

7. Consolidated financial statements

Independent auditor's report	154
Consolidated statement of income.....	162
Consolidated statement of comprehensive income	163
Consolidated balance sheet.....	164
Consolidated statement of changes in equity	165
Consolidated statement of cash flows	166
Notes to the consolidated financial statements ..	167





Growing gas for transition

Hawiyah Gas Compression Plant, Saudi Arabia

Aramco produces oil and gas from some of the world's largest reservoirs. The Company plans to further expand its gas business and increase its gas production by more than 60% by 2030 compared to 2021 production levels, subject to domestic demand.

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



Independent auditor's report to the shareholders of Saudi Arabian Oil Company

Report on the audit of the consolidated financial statements

Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Saudi Arabian Oil Company (the "Company") and its subsidiaries (together the "Group") as at December 31, 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards, that are endorsed in the Kingdom of Saudi Arabia, and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA).

What we have audited

The Group's consolidated financial statements comprise:

- the consolidated statement of income for the year ended December 31, 2023;
- the consolidated statement of comprehensive income for the year ended December 31, 2023;
- the consolidated balance sheet as at December 31, 2023;
- the consolidated statement of changes in equity for the year ended December 31, 2023;
- the consolidated statement of cash flows for the year ended December 31, 2023; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing, that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards), endorsed in the Kingdom of Saudi Arabia (the "Code"), that is relevant to our audit of the consolidated financial statements and we have fulfilled our other ethical responsibilities in accordance with the Code's requirements.

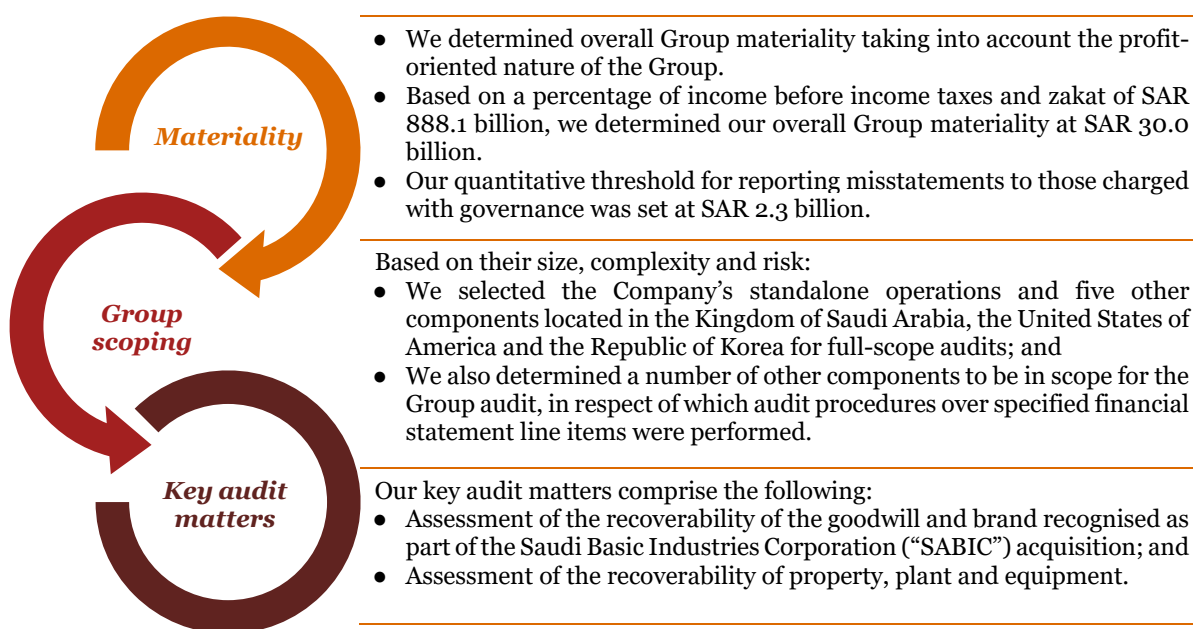
*PricewaterhouseCoopers, License No. 25, Saudi Aramco, P.O. Box 1659, Dhahran 31311, Kingdom of Saudi Arabia
T: +966 (13) 873-6800, F: +966 (13) 873-8883, www.pwc.com/middle-east*



Independent auditor's report to the shareholders of Saudi Arabian Oil Company (continued)

Our audit approach

Overview



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.



Independent auditor's report to the shareholders of Saudi Arabian Oil Company (continued)

Overall Group materiality	SAR 30.0 billion (2022: SAR 37.5 billion).
How we determined it	Based on a percentage of income before income taxes and zakat.
Rationale for the materiality benchmark applied	Income before income taxes and zakat is an important benchmark for the users of the consolidated financial statements and is a generally accepted benchmark for profit-oriented groups.

We agreed with those charged with governance that we would report to them misstatements identified during our audit above SAR 2.3 billion.

How we tailored our Group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

The Group's operations are conducted through many components in different parts of the world. The most significant component within the Group is the Company itself and most of the audit effort was spent by the Group engagement team based in Dhahran, Kingdom of Saudi Arabia. The Group engagement team also directed the work done by the various component teams across different locations and performed audit procedures on the consolidation workings and disclosures.

We identified five other components where a full-scope audit on the respective components' financial information was performed under our instructions. Members of the Group engagement team performed the full-scope audit of the component located in Dhahran, Kingdom of Saudi Arabia. Component teams in Riyadh, Kingdom of Saudi Arabia, the United States of America and the Republic of Korea performed full-scope audits of the components at those locations. We also requested certain other component teams to perform audit procedures over specified financial statement line items. The selection of these components was based on qualitative and quantitative considerations, including whether the component accounted for a significant proportion of individual consolidated financial statement line items.

The Group engagement team's involvement in the audit work performed by component teams considered the relative significance and complexity of the individual component. This included allocating overall Group materiality to the different components, sending formal instructions, obtaining regular updates on progress and results of procedures as well as reviewing deliverables and selected underlying working papers.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



Independent auditor's report to the shareholders of Saudi Arabian Oil Company (continued)

Key audit matter

How our audit addressed the Key audit matter

Assessment of the recoverability of the goodwill and brand recognised as part of the SABIC acquisition

International Accounting Standard ("IAS") 36 'Impairment of Assets', that is endorsed in the Kingdom of Saudi Arabia, requires goodwill and intangible assets that have indefinite useful lives to be tested annually for impairment, irrespective of whether there is any indication of impairment.

Management performed an assessment of recoverability of the goodwill and brand (determined to have an indefinite useful life) recognised as part of the SABIC acquisition during the year ended December 31, 2020. The carrying amounts of these assets were SAR 99.1 billion and SAR 18.1 billion, respectively, as at December 31, 2023.

Goodwill has been allocated to the Downstream operating segment. Therefore, the goodwill impairment test was performed at the Downstream operating segment level. The brand test was performed based on an aggregation of the relevant Cash-Generating Units ("CGUs").

The recoverable amounts were determined based on value-in-use derived using discounted cash flow models. Each of the models were based on the most recent approved financial plans and included 10-year projection periods with terminal values assumed thereafter.

The exercise performed by management supported the goodwill and brand carrying values and did not identify the need for any impairment charges to be recognised.

We considered this to be a key audit matter given the significant judgment and estimates involved in determining recoverable amounts and the uncertainty inherent in the underlying forecasts and assumptions. The key inputs to the recoverable amounts included the:

- Cash flows during the 10-year projection periods including commodity prices, margins and other underlying assumptions;
- Terminal values; and
- Pre-tax discount rates.

Refer to Note 2(e), Note 2(h) and Note 6 to the consolidated financial statements for further information.

Our procedures included the following:

- We considered the appropriateness of management's allocation of goodwill to the Downstream operating segment and brand to the aggregation of the relevant CGUs, based on the requirements of IAS 36 'Impairment of Assets', that is endorsed in the Kingdom of Saudi Arabia.
- We considered the completeness of the carrying values of the assets and liabilities considered as part of the impairment tests for both goodwill and brand.
- With input from internal valuation experts, where considered necessary, we performed the following procedures on management's valuation models, as deemed appropriate:
 - Considered the consistency of certain unobservable inputs underlying the 10-year cash flows such as expected product volumes and costs with approved financial plans;
 - Compared a sample of forecast commodity prices and margins underlying the 10-year cash flows to market data points;
 - Evaluated the reasonableness of approved financial plans by comparison to historical results;
 - Assessed the reasonableness of the approach and inputs used to determine the terminal values;
 - Evaluated the reasonableness of the pre-tax discount rates used by cross-checking the underlying assumptions against observable market data;
 - Tested the mathematical accuracy and logical integrity of the models; and
 - Tested management's sensitivity analyses that considered the impact of changes in assumptions on the outcome of the impairment assessments.
- We considered the reasonableness of the movements in the recoverable amounts during the year ended December 31, 2023 in view of the changes in the underlying key assumptions.
- We considered the appropriateness of the related accounting policies and disclosures in the consolidated financial statements.



