 2012 when he departed to the USA to undertake the MIT Sloan Fellows Program.

Following Mr. Al Jaafari’s return in 2013, he was assigned permanently as the manager, 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 (JHAH) and serves as the Chairman of Power Cogeneration Plant Company (PCPC), National Industrial Training Institute (NITI) and National Power Academy (NPA).

5.6.6 *Mr. Nabeel A. Al Mansour, Executive Vice President, General Counsel and 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 United States.

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 ("**IOCs**") 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.

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

Mr. Nabeel A. Al-Jama' was appointed Executive Vice President, Human Resources and Corporate Services (HR&CS) effective 1 July 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.

5.6.8 Mr. Ashraf A. Al Ghazzawi, Executive Vice President, Strategy & Corporate Development

Mr. Ashraf A. Al Ghazzawi was appointed Executive Vice President, Strategy & Corporate Development effective 1 April 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, SADCO and Sadara Chemical Company. He is also a board director in Aramco 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.

5.6.9 Mr. Ahmad O. Al-Khowaiter, Executive Vice President, Technology and Innovation

Mr. Ahmad O. Al-Khowaiter was appointed Executive Vice President, Technology & Innovation, effective 1 April 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, he attended the Massachusetts Institute of Technology's Sloan Fellowship Program, earning an MNA.

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 in 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 board of directors of SADCO, the King Abdulaziz City of Science & Technology (KACST), NEOM Energy and Water Company, and Plant Digital for Industry Company (Plant.Digital).

5.7 Corporate Governance

In May 2018, the Board of Directors adopted Saudi Aramco's Corporate Governance Manual and implemented certain policies and procedures pursuant to the CMA's Corporate Governance Regulations, together with certain global ethics and compliance policies. The Company has also developed and continues to implement and refine various ethics and regulatory compliance programs, including programs designed to effectively address obligations related to ethics, anti-bribery and anti-corruption, competition, conflicts of interest, disclosure controls, insider trading, related parties transactions, data privacy, international trade controls and internal investigations. The Company plans to regularly review and identify additional policies and procedures that it believes are appropriate for a company of its size and structure and in its industry.

The Company has implemented a Code of Business Conduct, which provides guidelines to the Directors, Senior Management, employees and contract employees of the Company on, among other things, health, safety and environmental protection, competition and antitrust, anti-bribery and anticorruption, international trade controls, insider trading and compliance with applicable law.

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.

5.8 Conflicts of interest

At all times, Directors have a duty to avoid circumstances which may result in a conflict of interest with the Company, unless that conflict is duly approved by the Board of Directors.

This includes potential conflicts that may arise when a director takes up a position with another company or when the Company enters into transactions or agreements in respect of which a director has a personal interest.

There are no conflicts of interest between the duties that the Directors owe to the Board of Directors, and the duties that the members of the Senior Management (named above) owe to the Board of Directors, and any of their respective private interests.

5.9 Cases of Bankruptcy and Insolvency of Members of the Board of Directors and Senior Management

There are no cases of bankruptcy for Directors, members of the Senior Management or the Board Secretary as at the date of this Offering Document. Further, there are no cases of insolvency in the previous five years for a company in which any of the Directors, members of the Senior Management or the Board Secretary was appointed by the insolvent company in an administrative or supervisory position.

5.10 Direct and Indirect Interests of Directors and Senior Management

None of the Directors, the Senior Management, the Board Secretary or any of their relatives has any direct interest in the Shares and debt instruments of the Company and its Subsidiaries, and any interest in any other matter that may affect the business of the Company, except for what is disclosed in Table 1: Board of Directors, Section 5.3 (*The Board of Directors*), Section 12.2 (*Material Agreements*), Section 12.4 (*Related Party Contracts and Transactions*) and Section 13 (*Book-building*).

Further, none of the Directors, the Senior Management, the Board Secretary or any of their relatives has any personal direct or indirect interest in any contract or agreement valid or intended to be concluded as on the date of this Offering Document in the business of the Company and its Subsidiaries except for what was disclosed in Section 12.2 (*Material Agreements*) and Section 13 (*Book-building*).

6. Management's Discussion and Analysis of Financial Position and Results of Operations

6. Management's Discussion and Analysis of Financial Position and Results of Operations

The following management's discussion and analysis of Saudi Aramco's financial position and results of operations should be read in conjunction with the Financial Statements and other financial data included elsewhere in this Offering Document. This management's discussion and analysis contains forward-looking statements, which involve risks and uncertainties. See "Forward-Looking Statements". Saudi Aramco's future actual results could differ materially from those anticipated in the forward-looking statements contained herein for several reasons, including those presented under Section 2 (Risk Factors) and elsewhere in this Offering Document.

6.1 Overview

Saudi Aramco is the world's largest integrated energy and chemicals company. In the three month period ended 31 March 2024, it produced 12.4 million barrels per day of oil equivalent and for the year ended 2023 it produced 12.8 million barrels per day of oil equivalent, including 10.7 million barrels per day of liquids and 10.7 bscfd of natural gas and ethane. As at 31 March 2024, Saudi Aramco had two reportable segments, upstream and downstream, which are supported by corporate activities.

The largest portion of Saudi Aramco's revenues have historically been derived from its upstream segment. However, the percentage has been decreasing as a result of Saudi Aramco's recent expansions of its downstream operations. The following table highlights Saudi Aramco's revenue and other income related to sales by business segment for the years ended 31 December 2021, 2022 and 2023 and the three month periods ended 31 March 2023 and 2024, excluding inter-segment revenue:

Table 16: **Revenue and other income related to sales**

	Year Ended 31 December						
	2021		2022		2023		2023
	SAR		SAR		SAR		U.S.$
	(in millions, except percentages)						
Upstream	714,971	48%	1,110,103	49%	856,003	46%	228,267
Downstream	785,300	52%	1,154,624	51%	998,419	54%	266,245
Corporate	1,487	—	1,646	—	1,951	—	520
Total[1]	**1,501,758**	**100%**	**2,266,373**	**100%**	**1,856,373**	**100%**	**495,033**

Source: The Company.
(1) Total does not include inter-segment revenue.

	Three Month Periods Ended 31 March				
	2023		2024		2024
	SAR		SAR		U.S.$
	(in millions, except percentages)				
Upstream	214,135	47%	196,837	45%	52,490
Downstream	245,255	53%	240,276	55%	64,073
Corporate	443	—	734	—	196
Total[1]	**459,833**	**100%**	**437,847**	**100%**	**116,759**

Source: The Company.
(1) Total does not include inter-segment revenue.

In addition, certain of Saudi Aramco's downstream products sold in the Kingdom are sold at regulated prices mandated by the Government. The regulated prices often are lower than the prices at which Saudi Aramco could otherwise have sold such refined and chemicals products.

Pursuant to an equalization mechanism, the Government compensates Saudi Aramco for the revenue it directly forgoes as a result of its compliance with the mandates related to crude oil and certain refined and chemicals products, with equalization compensation recorded as other income related to sales. Effective 1 January 2020, the Government expanded the equalization mechanism to include LPG and certain other products. See Section 6.3.6 (*Fiscal Regime*). For sales of downstream products that are not subject to Government pricing mandates, prices are unregulated.

6.2 Recent Developments

6.2.1 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 was increased by a total of SAR 30,000,000,000 by capitalizing a portion of its retained earnings. As a result, as at the date of this Offering Document, the share capital of the Company was SAR 90,000,000,000, which is fully paid, consisting of two hundred and forty two billion (242,000,000,000) ordinary shares with no par value.

6.3 Factors Affecting Saudi Aramco's Financial Position and Results of Operations

The following is a discussion of the most significant factors affecting Saudi Aramco's financial position and results of operations.

6.3.1 Supply, Demand and Price for Hydrocarbons

Saudi Aramco's upstream segment results of operations are driven primarily by its sales of crude oil, condensate and NGL and depend on global demand and prices for these products. Sales of crude oil are the largest component of Saudi Aramco's consolidated revenue and other income related to sales, accounting for 47.0%, 50.3% and 47.9% of its consolidated revenue and other income related to sales for the years ended 31 December 2021, 2022 and 2023, respectively. Accordingly, Saudi Aramco's results of operations and cash flow are significantly impacted by the price at which it sells crude oil.

International crude oil prices have fluctuated significantly in the past and remain volatile. Fluctuations in the price at which Saudi Aramco is able to sell crude oil could cause Saudi Aramco's results of operations and cash flow to vary significantly. In addition, decreases in the price at which Saudi Aramco is able to sell its crude oil could have a material adverse effect on Saudi Aramco's results of operations and cash flow. For further discussion regarding factors affecting the market price for crude oil, see Section 2.1.1 (*Risks related to international crude oil supply and demand and the price at which it sells crude oil*).

Crude oil is also a major component of the cost of production of refined and chemicals products that use hydrocarbons as a feedstock. However, because prices for refined and chemicals products 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 and chemicals products are also impacted by changes in supply and demand and economic cycles.

In the Kingdom, the Government regulates the oil and gas industry and establishes the Kingdom's maximum level of hydrocarbon 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 at any time based on its strategic energy security goals or for any other reason. Therefore, Saudi Aramco's results of operations may depend in part on sovereign decisions with respect to production levels that are made by the Government.

In addition, the Concession requires the Company to meet domestic demand for certain hydrocarbons, petroleum products and LPG. See Section 12.2.1 (*The Concession*). Saudi Aramco's downstream product mix includes a high proportion of low margin refined and chemicals products, such as fuel oil, to satisfy domestic demand for such products. As domestic demand for hydrocarbon products grows and new dedicated outlets for crude oil production in Saudi Aramco's downstream segment reach capacity, volumes of crude oil available for export may decrease.

6.3.2 Upstream Liquids Sales

Almost all of the crude oil that Saudi Aramco produces in a given year is sold within that year. Saudi Aramco sells crude oil to its downstream refineries under long-term sales or offtake agreements. Saudi Aramco's crude oil sales agreements with its third-party customers generally have a term of one year and are automatically renewed if not terminated. All of these agreements are typically for a specified volume and grade of crude oil at a price based on a formula that reflects the market prices in the relevant geographical region in which the oil will be delivered. The pricing formulas use "marker crude oils" in each geographical region to determine a market-based price. The formulas also include price differentials for each grade in each region, which are set by Saudi Aramco on a monthly basis, and reflect crude oil quality differences vis-à-vis the marker crude oil and other factors, such as the value of competing crude oils, in-transit losses, freight allowances and other commercial considerations. As a result, because Saudi Aramco's crude oil prices are tied to global crude oil market prices, Saudi Aramco's results of operations for any given period will reflect volatility in those prices. See Section 3.6.1.3(f) (*Sales and Marketing*).

In the three month period ended 31 March 2024, 51% of Saudi Aramco's crude oil production volumes were sold to its downstream refining system, compared to 47% in 2023, 44% in 2022 and 43% in 2021. In anticipation of expected growth in oil demand from Asia, Saudi Aramco is focused on crude oil exports to Asia. In 2021, 2022 and 2023, customers in Asia, including Saudi Aramco's affiliated refineries located in Asia, purchased 81%, 79% and 82%, respectively, of its crude oil exports.

6.3.3 Upstream Gas Sales

Pursuant to the Concession, the Company is the exclusive supplier of natural gas in the Kingdom. From 2003 to 2023, the Company significantly expanded its gas processing capacity from 9.3 bscfd to 19.1 bscfd. The Company intends to continue to expand its capacity over the next few years to meet domestic demand for low-cost, lower carbon intensity energy and swing production capacity in the peak summer season. The Company expects that the Kingdom will increasingly rely on natural gas as a feedstock for its power generation facilities, reducing the volumes of crude oil used by power generators. This displacement of crude oil by gas used domestically is expected to increase crude oil volumes available for export. In addition, the Company expects demand for natural gas to be driven by water desalination, petrochemical production and other industrial consumption including providing feedstock for the production of hydrogen and ammonia.

The Company sells natural gas within the Kingdom at regulated prices mandated by the Government and is obligated under the Concession to meet domestic hydrocarbon demand through either domestic production or imports. Effective 27 March 2018, the Government implemented a mechanism under which regulations passed by the Council of Ministers empower the Ministry of Energy, in agreement with the Ministry of Finance, to enable the

Company to receive a commercial rate of return suitable for the development and exploitation of the gas resources of the Kingdom. See Section 6.3.6 (*Fiscal Regime*).

6.3.4 *In-Kingdom Downstream Product Sales*

Saudi Aramco's downstream products sold domestically through sales agreements include gasoline, diesel, fuel oil, LPG, asphalt, kerosene, naphtha and jet fuels. These sales agreements generally have a term of one year, except for sales agreements with customers in the utility and aviation sectors which generally have a longer term. Typically, these agreements are automatically renewed if not terminated. In the Kingdom, these products are sold at regulated prices mandated by the Government. The regulated prices often are lower than the prices at which Saudi Aramco could otherwise have sold these products. Pursuant to an equalization mechanism, the Government compensates Saudi Aramco for the revenue it directly forgoes as a result of Saudi Aramco's compliance with the mandates related to crude oil and certain refined and chemicals products, with equalization compensation recorded as other income related to sales. Effective 1 January 2020, the Government expanded the equalization mechanism to include LPG and certain other products. See Section 6.3.6 (*Fiscal Regime*). For sales of downstream products that are not subject to Government pricing mandates, prices are unregulated.

The COVID-19 pandemic and measures taken to combat it severely impacted global economic activity in 2020 and 2021 and led to lower demand for crude oil, natural gas, refined and chemicals products, which resulted in significant volatility in crude oil prices and refining and chemicals product prices.

6.3.5 *Investments and Acquisitions in Expansion of the Downstream Segment*

The downstream segment's activities consist primarily of refining and petrochemical manufacturing and supply, trading and marketing operations. A significant portion of the downstream business is conducted through affiliates. Saudi Aramco has expanded its downstream operations by undertaking expansion projects at its existing downstream facilities and increasing control in existing downstream investments, as well as entering new downstream ventures and acquiring new downstream assets.

The integration of Saudi Aramco's upstream and downstream segments provides a unique opportunity for Saudi Aramco to secure crude oil demand by selling to its captive system of domestic and international refineries. For the years ended 31 December 2021, 2022 and 2023, the downstream segment utilized 43%, 44% and 47% of the upstream segment's total crude oil production in those periods, respectively, making Saudi Aramco's downstream business the largest single customer of its upstream business in those periods. Saudi Aramco believes an integrated global downstream business, coupled with future downstream investments, will facilitate the placement of Saudi Aramco's crude oil in larger offtake volumes in assets designed specifically to economically process Arabian crude oil, allow it to capture additional value across the hydrocarbon value chain, expand its sources of earnings and provide resilience to market volatility.

In addition, Saudi Aramco has undertaken significant expansion projects at its downstream facilities. Its capital expenditures in its downstream segment on a cash basis were SAR 28.7 billion in 2021, SAR 29.5 billion in 2022, SAR 32.7 billion ($8.7 billion) in 2023 and SAR 6.9 billion ($1.8 billion) in the three month period ended 31 March 2024. See Section 6.9.2.1 (*Capital Expenditures*).

Furthermore, Saudi Aramco has continued to enter into new downstream ventures and financings. For example, in June 2021, Saudi Aramco completed a transaction pursuant to which it leased its stabilized crude oil pipeline network to one of its wholly owned subsidiaries for 25 years and leased back the exclusive rights to use, operate and maintain the pipeline network for that period. It then sold 49% of the equity of the subsidiary to a consortium of international and domestic investors for upfront sale proceeds of SAR 46.5 billion ($12.4 billion) in cash. During the 25-year lease period, the subsidiary will receive quarterly, volume-based tariff payments from Saudi Aramco, backed by minimum volume commitments. Saudi Aramco will at all times retain title to, and full operational control of, the crude oil pipeline network, and the transaction will not impose any restrictions on Saudi Aramco's crude oil production volumes.

In September 2021, Saudi Aramco entered into a financing arrangement of SAR 44.1 billion ($11.8 billion) relating to the Jazan integrated gasification combined-cycle power plant, an air separation unit and certain ancillary assets. The transaction resulted in the creation of JIGPC, a joint operation with a wholly owned subsidiary of Saudi Aramco owning 20%, and third parties owning 80%. JIGPC will operate the facility under a 25-year contract for a predetermined monthly fee payable to Saudi Aramco. The transfer of the facility by Saudi Aramco to JIGPC has been recorded as a financing arrangement and therefore the facility will remain as an asset on Saudi Aramco's financial statements. Upon closing, Saudi Aramco received the first tranche of SAR 26.5 billion ($7.1 billion) with the second tranche on January 2023 of SAR 15.6 billion ($4.2 billion) under the financing arrangement. The remaining amount to be received under the financing arrangement as at 31 December 2023 is SAR 2.0 billion ($0.5 billion). The total amount under the arrangement is repayable in monthly installments, commencing from October 2021 to October 2046.

In addition, in February 2022, Saudi Aramco completed a transaction pursuant to which it leased its specified gas products pipelines to one of its wholly owned subsidiaries for 20 years and leased back the exclusive rights to use, operate and maintain these pipelines for that period. Saudi Aramco then sold 49% of the equity of the subsidiary to a consortium of international and domestic investors for upfront sale proceeds of SAR 58.1 billion ($15.5 billion) in cash. During the 20-year lease period, the subsidiary will receive quarterly, volume-based tariff payments from Saudi Aramco, backed by minimum volume commitments. Saudi Aramco will at all times retain title to, and full operational control of, the specified gas products pipeline network and the transaction does not impose any restrictions on Saudi Aramco's gas production volumes. See 3.6.2.4 (*Pipelines, Distribution and Terminals*").

In November 2022, Saudi Aramco acquired from PKN Orlen a 30% equity stake in a 210,000 barrels per day refinery in Gdansk, Poland, a 100% equity stake in an associated wholesale business and a 50% equity stake in a jet fuel marketing joint venture with BP in Poland for a total purchase price of PLN 2,226.4 million (approximately SAR 1.8 billion ($0.5 billion) as of November 2022). In addition, in March 2023, Saudi Aramco acquired Valvoline Global Operations for SAR 10.34 billion ($2.76 billion). This acquisition is intended to complement Saudi Aramco's line of premium branded lubricant products, optimize its global base oils production capabilities and expand Saudi Aramco's own research and development activities and partnerships with original equipment manufacturers. Saudi Aramco sold 0.2 million tons and 0.9 million tons of finished lubricants in 2022 and 2023, respectively. Furthermore, in July 2023, Saudi Aramco acquired a 10% equity stake in Rongsheng for SAR 12.8 billion ($3.4 billion). In March 2024, Aramco completed the acquisition of a 100% equity stake in Esmax for a purchase consideration of SAR 1.4 billion ($0.37 billion), subject to customary adjustments.

6.3.6 *Fiscal Regime*

In recent years, the Government has adopted a number of changes to the fiscal regime under which Saudi Aramco operates. Among other things, these changes align the fiscal regime to which Saudi Aramco and other domestic hydrocarbon producers are subject to tax and royalty rates that are customary in other hydrocarbon producing jurisdictions. Below is a summary of these changes and their impact on Saudi Aramco.

- *Income, Taxes and Zakat*. The Kingdom's Income Tax Law includes a multi-tiered structure of income tax rates for authorized producers of oil and hydrocarbons, which are based on the amount of in-Kingdom capital investments (with the income tax rate decreasing as the level of in-Kingdom capital investment increases). Under this structure, an income tax of 50% applies to Saudi Aramco, however, a 20% rate applies to Saudi Aramco's taxable income related to the exploration and production of non-associated natural gas (including gas condensates) as well as the collection, treatment, processing and transportation of associated and non-associated natural gas and their liquids, gas condensates and other associated elements. Further, under the Kingdom's Income Tax Law, Saudi Aramco's interest in non-publicly traded in-Kingdom companies are generally subject to a 20% tax rate, unless such company is engaged in the production of oil and its associated hydrocarbon products, in which case, the 50% to 85% multi-tiered structure of income tax rates applies, except that a 20% rate would apply to such company's taxable income related to certain natural gas activities, as described above.

  Additionally, effective 1 January 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, rather than the 50% to 85% multi-tiered structure of income tax rates that previously applied to domestic oil and hydrocarbons production companies in the Kingdom, on the condition that the Company separates its domestic downstream activities (from the oil and hydrocarbon production activities) into a separate legal entity before 31 December 2024. If the Company does not comply with this condition by 31 December 2024, its domestic downstream business will be subject to tax retrospectively on an annual basis for the years 2020 to 2024 in accordance with the multi-tiered tax rates applicable to domestic oil and hydrocarbon production companies.

  Moreover, by Royal Decree No. M/153 dated 05/11/1441H (corresponding to 26 June 2020), the Income Tax Law was amended to provide that, effective 1 January 2020, as an exception from the Income Tax Law, shares owned (directly or indirectly) by persons engaged in oil and hydrocarbon production activities in companies listed on the Saudi Exchange are subject to zakat, including their indirect interest in those companies (at the level of the investee/subsidiary of such listed companies). As a result, Saudi Aramco's ownership interests in certain entities, including SABIC, Petro Rabigh, Saudi Electricity Company, Luberef, Marafiq and The National Shipping Company of Saudi Arabia (Bahri) are subject to zakat instead of corporate income taxes.

- *Royalties*. Royalties are payable on crude oil and condensate, natural gas, ethane and NGL based on their production value. See Section 12.2.1 (*The Concession*). Accordingly, the amount of royalties payable is recognized as an expense at the time of production and in Saudi Aramco's consolidated statement of income as "production royalties".

Crude oil and condensate production value is based each month on Saudi Aramco's official selling prices for each destination. As of 1 January 2020, the effective royalty rate is determined based on a baseline rate of 15% applied to Brent prices up to $70 per barrel, increasing to 45% applied to Brent prices above $70 per barrel up to $100 per barrel and 80% applied to Brent prices above $100 per barrel.

Pursuant to the Ministry of Energy's authority under the Concession, on 25 February 2018, the Ministry of Energy decided not to collect royalties from Saudi Aramco on condensate production for a grace period of five years beginning on 1 January 2018. On 17 September 2019, the Ministry of Energy issued Ministerial Resolution No. 1/422/1441, dated 18/01/1441H (corresponding to 17 September 2019), which extends the period for which Saudi Aramco will not be obligated to pay royalties on condensate production for an additional 10-year period from 1 January 2023, the day following the expiration of the five-year grace period, extendable for an additional 10-year period, and 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.

Production royalties due on natural gas, ethane and NGL, excluding those volumes used by Saudi Aramco for upstream operations and related operations (including transportation, pipelines and storage and export facilities, fractionation plants, gas and NGL plants) are calculated based on a flat royalty rate of 12.5% applied to a factor established by the Ministry of Energy. As at 31 December 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 factors used, taking into account the price that achieves the targeted internal rate of return for natural gas, ethane and NGL production set by the Ministry of Energy in coordination with Saudi Aramco.

- *Price Equalization*. Pursuant to the Concession, the Company possesses the exclusive right to sell crude oil and refined and chemicals products in the Kingdom. In connection with this exclusive right, the Government mandates that crude oil and certain refined and chemicals products sold to third parties in the Kingdom are sold at regulated prices that are typically lower than the prices at which the Company could otherwise have sold such products. Pursuant to an equalization mechanism, the Government compensates the Company for the revenue it directly forgoes as a result of the Company's compliance with the mandates related to crude oil and certain refined and chemicals products. Effective 1 January 2020, the Government expanded the equalization mechanism to include LPG and certain other products. The Company records the equalization amount as other income related to sales on its consolidated statement of income and such amount is subject to income tax. The Company may offset its income taxes payable by the equalization amount in the period in which such taxes are due. If the income taxes payable to the Government are not adequate to offset the equalization amount, the Company may offset any other amounts it owes to the Government against the equalization amount. The offsetting mechanism occurs on a monthly basis when payments to the Government are due. In the event the equalization price is less than the regulated price, the difference would be due from the Company to the Government. See Section 4.4 (*Regulated Domestic Pricing of Certain Hydrocarbons*).

The Government has publicly announced its intention to gradually increase the regulated prices at which refined and chemicals products are sold in the Kingdom. The regulated prices will be linked as a percentage to the reference equalization price of the relevant product and will fluctuate according to fluctuations in global markets. As regulated prices increase, the Company expects that equalization compensation will decrease and that, in turn, the amount of other income related to sales recorded by the Company will decrease, with an offsetting increase in revenue from product sales.

- *Gas Price System*. Gas sales in the Kingdom are regulated by the Government, including the Ministry of Energy, which allocates volumes for sales of Regulated Gas Products in the Kingdom to domestic customers pursuant to the Energy Supply Law. The price that domestic customers pay for natural gas and ethane is traditionally set by the Council of Ministers, which has empowered the Ministry of Energy, in agreement with the Ministry of Finance, to specify the Blended Price in order to provide licensees making gas investments a suitable rate of return for these products in the Kingdom.

  Effective 17 September 2019, the Government implemented an equalization mechanism to compensate licensees for revenue they directly forgo as a result of compliance with the mandates related to Regulated Gas Products. Under this mechanism, when licensees sell any Regulated Gas Products domestically at a domestic price below the corresponding Blended Price, the licensees are entitled to compensation from the Government in an amount equal to the cost of the revenues directly forgone. Saudi Aramco records the equalization amount as other income related to sales on its consolidated statement of income and such amount is subject to income tax. Saudi Aramco may offset the compensation it is due against any taxes payable, and in the event taxes are insufficient, any other amounts due and payable by Saudi Aramco to the Government, such as royalties. If domestic prices are higher than the Blended Price, Saudi Aramco is required to pay the difference to the Government. See Section 4.4.3 (*Regulated Domestic Pricing of Certain Hydrocarbons—Gas Pricing*).

- *Government guarantee*. Saudi Aramco sells hydrocarbon products to various Government and semi-Government entities, including ministries and other branches of the Government, and separate legal entities in which the Government has share ownership or control. The Government guarantees amounts due to Saudi Aramco from certain Government and semi-Government entities, including ministries of the Government and separate legal entities in which the Government has share ownership or control that are unable to settle within terms agreed with Saudi Aramco, subject to limits on the amount of the guarantee for each entity. The aggregate amount guaranteed in respect of 2021, 2022 and 2023 was SAR 12.8 billion, SAR 11.2 billion and SAR 13.2 billion ($3.5 billion), respectively.

  Pursuant to certain governmental resolutions as further described in Section 4.4.4 (*Regulated Domestic Pricing of Certain Hydrocarbons—Government Guarantee*), Saudi Aramco may offset any amounts owed by Government or semi-Government entities under any agreement with such customers from its income taxes payable to the Government. This includes amounts due to Saudi Aramco from sales of crude oil and refined and chemicals products to Government-affiliated companies. If the amounts of the income taxes payable to the Government are not adequate to offset the amounts owed by such customers, Saudi Aramco may offset such amounts against any other amounts Saudi Aramco owes to the Government.

- *Compensation for Saudi Strategic Storage Program*. Under the Saudi Strategic Storage Program, the Government requires Saudi Aramco to maintain reserves of certain petroleum products. Pursuant to Council of Ministers Resolution No. 56, dated 18/01/1441H (corresponding to 17 September 2019), effective 1 January 2020, the Government compensates Saudi Aramco for carrying costs associated with maintaining Government-mandated petroleum product reserves in an amount of $47.4 million per month (including VAT). Council of Ministers Resolution No. 56 requires that this amount be reviewed by the Ministry of Energy, the Ministry of Finance and Saudi Aramco every five years.

*6.3.7 **Seasonality***

The operating results of Saudi Aramco’s upstream and downstream segments may fluctuate slightly from quarter to quarter as a result of a variety of seasonal factors affecting energy demand. For example, there is generally an increase in natural gas demand for the utilities sector during the summer months in the Kingdom (June, July and August). As such, Saudi Aramco’s upstream segment produces and sells more natural gas during this period. In addition, there is usually an increased demand for diesel, gasoline and jet fuel in the Kingdom around its major holidays, including Eid al-Fitr, Hajj season and Eid al-Adha, the timing of which varies from year to year as determined by the Hijri calendar. During this time, Saudi Aramco’s downstream segment sells more diesel, gasoline and jet fuel. Saudi Aramco expects these trends to continue in future years. While seasonality continued to impact the demand for natural gas during the summer months in 2021, the COVID-19 pandemic and measures taken to combat it had a significant impact on travel and tourism in the Kingdom in 2020 and 2021, which reduced the impact of seasonality on the demand for diesel, gasoline and jet fuel during the Kingdom’s major holidays.

6.4 Non-IFRS Financial Measures

Saudi Aramco supplements its use of IFRS financial measures with non-IFRS financial measures, including Free Cash Flow, Gearing, ROACE and EBIT, which the Company uses in the analysis of its business and financial position. These non-IFRS financial measures are not defined by, nor presented in accordance with, IFRS. These non-IFRS financial measures are not measurements of Saudi 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. These non-IFRS financial measures are not intended to be predictive of future results. In addition, other companies, including those in Saudi Aramco’s industry, may calculate similarly titled non-IFRS financial measures differently. Because companies do not necessarily calculate these non-IFRS financial measures in the same manner, Saudi 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. The definition, method of calculation and rationale for the inclusion of such measures are summarized in the following table.

Table 17: **Non-IFRS Financial Measures**

Non-IFRS Financial Measure	Definition method of calculation	Rationale
Free Cash Flow	Calculated as net cash provided by operating activities less capital expenditures.	Liquidity measure
Gearing	Calculated as the ratio of net (cash)/debt (total borrowings less cash and cash equivalents, short-term investments, investment in debt securities (current and non-current) and non-current cash investments) to total equity and net (cash)/debt.	Liquidity measure
Return on Average Capital Employed (“**ROACE**”)	Calculated as net income before finance costs, net of income taxes and zakat, for a period as a percentage of average capital employed during that period. Average capital employed is the average of Saudi Aramco’s total borrowings plus total equity at the beginning and end of the applicable period.	Performance measure
Earnings Before Interest and Taxes (“**EBIT**”)	Calculated as net income plus finance costs and income taxes and zakat, less finance income.	Performance measure
Earnings Before Interest, Taxes, Depreciation and Amortization (“**EBITDA**”)	Calculated as net income plus finance costs, income taxes and zakat, depreciation and amortization, less finance income.	Performance measure

Source: The Company.

For a discussion of changes to the fiscal regime under which Saudi Aramco operates during the periods presented below that impact net income, net cash provided by operating activities and cash and cash equivalents, and therefore impact Saudi Aramco’s non-IFRS financial measures, see Section 6.3.6 (*Fiscal Regime*).

6.4.1 Free Cash Flow

Saudi Aramco uses Free Cash Flow to evaluate Saudi Aramco’s cash available for financing activities, including dividend payments. Saudi Aramco defines Free Cash Flow as net cash provided by operating activities less capital expenditures.

The following table sets forth Saudi Aramco's Free Cash Flow for the years ended 31 December 2021, 2022 and 2023 and the three month periods ended 31 March 2023 and 2024.

Table 18: **Free Cash Flow**

	Year Ended 31 December				Three Month Periods Ended 31 March		
	2021	2022	2023	2023	2023	2024	2024
	SAR	SAR	SAR	U.S.$	SAR	SAR	U.S.$
	(in millions)						
Net cash provided by operating activities	522,601	698,152	537,814	143,417	148,647	125,969	33,592
Capital expenditures	(119,645)	(141,161)	(158,308)	(42,215)	(32,797)	(40,621)	(10,832)
Free Cash Flow	**402,956**	**556,991**	**379,506**	**101,202**	**115,850**	**85,348**	**22,760**

Source: The Company.

6.4.2 *Gearing*

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 (cash)/debt (total borrowings less cash and cash equivalents, short-term investments, investment 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.

The following table sets forth Saudi Aramco's Gearing as at 31 December 2021, 2022 and 2023 and as at 31 March 2024.

Table 19: **Gearing**

	As at 31 December				As at 31 March	
	2021	2022	2023	2023	2024	2024
	SAR	SAR	SAR	U.S.$	SAR	U.S.$
	(in millions, except percentages)					
Current borrowings	74,550	74,764	63,666	16,978	51,521	13,739
Non-current borrowings	436,371	318,380	226,481	60,395	240,310	64,083
Total borrowings	**510,921**	**393,144**	**290,147**	**77,373**	**291,831**	**77,822**
Cash and cash equivalents(1)	(299,579)	(226,047)	(198,973)	(53,059)	(243,972)	(65,059)(2)
Short-term investments	(27,073)	(281,215)	(184,343)	(49,158)	(100,758)	(26,869)
Investment in debt securities	(8,966)	(8,565)	(9,584)	(2,556)	(9,593)	(2,557)
Non-current cash investments	-	-	-	-	-	-
Net debt/(cash)	**175,303**	**(122,683)**	**(102,753)**	**(27,400)**	**(62,492)**	**(16,663)**
Total equity	1,280,668	1,666,147	1,737,092	463,225	1,722,375	459,300
Net debt/(cash) and total equity	**1,455,971**	**1,543,464**	**1,634,339**	**435,825**	**1,659,883**	**442,637**
Gearing(1)	**12.0%**	**(7.9)%**	**(6.3)%**	**(6.3)%**	**(3.8)%**	**(3.8)%**

Source: The Company.

(1) The Company intends to purchase Offer Shares in the Offering at the Final Offer Price for an aggregate purchase price of up to SAR 3.75 billion, which will affect its Gearing.

(2) In May 2024, the Company declared and distributed dividend payments of SAR 116.5 billion ($31.1 billion).

6.4.3 *Return on Average Capital Employed*

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

The following table sets forth Saudi Aramco's ROACE for the years ended 31 December 2021, 2022 and 2023 and the twelve months ended 31 March 2024.

Table 20: **Return on Average Capital Employed**

	Year Ended 31 December				Twelve Months Ended 31 March	
	2021	2022	2023	2023	2024	2024
	SAR	SAR	SAR	U.S.$	SAR	U.S.$
	(in millions, except percentages)					
Net income	412,396	604,005	454,764	121,271	437,493	116,665
Finance costs, net of income taxes and zakat	6,029	4,441	4,093	1,092	4,017	1,072
Net income before finance costs, net of income taxes and zakat	**418,425**	**608,446**	**458,857**	**122,363**	**441,510**	**117,737**
As at period start:						
Current borrowings	99,157	74,550	74,764	19,937	76,920	20,512
Non-current borrowings	436,920	436,371	318,380	84,901	268,544	71,612
Total equity	1,101,094	1,280,668	1,666,147	444,306	1,706,820	455,152
Capital employed	**1,637,171**	**1,791,589**	**2,059,291**	**549,144**	**2,052,284**	**547,276**
As at period end:						
Current borrowings	74,550	74,764	63,666	16,978	51,521	13,739
Non-current borrowings	436,371	318,380	226,481	60,395	240,310	64,083
Total equity	1,280,668	1,666,147	1,737,092	463,225	1,722,375	459,300
Capital employed	**1,791,589**	**2,059,291**	**2,027,239**	**540,598**	**2,014,206**	**537,122**
Average capital employed	**1,714,380**	**1,925,440**	**2,043,265**	**544,871**	**2,033,245**	**542,199**
ROACE(1)	**24.4%**	**31.6%**	**22.5%**	**22.5%**	**21.7%**	**21.7%**

Source: The Company

(1) The Company intends to purchase Offer Shares in the Offering at the Final Offer Price for an aggregate purchase price of up to SAR 3.75 billion, which will affect its ROACE.

6.4.4 EBIT and EBITDA

Saudi Aramco defines EBIT as net income plus finance costs and income taxes and zakat, less finance income and EBITDA as net income plus finance costs, income taxes and zakat, depreciation and amortization, less finance income. Saudi Aramco believes EBIT and EBITDA provide useful information regarding its financial performance to analysts and investors.

The following table sets forth Saudi Aramco's EBIT and EBITDA for the years ended 31 December 2021, 2022 and 2023 and the three month periods ended 31 March 2023 and 2024.

Table 21: **EBIT and EBITDA**

	Year Ended 31 December				Three Month Periods Ended 31 March		
	2021	2022	2023	2023	2023	2024	2024
	SAR	SAR	SAR	U.S.$	SAR	SAR	U.S.$
	(in millions)						
Net income	412,396	604,005	454,764	121,271	119,542	102,271	27,272
Finance income	(1,405)	(12,425)	(31,216)	(8,324)	(10,863)	(6,655)	(1,775)
Finance costs	12,058	8,882	8,186	2,183	3,177	3,025	807
Income taxes and zakat	357,125	548,957	433,303	115,547	109,692	102,743	27,398
EBIT	**780,174**	**1,149,419**	**865,037**	**230,677**	**221,548**	**201,384**	**53,702**
Depreciation and amortization	85,521	91,618	97,040	25,877	21,975	23,427	6,247
EBITDA	**865,695**	**1,241,037**	**962,077**	**256,554**	**243,523**	**224,811**	**59,950**

Source: The Company.

6.5 Components of Results of Operations

6.5.1 Revenue

Revenue primarily consists of sales of crude oil, natural gas, refined and chemicals products. Revenue also includes services provided to third parties, joint operations, joint ventures, associates and government agencies, such as the operation and maintenance of facilities for third parties.

In 2023, Saudi Aramco delivered Arabian crude oil to customers around the world. However, for financial reporting purposes, it records revenue by geographical area based on the location of the entity that generated the revenue. Saudi Aramco sells crude oil, gas, refined and chemicals products under different sales incoterms. Its sales are primarily made on a free on board basis at the point of shipment, pursuant to which the buyer assumes all costs and liabilities once the goods are placed onto a ship for delivery. A smaller portion of its sales are made on a free in pipe basis, pursuant to which the buyer assumes all costs and liabilities once the product passes into the buyer's receiving pipeline system. The balance of its sales are made on a cost, insurance and freight basis, pursuant to which the seller assumes all costs and liabilities until the goods are received by the buyer, or another sales incoterm. As Saudi Aramco produces all its crude oil in the Kingdom and the sales are recorded by an entity located in the Kingdom, free on board export sales of crude oil are recorded as in-Kingdom revenue in Saudi Aramco's financial statements.

6.5.2 Other Income Related to Sales

Other income related to sales reflects the equalization payments received from the Government to compensate Saudi Aramco for the difference between the equalization prices and the regulated prices for the sales of certain hydrocarbon and refined and chemicals products within the Kingdom. See Section 6.3.6 (*Fiscal Regime—Price Equalization* and—*Gas Price System*).

6.5.3 *Royalties and Other Taxes*

Royalties and other taxes primarily consist of the royalties attributable to the production of crude oil, natural gas and NGL. Royalties are accounted for as an expense. Other taxes consist of amounts paid by Motiva based on its operations in the United States.

6.5.4 *Purchases*

Purchases primarily consist of refined and chemicals products, crude oil and NGL purchased from third parties for use in Saudi Aramco's 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 when it is cost effective. For example, various downstream operations from time to time purchase crude oil, NGL and other products from third parties to use as a feedstock. Purchases also include ATC's procurement of refined and chemicals products as part of its trading operations and purchases by Aramco Trading Americas LLC under its buying and selling arrangements and for its trading operations.

6.5.5 *Producing and Manufacturing*

Producing and manufacturing costs consist primarily of the operating expenses related to producing hydrocarbons and refined and chemical products. Producing and manufacturing costs also include the upstream segment's and downstream segment's support services expenses, including engineering and operational services. In addition, producing and manufacturing costs include labor and employee-related expenses directly related to producing Saudi Aramco's products.

6.5.6 *Selling, Administrative and General*

Selling, administrative and general expenses consist of costs related to supporting the operations and services of Saudi Aramco and certain other expenses. Costs related to supporting the operations and services of Saudi Aramco include:

- pipeline, distribution and terminal expenses;
- selling and administrative expenses; and
- corporate, support and administrative services (such as human resources, finance, corporate affairs and legal) and expenses related to Saudi Aramco's employee home ownership program.

Other expenses included in selling, administrative and general expenses consist of:

- freight and storage expenses; and
- costs related to corporate citizenship projects and initiatives.

Saudi Aramco engages in a range of corporate citizenship projects and initiatives outside Saudi Aramco's core business to support the communities and environment in which it operates. Saudi Aramco initiates some of these projects and initiatives and others are undertaken in coordination with, and at the direction of, the Government. Government-directed projects and initiatives have generally been of national importance to the Kingdom and support Saudi Aramco's long-term commercial interests. The Concession requires that all Saudi Aramco contracts with any Government agency or any arrangement for the furnishing of hydrocarbons, services or otherwise shall be on a commercial basis. In addition, on 5 September 2019, Saudi Aramco and the Government entered into a framework agreement to govern the furnishing of services by Saudi Aramco to the Government. The Government previously compensated Saudi

Aramco for its efforts relating to such activities by either allowing Saudi Aramco to reduce its taxable income by the amount of costs incurred or directly reimbursing Saudi Aramco through a tax deduction. See Section 3.11 (*Corporate Citizenship*).

Costs related to Saudi Aramco-initiated projects and initiatives are expensed as incurred and reflected in selling, administrative and general expenses. Costs related to Government-directed projects and initiatives are treated in different ways by Saudi Aramco. For certain projects directed by the Government, the Government provides a ministerial decree from the relevant Government ministry which allows Saudi Aramco to deduct its costs related to these projects against Saudi Aramco's tax liability. Costs related to other Government-directed projects are primarily expensed as incurred, deductible for tax purposes and reflected in selling, administrative and general expenses. See Section 12.4.8 (*Other Transactions*) and Section 3.11 (*Corporate Citizenship*).

Saudi Aramco expects to continue to engage in a range of corporate citizenship projects and initiatives in the future.

6.5.7 Exploration

Exploration expenses consist of the costs for the evaluation of subsurface geological areas for hydrocarbon resources, including geological and geophysical surveys, and write-offs related to unsuccessful exploratory wells.

6.5.8 Research and Development

Research and development expenses consist of the costs incurred to research new technologies. If development costs are expected to generate probable future economic benefits, they are capitalized as intangible assets.

6.5.9 Depreciation and Amortization

Depreciation is attributable to property, plant and equipment. Amortization is attributable to capitalized costs, which are intangible assets and thus amortized rather than depreciated.

6.5.10 Impairments

Impairments are recognized when events or changes in circumstances indicate that the carrying amount of certain assets on Saudi Aramco's balance sheet may not be recoverable, which occurs when the assets' carrying value is greater than the discounted future cash flows the asset is expected to generate over its remaining useful life.

6.5.11 Share of Results of Joint Ventures and Associates

Share of results of joint ventures and associates includes Saudi Aramco's share of profit or loss related to entities that are accounted for using the equity method. A significant portion of Saudi Aramco's downstream business is conducted through joint ventures and associates.

6.5.12 Finance and Other Income

Finance and other income includes interest income, gains or losses on derivative transactions, dividend income, gains or losses on disposal of equity investments and insurance settlements.

6.5.13 Finance Costs

Finance costs include interest expense incurred in connection with Saudi Aramco's finance lease liabilities and borrowing liabilities, including its revolving credit facility agreement, the deferred consideration due to the PIF in connection with the acquisition of a 70% equity interest in SABIC (for the years ended 31 December 2021 and 2022), the issuance of Senior Unsecured Notes under the GMTN Program and trust certificates issued under the Trust Certificate (sukuk) Issuance Program and the Domestic Sukuk Program.

6.6 Consolidated Statement of Income for the Years Ended 31 December 2021, 2022 and 2023 and the Three Month Periods Ended 31 March 2023 and 2024

The following table sets forth Saudi Aramco's consolidated statement of income for the years ended 31 December 2021, 2022 and 2023 and the three month periods ended 31 March 2023 and 2024.

Table 22: **Consolidated Statement of Income for the Years Ended 31 December 2021, 2022 and 2023 and the Three Month Periods Ended 31 March 2023 and 2024**

	Year Ended 31 December				Three Month Periods Ended 31 March		
	2021	2022	2023	2023	2023	2024	2024
	SAR	SAR	SAR	U.S.$	SAR	SAR	U.S.$
	(in millions)						
Revenue	1,346,930	2,006,955	1,653,281	440,875	417,460	402,037	107,210
Other income related to sales	154,828	259,418	203,092	54,158	42,373	35,810	9,549
Revenue and other income related to sales	**1,501,758**	**2,266,373**	**1,856,373**	**495,033**	**459,833**	**437,847**	**116,759**
Royalties and other taxes	(144,793)	(341,510)	(231,795)	(61,812)	(68,242)	(52,232)	(13,928)
Purchases	(352,377)	(490,690)	(471,225)	(125,660)	(106,369)	(110,011)	(29,336)
Producing and manufacturing	(76,495)	(101,912)	(96,523)	(25,739)	(23,133)	(24,271)	(6,473)
Selling, administrative and general	(59,496)	(83,700)	(76,890)	(20,504)	(15,247)	(22,109)	(5,896)
Exploration	(7,285)	(8,447)	(9,416)	(2,511)	(1,752)	(2,593)	(691)
Research and development	(3,873)	(4,419)	(5,197)	(1,386)	(931)	(1,156)	(308)
Depreciation and amortization	(85,521)	(91,618)	(97,040)	(25,877)	(21,975)	(23,427)	(6,247)
Operating costs	**(729,840)**	**(1,122,296)**	**(988,086)**	**(263,489)**	**(237,649)**	**(235,799)**	**(62,879)**
Operating income	**771,918**	**1,144,077**	**868,287**	**231,544**	**222,184**	**202,048**	**53,880**
Share of results of joint ventures and associates	7,874	2,873	(4,001)	(1,067)	(741)	(778)	(208)
Finance and other income	1,787	14,894	31,967	8,524	10,968	6,769	1,805
Finance costs	(12,058)	(8,882)	(8,186)	(2,183)	(3,177)	(3,025)	(807)
Income before income taxes and zakat	**769,521**	**1,152,962**	**888,067**	**236,818**	**229,234**	**205,014**	**54,670**
Income taxes and zakat	(357,125)	(548,957)	(433,303)	(115,547)	(109,692)	(102,743)	(27,398)
Net income	**412,396**	**604,005**	**454,764**	**121,271**	**119,542**	**102,271**	**27,272**
Net income/(loss) attributable to:							
Shareholders' equity	395,203	597,215	452,753	120,734	117,471	103,356	27,562
Non-controlling interests	17,193	6,790	2,011	537	2,071	(1,085)	(290)
	412,396	**604,005**	**454,764**	**121,271**	**119,542**	**102,271**	**27,272**

Source: The Financial Statements.

6.7 Comparison of Three Month Period Ended 31 March 2024 and Three Month Period Ended 31 March 2023

6.7.1 Revenue and Other Income Related to Sales

For the three month periods ended 31 March 2024 and 2023, Saudi Aramco's revenue and other income related to sales was SAR 437.8 billion ($116.8 billion) and SAR 459.8 billion, respectively. This 4.8% decrease principally reflected the impact of lower crude oil volume sold, partially offset by an increase in crude oil prices during the period.

6.7.2 Upstream

For the three month periods ended 31 March 2024 and 2023, the upstream segment's external revenue was SAR 186.4 billion ($49.7 billion) and SAR 201.2 billion, respectively. This 7.4% decrease was primarily due to lower crude oil volumes sold, partially offset by higher crude oil prices compared to the prior period. For the periods ended 31 March 2024 and 2023, the upstream segment's other income related to sales was SAR 10.4 billion ($2.8 billion) and SAR 12.9 billion, respectively. This 19.2% decrease was primarily due to a decrease in the reference equalization price for crude oil.

6.7.3 Downstream

For the three month periods ended 31 March 2024 and 2023, the downstream segment's external revenue was SAR 214.9 billion ($57.3 billion) and SAR 215.8 billion, respectively. This 0.4% decrease was primarily due to lower refining and chemicals product prices. For the periods ended 31 March 2024 and 2023, the downstream segment's other income related to sales was SAR 25.4 billion ($6.8 billion) and SAR 29.5 billion, respectively. This 13.9% decrease was primarily due to lower reference equalization prices of refined and chemicals products sold in the Kingdom at regulated prices.

6.7.4 Corporate

For the three month periods ended 31 March 2024 and 2023, Saudi Aramco's corporate activities' external revenue was SAR 0.7 billion ($0.2 billion) and SAR 0.4 billion, respectively.

6.7.5 Royalties and Other Taxes

For the three month periods ended 31 March 2024 and 2023, Saudi Aramco recorded royalties and other taxes of SAR 52.2 billion ($13.9 billion) and SAR 68.2 billion, respectively. This 23.5% decrease was primarily due to lower capitalization of royalties and lower sales volumes compared to the prior period.

6.7.6 Purchases

For the three month periods ended 31 March 2024 and 2023, Saudi Aramco purchases totaled SAR 110.0 billion ($29.3 billion) and SAR 106.4 billion, respectively. This 3.4% increase was primarily due to higher purchases for refined and chemical products, partially offset by a decrease in crude oil purchases.

6.7.7 Producing and Manufacturing

For the three month periods ended 31 March 2024 and 2023, producing and manufacturing expenses were SAR 24.3 billion ($6.5 billion) and SAR 23.1 billion, respectively. This 4.9% increase was primarily due to higher operating costs driven by increased material and service costs, partially offset by favorable inventory valuation movement.

6.7.8 *Selling, Administrative and General*

For the three month periods ended 31 March 2024 and 2023, Saudi Aramco incurred selling, administrative and general expenses of SAR 22.1 billion ($5.9 billion) and SAR 15.2 billion, respectively. This 45% increase was primarily due to an increase in derivative losses and higher employee related and service costs.

6.7.9 *Exploration*

For the three month periods ended 31 March 2024 and 2023, Saudi Aramco incurred exploration expenses of SAR 2.6 billion ($0.7 billion) and SAR 1.8 billion, respectively. This 48% increase was primarily due to an increase in geological and geophysical survey costs.