Independent auditor's report to the shareholders of Saudi Arabian Oil Company (continued)

<i>Key audit matter</i>	<i>How our audit addressed the Key audit matter</i>
<p>Assessment of the recoverability of property, plant and equipment</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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:</p> <ul style="list-style-type: none"> • Cash flows during the projection periods including commodity prices, margins and other underlying assumptions; • Terminal values; and • Pre-tax discount rates. <p><i>Refer to Note 2(g), Note 2(h) and Note 5 to the consolidated financial statements for further information.</i></p>	<p>Our procedures included the following:</p> <ul style="list-style-type: none"> • 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: <ul style="list-style-type: none"> - Considered the consistency of certain unobservable inputs underlying the cash flows such as expected product volumes and future costs with approved financial plans; - Compared a sample of forecast commodity prices and margins underlying the cash flows to market data points; - Evaluated the reasonableness of approved financial plans by comparison to historical results; - Assessed the reasonableness of the approach and inputs used to determine the terminal values; - Evaluated the reasonableness of the pre-tax discount rates used by cross-checking the underlying assumptions against observable market data; - Tested the mathematical accuracy and logical integrity of the models; and - Tested management's sensitivity analyses that considered the impact of changes in assumptions on the outcome of the impairment assessments. • We considered the appropriateness of the related accounting policies and disclosures in the consolidated financial statements.



Independent auditor's report to the shareholders of Saudi Arabian Oil Company (continued)

Other information

The Board of Directors is responsible for the other information. The other information comprises the Annual Report (but does not include the consolidated financial statements and our auditor's report thereon).

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and those charged with governance for the consolidated financial statements

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards, that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, and the applicable requirements of the Regulations for Companies and the Company's Bylaws, and for such internal control as they determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing, that are endorsed in the Kingdom of Saudi Arabia, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.



Independent auditor's report to the shareholders of Saudi Arabian Oil Company (continued)

As part of an audit in accordance with International Standards on Auditing, that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.



Independent auditor's report to the shareholders of Saudi Arabian Oil Company (continued)

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

PricewaterhouseCoopers

A handwritten signature in blue ink, appearing to be 'Omar M. Al Sagga', written over a horizontal line.

Omar M. Al Sagga
License No. 369

March 8, 2024

Consolidated statement of income

All amounts in millions of Saudi Riyals unless otherwise stated

	Note	SAR		USD*	
		Year ended December 31		Year ended December 31	
		2023	2022	2023	2022
Revenue	24	1,653,281	2,006,955	440,875	535,188
Other income related to sales		203,092	259,418	54,158	69,178
Revenue and other income related to sales		1,856,373	2,266,373	495,033	604,366
Royalties and other taxes		(231,795)	(341,510)	(61,812)	(91,069)
Purchases	25	(471,225)	(490,690)	(125,660)	(130,851)
Producing and manufacturing		(96,523)	(101,912)	(25,739)	(27,177)
Selling, administrative and general		(76,890)	(83,700)	(20,504)	(22,320)
Exploration		(9,416)	(8,447)	(2,511)	(2,253)
Research and development		(5,197)	(4,419)	(1,386)	(1,178)
Depreciation and amortization	5,6	(97,040)	(91,618)	(25,877)	(24,431)
Operating costs		(988,086)	(1,122,296)	(263,489)	(299,279)
Operating income		868,287	1,144,077	231,544	305,087
Share of results of joint ventures and associates	7	(4,001)	2,873	(1,067)	766
Finance and other income	27	31,967	14,894	8,524	3,972
Finance costs	20	(8,186)	(8,882)	(2,183)	(2,369)
Income before income taxes and zakat		888,067	1,152,962	236,818	307,456
Income taxes and zakat	8	(433,303)	(548,957)	(115,547)	(146,388)
Net income		454,764	604,005	121,271	161,068
Net income attributable to					
Shareholders' equity		452,753	597,215	120,734	159,257
Non-controlling interests		2,011	6,790	537	1,811
		454,764	604,005	121,271	161,068
Earnings per share (basic and diluted)	37	1.87	2.47	0.50	0.66

* This supplementary information is converted at a fixed rate of U.S. dollar 1.00 = SAR 3.75 for convenience only, and is presented in millions of U.S. dollars.



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



Amin H. Nasser
President & Chief Executive Officer



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

Consolidated statement of comprehensive income

All amounts in millions of Saudi Riyals unless otherwise stated

	Note	SAR		USD*	
		Year ended December 31		Year ended December 31	
		2023	2022	2023	2022
Net income		454,764	604,005	121,271	161,068
Other comprehensive income (loss), net of tax	18				
Items that will not be reclassified to net income					
Remeasurement of post-employment benefits		(25)	21,208	(7)	5,655
Share of post-employment benefits remeasurement from joint ventures and associates		90	144	24	38
Changes in fair value of equity investments classified as fair value through other comprehensive income		(1,671)	(211)	(446)	(56)
Items that may be reclassified subsequently to net income					
Cash flow hedges and other		(1,044)	1,450	(278)	387
Changes in fair value of debt securities classified as fair value through other comprehensive income		520	(427)	139	(114)
Share of other comprehensive income of joint ventures and associates		1,250	351	333	94
Currency translation differences		(829)	(3,889)	(221)	(1,037)
		(1,709)	18,626	(456)	4,967
Total comprehensive income		453,055	622,631	120,815	166,035
Total comprehensive income attributable to					
Shareholders' equity		451,111	615,245	120,296	164,065
Non-controlling interests		1,944	7,386	519	1,970
		453,055	622,631	120,815	166,035

* This supplementary information is converted at a fixed rate of U.S. dollar 1.00 = SAR 3.75 for convenience only, and is presented in millions of U.S. dollars.



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



Amin H. Nasser
President & Chief Executive Officer



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

Consolidated balance sheet

All amounts in millions of Saudi Riyals unless otherwise stated

	Note	SAR		USD*	
		At December 31		At December 31	
		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

* This supplementary information is converted at a fixed rate of U.S. dollar 1.00 = SAR 3.75 for convenience only, and is presented in millions of U.S. dollars.



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



Amin H. Nasser
President & Chief Executive Officer



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

Consolidated statement of changes in equity

All amounts in millions of Saudi Riyals unless otherwise stated

	SAR								USD*
	Shareholders' equity								Total
	Share capital	Additional paid-in capital	Treasury shares	Retained earnings		Other reserves (Note 18)	Non-controlling interests	Total	
Unappropriated				Appropriated ¹	Total				
Balance at January 1, 2022	60,000	26,981	(2,828)	1,018,443	6,000	4,661	167,411	1,280,668	341,512
Net income	–	–	–	597,215	–	–	6,790	604,005	161,068
Other comprehensive income	–	–	–	–	–	18,030	596	18,626	4,967
Total comprehensive income	–	–	–	597,215	–	18,030	7,386	622,631	166,035
Transfer of post-employment benefits remeasurement (Note 18)	–	–	–	19,427	–	(19,427)	–	–	–
Transfer of share of post-employment benefits remeasurement from joint ventures and associates (Note 18)	–	–	–	144	–	(144)	–	–	–
Treasury shares issued to employees (Note 16)	–	–	592	99	–	(137)	–	554	147
Share-based compensation	–	–	–	(3)	–	296	–	293	78
Dividends (Note 36)	–	–	–	(281,318)	–	–	–	(281,318)	(75,018)
Bonus shares issued (Note 36)	15,000	–	–	(15,000)	–	–	–	–	–
Sale of non-controlling equity interest in a subsidiary (Note 34(c))	–	–	–	–	–	–	58,125	58,125	15,500
Acquisition of non-controlling interests in certain subsidiaries	–	–	–	(3)	–	–	(227)	(230)	(62)
Dividends to non-controlling interests and other	–	–	–	888	–	–	(15,464)	(14,576)	(3,886)
Balance at December 31, 2022	75,000	26,981	(2,236)	1,339,892	6,000	3,279	217,231	1,666,147	444,306
Net income (loss)	–	–	–	452,753	–	–	2,011	454,764	121,271
Other comprehensive income (loss)	–	–	–	–	–	(1,642)	(67)	(1,709)	(456)
Total comprehensive income (loss)	–	–	–	452,753	–	(1,642)	1,944	453,055	120,815
Transfer of post-employment benefits remeasurement (Note 18)	–	–	–	66	–	(66)	–	–	–
Transfer of share of post-employment benefits remeasurement from joint ventures and associates (Note 18)	–	–	–	90	–	(90)	–	–	–
Treasury shares issued to employees (Note 16)	–	–	874	232	–	(439)	–	667	178
Share-based compensation	–	–	–	(4)	–	472	–	468	125
Dividends (Note 36)	–	–	–	(366,674)	–	–	–	(366,674)	(97,780)
Bonus shares issued (Note 36)	15,000	–	–	(15,000)	–	–	–	–	–
Dividends to non-controlling interests and other	–	–	–	119	–	–	(16,690)	(16,571)	(4,419)
Balance at December 31, 2023	90,000	26,981	(1,362)	1,411,474	6,000	1,514	202,485	1,737,092	463,225

1. Appropriated retained earnings, originally established under the 1988 Articles of the Saudi Arabian Oil Company, represent a legal reserve which is not available for distribution. This amount is maintained pursuant to the Bylaws adopted on January 1, 2018 (Note 1).

* This supplementary information is converted at a fixed rate of U.S. dollar 1.00 = SAR 3.75 for convenience only, and is presented in millions of U.S. dollars.



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



Amin H. Nasser
President & Chief Executive Officer



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

Consolidated statement of cash flows

All amounts in millions of Saudi Riyals unless otherwise stated

	Note	SAR		USD*	
		Year ended December 31		Year ended December 31	
		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

* 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

Notes to the consolidated financial statements

All amounts in millions of Saudi Riyals unless otherwise stated

1. General information

The Saudi Arabian Oil Company (the "Company"), with headquarters located in Dhahran, Kingdom of Saudi Arabia (the "Kingdom"), is engaged in prospecting, exploring, drilling and extracting hydrocarbon substances ("Upstream") and processing, manufacturing, refining and marketing these hydrocarbon substances ("Downstream"). The Company was formed on November 13, 1988, by Royal Decree No. M/8; however, its history dates back to May 29, 1933, when the Saudi Arabian Government (the "Government") granted a concession to the Company's predecessor for the right to, among other things, explore the Kingdom for hydrocarbons.

On December 20, 2017, Royal Decree No. M/37 dated 2/4/1439H was issued approving the Hydrocarbons Law, which applies to the Kingdom's hydrocarbons and hydrocarbon operations. Under the Hydrocarbons Law, all hydrocarbon deposits, hydrocarbons and hydrocarbon resources are the property of the Kingdom until ownership is transferred at the well head or when extracted. Further, the Hydrocarbons Law codifies the Government's sole authority to set the maximum amount of hydrocarbons production by the Company and the maximum sustainable capacity that the Company must maintain.

All natural resources within the Kingdom, including hydrocarbons, are owned by the Kingdom. Through a concession in 1933, the Government granted the Company the exclusive right to explore, develop and produce the Kingdom's hydrocarbon resources, except in certain areas. As of December 24, 2017, the Company's original concession agreement was replaced and superseded by an amended concession agreement (the "Concession Agreement") which provides the Company the exclusive right to explore, drill, prospect, appraise, develop, extract, recover, and produce hydrocarbons in the concession area. The Company is also provided the exclusive right to market and distribute hydrocarbons, petroleum products and liquid petroleum gas ("LPG") in the Kingdom along with the non-exclusive right to manufacture, refine, and treat production and to market, sell, transport and export such production.

The initial term of the Concession Agreement is for 40 years, which shall be extended by the Government for 20 years unless the Company does not satisfy certain conditions commensurate with its then current operating practices. In addition, the Concession Agreement may be amended and extended for an additional 40 years beyond the original 60-year period, subject to the Company and the Government agreeing on the terms of such extension.

Effective January 1, 2018, Council of Ministers Resolution No. 180, dated 1/4/1439H (December 19, 2017) converted the Company to a Saudi Joint Stock Company with new Bylaws. The Company's 1988 Articles were cancelled as of January 1, 2018, pursuant to Royal Decree No. M/36, dated 2/4/1439H (December 20, 2017). The Company's Commercial Registration Number is 2052101150. The Company's share capital was set at Saudi Riyal ("SAR") 60,000, divided into 200 billion fully paid ordinary shares with equal voting rights without par value. On May 12, 2022 and May 8, 2023, after obtaining necessary approvals from the competent authorities in relation to the issuance of bonus shares, the Extraordinary General Assembly ("EGA") approved the increases in the Company's share capital by SAR 15,000 and SAR 15,000, respectively, and the commensurate increase in the number of the Company's issued ordinary shares by 20 billion and 22 billion, respectively. The Company's share capital after these increases is SAR 90,000, divided into 242 billion fully paid ordinary shares with equal voting rights without par value (Note 36).

On December 11, 2019, the Company completed its Initial Public Offering ("IPO") and its ordinary shares were listed on the Saudi Exchange. In connection with the IPO, the Government, being the sole owner of the Company's shares at such time, sold an aggregate of 3.45 billion ordinary shares, or 1.73% of the Company's share capital. In addition, concurrent with the IPO, the Company acquired 117.2 million of its ordinary shares from the Government for a cash payment of SAR 3,750, and classified them as treasury shares (Note 16). These shares are being used by the Company for its employee share plans (Note 17).

On February 13, 2022, the Government transferred 4% of the Company's issued shares to the Public Investment Fund ("PIF"), the sovereign wealth fund of the Kingdom, followed by another transfer of 4% on April 16, 2023 to Saudi Arabian Investment Company ("Sanabil Investments"), a wholly-owned company of PIF. Further, on March 7, 2024, the Government announced the transfer of an additional 8% of the Company's issued shares to PIF's wholly-owned companies. Following the transfers, the Government remains the Company's largest shareholder, retaining a 82.19% direct shareholding.

The consolidated financial statements of the Company and its subsidiaries (together "Saudi Aramco") were approved by the Board of Directors on March 8, 2024.

2. Material accounting policy information and significant judgments and estimates

The material accounting policies applied in the preparation of these consolidated financial statements are set out below.

(a) Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), that are endorsed in the Kingdom, and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA"). The consolidated financial statements are also in compliance with IFRS as issued by the International Accounting Standards Board ("IASB"). Amounts and balances relating to Shari'a compliant financial instruments are disclosed separately.

Notes to the consolidated financial statements continued

All amounts in millions of Saudi Riyals unless otherwise stated

2. Material accounting policy information and significant judgments and estimates continued

(a) Basis of preparation continued

The consolidated financial statements have been prepared under the historical cost convention except for certain items measured at fair value, which are primarily investments in securities, derivatives, certain trade receivables and payables, and post-employment benefit plan assets. Further, assets classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell. The accounting policies that follow have been consistently applied to all years presented, unless otherwise stated.

(b) Significant accounting judgments and estimates

The preparation of the consolidated financial statements in conformity with IFRS requires management to exercise judgment in applying Saudi Aramco's accounting policies and in the use of certain critical accounting estimates and assumptions concerning the future. Management has made various judgments that may significantly impact the valuation and presentation of assets and liabilities. In addition, management also applies judgment when undertaking the estimation procedures necessary to calculate assets, liabilities, revenue and expenses. Accounting estimates, by definition, may not equal the related actual results and are subject to change based on experience and new information.

The areas requiring the most significant judgments, estimates and assumptions in the preparation of the consolidated financial statements are: accounting for interests in subsidiaries, joint arrangements and associates, fair values of assets acquired and liabilities assumed on acquisition, recoverability of asset carrying amounts, determining the lease term, taxation, provisions, post-retirement obligations and determination of functional currency and are set out in the individual accounting policies below.

Net zero ambition and the energy transition

Saudi Aramco's ambition is to achieve net-zero Scope 1 and Scope 2 greenhouse gas emissions by 2050 across its wholly-owned operated assets. Low lifting costs and lower upstream carbon intensity, associated with the production of both oil and gas, compared to its peers, facilitates Saudi Aramco to continuously supply hydrocarbon products through the energy transition for the foreseeable future. Saudi Aramco's greenhouse gas emissions mitigation targets are to be achieved through: further improving energy efficiency and managing flaring and methane emissions; investing in renewable energy projects and certificates; carbon capture and storage; and developing an offsetting program that includes planting mangroves and purchasing carbon offsets through voluntary markets.

Climate change considerations are key elements of Saudi Aramco's strategic planning processes, which include judgments and estimates relating to the pace of the energy transition and associated demand forecasts, and their impact on commodity prices, margins, and growth rates. Such judgments and estimates, used in the preparation of the 2023 consolidated financial statements, are consistent with Saudi Aramco's long-term strategy and the profile of its operations, and are subject to change as market factors, policies and regulations evolve. Saudi Aramco will continue to assess its financial plans, estimates, and assumptions concerning the economic environment and the pace of the energy transition to update any impacts on the financial statements in future periods.

(c) New or amended standards

- (i) Saudi Aramco adopted the following IASB pronouncements, as endorsed in the Kingdom, effective for annual periods beginning on or after January 1, 2023:

Amendment to IAS 1, Presentation of Financial Statements

In February 2021, the IASB amended IAS 1, Presentation of Financial Statements, to require entities to disclose material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements. The amendment further clarifies that immaterial accounting policy information does not need to be disclosed, and if it is disclosed, it should not obscure material accounting policy information. This amendment does not have any significant impact on Saudi Aramco's consolidated financial statements.

Amendment to IAS 12, Income Taxes

In May 2023, the IASB issued an amendment to IAS 12, Income Taxes, relating to the International Tax Reform – Pillar Two Model Rules. This amendment applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two Model Rules published by the Organisation for Economic Co-operation and Development ("OECD"), including tax law that implements qualified domestic minimum top-up taxes described in those rules. The amendment requires entities to make additional disclosures in their annual financial statements regarding their current tax exposure to Pillar Two income taxes. Further, as required by the amendment, Saudi Aramco has applied the mandatory temporary exception to neither recognize nor disclose information about deferred tax assets and liabilities related to Pillar Two income taxes.

Saudi Aramco has performed a preliminary assessment of its exposure to Pillar Two income taxes for jurisdictions where it operates and where Pillar Two legislation has been enacted or substantively enacted as of the reporting date and will be effective for annual periods beginning on or after January 1, 2024. The legislation mandates a top-up tax liability for any difference between the Pillar Two effective tax rate per jurisdiction and the 15% minimum rate. Based on this preliminary assessment, Saudi Aramco is not expected to have any material exposure to Pillar Two top-up taxes.

All amounts in millions of Saudi Riyals unless otherwise stated

2. Material accounting policy information and significant judgments and estimates continued

(c) New or amended standards continued

IFRS 17, Insurance Contracts

In May 2017, the IASB issued IFRS 17, Insurance Contracts, which introduces a new comprehensive accounting model for insurance contracts, and sets out the principles for the recognition, measurement, presentation and disclosure for the issuers of those contracts. The new standard replaces IFRS 4, Insurance Contracts, which was issued in 2005, and allowed insurers to use a range of different accounting treatments for insurance contracts. There is no material impact on Saudi Aramco's consolidated financial statements from the adoption of IFRS 17.

There are no other standards, amendments or interpretations that are effective for annual periods beginning on or after January 1, 2023, that have a material impact on the current or future reporting periods or on foreseeable future transactions.

- (ii) Saudi Aramco has not early adopted any new accounting standards, interpretations or amendments that are issued but not yet effective.