6.7.10 *Research and Development*

For the three month periods ended 31 March 2024 and 2023, Saudi Aramco incurred research and development expenses of SAR 1.2 billion ($0.3 billion) and SAR 0.9 billion, respectively.

6.7.11 *Depreciation and Amortization*

For the three month periods ended 31 March 2024 and 2023, Saudi Aramco recognised depreciation and amortization expenses of SAR 23.4 billion ($6.2 billion) and SAR 22.0 billion, respectively. This 6.6% increase was primarily attributable to higher depreciation driven by the capitalization of additional assets by Saudi Aramco.

6.7.12 *Share of Results of Joint Ventures and Associates*

For the three month periods ended 31 March 2024 and 2023, Saudi Aramco recorded income of SAR 0.8 billion ($0.2 billion) and SAR 0.7 billion, respectively, in its share of results of joint ventures and associates.

6.7.13 *Finance and Other Income*

For the three month periods ended 31 March 2024 and 2023, Saudi Aramco had finance and other income of SAR 6.8 billion ($1.8 billion) and SAR 11.0 billion, respectively. This 38.3% decrease was primarily due to an absence of gain recognized in the previous period resulting from the prepayment of the deferred consideration related to the SABIC acquisition.

6.7.14 *Finance Costs*

For the three month periods ended 31 March 2024 and 2023, Saudi Aramco incurred finance costs of SAR 3.0 billion ($0.8 billion) and SAR 3.2 billion, respectively.

6.7.15 *Income Taxes and Zakat*

For the three month periods ended 31 March 2024 and 2023, Saudi Aramco incurred income taxes and zakat expenses of SAR 102.7 billion ($27.4 billion) and SAR 109.7 billion, respectively. This 6.3% decrease was primarily attributable to lower taxable income recorded during the period.

6.7.16 *Net Income*

Saudi Aramco's net income decreased to SAR 102.3 billion ($27.3 billion) for the three month period ended 31 March 2024 from SAR 119.5 billion for the three month period ended 31 March 2023 as a result of the above factors.

6.8 Comparison of Fiscal Year Ended 31 December 2023, Fiscal Year Ended 31 December 2022 and Fiscal Year Ended 31 December 2021

6.8.1 Revenue and Other Income Related to Sales

For the years ended 31 December 2023 and 2022, Saudi Aramco's revenue and other income related to sales was SAR 1,856.4 billion ($495.0 billion) and SAR 2,266.4 billion, respectively. This 18% decrease was primarily attributable to lower average realized crude oil prices and lower volumes sold, as well as lower refining and chemicals products prices.

Other income related to sales in 2023 decreased by 22% from 2022, which was primarily attributable to lower reference equalization prices for refined and chemical products and crude oil sold in the Kingdom at regulated prices.

For the years ended 31 December 2022 and 2021, Saudi Aramco's revenue and other income related to sales was SAR 2,266.4 billion and SAR 1,501.8 billion, respectively. This 51% increase was primarily attributable to higher crude oil and refined and chemical product prices and stronger volumes sold.

Other income related to sales in 2022 increased by 68% from 2021, which was primarily attributable to higher reference equalization prices for refined and chemical products and crude oil sold in the Kingdom at regulated prices. See Section 6.3.6 (*Fiscal Regime*).

6.8.1.1 Upstream

For the years ended 31 December 2023 and 2022, the upstream segment's external revenue was SAR 784.6 billion ($209.2 billion) and SAR 1,024.6 billion, respectively. This 23% decrease was primarily due to lower average realized crude oil prices and lower volumes sold. For the years ended 31 December 2022 and 2021, the upstream segment's external revenue was SAR 1,024.6 billion and SAR 656.1 billion, respectively. This 56% increase was primarily due to a growth in global energy demand resulting in stronger average realized crude oil prices and reinforced by higher crude oil volumes sold.

For the years ended 31 December 2023 and 2022, the upstream segment's other income related to sales was SAR 71.4 billion ($19.0 billion) and SAR 85.5 billion, respectively. This 17% decrease was primarily due to a decrease in the reference equalization price for crude oil. For the years ended 31 December 2022 and 2021, the upstream segment's other income related to sales was SAR 85.5 billion and SAR 58.9 billion, respectively. This 45% increase was primarily due to an increase in the reference equalization price for crude oil. See Sections 6.5.1 (*Revenue*) and 6.5.3 (*Royalties and Other Taxes*).

6.8.1.2 Downstream

For the years ended 31 December 2023 and 2022, the downstream segment's external revenue was SAR 866.7 billion ($231.1 billion) and SAR 980.7 billion, respectively. This 12% decrease was primarily due to lower refining and chemicals product prices. For the years ended 31 December 2022 and 2021, the downstream segment's external revenue was SAR 980.7 billion and SAR 689.4 billion, respectively. This 42% increase was primarily due to stronger refined and chemicals product prices and volumes sold.

For the years ended 31 December 2023 and 2022, the downstream segment's other income related to sales was SAR 131.7 billion ($35.1 billion) and SAR 173.9 billion, respectively. This 24% decrease was primarily due to lower reference equalization prices of refined and chemicals products sold in the Kingdom at regulated prices. For the years ended 31 December 2022 and

2021, the downstream segment's other income related to sales was SAR 173.9 billion and SAR 95.9 billion, respectively. This 81% increase was primarily due to higher reference equalization prices of refined and chemicals products sold in the Kingdom at regulated prices.

6.8.1.3 Corporate

For the years ended 31 December 2021, 2022 and 2023, Saudi Aramco's corporate activities' external revenue was SAR 1.5 billion, SAR 1.6 billion and SAR 2.0 billion ($0.5 billion), respectively. The corporate activities primarily support the upstream segment's and downstream segment's activities.

6.8.2 Royalties and Other Taxes

For the years ended 31 December 2023 and 2022, Saudi Aramco recorded royalties and other taxes of SAR 231.8 billion ($61.8 billion) and SAR 341.5 billion, respectively. This 32% decrease was primarily due to a lower average effective royalty rate, lower crude oil prices and lower volumes sold. For the years ended 31 December 2022 and 2021, Saudi Aramco recorded royalties and other taxes of SAR 341.5 billion and SAR 144.8 billion, respectively. This 136% increase was primarily due to a higher average effective royalty rate, stronger crude oil prices and higher sales volume.

6.8.3 Purchases

For the years ended 31 December 2023 and 2022, Saudi Aramco made purchases of SAR 471.2 billion ($125.7 billion) and SAR 490.7 billion, respectively. This 4% decrease was primarily attributable to lower purchases of gas, refined and chemical products, partially offset by an increase in crude oil purchases.

For the years ended 31 December 2022 and 2021, Saudi Aramco made purchases of SAR 490.7 billion and SAR 352.4 billion, respectively. This 39% increase was primarily attributable to an increase in purchases of crude oil and refined and chemical products driven by higher product prices and volumes.

6.8.4 Producing and Manufacturing

For the years ended 31 December 2023 and 2022, producing and manufacturing expenses were SAR 96.5 billion ($25.7 billion) and SAR 101.9 billion, respectively. This 5% decrease was primarily due to lower utility and other costs.

For the years ended 31 December 2022 and 2021, producing and manufacturing expenses were SAR 101.9 billion and SAR 76.5 billion, respectively. This 33% increase was primarily due to unfavorable inventory valuation movement and higher utility and other costs.

6.8.5 Selling, Administrative and General

For the years ended 31 December 2023 and 2022, Saudi Aramco incurred selling, administrative and general expenses of SAR 76.9 billion ($20.5 billion) and SAR 83.7 billion, respectively. This 8% decrease was primarily attributable to lower losses associated with derivative instruments and lower freight costs, partially offset by higher employee related costs.

For the years ended 31 December 2022 and 2021, Saudi Aramco incurred selling, administrative and general expenses of SAR 83.7 billion and SAR 59.5 billion, respectively. This 41% increase was primarily attributable to higher freight costs, an increase in losses associated with derivative instruments and higher employee related costs.

6.8.6 *Exploration*

For the years ended 31 December 2023 and 2022, Saudi Aramco incurred exploration expenses of SAR 9.4 billion ($2.5 billion) and SAR 8.4 billion, respectively. This 12% increase was primarily attributable to an increase in geological and geophysical survey costs, partially offset by lower write-offs of dry-hole costs related to gas exploration activities.

For the years ended 31 December 2022 and 2021, Saudi Aramco incurred exploration expenses of SAR 8.4 billion and SAR 7.3 billion, respectively.

6.8.7 *Research and Development*

For the years ended 31 December 2023 and 2022, Saudi Aramco incurred research and development expenses of SAR 5.2 billion ($1.4 billion) and SAR 4.4 billion, respectively.

For the years ended 31 December 2022 and 2021, Saudi Aramco incurred research and development expenses of SAR 4.4 billion and SAR 3.9 billion, respectively.

6.8.8 *Depreciation and Amortization*

For the years ended 31 December 2023 and 2022, Saudi Aramco recognized depreciation and amortization expenses of SAR 97.0 billion ($25.9 billion) and SAR 91.6 billion, respectively. This 6% increase was primarily attributable to depreciation incurred on additional assets capitalized.

For the years ended 31 December 2022 and 2021, Saudi Aramco recognized depreciation and amortization expenses of SAR 91.6 billion and SAR 85.5 billion, respectively. This 7% increase was primarily attributable to depreciation incurred on additional assets capitalized and higher impairment expense recognized during the year.

6.8.9 *Share of Results of Joint Ventures and Associates*

For the years ended 31 December 2023 and 2022, Saudi Aramco recorded a loss of SAR 4.0 billion ($1.1 billion) and income of SAR 2.9 billion, respectively in its share of results from joint ventures and associates. This decrease was primarily due to losses recorded by joint ventures and associates in 2023 compared to earnings in 2022.

For the years ended 31 December 2022 and 2021, Saudi Aramco recorded income of SAR 2.9 billion and income of SAR 7.9 billion, respectively in its share of results from joint ventures and associates. This decrease was primarily due to lower earnings recorded by joint ventures and associates compared to 2021.

6.8.10 *Finance and Other Income*

For the years ended 31 December 2023 and 2022, Saudi Aramco had finance and other income of SAR 32.0 billion ($8.5 billion) and SAR 14.9 billion, respectively. This 115% increase was primarily attributable to higher interest income resulting from an increase in interest rates and higher short-term investments and time deposits, and higher gain resulting from the prepayment of the deferred consideration related to the SABIC acquisition.

For the years ended 31 December 2022 and 2021, Saudi Aramco had finance and other income of SAR 14.9 billion and SAR 1.8 billion, respectively. This 728% increase was primarily attributable to higher interest income on short-term investments, and a gain resulting from the prepayment of the deferred consideration related to the SABIC acquisition.

6.8.11 *Finance Costs*

For the years ended 31 December 2023 and 2022, Saudi Aramco incurred finance costs of SAR 8.2 billion ($2.2 billion) and SAR 8.9 billion, respectively. This 8% decrease was primarily due to higher capitalization of the borrowing cost and lower interest expense incurred on the deferred consideration related to the SABIC acquisition, partially offset by higher interest expense recorded by affiliates.

For the years ended 31 December 2022 and 2021, Saudi Aramco incurred finance costs of SAR 8.9 billion and SAR 12.1 billion, respectively. This 26% decrease was primarily due to higher capitalization and lower interest expense incurred on the deferred consideration related to the SABIC acquisition.

6.8.12 *Income Taxes and Zakat*

For the years ended 31 December 2023 and 2022, Saudi Aramco incurred income taxes and zakat expenses of SAR 433.3 billion ($115.5 billion) and SAR 549.0 billion, respectively, a decrease of 21%. This decrease was primarily attributable to lower taxable income recorded in 2023.

For the years ended 31 December 2022 and 2021, Saudi Aramco incurred income taxes and zakat expenses of SAR 549.0 billion and SAR 357.1 billion, respectively, an increase of 54%. This increase was primarily attributable to higher taxable income recorded in 2022.

6.8.13 *Net Income*

For the years ended 31 December 2023 and 2022, Saudi Aramco's net income was SAR 454.8 billion ($121.3 billion) and SAR 604.0 billion, respectively, as a result of the above factors.

For the years ended 31 December 2022 and 2021, Saudi Aramco's net income was SAR 604.0 billion and SAR 412.4 billion, respectively, as a result of the above factors.

6.9 Summary of Consolidated Balance Sheet as at 31 December 2021, 2022 and 2023 and as at 31 March 2024

The following table sets forth Saudi Aramco's consolidated balance sheet as at 31 December 2021, 2022 and 2023 and as at 31 March 2024.

	As at 31 December				As at 31 March	
	2021	2022	2023	2023	2024	2024
	SAR	SAR	SAR	U.S.$	SAR	U.S.$
	(in millions)					
Cash and cash equivalents(1)	299,579	226,047	198,973	53,059	243,972	65,059(2)
Property, plant and equipment	1,244,316	1,303,266	1,384,717	369,258	1,411,857	376,495
Total assets	2,162,690	2,492,924	2,477,940	660,784	2,481,139	661,637
Total borrowings	510,921	393,144	290,147	77,373	291,831	77,822
Total liabilities	882,022	826,777	740,848	197,559	758,764	202,337
Total equity(1)	1,280,668	1,666,147	1,737,092	463,225	1,722,375	459,300

Source: The Financial Statements.

(1) The Company intends to purchase Offer Shares in the Offering at the Final Offer Price for an aggregate purchase price of up to SAR 3.75 billion.

(2) In May 2024, the Company declared and distributed dividend payments of SAR 116.5 billion ($31.1 billion).

6.9.1 Total Assets

As at 31 March 2024, total assets were SAR 2,481.1 billion ($661.6 billion) compared to SAR 2,477.9 billion as at 31 December 2023.

As at 31 December 2023, total assets were SAR 2,477.9 billion ($660.8 billion) compared to SAR 2,492.9 billion as at 31 December 2022. This decrease was primarily attributable 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 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 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. 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 Saudi Iron and Steel Company (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 acquisition and other long-term receivables and advances outstanding at year end.

As at 31 December 2022, total assets were SAR 2,492.9 billion compared to SAR 2,162.7 billion as at 31 December 2021. This increase was primarily attributable to an increase in short term investments, property, plant and equipment, inventories, and trade receivables. This was partially offset by a decrease in cash and cash equivalents balance. The increase in short-term investments reflects greater allocation of funds from cash and cash equivalents to USD and SAR denominated term deposits with a maturity of more than 90 days. The increase in property, plant and equipment reflects higher upstream capital expenditures in relation to drilling and development activities related to crude oil increments and gas projects. The higher inventories balance is primarily due to an increase in crude and refined and chemicals products inventories compared to the prior year, which is predominantly associated with higher product prices at year end. The increase in trade receivables is mainly attributable to higher revenue associated with the impact of stronger sales prices and volumes at year-end. The lower cash and cash equivalents balance is mainly due to an increased allocation to short-term investments, higher cash paid for settlement of income, zakat and other taxes, and net repayment of borrowings. This was partially offset by higher earnings during the year.

6.9.2 Total Liabilities

As at 31 March 2024, total liabilities were SAR 758.8 billion ($202.3 billion) compared to SAR 740.8 billion as at 31 December 2023.

As at 31 December 2023, total liabilities were SAR 740.8 billion ($197.6 billion) compared to SAR 826.8 billion as at 31 December 2022. The decrease was primarily attributable to 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.

As at 31 December 2022, total liabilities were SAR 826.8 billion compared to SAR 882.0 billion as at 31 December 2021. The decrease was primarily attributable to the impact of reduction in borrowings during the current year, partially offset by higher deferred income tax liabilities, trade and other payables, and income taxes and zakat payable. The reduction in borrowings was mainly driven by the payment of the deferred consideration related to the SABIC acquisition. The increase in deferred income tax liabilities is mainly driven by changes in taxable temporary differences associated with property, plant and equipment, provisions, and post-employment benefit obligations. Trade and other payables increased primarily as a result of higher purchases reflecting the impact of an increase in product prices. Income taxes and zakat payable increased due to the impact of higher taxable income in 2022.

6.9.3 Total equity

As at 31 March 2024, total equity was SAR 1,722.4 billion ($459.3 billion) compared to SAR 1,737.1 billion as at 31 December 2023.

As at 31 December 2023, total equity was SAR 1,737.1 billion ($463.2 billion) compared to SAR 1,666.1 billion as at 31 December 2022. This increase was primarily attributable to an increase in profits generated in the period net of dividends paid. As at 31 December 2022, total equity was SAR 1,666.1 billion compared to SAR 1,280.7 billion as at 31 December 2021. This increase was primarily attributable to an increase in profits generated in the period, net of dividends paid and an increase in non-controlling interests largely driven by the sale of an equity interest in its subsidiary associated with Saudi Aramco's gas pipeline transaction in February 2022.

6.10 Liquidity and Capital Resources

The following table sets forth Saudi Aramco's cash flow for the years ended 31 December 2021, 2022 and 2023 and the three month periods ended 31 March 2023 and 2024.

	Year Ended 31 December				Three Month Periods Ended 31 March		
	2021	2022	2023	2023	2023	2024	2024
	SAR	SAR	SAR	U.S.$	SAR	SAR	U.S.$
	(in millions)						
Net cash provided by/(used in):							
Operating activities	522,601	698,152	537,814	143,417	148,647	125,969	33,592
Investing activities	(135,741)	(389,009)	(54,019)	(14,405)	90,324	48,030	12,808
Financing activities	(294,513)	(382,675)	(510,869)	(136,232)	(124,344)	(129,000)	(34,400)

Source: The Financial Statements.

The Company primarily funds its operations with cash generated from operating activities and proceeds from borrowings as set out in Section 6.10.5 (*Liquidity*) below. Saudi Aramco's primary current uses of cash are ongoing operating expenses, capital expenditures and payments to, and settlements with, the Government of royalties, income, zakat and other taxes and dividends.

Saudi Aramco's future capital requirements will depend on many factors, including the capacity expansion of the MGS and further strategic integration and diversification of its downstream operations.

6.10.1 *Cash Provided by Operating Activities*

Saudi Aramco's cash flow is primarily generated from its operations. Net cash provided by operating activities for the three month period ended 31 March 2024 amounted to SAR 126.0 billion ($33.6 billion) as compared to SAR 148.6 billion for the three month period ended 31 March 2023. This 15.2% decrease was primarily due to unfavorable movements in working capital and lower earnings resulting from lower crude oil volumes sold, weakening refining and chemicals product prices, and lower finance and other income. This was partially offset by a decrease in cash paid for the settlement of income, zakat and other taxes.

Net cash provided by operating activities for the year ended 31 December 2023 amounted to SAR 537.8 billion ($143.4 billion) as compared to SAR 698.2 billion for the year ended 31 December 2022. This 23% decrease mainly reflects lower earnings resulting from lower crude oil prices and lower volumes sold, and lower refining and chemicals product prices. 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 provided by operating activities for the year ended 31 December 2022 amounted to SAR 698.2 billion as compared to SAR 522.6 billion for the year ended 31 December 2021. This 34% increase from 2021 to 2022 primarily reflected higher earnings resulting from stronger crude oil prices and volumes sold and improved refining margins. This was partially offset by an increase in cash paid for the settlement of income, zakat and other taxes.

6.10.2 *Cash Used in or Provided by Investing Activities*

Net cash used in investing activities for the three month period ended 31 March 2024 amounted to SAR 48.0 billion ($12.8 billion) as compared to net cash used in investing activities of SAR 90.3 billion for the three month period ended 31 March 2023. This 46.8% decrease was primarily due to a reduction in net maturities of short-term investments compared to the prior period.

Net cash used in investing activities amounted to SAR 54.0 billion ($14.4 billion) for the year ended 31 December 2023 as compared to SAR 389.0 billion for the year ended 31 December 2022. This 86% decrease 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 acquisition of Valvoline Global Operations and higher upstream capital expenditures.

Net cash used in investing activities amounted to SAR 389.0 billion for the year ended 31 December 2022 as compared to SAR 135.7 billion for the year ended 31 December 2021. This 187% increase from 2021 to 2022 was primarily due to an increase in purchases of short-term investments and higher upstream expenditures during the year.

6.10.2.1 *Capital Expenditures*

The following table sets forth Saudi Aramco's capital expenditures on a cash basis for each of its business segments for the years ended 31 December 2021, 2022 and 2023 and the three month periods ended 31 March 2023 and 2024.

	Year Ended 31 December				**Three Month Periods Ended 31 March**		
	2021	**2022**	**2023**	**2023**	**2023**	**2024**	**2024**
	SAR	**SAR**	**SAR**	**U.S.$**	**SAR**	**SAR**	**U.S.$**
	(in millions)						
Upstream(1)	88,758	109,789	123,543	32,945	25,332	33,114	8,830
Downstream	28,724	29,541	32,735	8,729	7,147	6,882	1,835
Corporate	2,163	1,831	2,030	541	318	625	167
Total	**119,645**	**141,161**	**158,308**	**42,215**	32,797	40,621	10,832

Source: The Financial Statements.

(1) Includes exploration capital expenditures of SAR 6,338 million, SAR 10,939 million, SAR 15,750 million ($4,200 million) and SAR 4,410 million ($1,176 million) for the years ended 31 December 2021, 2022 and 2023 and the three month periods ended 31 March 2024 respectively, and development capital expenditures of SAR 35,846 million, SAR 42,278 million, SAR 49,470 million ($13,192 million) and SAR 14,067 million ($3,751 million) for the years ended 31 December 2021, 2022 and 2023 and the three month periods ended 31 March 2024, respectively.

Saudi Aramco's capital expenditures for the three month period ended 31 March 2024 amounted to SAR 40.6 billion ($10.8 billion) as compared to SAR 32.8 billion for three month period ended 31 March 2023. This 23.8% increase was primarily due to progress associated with crude oil increments to maintain MSC at 12.0 mmbpd and increased development activity to support further expansion of the Company's gas business.

Saudi Aramco's capital expenditures for the year ended 31 December 2023 amounted to SAR 158.3 billion ($42.2 billion) as compared to SAR 141.2 billion for the year ended 31 December 2022. This 12% increase was primarily attributable to increased drilling and development activities related to crude oil increments, and ongoing progress of multiple gas projects toward the goal of expanding gas production.

Saudi Aramco's capital expenditures were SAR 141.2 billion for the year ended 31 December 2022 and SAR 119.6 billion for the year ended 31 December 2021. This 18% increase from 31 December 2021 to 31 December 2022 was primarily due to higher drilling and development activities related to increasing crude oil increments and gas projects. Saudi Aramco expects capital investments, including external investments, to be in the range of SAR 180.0 billion to SAR 217.5 billion ($48.0 billion to $58.0 billion) for the year ending 31 December 2024.

On 30 January 2024, the Government directed Saudi Aramco to maintain MSC at the current level of 12.0 million barrels of crude oil per day. As a result of this directive, the Company expects approximately $40 billion to be reduced from its capital investment program over the next five years. Capital investments are expected to continue to grow through the middle of the decade.

In the near term, Saudi Aramco expects to allocate approximately 60% of its capital investment to its upstream segment, 30% to its downstream segment and 10% to new energies and other projects.

6.10.3 *Cash Used in Financing Activities*

Net cash used in financing activities for the three month period ended 31 March 2024 amounted to SAR 129.0 billion ($34.4 billion) as compared to SAR 124.3 billion for three month period ended 31 March 2023. This 3.8% increase was mainly driven by payment of the performance-linked dividends, an increase of 4.0% in base dividends and an absence of cash received in connection with the JIGPC financing transaction in the prior year. This was partially offset by a reduction in repayments of borrowings.

Net cash used in financing activities for the year ended 31 December 2023 amounted to SAR 510.9 billion ($136.2 billion) as compared to SAR 382.7 billion for the year ended 31 December 2022. This 33% increase predominately reflects payments associated with performance-linked dividends, an increase of 4.0% in base dividends and an absence of cash received in connection with Saudi Aramco's gas pipeline transaction in the prior year. This was partially offset by an increase in cash proceeds from borrowings.

Net cash used in financing activities amounted to SAR 382.7 billion for the year ended 31 December 2022 as compared to SAR 294.5 billion for the year ended 31 December 2021. This 30% increase was primarily due to higher repayment of borrowings largely attributable to the payment of deferred consideration related to the SABIC acquisition and the reduction in cash proceeds from borrowings. This was partially offset by cash received in connection with Saudi Aramco's gas pipeline transaction in February 2022.

6.10.3.1 *Dividends and Distributions*

In accordance with the Company's dividend policy, the Company's Board of Directors intends to declare regular and interim dividends at any time at its discretion. In 2021, 2022 and 2023, the Company's dividend payments totaled SAR 281.3 billion, SAR 281.3 billion and SAR 366.7 billion ($97.8 billion), respectively. In the three month period ended 31 March 2024, the Company's dividend payments totaled SAR 116.5 billion ($31.1 billion). In May 2024, the Company declared and paid dividends of SAR 116.5 billion ($31.1 billion).

The Company currently distributes and intends to maintain a sustainable and progressive base dividend. The base dividend declared in each of the first and second quarters of 2024 was SAR 76.1 billion ($20.3 billion) each. Based on these dividend amounts, the Company expects to declare total base dividends of SAR 304.4 billion ($81.2 billion) in 2024. The base dividend amounts for the third and fourth quarters of 2024 have not been declared and are subject to the discretion of the Board. See Section 7 (*Dividend Policy*).

In addition to the base dividend, the Company announced its intention to introduce performance-linked dividends in 2023 and to calculate the first performance-linked dividends based on the combined full-year results of 2022 and 2023 and based on 70% of the Saudi Aramco's combined full-year free cash flow for 2022 and 2023, net of the base dividend and other amounts, including external investments. These performance-linked dividends, intended to be distributed over six quarters, commenced distribution in the third quarter of 2023. The first distribution of these performance-linked dividends in the amount of SAR 37.0 billion ($9.9 billion) was calculated based on the full-year results of 2022 and the half-year results for the period ended 30 June 2023. The second distribution of SAR 37.0 billion ($9.9 billion) was paid in the fourth quarter of 2023 based on combined full-year results of 2022 and the nine months ended 30 September 2023. The third and fourth distributions of SAR 40.4 billion ($10.8 billion) each were paid in the first and second quarters of 2024 based on combined full-year results of 2022 and 2023. These four distributions were calculated based on 70% of Saudi Aramco's annual free cash flow, net of the base dividend and other amounts, including external investments. All subsequent distributions in 2024 are also expected to be calculated based on the full-year results of 2022 and 2023 and paid over the third and fourth quarters of 2024. The total performance-linked dividend to be paid in 2024 is expected to be SAR 161.6 billion ($43.1 billion) pursuant to the previously announced mechanism for determining the dividend based on Saudi Aramco's performance in 2022 and 2023, subject to the discretion of the Board of Directors. The Board of Directors will declare any performance-linked dividends at their discretion, after considering the Company's financial position and ability to fund commitments, including growth capital plans, and in accordance with the Company's dividend distribution policy. See Section 7 (*Dividend Policy*).

Royal Order No. A/42, dated 26/01/1441H (corresponding to 25 September 2019) provides that, to the extent that the Board of Directors 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 its ordinary shares equal to the amount necessary to enable Saudi Aramco 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 of Directors in its discretion will be paid to the Government. In addition, 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.

Any decision to pay dividends on the Shares and the amount of dividends to be paid will be made at the discretion of the Board subject to the Company's dividend distribution policy. Additionally, the dividend distribution policy may be changed by vote of an Ordinary General Assembly. See Section 2.4.7 (*Risks related to the Company paying dividends on the Shares)* and Section 7.2 (*Dividend Distribution Policy*).

6.10.4 Borrowings

The following table sets forth the Company's borrowings as at 31 December 2021, 2022 and 2023 and 31 March 2024.

Table 23: **Borrowings as at 31 December 2021, 2022 and 2023 and 31 March 2024**

	As at 31 December				As at March 31	
	2021	2022	2023	2023	2024	2024
	SAR	SAR	SAR	U.S.$	SAR	U.S. $
	(in millions)					
Non-current:						
Deferred consideration	188,723	81,168	—	—	—	—
Commercial borrowings	52,280	46,684	45,406	12,108	44,955	11,988
Debentures	98,449	89,585	81,092	21,625	80,999	21,600
Sukuk	34,560	34,300	18,689	4,983	29,944	7,985
Lease liabilities	38,108	43,073	45,224	12,060	48,409	12,909
Other financial arrangements	24,251	23,570	36,070	9,619	36,003	9,601
Total non-current	**436,371**	**318,380**	**226,481**	**60,395**	**240,310**	**64,083**
Current:						
Deferred consideration	33,544	40,995	—	—	—	—
Short-term bank financing	17,351	10,205	18,378	4,901	16,347	4,359
Commercial borrowings	10,556	6,065	8,498	2,266	8,209	2,189
Debentures	3,750	7,627	9,683	2,582	10,283	2,742
Sukuk	266	281	15,000	4,000	3,750	1,000
Lease liabilities	9,083	9,591	12,107	3,229	12,932	3,449
Total current	**74,550**	**74,764**	**63,666**	**16,978**	**51,521**	**13,739**

Source: The Financial Statements.

The Company has entered into long-term financing arrangements with various lenders, including secured arrangements with a carrying value of SAR 94,379 million, SAR 95,018 million and SAR 94,091 million ($25.1 million) for 2021, 2022 and 2023, respectively. For further information, see Note 20 to the 2023 Financial Statements and Note 20 to the 2022 Financial Statements included elsewhere in this Offering Document.

The following table sets forth the Company's borrowing facilities as at 31 December 2023.

Table 24: **Borrowing facilities as at 31 December 2023**

	Total facility(1)	Loan duration	Repaid during the year	Balance as at 31 December 2023	Maturity date
			(in millions SAR)		
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**	

Source: The Financial Statements

(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.

6.10.5 Liquidity

Saudi Aramco believes that its existing cash and cash equivalents balance, together with amounts available under its committed borrowing arrangements and cash generated from operations, will be sufficient to meet its working capital requirements for at least the next 12 months. Saudi Aramco currently has access to revolving credit facilities, its GMTN Program, its Trust Certificate (sukuk) Issuance Program and its Domestic Sukuk Program. Certain of Saudi Aramco's subsidiaries also have entered into and have access to credit facilities, sukuk or other financing.

Cash that may be temporarily available as surplus to Saudi Aramco's immediate needs is carefully managed based on counterparty quality and investment guidelines to ensure it is secure and readily available to meet Saudi Aramco's cash requirements.

6.10.5.1 Revolving Credit Facilities

On 4 April 2022, the Company entered into new five-year unsecured revolving credit facilities aggregating to SAR 37.5 billion ($10 billion) to replace the previously expired $10 billion revolving credit facilities. The new facilities comprise USD denominated conventional facilities of SAR 30 billion ($8 billion) and a SAR denominated Shari'a compliant Murabaha facility of SAR 7.5 billion ($2 billion). The conventional facilities also incorporate a SAR 7.5 billion

($2.0 billion) swingline sublimit facility in support of the Company's establishment of a U.S. commercial paper program. The Company will apply all amounts advanced to it under these facilities for general corporate purposes and towards its general working capital requirements. The Company has the option to extend the facilities' maturity date twice by one year each time. No amounts have been drawn against these facilities as of 31 December 2023. In addition, the Company has a number of other revolving credit facilities with aggregate borrowings of SAR 1.2 billion ($320 million) and undrawn amounts of SAR 14.1 billion ($3.8 billion) as of 31 December 2023.

6.10.5.2 Domestic Sukuk Program

On 21 March 2017, Saudi Aramco established a Saudi Riyal denominated Domestic Sukuk Program for the issuance of up to SAR 37.5 billion ($10 billion) in aggregate nominal amount of sukuk and was updated on 24 February 2021. On 10 April 2017, SAR 11.3 billion sukuk were issued under the program with a maturity date of 10 April 2024. On 28 March 2024, the maturity date of the sukuk issued was extended by one year to 10 April 2025, subject to an early redemption option.

6.10.5.3 Trust Certificate (sukuk) Issuance Program

On 7 June 2021, Saudi Aramco established a Trust Certificate (sukuk) Issuance Program with an unlimited program size. On 17 June 2021, SAR 22.5 billion ($6.0 billion) in aggregate face amount of trust certificates were issued in three tranches under this program: SAR 3.75 billion ($1 billion) trust certificates due 17 June 2024, SAR 7.5 billion ($2 billion) trust certificates due June 2026 and SAR 11.25 billion ($3 billion) trust certificates due 2031.

6.10.5.4 GMTN Program

On 1 April 2019, Saudi Aramco established a global medium term note program (the "**GMTN Program**") pursuant to which it may from time to time issue medium term notes. On 16 April 2019, Saudi Aramco issued $12.0 billion in aggregate principal amount of senior unsecured notes under the GMTN Program comprising five series: $1.0 billion 2.750% senior notes due 2022; $2.0 billion 2.875% senior notes due 2024; $3.0 billion 3.500% senior notes due 2029; $3.0 billion 4.250% senior notes due 2039 and $3.0 billion 4.375% senior notes due 2049. On 24 November 2020, Saudi Aramco issued $8.0 billion in aggregate principal amount of new senior unsecured medium term notes under the GMTN Program comprising five series: $0.5 billion 1.250% senior notes due 2023; $1.0 billion 1.625% senior notes due 2025; $2.0 billion 2.250% senior notes due 2030; $2.25 billion 3.250% senior notes due 2050 and $2.25 billion 3.500% senior notes due 2070 (collectively, the "**Senior Unsecured Notes**").

6.11 Contractual Obligations

The following table sets forth Saudi Aramco's contractual obligations as at 31 December 2023:

	Payments Due Per Period			
	Less than 1 year	1 – 5 years	More than 5 years	Total SAR
	SAR	SAR	SAR	SAR
	(in millions)			
Borrowings – other than leases[(1)]	55,931	72,048	193,512	321,491
Leases[(1)]	14,327	27,589	28,933	70,849
Purchase obligations[(2)]	71,993	-	-	71,993
Total	142,251	99,637	222,445	464,333

Source: The Company.

(1) Maturities at contractual value of long-term borrowings and debentures and leases, including interest payments due under such instruments.

(2) Represents present value of expenditures required to settle the obligations.

The following table sets forth Saudi Aramco's decommissioning and environmental liabilities for the years ended 31 December 2021, 2022 and 2023:

	Year Ended 31 December		
	2021	2022	2023
	SAR	SAR	SAR
	(in millions)		
Decommissioning liabilities[(1)]	18,296	17,568	15,150
Environmental liabilities[(1)]	824	770	698

Source: The Company.

(1) Represents present value of expenditures required to settle the obligation.

Saudi Aramco's off-balance sheet arrangements primarily relate to commitments and contingencies under guarantees issued by Saudi Aramco in connection with financing arrangements at Sadara and Petro Rabigh.

On 25 March 2021, Saudi Aramco and Dow, partners in Sadara, entered into agreements to provide Sadara additional feedstock by increasing the quantity of ethane and natural gasoline supplied by Saudi Aramco. These agreements also include a gradual increase in Saudi Aramco's rights to market, through SABIC, the finished products produced by Sadara over the next five years through an executive sales and operations planning committee. Additionally, Saudi Aramco and Dow agreed to guarantee up to an aggregate of SAR 13.9 billion ($3.7 billion) in principal amount of senior debt in proportion to their ownership interests in Sadara.

In connection with Petro Rabigh, in March 2015, Saudi Aramco entered into a guarantee of 50% of the payment obligations to the credit providers of Petro Rabigh under its SAR 19.4 billion financing arrangements related to the Rabigh II Project. This guarantee was released on 30 September 2020, the completion date of the Rabigh II Project. Concurrently with the guarantee release, Saudi Aramco and Sumitomo entered into a debt service undertaking with the Rabigh II lenders, whereby each of them severally undertakes to pay 50% of any shortfalls in Rabigh II debt service until the final repayment date in June 2032, on a scheduled and not accelerated basis. The semi-annual scheduled principal debt service under the Rabigh II financing is approximately SAR 622 million. Saudi Aramco and Sumitomo also arranged equity bridge loans in an aggregate amount of SAR 11.3 billion which they have severally guaranteed to meet the equity financing requirements under the senior finance agreements. Petro Rabigh repaid SAR 1.9 billion of the equity bridge loans out of the proceeds of a rights issuance in July 2022. The remaining equity bridge loans of SAR 9.3 billion matured in March 2023 and were refinanced by Petro Rabigh. Under the refinancing arrangement, Sumitomo guaranteed its share of the equity bridge loans, amounting to SAR 4.7 billion that was fully financed by external lenders. In addition, Saudi Aramco provided Petro Rabigh an equity bridge loan of SAR 3.0 billion while the remaining amount of its share, amounting to SAR 1.7 billion was provided by external lenders and was guaranteed by the Company. The refinanced equity bridge loans mature on 20 December 2027.

6.12 Quantitative and Qualitative Disclosure About Market Risk

6.12.1 General

Saudi Aramco is exposed to a number of market risks arising from its normal business activities. Such market risks principally involve the possibility that changes in commodity prices, currency exchange rates or interest rates will adversely affect the value of its financial assets and liabilities or future cash flows and earnings.

6.12.2 Commodity Price Risk

Saudi Aramco manages commodity price risks by using commodity swaps as a means of managing price and timing of risks arising from its trading in refined and chemicals products and NGL. 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.

6.12.3 Risk Management

Saudi Aramco uses derivative financial instruments with limited complexity to manage certain risk exposures and does not enter into financial instruments, including derivative financial instruments, for speculative purposes.

6.12.4 Foreign Currency Exchange Risk

Although Saudi Aramco operates internationally, it has limited exposure to the risk of foreign currency exchange rates as all significant transactions are based in the U.S. Dollar, its functional currency, or hedged. Saudi Aramco's limited foreign exchange risk is based on future commercial transactions or recognized assets or liabilities denominated in a currency that is not its functional currency. In addition, a substantial portion of Saudi Aramco's indebtedness and operating expenses are, and Saudi Aramco expects them to continue to be, denominated in or indexed to U.S. Dollars.

Management actively monitors the fluctuations in foreign currency exchange rates, and Saudi Aramco engages in hedging activities through the use of currency forward contracts and designated time deposits to manage up to 85% of its foreign exchange exposure. Saudi Aramco hedges significant transactions that are not based in its functional currency.

6.12.5 Interest Rate Risk

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. See Section 6.12.9 (*Derivative Instruments and Hedging Activities*) below.

6.12.6 ***Credit Risk***

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 by means of letters of credit, 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. As at 31 December 2023, all the short-term investments were with financial institutions assigned a long-term credit rating of "BBB" or above.

6.12.7 ***Liquidity Risk***

Saudi Aramco's liquidity risk management includes maintaining sufficient cash and cash equivalents and ensuring the availability of incremental funding through credit facilities. 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 deposits, 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.

6.12.8 ***Securities Price Risk***

Saudi Aramco is exposed to a limited amount of risk arising from investments in securities carried out at fair value. Saudi Aramco regularly reviews its positions in investment in securities considering current and expected future economic trends.

6.13 Summary of Material Accounting Policies

The 2023 Financial Statements and the 2022 Financial Statements were prepared in accordance with IFRS. Below is a summary of material accounting policies applied by Saudi Aramco in preparing the Financial Statements:

6.13.1 Principles of Consolidation, Acquisition and Equity Accounting

6.13.1.1 Subsidiaries

The Financial Statements reflect the assets, liabilities and operations of Saudi Aramco and its subsidiaries. Subsidiaries are entities over which Saudi Aramco has control. Saudi Aramco 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 Saudi Aramco 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 Saudi Aramco.

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 for the acquisition of 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 statements of income and 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 re-measured to fair value at the acquisition date with any gains or losses arising from such re-measurement recognized in net income or other comprehensive income, as appropriate.

6.13.1.2 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.

(a) 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 rights to the assets, liabilities, revenues and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses.

(b) 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 Saudi Aramco's 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.

(c) 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 above are also applied by Saudi Aramco to its associates.

6.13.2 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. See Notes 7, 34, 35, 38, 39 and 40 to the 2023 Financial Statements.

6.13.3 Intangible Assets

Goodwill on acquisitions 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.

Intangible assets other than exploration and evaluation costs 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. See Notes 2(e), 4 and 6 to the 2023 Financial Statements. 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

Source: The Company.

Amortization is recorded in depreciation and amortization in Saudi Aramco's consolidated statement of income.

6.13.4 *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 Saudi Aramco's 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 Saudi Aramco's consolidated statement of income.

Exploratory wells remain capitalized while additional appraisal drilling on the potential oil 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 Saudi Aramco's 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.

6.13.5 *Property, Plant and Equipment*

Property, plant and equipment is stated on Saudi Aramco's consolidated balance sheet at cost less accumulated depreciation and impairment losses, if any. Cost includes expenditures directly attributable to the construction or acquisition of the asset. 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. See Notes 2(g) and 5 to the 2023 Financial Statements.

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 Saudi Aramco's 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.

The estimated useful lives or, the lease term, if shorter, for right of use assets 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

Source: The Company.

Gains and losses on disposals of depreciable assets are recognized in net income. See Notes 2(g), 2(h) and 5 to the 2023 Financial Statements.

6.13.6 *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 brand acquired on acquisition of certain subsidiaries (see Note 2(h) to the 2023 Financial Statements) 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.

6.13.6.1 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.

6.13.7 ***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. See Note 5 to the 2023 Financial Statements.

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. See Note 20 to the 2023 Financial Statements. Lease payments are allocated between the principal and finance costs. Finance costs are recorded as an expense in Saudi Aramco's 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 Saudi Aramco's consolidated statement of income on a straight-line basis over the lease term.

6.13.7.1 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.

6.13.8 ***Investments and Other Financial Assets***

6.13.8.1 Classification

Management determines the classification of its financial assets based on the 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.

6.13.8.2 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.

6.13.8.3 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 FVPL or FVOCI. 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 at FVPL, 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 FVOCI.

6.13.8.4 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.

*6.13.9 **Derivative Instruments and Hedging Activities***

6.13.9.1 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 re-measured 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.

6.13.9.2 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.

6.13.10 *Income Tax and Zakat*

The Kingdom's Income Tax Law includes a multi-tiered structure of income tax rates for authorized producers of oil and hydrocarbons, which are based on the amount of in-Kingdom capital investments (with the income tax rate decreasing as the level of in-Kingdom capital investment increases). Under this structure, an income tax of 50% applies to Saudi Aramco, however, a 20% rate applies to Saudi Aramco's taxable income related to the exploration and production of non-associated natural gas (including gas condensates) as well as the collection, treatment, processing and transportation of associated and non-associated natural gas and their liquids, gas condensates and other associated elements. Further, under the Kingdom's Income Tax Law, Saudi Aramco's interest in non-publicly traded in-Kingdom companies are generally subject to a 20% tax rate, unless such company is engaged in the production of oil and its associated hydrocarbon products, in which case, the 50% to 85% multi-tiered structure of income tax rates applies, except that a 20% rate would apply to such company's taxable income related to certain natural gas activities, as described above.

Additionally, effective 1 January 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, rather than the 50% to 85% multi-tiered structure of income tax rates that previously applied to domestic oil and hydrocarbons production companies in the Kingdom, on the condition that the Company separates its domestic downstream activities (from the oil and hydrocarbon production activities) into a separate legal entity before 31 December 2024. If the Company does not comply with this condition by 31 December 2024, its domestic downstream business will be subject to tax retrospectively on an annual basis for the years 2020 to 2024 in accordance with the multi-tiered tax rates applicable to domestic oil and hydrocarbon production companies.

Moreover, by Royal Decree No. M/153 dated 05/11/1441H (corresponding to 26 June 2020), the Income Tax Law was amended to provide that, effective 1 January 2020, as an exception from the Income Tax Law, shares owned (directly or indirectly) by persons engaged in oil and hydrocarbon production activities in companies listed on the Saudi Exchange are subject to zakat, including their indirect interest in those companies (at the level of the investee/subsidiary of such listed companies). As a result, Saudi Aramco's ownership interests in certain entities, including SABIC, Petro Rabigh, Saudi Electricity Company, Luberef, Marafiq, and The National Shipping Company of Saudi Arabia (Bahri) are subject to zakat instead of corporate income taxes.

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 Income Tax Law, as amended. 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, Income Taxes, 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.

The zakat liability is computed using the zakat base subject to the minimum and maximum thresholds in accordance with the Zakat Implementing Regulations of the Zakat, Tax and Customs Authority in the Kingdom issued pursuant to Ministerial Resolution No. (1007) dated 08/19/1445H (corresponding to 29 February 2024). The zakat provision is charged to the consolidated statement of income.

6.13.10.1 ***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 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 to the 2023 Financial Statements.

6.13.11 ***Inventories***

Inventories are stated at the lower of cost or estimated net realizable value. Cost comprises all expenses to bring the inventories to their present location and condition and, for hydrocarbon and chemical inventories, is determined using the first-in, first-out method. For materials and supplies inventories, cost is determined using the weighted average method less an allowance for disposal of obsolete or surplus materials and supplies. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

6.13.12 *Due from the Government*

The Government compensates Saudi Aramco through price equalization and for past due trade receivables of specified Government, semi-Government and other entities with Government ownership or control to whom Saudi Aramco 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 Saudi Aramco's expectation to settle the balance on a net basis with other amounts due from the Government.

Implementing regulations issued by the Government allow Saudi Aramco 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 Saudi Aramco to the Government. Balances due from the Government at 31 December of each year represent amounts to be settled through offset against tax payments.

6.13.13 *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.

6.13.14 *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.

6.13.15 *Treasury shares*

Treasury shares are recognized as a deduction from equity at the amount of consideration paid by Saudi Aramco for their acquisition, including any directly attributable transaction costs incurred.

6.13.16 *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 (see 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.

6.13.17 ***Borrowing Costs***

Any difference between borrowing proceeds and the redemption value is recognized as finance costs in Saudi Aramco's 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.

6.13.18 ***Post-Employment Benefit Plans***

6.13.18.1 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 Saudi Aramco's 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 Saudi Aramco's 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 Saudi Aramco's 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 Saudi Aramco's consolidated statement of income.

6.13.18.2 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 Saudi Aramco's 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.

6.13.18.3 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 to the 2023 Financial Statements included elsewhere in this Offering Document.

6.13.19 ***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 Saudi Aramco'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.

6.13.20 ***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.

6.13.20.1 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 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 to the 2022 Financial Statements.

6.13.21 ***Functional and Presentation Currency***

The U.S. dollar is the functional currency of Saudi Aramco. 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 Saudi Aramco, its 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.

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 31 December 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.

6.13.21.1 Significant Accounting Judgments and Estimates

Saudi Aramco has determined that the U.S. Dollar is the functional currency as a substantial amount of its products are traded in U.S. Dollars in international markets. However, a substantial amount of costs of Saudi Aramco are denominated in Saudi Riyals which has been exchanged at a fixed rate to the U.S. Dollar since 1986. A change in the fixed exchange rate could impact the recorded revenue, expenses, assets and liabilities of Saudi Aramco.

6.13.22 ***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 Saudi Aramco's 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.

6.13.23 ***Other income related to sales***

The Government compensates Saudi Aramco through price equalization for revenue directly forgone as a result of Saudi Aramco's compliance with local regulations governing domestic sales and distribution of certain liquid products, LPG and certain other products. This compensation reflected in the Financial Statements is calculated by Saudi Aramco 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 Saudi Aramco 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 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. See Note 2(n) to the 2023 Financial Statements.

The implementing regulations allow Saudi Aramco 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 Saudi Aramco to the Government.

*6.13.24 **Production Royalties***

Royalties to the Government are calculated based on a progressive scheme applied to crude oil and condensate production. An effective royalty rate is applied to production based on Saudi Aramco'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 Saudi Aramco's consolidated statement of income based on volumes sold during the year and are deductible costs for the Government income tax calculations.

*6.13.25 **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.

*6.13.26 **Dividends***

Provision is made for the amount of any dividend declared, being appropriately authorized and no longer at the discretion of Saudi Aramco, on or before the end of the reporting period but not distributed at the end of the reporting period.

*6.13.27 **Earnings per share***

6.13.27.1 Basic earnings per share

Basic earnings per share is calculated by dividing:

- the net income attributable to the ordinary shareholders of Saudi Aramco; and
- 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.

6.13.27.2 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.

6.13.28 ***Reclassifications***

Certain comparative amounts for 2022 in the notes to the consolidated financial statements have been reclassified to conform to the current year presentation.

6.14 New or Amended Standards

Saudi Aramco adopted the following IASB pronouncements, as endorsed in the Kingdom, effective for annual periods beginning on or after 1 January 2023:

6.14.1 ***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.

6.14.2 ***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 Organization for Economic Co-operation and Development, 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.

6.14.3 ***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 and interpretations that are not yet effective that are expected to have a material impact in the current or future reporting periods or on foreseeable future transactions. Saudi Aramco has not early adopted any new accounting standards, interpretations or amendments that are issued but not yet effective.

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7. Dividend Policy

7. Dividend Policy

7.1 General

Pursuant to the Bylaws, the Board of Directors has sole discretion to declare dividends with respect to the 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 a high investment grade credit rating across oil price cycles, general economic and market conditions and other factors deemed relevant by the Board of Directors. 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. In addition, the Ordinary General Assembly has the authority to modify the dividend distribution policy. See Section 7.2 (*Dividend Distribution Policy*). For a discussion of the risks related to the payment of dividends, see Section 2.4.7 (*Risks related to the Company paying dividends on the Shares*).

The Company will pay cash dividends to the Government in U.S. Dollars and to all other Shareholders in SAR. All Shares will have the same entitlement to any dividends declared by the Board of Directors and any dividends will be distributed in compliance with applicable tax laws. Holders of Offer Shares will be entitled to receive any dividends declared by the Company on and after the date of this Offering Document.