(d) Principles of consolidation, acquisition and equity accounting

(i) Subsidiaries

The consolidated financial statements reflect the assets, liabilities and operations of the Company and its subsidiaries. Subsidiaries are entities over which the Company has control. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which the Company obtains control, and continue to be consolidated until the date that such control ceases.

Intercompany balances and transactions, including unrealized profits and losses arising from intragroup transactions, have been eliminated. Where necessary, adjustments are made to the financial statements of subsidiaries to align the accounting policies with those used by the Company.

The acquisition method of accounting is used to account for business combinations, including those acquisitions of businesses under common control that have commercial substance. Acquisition related costs are expensed as incurred. The consideration transferred to acquire a subsidiary comprises the fair value of the assets transferred, liabilities incurred to the former owners of the acquired business, equity interests issued by Saudi Aramco, the fair value of any asset or liability resulting from a contingent consideration arrangement, and the fair value of any pre-existing equity interest in the subsidiary. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at fair value at the date the assets and liabilities are exchanged, irrespective of the extent of any non-controlling interests. The excess of the consideration transferred and the amount of any non-controlling interest in the acquired entity over the fair value of the acquired identifiable net assets is recorded as goodwill. Where settlement of any part of the cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained under comparable terms and conditions. Any goodwill arising on acquisition is allocated to each of the cash-generating units, or groups of cash-generating units, expected to benefit from the business combination's synergies.

Non-controlling interests represent the equity in subsidiaries that is not attributable, directly or indirectly, to Saudi Aramco. Saudi Aramco recognizes any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets. Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of income, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, and the consolidated balance sheet, respectively.

Saudi Aramco treats transactions with non-controlling interests that do not result in a loss of control as transactions between equity owners of the group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognized in equity.

If the business combination is achieved in stages, the acquisition date carrying value of the previously held equity interest is remeasured to fair value at the acquisition date with any gains or losses arising from such remeasurement recognized in net income or other comprehensive income, as appropriate.

(ii) Joint arrangements

Under IFRS 11, Joint Arrangements, an arrangement in which two or more parties have joint control is a joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. Saudi Aramco has interests in both joint operations and joint ventures.

Notes to the consolidated financial statements continued

All amounts in millions of Saudi Riyals unless otherwise stated

2. Material accounting policy information and significant judgments and estimates continued

(d) Principles of consolidation, acquisition and equity accounting continued

1) Joint operations

Joint operations arise where the investors have rights to the assets and obligations for the liabilities of a joint arrangement. Saudi Aramco recognizes its direct right to the assets, liabilities, revenues and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses.

2) Joint ventures

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Investments in joint ventures are accounted for using the equity method of accounting and are initially recognized at cost.

Saudi Aramco's share of results of its joint ventures is recognized within net income, while its share of post-acquisition movements in other comprehensive income is recognized within other comprehensive income. The cumulative effect of these changes is adjusted against the carrying amount of Saudi Aramco's investments in joint ventures, which is presented separately in the consolidated balance sheet. When Saudi Aramco's share of losses in a joint venture equals or exceeds its interest in the joint venture, including any other unsecured non-current receivables, Saudi Aramco does not recognize further losses, unless it has incurred obligations or made payments on behalf of the joint venture.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, the difference between the carrying amount derecognized and the proceeds received is recognized in the consolidated statement of income.

Gains and losses on transactions between Saudi Aramco and joint ventures not realized through a sale to a third party are eliminated to the extent of Saudi Aramco's interest in the joint ventures. Where necessary, adjustments are made to the financial statements of joint ventures to align their accounting policies with those used by Saudi Aramco.

Saudi Aramco's investments in joint ventures includes, when applicable, goodwill identified on acquisition, net of any accumulated impairment loss. Goodwill represents the excess of the cost of an acquisition over the fair value of Saudi Aramco's share of the net identifiable assets of the acquired joint venture at the date of acquisition.

Dividends received or receivable from joint ventures are recognized as a reduction in the carrying amount of the investment.

(iii) Associates

Associates are entities over which Saudi Aramco has significant influence. Significant influence is the power to participate in financial and operating policy decisions but without control or joint control over those policies and is generally reflected by a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognized at cost. The accounting policies for joint ventures detailed in Note 2(d)(ii)(2) above are also applied by Saudi Aramco to its associates.

Significant accounting judgments and estimates

The acquisition of subsidiaries, joint arrangements and associates require management to estimate the fair values of the assets acquired and liabilities assumed. In addition, judgments are applied in the determination of whether control, joint control or significant influence is present with respect to investments in subsidiaries, joint arrangements or associates. Judgment is applied when determining if an entity is controlled by voting rights, potential voting rights or other rights granted through contractual arrangements and includes consideration of an entity's purpose and design, among other factors. Judgment is applied when assessing whether an arrangement is jointly controlled by all of its parties or by a group of the parties by taking decisions about relevant activities through unanimous consent of the parties sharing control. Judgment is also applied as to whether a joint arrangement is classified as a joint venture or joint operation taking into account specific facts and circumstances, such as the purpose and design of the arrangement, including with respect to its output, its relationship to the parties and its source of cash flows. Judgment is applied in determining whether significant influence is held by assessing factors such as representation on the board of directors, participation in policy-making processes, material transactions with the entity, interchange of managerial personnel, and provision of essential technical information. Refer to Notes 7, 34, 35, 38, 39 and 40.

(e) Intangible assets

Goodwill on the acquisition of subsidiaries is included in intangible assets. Goodwill is not amortized but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired. Goodwill is carried at cost less accumulated impairment losses. For the purpose of impairment testing, goodwill is allocated to cash-generating units or groups of cash-generating units that are expected to benefit from the acquisition in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes.

All amounts in millions of Saudi Riyals unless otherwise stated

2. Material accounting policy information and significant judgments and estimates continued

(e) Intangible assets continued

Intangible assets other than exploration and evaluation costs (Note 2(f)) and those with indefinite useful lives such as goodwill and brands acquired on acquisition of certain subsidiaries, consist primarily of brands and trademarks, franchise/customer relationships and computer software. If acquired in a business combination, these intangible assets are recognized at their fair value at the date of acquisition and, if acquired separately, these intangible assets are recognized at cost. All these intangible assets are subsequently amortized on a straight-line basis over their estimated useful lives.

The following table sets forth estimated useful lives, in years, of the principal groups of these intangible assets:

Brands and trademarks	10 to 22
Franchise/customer relationships	5 to 25
Computer software	3 to 15

Amortization is recorded in depreciation and amortization in the consolidated statement of income.

(f) Exploration and evaluation

Exploration and evaluation costs are recorded under the successful efforts method. Under the successful efforts method, geological and geophysical costs are recognized as an expense when incurred and exploration costs associated with exploratory wells are initially capitalized on the consolidated balance sheet as an intangible asset until the drilling of the well is complete and the results have been evaluated. If potential commercial quantities of hydrocarbons are found, these costs continue to be capitalized subject to further appraisal activities that would determine the commercial viability and technical feasibility of the reserves. If potentially commercial quantities of hydrocarbons have not been found, and no alternative use of the well is determined, the previously capitalized costs are written off to exploration in the consolidated statement of income.

Exploratory wells remain capitalized while additional appraisal drilling on the potential oil and/or gas field is performed or while optimum development plans are established. All such capitalized costs are not subject to amortization, but at each reporting date are subject to regular technical and management review to confirm the continued intent to develop, or otherwise extract value from the well. Where such intent no longer exists, the costs are written off to exploration in the consolidated statement of income. Capitalized exploratory expenditures are, at each reporting date, subject to review for impairment indicators.

When proved reserves of hydrocarbons are determined and there is a firm plan for development approved by management, the relevant capitalized costs are transferred to property, plant and equipment.

(g) Property, plant and equipment

Property, plant and equipment is stated on the consolidated balance sheet at cost less accumulated depreciation and impairment losses, if any. Cost includes expenditures directly attributable to the construction and/or acquisition of the asset (Note 2(s)). Land and construction-in-progress are not depreciated. When a construction-in-progress asset is deemed available for use as intended by management, depreciation commences.

Subsequent expenditures including major renovations are included in an asset's carrying amount, or recognized as a separate asset only when it is probable that future economic benefits associated with the item will flow to Saudi Aramco and the cost of the item can be measured reliably. The carrying amount of the replaced item is derecognized. All other repair and maintenance expenditures are expensed as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met (Note 2(v)).

Where the life of expected hydrocarbon reserves substantially exceeds the economic or technical lives of the underlying assets, the straight-line method of depreciation is used. The unit of production method is used for fields where the expected reserve life is approximately equal to or less than the estimated useful lives of the underlying assets. Depletion rates are calculated on the basis of a group of wells or fields with similar characteristics based on proved developed reserves. The estimation of expected reserve lives reflects management's assessment of proved developed reserves and the related depletion strategy on a field-by-field basis. Depreciation expense on all other assets is calculated using the straight-line method to allocate the cost less residual values over the estimated useful lives. Depreciation expense is recorded in the consolidated statement of income.

Depreciation expense is calculated after determining an estimate of an asset's expected useful life and the expected residual value at the end of its useful life. The useful lives and residual values are determined by management at the time the asset is initially recognized and are reviewed annually for appropriateness or when events or conditions occur that impact capitalized costs, hydrocarbon reserves, residual values or estimated useful lives.

Notes to the consolidated financial statements continued

All amounts in millions of Saudi Riyals unless otherwise stated

2. Material accounting policy information and significant judgments and estimates continued

(g) Property, plant and equipment continued

The estimated useful lives or, for right-of-use assets the lease term, if shorter (Note 2(i)), in years, of principal groups of depreciable assets is as follows:

Land and land improvements	3 to 54
Buildings	5 to 50
Oil and gas properties	15 to 30
Plant, machinery and equipment	2 to 52
Depots, storage tanks and pipelines	4 to 30
Fixtures, IT and office equipment	2 to 20

Gains and losses on disposals of depreciable assets are recognized in net income.

(h) Impairment of non-financial assets

At each reporting date, Saudi Aramco assesses, whether there are any indications that a non-financial asset with a definite life might be impaired. Assets with indefinite useful lives, such as goodwill and brands acquired on acquisition of certain subsidiaries, are reviewed for impairment on an annual basis. If an indication of impairment exists, or when annual impairment testing for an asset is required, the asset's recoverable amount is estimated. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal or value in use ("VIU"). The fair value less costs of disposal calculation is based on either, post-tax discounted cash flow models or available data from binding arm's length sales transactions for similar assets, or observable market prices less incremental costs of disposing of the asset. The VIU calculation is based on a post-tax risk adjusted discounted cash flow model. The use of post-tax discount rates in determining VIU does not result in a materially different determination of the need for, or the amount of, impairment that would be required if pre-tax discount rates had been used.

Impairment losses are recognized as a component of net income. If, in a subsequent period, the amount of a non-goodwill impairment loss decreases, a reversal of the previously recognized impairment loss is recognized in net income.

Significant accounting judgments and estimates

Impairment tests are undertaken on the basis of the smallest identifiable group of assets (cash-generating unit), or individual assets, for which there are largely independent cash inflows. The key assumptions used to determine the different cash-generating units involves significant judgment by management.

For the purposes of determining whether impairment of items of property, plant and equipment has occurred, and the extent of any impairment or its reversal, the key assumptions management uses in estimating future cash flows for its VIU calculations are forecasted future oil, gas, refined product and chemical prices, expected production volumes, future operating and development costs, refining and petrochemical margins and changes to the discount rate used for the discounted cash flow model. There is an inherent uncertainty over forecasted information and assumptions. Changes in these assumptions and forecasts could impact the recoverable amounts of assets and any calculated impairment and reversals thereof.

(i) Leases

Saudi Aramco's portfolio of leased assets mainly comprises land and buildings, drilling rigs, marine vessels, industrial facilities, equipment, storage and tanks, aircraft and vehicles. The determination of whether the contract is, or contains, a lease is based on the substance of the contract at the inception of the lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Saudi Aramco recognizes right-of-use assets and lease liabilities at the lease commencement date. Right-of-use assets are initially measured at cost, which comprises lease liabilities at initial measurement, any initial direct costs incurred, any lease payments made at or before the commencement date, and restoration costs less any lease incentives received. Subsequent to initial recognition the right-of-use assets are measured at cost less accumulated depreciation and accumulated impairment losses, if any, and adjusted for any remeasurement of the lease liability. Right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis unless the lease transfers ownership of the underlying asset by the end of the lease term or if the cost of the asset reflects the exercise of the purchase option, in which case right-of-use assets are depreciated over the useful life of the underlying asset. Depreciation expense is recorded in the consolidated statement of income. Right-of-use assets are included under property, plant and equipment (Note 5).

All amounts in millions of Saudi Riyals unless otherwise stated

2. Material accounting policy information and significant judgments and estimates continued

(i) Leases continued

Lease liabilities are initially measured at the present value of lease payments. Lease payments include fixed lease payments, variable lease payments that depend on an index or rate, amounts payable for guaranteed residual values and payments to be made under extension or purchase or termination options, where applicable. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions. Subsequent to initial recognition, the lease liabilities are measured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and adjusted for remeasurement to reflect any reassessments or lease modifications. Lease liabilities are included under borrowings (Note 20). Lease payments are allocated between the principal and finance costs. Finance costs are recorded as an expense in the consolidated statement of income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Saudi Aramco has elected not to recognize right-of-use assets and lease liabilities for short-term and low-value leases. Lease payments under short-term and low-value leases are recorded as an expense in the consolidated statement of income on a straight-line basis over the lease term.

Significant accounting judgments and estimates

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options are only included in the lease term if the lease is reasonably certain to not be terminated or to be extended. The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and is within the control of the lessee.

(j) Investments and other financial assets

(i) Classification

Management determines the classification of its financial assets based on its business model for managing the financial assets and the contractual terms of the cash flows. Saudi Aramco's financial assets are classified into the following categories:

- those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss). These include equity securities at fair value through profit or loss ("FVPL"), equity securities at fair value through other comprehensive income ("FVOCI"), debt securities at FVPL, and debt securities at FVOCI. In addition, certain revenue contracts provide for provisional pricing at the time of shipment with the final pricing based on an average market price for a particular future period. Such trade receivables are measured at fair value because the contractual cash flows are not solely payments of principal and interest; and
- those to be measured subsequently at amortized cost. These comprise debt securities at amortized cost, cash and cash equivalents, short-term investments, other assets and receivables, due from the Government, and trade receivables other than those subsequently measured at FVPL, as described above.

(ii) Recognition and derecognition

Regular purchases and sales of financial assets are recognized on the trade-date, which is the date on which Saudi Aramco commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and Saudi Aramco has transferred substantially all the risks and rewards of ownership.

(iii) Measurement

At initial recognition, Saudi Aramco measures a financial asset at its fair value plus, in the case of a financial asset not subsequently measured at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed as a component of net income.

Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are subsequently measured at amortized cost using the effective interest method. A gain or loss on a debt investment that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized as a component of net income when the asset is derecognized or impaired. Interest income from these financial assets is included in finance income using the effective interest method.

All equity investments and certain debt instruments are subsequently measured at fair value. Gains and losses on financial assets measured at fair value are recorded either through profit or loss, or other comprehensive income. For investments in debt securities, this depends on the business model within which the investment is held. Saudi Aramco reclassifies debt securities, when and only when, its business model for managing those assets changes. For investments in equity securities that are not held for trading whose gains and losses are recorded in profit or loss, this depends on whether Saudi Aramco has made an irrevocable election at the time of initial recognition, due to the strategic nature of these investments, to account for such equity securities at fair value through other comprehensive income.

Notes to the consolidated financial statements continued

All amounts in millions of Saudi Riyals unless otherwise stated

2. Material accounting policy information and significant judgments and estimates continued

(j) Investments and other financial assets continued

(iv) Impairment

Saudi Aramco assesses, on a forward-looking basis, the expected credit losses associated with debt securities carried at either amortized cost or FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, Saudi Aramco applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the receivables.

(k) Derivative instruments and hedging activities

(i) Derivative instruments classified as held for trading

Saudi Aramco uses commodity derivative financial instruments to manage exposure to price fluctuations, which arise on purchase and sale transactions for physical deliveries of crude, natural gas liquids and various refined and bulk petrochemical products. The derivatives are initially recognized, and subsequently remeasured at fair value and recorded as an asset, when the fair value is positive, or as a liability, when the fair value is negative, under trade receivables or trade payables and other liabilities in the consolidated balance sheet, respectively.

The fair value of the derivatives is determined in accordance with Saudi Aramco's derivative valuation policy by reference to the traded price of that instrument on the relevant exchange or over-the-counter markets at the consolidated balance sheet date. The gain or loss from the changes in the fair value of the swap from its value at inception is recognized in net income.

(ii) Derivative instruments designated as hedges

Saudi Aramco uses interest rate swaps and currency forward contracts as derivative financial instruments to manage its exposure to fluctuations in interest rates and foreign exchange rates. These derivative financial instruments, designated as either fair value or cash flow hedges, are purchased from counterparties of high credit standing and are initially recognized, and subsequently remeasured, at fair value.

At the inception of the hedging transaction, Saudi Aramco documents the economic relationship between the hedging instrument and the hedged item, as well as its risk management objectives and strategy for undertaking the hedge transaction.

The fair value of a derivative financial instrument used for hedging purposes is classified as a current asset or liability when the remaining maturity of the derivative is less than 12 months; otherwise, it is classified as a non-current asset or liability.

(l) Income tax and zakat

Income tax expense for the period comprises current and deferred income tax expense. Income tax expense is recognized in net income, except to the extent that it relates to items recognized in other comprehensive income. In this case, the related income tax is also recognized in other comprehensive income.

Current income tax expense is calculated primarily on the basis of the Saudi Arabian Income Tax Law of 2004 and its amendments (the "Tax Law"). In addition, income tax expense results from taxable income generated by foreign affiliates.

Deferred income tax is provided in full, using the liability method at tax rates enacted or substantively enacted at the end of the reporting period and expected to apply when the related deferred income tax is realized or settled on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. In estimating such tax consequences, consideration is given to expected future events. Deferred income tax is not provided on initial recognition of an asset or liability in a transaction, other than a business combination that at the time of the transaction, does not affect either the accounting profit or the taxable profit. As required by the amendment to IAS 12 (Note 2(c)(i)), Saudi Aramco has applied the mandatory temporary exception to neither recognize nor disclose information about deferred tax assets and liabilities related to Pillar Two income taxes.

Deferred income tax assets are recognized where future recovery is probable. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority. Deferred income tax is not provided for taxes on possible future distributions of retained earnings of subsidiaries where the timing of the distribution can be controlled and it is probable that the retained earnings will be substantially reinvested by the entities.

Zakat is levied at the higher of adjusted income subject to zakat or the zakat base in accordance with the Regulations of the Zakat, Tax and Customs Authority ("ZATCA") in the Kingdom. Zakat is computed using the zakat base. The zakat provision is charged to the consolidated statement of income.