In 2021, 2022 and 2023, the Company's dividend payments totaled SAR 281.3 billion, SAR 281.3 billion and SAR 366.7 billion ($97.8 billion), respectively. In the three month period ended 31 March 2024, the Company's dividend payments totaled SAR 116.5 billion ($31.1 billion). In May 2024, the Company declared and paid dividends of SAR 116.5 billion ($31.1 billion). As at the date of this Offering Document, there are no declared but unpaid dividends.

In 2023, the Company announced its intention to introduce performance-linked dividends in addition to the base dividend and to calculate the first performance-linked dividends based on the combined full-year results of 2022 and 2023 and based on 70% of the Saudi Aramco's combined full-year free cash flow for 2022 and 2023, net of the base dividend and other amounts, including external investments. These performance-linked dividends, intended to be distributed over six quarters, commenced distribution in the third quarter of 2023. The first distribution of these performance-linked dividends in the amount of SAR 37.0 billion ($9.87 billion) was calculated based on the full-year results of 2022 and the half-year results for the period ended 30 June 2023. The second distribution of SAR 37.0 billion ($9.87 billion) was paid in the fourth quarter of 2023 based on combined full-year results of 2022 and the nine months ended 30 September 2023. The third and fourth distributions of SAR 40.4 billion ($10.8 billion) each were paid in the first and second quarters of 2024 based on combined full-year results of 2022 and 2023. These four distributions were calculated based on 70% of Saudi Aramco's annual free cash flow, net of the base dividend and other amounts, including external investments. All subsequent distributions in 2024 are also expected to be calculated based on the full-year results of 2022 and 2023 and paid over the third and fourth quarters of 2024. For the full-year results of 2024 and onwards, the Company intends to target any performance-linked dividends to be in the amount of 50-70% of the Saudi Aramco's annual free cash flow, 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 will declare any performance-linked dividends at their discretion, after considering the Company's financial position and ability to fund commitments including growth capital plans, and in accordance with the Company's dividend distribution policy as described below.

The following table sets forth Saudi Aramco's net income and dividends declared and paid during the years ended 31 December 2021, 2022 and 2023 and the three month periods ended 31 March 2024 and 2023.

Table 25: **Net Income and Dividends Declared and Paid During Years Ended 31 December 2021, 2022 and 2023 and the three month periods ended 31 March 2024 and 2023**

	Year Ended 31 December				Three Month Periods Ended 31 Mar		
	2021 SAR	2022 SAR	2023 SAR	2023 U.S.$	2023 SAR	2024[1] SAR	2024[1] U.S.$
				(in millions)			
Net Income	412,396	604,005	454,764	121,271	119,542	102,271	27,272
Dividends declared during the period[1]	281,305	281,318	366,674	97,780	73,150	116,503	31,067
Dividends distributed during the period[1]	281,305	281,318	366,674	97,780	73,150	116,503	31,067

Source: The Company.

(1) In May 2024, the Company declared and distributed dividend payments of SAR 116.5 billion ($31.1 billion), comprising a base dividend of SAR 76.1 billion ($20.3 billion) and a performance-linked dividend of SAR 40.4 billion ($10.8 billion).

7.2 Dividend Distribution Policy

The Company's dividend distribution policy was approved by the Selling Shareholder on 26 September 2019 by a written resolution pursuant to Article 31/2 of the Bylaws. Pursuant to the Bylaws, any modification of the dividend distribution policy must be approved by an Ordinary General Assembly (see Section 12.7.28 (*Distribution of Dividends*)). The policy states that it is the intention of the Board of Directors, in its discretion, to declare dividends on a regular basis with a view to building long-term shareholder value and providing sustainable dividend growth. In addition, the policy provides 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 of Directors; 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.

7.3 Dividends Framework

Royal Order No. A/42, dated 26/01/1441H (corresponding to 25 September 2019) provides that, 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 share (based on 200,000,000,000 Shares outstanding, representing $18.75 billion in the aggregate) 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 its Shares equal to the amount necessary to enable the Company to first pay the minimum quarterly cash dividend amount described above to holders of Shares other than the Government, after which the remaining amount available for distribution with respect to such quarter, as determined by the Board in its discretion, will be paid to the Government. In addition, (a) dividends forgone will not accrue or otherwise be paid to the Government and (b) the waiver applies to all Shares not held by the Government from time to time, including without limitation any Shares held by shareholders other than the Government that are offered following the Offering and held from 2020 to 2024.

8. Use of Offering Proceeds

8. Use of Offering Proceeds

The Selling Shareholder will receive all of the proceeds of the Offering after deduction of the Bookrunners' commissions and brokerage commissions, and will reimburse the Company for all fees, costs and expenses it incurs in connection with the Offering. The Company will not receive any of the proceeds of the Offering.

9. Capitalization of the Company

9. Capitalization of the Company

The following table provides the capitalization of Saudi Aramco as at 31 December 2023. The following table should be read in conjunction with the relevant Financial Statements, including the explanatory notes annexed thereto.

Table 26: **Capitalization of Saudi Aramco as at 31 December 2023 and 31 March 2024**

	As at 31 December 2023		As at March 31 2024	
	SAR	U.S.$	SAR	U.S.$
	(in millions)			
Cash and cash equivalents(1)	**198,973**	**53,059**	**243,972**	**65,059(2)**
Current liabilities	**317,566**	**84,864**	**314,131**	**83,768**
Non-current liabilities	**423,282**	**112,875**	**444,633**	**118,569**
Total equity:				
Share capital	90,000	24,000	90,000	24,000
Additional paid-in capital	26,981	7,195	26,981	7,195
Treasury shares	(1,362)	(363)	(1,009)	(269)
Retained earnings				
Unappropriated	1,411,474	376,393	1,400,235	373,396
Appropriated	6,000	1,600	6,000	1,600
Other reserves	1,514	404	1,503	401
Non-controlling interests	202,485	53,996	198,665	52,977
Total equity(1)	**1,737,092**	**463,225**	**1,722,375**	**459,300**
Total capitalization(1)	**2,676,913**	**713,843**	**2,725,111**	**726,696**

Source: The Company and the Financial Statements.

(1) The Company intends to purchase Offer Shares in the Offering at the Final Offer Price for an aggregate purchase price of up to SAR 3.75 billion.

(2) In May 2024, the Company declared and distributed dividend payments of SAR 116.5 billion ($31.1 billion).

Members of the Board of Directors hereby declare as follows:

(a) None of the Shares are subject to share options rights.

(b) The Company's cash balance and cash flows are sufficient to meet its expected cash and working capital requirements for at least 12 months following the date of this Offering Document.

10. Statements by Experts

10. Statements by Experts

Each of the Advisors and the Auditor, whose names are listed on pages ix to xviii, has given its written consent to the reference to its name, address and logo, and to the publication of the statements attributed to it in this Offering Document, and has not, as of the date of this Offering Document, withdrawn such consent. As of the date of this Offering Document, none of the Advisors or the Auditor, nor any of their employees forming part of the team serving the Company, or their relatives or affiliates have any interest of any kind in the Company or its Subsidiaries which would impair their independence.

11. Directors’ Declarations

11. Directors' Declarations

The Directors declare the following:

(a) there has been no interruption in the Company and its Subsidiaries' business during the 12 month period preceding the date of this Offering Document which may have, or has had, a significant effect on its financial position;

(b) except as disclosed in Section 6 (*Management's Discussion and Analysis of Financial Position and Results of Operations*) and Section 12.2.4 (*Certain financing arrangements of Saudi Aramco*), no commissions, discounts, brokerage fees or non-cash compensation have been granted by the Company and its Subsidiaries in connection with the issue or sale of any securities within the three years immediately preceding the date of this Offering Document;

(c) there has been no material adverse change in the business or financial position of the Company and its Subsidiaries in the three years immediately preceding the date of this Offering Document and during the period from the end of the period covered in the Auditors' report up to and including the date of this Offering Document;

(d) except as disclosed in Section 3.16 (*Employees' Share Plan*) and Table 1: Board of Directors, neither they nor their Relatives have any shareholding or interest of any kind in the Company or its Subsidiaries;

(e) as of the date of this Offering Document, the Directors do not conduct any business competing with the Company's business;

(f) as of the date of this Offering Document, none of the Directors, Senior Management or the Board Secretary, or any of their Relatives, has any interest in any oral or written contract or arrangement in effect or to be concluded in relation to the business of the Company in accordance with Article 43 of the Bylaws;

(g) no material agreements or transactions with related parties, including determination of the financial consideration of such agreements or transactions, include any preferential terms, and they have been executed in accordance with the Bylaws and the applicable laws and regulations and on an arm's length basis, as in the case with the third parties;

(h) except as disclosed in Section 3.16 (*Employees' Share Plan*), there are no employee share schemes entitling employees to participate in the Company's share capital, and there are no similar arrangements in place;

(i) there is no intention to make any material changes in the nature of the Company's activities;

(j) having made all reasonable enquiries, that to the best of their knowledge and belief, all the material facts relating to the Company and its financial performance have been disclosed herein, and there are no other material information, documents or facts, the omission of which would make any statement or data presented in this Offering Document misleading;

(k) the Company is capable of preparing the necessary reports in a timely manner as per the implementing regulation issued by the CMA;

(l) except as disclosed in Section 6 (*Management's Discussion and Analysis of Financial Position and Results of Operations*), the Company does not have any debt instruments as of the date of this Offering Document;

(m) the Offering does not constitute a breach of the relevant laws and regulations in the Kingdom of Saudi Arabia;

(n) the Offering does not constitute a breach of any contract/agreement entered into by the Company;

(o) all material legal information concerning the Company has been disclosed in this Offering Document;

(p) all contracts and agreements that the Company believes to be material to an investor's decision to invest in the Offer Shares have been disclosed, and there are no material contracts or agreements that have not been disclosed;

(q) the Company has (i) established appropriate internal control systems, including a written policy to regulate conflicts of interest and address any potential conflicts, which include the misuse of the Company's assets and abuse resulting from related party transactions and (ii) ensured that its operational and financial systems are sound and appropriate control procedures for risk management are in place, as required under the Corporate Governance Regulations, and the Directors review the Company's internal control procedures annually;

(r) the Company's insurance policies provide insurance coverage with sufficient limits for the Company to conduct its business, and the Company periodically renews insurance policies and contracts to ensure that there is continuous insurance coverage;

(s) except as disclosed in Section 2.2.4 (*Risks related to obtaining, maintaining and renewing governmental licenses, permits and approvals*), Section 4 (*Regulation of the Oil and Gas Industry in the Kingdom*) and Section 12 (*Legal Information*), the Company has obtained all necessary licenses and permits to carry out its business activities;

(t) there is no reason for the Company to believe that third-party information and data included in this Offering Document are materially inaccurate;

(u) the Directors have developed procedures, controls and rules that enable the Company to meet the requirements of the relevant laws, regulations and instructions, including the Companies Law, the Capital Market Law and its implementing regulations, the OSCO Rules and the Listing Rules;

(v) the Company and its Subsidiaries are not subject to any claims or any other type of legal proceedings that could individually or collectively have a material adverse effect on the business of the Company and its Subsidiaries or its financial position;

(w) the Directors are not subject to any claims, lawsuits or any other type of legal proceedings that could individually or collectively have a material effect on the Company and its Subsidiaries' business or financial position;

(x) the financial information presented in the Offering Document is extracted without material change from the 2022 Financial Statements, the 2023 Financial Statements and the 2024 Three Month Interim Period Financial Statements;

(y) none of the share capital of the Company is under option;

(z) they have not, nor has any of the Senior Management or the Board Secretary, at any time been declared bankrupt or been subject to bankruptcy proceedings;

(aa) none of the companies in which any of the Directors, Senior Management or Secretary was employed in a managerial or supervisory capacity, was declared insolvent or bankrupt during the past five years preceding the date of this Offering Document;

(bb) the Company does not have any material mortgages, rights or charges on its assets or properties as at the date of this Offering Document;

(cc) except as disclosed in Section 2 (*Risk Factors*), and to the best of their knowledge and belief, there are no other material risks that may affect an investor's decision to invest in the Offer Shares;

(dd) except as disclosed in Section 2 (*Risk Factors*) and Section 6 (*Management's Discussion and Analysis of Financial Position and Results of Operations*), they are not aware of any information regarding any governmental, economic, financial, monetary or political policies or any other factors that have or may have a material adverse effect (directly or indirectly) on the Company's business;

(ee) no Director will vote on contracts entered into with parties related to such Director in the meetings of the Board if such Director has a personal interest, as determined by the Board, whether directly or indirectly (the Bylaws do not provide for any power that gives a Director or the CEO the right to vote on any contract or proposal in which he/she has an interest);

(ff) they will not compete with the Company's business, and all related party transactions in the future will be conducted on an arm's length basis in accordance with the Bylaws;

(gg) the Bylaws do not include any power that gives a Director or Senior Management the right to borrow from the Company;

(hh) the Bylaws do not include any rights for any legal entity regarding its representation on the Board of Directors;

(ii) the Board's resolutions and deliberations are recorded in written minutes signed thereby;

(jj) the Company and its Subsidiaries do not have any contractual securities or other assets, the value of which are subject to fluctuations or are difficult to ascertain, which significantly affect the evaluation of the Company's financial position; and

(kk) except as disclosed in Section 6 (*Management's Discussion and Analysis of Financial Position and Results of Operations*), the Company and its Subsidiaries do not have contingent liabilities or material guarantees as of the date of this Offering Document.

12. Legal Information

12. Legal Information

12.1 Declarations Related to the Legal Information

Each Director, whose names appear in Table 1: Board of Directors in this Offering Document, hereby declares as follows:

(a) the Offering does not violate the laws and regulations applicable in the Kingdom of Saudi Arabia;

(b) the Offering does not breach the terms of any contracts or agreements to which the Company is a party;

(c) all material legal information relating to the Company has been disclosed in this Offering Document;

(d) except as disclosed in Section 12.6 (*Litigation, arbitration and disputes*), the Company, as at the date of this Offering Document, is not involved in any lawsuits or legal proceedings that may individually or collectively, have a material adverse effect on the Company's business or financial position;

(e) such Director is not involved in any lawsuits or legal proceedings that may, individually or collectively, have a material effect on the business or financial position of the Company;

(f) except as disclosed in Section 5.3 (*The Board of Directors*), Section 12.4 (*Related Party Contracts and Transactions*), Section 12.2 (*Material Agreements*) and Section 13 (*Book-building*), neither such Director nor any of such Director's relatives have any shares or interest of any kind in the Company; and

(g) except as disclosed in Section 6 (*Management's Discussion and Analysis of Financial Position and Results of Operations*) and Section 12.2.4 (*Certain financing arrangements of Saudi Aramco*), no commissions, discounts, brokerage fees or any non-cash compensation were granted by the Company during the three years immediately preceding the date of the application for offering the Offer Shares.

12.2 Material Agreements

The Company has entered into a number of agreements for the purpose of its business. The following is a summary of the agreements that the Company considers material to its business. The Company 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 the Company's 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.

12.2.1 The Concession

12.2.1.1 Background

The Arabian American Oil Company Concession Agreement, which was entered into on 04/02/1352H (corresponding to 29/05/1933 was ratified on 14/03/1352H (corresponding to 7 July 1933) pursuant to Royal Decree No. 1135, pursuant to which the Government granted the Company's predecessors certain exclusive rights, including the right to explore, drill, recover and treat crude oil and other hydrocarbons located within certain areas of the Kingdom. Pursuant to Royal Decree No. M/8 dated 04/04/1409H (corresponding to 13 November 1988) approving the Company's original articles, the Company has enjoyed all the privileges and rights provided under the Original Concession. Effective 06/04/1439H (corresponding to 24 December 2017), the Government, represented by the Minister of Energy, and the Company entered into the Concession, which replaced and superseded in its entirety the Original Concession on the Concession Effective Date. Further, on 20/01/1441H (corresponding to 19 September 2019), and in accordance with the Hydrocarbons Law, the Government, represented by the Minister of Energy, and the Company entered into the Concession Amendment, with effect from 1 January 2020. In this section, references to "Saudi Aramco" shall mean the Company as the signatory to the Concession.

12.2.1.2 Grant of Rights

The Concession grants Saudi Aramco the following rights to be exercised during the term of the Concession:

- the exclusive right to explore, drill, prospect, 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 Saudi Aramco or on its behalf pursuant to the rights granted to Saudi Aramco in the Concession;
- the exclusive right to market and distribute hydrocarbons, petroleum products and LPG in the Kingdom, with Saudi Aramco's commitment to meeting all the domestic market's needs for such products in accordance with 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 Saudi 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 Saudi 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 required for Saudi 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, obtaining permits, licenses and other special approvals and obtaining access, rights of way and water rights from third parties necessary for Saudi Aramco's operations.

Under the Concession, Saudi 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 (which was superseded by the Energy Supply Law) and Pricing and the regulations issued pursuant to these laws. All hydrocarbons in the Kingdom are owned by the Kingdom, and upon extraction or recovery of such hydrocarbons by Saudi Aramco, title to such hydrocarbons shall automatically pass to Saudi Aramco at the ownership transfer point. Saudi 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 Saudi Aramco under the Concession are subject to the Hydrocarbons Law and other applicable laws and regulations, including production decisions issued by the Government pursuant to its sovereign authority. Saudi Aramco may not sell to any entity any Hydrocarbons or derivatives therefrom 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.

12.2.1.3 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 Saudi Aramco has fulfilled the following conditions: (a) Saudi 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) Saudi 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) Saudi 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 Saudi 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 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 Saudi 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 hydrocarbons activities or operations in the Concession Area, Saudi 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 Saudi 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 hydrocarbons activities and operations.

12.2.1.4 Conduct of Company’s Operations

Pursuant to the Concession, all Company contracts with any Government agency or any arrangement for the furnishing of hydrocarbons, services or otherwise are required to be on a commercial basis.

Saudi Aramco is required to conduct its operations efficiently to achieve the optimal economic balance between reducing the cost of production and raising the recovery rates of hydrocarbons.

Pursuant to applicable law and international industry standards, Saudi Aramco will (a) take all reasonable precautions to limit the damage to water and hydrocarbon bearing formations it may encounter during operations or upon abandonment of any well, (b) take all reasonable precautions to protect against fire and waste of hydrocarbons and water and (c) notify the Government as soon as possible of any damage that requires intervention affecting the fields or facilities and take all necessary measures to stop such damage.

12.2.1.5 Government Designated Areas

The Government may designate a "Government Designated Area" for any purposes specified by the Government, such as tourism areas, national parks, industrial zones, urban planning areas and mining license areas, in a manner that shall not hinder Saudi Aramco's operations. The following will be deemed Government Designated Areas: areas located outside the Reserved Areas that are occupied by cities, streets, airports, ports, railways, public roads, public transportation, public communications, water projects, public utilities, military installations, economic and industrial cities, agricultural projects, wildlife protected areas, areas designated for worship and historical and archaeological areas. If the studies conducted by Saudi Aramco show the possibility of hydrocarbons being under the surface of any of these Government Designated Areas, the Government may allow Saudi Aramco to carry out its operations as agreed with Saudi Aramco.

12.2.1.6 Discoveries and Reserved Areas

Saudi Aramco will inform the Government in writing of any new discovery of hydrocarbons in the Concession Area. If Saudi Aramco elects to reserve any part of the Concession Area for its operations, Saudi Aramco will provide a written request to the Government specifying (a) the location of such area and (b) Saudi Aramco's intended use of such area. Upon receipt of such request, the Government will take such action as it deems appropriate.

Should the area which Saudi Aramco desires to reserve fall within a Government Designated Area, the Government will cooperate with Saudi Aramco to allow Saudi Aramco to use such area for the production of the hydrocarbons discovered therein and for the conduct of its operations with due regard to limiting the impact of its operations on such area's intended use. The Government will not issue any deeds or licenses or the like with respect to any land located within the Reserved Areas.

Saudi Aramco will compensate any person (other than Saudi Aramco) that holds an original property right on land in a Reserved Area pursuant to a deed that meets all legal and regulatory requirements obtained prior to the date such area has been so reserved (a "**Land Occupant**") in a Reserved Area for depriving such Land Occupant of its customary use of the land, provided that such rights held by any such person are valid and enforceable against Saudi Aramco.

Saudi Aramco will not hinder a Land Occupant's use of or access to its land in the Reserved Areas, provided that such use or access will not hinder Saudi Aramco's operations, or otherwise the Land Occupant will be entitled to compensation for being deprived of its customary use of the land. In the event that other rights exist within the Reserved Areas that would impede or disrupt Saudi Aramco's operations, the Government will intervene to protect the rights of Saudi Aramco under the Concession.

The Government may by written notice instruct Saudi Aramco to assess a Gas Field Development Project, following which Saudi Aramco will (a) commence assessment of the Gas Field Development Area, including, as appropriate, conducting exploration operations, and (b) determine if the projected volumes of natural gas to be produced by such Gas Field Development Project will be necessary to meet local demand. Should Saudi Aramco elect to develop any such field, it will prepare a development plan that describes the scope of development and the proposed economic terms relating to such project and submit such plan for review by the Government.

If Saudi Aramco elects not to undertake any Gas Field Development Project as identified by the Government, or if the Government and Saudi Aramco fail to agree on a development plan for such Gas Field Development Project within a period of up to five years (or such longer period as specified by the Government) after the date of the notice instructing Saudi Aramco to assess the Gas Field Development Project, Saudi Aramco will relinquish such field, if independent, and areas reasonably related thereto located within the Gas Field Development Area, provided that the Company need not relinquish any portion of the relevant Gas Field Development Area if: natural gas volumes from such Gas Field Development Project, based on governmental estimates, are not necessary to meet local demand for gas; (b) the Gas Field Development Area is located within the areas of Saudi Aramco's operations; or (c) the Gas Field Development Project would otherwise hinder, affect or interfere with Saudi Aramco's operations or the development of oil and condensate fields or reservoirs.

Saudi Aramco will relinquish any part of the Concession Area that (a) studies conducted by Saudi Aramco establish does not contain hydrocarbons or (b) Saudi Aramco determines not to be feasible for exploration operations during the term of the Concession.

12.2.1.7 Royalties

Royalties payable to the Government with respect to Saudi Aramco's operations are calculated as follows:

- Commencing 1 January 2017, royalties for crude oil and condensates, including those used by the Company in its operations, were calculated based on a progressive scheme applied to crude oil and condensate production value, which was based on Saudi Aramco's official selling prices. The 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.
- Pursuant to the Concession Amendment, commencing 1 January 2020, the royalties payable with respect to crude oil and condensates, including those used by Saudi Aramco in its operations, are 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.
- With respect to Saudi Aramco's production of natural gas, ethane and NGL, excluding those volumes used by Saudi Aramco for upstream operations and associated plants, crude oil and gas pipelines or storage and export facilities, royalties are calculated based on a flat royalty rate of 12.5% applied to a factor established by the Ministry of Energy. As at the date of this Offering Document, 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 Saudi Aramco.

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 condensates 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 25 February 2018, the Ministry of Energy decided not to collect royalties from Saudi Aramco on condensate production for a grace period of five years beginning on 1 January 2018. On 17 September 2019, the Ministry of Energy issued Ministerial Resolution No. 1/422/1441, dated 18/01/1441H (corresponding to 17 September 2019), which extends the period for which Saudi Aramco 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. See Section 6.3.6 (*Fiscal Regime—Income, Taxes and Zakat*).

12.2.1.8 Set-Off

The set-off mechanism between the amounts due and payable to Saudi Aramco by the Government and the amounts due and payable by Saudi Aramco to the Government will be pursuant to applicable laws and regulations.

12.2.1.9 Preservation of Archaeological Sites

Saudi Aramco will take all reasonable measures to preserve archaeological sites that may be in its area of operations and will provide protection for archaeological artefacts it finds during its operations.

12.2.1.10 Books, Records and Inspection

Saudi Aramco will maintain and retain at any of its offices within the Kingdom, with respect to Saudi Aramco's operations in the Kingdom, all operational, financial, tax and other books and records for each period as required by applicable laws and regulations. Saudi Aramco's financial books and records will be prepared in accordance with the IFRS as endorsed by the Saudi Organization for Chartered and Professional Accountants or as determined by the Government from time to time. The Government and its authorized agents and representatives have the right, pursuant to applicable law, to review, inspect and audit all technical, operational, financial, tax and other records of Saudi Aramco, including the right to examine the systems for calibrating, measuring and weighing of hydrocarbons and to examine and test the instruments used therefor.

Saudi Aramco accounts will be held in U.S. Dollars, which is the controlling currency of the accounts for purposes of the Concession.

12.2.1.11 Human Resources

Saudi Aramco will employ Saudi Arabian nationals in all posts for which they have necessary qualifications, knowledge and experience, but may employ qualified non-Saudi Arabian nationals in posts for which they have the necessary qualifications and as necessary for Saudi Aramco's ability to compete and innovate in the event such posts could not be filled by Saudi Arabian nationals with the same qualifications and experience. Saudi Aramco will deliver to the Government, upon the Government's request, a report specifying the incentives and procedures to be implemented to increase the number of employed Saudi Arabian nationals in order to meet the percentage of Saudi Arabian nationals required by applicable law. Saudi Aramco is required to implement programs to train employed Saudi Arabian nationals in aspects of the hydrocarbons industry and other associated specialties in order to fulfill Saudi Aramco's goals.

12.2.1.12 Access; Non-Interference

The Government has the right to inspect Saudi Aramco's operations related to exploration, prospecting, exploitation, manufacturing, refining, transportation and marketing. In coordination with Saudi Aramco, and taking into account Saudi Aramco's use conditions and safety rules, the instructions issued by the High Commission for Industrial Security at the Ministry of Interior and such other applicable safety and security rules and regulations, the Government may access installations and facilities utilized in Saudi Aramco's operations within the Reserved Areas for inspection purposes and in a manner that does not hinder or interfere with Saudi Aramco's operations.

12.2.1.13 Insurance

Saudi Aramco will provide such insurance coverage for its assets as it deems appropriate to meet the requirements of international industry standards and applicable law. Saudi Aramco is entitled to appoint affiliates as primary or additional insurers or as reinsurers, or to be self-insured.

12.2.1.14 Certain Obligations and Rights of the Parties

In no event will the exercise of any rights to acquire or use land, water or other natural products by Saudi Aramco imply any assignment of title by the Government or deprive the Government of the use of such rights in a manner that will not hinder or interfere with Saudi Aramco's operations. The Government will assist Saudi Aramco in securing, protecting and enforcing such rights to facilitate the orderly conduct of Saudi Aramco's operations in accordance with the Concession, including the acquisition by Saudi Aramco of necessary rights to any land in the Concession Area required for Saudi Aramco's exploration operations, provided that Saudi Aramco compensates, in accordance with applicable law, any person who owns the land pursuant to a deed that meets all legal and regulatory requirements and that is issued prior to Saudi Aramco's commencement of the exploration operations.

Saudi Aramco's operations in connection with the Concession will be exempt from the Kingdom's Competition Law.

Saudi Aramco will not pay or be responsible for any custom duties, custom returns, other direct or indirect import taxes or similar charges or any export duties on hydrocarbons.

The Government will provide to Saudi Aramco: (a) reasonable assistance with respect to Saudi Aramco's performance of its operations; (b) reasonable assistance to acquire any rights upon the request of Saudi Aramco and as permitted under applicable law and the Concession, including the right of the Government to expropriate property pursuant to the Kingdom's Law of Eminent Domain and Temporary Seizure of Real Estate; and (c) act in a timely manner when Government approvals are required pursuant to the Concession, giving due consideration, however, to the facts and circumstances and Government requirements at that time.

In the event of a national emergency resulting from war, threat of war, insurrection or critical shortage of hydrocarbons, the Government has the right to seize Hydrocarbons from Saudi Aramco, use the fields and facilities in the Concession Area during any such emergency and require Saudi Aramco to increase production from its operations in case it is unable to meet the Government's needs from Saudi Aramco's then-current production, provided that the Government compensates Saudi Aramco at fair value for such hydrocarbons and the use of such property.

12.2.1.15 Force Majeure

If Saudi Aramco's operations are delayed, curtailed or prevented by force majeure, then the time to carry out the obligations thereby affected and all other rights and obligations under the Concession (except for any obligations requiring payment of money due and payable) will be extended for a period equal to the period of the force majeure thus involved.

12.2.1.16 Termination

Except as described in Section 12.2.1.15 (*Force Majeure*), Saudi Aramco will be in default under the Concession if Saudi Aramco persistently fails to perform its material obligations thereunder or fails to make any material, undisputed payment thereunder when due to the Government, and any such failure is continuing and has not been remedied (a) with respect to Saudi Aramco's payment obligations to the Government, within 90 days after a written notice of default is given to Saudi Aramco by the Government or (b) with respect to Saudi Aramco's material non-payment obligations, within a reasonably practicable cure period in light of the nature of such default starting from the date Saudi Aramco receives such written notice of default, provided that the foregoing will not be deemed a default while Saudi Aramco continues to undertake corrective actions with respect to such default during such cure period.

The Government has the right to terminate the Concession by written notice from the Government to Saudi Aramco to the extent a default has occurred and is continuing as set forth above. The Concession will also be terminated without notice or any other action on the date Saudi Aramco is duly dissolved.

Upon termination or expiry of the Concession, all properties of Saudi Aramco related to its upstream operations within the Kingdom and such plants, pipelines for the transfer of crude oil and gas and storage and export facilities directly related to such upstream operations, whether moveable or immovable, will become the property of the Government. Saudi Aramco will continue to own all of its other assets and will maintain the absolute right to dispose of or operate such assets or to continue its operations pursuant to applicable law.

12.2.1.17 Governing Law and Disputes

The Concession is governed by and construed in accordance with the applicable legislation in the Kingdom.

The Government and Saudi Aramco will attempt to resolve, in good faith and in an amicable and equitable manner, any dispute or claim in connection with the Concession through authorized representatives. If any such dispute is not so resolved between the parties within 90 days from the date on which either party receives written notification from the other party that such dispute exists, then either party will have the rights and remedies provided to such party under applicable law. In case of an on-going and continuous dispute relating to technical or operational matters, the parties may by mutual agreement appoint a qualified and independent hydrocarbons industry expert who will be jointly selected by the parties to review such dispute using international commercial and engineering standards, under the supervision of both the Government and Saudi Aramco and in accordance with procedures to be timely agreed to by the parties.

12.2.1.18 *Assignments*

Saudi Aramco may not assign, transfer or pledge any part of its rights and obligations under the Concession to any third party without the prior written consent of the Government.

12.2.1.19 *Reports*

As soon as practicable, Saudi Aramco will provide the Government with certain technical reports and any other reports the Government requests in relation to Saudi Aramco's operations. Saudi Aramco will furnish the Government (a) within 45 days after the end of the first, second and third quarters of each financial year, quarterly financial statements certified by an authorized financial officer of Saudi Aramco and, within 90 days after the end of each financial year, annual financial statements audited by an internationally recognized accounting firm acceptable to the Government, in each case, prepared in accordance with IFRS, (b) as soon as practically possible, the total sum of royalties, taxes and other amounts Saudi Aramco paid to the Government during the preceding month and periodical reports prepared by Saudi Aramco to set its sale prices for crude oil and (c) any other financial information the Government may request periodically or from time to time relating to Saudi Aramco's operations and financial position.

12.2.2 ***Agreements with Key Customers***

There is no single customer that constituted 5% or more of Saudi Aramco's total revenue and other income related to sales in the years ended 31 December 2021, 2022 and 2023.

12.2.3 ***Agreements with Key Suppliers***

The Company purchases materials and services from local and international suppliers. There is no single third party supplier that constituted 5% or more of Saudi Aramco's total purchases in the years ended 31 December 2021, 2022 and 2023.

12.2.4 ***Certain financing arrangements of Saudi Aramco***

The following is a summary of material financing arrangements entered into by the Company

12.2.4.1 *Revolving Credit Facilities*

On 4 April 2022, the Company entered into new five-year unsecured revolving credit facilities aggregating to SAR 37.5 billion ($10 billion) to replace the previously expired $10 billion revolving credit facilities. The new facilities comprise USD denominated conventional facilities of SAR 30 billion ($8 billion) and a SAR denominated Shari'a compliant Murabaha facility of SAR 7.5 billion ($2 billion). The Company shall apply all amounts advanced to it under these facilities for general corporate purposes. The Company has the option to extend the facilities' maturity date twice by one year each time. No amounts have been drawn against these facilities as of 31 December 2023.

12.2.4.2 *Domestic Sukuk Program*

On 21 March 2017, Saudi Aramco established a Saudi Riyal denominated domestic sukuk program for the issuance of up to SAR 37.5 billion ($10 billion) in aggregate nominal amount of sukuk, which was most recently updated on 24 February 2021. On 10 April 2017, SAR 11.3 billion sukuk were issued under the program with a maturity date of 10 April 2024. On

28 March 2024, the maturity date of the sukuk issued was extended by one year to 10 April 2025, subject to an early redemption option.

12.2.4.3 Trust Certificate (sukuk) Issuance Program

On 7 June 2021, Saudi Aramco established a Trust Certificate (sukuk) Issuance Program with an unlimited program size. On 17 June 2021, SAR 22.5 billion ($6.0 billion) in aggregate face amount of trust certificates were issued in three tranches under this program: SAR 3.75 billion ($1 billion) trust certificates due 17 June 2024, SAR 7.5 billion ($2 billion) trust certificates due June 2026 and SAR 11.25 billion ($3 billion) trust certificates due 2031.

12.2.4.4 GMTN Program

On 1 April 2019, Saudi Aramco established a global medium term note program pursuant to which it may from time to time issue medium term notes. On 16 April 2019, Saudi Aramco issued $12.0 billion in aggregate principal amount of senior unsecured notes under the GMTN Program comprising five tranches: $1.0 billion 2.750% senior notes due 2022; $2.0 billion 2.875% senior notes due 2024; $3.0 billion 3.500% senior notes due 2029; $3.0 billion 4.250% senior notes due 2039 and $3.0 billion 4.375% senior notes due 2049. On 24 November 2020, Saudi Aramco issued $8.0 billion in aggregate principal amount of new senior unsecured medium term notes under the GMTN Program comprising five tranches: $0.5 billion 1.250% senior notes due 2023; $1.0 billion 1.625% senior notes due 2025; $2.0 billion 2.250% senior notes due 2030; $2.25 billion 3.250% senior notes due 2050 and $2.25 billion 3.500% senior notes due 2070.

12.3 Insurance

The Company maintains insurance policies covering different types of risks to which it may be exposed. These insurance policies have been issued primarily by the Company's wholly owned captive insurance company, Stellar, formed and licensed under the laws of Bermuda. All of the Company's insurance providers hold a rating of at least A- from AM Best or equivalent rating agencies.

The Company believes that it maintains insurance coverage consistent with industry best practices and subject to customary deductibles, caps, exclusions and limitations.

For further information on the insurance risks of the Company, see Section 2.1.7 (*Risks related to insufficient insurance*).

12.4 Related Party Contracts and Transactions

12.4.1 ***The Concession***

For a summary of the Concession, see Section 12.2.1 (*The Concession*).

12.4.2 ***The Ministry of Energy Framework Agreement***

On 5 September 2019, the Company and the Ministry of Energy entered into an agreement to establish a framework for the Company to provide certain services and studies as requested by the Ministry of Energy (the "**Framework Agreement**"). The Framework Agreement is effective as at 25/04/1440H (corresponding to 1 January 2019 and provides that the scope of services and studies furnished by the Company to the Ministry of Energy will be agreed on a case-by-case basis prior to undertaking such performance. If the service or study is requested by the Ministry of Energy and in the interest of the Company, is connected to the Company's operations and serves the Company's objectives, then the Company will be solely responsible for the associated costs. Otherwise, the Company will be reimbursed for any other services required by the Ministry of Energy and any services or studies or other work requiring expenditures requested by the Government. The Framework Agreement provides that the maximum aggregate costs of services and studies that the Company shall perform under the agreement shall not exceed $100 million per year.

12.4.3 ***Commercial Transactions***

Saudi Aramco sells crude oil, gas and refined and chemicals products and provides services to certain Government entities, including branches of the Government, and commercial entities in which the Government has share ownership or control. The most significant commercial transaction has been with Saudi Electricity Company.

The Government guarantees amounts due to Saudi Aramco from certain of these entities, subject to a limit on the amount of the guarantee for each entity. The aggregate amount guaranteed in 2021, 2022 and 2023 was SAR 12.8 billion, SAR 11.2 billion and SAR 13.2 billion, respectively. See Section 4.4.4 (*Government Guarantee*).

Sales of crude oil and certain refined and chemicals products sold to third parties in the Kingdom are at regulated prices, which are typically lower than prices Saudi Aramco could obtain if it exported those products. See Section 4.4 (*Regulated Domestic Pricing of Certain Hydrocarbons*). Pursuant to an equalization mechanism, the Government compensates Saudi Aramco for the revenue it directly forgoes as a result of Saudi Aramco's compliance with the mandates related to crude oil and certain refined and chemicals products. Effective 1 January 2020, the Government expanded the equalization mechanism to include LPG and certain other products. See Section 6.3.6 (*Fiscal Regime*). For these products, Saudi Aramco is entitled to compensation from the Government in an amount equal to the cost of revenues directly forgone as a result of compliance with the Kingdom's current pricing mandates. For financial reporting purposes, Saudi Aramco records the equalization amount as other income related to sales on its consolidated statement of income and is subject to income tax on that amount. For the years ended 31 December 2021, 2022 and 2023 and the three month period ended 31 March 2024, Saudi Aramco's other income related to sales was SAR 154.8 billion, SAR 259.4 billion, SAR 203.1 billion ($54.2 billion) and SAR 35.8 billion ($9.5 billion), respectively.

On 17 September 2019, the Council of Ministers Resolution No. 55, dated 18/01/1441H (corresponding to 17 September 2019), and the Ministerial Resolution issued by the Ministry of Energy, in agreement with the Ministry of Finance, No. 1/423/1441, dated 18/01/1441H (corresponding to 17 September 2019), were passed, superseding prior resolutions. Under the updated resolutions, when licensees sell any Regulated Gas Product at a Domestic Gas Price below the corresponding Blended Price, licensees are entitled to compensation from the Government in an amount equal to the cost of the revenues they directly forgo as a result of licensees' compliance with the Kingdom's current pricing mandates. In the event that the Blended Price is less than the Domestic Gas Price, the difference would be due from licensees to the Government. The compensation due to Saudi Aramco from the Government is accounted for on a monthly basis and is calculated as the positive difference between the Blended Prices and the Domestic Gas Prices (minus any Government fees and taxes). Saudi Aramco must provide the Ministry of Energy with a statement detailing the total amount due to Saudi Aramco in a monthly period no later than 30 days after the relevant monthly period end. Saudi Aramco may then offset this compensation against any taxes payable, and in the event taxes are insufficient, any other amounts due and payable by Saudi Aramco to the Government, such as royalties. See Section 4.4.3 (*Gas Pricing*).

12.4.4 Sales to Government-Owned or Controlled Entities

Saudi Aramco entered into several oil and gas supply agreements with Saudi Electricity Company pursuant to which Saudi Aramco supplies crude oil, gas and other products, including condensate, fuel oil and diesel, to certain of Saudi Electricity Company's power plants. Saudi Electricity Company is the Kingdom's national electricity utility company and is listed on the Saudi Exchange. As at 31 December 2023, Saudi Aramco owned 6.9% of its outstanding common stock. As part of the Kingdom's plan of restructuring the electricity sector, Saudi Electricity Company transferred its entire stake in Saudi Power Procurement Company ("**SPPC**") to the Government in June 2022 and novated its supply agreements with Saudi Aramco to SPPC.

The agreements generally have a term between six months and five years and are automatically renewed unless terminated by one of the parties. Most of the agreements limit the amount of oil or gas that can be supplied per day or, in a few agreements, for the term of the agreement. The agreements provide for Saudi Aramco to receive the prevailing domestic price or the Government regulated domestic price for the respective products. Saudi Aramco recognized revenue of SAR 8.4 billion, SAR 10.2 billion, SAR 10.5 billion ($2.8 billion) and SAR 3.1 billion ($0.8 billion) under these agreements in 2021, 2022 and 2023 and the three month period ended 31 March 2024, respectively. See Section 6.3.6 (*Fiscal Regime*).

In addition, for the years ended 31 December 2021, 2022 and 2023 and the three month period ended 31 March 2024, Saudi Aramco provided to Saudi Electricity Company and, subsequently to SPPC, excess electricity generated by Saudi Aramco's facilities with a value of, SAR 675 million, SAR 386 million, SAR 413 million ($110 million) and SAR 75 million ($20 million), respectively.

12.4.5 Sales to Government Branches and Other Related Parties

For the years ended 31 December 2021, 2022 and 2023, Saudi Aramco provided crude oil, gas and refined and chemicals products and certain services to Saudi Arabian Airlines, Saudi Power Procurement Company, Saline Water Conversion Company, Saudi Arabian Mining Company, various branches of the Government and other entities owned or controlled by the Government. For the years ended December 2021, 2022 and 2023 and the three month period ended 31 March 2024, Saudi Aramco provided crude oil, gas and refined and chemicals products and certain services with a value of, SAR 7,729 million, SAR 11,273 million, SAR 10,016 million ($2,671 million) and SAR 3.0 billion ($0.8 billion), respectively, for which it received compensation. See Section 6.3.6 (*Fiscal Regime*).

12.4.6 Purchases from Government-Owned or Controlled Commercial Entities

Saudi Aramco purchases electricity from the Saudi Electricity Company. Prices for such purchases totaled SAR 8,085 million, SAR 3,803 million, SAR 4,868 million ($1,298 million) and SAR 1.0 billion ($0.3 billion) for the years ended 31 December 2021, 2022 and 2023 and the three month period ended 31 March 2024, respectively.

12.4.7 Corporate Citizenship

Saudi Aramco engages in a range of corporate social responsibility projects to support the communities and the environment in which it operates and leverages its know-how and operational capabilities in furtherance of these projects. Saudi Aramco considers these activities to be "corporate citizenship" projects and initiatives.

In addition to projects undertaken on its own initiative, the Government has directed, and may in the future direct, Saudi Aramco to undertake projects or provide technical assistance for initiatives outside Saudi Aramco's core businesses in furtherance of the Government's objectives. Beginning on 24 December 2017, the Concession requires that all Saudi Aramco contracts with any Government agency or any arrangement for the furnishing of hydrocarbons, services or otherwise shall be on a commercial basis. For additional information about Saudi Aramco's corporate citizenship activities, see Section 3.11 (*Corporate Citizenship*) and Section 6.3.6 (*Fiscal Regime*).

12.4.8 Other Transactions

Saudi Aramco has an ongoing relationship with the Government through other transactional arrangements, for which Saudi Aramco is reimbursed in several different manners. For projects on which Saudi Aramco provides financing and arranges for completion of the project, it receives a reimbursement of its expenses through a reduction in taxes payable. The reduction in taxes payable is considered payment of income tax obligations in the Financial Statements.

Saudi Aramco, through SADCO, owns a 40.1% interest in International Maritime Industries, a joint venture with the The National Shipping Company of Saudi Arabia-Bahri, Maritime Offshore Limited, a wholly owned subsidiary of Lamprell plc, and Korea Shipbuilding and Offshore Engineering ("**KSOE**"), which will develop, operate and maintain a maritime yard under construction in the Kingdom, as well as the design, manufacture, and maintenance and repair of ships and rigs. The complex will also include a joint venture between SADCO, KSOE and Dussur to manufacture maritime equipment.

12.4.9 Transactions with Directors and Senior Management

Other than with respect to compensation arrangements, as at the date of this Offering Document there are no transactions in which any of Saudi Aramco's Directors or Senior Management 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.

12.4.10 Approval of Related Party Transactions

Saudi Aramco has adopted a policy and related procedures for related party transactions, which establishes general guidelines for its engagement in transactions with related parties and provides that such transactions with related parties be reviewed by the Audit Committee in accordance with the Audit Committee's charter or the Board of Directors in accordance with the Bylaws and applicable laws and regulations. With respect to related party transactions with the Government, under the terms of the Concession, all contracts among Saudi Aramco and any Government agency are required to be on a commercial basis, regardless of whether the transaction is for the supply of hydrocarbons products, services or otherwise. Pursuant to Saudi Aramco policy, Saudi Aramco is required to negotiate related party transactions on an arm's length basis and such transactions are subject to review by the Audit Committee or the Board of Directors. The Bylaws require that no member of the Board of Directors nor any officer of Saudi Aramco may have a personal interest, as determined by the Board of Directors, in any transaction made on behalf of Saudi Aramco, unless prior authorization is received from the Board of Directors.

12.5 Intellectual Property

The Company assesses, develops and incorporates new technology in a manner tailored to the Company's operations to ensure the long-term sustainability of its business, enhance its operational efficiency, increase profitability and reduce the environmental impact of its operations. The scale of the Company's hydrocarbon reserves and operational capabilities enable it to realize significant benefits and value from otherwise marginal technological benefits.

The Company focuses its technology initiatives in three areas: upstream, downstream and sustainability. Upstream technology development is directed primarily to 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 to maximizing value across the hydrocarbon chain and finding new and improved methods of producing products. Sustainability technology development is aimed at growing non-fuel applications for crude oil, sustaining lower carbon intensity crude oil, advancing sustainable transport and driving high-impact low carbon intensity solutions.

The Company's 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.

12.6 Litigation, arbitration and disputes

From time to time, the Company and its subsidiaries are 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 Saudi Aramco, claims for title to land and environmental claims. Additionally, Saudi Aramco in the past has been subject to antitrust claims.

Furthermore, exports of crude oil and refined and chemicals products by Saudi 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 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 Saudi Aramco actions or operations.

The outcome of litigation and other legal matters, including government investigations or other trade actions, is inherently uncertain. Saudi Aramco believes it has valid defenses to the legal matters currently pending against it as a party. Certain trade actions that do not involve Saudi 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 has had a material impact on Saudi Aramco's operations or financial position. Saudi 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 Saudi Aramco's business, financial position or results of operations.

12.6.1 *Land Claims*

From time to time, Saudi Aramco has been subject to, and remains subject to, claims for title to land.

12.6.2 *Contract Claims*

From time to time, Saudi Aramco has been subject to litigation within the Kingdom as a result of contract disputes with third parties. These contract claims, which primarily involve construction and agreements to render services, generally include allegations relating to non-payment, scope of work changes and increased costs due to project delays. A number of these claims are currently pending in litigation and arbitration proceedings in the Kingdom. Although the value of these individual contract claims is not material, the aggregate value of such claims may reach or exceed $1.0 billion in potential exposure.

12.6.3 *Climate Change Claims*

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, including claims that the extraction and development of fossil fuels has increased climate change. Some of these claims demand that the defendants pay financial amounts as compensation for alleged past and future damages resulting from climate change. An adverse determination in a claim against Saudi Aramco or a Saudi Aramco subsidiary relating to climate change could have a material adverse effect on Saudi Aramco's business, financial position and results of operations.

Motiva was named as a defendant in six climate change cases. Motiva's alleged nexus to the allegations in four of these cases appears to relate to matters for which Shell is obligated to indemnify Motiva. While Shell agreed to defend and indemnify Motiva, Shell's continued duty to defend and indemnify Motiva may be re-evaluated. Claims such as these could increase in number and Saudi Aramco and its affiliates could be the subject of similar claims in the United States or elsewhere in the future.

Four of the cases in which Motiva is named involve claims brought local governments in Rhode Island, Vermont, Oregon and Puerto Rico against many oil and gas companies. The Rhode Island case alleges that defendants contributed to climate change that adversely affects the Rhode Island communities. The Vermont case alleges that defendants concealed information from Vermont consumers and mislead Vermont consumers about the consequences of the use of defendants' products on climate change. The Oregon and Puerto Rico cases involve similar allegations, but focus on impacts from specific weather events in 2017 and 2021. The Puerto Rico case also asserts causes of action under antitrust law and the U.S. Racketeer Influenced and Corrupt Organizations Act. The remaining two cases involve claims by an environmental group that Motiva's former terminals in Rhode Island and Connecticut are not adequately protecting the public and the environment from risks associated with sea level rise and releases of hazardous materials.

12.6.4 *Antitrust Claims*

Saudi Aramco has previously been subject to litigation in the United States involving claims of antitrust violations in connection with the Kingdom's membership in OPEC and collective activity with respect to hydrocarbon production. These antitrust actions have sought extensive relief, including treble damages, divestiture of assets in the United States and disgorgement of profits. If granted, this relief could have had an adverse material adverse impact on Saudi

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 Saudi Aramco will prevail in its assertion of these defenses in the future and any adverse judgment or settlement of litigation could have an adverse effect on Saudi Aramco's business, financial position and results of operations. In addition, Saudi Aramco is subject to the risk of antitrust claims, lawsuits, regulatory investigations and other antitrust related legal matters arising in the ordinary course of business, potentially comprising the actions of its affiliates, including SABIC and its affiliates.

12.6.5 *U.S. Justice Against Sponsors of Terrorism Act*

The Justice Against Sponsors of Terrorism Act ("**JASTA**") became U.S. law in September 2016 and created a new basis for U.S. nationals to sue foreign sovereigns and their agencies and instrumentalities in U.S. courts for terrorism related claims arising from U.S. based attacks, including the terrorist attacks on 11 September 2001. To date, there have been a number of JASTA related claims against the Kingdom and other defendants, which remain ongoing as to the Kingdom, but no such claims have been brought against Saudi Aramco. Any claims against Saudi Aramco related to JASTA, even if without merit, could adversely impact investor perceptions of Saudi Aramco.

12.6.6 *MTBE Environmental Claims*

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 these lawsuits involve other oil and gas companies as defendants. Plaintiffs in these MTBE lawsuits generally seek to spread liability among large groups of oil and gas companies and often 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. If Motiva or Saudi Aramco were to be subject to such liabilities, this could have a material adverse effect on Saudi Aramco's business, financial position and results of operations.

12.7 Summary of Company Bylaws

The following is a summary of the Bylaws, which reflects changes approved at the Company's Annual General Meeting held in May 2024.

12.7.1 *The Company Name*

The name of the Company is Saudi Arabian Oil Company (Saudi Aramco), a joint stock company pursuant to Council of Ministers Resolution No. 180 dated 01/04/1439H (corresponding to 19 December 2017), established by Royal Decree No. M/8 dated 04/04/1409H (corresponding to 13 November 1988).

12.7.2 *Headquarters of the Company*

The Company's headquarters are in the city of Dhahran in the Kingdom. The Company may establish branches, offices or agencies inside or outside the Kingdom.

12.7.3 *Objectives of the Company*

The main objectives of the Company are engaging in any activities relating to the energy industry, including hydrocarbons, chemicals, and other associated and complementary industries, or any other activity, in or outside the Kingdom. The Company may also undertake, without limitation, the following:

(a) trading in, and marketing of, all energy, hydrocarbons, chemicals and other similar products, whether produced by the Company or by others;

(b) manufacturing and preparing any products, machinery, vessels and tools related to the energy sector, including hydrocarbons, chemicals and other related and complementary industries;

(c) transporting and distributing energy, hydrocarbons, chemicals and other similar products, whether produced by the Company or by others;

(d) generating and storing energy and electricity from different sources, and transmitting and distributing the same;

(e) importing and exporting all energy, hydrocarbons, chemicals and other similar products, whether produced by the Company or by others;

(f) contracting, construction, operation, maintenance and management services related to all energy, hydrocarbons, chemicals and other similar facilities;

(g) engineering, design and consulting services related to all energy, hydrocarbons, chemicals and other similar facilities;

(h) financial, securities, investment funds, savings funds, securities services, assurances insurance and management services;

(i) aviation and freight services;

(j) medical and health care-related services;

(k) owning real estate and performing all kinds of dispositions thereof;

(l) establishing research facilities and participating in and pursuing research;

(m) establishing educational facilities and programs and other related activities in furtherance of the Company's interests; and

(n) such other objects or activities as may be related to the objects stated above.

12.7.4 *Participation*

The Company, notwithstanding any otherwise applicable capital requirement, may form and own companies, solely or jointly with others, and the Company may also have interest or participate in any way with national and foreign companies and entities both inside and outside the Kingdom. The Company may also fund, contract and own securities or shares in other existing companies or any other type of entity.

The Company may require its direct and indirect subsidiaries whether wholly or partially owned, to enter into arrangements that would permit such subsidiaries to provide the Company with confidential information from such companies and to allow the disclosure of such information in the Company's financial statements and other disclosures; *provided* that the

Company does not trade (or permit others to trade) securities in such companies based on such information provided by such subsidiaries.

12.7.5 *Duration of the Company*

The term of the Company shall be indefinite. The Company may only be dissolved, expired or liquidated by a resolution of the Council of Ministers.

12.7.6 *The Company's Share Capital*

The Company's share capital is ninety billion Saudi Riyals (SAR 90,000,000,000), fully paid and divided into two hundred and forty two billion (242,000,000,000) ordinary shares with no par value.

12.7.7 *Government's Option to Acquire Shares*

The Government may, at any time following the completion of the Offering, offer to purchase Shares from other shareholders. Upon the receipt of such offer, the Board of Directors shall call for an Extraordinary General Assembly in order to allow the other shareholders to decide on the sale of Shares. All holders of such Shares will be obligated to sell their Shares to the Government at the offering price made by the Government if 75% of the Shares not held by the Government (and any shareholder acting in concert with the Government) consent to such sale in a duly held Extraordinary General Assembly. A minority shareholder who is not present at such Extraordinary General Assembly, or votes against the resolution approving the sale of Shares to the Government, will still be bound by the Extraordinary General Assembly's resolution and will be compelled to sell its Shares to the Government.

12.7.8 *Preferred Shares*

The Extraordinary General Assembly may issue or purchase preferred shares, convert ordinary shares to preferred shares or convert preferred shares to ordinary shares. Such preferred shares do not grant the right to vote in the General Assemblies of shareholders but rather grant their holders the right to obtain a larger proportion of the Company's distributable profits vis-à-vis the proportion of the Company's distributable profits attributable to the ordinary shares after appropriation by the Board of Directors of any reserves in accordance with the relevant article of the Bylaws.

12.7.9 *Transferability of the Shares*

Without prejudice to the relevant article of the Bylaws, the shareholders, including the Government, may, at any time, sell, transfer or pledge all or part of their shares to other shareholders or third parties, with no application of the lock-up period otherwise legally required relating to publication of financial statements.

12.7.10 *Shareholders' Register*

Shares are negotiable in accordance with the provisions of the Bylaws, the Companies Law, Capital Market Law and their regulations and applicable laws and regulations in force in the Kingdom, and the rules of the exchange(s) on which the Company shares are listed.

12.7.11 *Increase of Share Capital*

The Extraordinary General Assembly may authorize an increase in the number of the Company shares, including increasing through a rights issuance, *provided* that the then-current capital of the Company has been paid in full, except in circumstances where the unpaid portion of the capital relates to shares held by the Company resulting from a buy-back or debt or financial bonds or other financial instruments convertible into shares and the period specified for their conversion has not yet expired.

The Extraordinary General Assembly shall have the right to issue an annual approval for the Board of Directors to authorize increases in the number of Company shares of no greater than one percent in the aggregate. The Board of Directors may issue the shares at its discretion within a year of the approval of the Extraordinary General Assembly.

The Extraordinary General Assembly may allocate issued shares or any part thereof, in accordance with the above, to the Company's employees or employees of any of the Company's direct or indirect subsidiaries (whether wholly or partially owned). Shareholders shall have no pre-emptive right to subscribe for such new authorized shares allocated to such employees or employees of such subsidiaries.

The Extraordinary General Assembly may suspend the shareholders' pre-emptive right to subscribe for an increase in the number of shares of the Company against contributions in cash or may give priority to non-shareholders in such cases as it deems appropriate for the Company.

When authorizing new the Company shares, the Extraordinary General Assembly or Board of Directors, as applicable, may approve the issuance of debt instruments or financial bonds or any other financial instruments convertible into shares and specify the maximum number of the Company shares that may be issued through such instruments.

12.7.12 ***Decrease of Share Capital***

The Board of Directors may reduce the capital of the Company if it exceeds the needs of the Company or if the Company incurs losses, and in the latter case only, the capital of the Company may be reduced to below the limit set in Article 59 of the Companies Law. Such resolution shall not be issued prior to the disclosure to the Extraordinary General Assembly of the Company's obligations and the effect of such reduction on such obligations. Creditors may review such disclosure, but their consent shall not be required. The publication of debts shall not be required by the Company.

If the Company incurs losses reaching half of the paid up capital, the Board of Directors shall invite the Extraordinary General Assembly to take the actions it deems appropriate, including whether any shareholder resolutions should be announced publicly, and whether the shareholders of the Company must provide financial support for the continuation of the Company. Under no circumstance shall the Company be deemed dissolved, nor shall it undergo automatic dissolution by force of law due to the losses of the Company being equal to or greater than half the paid-up capital of the Company, unless such dissolution is pursuant to a resolution of the Council of Ministers.

The Board of Directors may by resolution approve the repurchase of shares by the Company, whether or not in conjunction with a reduction in the capital of the Company and whether or not for the purpose of allocating such shares to its employees within an employee shares plan, or for such other purpose as the Board of Directors may determine is in the best interest of the Company.

12.7.13 ***Issuing Sukuk and Bonds***

The Company may issue and offer sukuk, bonds and other debt instruments of any form and nature, whether or not the same are offered for private or public subscription. Any meeting for such sukuk, bond or other debt instrument holders shall be convened in accordance with the terms and conditions of such sukuk, bonds and other debt securities.

12.7.14 ***Board of Directors***

The Company shall be managed under the direction of a Board of Directors composed of 11 members, each of whom shall serve for a term not exceeding three years. The number of independent directors on the Board of Directors shall be in compliance with the minimum number of independent directors required by applicable Saudi Arabian laws and regulations.

The Government shall directly nominate six candidates for election to the membership of the Board of Directors. Any shareholder other than the Government (or a group of shareholders) holding more than one-tenth of 1% of the ordinary shares can propose a candidate for membership on the Board of Directors to the nomination committee. All other nomination for membership on the Board of Directors shall be made by the nominations committee of the Board of Directors. All holders of ordinary shares, including the Government, shall have the right to vote at the Ordinary General Assembly for the election of all members of the Board of Directors, other than the president and chief executive officer of the Company.

The chief executive officer of the Company shall be a member at the Board of Directors, provided that he shall not be the Chairman of the Board of Directors. The chief executive officer’s membership shall not require any further procedures by General Assemblies.

12.7.15 ***Membership Termination***

Members of the Board of Directors shall continue to hold office until their successors are duly elected in accordance with applicable laws and regulations in force in the Kingdom. The Ordinary General Assembly may, at any time, dismiss all or some of the members of the Board of Directors, without prejudice to the right of the dismissed member to hold the Company liable for accrued and unpaid compensation if the dismissal has taken place without acceptable justification. A Director may resign from office at any time and for any reason without liability arising from the act of resignation.

The Government’s voting right at the Ordinary General Assembly on the dismissal of the members of the Board of Directors, shall include voting on independent directors and members who have not been nominated by it.

12.7.16 ***Board Vacancy***

If the position of a member of the Board of Directors becomes vacant, the Board of Directors may elect a temporary member to fill the vacancy by the affirmative vote of a majority of the remaining members of the Board of Directors, *provided that* (i) if the vacant position was previously held by a member nominated by the Government, such replacement member shall be nominated by the Government and (ii) such replacement member shall have the appropriate experience to achieve the Company’s objectives. In any event, the Ministry of Commerce, the Ministry of Energy, and, if the Company is listed, the CMA, shall be notified within 15 business days from the date of the appointment, and such appointment, effected by the Board of Directors, shall be submitted to the following meeting of the Ordinary General Assembly for approval. The new member shall complete the unexpired term of such member’s predecessor. Should the number of members of the Board of Directors be below the minimum legally required number, the current members of the Board of Directors shall invite the Ordinary General Assembly to convene within 60 days to elect the required number of Directors.

12.7.17 ***Powers and Duties of the Board***

Subject to the authorities granted to the General Assemblies, the Board of Directors shall have the broadest powers to manage the Company, and shall in particular, and without limitation, have the power to:

(a) appoint and remove the chief executive officer of the Company and such other executives;

(b) establish committees of the Board of Directors and appoint their members, including, among others, the audit, compensation and nomination committees and any other specialized committee, and issue the committees' charters that determine the committees' powers and procedures;

(c) establish the duties and set the remuneration of the chief executive officer and other executives;

(d) approve the Company's system of internal controls and procurement policies;

(e) authorize the Company's officers to sign on behalf of the Company;

(f) approve the acquisition or disposition by the Company of its ownership of or interest in, companies, organizations, institutes, foundations, joint ventures, or other entities;

(g) approve the establishment of subsidiaries, branches, offices and agencies, and approve the participation of others in such establishments;

(h) take any acts deemed appropriate to promote the interests of companies it owns and direct and indirect subsidiaries (whether wholly or partially owned), including making equity investments, providing loans and credit facilities and transferring assets of the Company to any such companies and guaranteeing such companies;

(i) guarantee or provide security for the principal and interest of any sukuk, bonds or other indebtedness issued by the Company, or obligations incurred by the Company, or any entity that is a subsidiary of the Company or in which the Company has a stake in or where such guarantee or security is otherwise in furtherance of the interests of the Company;

(j) contract for loans and finance leases, grant mortgages, issue of sukuk, bonds, trust certificates or other debentures, and enter into any other financing instruments by the Company, whatsoever their terms;

(k) purchase and sale of and mortgage over and invest in the Company's movable and immovable assets, terminate mortgages, and receive their value, and transfer the Company's title deeds;

(l) obtain loans and other credit facilities on behalf of the Company, whatsoever their terms, including loans from governmental financing funds, affiliates, export credit agencies, commercial banks, financing and credit companies or any other financing entity;

(m) approve the Company's financial position, financial statements and annual budget drawn up in accordance with the Bylaws;

(n) approve the Company's business plans, including its programs for implementing crude oil production decisions of the Government and its programs to explore, excavate and develop new hydrocarbon reserves, and the associated programs for capital and other investments; and

(o) present any matter for approval by the General Assemblies.

The Board of Directors may also by resolution delegate its authorities, as it deems appropriate, to any person or Board of Directors committee.

12.7.18 *Remuneration of the Directors*

The remuneration of the Chairman and each other member of the Board of Directors shall be set by the Board of Directors as it deems appropriate. The Board of Directors' report to the Ordinary General Assembly shall contain a comprehensive statement of all remuneration, attendance allowances, expenses and other benefits received by Board of Directors members from the Company during the fiscal year. Such report shall also include a statement of the earnings of the members of the Board of Directors in their capacities as employees or managers of the Company and their earnings for any technical, administrative or advisory work provided for the Company. The report shall also include a statement of the number of meetings of the Board of Directors and the number of meetings attended by each member from the date of the last meeting of the Ordinary General Assembly.

12.7.19 *The Authorities of the Chairman, Deputy and Secretary*

The Government shall appoint the Chairman and a Deputy Chairman from among the members of the Board, *provided* that the Chairman is one of the members nominated by the Government. The Chairman is prohibited from holding any executive position in the Company. Only the Government may dismiss the Chairman and the Deputy Chairman.

The Chairman shall have the authority to:

(a) preside over General Assemblies, meetings of sukuk or bond holders or holders of other debt securities, and Board of Directors' meetings;

(b) represent the Company before courts, arbitral tribunals and others including ministries and governmental entities, companies, courts, judicial and quasi-judicial committees, labor commissions of all types and levels, public prosecution, notaries, attesters licensed by the Ministry of Justice, and chambers of commerce and industry and shall be entitled to plead, defend, initiate claims, enter into settlements and waivers, and shall have the right of exculpation, denial and affirmation, and the right to request oath, obtain judgments, request sentence reversal, appeal, seek reconsideration and execution of judgments;

(c) sign the Articles of Association of companies that the Company establishes or participates in and their amendments, and sign contracts, loan agreements and other financial agreements, mortgages and leases, documents and deeds of sale and purchase of land and buildings and may also sell, purchase, deposit, withdraw, transfer, subscribe for, invest or trade in, mortgage or terminate mortgages over shares in companies, entities or funds or others, and accept dividends and surplus and ownership certificates thereof and amending them, within the limits of the resolutions issued by the Board of Directors;

(d) have any other power authorized to him by the Board of Directors; and

(e) may delegate any of his stated powers to others.

The Board of Directors shall appoint a Board Secretary chosen from its members or from other persons. The Board of Directors shall determine the authorities, rights and benefits of the Board Secretary.

The term of office of the Chairman, Deputy Chairman, and the Board Secretary (to the extent that the Board Secretary is a member of the Board of Directors) shall not exceed the term of his or her respective membership of the Board of Directors. The Board of Directors may reappoint and may dismiss the Board Secretary.

12.7.20 ***Board Meetings***

The Board of Directors shall meet at least four times per year at the invitation of the Chairman. The Chairman shall call the Board of Directors to meet whenever a meeting is requested by the Government, the Ordinary General Assembly or two directors.

12.7.21 ***Quorum and Representation***

The meeting of the Board of Directors shall not be considered valid unless attended by at least a majority of the members of the Board of Directors, including the Chairman or Deputy Chairman, in person or by teleconference (or similar technology) where everyone can hear each other and participate simultaneously.

12.7.22 ***Board Decisions***

Resolutions shall be valid if voted for by a majority of the members of the Board of Directors present. In case of a tie of votes, the Chairman of the meeting shall have a casting vote. The Board of Directors may adopt resolutions without a meeting by unanimous written consent signed by all members of the Board of Directors. Resolutions adopted by unanimous written consent shall be deemed valid on the date on which the last member of the Board of Directors has signed the same. These resolutions by written consent shall be presented to the Board of Directors at its next meeting for inclusion in the minutes of the meeting.

12.7.23 ***Deliberations of the Board***

The deliberations and the decisions of the Board of Directors shall be recorded in the minutes, which shall be signed by the Chairman of the meeting, the members of the Board of Directors present, and the Board Secretary.

12.7.24 ***Shareholders' Assemblies***

(a) **Attending the General Assemblies**

Each shareholder, whatever the number of his or her shares in the Company, including the Government, has the right to attend any Ordinary General Assembly and any Extraordinary General Assembly. Any Shareholder may delegate his or her right to attend and act at any General Assembly to another person who is not a member of the Board of Directors pursuant to a written instrument executed by such shareholder in accordance with a form developed by the Company. The Government may delegate its power to attend the General Assemblies to more than one person at the same time, *provided* that the Government may delegate its right to act at such General Assemblies to one person only.

(b) **Competencies of the Ordinary General Assembly**

With the exception of the matters falling within the competencies of the Extraordinary General Assembly, the Ordinary General Assembly shall be competent in all matters related to the Company. The Ordinary General Assembly shall meet at least once annually during the six months after the end of the Company's fiscal year. Other meetings of the Ordinary General Assembly shall be called as required by the Board of Directors in accordance with the Bylaws.

(c) **Competencies of the Extraordinary General Assembly**

The Extraordinary General Assembly shall be competent to amend the Bylaws, except for (i) matters which it is legally prohibited to amend; or (ii) the elimination of any right belonging to the Government. The Extraordinary General Assembly may also issue resolutions regarding matters originally included in the competency of the Ordinary General Assembly under the same prescribed terms and conditions set forth for the Ordinary General Assembly.

(d) **Convening General Assemblies**

The General Assemblies shall be convened at the invitation of the Board of Directors. The Board of Directors shall call a meeting of the Ordinary General Assembly if so requested by the auditor, the Audit Committee, or one or more shareholders whose ownership percentage represents at least 10% of the ordinary shares. The auditor may call for the Ordinary General Assembly to convene if the Board of Directors fails to do so within 30 days of the auditor's request.

(e) **Record of Attendance at General Assemblies**

Shareholders who wish to attend General Assemblies shall register their names with the Company in a manner specified by the Company before the time specified for such meeting.

(f) **Invitation, Agenda and Record Date of General Assemblies**

The invitation, agenda and record date for General Assemblies shall be published in accordance with applicable rules, at least 14 days prior to the date of such meeting. Entitlement to vote at General Assemblies shall be given to shareholders of the Company registered in the shareholders' register at the end of such record date. A copy of the invitation along with the agenda items shall be sent to the Ministry of Commerce and, if the Company is listed, the CMA, within the period designated for publication.

(g) **Quorum of the Ordinary General Assembly**

An Ordinary General Assembly shall be valid only if one or more shareholders representing at least one quarter of the ordinary shares are in attendance (in person or by proxy or via modern telecommunication methods in accordance with the guidelines and restrictions approved by the Board), *provided* that the Government is represented therein. However, if the required quorum is not met, then:

(i) a second meeting may be held one hour after the expiration of the designated period for convening the first meeting, if the invitation for the first meeting included an announcement of the possibility of holding such a second meeting; or

(ii) an invitation for a second meeting shall be sent for a second meeting to be held within 30 days following the first meeting. This invitation shall be disseminated by the method specified in the Bylaws.

In all cases, the second meeting shall be valid regardless of the number of ordinary shares represented therein, *provided* that the Government is represented therein.

(h) Quorum of the Extraordinary General Assembly

An Extraordinary General Assembly shall be valid only if one or more shareholders representing one half of the ordinary shares are in attendance (in person or by proxy or via modern telecommunication methods in accordance with the guidelines and restrictions approved by the Board), *provided that* the Government is represented therein. However, if the required quorum is not met, then:

(i) a second meeting may be held one hour after the expiration of the designated period for convening the first meeting, if the invitation for the first meeting included an announcement of the possibility of holding a second meeting; or

(ii) an invitation for a second meeting shall be sent in the manner provided for in the Bylaws.

In all cases, the second meeting shall not be valid unless attended by one or more shareholders representing at least one quarter of the capital (in person or by proxy or via modern telecommunication methods in accordance with the guidelines and restrictions approved by the Board), provided that the Government is represented therein.

If the required quorum is not reached in the second meeting, an invitation for a third meeting shall be sent in the manner provided for in the Bylaws. The third meeting shall be valid regardless of the number of ordinary shares represented therein, *provided* that the Government is represented therein.

(i) Voting in the General Assemblies

Each shareholder has one vote for each share in the General Assemblies. Cumulative voting shall be used for the election of the Board of Directors.

(j) Resolutions of the General Assemblies

Resolutions of the Ordinary General Assembly shall be adopted by vote of an absolute majority of the ordinary shares represented in the meeting. Resolutions of the Extraordinary General Assembly shall be adopted by vote of two-thirds of the ordinary shares represented in the meeting, unless the resolution is related to an increase of the shares of the Company or its merger with another company, in which case the resolution is valid only if adopted by three-quarters of the ordinary shares represented in the meeting.

The shareholders may adopt resolutions in writing without the need to hold a meeting if the shares of the Company were not listed on a stock exchange by presenting such resolutions by the Board of Directors to the holders of ordinary shares individually. Consent to such resolutions in writing shall be received from the absolute majority of the ordinary shares. These resolutions shall be presented to the next General Assemblies for inclusion in the minutes of the meeting.

(k) Deliberation in General Assemblies

The Board of Directors shall prepare the agenda for each meeting of General Assemblies. The CMA (if the Company is listed) and any shareholders representing at least 10% of the ordinary shares may add items to the agenda for any meeting of General Assemblies 14 days in advance of such meeting.

The Board of Directors shall set out the procedures for setting the agendas of General Assemblies, the nomination of directors and the rules and procedures for the orderly conduct of such General Assemblies inducing any notice and informational requirements and any other conditions or limitations relating to adding items to the agenda, nominating directors, maintaining decorum and advancing the discussion at such General Assemblies. Such policy shall be made available to the shareholders by the Board, reasonably in advance of any General Assemblies.

Every shareholder shall be entitled to inquire about the items listed on the agenda of General Assemblies and direct questions to the members of the Board of Directors or the auditor. The Board of Directors or the auditor shall answer such shareholder's questions, to such extent as would not jeopardize the Company's interest as determined by the Board of Directors in its sole discretion.

(l) The Presidency of General Assemblies and Preparation of Minutes

The meetings of the General Assemblies shall be presided over by the Chairman, the Deputy Chairman upon the absence of the Chairman, or whoever is delegated by the Board of Directors from among its members for such task, in the case of the absence of both the Chairman and the Deputy Chairman. The Board Secretary shall act as the secretary of the General Assemblies.

The General Assemblies' meeting minutes shall include the number of the shareholders (present or represented through any approved method) and the number of ordinary shares represented by each of them, whether personally or by proxy, along with the number of votes attributed to such shares, the resolutions adopted and the number of consenting and dissenting votes, as well as a brief summary of the discussions that took place in the meeting. Minutes shall be recorded on a regular basis after each meeting in a special register to be signed by the president of such General Assemblies, its secretary and the votes collector. The resolutions of General Assemblies shall be published and shared with the Ministry of Commerce and Investment or the CMA if the Company is listed on the stock exchange, in accordance with applicable laws and regulations.

*12.7.25 **The Auditor***

The Company shall have one auditor (or more) to be selected from the auditors licensed to practice in the Kingdom. Upon recommendation of the Board, the Ordinary General Assembly shall appoint each such auditor and fix the auditor's remuneration and the duration of the auditor's work. Such auditor may be appointed for any period *provided* that the natural person accountant leading the audit shall be replaced at least every five years. The Board of Directors may extend the natural person accountant's period for a maximum of two additional years at its discretion. General Assemblies may also replace the auditor at any time during the auditor's tenure.

The auditor shall have full access to the Company's books, records and other documents and shall be entitled to such data and information as the auditor may request to investigate the assets and liabilities of the Company, and whatever else falls within the scope of the auditor's work, to the extent that access to such information and data is reasonably necessary for the auditor to perform its duties without having access to governmental records, of any kind, related to the Company. The Chairman shall facilitate that the auditor is able to perform his or her duties without interference. The auditor shall report to the Board of Directors any difficulties encountered in the performance of his or her duties. If the Board of Directors fails to facilitate the performance of the auditor's duties, the auditor shall request a meeting with the Ordinary General Assembly to review the matter.

12.7.26 **Financial Year**

The Company's fiscal year shall start on the first day of the month of January and end on the last day of the month of December of each year.

12.7.27 **Financial Documents**

At the end of each fiscal year, the Board of Directors shall prepare the financial statements and profit and loss accounts of the Company and a report of its activities and financial position for such fiscal year, including the proposed method to distribute the dividends, which shall be reviewed and discussed by the Ordinary General Assembly of shareholders. The Board of Directors shall consider the recommendations of the Audit Committee with respect to the financial statements of the Company before approving the same.

The Chairman, the chief executive officer and the chief financial officer of the Company shall sign the documents set forth above and copies thereof shall be deposited at the Company's headquarters and be made available to the shareholders for informational purposes.

The Chairman shall provide the shareholders with the financial statements of the Company, the Board of Directors' report and the auditor's report, unless they are published in a daily newspaper distributed in the city where the headquarters of the Company is situated or on the website of the exchange upon which the Company is listed. The Chairman shall also send copies of these documents to the Ministry of Energy, the Ministry of Commerce and Investment and, if the Company is listed on the exchange, the CMA, for informational purposes.

The Government shall have the right to request any of the above documents, and the information underlying such documents, at any time, and the Chairman shall, subject to availability, deliver such documents, and the information underlying such documents, to the Government, in accordance to the with the above.

12.7.28 **Distribution of Dividends**

The Board of Directors must recommend a dividend policy, to be approved by an Ordinary General Assembly. The Board of Directors shall declare regular and interim dividends at any time at the Board of Directors' discretion in accordance with the Company's dividend policy. The resolution of the Board of Directors shall specify the amount or percentage of net profit to be distributed as dividends. Dividends may be paid in cash or in shares of the capital of the Company, and shall be non-refundable from the shareholders. Such resolution shall show the record date and the date of distribution. Entitlement to dividends shall be given to the shareholders registered in the shareholders' register at the end of the set record date.

Before payment of any dividend, there may be set aside out of any funds of the Company available for cash distributions such sum or sums as the Board of Directors at any time, in its discretion, thinks proper as a reserve or reserves to meet contingencies, to maintain stable distribution of dividends, or for such other corporate purposes as the Board of Directors shall think conducive to the interest of the Company, and the Board of Directors may modify or abolish any such reserve regardless of any requirement for reserves under the Companies Law.

The holders of preferred shares of any class or of any series shall be entitled to receive dividends at such rates, on such conditions and at such times as shall be stated in the Bylaws or in the resolutions in this regard adopted by the Extraordinary General Assembly. When dividends upon the preferred shares, if any, to the extent of the preference to which such preferred shares are entitled, shall have been declared and set apart for payment, a dividend on the remaining class or classes of ordinary shares may then be paid out of the remaining assets of the Company available for dividends.

12.7.29 ***Indemnification of Directors and Officers***

The Company shall indemnify, defend, and hold harmless its directors and officers (and former directors and officers) from and against all damages, liabilities, costs, expenses (including attorney's fees), judgments, fines, penalties, excise taxes, and amounts actually and reasonably incurred or paid by them in connection with any action, suit, or legal proceeding, whether civil, criminal, administrative, arbitrative, legislative, investigative, or of any other kind, asserted or threatened to be asserted against them by reason of their actions, management or service as a director of the Company (including as a result of any erroneous judgment or evaluation of matters).

The indemnification referred to in the preceding paragraph shall not extend to matters where it has been finally adjudged that the damages, liabilities, expenses or amounts, fines, penalties, or taxes were caused by the willful misconduct, fraud, or bad faith of the relevant director or officer.

Any of the foregoing incurred expenses shall be paid by the Company for the directors and officers (or former directors and officers) in advance of the final disposition of the claim, action, or legal proceedings promptly upon receipt of an undertaking by or on behalf of such person to repay such payments if it shall ultimately be determined that such person is not entitled to be indemnified by the Company in accordance with the preceding paragraph.

The Company shall not be liable for indemnity under the relevant Article of the Bylaws for:

(i) any amount paid in settlement of any claim, action or legal proceedings effected without the Company's written consent, which consent shall not be unreasonably withheld, conditioned or delayed, or

(ii) any judicial award if the Company was not given a reasonable and timely opportunity, at its expense, to participate in the defense of such action, claim or legal proceedings.

12.7.30 ***Limitation of Directors' and Officers' Liability***

Subject to maximum limit permitted by the laws of the Kingdom, no Director or officer of the Company will be personally liable to the Company or any of its shareholders for or with respect to any breach of the principles of truthfulness, honesty, loyalty, or care or any other fiduciary duty or other act or omission as a Director or as an officer of the Company, except and solely to the extent that it is finally judicially determined that such person knowingly obtained anything of significant monetary value from the Company to which he or she was not legally entitled, acted in bad faith, or that such person was reckless (and not merely negligent or grossly negligent) in the conduct of his or her official duties. In any case, a director or officer of the Company shall be deemed to have fulfilled his or her duty in a decision he or she made or voted on in good faith if he or she: (a) has no personal interest in the subject matter of the decision; (b) understands and is familiar with the subject matter of the decision to an extent he or she deems reasonable according to the circumstances of the decision; and (c) believes firmly and rationally that the decision serves the Company's interests.

The exculpation and indemnification provided by, or granted herein, shall not prohibit any other rights to which those seeking indemnification may be entitled. The Company is specifically authorized to enter into individual contracts with any or all of its directors, officers, employees, or agents regarding exculpation, indemnification and advancement of expenses, to the fullest extent permitted under applicable laws and regulations. Any amendment or repeal of the present provisions shall not adversely affect any right or protection granted by these same provisions.

12.7.31 ***Directors, Officers and Employees' Insurance***

The Company may insure the following: (i) any person who is or was a director, officer, employee, or agent of the Company and (ii) any person who is or was serving at the request of the Company as a director, officer, employee or agent of another corporation, partnership, joint venture, trust, or other enterprise, against any liability or claim asserted against such person and incurred by such person in any such capacity, or arising out of such person's status as such, whether or not the Company would have the power to indemnify such person against such liability.

12.7.32 ***Conflict of Interest***

No member of the Board of Directors, nor any officer shall have any personal interest as is determined by the Board of Directors from time to time, whether direct or indirect, in the transactions or contracts made for the Company, unless through prior authorization from the Board of Directors. A member of the Board of Directors shall declare to the Board of Directors any direct or indirect personal interest that such member has in such transactions or contracts. Such declaration must be recorded in the meeting minutes of the Board of Directors, where the Board of Directors, except for a member who has a direct or indirect personal interest in such transactions and contracts, shall attend the meeting participate in the deliberations and vote on the relevant resolution to be adopted in this respect in the Board of Directors' meeting. The Chairman shall inform the Ordinary General Assembly upon convening of the transactions and contracts, voted on by the Board of Directors, and in which any member of the Board of Directors has a direct or indirect personal interest. Such notification shall be accompanied by a special report from the Company's external auditor.

The Government is not a member of the Board of Directors, for the purposes of applying the above, and may vote in General Assemblies in any circumstance and on any decision, including decisions concerning contracts and transactions between the Government and the Company or other companies wholly or partially owned by the Government or the Company; or contracts and transactions in which the Government-nominated director has a direct or indirect personal interest therein. Government-employed directors nominated by the Government shall be deemed to have no personal interest, directly or indirectly in contracts and transactions between the Government and the Company or other companies wholly or partially owned by the Government, merely due to them being government employees, agents of the Government or Government-nominated directors.

12.7.33 ***Derivative Claim against the Board of Directors***

Without prejudice to the right of any Shareholder or group of Shareholders to directly bring any action against the Company or the Board of Directors, Shareholders with ownership representing at least 5% of the Shares shall have the right to request the Company to file a liability claim against the members of the Board of Directors if the wrongful act committed by them would significantly harm such shareholders, and was committed in bad faith, or was reckless (and not merely negligent or grossly negligent), in the conduct of their official duties, or is in breach of the Management Standards ("**Claim Request**"). Such Shareholders shall notify the Board of Directors at least 14 days prior to submitting the Claim Request to a committee formed for this purpose by the Board of Directors, which shall consist of independent members of the Board of Directors or of external consultants ("**Claim Committee**"). The Claim Committee shall assess the Claim Request and issue its decision in relation to such Claim Request within 90 days of the date of submission of the Claim Request. The decisions of the Claim Committee shall be issued by a majority of its members. Once the Claim Committee approves the Claim Request, the Claim Committee shall appoint the law firm or lawyers to bring legal action and the Claim Committee shall follow up on such legal action. Legal action may be brought only if the Company's right to file such claim is still valid. Any such claim is subject to any limitations as set forth in the Bylaws.

12.7.34 ***Exclusive Government Ownership and Control***

The provisions of the Bylaws shall not affect the Government's exclusive ownership and control of all hydrocarbon resources within its territory in accordance with the applicable laws and regulations of the Kingdom, the Government remains solely responsible for making final decisions to set the maximum levels of hydrocarbons that can be produced at any given point in time, the levels of maximum sustainable hydrocarbons production capability to be maintained and maintains its exclusive right to make production decisions within its territory, on the basis of a number of considerations solely determined by the Government, including the Government's economic development, environment conservation, national security, political and developmental goals, foreign and diplomatic policy, domestic energy needs, public interest and any other sovereign interest that the Government takes into account.

The provisions of the Bylaws shall not affect the authority of the Ministry of Energy to prepare the Kingdom's hydrocarbons' strategies and policies and supervise their implementation to ensure the development, good utilization and maintenance of hydrocarbon resources.

12.7.35 ***Disputes***

The competent courts and the relevant judicial committees of the Kingdom shall be the sole and exclusive forum for any action or proceeding brought by the Company or against it, including: (i) any action asserting a claim of liability against any director, officer, or other employees of the Company to the Company or the Company's shareholders, and (ii) any action asserting a claim arising pursuant to any provision of the laws of the Kingdom or the Bylaws. Any person or entity which owns shares of the Company shall be deemed to have notice of and consented to the provisions of the Bylaws.

As an exception to the above, the Company may consent in writing to arbitration or to be subject to any alternative judicial forum for any of its contracts and dealings.

12.7.36 ***Relevant Regulations***

The Companies Law, the Capital Market Law and their regulations shall apply to all matters not addressed in the Bylaws.

12.7.37 ***Description of the Shares***

12.7.37.1 Voting Rights

Entitlement to vote at General Assemblies shall be given to shareholders of the Company registered in the shareholders' register at the end of such record date.

12.7.37.2 Rights to Dividends

The Board of Directors recommends the dividend policy, to be approved by an Ordinary General Assembly. The Board of Directors shall declare regular and interim dividends at any time at the Board of Directors' discretion in accordance with the Company's dividend policy. The resolution of the Board of Directors shall specify the amount or percentage of net profit to be distributed as dividends. Dividends may be paid in cash or in shares of the capital of the Company and shall be non-refundable from the shareholders. Such resolution shall show the record date and the date of distribution. Entitlement to dividends shall be given to the shareholders registered in the shareholders' register at the end of the set record date.

12.7.37.3 Buy-back of Shares

The Board of Directors may by resolution approve the repurchase of shares by the Company, whether or not in conjunction with a reduction in the capital of the Company and whether or not for the purpose of allocating such shares to its employees within an employee share plan, or for such other purpose as the Board of Directors may determine is in the best interest of the Company.

12.7.37.4 Approvals Necessary to Amend Voting Rights

Any modification to the voting rights and mechanism at the General Assemblies require amending the Bylaws pursuant to the Extraordinary General Assembly's approval (for more information about the mechanism for amending the Bylaws, please refer to Section 12.7.24 (*Shareholders' Assemblies*) of this Offering Document).

12.7.38 ***Liquidation***

Saudi Aramco may only be dissolved, expired or liquidated by a resolution of the Council of Ministers.

13. Book-building

13. Book-building

The Company, the Selling Shareholder and the Bookrunners have entered into a Bookrunners' Agreement dated 30 May 2024 with respect to the sale of Offer Shares to Institutional Investors. The Company and Bookrunners have also entered into a Coordination Agreement dated 30 May 2024 which includes certain additional terms and conditions relating to the sale of Offer Shares to Institutional Investors. The key differences between the Bookrunners' Agreement and the Coordination Agreement are as follows:

a) The parties to the Bookrunners' Agreement consist of the Selling Shareholder, the Company and the Financial Advisors and the Bookrunners. The Selling Shareholder is not a party to the Coordination Agreement.

b) The Selling Shareholder has, through the Bookrunners' Agreement, appointed the Bookrunners to market the Offer Shares to Institutional Investors, agreed on the terms and conditions of the services to be provided and determined the fees of, the Bookrunners. The Coordination Agreement is an agreement between the Company and the Bookrunners, through which the Company provides representations, warranties and declarations related to the Company's business.

c) The Bookrunners' Agreement is subject to the laws in force in the Kingdom of Saudi Arabia and the jurisdiction of the Board of Grievances, while the Coordination Agreement is subject to the laws in force in England and arbitration in London in accordance with the rules of the London Court of International Arbitration.

Therefore, the warranties provided by the Selling Shareholder in the context of the Bookrunners' Agreement are subject to the laws in force in the Kingdom of Saudi Arabia, while the warranties provided by the Company in the context of the Coordination Agreement are subject to the laws in force in England.

The following is a summary of the material provisions of the Bookrunners' Agreement and the Coordination Agreement.

13.1 Pricing and Allocation

The Final Offer Price shall be announced by both the Selling Shareholder (after consultation with the Bookrunners and the Company) and the Company (after consultation with the Bookrunners) after the end of the Book-building Period, based on the Offer Price Range and the level of the investors' demand for the Offer Shares. The Final Offer Price will also be reflected in a pricing agreement that will be entered into by the Bookrunners, the Company and the Selling Shareholder in accordance with the Bookrunners' Agreement. The Bookrunners will determine the allocation mechanism of the Offer Shares in coordination with the Company and the Selling Shareholder.

13.2 Closing Date

In accordance with the Bookrunners' Agreement, the Closing Date of the Offering shall occur within two business days of the trade date agreed upon between the parties to the Bookrunners' Agreement (T+2) (for more information, please refer to "*The Expected Offering Timetable and Key Announcement Dates*" on page xxv). The Securities Depository Center Company (Edaa) guarantees the deposit of the Offer Shares to the investment accounts of the Investors that will be determined by the Bookrunners in accordance with the Bookrunners' Agreement and the procedures issued by the Saudi Exchange. This deposit of shares will be done in exchange for the Offering proceeds that the Selling Shareholder will receive, following the deduction of the Bookrunners' fees, costs and expenses, which the Selling Shareholder will pay to the Bookrunners.

Investors should note that deposit of the Offer Shares allocated to Individual Investors and Institutional Investors will be completed before market open, and accordingly both Individual Investors and Institutional Investors will be able to trade their Offer Shares on the same day, which is Sunday, 9 June 2024. Any additional information regarding timing of settlement will be shared with Investors through electronic channels, telephone banking, branches where available, or ATMs belonging to the receiving entities that provide all or some of these services to their customers.

The offering of the Offer Shares will not be underwritten. In the event of a settlement failure with respect to any Offer Shares, such Offer Shares shall be reallocated to another investor based on consultations amongst the Selling Shareholder, the Lead Manager, the Financial Advisors and the Bookrunners.

13.3 Termination

The obligations of the Bookrunners under the Bookrunners' Agreement and the Coordination Agreement are, in each case, subject to certain conditions and may be subject to termination by the Bookrunners under certain customary circumstances. Should the Bookrunners terminate the Bookrunners' Agreement or the Coordination Agreement, the Offering may be cancelled. If the Offering is cancelled, no Offer Shares will be delivered.

13.4 Representations and Warranties

In the Bookrunners' Agreement, the Selling Shareholder has made certain representations and warranties and agreed to indemnify the Bookrunners against certain liabilities.

The warranties made by the Selling Shareholder to the Bookrunners include, but are not limited to, warranties of capacity and authority, statements of fact furnished in writing by the Selling Shareholder included in this Offering Document, compliance with the relevant regulations, taxes and combatting money-laundering. The Selling Shareholder also agreed to compensate and exempt the Bookrunners from any liability, damages, cost, loss or expense (including, without limitation, legal fees, costs and expenses) arising out of, or in connection with, any breach of the Selling Shareholder's representations, warranties and undertakings under the Coordination Agreement.

In the Coordination Agreement, the Company has made certain representations and warranties and agreed to indemnify the Bookrunners against certain liabilities.

The warranties made by the Company to the Bookrunners in the Coordination Agreement include, but are not limited to, warranties of capacity and authority, information contained in this Offering Document, activities and share capital of the Company, compliance with the relevant regulations and financial statements, taxes and combating money-laundering. The Company also agreed to compensate and exempt the Bookrunners from any liability, damages, cost, loss or expense (including without limitation, legal fees, costs and expenses) arising out of, or in connection with, any breach of the Company's representations, warranties and undertakings under the Bookrunners' Agreement.

13.5 Fees, costs and expenses

The Selling Shareholder will pay fees to the Bookrunners based on the total value of the Offering, as well as the Bookrunners' and Company's costs and expenses in connection with the Offering.

13.6 Contractual Lock-up

Pursuant to the terms of the Bookrunners' Agreement and the Coordination Agreement, respectively, each of the Selling Shareholder and the Company have severally undertaken that, for a period of six months from the date of the closing of the Offering, it will not, without the prior written consent of the Bookrunners, directly or indirectly, offer, issue, lend, mortgage, assign, charge, pledge, sell or contract to sell, issue options in respect of, or otherwise dispose of, directly or indirectly, or announce an offering or issue of the Shares (or any interest therein or in respect thereof) or any other securities exchangeable for or convertible into, or substantially similar to, the Shares or enter into any transaction with the same economic effect as, or agree to do, any of the foregoing, other than pursuant to the Offering, in the manner described in this Offering Document, save that pursuant to the Bookrunners' Agreement the above restrictions shall not prohibit the Selling Shareholder from:

(a) accepting a general offer made to all holders of issued and allotted Shares for the time being (other than Shares held or contracted to be acquired by the offeror or its associates within the meaning of the Companies Law);

(b) executing and delivering an irrevocable commitment or undertaking to accept a general offer (without any further agreement to transfer or dispose of any Shares or any interest therein) as is referred to in sub paragraph (a) above;

(c) selling or otherwise disposing of Shares pursuant to any offer by the Company to purchase its own Shares which is made on identical terms to all holders of Shares in the Company;

(d) disposing of, or taking up any Shares or other rights granted in respect of a rights issue or other pre-emptive share offering by the Company;

(e) with prior written notice to the Bookrunners, transferring Shares to any Permitted Transferee; provided, that in each case, as a condition to such transfer, the relevant Permitted Transferee shall give a written undertaking to the Bookrunners, in form and substance satisfactory to the Financial Advisors (acting jointly on behalf of themselves and the other Bookrunners) to comply with the same lock-up restrictions as applicable to the Selling Shareholder in the Bookrunners' Agreement until the Release Date, in addition to any additional lock-up periods imposed by applicable rules and regulations, or any other restrictions agreed to with such Permitted Transferee;

(f) entering into, and transferring Shares in accordance with the terms of, the Stock Lending Arrangements and the Over-allotment; and

pursuant to the Coordination Agreement, the above restrictions shall not prohibit the Company from:

(g) (i) transferring Shares with an aggregate value of up to $250 million under the Saudi Aramco Share Plan to senior executives and employees of the Company and its subsidiaries and affiliates; or (ii) issuing Shares with an aggregate value of up to $40 billion in connection with an acquisition.

13.7 Other relationships

Subject to the terms and conditions of the Bookrunners' Agreement and the Coordination Agreement, each of the Bookrunners and any of its affiliates, acting as an investor for its own account, in connection with the Offering, may take up Offer Shares and in that capacity may retain, purchase or sell for its own account such Offer Shares and any related investments and may offer or sell such Offer Shares or other investments otherwise than in connection with the Offering. Accordingly, references in this Offering Document to the Offer Shares being "offered" or "placed" should be read as including any offering or placement of Offer Shares to the Bookrunners and any affiliate acting as an investor for its own account.

In addition, in connection with the Offering, certain of the Bookrunners may enter into financing arrangements (including swaps or contracts for differences) with investors, such as share swap arrangements or lending arrangements where securities are used as collateral, that could result in such Bookrunners (or their affiliates) acquiring, holding or disposing of shares in the Company. None of the Bookrunners intend to disclose the extent of any such investment or transactions otherwise than to the Company and the Selling Shareholder and in accordance with any legal or regulatory obligation to do so.

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14. Offering Expenses

14. Offering Expenses

The Offering expenses will be deducted from the Offering proceeds. The Selling Shareholder will reimburse the Company for all fees, costs and expenses incurred in connection with the Offering. The fees, costs and expenses include the amounts payable to the Advisors, Auditor and IHS Global Inc. and legal, marketing, printing, distribution and other relevant expenses.

15. Subscription Terms and Conditions

15. Subscription Terms and Conditions

Investors must carefully read the Subscription Terms and Conditions before completing the subscription application. The signing and submission of the subscription application to a Receiving Entity or to a Bookrunner, as applicable, are deemed as acceptance and approval of these Subscription Terms and Conditions.

15.1 Subscription for the Offer Shares

The Offering described in this Offering Document involves the sale by the Selling Shareholder of 1.545 billion Shares, representing 0.64% of the issued Shares, while retaining a controlling interest in the Company, through a Secondary Public Offering Process. The Offer Price Range is from SAR 26.7 to SAR 29.0.

The Final Offer Price will be announced by both the Selling Shareholder (after consultation with the Bookrunners and the Company) and the Company (after consultation with the Bookrunners) after the end of the Book-building Period based on the level of the investors' demand for the Offer Shares.

The Final Offer Price is the price at which the Offer Shares are allocated to all Investors, amounting to SAR per Share, and the total Offering value is SAR .

The Offering is directed only to Investors in the following two categories:

Tranche (A) – Institutional Investors: This category comprises the categories stated in Part (5) of the Book-building Instructions in accordance with the terms stipulated in this Offering Document, which have active portfolio accounts and are eligible to trade on the Saudi Exchange. The number and percentage of Offer Shares that will be allocated to the Institutional Investors is 1.39 billion Offer Shares, representing 90% of the number of Offer Shares, and will be determined following the completion of the Book-building Period and the announcement of the Final Offer Price based on consultations amongst the Selling Shareholder, the Lead Manager, the Financial Advisors and the Bookrunners. If there are any updates or amendments to the terms and conditions applicable to the Offering, including the percentage and number of Offer Shares to be allocated to Institutional Investors, an announcement will be made by the Bookrunners (on behalf of the Selling Shareholder and the Company) before the start of the Subscription Period for Individual Investors.

Tranche (B) - Individual Investors: This category comprises (a) Saudi Arabian natural persons, including any Saudi female divorcees or widows with minor children from a marriage to a non-Saudi person who can subscribe for her own benefit or in the names of her minor children, on the condition that she proves that she is a divorcee or widow and the mother of her minor children, (b) any non-Saudi natural person who is resident in the Kingdom and (c) any national of a country of the GCC, in each case who has a bank account at a Receiving Entity and an investment portfolio account with a brokerage company affiliated with the same Receiving Entity that provides such services. Subscription by a person in the name of his divorcee shall be deemed invalid, and if a transaction of this nature has been proved to have occurred, then the applicable regulations shall be enforced against such person. If a duplicate subscription is made, the second subscription will be considered void and only the first subscription will be accepted. If the Individual Investor does not have a bank account and an investment portfolio account as set out above, the subscription shall be deemed void.

The number and percentage of Offer Shares that will be allocated to Individual Investors is 154.5 million Offer Shares, representing 10% of the number of Offer Shares, to the extent there is sufficient demand, and will be determined following the completion of the Book-building Period and the announcement of the Final Offer Price based on consultations amongst the Selling Shareholder, the Bookrunners, the Financial Advisors and the Lead Manager. If there are any updates or amendments to the terms and conditions applicable to the Offering, including the number of Offer Shares, an announcement will be made by the Bookrunners (on behalf of the Selling Shareholder and the Company) before the start of the Subscription Period for Individual Investors. However, no amendments will be made to the number of Offer Shares allocated to the Individual Investors, which is 154.5 million Offer Shares, to the extent there is sufficient demand.

Investors include institutional investors and individuals located outside the United States. Accordingly, the Offer Shares will be offered outside the United States in compliance with Regulation S under the U.S. Securities Act.

15.2 Subscription Periods

The Subscription Period for Institutional Investors shall commence at 9:00 a.m. (Riyadh time) on Sunday, 2 June 2024 and shall end at 5:00 p.m. (Riyadh time) on Thursday, 6 June 2024.

The Subscription Period for Individual Investors shall commence at 9:00 a.m. (Riyadh time) on Monday, 3 June 2024 and shall end at 5:00 p.m. (Riyadh time) on Wednesday, 5 June 2024.

15.3 Book-building and subscription by Institutional Investors

Bookrunners shall offer the Offer Shares to Institutional Investors during the Book-building Period and based on the Offer Price Range that is from SAR 26.7 to SAR 29.0. The Final Offer Price will be announced by both the Selling Shareholder (after consultation with the Bookrunners and the Company) and the Company (after consultation with the Bookrunners) after the end of the Book-building Period, based on the level of demand from Investors for the Offer Shares.

Subscription for Offer Shares during the Book-building Period will be done in accordance with the terms and conditions made available by the Bookrunners. Institutional Investors shall comply with the following requirements with respect to the Book-building process:

(a) Institutional Investors must submit Institutional Investor Subscription Forms based on the subscription application forms to be made available by the Bookrunners during the Book-building Period.