All amounts in millions of Saudi Riyals unless otherwise stated

2. Material accounting policy information and significant judgments and estimates continued

(l) Income tax and zakat continued

Significant accounting judgments and estimates

Saudi Aramco establishes provisions, based on reasonable estimates, for potential claims by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as different interpretations of tax regulations by the taxable entity and the responsible tax authority and the outcome of previous negotiations. This requires the application of judgment as to the ultimate outcome, which can change over time depending on facts and circumstances. A change in estimate of the likelihood of a future outflow and/or in the expected amount to be settled would be recognized in net income in the period in which the change occurs. Deferred income tax assets are recognized only to the extent it is considered probable that those assets are recoverable. This includes an assessment of when those assets are likely to reverse, and a judgment as to whether or not there will be sufficient taxable income available to offset the assets when they do reverse. This requires assumptions regarding future profitability. To the extent assumptions regarding future profitability change, there can be an increase or decrease in the amounts recognized in respect of deferred income tax assets as well as in the amounts recognized in net income in the period in which the change occurs.

Detailed taxation information, including current expense and deferred income tax assets and liabilities, is presented in Note 8.

(m) Inventories

Inventories are stated at the lower of cost or estimated net realizable value. Cost comprises all expenses to bring inventories to their present location and condition and, for hydrocarbon and chemical inventories, is determined using the first-in, first-out ("FIFO") method. For materials and supplies inventories, cost is determined using the weighted average method, less an allowance for disposal of obsolete and/or surplus materials and supplies. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

(n) Due from the Government

The Government compensates the Company through price equalization (Note 2(y)) and for past due trade receivables of specified Government, semi-Government and other entities with Government ownership or control to whom the Company supplies specified products and services.

Revenue on sales to these specified Government, semi-Government and other entities with Government ownership or control is recognized upon the satisfaction of performance obligations, which occurs when control transfers to these customers. Control of the products is determined to be transferred when the title of products passes, which typically takes place when product is physically transferred to these customers. Once receivables from these customers are past due, these trade receivables are reclassified as a due from the Government current receivable. In cases where any of these customers settle past due amounts, the Government guarantee receivable is credited with the amounts received. The balance is presented within due from the Government even if it is payable to the Government based on the Company's expectation to settle the balance on a net basis with other amounts due from the Government.

Implementing regulations issued by the Government allow the Company to offset any amounts due from the Government against payment of taxes, and in the event of insufficiency of tax balances, offset against any other amounts due and payable by the Company to the Government. Balances due from the Government at December 31 represent amounts to be settled through offset against tax payments.

(o) Cash and cash equivalents

Cash and cash equivalents include cash on hand and in banks together with all highly liquid investments purchased with original maturities of three months or less.

(p) Assets classified as held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable.

Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell, and are not depreciated, or amortized. An impairment loss is recognized for any initial or subsequent write-down of the asset to fair value less costs to sell. Non-current assets and disposal groups classified as held for sale are presented separately from the other assets in the statement of financial position. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the statement of financial position.

(q) Treasury shares

Treasury shares are recognized as a deduction from equity at the amount of consideration paid by the Company for their acquisition, including any directly attributable transaction costs incurred.

Notes to the consolidated financial statements continued

All amounts in millions of Saudi Riyals unless otherwise stated

2. Material accounting policy information and significant judgments and estimates continued

(r) Financial liabilities

Saudi Aramco initially recognizes a financial liability at fair value when it becomes party to the contractual provisions of an instrument. A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

Saudi Aramco's financial liabilities are classified into the following categories:

- those to be measured subsequently at FVPL, which mainly include derivative financial liabilities categorized as held for trading unless they are designated as hedges (Note 2(k)). Derivative financial liabilities held for trading are included in current liabilities under trade payables and other liabilities with gains or losses recognized in net income. In addition, trade payables related to contracts with provisional pricing arrangements are subsequently measured at fair value through profit or loss; and
- those to be measured subsequently at amortized cost using the effective interest method, which mainly include borrowings, trade payables, excluding those with provisional pricing arrangements, and other liabilities.

(s) Borrowing costs

Any difference between borrowing proceeds and the redemption value is recognized as finance costs in the consolidated statement of income over the term of the borrowing using the effective interest method.

Borrowing costs are expensed as incurred except for those costs directly attributable to the acquisition, construction or production of a qualifying asset which are capitalized as part of the cost of that asset until the asset is complete for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for intended use or sale.

(t) Post-employment benefit plans

(i) Pension plans

Funded pension plans are non-contributory plans for the majority of employees and are generally funded by payments by Saudi Aramco and where applicable by group companies to independent trusts or other separate entities. Assets held by the independent trusts and other separate entities are held at their fair value. Valuations of both funded and unfunded plans are performed annually by independent actuaries using the projected unit credit method. The valuations take into account employees' years of service, average or final pensionable remuneration, and are discounted to their present value using interest rates of high-quality corporate bonds that have terms to maturity approximating the terms of the related defined benefit obligation.

The amount recognized in the consolidated balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The periodic pension cost included in operating costs in the consolidated statement of income in respect of defined benefit pension plans primarily represents the increase in the actuarially assessed present value of the obligation for pension benefits based on employee service during the year and the net interest on the net defined benefit liability or asset. Net interest is calculated by multiplying the defined benefit liability and plan assets by the discount rate applied to each plan at the beginning of each year, amended for changes to the defined benefit liability and plan assets as a result of benefit payments or contributions.

Past service costs, representing plan amendments, are recognized immediately as pension costs in the consolidated statement of income, regardless of the remaining vesting period.

Remeasurements representing actuarial gains and losses, arising from experience adjustments and changes in actuarial assumptions, and the actual returns on plan assets excluding interest on plan assets, are credited or charged to equity, net of tax, through other comprehensive income.

For defined contribution plans where benefits depend solely on the amount contributed to or due to the employee's account and the returns earned from the investment of those contributions, plan cost is the amount contributed by or due from Saudi Aramco and is recognized as an expense in the consolidated statement of income.

(ii) Other post-employment benefits

Saudi Aramco provides certain post-employment healthcare, life insurance and other benefits to retirees and certain former employees. The entitlement is usually based on the employee remaining in service up to retirement age and the completion of a minimum service period. To the extent these plans are not fully funded, a liability is recognized in the consolidated balance sheet. Valuations of benefits are performed by independent actuaries.

Such plans follow the same accounting methodology as used for defined benefit pension plans.

Significant accounting judgments and estimates

The costs of defined benefit pension plans and post-employment medical benefits are determined using actuarial valuations. The actuarial valuation involves making assumptions, which are reviewed annually. Key assumptions include discount rates, future salary increases, future healthcare costs, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long-term nature of these plans, such estimates are subject to significant uncertainty. Information about amounts reported in respect of defined benefit plans, assumptions applicable to the plans and their sensitivity to changes are presented in Note 21.

All amounts in millions of Saudi Riyals unless otherwise stated

2. Material accounting policy information and significant judgments and estimates continued

(u) Share-based compensation

The cost of an equity-settled award granted to employees is measured by reference to the fair value of the equity instrument on the date the award is granted. This cost is recognized as an employee benefit expense in the consolidated statement of income with a corresponding increase in equity.

The cost of a cash-settled award granted to employees is measured by reference to the fair value of the liability at each consolidated balance sheet date until settlement. This cost is recognized as an employee benefit expense in the consolidated statement of income with the corresponding recognition of a liability on the consolidated balance sheet.

The cost of both the equity-settled and cash-settled awards is recognized over the vesting period, which is the period over which the employees render the required service for the award and any non-market performance condition attached to the award is required to be met. Additionally, for a cash-settled award, any changes in the fair value of the liability between the vesting date and the date of its settlement are also recognized in the consolidated statement of income within employee benefit expense.

In determining the fair value of an equity-settled or cash-settled award, an appropriate valuation method is applied. Service and non-market performance conditions are not taken into account in determining the fair value of the award, but during the vesting period the likelihood of the conditions being met is assessed as part of the Company's best estimate of the number of awards that are expected to vest. Any market performance conditions and non-vesting conditions are taken into account in determining the award's fair value.

(v) Provisions and contingencies

Saudi Aramco records a provision, and a corresponding asset, for decommissioning activities in Upstream operations for well plugging and abandonment. The decommissioning obligation for a well is recognized when it is drilled. Decommissioning provisions associated with Downstream facilities are generally not recognized, as the potential obligations cannot be measured, given their indeterminate settlement dates. The decommissioning obligations will be recognized in the period when sufficient information becomes available to estimate a range of potential settlement dates. Decommissioning costs are provided for at the present value of expected costs to settle the obligation using estimated cash flows. The value of the obligation is added to the carrying amount of the related asset and amortized over the useful life of the asset. The increase in the provision due to the passage of time is recognized as finance costs in the consolidated statement of income. Changes in future cash flow estimates resulting from revisions to the estimated timing or amount of undiscounted cash flows are recognized as a change in provision and related asset.

A contingent liability is disclosed where the existence of a possible obligation will only be confirmed by future events or where the amount of a present obligation cannot be measured with reasonable reliability or it is not probable that there will be an outflow of resources to settle that obligation. Contingent assets are not recognized, but are disclosed where the inflow of economic benefits is probable.