(b) The minimum number of Offer Shares that may be subscribed by an Institutional Investor is 100,000 Offer Shares. However, for public funds only, the number of Offer Shares shall not exceed the maximum limit for such participating public fund, which shall be defined in accordance with the Book-building Instructions.

(c) The Institutional Investors shall fund the Offer Shares allocated to them on the basis of the Final Offer Price by way of negotiated trades through their brokers.

(d) Institutional Investors may change or cancel their subscription application any time during the Book-building Period, provided that such change shall be made by the submission of an amended or an additional subscription application, where applicable, before the end of the Book-building Period.

The number of requested Offer Shares shall be subject to the allocation procedures described herein. The Bookrunners will inform the Institutional Investors of the Final Offer Price and the number of Offer Shares initially allocated thereto. Following the end of the Book-building Period, the submission of an Institutional Investor Subscription Form by an Institutional Investor shall be deemed binding on an Institutional Investor and the Institutional Investors will be bound to accept the Offer Shares allocated to them. Such Institutional Investor Subscription Form shall contain instructions to the broker to take the necessary actions for executing the settlement of the Offer Shares for which the Institutional Investors have agreed to subscribe.

15.4 Subscription by Individual Investors

Each Individual Investor must submit an Individual Investors Subscription Application, and must subscribe for ten Offer Shares or a multiple thereof at a price of SAR 29.0, the highest price in the Offer Price Range. There is no maximum number of Offer Shares that may be subscribed for by an Individual Investor.

Individual Investors can subscribe through the Receiving Entities' electronic channels (*i.e.*, online banking, mobile applications, telephone banking and ATMs), provided that the following requirements are satisfied:

(a) an Individual Investor must have a bank account at a Receiving Entity;

(b) such Individual Investor must have an investment portfolio account (with an affiliated brokerage house of the same Receiving Entity); and

(c) there should have been no changes to the personal information or data of the Individual Investor previously submitted to relevant Receiving Entity.

If such requirements are not satisfied, the Lead Manager is entitled to cancel the subscription forms. Once submitted, each Individual Investor will be deemed to have accepted the terms and conditions of the Individual Investors Subscription Application, which represents a legally binding agreement between the Selling Shareholder, the Company and the relevant Individual Investor submitting it.

Individual Investors may obtain a copy of this Offering Document from the websites of the Company, the Bookrunners and the Receiving Entities listed below:

Receiving Entities

Alinma Bank
Al Anoud Tower, King Fahad Road
P.O. Box 66674 Riyadh 11586
Kingdom of Saudi Arabia
Tel: +966 218 5555
Fax: +966 218 5000
Website: www.alinma.com
Email: info@alinma.com

Alrajhi Banking and Investment Corporation
King Fahad Road, Almorouj, Alrajhi Bank Tower
P.O. Box 11411
Kingdom of Saudi Arabia
Tel: +966 8282515
Fax: +966 112798190
Website: www.alrajhibank.com.sa
Email: contactcenter1@alrajhibank.com.sa

Arab National Bank
King Faisal Road, Al Muraba, Unit 1
P.O. Box 56921, Riyadh 11564
Kingdom of Saudi Arabia
Tel: +966 114029000
Fax: +966 114039044
Website: www.anb.sa
Email: info@anb.com.sa

Banque Saudi Fransi
P.O. Box 56006 Riyadh 11554
Tel: +966 920000579
Fax: +966 11 4027261
Website: www.alfransi.com.sa
Email: fransiplusadmin@alfransi.com.sa

Riyad Bank
Al Shuhada St.
P.O. Box 22622 Riyadh 11416
Kingdom of Saudi Arabia
Website: www.riyadbank.com
Email: customercare@riyadbank.com

Receiving Entities
Saudi Awwal Bank (SAB) Prince Abdulaziz Bin Musaad Bin Jalawi Road, Al Morouj District P.O. Box 9084 Riyadh 11413 Kingdom of Saudi Arabia Tel: +966 440 8440 Fax: +966 276 3414 Website: www.sab.com Email: sab@sab.com
Saudi National Bank King Fahad Road P.O. Box 3208, Unit 778 Kingdom of Saudi Arabia Tel: +966 920001000 Fax: +966 114060052 Website: www.alahli.com Email: contactus@alahli.com

The Receiving Entities providing such services will commence receiving Individual Investors Subscription Applications through electronic channels starting at 9:00 a.m. (Riyadh time) on Monday, 3 June 2024 and ending at 5:00 p.m. (Riyadh time) on Wednesday, 5 June 2024.

Each Individual Investor agrees to subscribe for and purchase the number of Offer Shares specified in their Individual Investors Subscription Application for an amount equal to the number of the Offer Shares applied for multiplied by the Retail Subscription Price. Each Individual Investor shall acquire the number of the Offer Shares allocated thereto upon:

(a) submission by the Individual Investor of the Individual Investors Subscription Application to any of the Receiving Entities; and

(b) payment in full by the Individual Investor to the Receiving Entity of the total value of the Offer Shares subscribed for.

The total value of the Offer Shares subscribed for must be paid in full through the applicable Receiving Entity channels by authorizing a debit of the Individual Investor's account held with the Receiving Entity to which the Individuals Investor Subscription Application is being submitted.

The Selling Shareholder (in consultation with the Lead Manager and the Company) has the right to reject any Individual Investors Subscription Application in full or in part if it is not compliant with the terms and conditions of the Offering. Each Individual Investor is required to accept number of Offer Shares allocated thereto unless the Offer Shares so allocated exceed the number of Offer Shares applied for.

15.5 Allocation and Refunds

The Lead Manager and Receiving Entities shall open and operate escrow accounts. The Lead Manager and each of the Receiving Entities shall deposit all amounts received from Individual Investors into the escrow account mentioned above.

The Bookrunners will notify Institutional Investors of the final number of the Offer Shares allocated thereto. The Receiving Entities will notify the Individual Investors of the final number of the Offer Shares, together with the amounts to be refunded as further described below.

The excess subscription amount or the full amount shall be refunded to the Individual Investor in cash in the following cases: (a) the Final Offer Price is less than the Retail Subscription Price, (b) not all of the Offer Shares requested by such Individual Investor have been allocated thereto or (c) if the Final Offer Price is higher than the closing market price of the Shares on the Saudi Exchange on the last day of the Book-building Period on Thursday, 6 June 2024. If paragraph (c) is applicable, no allocations of Offer Shares will be made to Individual Investors. All subscription amounts will be refunded to the Individual Investor (if applicable) without any commissions or deductions by the Receiving Entities. Refunds will be deposited in the Individual Investors' accounts specified in his/her subscription application, including any amounts related to the fractional Offer Shares (if any).

The announcement of the Final Offer Price and final allocation and refund process shall be made no later than Friday, 7 June 2024. Institutional Investors and Individual Subscribers should communicate with the Receiving Entity where they submitted their Individual Investors Subscription Application, as applicable, for any further information.

15.6 Stabilization and Over-allotment

In connection with the Offering, the Stabilizing Manager may effect transactions to stabilize the market price of the Shares. Such transactions may be effected on the Saudi Exchange and may be undertaken at any point during the Stabilization Period. However, the Stabilizing Manager is under no obligation to undertake any stabilizing transactions and such stabilization, if commenced, may be discontinued at any time without prior notice. The Stabilizing Manager, at the end of every five trading days starting from the first trading day of the Offer Shares and until the end of the Stabilization Period, will disclose to the public the details of all price stabilization processes that it implemented, including disclosure of the number of shares purchased and the price range of the shares being purchased.

In order to allow the Stabilizing Manager to cover short positions resulting from any Over-allotments, the Selling Shareholder has granted the Stabilizing Manager the Over-allotment Option pursuant to which the Stabilizing Manager may purchase the Over-allotment Shares at the Final Offer Price. The Over-allotment Option will be exercisable in whole or in part at any time during the Stabilization Period upon notice by the Stabilizing Manager to the Selling Shareholder. The Over-allotment Shares will be the same class and have all the same rights as the Offer Shares, including with respect to all dividends and other distributions, and will be traded on the Saudi Exchange on the same terms and conditions as the Offer Shares.

Under the Bookrunners' Agreement, the Stabilizing Manager has entered into a stock lending arrangement with the Selling Shareholder, pursuant to which the Stabilizing Manager will be able to borrow from the Selling Shareholder, free of charge, up to 154.5 million Shares, which would be sold in the Offering and proceeds of which made available for purposes of implementing price stabilization. If the Stabilizing Manager borrows any Shares, it will be required to return equivalent securities or consideration to the Selling Shareholder following the end of the Stabilizing Period.

15.7 Circumstances where listing may be suspended or cancelled

15.7.1 Power to Suspend or Cancel Listing

(a) CMA may suspend stock trading or cancel the listing at any time as it deems fit, in any of the following circumstances:

  (i) the CMA considers it necessary for the protection of investors or the maintenance of an orderly market;

  (ii) the Company fails, in a manner which the CMA considers material, to comply with the Capital Market Law, its implementing regulations or the Saudi Exchange's rules (as applicable);

  (iii) the Company fails to pay on time any fees due to the CMA or the Saudi Exchange or any fines due to the CMA;

  (iv) the CMA considers that the Company, its business, the level of its operations or its assets are no longer suitable to warrant the continued listing of its securities on the Saudi Exchange;

  (v) when a reverse takeover announcement does not contain sufficient information about the proposed transaction; In the event that the Company has given sufficient information regarding the target and the CMA is convinced, after the Company announcement, that sufficient public information is available on the proposed transaction of the reverse takeover, the CMA may decide not to suspend trading at this stage;

  (vi) when information about the proposed transaction of reverse takeover is leaked and the Company cannot accurately assess its financial position and the Saudi Exchange cannot be informed accordingly;

  (vii) upon an application for a financial reorganization of the Company with a court in accordance with the Bankruptcy Law, if its losses exceed 50% of its share capital;

  (viii) upon an application liquidation or administrative liquidation of the Company with the court in accordance with the Bankruptcy Law;

  (ix) upon a court's termination of a financial reorganization procedure and the commencement of a bankruptcy proceeding or the administrative liquidation procedure of the Company in accordance with the Bankruptcy Law; and

  (x) upon a court's issuance of a final ruling to commence a bankruptcy proceeding or the administrative liquidation procedure of the Company in accordance with the Bankruptcy law.

(b) Lifting of the trading suspension under paragraph A above is subject to the following:

  (i) the events which led to the suspension being sufficiently remedied, and the suspension being no longer necessary for the protection of investors;

  (ii) the lifting of suspension being unlikely to affect the normal activity of the Saudi Exchange;

  (iii) the Company complying with any other conditions that the CMA may require;

(iv) in the event that the suspension is due to the fact the Company's accumulated losses reaches 50% or more of its capital as per the Bankruptcy Law, then the suspension shall be lifted upon the issuance of the final court ruling on the commencement of a financial restructuring procedure for the Company under the Bankruptcy Law, unless suspended from the practice of its activities by the relevant competent authority; and

(v) in the event that the suspension was due to an issuer liquidation procedure or administrative liquidation procedure before the court under the Bankruptcy Law, the suspension shall be lifted upon the issuance of the final court ruling rejecting the commencement of liquidation procedures or administrative liquidation procedures under the Bankruptcy Law, unless suspended from the practice of its activities by the relevant competent authority.

(c) The Saudi Exchange shall suspend the trading of securities of the Company in any of the following cases:

(i) when the Company does not comply with the deadlines for the disclosure of its periodic financial information within the periods specified in the OSCO Rules;

(ii) when the Auditor's report on the financial statements of the Company contains an adverse opinion or an abstention from expressing an opinion;

(iii) if the liquidity requirements in Parts two (2) and eight (8) of the Listing Rules are not satisfied after listing after the time limit set by the Saudi Exchange for the Company to rectify its conditions, unless the CMA agrees otherwise; or

(iv) upon the issuance of a resolution by an Extraordinary General Assembly of the Company to reduce its capital for the two trading days following the issuance of such resolution.

(d) The Saudi Exchange may at any time propose to the CMA to suspend the trading of any listed security or cancel its listing where in its opinion any of the circumstances of Paragraph A is likely to occur.

(e) An issuer whose trading of securities has been suspended must continue to abide by the Law, its executive regulations and the Saudi Exchange's rules.

(f) In the event that the listing suspension continues for six months with no appropriate procedure made by the Company to correct such suspension, the CMA may cancel the Company's listing.

(g) Upon the Company's completion of a reverse takeover, the Shares are de-listed. If the Company wishes to re-list its shares, it must submit a new application to list its shares in accordance with the Listing Rules and fulfill the relevant requirements stipulated in the OSCO Rules.

(h) None of the above shall prejudice the suspension of trading and cancellation of listing resulting from the losses of the Company pursuant to relevant implementing regulations and Saudi Exchange rules.

The Saudi Exchange shall remove the suspension referred to in sub-paragraphs (c) (i) and (c) (ii) above no more than one trading session after the cause of suspension ceases to exist. In the event that the over-the-counter trade of the Shares is allowed, the Saudi Exchange shall remove the suspension within a period of no more than five trading sessions after the cause of suspension ceases to exist.

15.7.2 *Voluntary Cancellation of Listing*

(a) an issuer whose securities have been admitted to listing may not cancel the listing of its securities on the Saudi Exchange without the prior approval of the CMA. In order to obtain such approval, the Company will submit an application for the cancellation to the CMA, with concurrent notification to the Saudi Exchange, which must include the following:

  (i) specific reasons for the request for the cancellation;

  (ii) a copy of the disclosure described in sub-paragraph (iv) below;

  (iii) a copy of the relevant documentation and a copy of each related communication to Shareholders if the cancellation is to take place as a result of a takeover or other corporate action by the Company; and

  (iv) names and contact information of the Financial and Legal Advisors appointed according to the OSCO Rules.

(b) The CMA may, at its discretion, approve or reject the cancellation request.

(c) The Company must obtain the consent of the Extraordinary General Assembly on the cancellation of the listing after obtaining the CMA's approval.

Where cancellation is made at the Company's request, the Company must disclose such to the public as soon as possible. The disclosure must include the reason for the cancellation, the nature of the event resulting in the cancellation, and the extent to which it affects the Company's activities.

15.7.3 *Temporary Trading Suspension*

(a) The Company may request a temporary trading suspension upon the occurrence of an event that occurs during trading hours which requires immediate disclosure under the Capital Market Law, its implementing regulations or the Saudi Exchange's rules, where the issuer cannot maintain the confidentiality of this information until the end of the trading period. The Saudi Exchange shall suspend the trading of the Company's securities immediately upon receipt of the request.

(b) Upon a temporary trading suspension made at the Company's request, the Company must announce as soon as possible the reason for the trading suspension, the anticipated period of the trading suspension and the event affecting the Company's activities.

(c) The CMA may impose a temporary trading suspension without a request from the Company when the CMA has information or there are circumstances that affect the Company's activities which the CMA considers would be likely to interrupt the operation of the Saudi Exchange or jeopardize the protection of investors. An issuer whose securities are subject to temporary trading suspension must continue to comply with the Capital Market Law and its implementing regulations and Saudi Exchange rules.

(d) The Saudi Exchange may propose that CMA exercise its authorities under sub-paragraph (c) above in case it finds that there are information or circumstances that may affect the Company's activities and that are likely to interrupt the operation of the Saudi Exchange or the protection of investors.

(e) The temporary trading suspension will be lifted following the elapse of the period referred to in sub-paragraph (b) above, unless the CMA or the Saudi Exchange decide otherwise.

15.7.4 Lifting of Suspension

Lifting of trading suspension under paragraph A of Section 15.8.1 (*Power to Suspend or Cancel Listing*) is subject to the following:

(a) the events which led to the suspension being sufficiently remedied, and the suspension being no longer necessary for the protection of investors;

(b) the lifting of suspension being unlikely to affect the normal activity of the Saudi Exchange;

(c) the issuer complying with any other conditions that the CMA may require;

(d) upon the issuance of a final judgement initiating the financial restructuring of the Company under the Bankruptcy Law, unless suspended from the practice of its activities by the relevant competent authority, in the event the suspension was in accordance with Article 36, Paragraph A, Subparagraph 13 of the Listing Rules; and

(e) upon issuance of a final judgement rejecting the liquidation procedure or the administrative liquidation under the Bankruptcy Law, unless suspended from the practice of its activities by the relevant competent authority, in the event the suspension was in accordance with Article 36, Paragraph A, Subparagraph 14 of the Listing Rules.

In the event that the listing suspension continues for six months with no appropriate procedure made by the Company to correct such suspension, the CMA may cancel the Company’s listing.

15.8 Approvals and decisions under which the Shares will be Offered

The Offer Shares will be offered pursuant to a Royal Order and the resolution of the Board of Directors approving the Offering issued on 14/01/1444H (corresponding to 12 August 2022).

15.9 Lock-up Period

In accordance with the Bookrunners’ Agreement and the Coordination Agreement, (a) the Selling Shareholder may not dispose of any other Shares within six months after the Closing Date and (b) the Company may not issue or dispose of new Shares within six months after the Closing Date, in each case subject to certain exceptions (for more information regarding the Bookrunners’ Agreement and the Coordination Agreement, including the contractual lock-up period, please refer to Section 13 (*Book-building*)).

15.10 Pricing

The offer price at which all Investors shall subscribe for the Offer Shares is the Final Offer Price.

The Final Offer Price will be announced by both the Selling Shareholder (after consultation with the Bookrunners and the Company) and the Company (after consultation with the Bookrunners) after the end of the Book-building Period.

Following the last day of the Book-building Period, the Selling Shareholder in consultation with the Bookrunners and the Company will determine the Final Offer Price. After the determination of the Final Offer Price, the Selling Shareholder will determine the final percentage and number of Offer Shares to be allocated to each category of Investors in consultation with the Bookrunners and the Company.

Following the Book-building Period, the Selling Shareholder, Company and Bookrunners will announce the aggregate amount of Offer Shares subscribed by the Institutional Investors and Individual Investors relative to the number of the Offer Shares sold in the Offering.

15.11 Acknowledgments by Individual Investors

By completing and delivering the Individual Investors Subscription Application, each Individual Investor:

(a) agrees to subscribe for the number of the Offer Shares specified in the Individual Investors Subscription Application;

(b) warrants that he/she has read this Offering Document and understood all its content;

(c) accepts the Bylaws and all Offering instructions and terms mentioned in this Offering Document and in the Individual Investors Subscription Application and subscribes in the Offer Shares accordingly;

(d) declares that he/she has not previously subscribed for any Offer Shares in the Offering and that the Company has the right to reject any or all duplicate applications;

(e) accepts the number of Offer Shares allocated to him/her as per the Individual Investors Subscription Application;

(f) agrees not to cancel or amend the Individual Investors Subscription Application after submitting it to the Lead Manager or the Receiving Entity; and

(g) undertakes to have an investment portfolio account at a Receiving Entity (with an affiliated brokerage house of the same Receiving Entity).

15.12 Acknowledgments by Institutional Investors

By completing and delivering the Institutional Investor Subscription Form, each Institutional Investor:

(a) agrees to subscribe for the number of Offer Shares specified in the Institutional Investor Subscription Form;

(b) warrants that it has read this Offering Document and understood all its content;

(c) accepts the Bylaws and all Offering instructions and terms mentioned in this Offering Document;

(d) accepts the number of the Offer Shares allocated to it as pursuant to the binding Institutional Investor Subscription Form and its obligation to pay the value of the shares allocated to it;

(e) declares that it is well aware of his/her responsibility to inform their broker to execute the negotiated trade in the event their broker is not one of the Bookrunners, otherwise they may face delay in receiving shares; and

(f) declares that it has fulfilled all the requirements and conditions relating to the Book-building process, and all other applicable requirements set forth in the Capital Market Law and its implementing regulations; and that all documents and information submitted by it as part of the Book-building process are true, complete, up to date, and not misleading and further declares that it shall bear full legal responsibility in the event that it is proved otherwise (and the CMA and other government entities have the right to undertake adequate measures in this regard).

15.13 Brief Summary of the Trade Process

Trading in the Shares occurs on the Saudi Exchange through a fully integrated trading system covering the entire trading process from execution of the trade transaction through settlement thereof. Trading occurs on each business day of the week from 10:00 a.m. to 3:00 p.m. (Riyadh time), from Sunday to Thursday, during which orders are executed. However, during other than those times, orders can be entered, amended and cancelled from 9:30 a.m. to 10:00 a.m. (Riyadh time). The said times are subject to change during the month of Ramadan and they are announced by the Saudi Exchange Management. Transactions take place through automatic matching of orders. Each valid order is accepted and generated according to the price level. In general, market orders (orders placed at the best price) are executed first, followed by limit orders (orders placed at a price limit), provided that if several orders are generated at the same price, they are executed according to the time of entry. Exchange transactions are settled on a T+2 basis, meaning that the transfer of share ownership takes two working days after the trade transaction is executed.

The listed companies are required to disclose all material information that is important for investors via the Saudi Exchange. Surveillance and monitoring of the Saudi Exchange is the responsibility of the Saudi Exchange as the operator of mechanism with which the Saudi Exchange operates to ensure fair trading and an orderly shares trading operations.

15.14 Settlement and Trading

The deposit of Offer Shares into Individual Investors' investment portfolios and the completion of the execution of the negotiated trades with respect to Institutional Investors are expected to occur on Sunday, 9 June 2024 as follows:

- with respect to the Institutional Investors, settlement and delivery of the Offer Shares to Institutional Investors will take place by way of negotiated trades executed in accordance with the Saudi Exchange's "Negotiated Trade" framework; and
- with respect to the Individual Investors, settlement of the Offer Shares will be executed by the Receiving Entities and the Lead Manager, and will be delivered to Individual Investors' portfolio accounts via the Securities Depository Center Company (Edaa).

Investors should note that the deposit of the Offer Shares allocated to Individual Investors and Institutional Investors will be completed before market open, and accordingly both Individual Investors and Institutional Investors will be able to trade their Offer Shares on the same day, which is Sunday, 9 June 2024. Any additional information regarding timing of settlement will be shared with Investors through electronic channels, telephone banking, branches where available, or ATMs belonging to the receiving entities that provide all or some of these services to their customers.

Settlement of securities trading on the Saudi Exchange is governed by the Saudi Exchange's rules and regulations, which are available on its website www.saudiexchange.sa.

Dates and times included in this Offering Document are only indicative on a preliminary basis and may be changed or extended. Shares may only be traded after the allocated Offer Shares have been credited to the relevant Investor's account at the Saudi Exchange. The Saudi

Exchange shall maintain a shareholder's record containing their names, nationalities, the Shares held by them and the amounts paid for such Shares.

Saudi Arabian nationals, other GCC nationals, non-GCC nationals resident in the Kingdom and companies, banks, and investment funds established in the Kingdom or in other GCC member states will be permitted to trade directly in the Offer Shares on the Saudi Exchange. Qualified Foreign Investors will be permitted to trade the Offer Shares in accordance with the FIS Rules. Non-GCC nationals who are not resident in the Kingdom and institutions incorporated outside the GCC, other than Qualified Foreign Investors, will be permitted to acquire an economic interest in the Offer Shares by entering into a swap agreement with a Capital Market Institution. Under such swap agreements, the Capital Market Institution will be the registered legal owner of such Offer Shares.

15.15 Miscellaneous

The Individual Investors Subscription Application and all related terms, conditions, provisions, covenants and undertakings shall be binding on and inure to the benefit of the parties to the subscription and their respective successors, permitted assigns, executors, administrators and heirs; provided that neither the Individual Investors Subscription Application nor any of the rights, interests or obligations arising pursuant thereto shall be assigned and delegated by any of the parties to the subscription without the prior written consent of the other party. These instructions, conditions and the receipt of any Individual Investors Subscription Application or related contracts shall be governed, construed and enforced in accordance with the laws of Saudi Arabia.

The Company, Selling Shareholder, the Bookrunners and Lead Manager require recipients of this Offering Document to inform themselves of any regulatory restrictions on the Offer Shares and to observe all such restrictions. The distribution of this Offering Document or the sale of the Offer Shares to any person is expressly prohibited, except as described herein; provided that all applicable laws and regulations are observed.

The responsibility to inform the broker to execute the negotiated trade falls on the Institutional Investors if that broker is not one of the Bookrunners.

The Institutional Investors applications shall be executed shortly after the Saudi Exchange opening, which may delay the execution of applications.

16. Waivers

The Company obtained several waivers from several relevant regulatory requirements from the Implementing Regulation of the Companies Law for Listed Joint Stock Companies and certain waivers from each of the Saudi Stock Exchange and the Securities Depository Center Company "Edaa" from Trading and Membership Procedures. These exemptions include the following:

A. Waiver from the announcement requirement of Paragraphs (4) of Article (17) of Part Six (Buy-back, Sale, and Pledge of Shares) of the Implementing Regulations of the Companies Law for Listed Joint Stock Companies relating.

B. Waiver from compliance with the requirements of Paragraphs (4) and (8) of Article (17) of Part Six (Buy-back, Sale, and Pledge of Shares) of the Implementing Regulation of the Companies Law for Listed Joint Stock Companies relating to the rules applicable to the Company's purchase of its shares.

C. Waiver from compliance with the provisions of Paragraphs (B) and (D) of Article (13-5-1) of the Trading and Membership Procedures regarding the Offering, to maintain flexibility in pricing and in executing transactions with investors.

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Saudi Aramco

First quarter interim report 2024

Report on review of the condensed consolidated interim financial report

To the shareholders of Saudi Arabian Oil Company

Introduction

We have reviewed the accompanying condensed consolidated balance sheet of Saudi Arabian Oil Company and its subsidiaries as at March 31, 2024 and the related condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the three-month period then ended and other explanatory notes (the "condensed consolidated interim financial report"). Management is responsible for the preparation and presentation of this condensed consolidated interim financial report in accordance with International Accounting Standard 34,'Interim Financial Reporting', that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on this condensed consolidated interim financial report based on our review.

Scope of review

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

Conclusion

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

PricewaterhouseCoopers

Omar M. Al Sagga
License No. 369

May 6, 2024

All amounts in millions of Saudi Riyals unless otherwise stated

CONDENSED CONSOLIDATED STATEMENT OF INCOME

		SAR		USD*	
	Note	**1st quarter 2024**	**1st quarter 2023**	**1st quarter 2024**	**1st quarter 2023**
Revenue	10	**402,037**	417,460	**107,210**	111,323
Other income related to sales		**35,810**	42,373	**9,549**	11,299
Revenue and other income related to sales		**437,847**	459,833	**116,759**	122,622
Royalties and other taxes		**(52,232)**	(68,242)	**(13,928)**	(18,198)
Purchases		**(110,011)**	(106,369)	**(29,336)**	(28,365)
Producing and manufacturing		**(24,271)**	(23,133)	**(6,473)**	(6,169)
Selling, administrative and general		**(22,109)**	(15,247)	**(5,896)**	(4,066)
Exploration		**(2,593)**	(1,752)	**(691)**	(467)
Research and development		**(1,156)**	(931)	**(308)**	(248)
Depreciation and amortization	5,6	**(23,427)**	(21,975)	**(6,247)**	(5,860)
Operating costs		**(235,799)**	(237,649)	**(62,879)**	(63,373)
Operating income		**202,048**	222,184	**53,880**	59,249
Share of results of joint ventures and associates		**(778)**	(741)	**(208)**	(198)
Finance and other income		**6,769**	10,968	**1,805**	2,925
Finance costs		**(3,025)**	(3,177)	**(807)**	(847)
Income before income taxes and zakat		**205,014**	229,234	**54,670**	61,129
Income taxes and zakat	7	**(102,743)**	(109,692)	**(27,398)**	(29,251)
Net income		**102,271**	119,542	**27,272**	31,878
Net income (loss) attributable to					
Shareholders' equity		**103,356**	117,471	**27,562**	31,326
Non-controlling interests		**(1,085)**	2,071	**(290)**	552
		102,271	119,542	**27,272**	31,878
Earnings per share (basic and diluted)		**0.43**	0.49	**0.11**	0.13

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* This supplementary information is converted at a fixed rate of U.S. dollar 1.00 = SAR 3.75 for convenience only, and is presented in millions of U.S. dollars.

Amin H. Nasser
Director, President & Chief
Executive Officer

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

Bassam M. Asiri
Senior Vice President &
Controller

All amounts in millions of Saudi Riyals unless otherwise stated

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		SAR		USD*	
	Note	1st quarter 2024	1st quarter 2023	1st quarter 2024	1st quarter 2023
Net income		**102,271**	119,542	**27,272**	31,878
Other comprehensive income (loss), net of tax	8				
Items that will not be reclassified to net income					
Remeasurement of post-employment benefits		**2,298**	(2,153)	**613**	(574)
Share of post-employment benefits remeasurement from joint ventures and associates		**(57)**	100	**(15)**	27
Changes in fair value of equity investments classified as fair value through other comprehensive income		**1,110**	(247)	**296**	(66)
Items that may be reclassified subsequently to net income					
Cash flow hedges and other		**39**	(25)	**10**	(7)
Changes in fair value of debt securities classified as fair value through other comprehensive income		**30**	63	**8**	17
Share of other comprehensive income of joint ventures and associates		**(1,233)**	1,013	**(329)**	270
Currency translation differences		**(824)**	(935)	**(219)**	(249)
		1,363	(2,184)	**364**	(582)
Total comprehensive income		**103,634**	117,358	**27,636**	31,296
Total comprehensive income (loss) attributable to					
Shareholders' equity		**105,296**	115,577	**28,079**	30,821
Non-controlling interests		**(1,662)**	1,781	**(443)**	475
		103,634	117,358	**27,636**	31,296

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Amin H. Nasser	**Ziad T. Al Murshed**	**Bassam M. Asiri**
Director, President & Chief Executive Officer	Executive Vice President & Chief Financial Officer	Senior Vice President & Controller

All amounts in millions of Saudi Riyals unless otherwise stated

CONDENSED CONSOLIDATED BALANCE SHEET

		SAR		USD*	
	Note	At March 31, 2024	At December 31, 2023	At March 31, 2024	At December 31, 2023
Assets					
Non-current assets					
Property, plant and equipment	5	**1,411,857**	1,384,717	**376,495**	369,258
Intangible assets	6	**165,785**	164,554	**44,209**	43,881
Investments in joint ventures and associates		**68,405**	69,474	**18,241**	18,526
Deferred income tax assets		**21,532**	20,560	**5,742**	5,483
Post-employment benefits		**28,599**	24,661	**7,627**	6,576
Other assets and receivables		**51,377**	48,265	**13,701**	12,871
Investments in securities		**35,660**	33,974	**9,509**	9,060
		1,783,215	1,746,205	**475,524**	465,655
Current assets					
Inventories		**94,203**	85,951	**25,121**	22,920
Trade receivables		**176,276**	163,919	**47,007**	43,712
Due from the Government		**38,474**	49,378	**10,260**	13,168
Other assets and receivables		**30,107**	33,747	**8,028**	8,999
Short-term investments		**100,758**	184,343	**26,869**	49,158
Cash and cash equivalents		**243,972**	198,973	**65,059**	53,059
		683,790	716,311	**182,344**	191,016
Assets classified as held for sale		**14,134**	15,424	**3,769**	4,113
		697,924	731,735	**186,113**	195,129
Total assets		**2,481,139**	2,477,940	**661,637**	660,784
Equity and liabilities					
Shareholders' equity					
Share capital		**90,000**	90,000	**24,000**	24,000
Additional paid-in capital		**26,981**	26,981	**7,195**	7,195
Treasury shares		**(1,009)**	(1,362)	**(269)**	(363)
Retained earnings:					
Unappropriated		**1,400,235**	1,411,474	**373,396**	376,394
Appropriated		**6,000**	6,000	**1,600**	1,600
Other reserves	8	**1,503**	1,514	**401**	403
		1,523,710	1,534,607	**406,323**	409,229
Non-controlling interests		**198,665**	202,485	**52,977**	53,996
		1,722,375	1,737,092	**459,300**	463,225
Non-current liabilities					
Borrowings	9	**240,310**	226,481	**64,083**	60,395
Deferred income tax liabilities		**149,441**	142,449	**39,851**	37,986
Post-employment benefits		**26,249**	26,147	**7,000**	6,973
Provisions and other liabilities		**28,633**	28,205	**7,635**	7,521
		444,633	423,282	**118,569**	112,875
Current liabilities					
Trade payables and other liabilities		**151,010**	151,553	**40,269**	40,414
Obligations to the Government:					
Income taxes and zakat	7	**86,531**	82,539	**23,075**	22,010
Royalties		**19,839**	14,107	**5,290**	3,762
Borrowings	9	**51,521**	63,666	**13,739**	16,978
		308,901	311,865	**82,373**	83,164
Liabilities directly associated with assets classified as held for sale		**5,230**	5,701	**1,395**	1,520
		314,131	317,566	**83,768**	84,684
Total liabilities		**758,764**	740,848	**202,337**	197,559
Total equity and liabilities		**2,481,139**	2,477,940	**661,637**	660,784

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* This supplementary information is converted at a fixed rate of U.S. dollar 1.00 = SAR 3.75 for convenience only, and is presented in millions of U.S. dollars.

Amin H. Nasser	**Ziad T. Al Murshed**	**Bassam M. Asiri**
Director, President & Chief Executive Officer	Executive Vice President & Chief Financial Officer	Senior Vice President & Controller

All amounts in millions of Saudi Riyals unless otherwise stated

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	SAR								USD*
	Shareholders' equity								
				Retained earnings					
	Share capital	Additional paid-in capital	Treasury shares	Unappropriated	Appropriated	Other reserves (Note 8)	Non-controlling interests	Total	Total
Balance at January 1, 2023	75,000	26,981	(2,236)	1,339,892	6,000	3,279	217,231	1,666,147	444,306
Net income (loss)	—	—	—	117,471	—	—	2,071	119,542	31,878
Other comprehensive income (loss)	—	—	—	—	—	(1,894)	(290)	(2,184)	(582)
Total comprehensive income (loss)	—	—	—	117,471	—	(1,894)	1,781	117,358	31,296
Transfer of post-employment benefits remeasurement	—	—	—	(2,054)	—	2,054	—	—	—
Transfer of share of post-employment benefits remeasurement from joint ventures and associates	—	—	—	100	—	(100)	—	—	—
Treasury shares issued to employees	—	—	305	(126)	—	(20)	—	159	43
Share-based compensation	—	—	—	(1)	—	108	—	107	28
Dividends (Note 17)	—	—	—	(73,150)	—	—	—	(73,150)	(19,507)
Dividends to non-controlling interests and other	—	—	—	—	—	—	(3,801)	(3,801)	(1,014)
Balance at March 31, 2023	75,000	26,981	(1,931)	1,382,132	6,000	3,427	215,211	1,706,820	455,152
Balance at January 1, 2024	**90,000**	**26,981**	**(1,362)**	**1,411,474**	**6,000**	**1,514**	**202,485**	**1,737,092**	**463,225**
Net income (loss)	—	—	—	**103,356**	—	—	**(1,085)**	**102,271**	**27,272**
Other comprehensive income (loss)	—	—	—	—	—	**1,940**	**(577)**	**1,363**	**364**
Total comprehensive income (loss)	—	—	—	**103,356**	—	**1,940**	**(1,662)**	**103,634**	**27,636**
Transfer of post-employment benefits remeasurement (Note 8)	—	—	—	**2,124**	—	**(2,124)**	—	—	—
Transfer of share of post-employment benefits remeasurement from joint ventures and associates (Note 8)	—	—	—	**(57)**	—	**57**	—	—	—
Treasury shares issued to employees	—	—	**353**	**(158)**	—	**(10)**	—	**185**	**49**
Share-based compensation	—	—	—	**(1)**	—	**126**	—	**125**	**33**
Dividends (Note 17)	—	—	—	**(116,503)**	—	—	—	**(116,503)**	**(31,067)**
Dividends to non-controlling interests and other	—	—	—	—	—	—	**(2,158)**	**(2,158)**	**(576)**
Balance at March 31, 2024	**90,000**	**26,981**	**(1,009)**	**1,400,235**	**6,000**	**1,503**	**198,665**	**1,722,375**	**459,300**

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Amin H. Nasser	**Ziad T. Al Murshed**	**Bassam M. Asiri**
Director, President & Chief Executive Officer	Executive Vice President & Chief Financial Officer	Senior Vice President & Controller

All amounts in millions of Saudi Riyals unless otherwise stated

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

		SAR		USD*	
	Note	**1st quarter 2024**	**1st quarter 2023**	**1st quarter 2024**	**1st quarter 2023**
Income before income taxes and zakat		**205,014**	229,234	**54,670**	61,129
Adjustments to reconcile income before income taxes and zakat to net cash provided by operating activities					
Depreciation and amortization	5,6	**23,427**	21,975	**6,247**	5,860
Exploration and evaluation costs written off		**739**	516	**197**	138
Loss on disposal of property, plant and equipment		**364**	620	**97**	166
Loss on fair value measurement of assets classified as held for sale		**366**	—	**97**	—
Inventory movement		**565**	936	**151**	250
Share of results of joint ventures and associates		**778**	741	**208**	198
Finance and other income		**(6,769)**	(10,968)	**(1,805)**	(2,925)
Finance costs		**3,025**	3,177	**807**	847
Change in fair value of investments through profit or loss		**(98)**	(93)	**(26)**	(25)
Change in joint ventures and associates inventory profit elimination		**590**	8	**157**	2
Other		**95**	870	**26**	232
Change in working capital					
Inventories		**(8,472)**	13,893	**(2,260)**	3,705
Trade receivables		**(11,693)**	1,713	**(3,118)**	456
Due from the Government		**10,904**	9,885	**2,908**	2,636
Other assets and receivables		**3,151**	1,929	**841**	514
Trade payables and other liabilities		**(3,736)**	(8,227)	**(996)**	(2,193)
Royalties payable		**5,732**	1,241	**1,528**	331
Other changes					
Other assets and receivables		**(3,850)**	(4,348)	**(1,027)**	(1,159)
Provisions and other liabilities		**(61)**	232	**(16)**	61
Post-employment benefits		**29**	305	**7**	82
Settlement of income, zakat and other taxes		**(94,131)**	(114,992)	**(25,101)**	(30,665)
Net cash provided by operating activities		**125,969**	148,647	**33,592**	39,640
Capital expenditures	4	**(40,621)**	(32,797)	**(10,832)**	(8,746)
Acquisition of affiliates, net of cash acquired	16	**(1,267)**	(9,886)	**(338)**	(2,636)
Additional investments in joint ventures and associates		**(1,548)**	(104)	**(413)**	(28)
Distributions from joint ventures and associates		**1,009**	1,322	**269**	352
Dividends from investments in securities		**12**	21	**3**	6
Interest received		**7,216**	6,813	**1,925**	1,816
Investments in securities – net		**(356)**	(656)	**(95)**	(175)
Net maturities of short-term investments		**83,585**	125,611	**22,289**	33,497
Net cash provided by investing activities		**48,030**	90,324	**12,808**	24,086
Dividends paid to shareholders of the Company	17	**(116,503)**	(73,150)	**(31,067)**	(19,507)
Dividends paid to non-controlling interests in subsidiaries		**(4,214)**	(1,856)	**(1,124)**	(495)
Proceeds from issue of treasury shares		**186**	155	**50**	41
Proceeds from borrowings		**2,788**	15,708	**743**	4,188
Repayments of borrowings		**(4,838)**	(59,851)	**(1,290)**	(15,960)
Principal portion of lease payments		**(3,641)**	(3,146)	**(971)**	(839)
Interest paid		**(2,778)**	(2,204)	**(741)**	(587)
Net cash used in financing activities		**(129,000)**	(124,344)	**(34,400)**	(33,159)
Net increase in cash and cash equivalents		**44,999**	114,627	**12,000**	30,567
Cash and cash equivalents at beginning of the period		**198,973**	226,047	**53,059**	60,279
Cash and cash equivalents at end of the period		**243,972**	340,674	**65,059**	90,846

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Amin H. Nasser	**Ziad T. Al Murshed**	**Bassam M. Asiri**
Director, President & Chief Executive Officer	Executive Vice President & Chief Financial Officer	Senior Vice President & Controller

Notes to the condensed consolidated interim financial report

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. 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.

On December 11, 2019, the Company completed its Initial Public Offering ("IPO") and its ordinary shares were listed on the Saudi Exchange. In connection with the IPO, the Government, being the sole owner of the Company's shares at such time, sold an aggregate of 3.45 billion ordinary shares, or 1.73% of the Company's share capital.

On February 13, 2022, the Government transferred 4% of the Company's issued shares to the Public Investment Fund ("PIF"), the sovereign wealth fund of the Kingdom, 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 condensed consolidated interim financial report of the Company and its subsidiaries (together "Saudi Aramco") was approved by the Board of Directors on May 6, 2024.

2. Basis of preparation and material accounting policy information

The condensed consolidated interim financial report has been prepared in accordance with International Accounting Standard 34 ("IAS 34"), Interim Financial Reporting, that is endorsed in the Kingdom, and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA"). This condensed consolidated interim financial report is consistent with the accounting policies and methods of computation and presentation set out in Saudi Aramco's consolidated financial statements for the year ended December 31, 2023.

The results for the interim periods are unaudited and include all adjustments necessary for a fair presentation of the results for the periods presented. This condensed consolidated interim financial report should be read in conjunction with the consolidated financial statements and related notes for the year ended December 31, 2023, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") that are endorsed in the Kingdom, and other standards and pronouncements issued by SOCPA. The consolidated financial statements for the year ended December 31, 2023 are also in compliance with IFRS as issued by the International Accounting Standards Board ("IASB").

Translations from SAR to USD presented as supplementary information in the condensed consolidated statement of income, condensed consolidated statement of comprehensive income, condensed consolidated balance sheet, condensed consolidated statement of changes in equity, and condensed consolidated statement of cash flows at March 31, 2024 and December 31, 2023 and for the three-month periods ended March 31, 2024 and 2023, are for convenience and were calculated at the rate of USD 1.00 = SAR 3.75 representing the exchange rate at the balance sheet dates.

Notes to the condensed consolidated interim financial report
All amounts in millions of Saudi Riyals unless otherwise stated

New or amended standards

(i) There are no amendments or interpretations that are effective for annual periods beginning on or after January 1, 2024 that have a material impact on the condensed consolidated interim financial report.

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

3. Fair value estimation

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or, in the absence of a principal market, in the most advantageous market for the asset or liability. Management believes that the fair values of Saudi Aramco's financial assets and liabilities that are measured and recognized at amortized cost are not materially different from their carrying amounts at the end of the reporting period.

The following table presents Saudi Aramco's assets and liabilities measured and recognized at fair value at March 31, 2024 and December 31, 2023, based on the prescribed fair value measurement hierarchy on a recurring basis. Saudi Aramco did not measure any financial assets or financial liabilities at fair value on a non-recurring basis at March 31, 2024 and December 31, 2023. There were no changes made to any of the valuation techniques and valuation processes applied as of December 31, 2023 and changes in unobservable inputs are not expected to materially impact the fair values.

Assets	Level 1[i]	Level 2[ii]	Level 3[iii]	Total
At March 31, 2024				
Investments in securities:				
Equity securities at Fair Value Through Other Comprehensive Income ("FVOCI")	**14,551**	**37**	**2,121**	**16,709**
Debt securities at FVOCI	**87**	**8,862**	**—**	**8,949**
Equity securities at Fair Value Through Profit or Loss ("FVPL")	**564**	**1,717**	**8,172**	**10,453**
Debt securities at FVPL	**—**	**188**	**—**	**188**
	15,202	**10,804**	**10,293**	**36,299**
Other assets and receivables:				
Interest rate swaps	**—**	**842**	**—**	**842**
Commodity derivative contracts	**—**	**2,901**	**—**	**2,901**
Currency forward contracts	**—**	**41**	**—**	**41**
Financial assets—option rights	**—**	**—**	**4,059**	**4,059**
	—	**3,784**	**4,059**	**7,843**
Trade receivables related to contracts with provisional pricing arrangements	**—**	**—**	**123,837**	**123,837**
Total assets	**15,202**	**14,588**	**138,189**	**167,979**

Asseets	**Level 1[i]**	**Level 2[ii]**	**Level 3[iii]**	**Total**
At December 31, 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
	13,999	10,724	10,051	34,774
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
Trade receivables related to contracts with provisional pricing arrangements	—	—	98,978	98,978
Total assets	13,999	15,011	113,260	142,270

Liabilities	**Level 1[i]**	**Level 2[ii]**	**Level 3[iii]**	**Total**
At March 31, 2024				
Trade payables and other liabilities:				
Interest rate swaps	**—**	**6**	**—**	**6**
Commodity derivative contracts	**—**	**3,488**	**—**	**3,488**
Currency forward contracts	**—**	**86**	**—**	**86**
Trade payables related to contracts with provisional pricing arrangements	**—**	**—**	**38,794**	**38,794**
	—	**3,580**	**38,794**	**42,374**
Provisions and other liabilities:				
Financial liabilities—options and forward contracts	**—**	**—**	**2,135**	**2,135**
Total liabilities	**—**	**3,580**	**40,929**	**44,509**
At December 31, 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
	225	2,846	35,724	38,795
Provisions and other liabilities:				
Financial liabilities—options and forward contracts	—	—	2,011	2,011
Total liabilities	225	2,846	37,735	40,806

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

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

The changes in Level 3 investments in securities for the three-month period ended March 31, 2024 and the year ended December 31, 2023 are as follows:

	March 31, 2024	**December 31, 2023**
Beginning	**10,051**	8,490
Net additions	**247**	1,633
Net unrealized fair value loss	**(9)**	(64)
Realized gain (loss)	**4**	(8)
Ending	**10,293**	10,051

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 period, net of settlements. 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 March 31, 2024, Saudi Aramco had two reportable segments, Upstream and Downstream, with all other supporting functions aggregated into a Corporate segment. Upstream activities include crude oil, natural gas and natural gas liquids exploration, field development and production. Downstream activities consist primarily of refining and petrochemical manufacturing, supply and trading, distribution and power generation, logistics, and marketing of crude oil and related services to international and domestic customers. Corporate activities include primarily supporting services, including Human Resources, Finance and IT not allocated to Upstream and Downstream. Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

There are no differences from the consolidated financial statements for the year ended December 31, 2023 in the basis of segmentation or in the basis of measurement of segment earnings before interest, income taxes and zakat.

Information by segments for the three-month period ended March 31, 2024 is as follows:

	Upstream	**Downstream**	**Corporate**	**Eliminations**	**Consolidated**
External revenue	**186,415**	**214,888**	**734**	**—**	**402,037**
Other income related to sales	**10,422**	**25,388**	**—**	**—**	**35,810**
Inter-segment revenue	**94,683**	**9,088**	**77**	**(103,848)**	**—**
Earnings (losses) before interest, income taxes and zakat	**205,342**	**4,615**	**(3,725)**	**(4,848)**	**201,384**
Finance income					**6,655**
Finance costs					**(3,025)**
Income before income taxes and zakat					**205,014**
Capital expenditures—cash basis	**33,114**	**6,882**	**625**	**—**	**40,621**

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

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

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, 2024	**52,179**	**91,438**	**693,089**	**979,354**	**109,506**	**20,935**	**305,724**	**2,252,225**
Additions[1]	**310**	**609**	**13**	**6,936**	**523**	**57**	**43,319**	**51,767**
Acquisition (Note 16(a))	**1,019**	**103**	**—**	**173**	**—**	**23**	**47**	**1,365**
Construction completed	**265**	**773**	**13,508**	**7,839**	**2,452**	**228**	**(25,065)**	**—**
Currency translation differences	**(285)**	**(266)**	**—**	**(2,324)**	**(265)**	**(51)**	**(380)**	**(3,571)**
Transfers and adjustments	**—**	**(356)**	**(98)**	**(263)**	**7**	**54**	**(101)**	**(757)**
Transfer of exploration and evaluation assets	**—**	**—**	**—**	**—**	**—**	**—**	**155**	**155**
Retirements and sales	**(5)**	**(92)**	**—**	**(1,298)**	**(77)**	**(50)**	**(28)**	**(1,550)**
March 31, 2024	**53,483**	**92,209**	**706,512**	**990,417**	**112,146**	**21,196**	**323,671**	**2,299,634**
Accumulated depreciation								
January 1, 2024	**(21,148)**	**(43,341)**	**(266,274)**	**(474,771)**	**(48,597)**	**(13,377)**	**—**	**(867,508)**
Charge for the period	**(366)**	**(824)**	**(5,672)**	**(14,842)**	**(864)**	**(384)**	**—**	**(22,952)**
Currency translation differences	**7**	**163**	**—**	**1,411**	**125**	**39**	**—**	**1,745**
Transfers and adjustments	**(5)**	**3**	**(38)**	**(149)**	**(28)**	**(31)**	**—**	**(248)**
Retirements and sales	**4**	**53**	**—**	**1,057**	**26**	**46**	**—**	**1,186**
March 31, 2024	**(21,508)**	**(43,946)**	**(271,984)**	**(487,294)**	**(49,338)**	**(13,707)**	**—**	**(887,777)**
Property, plant and equipment—net, March 31, 2024	**31,975**	**48,263**	**434,528**	**503,123**	**62,808**	**7,489**	**323,671**	**1,411,857**

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[1] Additions include borrowing costs capitalized during the three-month period ended March 31, 2024, amounting to SAR 2,329, which were calculated using an average annualized capitalization rate of 5.51%.

Additions to right-of-use assets during the three-month period ended March 31, 2024 were SAR 7,819. Acquisition of right-of-use assets during the three-month period ended March 31, 2024 were SAR 981. The following table presents depreciation charges and net carrying amounts of right-of-use assets by class of assets.