Significant accounting judgments and estimates

Most of Saudi Aramco's well plugging and abandonment activities are many years into the future with technology and costs constantly changing. Estimates of the amounts of a provision are recognized based on current legal and constructive requirements and costs associated to abandon using existing technologies. Actual costs are uncertain and estimates can vary as a result of changes in the scope of the project and/or relevant laws and regulation. The estimated timing of decommissioning may change due to certain factors, such as reserve life, a decision to terminate operations, or changes in legislation. Changes to estimates related to future expected costs, discount rates and timing may have a material impact on the amounts presented. As a result, significant judgment is applied in the initial recognition and subsequent adjustment of the provision and the capitalized cost associated with decommissioning, plugging and abandonment obligations. Any subsequent adjustments to the provision are made prospectively. Detail on the particular assumptions applied when making certain non-current provisions is included in Note 22.

(w) Functional and presentation currency

The U.S. dollar ("USD") is the functional currency of the Company. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign currency monetary assets or liabilities are translated at each reporting date using the prevailing reporting date exchange rate. Non-monetary assets or liabilities measured at fair value are translated at the exchange rate on the date when fair value was last measured. Non-monetary assets or liabilities, other than those measured at fair value, are translated into the functional currency using the exchange relevant spot rates at the dates of the transactions. Foreign exchange gains and losses from these translations are recognized as a component of net income.

The consolidated financial statements are presented in SAR. The financial position and results of the operations of the Company, subsidiaries, joint arrangements and associates that have a functional currency which is different from the presentation currency are translated to the presentation currency at reporting date exchange rates and the average exchange rates that approximate the cumulative effect of rates prevailing at the transaction dates, respectively. All resulting exchange differences are recognized through other comprehensive income.

Notes to the consolidated financial statements continued

All amounts in millions of Saudi Riyals unless otherwise stated

2. Material accounting policy information and significant judgments and estimates continued

(w) Functional and presentation currency continued

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the reporting date exchange rate.

Translations from SAR to USD presented as supplementary information in the consolidated statement of income, consolidated statement of comprehensive income, consolidated balance sheet, consolidated statement of changes in equity, and consolidated statement of cash flows at December 31, 2023 and 2022, are for convenience and were calculated at the rate of USD 1.00 = SAR 3.75 representing the exchange rate at the consolidated balance sheet dates.

Significant accounting judgments and estimates

The Company has determined that USD is the functional currency as a substantial amount of its products are traded in USD in international markets. However, a substantial amount of costs of the Company are denominated in SAR, which has been exchanged at a fixed rate to USD since 1986. A change in the fixed exchange rate could impact the recorded revenue, expenses, assets and liabilities of the Company.

(x) Revenue recognition and sales prices

Revenue from sales of crude oil and related products is recognized upon the satisfaction of performance obligations, which occurs when control transfers to the customer. Control of the products is determined to be transferred to the customer when the title of crude oil and related products passes to the customer, which typically takes place when product is physically transferred into a vessel, pipe or other delivery mechanism.

Revenue contracts for crude oil and certain related products provide for provisional pricing at the time of shipment, with final pricing based on the average market price for a particular future period. Revenue on these contracts is recorded based on the estimate of the final price at the time control is transferred to the customer. Any difference between the estimate and the final price is recorded as a change in fair value of the related receivable, as part of revenue, in the consolidated statement of income. Where applicable the transaction price is allocated to the individual performance obligations of a contract based on their relative stand-alone selling prices.

(y) Other income related to sales

The Government compensates the Company through price equalization for revenue directly forgone as a result of the Company's compliance with local regulations governing domestic sales and distribution of certain liquid products, LPGs and certain other products. This compensation reflected in these consolidated financial statements, is calculated by the Company as the difference between the product's equalization price and the corresponding domestic regulated price, net of Government fees, in accordance with the implementing regulations issued by the Government in 2017 and 2019.

This compensation is recorded as other income related to sales, that is taxable, when the Company has satisfied its performance obligations through transfer of the title to the buyer, which occurs when product is physically transferred. The compensation due from the Government is characterized as a due from the Government (Note 2(n)) current receivable and is recognized initially at fair value and subsequently measured at amortized cost using the effective interest method less impairment losses, if any.

The implementing regulations allow the Company to offset any amounts due from the Government against payment of taxes, and in the event of insufficiency of tax balances, offsetting may extend against any other amounts due and payable by the Company to the Government.

(z) Production royalties

Royalties to the Government are calculated based on a progressive scheme applied to crude oil production. An effective royalty rate is applied to production based on the Company's official selling prices. The effective royalty rate is determined based on a baseline marginal rate of 15% applied to prices up to \$70 per barrel, increasing to 45% applied to prices above \$70 per barrel and 80% applied to prices above \$100 per barrel. All such royalties are accounted for as an expense in the consolidated statement of income based on volumes sold during the year and are deductible costs for the Government income tax calculations.

(aa) Research and development

Development costs that are expected to generate probable future economic benefits are capitalized as intangible assets and amortized over their estimated useful life. During the period of development, the asset is tested for impairment annually. All other research and development costs are recognized in net income as incurred.

(bb) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorized and no longer at the discretion of the Company, on or before the end of the reporting period but not distributed at the end of the reporting period.

All amounts in millions of Saudi Riyals unless otherwise stated

2. Material accounting policy information and significant judgments and estimates continued

(cc) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the net income attributable to the ordinary shareholders of the Company
- by the weighted average number of ordinary shares outstanding during the reporting period, adjusted for bonus elements in ordinary shares issued during the period and excluding treasury shares.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares; and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(dd) Reclassifications

Certain comparative amounts for 2022 in the notes to the consolidated financial statements have been reclassified to conform to the current year presentation.

3. Financial risk management

Financial risks include market risk (including foreign currency exchange risk, price risk, and interest rate risk), credit risk, and liquidity risk. Financial risk management is carried out primarily by a central treasury department. The adequacy of financial risk management policies is regularly reviewed with consideration of current activities and market conditions on a consolidated basis. Saudi Aramco uses derivative financial instruments with limited complexity to manage certain risk exposures and does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

(a) Financial risk factors

(i) Market risk

1) Foreign currency exchange risk – The risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign currency exchange rates.

Saudi Aramco operates internationally but has limited exposure to financial risk due to changes in foreign currency exchange rates as most significant transactions are denominated in its functional currency (Note 2(w)), are linked to its functional currency or are hedged. Saudi Aramco's limited foreign currency exchange risk arises from future commercial transactions or recognized assets or liabilities denominated in a currency that is not Saudi Aramco's functional currency. In addition, a substantial amount of costs of Saudi Aramco are denominated in SAR which has been at a fixed rate to USD since 1986. A change in the fixed exchange rate would result in foreign exchange differences being recognized in the consolidated financial statements.

Saudi Aramco engages in foreign currency hedging activities through the use of currency forward contracts to manage its exposure from significant transactions denominated in a foreign currency. The hedge ratio considers variability in potential outcomes, spot rates, as well as interest rates on a transaction by transaction basis.

The notional amounts of outstanding currency forward contracts designated as hedging instruments are included in Note 30.

2) Price risk – The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Price risk primarily stems from investments in securities and commodity trading.

a) Investments in securities

Saudi Aramco has limited exposure to price risk with such risk arising from investments in securities carried at fair value.

Saudi Aramco regularly reviews its positions in investments in securities considering current and expected future economic trends.

At December 31, 2023 and 2022, a change in fair value due to a movement of 5% in the price of listed equity securities would result in a change in other comprehensive income before income taxes and zakat of SAR 669 and SAR 435, respectively.

At December 31, 2023 and 2022, a change in fair value due to a movement of 5% in the unit price of equities and mutual and hedge funds would result in a change in income before income taxes and zakat of SAR 26 and SAR 15, respectively.

b) Commodity derivative contracts

Saudi Aramco trades crude, natural gas liquids and various refined and bulk petrochemical products and uses commodity derivatives as a means of managing price and timing of risks arising from this trading. In effecting these transactions, Saudi Aramco operates within policies and procedures designed to ensure that risks, including those related to the default of counterparties, are managed within authorized limits. The notional amounts of outstanding commodity derivative contracts are included in Note 30.

Notes to the consolidated financial statements continued

All amounts in millions of Saudi Riyals unless otherwise stated

3. Financial risk management continued

(a) Financial risk factors continued

3) Interest rate risk – The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Saudi Aramco is exposed to interest rate risk from changes in interest rates that affect the fair value or future cash flows of financial instruments, principally borrowings, issued at variable and fixed rates. Borrowings issued at variable rates expose Saudi Aramco to cash flow interest rate risk, which is partially offset by short-term time deposits and debt securities held at variable rates. Borrowings issued at fixed rates expose Saudi Aramco to fair value interest rate risk. Saudi Aramco may enter into interest rate swap agreements as part of its overall strategy to manage the interest rate risk on its debt.

At December 31, 2023 and 2022, a change of 1% in market interest rates, with all other variables held constant, would result in a net change of SAR 1,281 and SAR 2,161, respectively, in Saudi Aramco's income before income taxes and zakat as a result of the effect of higher or lower market interest rates.

The notional amounts of interest rate swap contracts are included in Note 30.

(ii) Credit risk

Credit risk is the risk that counterparties might not fulfill their contractual payment obligations towards an entity.

Saudi Aramco is exposed to credit risk related to its counterparties not performing or honoring their obligations, which could result in financial loss. Credit risk arises from credit exposures on trade and other receivables as well as from cash and cash equivalents, short-term investments, debt securities, and derivatives with financial institutions. The maximum exposure to credit risk is the carrying value of these assets.