	Depreciation expense for the three-month period ended March 31, 2024	**Net carrying amount at March 31, 2024**
Land and land improvements	**56**	**6,505**
Buildings	**120**	**3,643**
Oil and gas properties	**4**	**8**
Plant, machinery and equipment	**3,497**	**54,725**
Depots, storage tanks and pipelines	**124**	**2,524**
Fixtures, IT and office equipment	**31**	**238**
	3,832	**67,643**

6. Intangible assets

	Goodwill	**Exploration and evaluation**	**Brands and trademarks**	**Franchise/ customer relationships**	**Computer software**	**Other[1]**	**Total**
Cost							
January 1, 2024	**101,010**	**20,013**	**24,982**	**21,701**	**4,233**	**3,876**	**175,815**
Additions	**—**	**1,977**	**—**	**—**	**16**	**24**	**2,017**
Acquisition (Note 16(a))	**657**	**—**	**1**	**—**	**3**	**—**	**661**
Currency translation differences	**(7)**	**—**	**(88)**	**(47)**	**(10)**	**(44)**	**(196)**
Transfers and adjustments	**—**	**—**	**—**	**—**	**(44)**	**24**	**(20)**
Transfer of exploration and evaluation assets	**—**	**(155)**	**—**	**—**	**—**	**—**	**(155)**
Retirements and write offs	**—**	**(739)**	**—**	**—**	**(44)**	**—**	**(783)**
March 31, 2024	**101,660**	**21,096**	**24,895**	**21,654**	**4,154**	**3,880**	**177,339**
Accumulated amortization							
January 1, 2024	**—**	**—**	**(2,795)**	**(4,465)**	**(2,681)**	**(1,320)**	**(11,261)**
Charge for the period	**—**	**—**	**(46)**	**(287)**	**(72)**	**(70)**	**(475)**
Currency translation differences	**—**	**—**	**56**	**44**	**9**	**34**	**143**
Transfers and adjustments	**—**	**—**	**—**	**—**	**—**	**(5)**	**(5)**
Retirements and write offs	**—**	**—**	**—**	**—**	**44**	**—**	**44**
March 31, 2024	**—**	**—**	**(2,785)**	**(4,708)**	**(2,700)**	**(1,361)**	**(11,554)**
Intangible assets—net, March 31, 2024	**101,660**	**21,096**	**22,110**	**16,946**	**1,454**	**2,519**	**165,785**

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[1] Other intangible assets with a net book value of SAR 2,519 as at March 31, 2024 comprise of processing and offtake agreements, licenses, technology, usage rights, patents and intellectual property.

7. Income taxes and zakat

(a) Kingdom income tax rates

The Company is subject to an income tax rate of 20% on its Downstream activities and on the activities of exploration and production of non-associated natural gas, including gas condensates, as well as the collection, treatment, processing, fractionation and transportation of associated and non-associated natural gas and their liquids, gas condensates and other associated elements. All other activities are subject to an income tax rate of 50%, in accordance with the Saudi Arabian Income Tax Law of 2004 and its amendments (the "Tax Law"). The 20% income tax rate applicable to the Company's Downstream activities, which came into effect on January 1, 2020, is conditional on the Company separating its Downstream activities under the control of one or more separate wholly-owned subsidiaries before December 31, 2024, otherwise the Company's Downstream activities will be retroactively taxed at 50%. The Company expects to transfer its Downstream activities in line with the applicable requirements.

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:

	1st quarter 2024	**1st quarter 2023**
Income before income taxes and zakat	**205,014**	229,234
Less: Income subject to zakat	**(1,355)**	(2,941)
Income subject to income tax	**203,659**	226,293
Income taxes at the Kingdom's statutory tax rates	**99,323**	112,099
Tax effect of:		
Loss (income) not subject to tax at statutory rates and other	**3,045**	(2,933)
Income tax expense	**102,368**	109,166
Zakat expense	**375**	526
Total income tax and zakat expense	**102,743**	109,692

(b) Income tax and zakat expense

	1st quarter 2024	1st quarter 2023
Current income tax—Kingdom	**96,810**	104,400
Current income tax—Foreign	**1,300**	1,837
Deferred income tax—Kingdom	**4,668**	3,071
Deferred income tax—Foreign	**(410)**	(142)
Zakat—Kingdom	**375**	526
	102,743	109,692

(c) Income tax and zakat obligation to the Government

	2024	2023
January 1	**82,539**	104,978
Provided during the period	**97,185**	104,926
Payments during the period by the Company (Note 14)	**(38,575)**	(56,728)
Payments during the period by subsidiaries and joint operations	**(1,435)**	(560)
Settlements of due from the Government	**(49,757)**	(53,709)
Other settlements	**(3,426)**	(1,211)
March 31	**86,531**	97,696

8. 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, 2024	**(3,840)**	**3,979**	**—**	**331**	**25**	**1,172**	**(153)**	**1,514**
Current period change	**(824)**	**1,199**	**—**	**126**	**39**	**(1,335)**	**102**	**(693)**
Remeasurement gain (loss)[1]	**—**	**—**	**3,893**	**—**	**—**	**—**	**(57)**	**3,836**
Transfer to retained earnings	**—**	**—**	**(2,124)**	**(10)**	**—**	**—**	**57**	**(2,077)**
Tax effect	**—**	**(59)**	**(1,595)**	**—**	**—**	**—**	**—**	**(1,654)**
Less: amounts related to non-controlling interests	**344**	**2**	**(174)**	**—**	**5**	**400**	**—**	**577**
March 31, 2024	**(4,320)**	**5,121**	**—**	**447**	**69**	**237**	**(51)**	**1,503**

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

9. Borrowings

	At March 31, 2024			At December 31, 2023		
	Non-current	Current	Total	Non-current	Current	Total
Conventional:						
Debentures	**80,999**	**10,283**	**91,282**	81,092	9,683	90,775
Bank borrowings	**23,589**	**4,530**	**28,119**	22,853	3,630	26,483
Short-term borrowings	**—**	**16,347**	**16,347**	—	18,378	18,378
Revolving credit facilities	**—**	**—**	**—**	—	1,237	1,237
Export credit agencies	**895**	**703**	**1,598**	941	656	1,597
Public Investment Fund	**416**	**404**	**820**	455	365	820
Other financing arrangements	**36,003**	**243**	**36,246**	36,070	200	36,270
	141,902	**32,510**	**174,412**	141,411	34,149	175,560
Shari'a compliant:						
Sukuk (Note 9(a))	**29,944**	**3,750**	**33,694**	18,689	15,000	33,689
Murabaha (Note 9(b))	**12,888**	**2,032**	**14,920**	13,830	2,089	15,919
Saudi Industrial Development Fund	**2,879**	**257**	**3,136**	3,057	281	3,338
Ijarah/Procurement	**3,517**	**13**	**3,530**	3,499	13	3,512
Wakala	**771**	**27**	**798**	771	27	798
	49,999	**6,079**	**56,078**	39,846	17,410	57,256
Borrowings – other than leases	**191,901**	**38,589**	**230,490**	181,257	51,559	232,816
Lease liabilities	**48,409**	**12,932**	**61,341**	45,224	12,107	57,331
Total borrowings	**240,310**	**51,521**	**291,831**	226,481	63,666	290,147

(a) Sukuk

On March 28, 2024, the maturity date of the Sukuk issued on April 10, 2017, with a par value of SAR 11,250, was extended by one year from its original maturity date of April 10, 2024, subject to an early redemption option.

(b) Murabaha

Murabaha borrowings of a subsidiary amounting to SAR 938, repayable in semi-annual installments until 2029, were early settled by the subsidiary on March 28, 2024.

10. Revenue

	1st quarter 2024	1st quarter 2023
Revenue from contracts with customers	**397,281**	415,937
Movement between provisional and final prices	**2,122**	(857)
Other revenue	**2,634**	2,380
	402,037	417,460

Disaggregation of revenue from contracts with customers

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

	1st quarter 2024			
	Upstream	**Downstream**	**Corporate**	**Total**
Crude oil	**173,780**	**26,054**	**—**	**199,834**
Refined and chemical products	**—**	**182,231**	**—**	**182,231**
Natural gas and NGLs	**10,523**	**1,405**	**—**	**11,928**
Metal products	**—**	**3,288**	**—**	**3,288**
Revenue from contracts with customers	**184,303**	**212,978**	**—**	**397,281**
Movement between provisional and final prices	**2,017**	**105**	**—**	**2,122**
Other revenue	**95**	**1,805**	**734**	**2,634**
External revenue	**186,415**	**214,888**	**734**	**402,037**

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

11. Non-cash investing and financing activities

Investing and financing activities for the three-month period ended March 31, 2024 include additions to right-of-use assets of SAR 7,819 (March 31, 2023: SAR 3,309), asset retirement provisions of nil (March 31, 2023: SAR 95) and equity awards issued to employees of SAR 167 (March 31, 2023: SAR 149).

12. Commitments

Capital commitments

Capital expenditures contracted for but not yet incurred were SAR 216,885 and SAR 222,938 at March 31, 2024 and December 31, 2023, respectively. In addition, leases contracted for but not yet commenced were SAR 32,187 and SAR 26,369 at March 31, 2024 and December 31, 2023, respectively.

13. Contingencies

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

14. Payments to the Government by the Company

	1st quarter 2024	1st quarter 2023
Income taxes (Note 7(c))	**38,575**	56,728
Royalties	**44,659**	51,009
Dividends	**95,766**	68,918

15. Related party transactions and balances

(a) Transactions

	1st quarter 2024	1st quarter 2023
Joint ventures:		
Revenue from sales	**5,805**	5,569
Other revenue	**30**	4
Interest income	**53**	38
Purchases	**7,526**	6,510
Service expenses	**26**	4
Associates:		
Revenue from sales	**19,740**	18,675
Other revenue	**64**	68
Interest income	**116**	83
Purchases	**11,633**	14,993
Service expenses	**64**	26
Government, semi-Government and other entities with Government ownership or control:		
Revenue from sales	**6,611**	5,486
Other income related to sales	**35,810**	42,373
Other revenue	**184**	210
Purchases	**2,378**	2,633
Service expenses	**124**	98
Lease expenses	**319**	244

(b) Balances

	At March 31, 2024	At December 31, 2023
Joint ventures:		
Other assets and receivables	**5,179**	5,378
Trade receivables	**5,704**	4,976
Interest receivable	**634**	581
Trade payables and other liabilities	**7,894**	6,236
Associates:		
Other assets and receivables	**5,524**	4,882
Trade receivables	**12,330**	12,971
Trade payables and other liabilities	**5,873**	6,139
Government, semi-Government and other entities with Government ownership or control:		
Other assets and receivables	**829**	1,151
Trade receivables	**3,480**	2,606
Due from the Government	**38,474**	49,378
Trade payables and other liabilities	**1,380**	1,448
Borrowings	**7,481**	7,736

(c) Compensation of key management personnel

Compensation policies for and composition of key management personnel remain consistent with 2023.

16. Investments in affiliates

(a) 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, Aramco Overseas Company B.V. (“AOC”), from Southern Cross Group, a Latin America-focused private equity company, for a purchase consideration of SAR 1,373, subject to customary adjustments. 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 enables it to secure outlets for its refined products, including fuel placement from Motiva. It also creates a platform to launch the Aramco brand in South America while strengthening its downstream value chain and unlocks new market opportunities for its Valvoline-branded lubricants.

The transaction resulted in Saudi Aramco obtaining control of Esmax. 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.

The purchase price allocation, as performed by an independent valuer, has not been concluded. Based on the preliminary purchase price allocation, total identifiable net assets of SAR 716 and goodwill of SAR 657 have been recognized at the acquisition date.

Post-acquisition, Esmax contributed revenues of SAR 829 and net income of SAR 26, which are included in the condensed consolidated statement of income. If the acquisition had occurred on

January 1, 2024, management estimates that consolidated revenue and net income for the three-month period ended March 31, 2024 would have been SAR 2,393 and SAR 41, respectively.

(b) MidOcean Holdings II, L.P.

On September 27, 2023, AOC, a wholly-owned subsidiary of the Company, entered into definitive agreements to acquire a strategic minority stake in MidOcean Holdings II, L.P., which in turn owns MidOcean Energy, LLC ("MidOcean Energy"). MidOcean Energy is a Liquefied Natural Gas ("LNG") company, formed and managed by EIG Global Energy Partners with the objective of building a high-quality, long term LNG portfolio, and has recently acquired interests in a portfolio of Australian LNG projects. This strategic partnership marks Saudi Aramco's first international investment in LNG. The transaction closed on March 21, 2024, with Saudi Aramco investing SAR 195, which has been accounted for as an investment in associate. As part of the transaction, Saudi Aramco has an option to increase its equity interest and associated rights in the future.

17. Dividends

Dividends declared and paid on ordinary shares are as follows:

			SAR per share	
	1st quarter 2024	**1st quarter 2023**	**1st quarter 2024**	**1st quarter 2023**
Dividends declared and paid in the quarter:				
March	**116,503**	73,150	**0.4815**	0.3326
Total[1]	**116,503**	73,150	**0.4815**	0.3326
Dividends declared on May 6, 2024 and May 8, 2023[2]	**116,506**	73,160	**0.4815**	0.3024

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[1] Includes SAR 40,407 (SAR 0.1670 per share) of performance-linked dividends, which were first declared and paid in the third quarter of 2023.

[2] Dividend of SAR 116,506 (SAR 0.4815 per share) represents a base dividend of SAR 76,098 (SAR 0.3145 per share) and a performance-linked dividend of SAR 40,408 (SAR 0.1670 per share). These dividends are not reflected in the condensed consolidated interim financial report and will be deducted from unappropriated retained earnings in the second quarter of 2024.

Saudi Aramco

Consolidated Financial Statements
for the year ended December 31, 2023

Independent Auditor's Report

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.

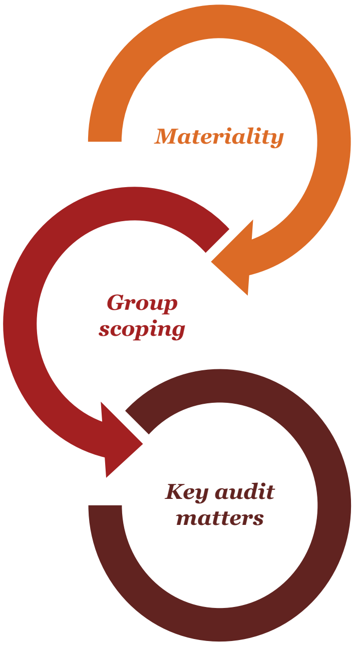
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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.

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.

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.

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.

How our audit addressed the Key audit matter

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

Key audit matter	How our audit addressed the Key audit matter
	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.

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

Key audit matter	How our audit addressed the Key audit matter
	• 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.

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.

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.

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. A1 Sagga
License No. 369

March 8, 2024

All amounts in millions of Saudi Riyals unless otherwise stated

CONSOLIDATED STATEMENT OF INCOME

		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

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* 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

All amounts in millions of Saudi Riyals unless otherwise state

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		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

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H.E. Yasir O. Al-Rumayyan	**Amin H. Nasser**	**Ziad T. Al Murshed**
Chairman of the Board	President & Chief Executive Officer	Executive Vice President & Chief Financial Officer

All amounts in millions of Saudi Riyals unless otherwise stated

CONSOLIDATED BALANCE SHEET

		SAR		USD*	
		At December 31		At December 31	
	Note	2023	2022	2023	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

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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

All amounts in millions of Saudi Riyals unless otherwise stated

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	SAR								USD*
	Shareholders' equity								
				Retained earnings					
	Share capital	Additional paid-in capital	Treasury shares	Unappropriated	Appropriated[1]	Other reserves (Note 18)	Non-controlling interests	Total	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**

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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

		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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* 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	**Amin H. Nasser**	**Ziad T. Al Murshed**
Chairman of the Board	President & Chief Executive Officer	Executive Vice President & Chief Financial Officer

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.

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.

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.

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.

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.

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).

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.

(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.

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.

(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.

(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.

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.

(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) **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.

(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.

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

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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

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

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	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

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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).

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**
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

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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.

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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

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Company	Equity ownership 2023/2022	Principal place of business	Nature of activities	Carrying amount at December 31, 2023	Carrying amount at December 31, 2022
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

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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.

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**

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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 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**	**—**	**—**

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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**

Notes to the consolidated financial statements

All amounts in millions of Saudi Riyals unless otherwise stated

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

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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.

Notes to the consolidated financial statements

All amounts in millions of Saudi Riyals unless otherwise stated

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	—

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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

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).

(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)

Notes to the consolidated financial statements

All amounts in millions of Saudi Riyals unless otherwise stated

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)**

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[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.

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

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

	Equity ownership percentage 2023/2022	Carrying amount at December 31, 2023	Carrying amount at December 31, 2022
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

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

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

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.

	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.

Notes to the consolidated financial statements

All amounts in millions of Saudi Riyals unless otherwise stated

18. Other reserves

	Currency translation differences	Investments in securities at FVOCI	Post-employment benefits	Share-based compensation reserve	Cash flow hedges and other	Share of other comprehensive income (loss) of joint ventures and associates		Total
						Foreign currency translation gains (losses)	Cash flow hedges and other	
January 1, 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)

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[1] Amounts included are for the period from the date of sale of the non-controlling equity interest in the subsidiary.

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)

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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.

(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.

(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.

(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

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**

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[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

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

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	Pension benefits		Other benefits	
	2023	**2022**	**2023**	**2022**
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.

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.

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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.

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**

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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)

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.

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**

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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.

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.

(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.

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.

(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.

(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).

(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.

(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.

(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

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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.

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

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[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**

Notes to the consolidated financial statements

All amounts in millions of Saudi Riyals unless otherwise stated

	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 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**	**—**

	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 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**
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**	**—**

	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]
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**
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**

	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]
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 Financing Limited		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**

Notes to the consolidated financial statements

All amounts in millions of Saudi Riyals unless otherwise stated

	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]
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	**—**	**—**	**—**
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**	**—**	**—**

	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 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			

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All amounts in millions of Saudi Riyals unless otherwise stated

	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			

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All amounts in millions of Saudi Riyals unless otherwise stated

	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]
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			
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			

	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]
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			
SABIC Capital I B.V.	Financing	70%	Netherlands			
SABIC Capital II B.V.	Financing	70%	Netherlands			
Petrochemical Pipeline Services B.V.	Petrochemicals	70%	Netherlands			

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All amounts in millions of Saudi Riyals unless otherwise stated

	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 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			

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All amounts in millions of Saudi Riyals unless otherwise stated

	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]
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			
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			

	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 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			
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			

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	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 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			

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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.

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			

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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	**—**	**—**	**—**

Notes to the Consolidated Financial Statements

All amounts in millions of Saudi Riyals unless otherwise stated

	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]
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			
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	**—**	**—**	**—**

Notes to the Consolidated Financial Statements

All amounts in millions of Saudi Riyals unless otherwise stated

	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]
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			

	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]
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			
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			

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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.

Saudi Arabian Oil Company
Consolidated Financial Statements
for the year ended December 31, 2022

Independent auditor's report

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, 2022, 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, 2022;
- the consolidated statement of comprehensive income for the year ended December 31, 2022;
- the consolidated balance sheet as at December 31, 2022;
- the consolidated statement of changes in equity for the year ended December 31, 2022;
- the consolidated statement of cash flows for the year ended December 31, 2022; and
- the notes to the consolidated financial statements, which include significant accounting policies 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.

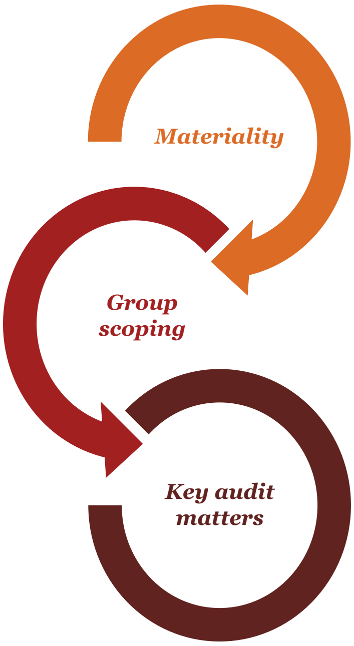
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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.

Our audit approach

Overview



- We determined overall Group materiality taking into account the profit-oriented nature of the Group.
- Based on income before income taxes and zakat of Saudi Riyals ("SAR") 1,153 billion, we determined our overall Group materiality at SAR 37.5 billion.
- Our quantitative threshold for reporting misstatements to those charged with governance was set at SAR 2.8 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, the Republic of Korea and Malaysia 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 appropriate audit procedures were performed.

Our key audit matters comprise the following:

- Assessment of recoverability of the goodwill and brand recognised as part of the Saudi Basic Industries Corporation ("SABIC") acquisition; and
- Accounting for the gas pipelines transaction.

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 table below. 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.

Overall Group materiality	SAR 37.5 billion (2021: SAR 28.1 billion).
How we determined it	Based on income before income taxes and zakat.
Rationale for the materiality benchmark applied	Income before income taxes and zakat is an important benchmark for the Group's stakeholders 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 2.8 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. In establishing the overall approach to the Group audit, we determined the type of work that needed to be performed by us, as the Group engagement team, or component auditors from other PwC network firms or other audit firms operating under our instructions. Where the work was performed by component auditors, we determined the level of involvement we needed to have in the audit work at those components to be able to conclude whether sufficient appropriate audit evidence had been obtained as a basis for our opinion on the Group's consolidated financial statements as a whole.

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. We identified five additional 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, the Republic of Korea and Malaysia performed full-scope audits of the components at those locations based on our instructions. We also instructed certain other component teams to perform an audit or specified procedures on material consolidated financial statement line items as part of our overall Group audit scoping strategy. 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 materiality to the different components, sending formal instructions, obtaining regular updates on progress and results of procedures as well as reviewing deliverables and the relevant 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.

Key audit matter	How our audit addressed the key audit matter

Assessment of recoverability of the goodwill and brand recognised as part of the SABIC acquisition
International Accounting Standard ("IAS") 36 'Impairment of Assets', tha 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. The carrying amounts of these assets were SAR 99.1 billion and SAR 18.1 billion, respectively, at December 31, 2022.
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.
The recoverable amounts were determined based on value-in-use calculations derived using discounted cash flow models. The models were based on the most recent 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 and assumptions in determining the recoverable amounts included the:
• Cash flows during the 10-year periods including commodity prices and margins;
• Terminal values; and
• Pre-tax discount rates.
Refer to Note 2(f), Note 2(i) and Note 6 to the consolidated financial statements for further information.
	Our procedures included the following:
	• We evaluated the appropriateness of management's allocation of goodwill to the Downstream operating segment and brand to the aggregation of the relevant cash-generating units, based on the requirements of IAS 36 'Impairment of Assets', that is endorsed in the Kingdom of Saudi Arabia.
	• We assessed the completeness of the carrying values of the assets and liabilities considered as part of the impairment tests for the goodwill and brand in light of the requirements of IAS 36 'Impairment of Assets', that is endorsed in the Kingdom of Saudi Arabia.
	• With input from internal valuation experts, where considered necessary, we performed the following procedures on management's value-in-use calculations, as deemed appropriate:
	  • Considered the consistency of certain unobservable inputs underlying the 10-year 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 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 by benchmarking to observable market practice and information;
	  • 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

Key audit matter	How our audit addressed the key audit matter
	• 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 movement in the recoverable amounts at December 31, 2022 compared to the prior year in light of changes in the underlying inputs and assumptions. • We considered the appropriateness of the related accounting policies and disclosures in the consolidated financial statements.
Accounting for the gas pipelines transaction The Company sold a 49% equity interest in Aramco Gas Pipelines Company ("AGPC") in February 2022 to GreenSaif Pipelines Bidco S.à r.l. (formerly, GEPIF III Finance III Lux S.à r.l.) ("GreenSaif") for upfront sale proceeds of SAR 58.1 billion. As part of the arrangement, immediately prior to the sale, the Company leased usage rights to its gas pipelines network to AGPC for a 20-year period. Simultaneously, AGPC granted the Company the exclusive right to use, operate and maintain the pipelines during this period in exchange for a tariff. The Company retained title to, and operational control of, the pipelines. Under the agreed terms and conditions, GreenSaif is entitled to receive dividend distributions from AGPC based on its share of available cash, when the Company pays discretionary dividends to its ordinary shareholders. Given the discretionary nature of GreenSaif's entitlement to dividends, the upfront sale proceeds have been recognized as a non-controlling interest in the consolidated financial statements. We considered this to be a key audit matter given the nature and materiality of the transaction as well as the judgment involved in determining the classification of AGPC as a subsidiary and the accounting treatment of the sale proceeds as a non-controlling interest. *Refer to Note 2(e) and Note 34(b) to the consolidated financial statements for further information.*	Our procedures included the following: • We held discussions with management to understand the legal structure of the arrangement and the nature of transactions on closing in February 2022 and during the 20-year period. • We read the relevant agreements and considered the consistency of the underlying terms and conditions with the accounting treatments. • With input from internal accounting specialists, we considered appropriateness of the accounting treatment of: • AGPC as a subsidiary; and • Sale proceeds as a non-controlling interest, keeping in view the potential alternative treatment. • With input from internal valuation experts, where considered necessary, we assessed the reasonableness of the carrying value determined by management of AGPC's net assets immediately prior to the sale. • We considered the appropriateness of the related accounting policies and disclosures in the consolidated financial statements.

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.

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.

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 10, 2023

All amounts in millions of Saudi Riyals unless otherwise stated

Consolidated statement of income

		SAR		USD*	
		Year ended December 31		**Year ended December 31**	
	Note	**2022**	**2021**	**2022**	**2021**
Revenue	24	**2,006,955**	1,346,930	**535,188**	359,181
Other income related to sales		**259,418**	154,828	**69,178**	41,287
Revenue and other income related to sales		**2,266,373**	1,501,758	**604,366**	400,468
Royalties and other taxes		**(341,510)**	(144,793)	**(91,069)**	(38,611)
Purchases	25	**(490,690)**	(352,377)	**(130,851)**	(93,967)
Producing and manufacturing		**(101,912)**	(76,495)	**(27,177)**	(20,399)
Selling, administrative and general		**(83,700)**	(59,496)	**(22,320)**	(15,866)
Exploration		**(8,447)**	(7,285)	**(2,253)**	(1,943)
Research and development		**(4,419)**	(3,873)	**(1,178)**	(1,033)
Depreciation and amortization	5,6	**(91,618)**	(85,521)	**(24,431)**	(22,805)
Operating costs		**(1,122,296)**	(729,840)	**(299,279)**	(194,624)
Operating income		**1,144,077**	771,918	**305,087**	205,844
Share of results of joint ventures and associates	7	**2,873**	7,874	**766**	2,100
Finance and other income	27	**14,894**	1,787	**3,972**	477
Finance costs	20	**(8,882)**	(12,058)	**(2,369)**	(3,215)
Income before income taxes and zakat		**1,152,962**	769,521	**307,456**	205,206
Income taxes and zakat	8	**(548,957)**	(357,125)	**(146,388)**	(95,234)
Net income		**604,005**	412,396	**161,068**	109,972
Net income attributable to					
Shareholders' equity		**597,215**	395,203	**159,257**	105,387
Non-controlling interests		**6,790**	17,193	**1,811**	4,585
		604,005	412,396	**161,068**	109,972
Earnings per share (basic and diluted)	37	**2.72**	1.80	**0.72**	0.48

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* 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

All amounts in millions of Saudi Riyals unless otherwise stated

Consolidated statement of comprehensive income

		SAR		USD*	
		Year ended December 31		Year ended December 31	
	Note	2022	2021	2022	2021
Net income		**604,005**	412,396	**161,068**	109,972
Other comprehensive income (loss), net of tax	18				
Items that will not be reclassified to net income					
Remeasurement of post-employment benefits		**21,208**	10,190	**5,655**	2,717
Share of post-employment benefits remeasurement from joint ventures and associates		**144**	270	**38**	72
Changes in fair value of equity investments classified as fair value through other comprehensive income		**(211)**	851	**(56)**	227
Items that may be reclassified subsequently to net income					
Cash flow hedges and other		**1,450**	323	**387**	86
Changes in fair value of debt securities classified as fair value through other comprehensive income		**(427)**	(556)	**(114)**	(148)
Share of other comprehensive income (loss) of joint ventures and associates		**351**	(417)	**94**	(111)
Currency translation differences		**(3,889)**	(2,798)	**(1,037)**	(746)
		18,626	7,863	**4,967**	2,097
Total comprehensive income		**622,631**	420,259	**166,035**	112,069
Total comprehensive income attributable to					
Shareholders' equity		**615,245**	403,586	**164,065**	107,623
Non-controlling interests		**7,386**	16,673	**1,970**	4,446
		622,631	420,259	**166,035**	112,069

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Chairman of the Board

Amin H. Nasser
President & Chief Executive Officer

Ziad T. Al Murshed
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All amounts in millions of Saudi Riyals unless otherwise stated

Consolidated balance sheet

		SAR		USD*	
		At December 31		At December 31	
	Note	2022	2021	2022	2021
Assets					
Non-current assets					
Property, plant and equipment	5	**1,303,266**	1,244,316	**347,538**	331,818
Intangible assets	6	**159,328**	160,668	**42,487**	42,845
Investments in joint ventures and associates	7	**72,196**	69,559	**19,252**	18,549
Deferred income tax assets	8	**18,093**	14,969	**4,825**	3,992
Post-employment benefits	21	**23,034**	—	**6,142**	—
Other assets and receivables	9	**32,418**	37,776	**8,645**	10,073
Investments in securities	10	**26,758**	24,161	**7,136**	6,443
		1,635,093	1,551,449	**436,025**	413,720
Current assets					
Inventories	11	**100,528**	74,703	**26,808**	19,921
Trade receivables	12	**164,442**	140,373	**43,851**	37,433
Due from the Government	13	**54,545**	41,317	**14,545**	11,018
Other assets and receivables	9	**31,054**	28,196	**8,281**	7,519
Short-term investments	14	**281,215**	27,073	**74,991**	7,219
Cash and cash equivalents	15	**226,047**	299,579	**60,279**	79,888
		857,831	611,241	**228,755**	162,998
Total assets		**2,492,924**	2,162,690	**664,780**	576,718
Equity and liabilities					
Shareholders' equity					
Share capital		**75,000**	60,000	**20,000**	16,000
Additional paid-in capital		**26,981**	26,981	**7,195**	7,195
Treasury shares	16	**(2,236)**	(2,828)	**(596)**	(754)
Retained earnings:					
Unappropriated		**1,339,892**	1,018,443	**357,305**	271,585
Appropriated		**6,000**	6,000	**1,600**	1,600
Other reserves	18	**3,279**	4,661	**874**	1,243
		1,448,916	1,113,257	**386,378**	296,869
Non-controlling interests	19	**217,231**	167,411	**57,928**	44,643
		1,666,147	1,280,668	**444,306**	341,512
Non-current liabilities					
Borrowings	20	**318,380**	436,371	**84,901**	116,366
Deferred income tax liabilities	8	**122,311**	74,850	**32,616**	19,960
Post-employment benefits	21	**26,923**	40,729	**7,179**	10,861
Provisions and other liabilities	22	**27,777**	26,244	**7,408**	6,998
		495,391	578,194	**132,104**	154,185
Current liabilities					
Trade and other payables	23	**135,390**	124,689	**36,104**	33,251
Obligations to the Government:					
Income taxes and zakat	8	**104,978**	90,525	**27,995**	24,140
Royalties		**16,254**	14,064	**4,334**	3,750
Borrowings	20	**74,764**	74,550	**19,937**	19,880
		331,386	303,828	**88,370**	81,021
Total liabilities		**826,777**	882,022	**220,474**	235,206
Total equity and liabilities		**2,492,924**	2,162,690	**664,780**	576,718

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All amounts in millions of Saudi Riyals unless otherwise stated

Consolidated statement of changes in equity

	SAR								USD*
	Shareholders' equity								
				Retained earnings					
	Share capital	Additional paid-in capital	Treasury shares	Unappropriated	Appropriated[1]	Other reserves (Note 18)	Non-controlling interests	Total	Total
Balance at January 1, 2021	60,000	26,981	(3,264)	895,273	6,000	5,858	110,246	1,101,094	293,625
Net income	—	—	—	395,203	—	—	17,193	412,396	109,972
Other comprehensive income (loss)	—	—	—	—	—	8,383	(520)	7,863	2,097
Total comprehensive income	—	—	—	395,203	—	8,383	16,673	420,259	112,069
Transfer of post-employment benefits remeasurement (Note 18)	—	—	—	9,392	—	(9,392)	—	—	—
Transfer of share of post-employment benefits remeasurement from joint ventures and associates (Note 18)	—	—	—	270	—	(270)	—	—	—
Treasury shares issued to employees (Note 16)	—	—	436	38	—	(125)	—	349	94
Share-based compensation	—	—	—	(13)	—	207	—	194	52
Dividends (Note 36)	—	—	—	(281,305)	—	—	—	(281,305)	(75,015)
Sale of non-controlling equity interest in a subsidiary (Note 34)	—	—	—	—	—	—	46,547	46,547	12,412
Change in ownership interest of certain subsidiaries	—	—	—	(415)	—	—	838	423	113
Dividends to non-controlling interests and other	—	—	—	—	—	—	(6,893)	(6,893)	(1,838)
Balance at December 31, 2021	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)	**—**	**—**	**—**	**—**	**—**	**—**	**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**

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

All amounts in millions of Saudi Riyals unless otherwise stated

Consolidated statement of cash flows

		SAR		USD*	
		Year ended December 31		Year ended December 31	
	Note	2022	2021	2022	2021
Income before income taxes and zakat		**1,152,962**	769,521	**307,456**	205,206
Adjustments to reconcile income before income taxes and zakat to net cash provided by operating activities					
Depreciation and amortization	5,6	**91,618**	85,521	**24,431**	22,805
Exploration and evaluation costs written off	6	**2,916**	2,875	**777**	767
Loss on disposal of property, plant and equipment		**3,861**	3,971	**1,029**	1,059
Inventory movement		**1,525**	453	**407**	121
Share of results of joint ventures and associates	7	**(2,873)**	(7,874)	**(766)**	(2,100)
Finance and other income	27	**(14,894)**	(1,787)	**(3,972)**	(477)
Finance costs	20	**8,882**	12,058	**2,369**	3,215
Change in fair value of investments through profit or loss		**237**	27	**64**	7
Change in joint ventures and associates inventory profit elimination	7	**(373)**	550	**(99)**	147
Other		**1,205**	3,256	**322**	868
Change in working capital					
Inventories		**(26,555)**	(23,157)	**(7,082)**	(6,175)
Trade receivables		**(22,906)**	(55,190)	**(6,108)**	(14,718)
Due from the Government		**(13,228)**	(12,422)	**(3,527)**	(3,313)
Other assets and receivables		**(462)**	(8,565)	**(123)**	(2,284)
Trade and other payables		**13,745**	35,763	**3,665**	9,537
Royalties payable		**2,190**	5,809	**584**	1,549
Other changes					
Other assets and receivables		**2,973**	1,263	**792**	337
Provisions and other liabilities		**(411)**	680	**(109)**	181
Post-employment benefits		**596**	2,667	**158**	712
Settlement of income, zakat and other taxes	8	**(502,856)**	(292,818)	**(134,094)**	(78,084)
Net cash provided by operating activities		**698,152**	522,601	**186,174**	139,360
Capital expenditures	4	**(141,161)**	(119,645)	**(37,643)**	(31,905)
Acquisition of affiliates, net of cash acquired		**(1,708)**	—	**(455)**	—
Distributions from joint ventures and associates	7	**4,535**	4,651	**1,210**	1,240
Additional investments in joint ventures and associates	7	**(1,489)**	(557)	**(397)**	(149)
Proceeds from sale of equity interest in an associate	34(a)	**1,651**	—	**440**	—
Dividends from investments in securities	27	**390**	369	**104**	99
Interest received		**5,950**	1,232	**1,587**	329
Net investments in securities		**(3,035)**	(1,519)	**(810)**	(406)
Net purchases of short-term investments		**(254,142)**	(20,272)	**(67,772)**	(5,405)
Net cash used in investing activities		**(389,009)**	(135,741)	**(103,736)**	(36,197)
Dividends paid to shareholders of the Company	36	**(281,318)**	(281,305)	**(75,018)**	(75,015)
Dividends paid to non-controlling interests in subsidiaries		**(14,417)**	(7,112)	**(3,845)**	(1,896)
Proceeds from sale of non-controlling equity interest in a subsidiary		**58,125**	46,547	**15,500**	12,412
Acquisition of non-controlling interests in certain subsidiaries		**(230)**	—	**(62)**	—
Proceeds from issue of treasury shares	16	**550**	384	**146**	103
Proceeds from borrowings		**9,082**	42,213	**2,422**	11,256
Repayments of borrowings		**(132,514)**	(73,563)	**(35,337)**	(19,617)
Principal portion of lease payments		**(12,114)**	(12,143)	**(3,230)**	(3,238)
Interest paid		**(9,839)**	(9,534)	**(2,623)**	(2,542)
Net cash used in financing activities		**(382,675)**	(294,513)	**(102,047)**	(78,537)
Net (decrease) increase in cash and cash equivalents		**(73,532)**	92,347	**(19,609)**	24,626
Cash and cash equivalents at beginning of the year		**299,579**	207,232	**79,888**	55,262
Cash and cash equivalents at end of the year		**226,047**	299,579	**60,279**	79,888

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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 Minister's 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, after obtaining necessary approvals from the competent authorities in relation to the issuance of bonus shares, the Extraordinary General Assembly ("EGA") approved the increase in the Company's share capital by SAR 15,000 and the commensurate increase in the number of the Company's issued ordinary shares by 20 billion without par value. The Company's share capital after the increase is SAR 75,000, divided into 220 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 8 billion ordinary shares, or 4% of the Company's share capital, to the Public Investment Fund ("PIF"), the sovereign wealth fund of the Kingdom. Following the transfer, the Government remains the Company's largest shareholder, retaining a 94.19% direct shareholding.

The consolidated financial statements of the Company and its subsidiaries (together "Saudi Aramco") were approved by the Board of Directors on March 10, 2023.

2. Summary of significant accounting policies, judgments and estimates

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. The consolidated financial statements provide comparative information in respect of the previous period.

(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 of the Company, its subsidiaries and investments are disclosed separately. All other relevant amounts and balances relate to conventional financial instruments.

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 and certain trade receivables. 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 low-carbon production intensity, compared to its peers, facilitates Saudi Aramco to continuously supply hydrocarbon products through the energy transition for the foreseeable future. Saudi Aramco is targeting emissions reductions to be achieved by improving energy efficiency and management of 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.

Saudi Aramco performed a review of the impact of climate change on its financial statements, including an assessment of risks due to climate change on material financial statement line items, significant judgments, and material estimation uncertainties. Estimates, such as the pace of energy transition and demand forecasts, and their impact on commodity prices, margins, and growth rates, include assumptions and inherent uncertainties that will be subject to change as market factors, policy and regulation evolve. The outcome of our review confirmed that the judgments and estimates used in the preparation of the 2022 consolidated financial statements are consistent with Saudi Aramco's long-term strategy and the profile of its operations. Saudi Aramco will continue to update its financial plans, estimates, and assumptions concerning the economic environment and the pace of the energy transition.

(c) New or amended standards

(i) Saudi Aramco adopted the following IASB pronouncement, as endorsed in the Kingdom, effective for annual periods beginning on or after January 1, 2022:

Amendment to IAS 16, Property, Plant and Equipment

In May 2020, the IASB issued an amendment to IAS 16, Property, Plant and Equipment, which prohibits the deduction from the cost of an item of property, plant and equipment any proceeds from selling items produced while the entity is preparing the asset for its intended use. Instead, the proceeds from selling such items, and the costs of producing those items, are recognized in profit or loss. There is no material impact on Saudi Aramco's consolidated financial statements from adopting this amendment to IAS 16.

(ii) There are no standards, amendments or interpretations that are not yet effective that are expected to have a material impact in the current or future reporting periods or on foreseeable future transactions.

(d) Interbank Offered Rate ("IBOR") reform

IBOR reform represents the reform and replacement of interest rate benchmarks, such as the London Interbank Offered Rate ("LIBOR") by global regulators. On March 5, 2021, the UK's Financial Conduct Authority announced the future cessation and loss of representativeness of the LIBOR benchmarks. Saudi Aramco has a number of contracts, primarily referenced to U.S. dollar ("USD") LIBOR, of which most applicable tenors will cease to be published on June 30, 2023.

In this regard, the IASB issued amendments to IAS 39, Financial Instruments: Recognition and Measurement, IFRS 4, Insurance Contracts, IFRS 7, Financial Instruments: Disclosures, IFRS 9, Financial Instruments, and IFRS 16, Leases, as part of Phase 2 of a two-phase project for IBOR reform, which address issues that arise from the implementation of the reform. These amendments, issued on August 27, 2020, and effective January 1, 2021, include: (1) providing practical expedients in relation to accounting for instruments to which the amortized cost measurement applies by updating the effective interest rate to account for a change in the basis for determining the contractual cash flows without adjusting the carrying amount; (2) additional temporary exceptions from applying specific hedge accounting requirements, including permitted changes to hedge designation without the hedging relationship being discontinued when Phase 1 reliefs cease; and (3) additional disclosures related to IBOR reform, including managing the transition to alternative benchmark rates, its progress and the risks arising from the transition, quantitative information about financial instruments that have yet to transition to new benchmarks and changes in the entity's risk management strategy where this arises.

Saudi Aramco has established an IBOR Transition Project, the scope of which includes analyzing the exposure to IBOR benchmarks, evaluating the impact of the transition and providing support and guidance to all impacted internal stakeholders. As per the transition plan, all contracts and agreements related to the below mentioned financial instruments will be renegotiated with counterparties to reflect the alternative benchmark.

The following table contains details of all financial instruments of Saudi Aramco referencing USD LIBOR, recognized at December 31, 2022, which expire after the cessation dates, and which have not yet transitioned to an alternative benchmark:

As at December 31, 2022	**Carrying amounts of financial instruments yet to transition to alternative benchmarks: USD LIBOR**
Non-derivative financial assets	**4,826**
Non-derivative financial liabilities	**35,719**
Derivative financial assets[1]	**720**

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[1] Represents hedging instruments with a nominal value of SAR 8,768.

(e) 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.

1) Joint operations

Joint operations arise where the investors have rights to the assets and obligations for the liabilities of a joint arrangement. In relation to its interests in joint operations, Saudi Aramco recognizes its:

- Assets, including its share of any assets held jointly;
- Liabilities, including its share of any liabilities incurred jointly;
- Revenue from the sale of its share of the output arising from the joint operation; and
- Expenses, including its share of any expenses incurred jointly.

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 joint 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 with no 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(e)(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, and 39.

(f) 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.

Intangible assets other than exploration and evaluation costs (Note 2(g)) and those with indefinite useful lives such as goodwill and brand acquired on acquisition of Saudi Basic Industries Corporation ("SABIC") in 2020, 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.

(g) 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.

(h) 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.

The estimated useful lives or, for right-of-use assets the lease term, if shorter (Note 2(j)), 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.

(i) Impairment of non-financial assets

Saudi Aramco assesses, at each reporting date, whether there is an indication that a non-financial asset may be impaired except that assets with indefinite useful lives such as goodwill and brand acquired on acquisition of SABIC in 2020 are reviewed for impairment on an annual basis. If an indication 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 for 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 from 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.

(j) 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).

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.

(k) Investments and other financial assets

(i) Classification

Management determines the classification of its financial assets based on the business model for managing the financial assets and the contractual terms of the cash flows. Saudi Aramco's financial assets are classified in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss); and
- those to be measured at amortized cost.

For financial assets measured at fair value, gains and losses are recorded either in net income or other comprehensive income. For investments in debt securities, this depends on the business model in which the investment is held. For investments in equity instruments that are not held for trading, 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 investments at fair value through other comprehensive income. Saudi Aramco reclassifies debt securities, when and only when, its business model for managing those assets changes. 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. All other trade receivables meet the criteria for amortized cost measurement under IFRS 9.

(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 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. Saudi Aramco subsequently measures all equity investments at fair value.

Equity investments:

Where Saudi Aramco has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to net income following the derecognition of the investment. Dividends from such investments continue to be recognized as a component of net income when Saudi Aramco's right to receive payments is established. Changes in the fair value of financial assets at fair value through profit or loss are recognized as a component of net income.

Debt securities:

Subsequent measurement of debt securities depends on Saudi Aramco's business model for managing the asset and the cash flow characteristics of the asset. Debt securities are classified into the following three measurement categories:

1) Amortized cost:

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are 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.

2) Fair value through other comprehensive income ("FVOCI"):

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through other comprehensive income, except for impairment gains or losses, interest income and foreign exchange gains and losses which are recognized as a component of net income. When the financial asset is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to net income. Interest income from these financial assets is included in finance income using the effective interest method.

3) Fair value through profit or loss ("FVPL"):

Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL and is not part of a hedging relationship is recognized as a component of net income in the period in which it arises. Financial assets at FVPL are included in non-current assets unless management intends to dispose of the asset within 12 months from the end of the reporting period, in which case the asset is included in current assets.

Other financial assets:

Other financial assets are classified into the following categories:

1) Amortized cost:

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. A gain or loss on a financial asset 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 rate.

Financial assets at amortized cost comprise 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 below.

2) Fair value through profit or loss:

Trade receivables related to contracts with provisional pricing arrangements are subsequently measured at FVPL.

(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.

(l) Derivative instruments and hedging activities

Saudi Aramco's use of derivative instruments does not have a material effect on its financial position or results of operations.

(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 and other payables 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 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.

1) Fair value hedges

A fair value hedge is a hedge of the fair value of a recognized asset or liability or firm commitment. Saudi Aramco designates certain currency forward contracts as fair value hedges. The gain or loss from the changes in the fair value of the currency forward contracts is recognized in net income, together with changes in the fair value of the hedged item.

2) Cash flow hedges

A cash flow hedge is a hedge of a particular risk associated with all or a component of a recognized asset or liability or a highly probable forecast transaction, and could affect profit or loss. Any gain or loss relating to the effective portion of changes in the fair value of interest rate swap contracts is recognized in other comprehensive income, with the ineffective portion recognized immediately in net income.

Gains and losses deferred through other comprehensive income are reclassified to net income at the time the hedged item affects net income. However, when a hedged item is a forecast transaction resulting in the recognition of a non-financial asset or non-financial liability, the gains and losses deferred through other comprehensive income, if any, are included in the initial cost or other carrying amount of the asset or liability. When a hedging instrument expires, any cumulative gain or loss deferred through other comprehensive income will remain until the forecast transaction is recognized. When a forecast transaction is no longer expected to occur, the cumulative gain or loss deferred through other comprehensive income is immediately reclassified to net income.

(m) 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 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.

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.

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.

(n) 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.

(o) Due from the Government

The Government compensates the Company through price equalization (Note 2(z)) 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.

(p) 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.

(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.

(r) Financial liabilities

Saudi Aramco recognizes a financial liability 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. Upon derecognition, the difference between the carrying amount and the consideration paid to discharge or cancel the liability is recognized in the consolidated statement of income. Further, when an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the consolidated statement of income.

Financial liabilities are classified at initial recognition as financial liabilities at FVPL or as financial liabilities measured at amortized cost, as appropriate.

Saudi Aramco's financial liabilities are:

(i) Financial liabilities at FVPL

Derivative financial liabilities are categorized as held for trading unless they are designated as hedges (Note 2(l)). Derivative financial liabilities held for trading are included in current liabilities under trade and other payables with gains or losses recognized in net income.

(ii) Financial liabilities at amortized cost

Financial liabilities other than financial liabilities at FVPL are classified as financial liabilities measured at amortized cost and are recorded net of transaction costs. Such financial liabilities are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method. Discounting is omitted when the effect is immaterial. Financial liabilities measured at amortized cost are included in current liabilities, except for those with maturities greater than 12 months after the end of the reporting period, which are classified as non-current liabilities.

Financial liabilities at amortized cost include trade and other payables and borrowings. Financial liabilities are disclosed separately from financial assets in the consolidated balance sheet unless there is a legally enforceable right to offset the recognized amounts, and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

(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.

(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

Provisions are liabilities where the timing or amount of future expenditures is uncertain. Provisions are recognized when Saudi Aramco has a present legal or constructive obligation as a result of past events, it is probable that an outflow of economic resources will be required to settle the obligation and the amount can be reliably estimated.

Provisions are recorded at the best estimate of the present value of the expenditure required to settle the obligation at the end of the reporting period. Amounts are discounted, unless the effect of discounting is immaterial, using an appropriate discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognized as interest expense within finance costs in the consolidated statement of income.

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) Foreign currency translation

The 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. Any foreign currency monetary assets or liabilities are translated at each reporting date using the prevailing reporting date exchange rate. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognized as a component of net income. Non-monetary assets and liabilities, other than those measured at fair value, are translated using the exchange rate at the date of the transactions.

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) Presentation currency

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 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. On disposal of a foreign operation, the component of other comprehensive income relating to that foreign operation is recognized in net income.

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, 2022 and 2021, are for convenience and were calculated at the rate of USD 1.00 = SAR 3.75 representing the exchange rate at the consolidated balance sheet dates.

Notes to the consolidated financial statements

All amounts in millions of Saudi Riyals unless otherwise stated

(y) 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.

(z) 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(o)) 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.

(aa) 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 and are deductible costs for Government income tax calculations.

(bb) 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.

(cc) 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.

(dd) 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.

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, and on a transaction by transaction basis, can cover up to 100% of the exposure at inception.

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, 2022 and 2021, 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 of SAR 435 and SAR 457, respectively.

At December 31, 2022 and 2021, 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 of SAR 15 and SAR 18, 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) 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, 2022 and 2021, a change of 1% in market interest rates, with all other variables held constant, would result in a net change of SAR 2,161 and SAR 2,127, respectively, in Saudi Aramco's income before income taxes 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, 2022, all short-term investments were with financial institutions assigned a long-term credit rating of "BBB" (2021: "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 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.

(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 (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. Saudi Aramco's gearing ratios at December 31, 2022, and December 31, 2021, were as follows:

	2022	**2021**
Total borrowings (current and non-current)	**393,144**	510,921
Cash and cash equivalents	**(226,047)**	(299,579)
Short-term investments	**(281,215)**	(27,073)
Investments in debt securities (current and non-current)	**(8,565)**	(8,966)
Non-current cash investments	**—**	—
Net (cash) / debt	**(122,683)**	175,303
Total equity	**1,666,147**	1,280,668
Total equity and net (cash) / debt	**1,543,464**	1,455,971
Gearing	**(7.9)%**	12.0%

Previously, Saudi Aramco defined gearing as the ratio of net debt (total borrowings less cash and cash equivalents) to net debt plus total equity. The gearing under the previous definition would have been 9.1% and 14.2% as at December 31, 2022, and December 31, 2021, respectively.

(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 3,190 per loss event (2021: SAR 2,988) 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 4,498 (2021: SAR 4,700) 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

The following table presents Saudi Aramco's assets and liabilities measured and recognized at fair value at December 31, 2022 and 2021, based on the prescribed fair value measurement hierarchy on a recurring basis. Saudi Aramco did not measure any financial assets or financial liabilities at fair value on a non-recurring basis at December 31, 2022 and 2021.

Assets	**Level 1**	**Level 2**	**Level 3**	**Total**
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**

Assets	Level 1	Level 2	Level 3	Total
2021				
Investments in securities:				
Equity securities at FVOCI	9,134	88	1,340	10,562
Debt securities at FVOCI	37	7,846	—	7,883
Equity securities at FVPL	359	1,861	3,928	6,148
Debt securities at FVPL	53	—	—	53
Trade receivables related to contracts with provisional pricing arrangements	—	—	109,440	109,440
	9,583	9,795	114,708	134,086
Other assets and receivables:				
Interest rate swaps	—	9	—	9
Commodity derivative contracts	—	1,489	83	1,572
Currency forward contracts	—	32	—	32
Financial assets—option rights	—	—	2,390	2,390
	—	1,530	2,473	4,003
Total assets	9,583	11,325	117,181	138,089

Liabilities	Level 1	Level 2	Level 3	Total
2022				
Trade and other payables:				
Interest rate swaps	**—**	**16**	**—**	**16**
Commodity derivative contracts	**228**	**2,358**	**81**	**2,667**
Currency forward contracts	**—**	**134**	**—**	**134**
Provisions and other liabilities:				
Financial liabilities—options and forward contracts	**—**	**—**	**2,929**	**2,929**
Total liabilities	**228**	**2,508**	**3,010**	**5,746**
2021				
Trade and other payables:				
Interest rate swaps	—	427	—	427
Commodity derivative contracts	201	1,755	43	1,999
Currency forward contracts	—	151	—	151
Provisions and other liabilities:				
Financial liabilities—options and forward contracts	—	—	3,301	3,301
Total liabilities	201	2,333	3,344	5,878

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, 2022 and 2021, are as follows:

	2022	2021
January 1	**5,268**	4,970
Net additions (disposals)	**2,790**	(5)
Net unrealized fair value gain	**391**	407
Realized gain (loss)	**41**	(104)
December 31	**8,490**	5,268

The movement in trade receivables related to contracts with provisional pricing arrangements mainly relates to sales transactions, net of settlements, made during the period, resulting from contracts with customers (Note 12). Unrealized fair value movements on these trade receivables are not significant.

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

The movement in the financial assets and liabilities relating to options and forward contracts on Saudi Aramco's own equity instruments in certain subsidiaries, is mainly due to the change in the unrealized fair value during the period.

4. Operating segments

Saudi Aramco is engaged in prospecting, exploring, drilling, extracting, processing, manufacturing, refining and marketing hydrocarbon substances within the Kingdom and has interests in refining, petrochemical, distribution, marketing and storage facilities outside the Kingdom.

Saudi Aramco's operating segments are established on the basis of those components that are evaluated regularly by the CEO, considered to be the Chief Operating Decision Maker. The Chief Operating Decision Maker monitors the operating results of Saudi Aramco's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on revenues, costs and a broad range of key performance indicators in addition to segment profitability.

For management purposes, Saudi Aramco is organized into business units based on the main types of activities. At December 31, 2022, Saudi Aramco had two reportable segments, Upstream and Downstream, with all other supporting functions aggregated into a Corporate segment. Upstream activities include crude oil, natural gas and natural gas liquids exploration, field development and production. Downstream activities consist primarily of refining and petrochemical manufacturing, supply and trading, distribution and power generation, logistics, and marketing of crude oil and related services to international and domestic customers. Corporate activities include primarily supporting services including Human Resources, Finance and IT not allocated to Upstream and Downstream. Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

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.

Information by segments is as follows:

	Upstream	Downstream	Corporate	Eliminations	Consolidated
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**

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All amounts in millions of Saudi Riyals unless otherwise stated

	Upstream	Downstream	Corporate	Eliminations	Consolidated
2021					
External revenue	656,066	689,377	1,487	—	1,346,930
Other income related to sales	58,905	95,923	—	—	154,828
Inter-segment revenue	300,466	37,728	291	(338,485)	—
Share of results of joint ventures and associates	(6)	8,066	(186)	—	7,874
Depreciation and amortization	(42,503)	(37,764)	(5,254)	—	(85,521)
Dividends and other income	—	336	46	—	382
Earnings (losses) before interest, income taxes and zakat	750,118	62,190	(13,533)	(18,601)	780,174
Finance income					1,405
Finance costs					(12,058)
Income before income taxes and zakat					769,521
Capital expenditures—cash basis	88,758	28,724	2,163	—	119,645

Information by geographical area is as follows:

	In-Kingdom	Out-of-Kingdom	Total
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**
2021			
External revenue	892,467	454,463	1,346,930
Property, plant and equipment, intangible assets, investments in joint ventures and associates	1,221,638	252,905	1,474,543

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 223,731 originating from the United States of America (“USA”) (2021: SAR 148,488).

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, 2022	53,099	86,411	596,495	878,043	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	55,911	91,617	641,029	932,134	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	36,500	49,287	396,351	500,294	49,808	8,123	262,903	1,303,266
Cost								
January 1, 2021	52,464	83,070	560,187	827,044	78,357	18,902	242,450	1,862,474
Additions[1]	581	2,093	386	13,025	144	579	109,792	126,600
Construction completed	799	2,919	37,146	57,832	5,215	941	(104,852)	—
Currency translation differences	(619)	(748)	—	(5,702)	(602)	(131)	(497)	(8,299)
Transfers and adjustments[2]	99	386	(229)	(2,804)	1,280	(44)	(2,336)	(3,648)
Transfer of exploration and evaluation assets	—	—	—	—	—	—	2,365	2,365
Retirements and sales	(225)	(1,309)	(995)	(11,352)	(284)	(693)	(747)	(15,605)
December 31, 2021	53,099	86,411	596,495	878,043	84,110	19,554	246,175	1,963,887
Accumulated depreciation								
January 1, 2021	(16,618)	(36,587)	(207,678)	(339,740)	(41,364)	(11,027)	—	(653,014)
Charge for the year[2]	(1,407)	(3,549)	(18,026)	(55,505)	(3,077)	(1,390)	—	(82,954)
Currency translation differences	4	434	—	3,023	232	103	—	3,796
Transfers and adjustments	(10)	40	20	648	249	20	—	967
Retirements and sales	42	1,059	411	9,161	281	680	—	11,634
December 31, 2021	(17,989)	(38,603)	(225,273)	(382,413)	(43,679)	(11,614)	—	(719,571)
Property, plant and equipment—net, December 31, 2021	35,110	47,808	371,222	495,630	40,431	7,940	246,175	1,244,316

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[1] Additions include borrowing costs capitalized during the year ended December 31, 2022, amounting to SAR 4,826 (2021: SAR 3,285), which were calculated using an average annualized capitalization rate of 3.24% (2021: 2.65%).

[2] During the year ended December 31, 2022, Saudi Aramco recognized an impairment loss of SAR 3,690 mainly relating to plant, machinery and equipment of certain downstream facilities. The impairment loss was recognized as a result of changed market conditions and was calculated based on the recoverable amount of SAR 25,100, which was determined using value in use calculations. In addition, Saudi Aramco recognized a write-down of SAR 476 (2021: SAR 875) on certain downstream facilities, including facilities under construction of SAR 122 (2021: SAR 140).

Additions to right-of-use assets during the year ended December 31, 2022, were SAR 16,065 (2021: SAR 12,270). Acquisition of right-of-use assets during the year ended December 31, 2022, amounted to SAR 8 (2021: nil). The following table presents depreciation charges 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, 2022	**Net carrying amount at December 31, 2022**	**Depreciation expense for the year ended December 31, 2021**	**Net carrying amount at December 31, 2021**
Land and land improvements	**199**	**5,044**	190	3,773
Buildings	**596**	**2,981**	727	3,596
Oil and gas properties	**15**	**11**	5	25
Plant, machinery and equipment	**10,455**	**48,735**	10,134	36,933
Depots, storage tanks and pipelines	**296**	**2,194**	334	2,198
Fixtures, IT and office equipment	**124**	**345**	93	463
	11,685	**59,310**	11,483	46,988

6. Intangible assets

	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**

	Goodwill	Exploration and evaluation[1]	Brands and trademarks	Franchise/ customer relationships	Computer software	Other[2]	Total
Cost							
January 1, 2021	100,204	21,160	23,077	19,827	5,065	2,849	172,182
Additions	—	3,299	—	—	134	243	3,676
Currency translation differences	(16)	—	(119)	(23)	(36)	(136)	(330)
Transfers and adjustments	—	—	(84)	(84)	1	128	(39)
Transfer of exploration and evaluation assets	—	(2,365)	—	—	—	—	(2,365)
Retirements and write offs	—	(2,875)	—	—	(15)	(155)	(3,045)
December 31, 2021	100,188	19,219	22,874	19,720	5,149	2,929	170,079
Accumulated amortization							
January 1, 2021	—	—	(1,915)	(1,501)	(3,270)	(949)	(7,635)
Charge for the year	—	—	(410)	(953)	(483)	(581)	(2,427)
Currency translation differences	—	—	6	3	10	285	304
Transfers and adjustments	—	—	84	84	7	6	181
Retirements and write offs	—	—	—	—	15	151	166
December 31, 2021	—	—	(2,235)	(2,367)	(3,721)	(1,088)	(9,411)
Intangible assets – net, December 31, 2021	100,188	19,219	20,639	17,353	1,428	1,841	160,668

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1. Cash used for exploration and evaluation operating activities in 2022 was SAR 5,531 (2021: SAR 4,410) and expenditures for investing activities were SAR 5,054 (2021: SAR 3,299).
2. Other intangible assets with a net book value of SAR 2,510 (2021: SAR 1,841) comprise of licenses, technology, usage rights and processing and offtake agreements of SAR 1,695 (2021: SAR 593) and patents and intellectual property of SAR 815 (2021: SAR 1,248). Processing and offtake agreements of SAR 1,083 were acquired during 2022 (2021: Nil).
3. Saudi Aramco recognized a write-down of SAR 330 on certain other intangible assets during the year (2021: Nil).

Intangible assets recognized on acquisitions are amortized on a straight-line basis over their estimated useful lives, with the exception of goodwill, which has an indefinite useful life, and the SABIC brand, which has been determined to have an indefinite useful life and are not subject to amortization.

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, 2022 and 2021, which is allocated to the Downstream operating segment. The recoverable amount of the Downstream operating 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 used in the terminal value calculation represents long-term inflation forecast. Pre-tax discount rate of 11.1% (2021: 8.6%) was applied to the cash flows. 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 amounting to SAR 18,140 at December 31, 2022 and 2021. 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 cash flows were discounted using the pre-tax discount rate of 10.9% (2021: 7.8%). As a result of the analysis, management did not identify any impairment.

Management believes that a 1% increase in the discount rates, 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 2022/ 2021	Principal place of business	Nature of activities	Carrying amount at December 31, 2022	Carrying amount at December 31, 2021
Joint ventures					
Saudi Yanbu Petrochemical Company ("Yanpet")[1]	50%	Saudi Arabia	Petrochemicals	**10,362**	10,597
Al-Jubail Petrochemical Company ("Kemya")[1]	50%	Saudi Arabia	Petrochemicals	**6,438**	6,229
Sinopec SABIC Tianjin Petrochemical Company Limited ("SSTPC")[1]	50%	China	Petrochemicals	**6,251**	7,644
Eastern Petrochemical Company ("Sharq")[1]	50%	Saudi Arabia	Petrochemicals	**5,235**	5,912
Sadara Chemical Company ("Sadara")[2,3]	65%	Saudi Arabia	Petrochemicals	**3,769**	4,070
Other				**4,646**	3,551
				36,701	38,003
Associates					
Clariant AG ("Clariant")[1,4]	31.5%	Switzerland	Specialty chemical	**7,968**	8,465
Rabigh Refining and Petrochemical Company ("Petro Rabigh")[3,4,5]	37.5%	Saudi Arabia	Refining/ petrochemicals	**4,415**	1,838
Hyundai Oilbank Co. Ltd. ("Hyundai Oilbank")[6]	17%	South Korea	Refining/ marketing/ petrochemicals	**3,467**	3,684
Ma'aden Phosphate Company ("MPC")[1]	30%	Saudi Arabia	Agri-nutrients	**3,396**	2,162
Aluminium Bahrain BSC ("ALBA")[1,4]	20.6%	Bahrain	Aluminum	**3,208**	2,477
Power and Water Utility Company for Jubail and Yanbu ("Marafiq")[4] (Note 34(a))	35%/ 49.6%	Saudi Arabia	Utilities	**3,020**	3,924
National Shipping Company of Saudi Arabia ("Bahri")[4]	20%	Saudi Arabia	Global logistics services	**2,262**	2,141
Ma'aden Wa'ad Al Shamal Phosphate Company ("MWSPC")[1,6]	15%	Saudi Arabia	Agri-nutrients	**2,075**	1,586
Fujian Refining and Petrochemical Company Limited ("FREP")	25%	China	Refining/ petrochemicals	**1,790**	2,466
Other				**3,894**	2,813
				35,495	31,556
				72,196	69,559

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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 32(c).
6. Agreements and constitutive documents provide Saudi Aramco significant influence over this entity.

Notes to the consolidated financial statements

All amounts in millions of Saudi Riyals unless otherwise stated

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	
	2022	**2021**	**2022**	**2021**
January 1	**38,003**	36,198	**31,556**	29,778
Acquisitions (Note 35(c))	**36**	—	**853**	—
Share of results of joint ventures and associates	**(918)**	4,606	**3,791**	3,268
Additional investment	**1,338**	373	**3,132**	184
Distributions	**(2,856)**	(3,738)	**(1,679)**	(913)
Sale of equity interest (Note 34(a))	**—**	—	**(1,187)**	—
Change in elimination of profit in inventory	**352**	(442)	**21**	(108)
Share of other comprehensive income (loss)	**748**	145	**(253)**	(292)
Other	**(2)**	861	**(739)**	(361)
December 31	**36,701**	38,003	**35,495**	31,556

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	Kemya	SSTPC	Sharq	Petro Rabigh	Sadara	Hyundai Oilbank	MPC	ALBA	Marafiq	Bahri	MWSPC	FREP
Current assets:														
Cash and cash equivalents	395	1,436	688	2,455	270	2,045	2,058	1,205	328	6,190	686	2,529	1,274	2,002
Other	4,419	9,951	4,164	1,400	3,977	10,216	8,409	19,797	5,932	932	3,187	3,039	6,226	6,066
Total current assets	4,814	11,387	4,852	3,855	4,247	12,261	10,467	21,002	6,260	7,122	3,873	5,568	7,500	8,068
Non-current assets	4,784	16,377	10,532	10,882	10,662	53,318	49,747	34,733	12,327	18,931	20,354	17,329	24,166	7,035
Current liabilities:														
Financial liabilities (excluding trade and other payables)	34	2,379	563	899	10	14,038	289	4,365	62	1,236	744	1,078	659	3,569
Other	2,189	6,597	1,855	2,549	1,723	12,893	5,005	13,528	1,532	1,586	1,669	1,727	2,755	2,230
Total current liabilities	2,223	8,976	2,418	3,448	1,733	26,931	5,294	17,893	1,594	2,822	2,413	2,805	3,414	5,799
Non-current liabilities	1,140	6,932	1,248	3,830	2,569	23,393	48,335	20,186	4,049	5,089	13,568	8,963	17,557	2,142
Net assets	6,235	11,856	11,718	7,459	10,607	15,255	6,585	17,656	12,944	18,142	8,246	11,129	10,695	7,162
Saudi Aramco interest	50%	31.5%	50%	50%	50%	37.5%	65%	17%	30%	20.6%	35%	20%	15%	25%
Saudi Aramco share	3,118	3,735	5,859	3,730	5,304	5,721	4,280	3,002	3,883	3,737	2,886	2,226	1,604	1,791
Fair value and other adjustments at Saudi Aramco level	7,244	4,233	579	2,521	(69)	(1,306)	(511)	465	(487)	(529)	134	36	471	(1)
Investment balance at December 31	10,362	7,968	6,438	6,251	5,235	4,415	3,769	3,467	3,396	3,208	3,020	2,262	2,075	1,790

Notes to the consolidated financial statements

All amounts in millions of Saudi Riyals unless otherwise stated

Summarized statement of comprehensive income
Year ended December 31, 2022

	Yanpet	Clariant	Kemya	SSTPC	Sharq	Petro Rabigh	Sadara	Hyundai Oilbank	MPC	ALBA	Marafiq	Bahri	MWSPC	FREP
Revenue	**6,993**	**10,457**	**10,157**	**9,793**	**9,654**	**55,952**	**16,725**	**95,665**	**10,701**	**18,325**	**6,505**	**8,583**	**10,313**	**33,114**
Depreciation and amortization	**483**	**559**	**819**	**542**	**1,378**	**3,039**	**3,314**	**1,789**	**1,061**	**1,269**	**1,174**	**1,332**	**1,323**	**1,033**
Conventional interest income	**7**	**33**	**2**	**—**	**5**	**280**	**—**	**183**	**61**	**—**	**51**	**—**	**66**	**60**
Interest expense	**41**	**180**	**58**	**62**	**24**	**1,359**	**2,278**	**2,409**	**185**	**189**	**298**	**297**	**586**	**184**
Income tax expense	**176**	**265**	**334**	**—**	**11**	**48**	**61**	**2,113**	**152**	**4**	**6**	**93**	**308**	**321**
Net income (loss)	**1,171**	**1,575**	**2,229**	**(915)**	**(266)**	**(1,115)**	**(1,993)**	**4,772**	**4,870**	**4,143**	**846**	**1,075**	**3,477**	**(922)**
Dividends received from JVs/associates	**720**	**163**	**1,045**	**257**	**773**	**—**	**—**	**224**	**225**	**247**	**189**	**—**	**—**	**256**

Summarized financial information (100%) for individually immaterial joint ventures and associates is set out below:

	Joint ventures	Associates
Net income	**87**	**1,513**

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, 2021, are set out below:

Summarized balance sheet
At December 31, 2021

	Yanpet	Clariant	Kemya	SSTPC	Sharq	Petro Rabigh	Sadara	Hyundai Oilbank	MPC	ALBA	Marafiq	Bahri	MWSPC	FREP
Current assets:														
Cash and cash equivalents	555	1,693	89	2,838	663	3,972	1,990	1,101	687	928	657	1,666	1,300	3,859
Other	4,435	7,328	4,224	2,023	4,831	13,923	10,175	16,554	3,664	6,180	3,387	2,564	2,545	5,505
Total current assets	4,990	9,021	4,313	4,861	5,494	17,895	12,165	17,655	4,351	7,108	4,044	4,230	3,845	9,364
Non-current assets	4,576	16,316	11,119	11,932	11,408	55,467	51,415	39,244	12,860	19,000	20,100	17,519	25,029	8,314
Current liabilities:														
Financial liabilities (excluding trade and other payables)	1,713	3,093	1,922	1,285	1,370	19,487	3,294	4,517	2,615	2,245	1,369	4,921	608	686
Other	647	5,977	336	1,155	839	14,314	2,448	11,815	238	1,848	1,483	2,205	2,462	2,952
Total current liabilities	2,360	9,070	2,258	2,440	2,209	33,801	5,742	16,332	2,853	4,093	2,852	7,126	3,070	3,638
Non-current liabilities	1,434	8,258	2,000	4,699	2,700	31,255	50,829	22,915	5,528	7,064	13,955	4,780	18,583	4,175
Net assets	5,772	8,009	11,174	9,654	11,993	8,306	7,009	17,652	8,830	14,951	7,337	9,843	7,221	9,865
Saudi Aramco interest	50%	31.5%	50%	50%	50%	37.5%	65%	17%	30%	20.6%	49.6%	20%	15%	25%
Saudi Aramco share	2,886	2,523	5,587	4,827	5,997	3,115	4,556	3,001	2,649	3,080	3,639	1,969	1,083	2,466
Fair value and other adjustments at Saudi Aramco level	7,711	5,942	642	2,817	(85)	(1,277)	(486)	683	(487)	(603)	285	172	503	—
Investment balance at December 31	10,597	8,465	6,229	7,644	5,912	1,838	4,070	3,684	2,162	2,477	3,924	2,141	1,586	2,466

Summarized statement of comprehensive income
Year ended December 31, 2021

	Yanpet	Clariant	Kemya	SSTPC	Sharq	Petro Rabigh	Sadara	Hyundai Oilbank	MPC	ALBA	Marafiq	Bahri	MWSPC	FREP
Revenue	7,597	17,838	9,820	11,157	10,420	45,683	17,697	59,815	6,567	15,766	4,636	5,073	6,161	27,451
Depreciation and amortization	463	1,089	874	682	1,379	3,185	3,498	1,218	1,068	1,223	1,033	890	—	1,428
Conventional interest income	1	98	—	123	3	196	2	301	9	23	14	—	1	85
Interest expense	38	286	70	53	36	1,089	2,178	817	—	389	182	178	441	239
Income tax expense	350	416	456	239	311	263	223	625	56	10	72	63	97	347
Net income	2,522	1,522	2,550	594	1,753	2,037	2,903	1,387	1,769	4,495	423	178	918	1,109
Dividends received from JVs/associates	1,360	298	730	275	1,273	—	—	54	—	77	75	158	—	37

Summarized financial information (100%) for individually immaterial joint ventures and associates is set out below:

	Joint ventures	Associates
Net income (loss)	227	(581)

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	
	2022	2021	2022	2021
Clariant	**6,217**	8,160	**7,968**	8,465
Petro Rabigh	**6,692**	6,800	**4,415**	1,838
Marafiq (Note 34(a))	**4,104**	—	**3,020**	3,924
Bahri	**2,904**	2,555	**2,262**	2,141
ALBA	**3,165**	2,330	**3,208**	2,477

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 all its Downstream activities into a separate legal entity or entities within the period specified.

Additionally, according to the Tax Law, shares held directly or indirectly in listed companies on the Saudi Exchange by taxpayers engaged in oil and hydrocarbon activities are exempt from the application of corporate income tax. As a result, the Company's ownership interests in such companies are subject to zakat.

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

	2022	**2021**
Income before income taxes and zakat	**1,152,962**	769,521
Less: Income subject to zakat	**(24,682)**	(27,766)
Income subject to income tax	**1,128,280**	741,755
Income taxes at the Kingdom's statutory tax rates	**548,473**	356,610
Tax effect of:		
Income not subject to tax at statutory rates and other	**(1,497)**	(1,455)
Income tax expense	**546,976**	355,155
Zakat expense	**1,981**	1,970
Total income tax and zakat expense	**548,957**	357,125

(b) Income tax and zakat expense

	2022	**2021**
Current income tax—Kingdom	**512,587**	338,506
Current income tax—Foreign	**5,331**	877
Deferred income tax—Kingdom	**28,091**	13,060
Deferred income tax—Foreign	**967**	2,712
Zakat—Kingdom	**1,981**	1,970
	548,957	357,125

Saudi Aramco paid foreign taxes of SAR 2,741 and SAR 808 for the years ended December 31, 2022 and 2021, respectively.

Income tax charge recorded through other comprehensive income was SAR 14,936 for the year ended December 31, 2022 (2021: SAR 6,010).

Notes to the consolidated financial statements

All amounts in millions of Saudi Riyals unless otherwise stated

(c) Income tax and zakat obligation to the Government

	2022	2021
January 1	**90,525**	42,059
Provided during the period	**514,568**	340,476
Payments during the period by the Company (Note 28)	**(232,661)**	(141,699)
Payments during the period by subsidiaries and joint operations	**(10,644)**	(3,816)
Settlements of due from the Government	**(251,476)**	(142,419)
Other settlements	**(5,334)**	(4,076)
December 31	**104,978**	90,525

(d) Deferred income tax

	2022	2021
Deferred income tax assets:		
Kingdom	**16,680**	13,716
U.S. Federal and State	**134**	88
Other foreign	**1,279**	1,165
	18,093	14,969
Deferred income tax liabilities:		
Kingdom	**113,163**	67,298
U.S. Federal and State	**5,355**	3,422
Other foreign	**3,793**	4,130
	122,311	74,850
Net deferred income tax liabilities	**(104,218)**	(59,881)

The gross movement of the net deferred income tax position is as follows:

	2022	2021
January 1	**(59,881)**	(38,341)
Current period charge to income	**(29,058)**	(15,772)
Other reserves charge	**(14,936)**	(6,010)
Other adjustments	**(343)**	242
December 31	**(104,218)**	(59,881)

Notes to the consolidated financial statements

All amounts in millions of Saudi Riyals unless otherwise stated

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, 2021								
Deferred income tax assets	4,301	—	—	1,650	9,983	(654)	—	15,280
Deferred income tax liabilities	13,657	(4,519)	(787)	17,809	11,694	(91,229)	(246)	(53,621)
	17,958	(4,519)	(787)	19,459	21,677	(91,883)	(246)	(38,341)
Recognized during the year								
Current period credits (charges) to income	457	(461)	(310)	2,254	(1,877)	(15,835)	—	(15,772)
Other reserves charges	(5,865)	—	—	—	—	—	(145)	(6,010)
Other adjustments	—	—	—	242	—	—	—	242
	(5,408)	(461)	(310)	2,496	(1,877)	(15,835)	(145)	(21,540)
December 31, 2021								
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)**

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[1] Current period charge includes the net impact of SAR 8,971 recognized in relation to unrealized fair value movements on the long-term agreements for the pipelines transactions (Note 34).

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, 2022 and 2021. 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 2023 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 41,178 and SAR 37,791 at December 31, 2022 and 2021, respectively, and the unrecognized deferred income tax asset is SAR 11,077 and SAR 9,296 at December 31, 2022 and 2021, 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, 2022; 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.

9. Other assets and receivables

	2022	**2021**
Non-current:		
Home loans	**12,890**	12,919
Loans and advances	**7,734**	6,819
Loans to joint ventures and associates (Note 29(b))	**6,461**	12,299
Financial assets—option rights	**2,687**	2,390
Receivable from Government, semi-Government and other entities with Government ownership or control (Note 29(b))	**510**	509
Lease receivable from associates (Note 29(b))	**408**	416
Home ownership construction	**364**	1,529
Other	**1,364**	895
	32,418	37,776
Current:		
Tax receivables	**9,302**	9,442
Employee and other receivables	**7,613**	9,066
Investments in securities (Note 10)	**905**	1,515
Derivative assets	**3,898**	1,613
Prepaid expenses	**3,493**	4,358
Interest receivable	**3,396**	390
Home loans	**1,115**	1,088
Receivables from joint ventures and associates (Note 29(b))	**13**	41
Assets held for sale	**—**	78
Other	**1,319**	605
	31,054	28,196

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:

	2022	**2021**
Gross amounts receivable	**18,568**	16,251
Less:		
Discount	**(3,830)**	(1,503)
Allowance for doubtful home loans	**(528)**	(495)
Subsidies	**(205)**	(246)
Net amounts receivable	**14,005**	14,007
Current	**(1,115)**	(1,088)
Non-current	**12,890**	12,919

10. Investments in securities

	Equity ownership percentage 2022/2021	**Carrying amount at December 31, 2022**	**Carrying amount at December 31, 2021**
Investments in equity securities			
Equity securities at FVOCI:			
Listed securities:			
Saudi Electricity Company ("SEC")	6.9%	**6,667**	6,921
Idemitsu Kosan Co. Ltd. ("Idemitsu")	7.8%	**2,032**	2,213
Unlisted securities:			
Arab Petroleum Pipelines Company ("Sumed")	15.0%	**859**	821
Industrialization and Energy Services Company ("TAQA")	7.1%/4.6%	**611**	152
Daehan Oil Pipeline Corporation ("Daehan")	8.9%	**158**	168
Other		**690**	287
Equity securities at FVPL:			
Listed securities		**318**	359
Unlisted securities		**7,763**	5,789
		19,098	16,710
Investments in debt securities			
Debt securities at FVOCI:			
Listed securities		**47**	37
Unlisted securities:			
USD debt securities with fixed interest rates ranging from 0.1% to 13.9% (2021: 0.1% to 13.9%) and maturity dates between 2023 and 2071 (2021: 2022 and 2071)		**5,865**	6,248
USD debt securities with variable interest rates and maturity dates between 2023 and 2069 (2021: 2022 and 2069)		**915**	938
Mutual and hedge funds		**683**	660

	Equity ownership percentage 2022/2021	Carrying amount at December 31, 2022	Carrying amount at December 31, 2021
Debt securities at FVPL:			
Listed securities		**53**	53
Unlisted securities		**86**	—
Debt securities at amortized cost:			
Unlisted securities:			
Debt securities with fixed interest rates ranging from 3.2% to 5.1% (2021: 2.5% to 5.1%) and maturity dates between 2023 and 2043 (2021: 2022 and 2043)		**523**	603
Debt securities with variable interest rates and maturity dates between 2024 and 2028 (2021: 2022 and 2028)		**393**	427
		8,565	8,966
Total investments in securities		**27,663**	25,676
Current portion (Note 9)		**(905)**	(1,515)
Non-current		**26,758**	24,161

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 16.1% and 11.35% at December 31, 2022 and 2021, 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 is determined using discounted cash flow analysis based on the risk-adjusted yield.

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, 2022, range from AAA to BB (2021: AAA to BB) as set out by internationally recognized credit rating agencies.

The movement in investments in securities is as follows:

	2022	2021
January 1	**25,676**	23,687
Net additions	**3,002**	1,252
Net unrealized fair value (loss) gain	**(918)**	413
Net unrealized foreign currency (loss) gain	**(97)**	324
December 31	**27,663**	25,676
Current (Note 9)	**(905)**	(1,515)
Non-current	**26,758**	24,161

Net additions include unsettled transactions of SAR (33) at December 31, 2022 (2021: SAR (267)).

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11. Inventories

	2022	2021
Crude oil, refined products and chemicals	**81,698**	58,242
Materials and supplies—net	**17,054**	16,104
Natural gas liquids and other	**1,776**	357
	100,528	74,703

The carrying amount of materials and supplies are shown net of an allowance for obsolete and surplus materials with movement as follows:

	2022	2021
Balance, January 1	**3,448**	2,995
Net movement in allowance	**(234)**	453
Balance, December 31	**3,214**	3,448

During 2022, a portion of the inventory purchased from third parties by certain affiliates amounting to SAR 1,759 (2021: nil) was written-down to its net realizable value.

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:

	2022	2021
Arising from export and local sales at international prices	**154,858**	130,821
Arising from local sales at Kingdom regulated prices	**9,865**	9,817
	164,723	140,638
Less: Loss allowance	**(281)**	(265)
	164,442	140,373

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(o), 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:

	2022	2021
January 1	**265**	1,069
Net movement in allowance	**16**	(804)
December 31	**281**	265

13. Due from the Government

	2022	**2021**
Other income related to sales (Note 2(z))	**53,109**	42,960
Government guarantee (Note 2(o))	**603**	(2,150)
Other	**833**	507
Note 29(b)	**54,545**	41,317

14. Short-term investments

	2022	**2021**
USD time deposits	**206,633**	1,661
USD Murabaha time deposits (Shari'a compliant)	**11,809**	1,957
USD commercial paper	**28,241**	—
SAR time deposits	**5,843**	1,880
SAR repurchase agreements (Shari'a compliant)	**11,700**	—
SAR Murabaha time deposits (Shari'a compliant)	**16,514**	21,510
South Korean Won time deposits	**475**	65
	281,215	27,073

15. Cash and cash equivalents

	2022	**2021**
Cash at bank and in hand	**95,579**	52,805
USD time deposits	**91,490**	195,766
USD Murabaha time deposits (Shari'a compliant)	**15,544**	21,210
SAR time deposits	**323**	3,574
SAR repurchase agreements (Shari'a compliant)	**5,351**	—
SAR Murabaha time deposits (Shari'a compliant)	**17,190**	20,119
South Korean Won time deposits	**570**	6,105
	226,047	299,579

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 2022 was 19.7 million (2021: 13.7 million) in relation to employee share plans (Note 17). Further, the number of treasury shares held by the Company increased by 8 million ordinary shares as a result of the issuance of bonus shares during 2022 (Note 36). The number of treasury shares outstanding as at December 31, 2022, was 76.6 million (2021: 88.3 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, 2022 and 2021:

	Equity-settled	Cash-settled	Total
2022			
Share-based compensation expense	**296**	**3**	**299**
2021			
Share-based compensation expense	207	2	209

At December 31, 2022, the total carrying amount of the liabilities in respect of the cash settlement elements and dividend equivalents of the respective awards was SAR 20 (2021: SAR 17) and the intrinsic value of such liabilities, which had vested during the year, was SAR 5 (2021: SAR 3).

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.

	Number of shares granted (in millions)	Weighted average fair value per share (SAR)
2022		
ESPP	**18**	**38.51**
ELTIP	**2**	**41.55**
MLTIP	**3**	**41.55**
LTIP	**1**	**41.85**
2021		
ESPP	14	35.28
ELTIP	2	32.59
MLTIP	3	34.50
LTIP	1	35.50

The number of awards settled in shares during the year in relation to the employee share plans was 19.7 million (2021: 13.7 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.

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, 2021	1,192	5,356	—	57	(727)	1,022	(1,042)	5,858
Current period change	(2,798)	440	—	207	323	(440)	23	(2,245)
Remeasurement gain	—	—	16,055	—	—	—	270	16,325
Transfer to retained earnings	—	—	(9,392)	(125)	—	—	(270)	(9,787)
Tax effect	—	(145)	(5,865)	—	—	—	—	(6,010)
Less: amounts related to non-controlling interests	1,042	118	(798)	—	7	151	—	520
December 31, 2021	(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**

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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

	2022				2021		
	SABIC	AOPC	AGPC[1]	S-Oil Corporation	SABIC	AOPC[1]	S-Oil Corporation
Revenue and other income (loss)	**199,556**	**(9,536)**	**(5,438)**	**123,300**	174,885	5,301	89,993
Net income (loss)	**17,456**	**(7,841)**	**(4,358)**	**5,513**	25,890	4,451	4,463
Other comprehensive income (loss)	**2,471**	**—**	**—**	**(1,466)**	199	—	(1,988)
Total comprehensive income (loss)	**19,927**	**(7,841)**	**(4,358)**	**4,047**	26,089	4,451	2,475
Net income (loss) attributable to non-controlling interests	**9,915**	**(3,842)**	**(2,135)**	**2,116**	12,691	2,181	1,712
Dividends paid to non-controlling interests	**(10,163)**	**(2,258)**	**(908)**	**(705)**	(6,687)	—	(145)

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1. Amounts included are for the period from the date of sale of the non-controlling equity interest in the subsidiary.

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. 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. Both companies are expected to make quarterly distributions to their respective ordinary shareholders from available cash (Note 34). Current assets of these companies as at December 31, 2022, provided in the table below, mainly include cash received and trade receivables from the Company in respect of quarterly volume-based tariff. Net losses of AOPC and AGPC for 2022 include unrealized losses of SAR 13,819 and SAR 10,105, respectively, on their financial assets measured at FVPL at December 31, 2022.

Summarized balance sheet
At December 31

	2022				2021		
	SABIC	AOPC	AGPC	S-Oil Corporation	SABIC	AOPC	S-Oil Corporation
Current assets	106,620	1,526	4,481	27,240	107,509	229	26,483
Non-current assets	259,613	86,276	109,376	33,866	270,960	100,065	36,341
Total assets	366,233	87,802	113,857	61,106	378,469	100,294	62,824
Current liabilities	48,679	806	1,444	24,281	49,864	851	26,543
Non-current liabilities	49,759	—	—	9,461	60,844	—	11,145
Total liabilities	98,438	806	1,444	33,742	110,708	851	37,688
Net assets	267,795	86,996	112,413	27,364	267,761	99,443	25,136
Accumulated non-controlling interest	106,535	42,628	55,082	10,502	106,909	48,728	9,647

Summarized statement of cash flows
Year ended December 31

	2022				2021		
	SABIC	AOPC	AGPC[1]	S-Oil Corporation	SABIC	AOPC[1]	S-Oil Corporation
Cash flows from operating activities	34,418	4,384	2,479	4,628	39,225	229	5,693
Cash flows from investing activities	(9,375)	—	—	(2,209)	(5,760)	—	180
Cash flows from financing activities	(26,385)	(4,609)	(1,853)	(4,695)	(25,219)	—	(2,318)
Net (decrease) increase in cash and cash equivalents	(1,342)	(225)	626	(2,276)	8,246	229	3,555

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1. Amounts included are for the period from the date of sale of the non-controlling equity interest in the subsidiary.

20. Borrowings

		2022			2021		
	Note	Non-current	Current	Total	Non-current	Current	Total
Conventional:							
Deferred consideration	a	**81,168**	**40,995**	**122,163**	188,723	33,544	222,267
Debentures	b	**89,585**	**7,627**	**97,212**	98,449	3,750	102,199
Bank borrowings	c	**20,998**	**2,166**	**23,164**	22,937	6,850	29,787
Short-term borrowings	d	**—**	**10,205**	**10,205**	—	11,981	11,981
Revolving credit facilities	e	**—**	**—**	**—**	—	5,370	5,370
Export credit agencies	f	**1,582**	**657**	**2,239**	2,065	770	2,835
Public Investment Fund	g	**820**	**365**	**1,185**	1,185	641	1,826
Other financing arrangements	h	**23,570**	**408**	**23,978**	24,251	—	24,251
Shari'a compliant:							
Sukuk	i	**34,300**	**281**	**34,581**	34,560	266	34,826
Murabaha	j	**16,158**	**2,135**	**18,293**	19,099	390	19,489
Saudi Industrial Development Fund	k	**3,441**	**295**	**3,736**	3,428	1,083	4,511
Ijarah/Procurement	l	**2,688**	**13**	**2,701**	2,534	800	3,334
Wakala	m	**997**	**26**	**1,023**	1,032	22	1,054
		275,307	**65,173**	**340,480**	398,263	65,467	463,730
Lease liabilities		**43,073**	**9,591**	**52,664**	38,108	9,083	47,191
		318,380	**74,764**	**393,144**	436,371	74,550	510,921

The carrying amounts of borrowings above are net of unamortized transaction costs of SAR 1,477 (2021: SAR 1,605).

The finance costs recognized in the consolidated statement of income are as follows:

	2022	2021
Finance costs:		
Conventional borrowings	**4,863**	8,490
Shari'a compliant financial instruments	**1,777**	980
Lease liabilities	**1,732**	2,138
Unwinding of discount	**510**	450
	8,882	12,058

In addition, finance costs amounting to SAR 4,826 were capitalized in property, plant and equipment during the year ended December 31, 2022 (2021: SAR 3,285) (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 certain of these arrangements are secured over certain property, plant and equipment, and other non-current assets of Saudi Aramco with a total carrying value of SAR 95,018 (2021: SAR 94,379). 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, 2022, was approximately 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) Deferred consideration

Deferred consideration represents the amount payable to PIF for the SABIC acquisition in 2020. The amount is payable over several installments from August 2020 to April 2028, pursuant to a seller loan provided by PIF. On January 24, 2022, the Company, in agreement with PIF, made a partial prepayment of SAR 28,579 ($7,621), which reduced the principal amounts of two promissory notes payable on or before April 7, 2024 and April 7, 2026, by SAR 26,250 ($7,000) and SAR 3,750 ($1,000), respectively. In addition, on June 30, 2022, the Company made a second partial prepayment of SAR 38,192 ($10,185), which reduced the principal amount of a promissory note payable on or before April 7, 2025 by SAR 9,375 ($2,500) and further reduced the principal amount of the promissory note payable on or before April 7, 2026 by SAR 35,625 ($9,500). These partial prepayments resulted in a net gain of SAR 3,064 ($817), which was recognized in the consolidated statement of income.

The amounts of outstanding installments as at December 31, 2022, which are represented by promissory notes denominated in USD, are as follows:

	Original			Outstanding	
	Principal	**Loan charge**	**Repayment/ partial prepayment**	**Principal**	**Loan charge**
On or before August 2, 2020	26,250	—	(26,250)	—	—
On or before April 7, 2021	18,750	—	(18,750)	—	—
On or before April 7, 2022	31,875	1,875	(33,750)	—	—
On or before April 7, 2023	39,375	1,875	—	39,375	1,875
On or before April 7, 2024[1]	39,375	2,250	(26,250)	13,125	2,250
On or before April 7, 2025[1]	39,375	3,000	(9,375)	30,000	3,000
On or before April 7, 2026[1]	64,125	5,625	(39,375)	24,750	5,625
On or before April 7, 2027	—	3,750	—	—	3,750
On or before April 7, 2028	—	3,750	—	—	3,750
Total amount of outstanding installments	259,125	22,125	(153,750)	107,250	20,250

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1. Amount for partial prepayment represents the reduction in the principal amount of the promissory note.

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

On March 7, 2023, the Company agreed with PIF to make a third partial prepayment of SAR 59,040 ($15,744) on or before March 15, 2023, which will fully or partially reduce the above outstanding amounts of the promissory notes payable between 2024 and 2028 (Note 40).

(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 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.

(iii) Debentures amounting to SAR 8,931, denominated in South Korean Won, have been issued in capital markets with interest rates ranging from 1.40% to 3.47% and with maturities from 2023 to 2032.

(iv) Certain notes denominated in USD have been issued in capital markets, by a wholly owned subsidiary of the Company, 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. The remaining principal amount of the notes at December 31, 2022, was SAR 2,524 ($673).

Discounts and transaction costs are amortized using the effective interest method and are reflected as finance costs in the consolidated statement of income.

(c) Bank borrowings

Saudi Aramco has commercial and other facility agreements with a number of banks with a total carrying amount at December 31, 2022, of SAR 23,164 (2021: SAR 29,787). The facilities are primarily repayable in semi-annual installments from November 2008 to September 2045. Commission is payable on amounts drawn and is mainly calculated at a market rate plus a margin.

In 2021, Saudi Aramco entered into certain new conventional borrowing facilities aggregating to SAR 3,296. The facilities' tenors range from seven years to 24 years and these are repayable in semi-annual installments from August 2025 to September 2045.

As at December 31, 2022, an amount of SAR 2,259 (2021: SAR 1,909) 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, 2022, of SAR 10,205 (2021: SAR 11,981), including debt factoring arrangements of SAR 3,551 (2021: SAR 4,398). These facilities have a maturity period of less than one year and incur interest at a market rate plus a margin. As at December 31, 2022, an amount of SAR 16,795 (2021: SAR 12,844) 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 the year. 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, 2022. In addition, Saudi Aramco has a number of other revolving credit facilities with an aggregate carrying amount of nil (2021: SAR 5,370), and undrawn amount of SAR 17,708 (2021: SAR 44,205) at December 31, 2022.

(f) Export credit agencies

Saudi Aramco has borrowing agreements with a number of export credit agencies with a total carrying amount at December 31, 2022, of SAR 2,239 (2021: SAR 2,835). 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.

(g) Public Investment Fund

Saudi Aramco has borrowing agreements with the PIF with a total carrying amount at December 31, 2022, of SAR 1,185 (2021: SAR 1,826). 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 Air Products, ACWA Power and Air Products Qudra relating to the Jazan Integrated Gasification Combined-Cycle ("IGCC") power plant, an Air Separation Unit ("ASU") and certain ancillary assets. The transaction entailed creation of the Jazan Integrated Gasification and Power Company ("JIGPC"), a limited liability company, with Saudi Aramco Power Company ("SAPCO"), a wholly owned subsidiary of the Company owning 20%, while Air Products, ACWA Power and Air Products Qudra own 46%, 25% and 9%, respectively (Note 35(b)). The total proceeds of the transaction are 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 (Note 40). The remaining amount of SAR 1,968 under the financing arrangement is expected to be received by the end of 2023. 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 that provides a rate of return above SAIBOR. The Sukuk was structured as Istisnah for pre-construction and Ijarah for post-construction of the project.

(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. The Sukuk matures 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.

(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 for 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 Ijara 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 9,880, including the SAR denominated Islamic Murabaha facility of SAR 7,500 (Note 20(e)) (2021: SAR 11,625).

(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, 2022, an amount of SAR 48 (2021: SAR 115) was available for drawdown under these agreements.

In 2021, Saudi Aramco entered into a facility agreement with the Saudi Industrial Development Fund for an amount of SAR 1,200. The facility was fully drawn in 2021 and is repayable in semi-annual installments from 2026 to 2035.

(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.

In 2021, Saudi Aramco entered into new Ijarah Shari'a compliant Islamic facility agreements aggregating to SAR 1,542. The facilities are repayable in semi-annual installments from 2026 to 2028.

As at December 31, 2022, an amount of SAR 603 (2021: SAR 618) 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.

In 2021, Saudi Aramco entered into a new Wakala facility agreement amounting to SAR 394. The facility is repayable in semi-annual installments from 2026 to 2028. The total amount recognized as at December 31, 2022, was SAR 198 (2021: SAR 198).

An amount of SAR 271 was undrawn as at December 31, 2022 (2021: SAR 241), 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 total cash outflow for leases for the year ended December 31, 2022, was SAR 12,114 (2021: SAR 12,143). Expenses relating to short-term and low value leases were recognized in the consolidated statement of income for the year ended December 31, 2022, and amounted to SAR 518 (2021: SAR 329) and SAR 261 (2021: SAR 403), 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
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**
2021					
Borrowings—other than leases	71,989	295,106	216,161	583,256	463,730
Leases	10,823	23,696	21,994	56,513	47,191
	82,812	318,802	238,155	639,769	510,921

The movement of borrowings is as follows:

	Long-term borrowings	Short-term borrowings	Lease liabilities	Total liabilities from financing activities
January 1, 2021	422,417	60,085	53,575	536,077
Cash flows				
Non-cash changes:	12,406	(43,756)	(12,143)	(43,493)
Other financing arrangements (Note 35(b))	8,146	—	(7,333)	813
Lease additions	—	—	12,442	12,442
Foreign exchange adjustment	(1,033)	(35)	(197)	(1,265)
Accretion of liabilities and others	4,443	1,057	847	6,347
December 31, 2021	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	**842**	**5**	**1,399**	**2,246**
December 31, 2022	**330,275**	**10,205**	**52,664**	**393,144**

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.

Notes to the consolidated financial statements

All amounts in millions of Saudi Riyals unless otherwise stated

At December 31, the net liability recognized for employee defined benefit plans in the consolidated balance sheet is as follows:

	2022	2021
Pension plans	**(7,481)**	(1,384)
Medical and other post-employment benefit plans	**11,370**	42,113
Net benefit liability	**3,889**	40,729
Represented by:		
Non-current assets	**(23,034)**	—
Non-current liabilities	**26,923**	40,729
Net benefit liability	**3,889**	40,729

The status of Saudi Aramco's pension and other post-employment defined benefit plans is as follows:

	Pension benefits		Other benefits	
	2022	2021	2022	2021
Net benefit obligation by funding:				
Present value of funded obligations	**62,666**	80,726	**87,187**	123,281
Fair value of plan assets	**(74,393)**	(86,888)	**(84,270)**	(93,929)
Benefit (surplus) deficit	**(11,727)**	(6,162)	**2,917**	29,352
Present value of unfunded obligations	**4,246**	4,778	**8,453**	12,761
Net benefit (asset) liability	**(7,481)**	(1,384)	**11,370**	42,113
Change in benefit obligations:				
Benefit obligations, January 1	**85,504**	90,495	**136,042**	124,669
Current service cost	**4,455**	4,560	**3,551**	3,008
Interest cost	**2,546**	2,269	**4,305**	3,799
Past service cost (credit)	**173**	(458)	**—**	1,755
Remeasurement	**(21,161)**	(4,065)	**(44,351)**	4,157
Plan participants' contribution	**45**	56	**—**	—
Benefits paid	**(4,669)**	(5,861)	**(2,434)**	(2,396)
Settlements	**—**	(38)	**—**	—
Foreign currency translation and other	**19**	(1,454)	**(1,473)**	1,050
Benefit obligations, December 31	**66,912**	85,504	**95,640**	136,042
Change in plan assets:				
Fair value of plan assets, January 1	**(86,888)**	(78,328)	**(93,929)**	(82,629)
Interest income	**(2,726)**	(2,295)	**(2,948)**	(2,749)
Remeasurement	**13,965**	(7,496)	**15,360**	(8,651)
Employer contributions	**(3,746)**	(5,130)	**(5,258)**	(2,288)
Benefits paid	**4,669**	5,861	**2,434**	2,396
Settlements	**—**	38	**—**	—
Foreign currency translation and other	**333**	462	**71**	(8)
Fair value of plan assets, December 31	**(74,393)**	(86,888)	**(84,270)**	(93,929)
Net benefit (asset) liability at December 31	**(7,481)**	(1,384)	**11,370**	42,113

Notes to the consolidated financial statements

All amounts in millions of Saudi Riyals unless otherwise stated

The weighted average duration of the pension benefit obligations is 12 years at December 31, 2022, and 13 years at December 31, 2021. The weighted average duration of the other benefit obligations is 17 years at December 31, 2022, and 21 years at December 31, 2021.

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	
	2022	**2021**	**2022**	**2021**
Amounts recognized in net income:				
Current service cost	**4,455**	4,560	**3,551**	3,008
Past service cost (credit)	**173**	(458)	**—**	1,755
Net interest (income) cost	**(180)**	(26)	**1,357**	1,050
	4,448	4,076	**4,908**	5,813
Amounts recognized in other comprehensive income:				
Losses from changes in demographic assumptions	**12**	80	**5,501**	1,448
(Gains) losses from changes in financial assumptions	**(23,044)**	(4,351)	**(50,212)**	2,004
Losses from changes in experience adjustments	**1,871**	206	**360**	705
Returns on plan assets (excluding interest income)	**13,965**	(7,496)	**15,360**	(8,651)
	(7,196)	(11,561)	**(28,991)**	(4,494)
Net defined benefit (gain) loss before income taxes	**(2,748)**	(7,485)	**(24,083)**	1,319

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	
	2022	**2021**	**2022**	**2021**
Discount rate	**5.4%**	2.9%	**5.6%**	3.1%
Salary growth rate	**5.2%**	4.7%	**—**	—
Annual average medical claim cost, in whole SAR			**29,138**	27,638
Health care participation rate			**95.0%**	95.0%
Assumed health care trend rates:				
Cost-trend rate			**6.5%**	7.0%
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.

Notes to the consolidated financial statements

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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.

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	**33.6**	**36.3**	**35.6**	**37.4**
60	**24.4**	**26.7**	**26.4**	**27.8**
60 (currently aged 40)	**26.1**	**28.3**	**27.9**	**29.3**

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	2022	2021
Ultimate health care cost-trend rates	Increase by 0.5%	Increase by	**8,633**	14,715
	Decrease by 0.5%	Decrease by	**(7,624)**	(12,795)
Discount rate—other benefits	Increase by 0.5%	Decrease by	**(7,305)**	(12,896)
	Decrease by 0.5%	Increase by	**8,336**	14,993
Discount rate—pension benefits	Increase by 0.5%	Decrease by	**(3,675)**	(5,948)
	Decrease by 0.5%	Increase by	**3,638**	6,319
Salary growth rate	Increase by 0.5%	Increase by	**2,055**	3,210
	Decrease by 0.5%	Decrease by	**(2,269)**	(3,754)
Annual average medical claim cost	Increase by 5%	Increase by	**4,350**	6,240
	Decrease by 5%	Decrease by	**(4,350)**	(6,240)
Life expectancy	Increase by 1 year	Increase by	**2,963**	6,090
	Decrease by 1 year	Decrease by	**(3,090)**	(6,109)
Health care participation rate	Increase by 5%	Increase by	**1,245**	1,984
	Decrease by 5%	Decrease by	**(1,283)**	(2,033)

Plan assets consist of the following:

	2022	2021
Cash	**5,381**	5,584
Equity instruments	**30,315**	48,703
Investment funds	**65,663**	72,031
Bonds	**55,500**	52,324
Sukuk (Shari'a compliant)	**1,804**	2,175
	158,663	180,817

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, 25% (2021: 36%) equity instruments, 38% (2021: 31%) debt instruments, and 37% (2021: 33%) 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 6,794 (2021: SAR 7,192) in the Company and its affiliated entities.

Employer contributions to defined benefit plans are estimated to be SAR 6,738 in 2023. While the Saudi plans are generally 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 1,201 and SAR 1,634 for the years ended December 31, 2022 and 2021, respectively (Note 26).

22. Provisions and other liabilities

	2022	**2021**
Asset retirement	**17,568**	18,296
Environmental	**770**	824
Financial liability—options and forward contracts	**2,929**	3,301
Other non-current liabilities	**6,510**	3,823
	27,777	26,244

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.

The movements in asset retirement and environmental provisions are as follows:

	Asset retirement	Environmental
January 1, 2021	17,339	940
Revision to estimate	154	(75)
Additional provisions	368	4
Unwinding of discount	446	4
Amounts charged against provisions	(11)	(49)
December 31, 2021	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**

23. Trade and other payables

	2022	2021
Trade payables	**65,425**	55,325
Accrued materials and services	**36,900**	37,509
Amounts due to related parties (Note 29(b))	**15,431**	17,678
Employee related payables	**10,304**	8,801
Other	**7,330**	5,376
	135,390	124,689

24. Revenue

	2022	2021
Revenue from contracts with customers	**2,003,347**	1,335,391
Movement between provisional and final prices	**(3,397)**	5,299
Other revenue	**7,005**	6,240
	2,006,955	1,346,930

	2022	2021
Other revenue:		
Services provided to:		
Government, semi-Government and other entities with Government ownership or control (Note 29(a))	**1,061**	1,061
Third parties	**698**	814
Joint ventures and associates (Note 29(a))	**195**	683
Freight	**1,076**	1,474
Other	**3,975**	2,208
	7,005	6,240

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.

Disaggregation of revenue from contracts with customers

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

	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**

	2021			
	Upstream	**Downstream**	**Corporate**	**Total**
Crude oil	600,673	60,208	—	660,881
Refined and chemical products	—	607,771	—	607,771
Natural gas and NGLs	49,956	3,992	—	53,948
Metal products	—	12,791	—	12,791
Revenue from contracts with customers	650,629	684,762	—	1,335,391
Movement between provisional and final prices	5,026	273	—	5,299
Other revenue	411	4,342	1,487	6,240
External revenue	656,066	689,377	1,487	1,346,930

25. Purchases

	2022	**2021**
Refined and chemical products	**291,696**	226,649
Crude oil	**152,556**	93,418
NGL and other products	**46,438**	32,310
	490,690	352,377

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.

Notes to the consolidated financial statements

All amounts in millions of Saudi Riyals unless otherwise stated

26. Employee benefit expense

	2022	**2021**
Salaries and wages	**41,387**	38,389
Social security costs	**2,750**	2,627
Post-retirement benefits (Note 21):		
Defined benefit plans	**9,356**	9,889
Defined contribution plans	**1,201**	1,634
Share-based compensation (Note 17)	**299**	209
	54,993	52,748

27. Finance and other income

	2022	**2021**
Interest income	**7,955**	795
Gain on partial prepayment of deferred consideration to PIF	**3,281**	—
Investment income	**1,189**	610
Dividend income from investments in securities	**390**	369
Other	**2,079**	13
	14,894	1,787

28. Payments to the Government by Saudi Arabian Oil Company

	2022	**2021**
Income taxes (Note 8(c))	**232,661**	141,699
Royalties	**349,270**	138,999
Dividends	**265,066**	276,335

29. Related party transactions

(a) Transactions

	2022	**2021**
Joint ventures:		
Revenue from sales	**28,155**	23,003
Other revenue (Note 24)	**30**	124
Interest income	**161**	105
Purchases	**30,574**	22,466
Service expenses	**8**	11
Associates:		
Revenue from sales	**77,048**	65,355
Other revenue (Note 24)	**165**	559
Interest income	**113**	135
Purchases	**72,503**	57,214
Service expenses	**158**	150
Lease expenses	**—**	188
Government, semi-Government and other entities with Government ownership or control:		
Revenue from sales	**23,351**	17,644
Other income related to sales	**259,418**	154,828
Other revenue (Note 24)	**1,061**	1,061
Purchases	**12,761**	73,091
Service expenses	**409**	634
Lease expenses	**791**	461

Goods are purchased and sold according to supply agreements in force. Note 33 includes additional information on loans to joint ventures and associates.

(b) Balances

	2022	**2021**
Joint ventures:		
Other assets and receivables (Note 9)	**5,363**	5,943
Trade receivables	**5,096**	4,755
Interest receivable	**371**	233
Trade and other payables (Note 23)	**7,060**	6,803
Associates:		
Other assets and receivables (Note 9)	**1,519**	6,813
Trade receivables	**13,410**	14,794
Trade and other payables (Note 23)	**6,278**	7,916
Borrowings	**15**	15
Government, semi-Government and other entities with Government ownership or control:		
Other assets and receivables (Note 9)	**510**	509
Trade receivables	**3,874**	3,056
Due from the Government (Note 13)	**54,545**	41,317
Trade and other payables (Note 23)	**2,093**	2,959
Borrowings	**128,026**	229,525

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:

	2022	**2021**
Short-term employee benefits	**80**	75
Post-employment benefits	**43**	31
Share-based compensation	**25**	—
Other long-term benefits	**3**	30
	151	136

(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, 2022 (2021: 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.

The notional amounts of currency forward contracts and interest rate swap contracts designated as hedging instruments and outstanding commodity derivative contracts are as follows:

	2022	**2021**
Interest rate swaps	**10,658**	11,055
Currency forward contracts	**4,830**	7,512
Commodity derivative contracts	**29,846**	35,115
	45,334	53,682

31. Non-cash investing and financing activities

Investing and financing activities during 2022 include additions to right-of-use assets of SAR 16,065 (2021: SAR 12,270), asset retirement provisions of SAR 467 (2021: SAR 355), and equity awards issued to employees of SAR 70 (Note 17) (2021: SAR 52). 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 (Note 32(c)). During 2021, investing and financing activities included proceeds from the JIGPC financing arrangement net of the ASU purchase consideration of SAR 8,146 (Note 35(b)).

32. Commitments

(a) Capital commitments

Capital expenditures contracted for but not yet incurred were SAR 172,639 and SAR 159,145 at December 31, 2022 and 2021, respectively. In addition, leases contracted for but not yet commenced were SAR 18,326 and SAR 10,309 at December 31, 2022 and 2021, respectively.

(b) Sadara

In March 2020, 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 with an amount of SAR 375. The first payment of nearly SAR 38 will be deposited within one month from the date of supplying Sadara with additional ethane. The remaining funds will be deposited over nine years at SAR 38 annually. Saudi Aramco's commitment of SAR 188 is outstanding at December 31, 2022.

(c) Petro Rabigh

In December 2021, the Company signed a commitment letter to fully exercise its right to subscribe to its 37.5% share in the Petro Rabigh Rights Issue Offering, representing 298 million shares, for a maximum commitment of SAR 2,981. After obtaining necessary approvals from the competent authorities, the shareholders of Petro Rabigh approved the capital increase through offering 795 million shares for a total amount of SAR 7,950, at the Extraordinary General Meeting held on June 8, 2022. The rights issuance closed on July 6, 2022 and the Company and Sumitomo Chemical Co. Ltd., the founding shareholders, subscribed to their proportionate share in the offering, funded through debt-to-equity conversion of their non-current loan receivable from Petro Rabigh. Upon closing of the rights issuance, the loan receivable of SAR 2,981 was converted to an equity investment.

(d) International Maritime Industries Company ("IMIC")

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 ("KSOE") formed a company, IMIC, in which SADCO owns 40.1%, Maritime Offshore Limited owns 20%, Bahri owns 19.9% and KSOE owns 20%. The principal activities of IMIC 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 by the end of 2023. SADCO has committed to fund IMIC up to SAR 1,053 through equity contributions. At December 31, 2022, SAR 916 (2021: SAR 766) has been drawn down by IMIC.

(e) Saudi Aramco Rowan Offshore Drilling Company ("ARO Drilling")

In 2017, SADCO and Rowan Rex Limited formed a company, ARO Drilling (Note 38), to provide offshore drilling services to the Company. In 2018, Mukamala Oil Field Services Limited ("MOFSL") was incorporated as a subsidiary of SADCO and all the investment and related commitments of ARO Drilling were transferred to MOFSL by way of a Novation Agreement. MOFSL has committed to invest SAR 2,719 through equity and shareholder loans, of which SAR 2,453 has been drawn down at December 31, 2022. In addition, the Company has committed to lease 20 offshore rigs over a 10-year period beginning in 2023 for an estimated value of SAR 41,468.

(f) Saudi Aramco Nabors Drilling Company ("SANAD")

In 2017, SADCO and Nabors International Netherlands BV formed a company, SANAD (Note 38), to provide onshore drilling services to the Company. In 2018, MOFSL was incorporated as a subsidiary of SADCO and all the investment and related commitments of SANAD were transferred to MOFSL by way of a Novation Agreement. The Company has committed to lease 50 onshore rigs over a 10-year period beginning in 2022 for an estimated value of SAR 23,214.

(g) Arabian Rig Manufacturing Company (''ARM'')

In June 2018, SADCO and NOV Downhole Eurasia Limited formed a company, ARM (Note 39), 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 72 is invested at December 31, 2022. In addition, SADCO has guaranteed the purchase of 50 onshore rigs over a 10-year period beginning in 2022. Two of these rigs were delivered in 2022, and accordingly, the remaining commitment amount stands at SAR 8,348, as at December 31, 2022. SADCO has the option to cancel the rig orders for a maximum financial exposure of SAR 1,260.

(h) Saudi Engines Manufacturing Company (''SEMCO'')

On May 19, 2019, SADCO, Korea Shipbuilding and Offshore Engineering ("KSOE"), and the Saudi Arabian Industrial Investment Company ("Dussur") entered into an agreement to form a company to set up an engine manufacturing and aftersales facility in the Kingdom. A limited liability company, SEMCO, was formed on November 16, 2020 by SADCO, which owns 55% of the company, while KSOE and Dussur own 30% and 15%, respectively. SADCO is a 25% shareholder of Dussur. Total investment in SEMCO will be up to SAR 646 of which SADCO's share will be up to SAR 355. At December 31, 2022, SAR 86 has been drawn down by SEMCO.

(i) Other

(i) 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.

(ii) 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, 2022, SAR 217 remains to be spent.

(iii) 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, 2022, SAR 131 remains to be spent.

(iv) Saudi Aramco has commitments of SAR 264 (2021: SAR 287) to invest in private equity investments both inside and outside the Kingdom. Such commitments can be called on demand.

(v) Saudi Aramco has commitments of SAR 173 (2021: SAR 79) 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.

(vi) Saudi Aramco has commitments of SAR 2,107 (2021: SAR 602) 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 new SAR 1,500 subordinated revolving credit facility to provide shortfall funding to Sadara. As of December 31, 2022, the facility was not utilized. Unless extended, the facility is scheduled to mature in June 2023. The unutilized amount of SAR 1,357 under the subordinated credit facility entered on June 17, 2013 has been cancelled.

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 225, respectively, to construct epoxy plants and for the development of projects to support conversion industries in the Kingdom. In July 2021, the second letter of credit was reduced from SAR 225 to SAR 169 reflecting the sponsor payment for the Ethylene Oxide and Propylene Oxide Pipeline project for Sadara. In April 2022, the second letter of credit was further reduced to SAR 152.

(b) Petro Rabigh

In March 2015, the two founding shareholders of Petro Rabigh, the Company and Sumitomo Chemical Co. Ltd., concluded external long-term debt financing arrangements with lenders on behalf of Petro Rabigh for the Rabigh II Project (“the Project”) in the amount of SAR 19,380 for which the two shareholders provided guarantees for their equal share of the debt financing (the “Completion Guarantees”). On September 30, 2020, Petro Rabigh achieved project completion under its senior finance agreements and, as a result, the founding shareholders were released from their obligations under the Completion Guarantees. As part of project completion, the founding shareholders entered into a debt service undertaking with the Rabigh II lenders, 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 repayment of SAR 5,625 of the outstanding equity bridge loans. The semi-annual scheduled principal debt service under the Rabigh II financing is approximately SAR 622.

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. Upon closing of the rights issuance (Note 32(c)), Petro Rabigh repaid SAR 1,940 of its equity bridge loans out of the proceeds of the rights issuance. The maturity date for the remaining EBLs of SAR 9,310 was extended to March 20, 2023.

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. Unless extended, these facilities will mature in December 2023. As of December 31, 2022, an amount of SAR 2,175 was outstanding under these facilities, of which the Company’s share was SAR 1,088. Petro Rabigh also entered into another revolving loan facility for SAR 1,875 with the Company, which, unless extended, matures in December 2023. As at December 31, 2022, no amount was utilized under this facility.

(c) Other

Saudi Aramco has provided guarantees of SAR 2,110 (2021: SAR 4,151) 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) 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, 2022, was SAR 3,020 (December 31, 2021: SAR 3,924).

(b) 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(e), 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.

(c) Aramco Oil Pipelines Company ("AOPC")

On June 17, 2021, the Company sold a 49% equity interest in AOPC, a newly formed wholly owned subsidiary of the Company, to EIG Pearl Holdings S.à r.l. ("EIG") for upfront sale proceeds of SAR 46,547 ($12,412) in cash.

EIG is an entity owned by a consortium of investors led by EIG Global Energy Partners. EIG, as a shareholder of AOPC, is entitled to receive quarterly distributions of its pro rata share of AOPC's available cash when the Company pays discretionary dividends to its ordinary shareholders. Given the discretionary nature of distributions to EIG, in line with the principles outlined in Note 2(e), EIG's shareholding represents a non-controlling interest and, therefore, the upfront sale proceeds have been 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 stabilized crude oil pipelines network to AOPC for a 25-year period. Concurrently, AOPC granted the Company the exclusive right to use, operate and maintain the pipelines network during the 25-year period in exchange for a quarterly, volume-based tariff payable by the Company to AOPC. 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

(a) Investments in subsidiaries

(i) Grupa LOTOS S.A. transaction

On January 12, 2022, Aramco Overseas Company B.V. ("AOC"), a wholly owned subsidiary of Saudi Aramco, entered into share purchase agreements with Grupa LOTOS Spótka 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(c)). 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 preliminary 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 profit of SAR 14, which is included in the consolidated statement of income.

(ii) SABIC Agri-Nutrients Investment Company ("SANIC")

On January 4, 2021, SABIC Agri-Nutrients Company ("SABIC AN"), formerly Saudi Arabian Fertilizer Company ("SAFCO"), acquired 100% of the issued share capital of SANIC from SABIC. The total value of shares in SANIC is set at SAR 4,809, the consideration for which was paid by issuing 59,368,738 ordinary new shares in SABIC AN to SABIC valued at SAR 81 per share, thereby increasing the ownership by SABIC of SABIC AN from 43% to 50.1%. Under the terms of the transaction, the settlement of working capital and net debt at SANIC since the transaction date, amounted to SAR 2. A net loss of SAR 677 arising from this transaction has been recognized in retained earnings, which represents Saudi Aramco's share of the loss recorded by SABIC.

(b) Investments in joint operations

Jazan Integrated Gasification and Power Company ("JIGPC")

On September 27, 2021, Saudi Aramco entered into an arrangement with Air Products, ACWA Power and Air Products Qudra relating to the Jazan Integrated Gasification Combined-Cycle ("IGCC") power plant, an Air Separation Unit ("ASU") and certain ancillary assets (together, "the facility"). The transaction entailed creation of JIGPC, a limited liability company, with SAPCO, a wholly owned subsidiary of the Company owning 20%, while Air Products, ACWA Power and Air Products Qudra own 46%, 25% and 9%, respectively. JIGPC will operate the facility under a 25-year contract for a predetermined monthly fee. Saudi Aramco will supply feedstock to JIGPC, and JIGPC will produce power, steam, hydrogen and other utilities for Saudi Aramco. The transaction has been accounted for as a financing arrangement and the assets remain in the books of the Company. Based on the facts and circumstances, including the source of cash flows as well as the purpose and design of the arrangement, in line with the principles outlined in Note 2(e), JIGPC has been accounted for as a joint operation by Saudi Aramco.

SAPCO's total contribution in JIGPC, as a shareholder, is expected to be SAR 3,600, of which an amount of SAR 3,443 has been contributed as of the date of issuance of the consolidated financial statements. The financial close of the transaction occurred on October 27, 2021. The total proceeds of the transaction are SAR 44,063, of which, the Company received the first tranche of SAR 18,386, net of the ASU purchase consideration of SAR 8,146. The ASU, which was previously accounted for as a lease, was purchased by the Company and transferred with the rest of the facility as part of the closing. The second tranche of SAR 15,563 was received on January 19, 2023, with the remaining amount of SAR 1,968 expected to be received by the end of 2023 (Notes 20(h), 40).

(c) Investments in joint ventures and associates

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)(i)). 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)(i)). 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.

36. Dividends

Dividends declared and paid on ordinary shares are as follows:

			SAR per share	
	2022	**2021**	**2022**	**2021**
Quarter:				
March[1]	**70,331**	70,325	**0.35**	0.35
June[2]	**70,328**	70,325	**0.32**	0.35
September[2]	**70,329**	70,327	**0.32**	0.35
December[2]	**70,330**	70,328	**0.32**	0.35
Total dividends declared and paid	**281,318**	281,305	**1.31**	1.40
Dividends declared on March 10, 2023 and March 18, 2022[2,3]	**73,150**	70,331	**0.33**	0.35

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1. Dividends of SAR 70,331 paid in 2022 relate to 2021 results. Dividends of SAR 70,325 paid in 2021 relate to 2020 results.
2. Dividend per share reflects the effect of the issuance of the bonus shares approved on May 12, 2022, as described below.
3. The consolidated financial statements do not reflect a dividend to shareholders of approximately SAR 73,150, which was declared on March 10, 2023 (March 18, 2022: SAR 70,331). This dividend will be deducted from unappropriated retained earnings in the year ending December 31, 2023.

On May 12, 2022, after obtaining necessary approvals from the competent authorities, the Extraordinary General Assembly ("EGA") approved the increase of the Company's share capital by SAR 15,000 and the commensurate increase of the number of the Company's issued ordinary shares by 20 billion without par value. Such increase was effected through capitalization of the Company's retained earnings. Each shareholder was granted one (1) bonus share for every ten (10) shares owned. The Company's share capital after the increase is SAR 75,000, divided into 220 billion fully paid ordinary shares with equal voting rights without par value.

On March 10, 2023, the Board of Directors recommended to the EGA to increase the Company's share capital by granting bonus shares to its shareholders through capitalization of SAR 15,000 from retained earnings and by increasing the number of the issued ordinary shares by 22 billion without par value. The increase of the share capital and the number of ordinary shares is subject to obtaining necessary approvals from competent authorities and the EGA, which will be announced later as per regulatory requirements. Once the EGA approves the capital increase, eligible shareholders will be entitled to receive one (1) bonus share for every ten (10) shares owned, and the Company's share capital will increase to 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:

	2022	**2021**
Net income attributable to the ordinary shareholders of the Company	**597,215**	395,203
Weighted average number of ordinary shares (in millions) (Note 2(dd))[1]	**219,913**	219,897
Earnings per share for net income attributable to the ordinary shareholders of the Company (in Saudi Riyals)[1]	**2.72**	1.80

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[1] Earnings per share for the years ended December 31, 2022 and 2021 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 12, 2022 (Note 36).

Potential ordinary shares during the year ended December 31, 2022, 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, 2022 and 2021.

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, 2022[2,3]	Conventional financial liabilities as of December 31, 2022[3]	Interest income from conventional financial assets for the year ended December 31, 2022[3]
A. Wholly owned:						
4 Rivers Energy LLC	Retail fuel operations	100%	USA	**—**	**—**	**—**
Aramco (Beijing) Venture Management Consultant Co., Ltd.	Investment	100%	China	**8**	**7**	**—**
Aramco Affiliated Services Company	Support services	100%	USA	**1**	**—**	**—**
Aramco Asia India Private Limited	Purchasing and other services	100%	India	**24**	**15**	**—**
Aramco Asia Japan K.K.	Purchasing and other services	100%	Japan	**86**	**305**	**1**
Aramco Asia Korea Limited	Marketing and vendor sourcing activities	100%	South Korea	**44**	**10**	**1**
Aramco Asia Singapore Pte. Ltd.	Purchasing and other services	100%	Singapore	**25**	**30**	**—**
Aramco Associated Company	Aircraft operations	100%	USA	**169**	**430**	**19**
Aramco Capital Company, LLC	Aircraft leasing	100%	USA	**38**	**—**	**—**
Aramco Chemicals Company	Chemicals	100%	Saudi Arabia	**339**	**54**	**6**
Aramco Far East (Beijing) Business Services Co., Ltd.	Petrochemical purchasing, sales and other services	100%	China	**642**	**53**	**10**
Aramco Financial Services Company	Financing	100%	USA	**20**	**(1)**	**—**
Aramco Fuels Poland sp. z o.o.	Wholesale fuel operations	100%	Poland	**597**	**1,936**	**2**
Aramco Gulf Operations Company Limited	Production and sale of crude oil	100%	Saudi Arabia	**2,397**	**1,869**	**44**
Aramco Innovations Limited Liability Company	Research and commercialization	100%	Russia	**16**	**20**	**—**
Aramco International Company Limited[4]	Support services	100%	British Virgin Islands	**—**	**—**	**—**
Aramco Lubricants and Retail Company	Retail fuel marketing	100%	Saudi Arabia	**116**	**52**	**—**
Aramco Overseas—Egypt	Personnel and other support services	100%	Egypt	**—**	**—**	**—**
Aramco Overseas Company B.V.	Purchasing and other services	100%	Netherlands	**32,696**	**2,316**	**554**

	Principal business activity	Percent ownership[1]	Place of business/ country of incorporation	Conventional financial assets as of December 31, 2022[2,3]	Conventional financial liabilities as of December 31, 2022[3]	Interest income from conventional financial assets for the year ended December 31, 2022[3]
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	**3**	**77**	**—**
Aramco Overseas Malaysia SDN. BHD.	Personnel and other support services	100%	Malaysia	**5**	**9**	**—**
Aramco Performance Materials LLC	Petrochemical manufacture and sales	100%	USA	**10**	**7**	**—**
Aramco Services Company	Purchasing, engineering and other services	100%	USA	**6,181**	**583**	**9**
Aramco Shared Benefits Company	Benefits administration	100%	USA	**1**	**1**	**—**
Aramco Trading Americas Holding Inc.	Holding	100%	USA	**—**	**—**	**—**
Aramco Trading Americas LLC (formerly, Motiva Trading LLC)	Purchasing and sale of petroleum goods and other services	100%	USA	**1,180**	**1,546**	**—**
Aramco Trading Company	Importing, exporting and trading of crude oil, refined and chemical products	100%	Saudi Arabia	**5,419**	**7,676**	**62**
Aramco Trading Fujairah FZE	Importing and exporting refined products	100%	UAE	**2,521**	**4,148**	**49**
Aramco Trading Limited	Importing and exporting refined products	100%	United Kingdom	**212**	**3,240**	**22**
Aramco Trading Singapore Pte. Ltd.	Marketing and sales support	100%	Singapore	**885**	**7,128**	**3**
Aramco Venture Management Consultant Company LLC	Consulting services	100%	USA	**1**	**12**	**—**
Aramco Ventures Holdings Limited	Investment	100%	Guernsey	**271**	**—**	**—**
Aramco Ventures Investments Limited	Investment	100%	Guernsey	**2,221**	**—**	**—**

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All amounts in millions of Saudi Riyals unless otherwise stated

	Principal business activity	Percent ownership[1]	Place of business/ country of incorporation	Conventional financial assets as of December 31, 2022[2,3]	Conventional financial liabilities as of December 31, 2022[3]	Interest income from conventional financial assets for the year ended December 31, 2022[3]
ARLANXEO Holding B.V.	Development, manufacture, and marketing of high-performance rubber	100%	Netherlands	**582**	**2,886**	**16**
ARLANXEO Belgium N.V.		100%	Belgium	**306**	**(117)**	**—**
ARLANXEO Branch Offices B.V.		100%	Netherlands	**23**	**—**	**—**
ARLANXEO Brasil S.A.		100%	Brazil	**(317)**	**(180)**	**(4)**
ARLANXEO Canada Inc.		100%	Canada	**346**	**(221)**	**—**
ARLANXEO Deutschland GmbH		100%	Germany	**359**	**(345)**	**—**
ARLANXEO Elastomères France S.A.S.		100%	France	**(91)**	**(129)**	**—**
ARLANXEO Emulsion Rubber France S.A.S.		100%	France	**(474)**	**(144)**	**—**
ARLANXEO High Performance Elastomers (Changzhou) Co., Ltd.		100%	China	**396**	**(249)**	**(1)**
ARLANXEO India Private Limited		100%	India	**10**	**(1)**	**—**
ARLANXEO Netherlands B.V.		100%	Netherlands	**128**	**(219)**	**(7)**
ARLANXEO Singapore Pte. Ltd.		100%	Singapore	**49**	**(514)**	**—**
ARLANXEO Switzerland S.A.		100%	Switzerland	**382**	**(2)**	**—**
ARLANXEO USA LLC		100%	USA	**258**	**(325)**	**—**
Aurora Capital Holdings LLC	Real estate holdings	100%	USA	**—**	**—**	**—**
Bolanter Corporation N.V.	Crude oil storage	100%	Curaçao	**39**	**—**	**—**
Briar Rose Ventures LLC	Real estate holdings	100%	USA	**—**	**—**	**—**
Canyon Lake Holdings LLC	Retail fuel operations	100%	USA	**—**	**—**	**—**
Excellent Performance Chemicals Company	Petrochemical manufacture and sales	100%	Saudi Arabia	**708**	**2**	**161**
Global Digital Integrated Solutions Company	Information technology	100%	Saudi Arabia	**—**	**—**	**—**
Investment Management Company	Investment management of post-employment benefit plans	100%	Saudi Arabia	**4**	**—**	**—**

	Principal business activity	Percent ownership[1]	Place of business/ country of incorporation	Conventional financial assets as of December 31, 2022[2,3]	Conventional financial liabilities as of December 31, 2022[3]	Interest income from conventional financial assets for the year ended December 31, 2022[3]
Motiva Enterprises LLC	Refining and marketing	100%	USA	**3,702**	**25,457**	**322**
Motiva Pipeline LLC	Pipeline transport	100%	USA	**—**	**—**	**—**
Mukamala Oil Field Services Limited	Oil field services	100%	Saudi Arabia	**295**	**—**	**2**
Mukamalah Aviation Company (formerly, Mukamala International Investments Company)	Aviation	100%	Saudi Arabia	**—**	**—**	**—**
Pandlewood Corporation N.V.	Financing	100%	Curaçao	**1,260**	**1**	**29**
Pedernales Ventures LLC	Retail fuel operations	100%	USA	**—**	**—**	**—**
Pedernales Ventures II LLC	Investment	100%	USA	**294**	**—**	**—**
PT Aramco Overseas Indonesia	Project management support	100%	Indonesia	**—**	**—**	**—**
SAEV Europe Limited	Investment	100%	United Kingdom	**5**	**3**	**—**
SAEV Guernsey 1 Ltd	Investment	100%	Guernsey	**226**	**—**	**—**
SAEV Guernsey Holdings Limited	Investment	100%	Guernsey	**1,794**	**—**	**—**
Saudi Aramco Asia Company Limited	Investment	100%	Saudi Arabia	**2,600**	**—**	**35**
Saudi Aramco Capital Company Limited	Investment	100%	Guernsey	**—**	**—**	**—**
Saudi Aramco Development Company	Investment	100%	Saudi Arabia	**880**	**—**	**5**
Saudi Aramco Energy Ventures LLC	Investment	100%	Saudi Arabia	**31**	**—**	**—**
Saudi Aramco Energy Ventures US LLC	Investment	100%	USA	**4**	**4**	**—**
Saudi Aramco Entrepreneurship Center Company Limited	Financing	100%	Saudi Arabia	**213**	**11**	**7**
Saudi Aramco Entrepreneurship Venture Company Limited	Investment	100%	Saudi Arabia	**824**	**—**	**—**
Saudi Aramco Jubail Refinery Company	Refining	100%	Saudi Arabia	**4,254**	**812**	**—**
Saudi Aramco Power Company	Power generation	100%	Saudi Arabia	**8,464**	**9**	**129**
Saudi Aramco Sukuk Company	Investment	100%	Saudi Arabia	**1**	**126**	**—**
Saudi Aramco Technologies Company	Research and commercialization	100%	Saudi Arabia	**250**	**93**	**—**
Saudi Aramco Upstream Technology Company	Research and commercialization	100%	Saudi Arabia	**20**	**7**	**—**

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All amounts in millions of Saudi Riyals unless otherwise stated

	Principal business activity	Percent ownership[1]	Place of business/ country of incorporation	Conventional financial assets as of December 31, 2022[2,3]	Conventional financial liabilities as of December 31, 2022[3]	Interest income from conventional financial assets for the year ended December 31, 2022[3]
Saudi Petroleum International, Inc.	Marketing support services	100%	USA	**40**	**58**	**—**
Saudi Petroleum Overseas, Ltd.	Marketing support and tanker services	100%	United Kingdom	**53**	**29**	**1**
Saudi Petroleum, Ltd.[4]	Marketing support and tanker services	100%	British Virgin Islands	**—**	**—**	**—**
Saudi Refining, Inc.	Refining and marketing	100%	USA	**570**	**441**	**20**
Sofon Industries Company	Maritime holdings	100%	Saudi Arabia	**—**	**—**	**—**
Stellar Insurance, Ltd.	Insurance	100%	Bermuda	**10,256**	**713**	**211**
Vela International Marine Limited	Marine management and transportation	100%	Liberia	**10,768**	**—**	**174**
Wisayah Global Investment Company	Investment services	100%	Saudi Arabia	**296**	**35**	**2**
B. Non-wholly owned:						
Aramco Gas Pipelines Company	Pipeline transport	51%	Saudi Arabia	**622**	**—**	**5**
Aramco Oil Pipelines Company	Pipeline transport	51%	Saudi Arabia	**2**	**2**	**—**
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	**98**	**(17)**	**(1)**
Johns Hopkins Aramco Healthcare Company	Healthcare	80%	Saudi Arabia	**624**	**619**	**1**
SA Global Sukuk Limited[5]	Investment	0%	Cayman Islands	**—**	**—**	**—**
Saudi Aramco Base Oil Company[6]	Production and sale of petroleum-based lubricants	70%	Saudi Arabia	**1,904**	**776**	**31**
Saudi Aramco Nabors Drilling Company[5]	Drilling	50%	Saudi Arabia	**1,136**	**1,901**	**21**
Saudi Aramco Rowan Offshore Drilling Company[5]	Drilling	50%	Saudi Arabia	**622**	**2,386**	**12**
S-International Ltd.	Purchasing and sale of petroleum goods	61.6%	The Independent State of Samoa	**4**	**—**	**—**

	Principal business activity	Percent ownership[1]	Place of business/ country of incorporation	Conventional financial assets as of December 31, 2022[2,3]	Conventional financial liabilities as of December 31, 2022[3]	Interest income from conventional financial assets for the year ended December 31, 2022[3]
S-Oil Corporation	Refining	61.6%	South Korea	**4,535**	**26,098**	**90**
S-Oil Singapore Pte. Ltd.	Marketing support	61.6%	Singapore	**33**	**90**	**1**
Saudi Basic Industries Corporation ("SABIC")[7]	Holding	70%	Saudi Arabia			
SABIC Luxembourg S.à r.l. ("SLUX")	Petrochemicals	70%	Luxembourg			
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")	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	36.4%	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			

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	Principal business activity	Percent ownership[1]	Place of business/ country of incorporation	Conventional financial assets as of December 31, 2022[2,3]	Conventional financial liabilities as of December 31, 2022[3]	Interest income from conventional financial assets for the year ended December 31, 2022[3]
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			
SABIC Innovative Plastics Management (Shanghai) Co., Ltd.[4]	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			
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			

	Principal business activity	Percent ownership[1]	Place of business/ country of incorporation	Conventional financial assets as of December 31, 2022[2,3]	Conventional financial liabilities as of December 31, 2022[3]	Interest income from conventional financial assets for the year ended December 31, 2022[3]
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	License company	70%	Germany			
SD Beteiligungs GmbH & Co KG	Specialties	70%	Germany			
SABIC Greece M.E.P.E.4	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			

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All amounts in millions of Saudi Riyals unless otherwise stated

	Principal business activity	Percent ownership[1]	Place of business/ country of incorporation	Conventional financial assets as of December 31, 2022[2,3]	Conventional financial liabilities as of December 31, 2022[3]	Interest income from conventional financial assets for the year ended December 31, 2022[3]
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			
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			
LLC SABIC Eastern Europe	Petrochemicals	70%	Russia			
SABIC Innovative Plastics Rus OOO	Petrochemicals	70%	Russia			
SHPP Russia OOO	Specialties	70%	Russia			

Notes to the consolidated financial statements

All amounts in millions of Saudi Riyals unless otherwise stated

	Principal business activity	Percent ownership[1]	Place of business/ country of incorporation	Conventional financial assets as of December 31, 2022[2,3]	Conventional financial liabilities as of December 31, 2022[3]	Interest income from conventional financial assets for the year ended December 31, 2022[3]
SABIC Innovative Plastics (SEA) Pte. Ltd.	Petrochemicals	70%	Singapore			
SABIC Innovative Plastics Holding Singapore Pte. Ltd.	Petrochemicals	70%	Singapore			
SHPP Singapore Pte. Ltd.	Specialties Petrochemicals,	70%	Singapore			
SABIC Asia Pacific Pte Ltd ("SAPPL")	agri-nutrients	70%	Singapore			
SABIC Innovative Plastics Espana ScpA	Petrochemicals	70%	Spain			
SABIC Innovative Plastics GP BV,						
Sociedad en Comandita	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			
Mt. Vernon Phenol Plant Partnership[4]	Petrochemicals	70%	USA			
SABIC Americas LLC	Petrochemicals, agri-nutrients	70%	USA			
SABIC US Holdings LP	Petrochemicals	70%	USA			

Notes to the consolidated financial statements

All amounts in millions of Saudi Riyals unless otherwise stated

	Principal business activity	Percent ownership[1]	Place of business/ country of incorporation	Conventional financial assets as of December 31, 2022[2,3]	Conventional financial liabilities as of December 31, 2022[3]	Interest income from conventional financial assets for the year ended December 31, 2022[3]
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 Americas Growth 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			
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			

Notes to the consolidated financial statements

All amounts in millions of Saudi Riyals unless otherwise stated

	Principal business activity	Percent ownership[1]	Place of business/ country of incorporation	Conventional financial assets as of December 31, 2022[2,3]	Conventional financial liabilities as of December 31, 2022[3]	Interest income from conventional financial assets for the year ended December 31, 2022[3]
International Shipping and Transportation Co. ("ISTC")	Supply chain	69.3%	Saudi Arabia			
SABIC Supply Chain Services Limited Company ("SSCS")	Supply chain	70%	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")	Agri-nutrients	70%	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	35%	Saudi Arabia			

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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, liabilities and interest income from conventional financial assets not included for entities and groups listed on the Saudi Exchange.
8. Energy City Development Company and Energy City Operating Company, which are wholly owned unconsolidated structured entities, and Energy City Logistics Company, a jointly-held entity whose shares are held by Energy City Development Company, are not included in the above listing.

Notes to the consolidated financial statements

All amounts in millions of Saudi Riyals unless otherwise stated

39. Joint arrangements 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, 2022[2,3]	Conventional financial liabilities as of December 31, 2022[3]	Interest income from conventional financial assets for the year ended December 31, 2022[3]
A. Joint operations:						
Al-Khafji Joint Operations	Oil and gas exploration and production	50%	Saudi-Kuwaiti Partitioned Zone	—	—	—
Fadhili Plant Cogeneration Company	Power generation	30%	Saudi Arabia	25	567	—
Jazan Integrated Gasification and Power Company	Power systems	20%	Saudi Arabia	132	1,491	(15)
Maasvlakte Olie Terminal C.V.	Tank storage	9.6%	Netherlands	—	691	5
Maasvlakte Olie Terminal N.V.	Tank storage	16.7%	Netherlands	—	—	—
Pengerang Petrochemical Company SDN. BHD.	Petrochemicals	50%	Malaysia	53	2,515	—
Pengerang Refining Company SDN. BHD.	Refining	50%	Malaysia	52	18,619	2
Power Cogeneration Plant Company	Power generation	50%	Saudi Arabia	34	342	—
Saudi Aramco Mobil Refinery Company Ltd	Refining	50%	Saudi Arabia	886	2,027	16
Saudi Aramco Total Refining and Petrochemical Company[4]	Refining/ petrochemicals	62.5%	Saudi Arabia	3,238	6,509	70
Tanajib Cogeneration Power Company	Power systems	40%	Saudi Arabia	13	496	—
Yanbu Aramco Sinopec Refining Company Limited[4]	Refining	62.5%	Saudi Arabia	2,230	3,863	—
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			
B. Joint ventures:						
AIR BP Aramco Poland sp. z o.o.	Aviation fuels	50%	Poland	71	69	—
Arabian Rig Manufacturing Company	Rig manufacturing	30%	Saudi Arabia	109	1,163	—
First Coast Energy, L.L.P.	Marketing	50%	USA	51	358	—
Huajin Aramco Petrochemical Co., Ltd.	Petrochemicals	35%	China	—	—	—
Jasara Program Management Company	Engineering services	20%	Saudi Arabia	209	66	—

	Principal business activity	Percent ownership[1]	Place of business/ country of incorporation	Conventional financial assets as of December 31, 2022[2,3]	Conventional financial liabilities as of December 31, 2022[3]	Interest income from conventional financial assets for the year ended December 31, 2022[3]
Juniper Ventures of Texas LLC	Marketing	60%	USA	14	24	—
Middle East Cloud and Digital Transformation Company Limited	Information technology	51%	Saudi Arabia	—	—	—
Middle East Information Technology Solutions	Information technology	49%	Saudi Arabia	85	—	—
Novel Non-Metallic Solutions Manufacturing	Manufacturing	50%	Saudi Arabia	188	—	—
Port Neches Link LLC	Pipelines	5%	USA	—	—	—
Sadara Chemical Company	Petrochemicals	65%	Saudi Arabia	7,355	41,001	48
Saudi Arabian Industrial Investment Company	Investment	42.5%	Saudi Arabia	1,229	18	33
Saudi Engines Manufacturing Company	Manufacturing	55%	Saudi Arabia	92	10	—
Saudi Silk Road Industrial Services Company	Investment services	20%	Saudi Arabia	106	8	—
S-OIL TotalEnergies Lubricants Co., Ltd.	Lubricants production and sales	30.8%	South Korea	198	303	—
Star Enterprise[6]	Pension administration	50%	USA	4	10	—
Tas’helat Marketing Company	Marketing	50%	Saudi Arabia	201	188	—
Tuwaiq Casting & Forging Company	Metals	15%	Saudi Arabia	41	125	—
Advanced Energy Storage System Investment Company (“AESSIC”)[5]	Renewable energy	34.1%	Saudi Arabia			
Al-Jubail Petrochemical Company (“Kemya”)[5]	Petrochemicals	35%	Saudi Arabia			
Cosmar Company (“COSMAR”)[5]	Petrochemicals	35%	USA			
Eastern Petrochemical Company (“Sharq”)[5]	Petrochemicals	35%	Saudi Arabia			
Isotopes Company (“IHC”)[5]	Machinery equipment	9%	Saudi Arabia			
SABIC Fujian Petrochemicals Co., Ltd. (“FUJIAN”)[5]	Petrochemicals	35.7%	China			
SABIC Plastic Energy Advanced Recycling BV (“SPEAR”)[5]	Petrochemicals	35%	Netherlands			
SABIC SK Nexelene Company Pte. Ltd. (“SSNC”)[5]	Petrochemicals	35%	Singapore			
Saudi Pallet Manufacturing Company (“SPMC”)[5]	Logistic	21.4%	Saudi Arabia			
Saudi Yanbu Petrochemical Company (“Yanpet”)[5]	Petrochemicals	35%	Saudi Arabia			

Notes to the consolidated financial statements

All amounts in millions of Saudi Riyals unless otherwise stated

	Principal business activity	Percent ownership[1]	Place of business/ country of incorporation	Conventional financial assets as of December 31, 2022[2,3]	Conventional financial liabilities as of December 31, 2022[3]	Interest income from conventional financial assets for the year ended December 31, 2022[3]
Sinopec SABIC Tianjin Petrochemical Company Limited (“SSTPC”)[5]	Petrochemicals	35%	China			
Utility Support Group B.V. (“USG”)[5]	Utilities	35%	Netherlands			
C. Associates:						
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	3	24	—
Fujian Refining and Petrochemical Company Limited	Refining/ petrochemicals	25%	China	4,296	7,829	60
GCC Electrical Equipment Testing Lab	Inspection	20%	Saudi Arabia	97	40	—
Hyundai Oilbank Co., Ltd.	Refining/ marketing/ petrochemicals	17%	South Korea	9,940	35,074	183
International Maritime Industries Company	Maritime	40.1%	Saudi Arabia	857	519	6
Lukoil Saudi Arabia Energy Limited[6]	Exploration	20%	British Virgin Islands	—	—	—
Power and Water Utility Company for Jubail and Yanbu[5]	Utilities	29.8%	Saudi Arabia	—	—	—
Rabigh Refining and Petrochemical Company[5]	Refining/ petrochemicals	37.5%	Saudi Arabia			
Rafineria Gdańska sp. z o.o.	Refining	30%	Poland	365	721	2
Sinopec Senmei (Fujian) Petroleum Company Limited	Marketing/ petrochemicals	22.5%	China	2,633	5,603	47
Sudair 1 Holding Company	Holding	30.3%	Saudi Arabia	—	—	—
Team Terminal B.V.	Storage	34.4%	Netherlands	—	—	—
The National Shipping Company of Saudi Arabia[5]	Global logistics services	20%	Saudi Arabia			
Aluminium Bahrain BSC (“ALBA”)[5]	Aluminum	14.4%	Bahrain			
ARG mbH & Co KG (“ARG”)[5]	Transportation	17.5%	Germany			
ARG Verwaltungs GmbH[5]	Administrative company	17.5%	Germany			
Clariant AG (“Clariant”)[5]	Specialty chemical	22.1%	Switzerland			
German Pipeline Development Company GMBH (“GPDC”)[5]	Transportation	27.3%	Germany			

	Principal business activity	Percent ownership[1]	Place of business/ country of incorporation	Conventional financial assets as of December 31, 2022[2,3]	Conventional financial liabilities as of December 31, 2022[3]	Interest income from conventional financial assets for the year ended December 31, 2022[3]
Gulf Aluminum and Rolling Mills Company ("GARMCO")[5]	Aluminum	21.3%	Bahrain			
Gulf Petrochemical Industries Company ("GPIC")[5]	Agri-nutrients, petrochemicals	11.7%	Bahrain			
Ma'aden Phosphate Company ("MPC")[5]	Agri-nutrients	21%	Saudi Arabia			
Ma'aden Wa'ad Al Shamal Phosphate Company ("MWSPC")[5]	Agri-nutrients	10.5%	Saudi Arabia			
Mallinda, Inc. ("MALLINDA")[5]	Ventures	18.3%	USA			
Mauritania Saudi Mining & Steel Company S.A. ("TAKAMUL")[5]	Mining (metal)	35%	Mauritania			
National Chemical Carrier Company ("NCC")[5]	Transportation	14%	Saudi Arabia			
Nusaned Fund I[5]	Equity investments	35%	Saudi Arabia			
Nusaned Fund II[5]	Equity investments	42%	Saudi Arabia			

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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, liabilities and interest income from conventional financial assets not included for entities and groups listed on the Saudi Exchange.
6. Under liquidation.

40. Events after the reporting period

(a) Jazan Integrated Gasification and Power Company ("JIGPC")

On January 19, 2023, Saudi Aramco received SAR 15,563 in respect of the second tranche of the financing arrangement with JIGPC (Notes 20(h), 35(b)). The remaining amount of SAR 1,968 under the financing arrangement is expected to be received by the end of 2023.

(b) Valvoline Inc.'s global products business

On March 1, 2023, Aramco Overseas Company B.V. ("AOC"), a wholly owned subsidiary of the Company, closed the transaction for the acquisition of a 100% equity interest in Valvoline Inc.'s global products business ("VGP Holdings LLC"). The purchase price is SAR 9,938 ($2,650) in cash, subject to certain customary adjustments. VGP Holdings LLC is a leading worldwide independent producer and distributor of premium branded automotive, commercial and industrial lubricants, and automotive chemicals. This strategic acquisition will 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. Due to the timing of the acquisition, the initial accounting for the business combination has not been completed at the time the consolidated financial statements were authorized for issuance.

(c) Private Sector Partnership Reinforcement Program ("Shareek")

On March 1, 2023, it was announced that Saudi Aramco executed the Shareek Support Framework Agreement (the "Agreement") with Shareek. The Agreement sets out the eligibility conditions that Saudi Aramco would need to satisfy in order to voluntarily apply for and receive incentives from Shareek. Saudi Aramco intends to utilize these incentives to expand its business and strengthen its supply chain in the Kingdom. To maintain eligibility for Shareek incentives, Saudi Aramco would need to, among other conditions, deploy certain of its capital and operational expenditure in the Kingdom until 2030. Any incentives received are subject to such eligibility conditions being met.

(d) Partial prepayment of deferred consideration to PIF

On March 7, 2023, the Company agreed with PIF to make a third partial prepayment of SAR 59,040 ($15,744) on or before March 15, 2023. This partial prepayment will fully reduce the outstanding principal amount of SAR 13,125 ($3,500) of the promissory note payable on or before April 7, 2024, and will partially reduce the outstanding principal amounts of the promissory notes payable on or before April 7, 2025, and April 7, 2026, by SAR 14,438 ($3,850) and SAR 21,562 ($5,750), respectively. The outstanding amounts of the loan charge promissory notes payable between 2024 and 2028, aggregating to SAR 18,375 ($4,900), will also be fully reduced (Note 20). This partial prepayment will result in a gain of approximately SAR 4,635 ($1,236).

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