Saudi Aramco's trade receivables arise from a global customer base, which limits geographic concentrations of credit risk. Moreover, a credit risk policy is in place to ensure credit limits are extended to creditworthy counterparties and risk mitigation measures are defined and implemented accordingly. Saudi Aramco performs ongoing evaluations of its counterparties' financial standing and takes additional measures to mitigate credit risk when considered appropriate, including but not limited to letters of credits, bank guarantees or parent company guarantees.

In addition, the credit risk policy limits the amount of credit exposure to any individual counterparty based on their credit rating as well as other factors. Moreover, Saudi Aramco's investment policy limits exposure to credit risk arising from investment activities. The policy requires that cash and cash equivalents and short-term investments be invested with a diversified group of financial institutions with acceptable credit ratings. Saudi Aramco ensures that each counterparty is of an acceptable credit quality by relying on quantitative and qualitative measures compiled from internal and third-party rating models. At December 31, 2023, all short-term investments were with financial institutions assigned a long-term credit rating of "BBB" (2022: "BBB") or above.

Employee home loans (Note 9) and debt securities are generally considered to have low credit risk based on history of default and thus the impairment provision recognized during the year based on the general approach allowed by IFRS 9, where applicable, was substantially limited to 12-month expected losses.

Saudi Aramco applies the simplified approach allowed by IFRS 9 in providing for expected credit losses for trade receivables, which uses the lifetime expected credit loss provision for all trade receivables. Such credit losses have historically been nominal and the loss allowance for trade receivables (Note 12) is not material.

(iii) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

Saudi Aramco's liquidity risk management includes maintaining sufficient cash and cash equivalents and ensuring the availability of incremental funding through credit facilities (Note 20). Management also monitors and forecasts Saudi Aramco's liquidity requirements based on current and non-current expected cash flows.

Saudi Aramco invests surplus cash in current accounts, time deposits, money market instruments, government repurchase agreements, and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to meet forecasted cash flow requirements. Saudi Aramco prioritizes security and liquidity over yield.

Note 20 analyzes Saudi Aramco's borrowings into relevant maturity groupings based on the balances associated with each contractual maturity date at the end of the reporting period.

Saudi Aramco's derivative liabilities relate to contracts that mature within 12 months from the balance sheet date, except for certain interest rate swaps and financial liabilities – options and forward contracts that have maturity dates of more than five years.

Saudi Aramco has financial guarantees arising in the ordinary course of business. The earliest period in which such guarantees can be called is the effective date as defined in the related agreements. The maximum exposure is limited to the gross value of such guarantees.

All amounts in millions of Saudi Riyals unless otherwise stated

3. Financial risk management continued

(b) Capital structure management

Saudi Aramco seeks to maintain a prudent capital structure, comprised of borrowings and shareholders' equity, to support its capital investment plans and maintain a sustainable dividend profile. Maintaining sufficient financial flexibility is considered strategically important to mitigate industry cyclicality, while also enabling the pursuit of organic and inorganic investment opportunities. Borrowings or dividends will result in an adjustment to Saudi Aramco's capital structure.

Gearing is a measure of the degree to which Saudi Aramco's operations are financed by debt. Saudi Aramco defines gearing as the ratio of net debt / (cash) (total borrowings less cash and cash equivalents, short-term investments, investments in debt securities (current and non-current), and non-current cash investments) to total equity and net debt / (cash). Saudi Aramco's gearing ratios at December 31, 2023 and 2022, were as follows:

	2023	2022
Total borrowings (current and non-current)	290,147	393,144
Cash and cash equivalents	(198,973)	(226,047)
Short-term investments	(184,343)	(281,215)
Investments in debt securities (current and non-current)	(9,584)	(8,565)
Non-current cash investments	–	–
Net cash	(102,753)	(122,683)
Total equity	1,737,092	1,666,147
Total equity and net cash	1,634,339	1,543,464
Gearing	(6.3)%	(7.9)%

(c) Casualty loss risk retention

Saudi Aramco's casualty loss risk strategy includes a risk retention and insurance program, including providing coverage to certain joint arrangements and associates limited to Saudi Aramco's percentage interest in the relevant entity. Current maximum risk retention is SAR 3,301 per loss event (2022: SAR 3,190) and various insurance limits apply, of which the risk retention forms a part. Should a credible loss event occur, the maximum insurance limit above retention is SAR 4,388 (2022: SAR 4,498) per event dependent on the circumstances.

(d) Fair value estimation

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or, in the absence of a principal market, in the most advantageous market for the asset or liability. Management believes that the fair values of Saudi Aramco's financial assets and liabilities that are measured and recognized at amortized cost are not materially different from their carrying amounts at the end of the reporting period.

Saudi Aramco measures financial instruments such as derivatives, equity investments and debt securities classified as FVPL, and equity investments and debt securities classified as FVOCI, at fair value at each consolidated balance sheet date. Saudi Aramco uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

Notes to the consolidated financial statements continued

All amounts in millions of Saudi Riyals unless otherwise stated

3. Financial risk management continued

(d) Fair value estimation continued

The following table presents Saudi Aramco's assets and liabilities measured and recognized at fair value at December 31, 2023 and 2022, based on the prescribed fair value measurement hierarchy on a recurring basis. Saudi Aramco did not measure any financial assets or financial liabilities at fair value on a non-recurring basis at December 31, 2023 and 2022.

Assets	Level 1	Level 2	Level 3	Total
2023				
Investments in securities:				
Equity securities at FVOCI	13,376	36	2,143	15,555
Debt securities at FVOCI	75	8,884	–	8,959
Equity securities at FVPL	548	1,628	7,908	10,084
Debt securities at FVPL	–	176	–	176
Trade receivables related to contracts with provisional pricing arrangements	–	–	98,978	98,978
	13,999	10,724	109,029	133,752
Other assets and receivables:				
Interest rate swaps	–	556	–	556
Commodity derivative contracts	–	3,651	486	4,137
Currency forward contracts	–	80	–	80
Financial assets – option rights	–	–	3,745	3,745
	–	4,287	4,231	8,518
Total assets	13,999	15,011	113,260	142,270
2022				
Investments in securities:				
Equity securities at FVOCI	8,699	33	2,285	11,017
Debt securities at FVOCI	47	7,463	–	7,510
Equity securities at FVPL	318	1,562	6,201	8,081
Debt securities at FVPL	53	82	4	139
Trade receivables related to contracts with provisional pricing arrangements	–	–	113,542	113,542
	9,117	9,140	122,032	140,289
Other assets and receivables:				
Interest rate swaps	–	734	–	734
Commodity derivative contracts	–	2,987	47	3,034
Currency forward contracts	–	130	–	130
Financial assets – option rights	–	–	2,687	2,687
	–	3,851	2,734	6,585
Total assets	9,117	12,991	124,766	146,874

All amounts in millions of Saudi Riyals unless otherwise stated

3. Financial risk management continued

(d) Fair value estimation continued

Liabilities	Level 1	Level 2	Level 3	Total
2023				
Trade payables and other liabilities:				
Interest rate swaps	–	21	–	21
Commodity derivative contracts	225	2,776	126	3,127
Currency forward contracts	–	49	–	49
Trade payables related to contracts with provisional pricing arrangements	–	–	35,598	35,598
Provisions and other liabilities:				
Financial liabilities – options and forward contracts	–	–	2,011	2,011
Total liabilities	225	2,846	37,735	40,806
2022				
Trade payables and other liabilities:				
Interest rate swaps	–	16	–	16
Commodity derivative contracts	228	2,358	81	2,667
Currency forward contracts	–	134	–	134
Trade payables related to contracts with provisional pricing arrangements	–	–	17,060	17,060
Provisions and other liabilities:				
Financial liabilities – options and forward contracts	–	–	2,929	2,929
Total liabilities	228	2,508	20,070	22,806

The valuation techniques for Saudi Aramco's investments in securities are described in Note 10. The changes in Level 3 investments in securities for the years ended December 31, 2023 and 2022, are as follows:

	2023	2022
January 1	8,490	5,268
Net additions	1,633	2,790
Net unrealized fair value (loss) gain	(64)	391
Realized (loss) gain	(8)	41
December 31	10,051	8,490

The movement in trade receivables and trade payables related to contracts with provisional pricing arrangements is mainly arising from sales and purchase transactions made during the year, net of settlements (Notes 12 and 23). Unrealized fair value movements on these trade receivables and trade payables are not significant.

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

The movements in financial assets – option rights and financial liabilities – options and forward contracts, being put, call and forward contracts on equity instruments of certain non-wholly-owned subsidiaries, are mainly due to changes in the unrealized fair values of those contracts during the period.

Notes to the consolidated financial statements continued

All amounts in millions of Saudi Riyals unless otherwise stated

4. Operating segments

Saudi Aramco is engaged in prospecting, exploring, drilling, extracting, processing, manufacturing, refining and marketing hydrocarbon substances within the Kingdom and has interests in refining, petrochemical, distribution, marketing and storage facilities outside the Kingdom.

Saudi Aramco's operating segments are established on the basis of those components that are evaluated regularly by the President & CEO, considered to be the Chief Operating Decision Maker. The Chief Operating Decision Maker monitors the operating results of Saudi Aramco's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on revenues, costs and a broad range of key performance indicators in addition to segment profitability.

For management purposes, Saudi Aramco is organized into business units based on the main types of activities. At December 31, 2023, Saudi Aramco had two reportable segments, Upstream and Downstream, with all other supporting functions aggregated into a Corporate segment. Upstream activities include crude oil, natural gas and natural gas liquids exploration, field development and production. Downstream activities consist primarily of refining and petrochemical manufacturing, supply and trading, distribution and power generation, logistics, and marketing of crude oil and related services to international and domestic customers. Corporate activities include primarily supporting services including Human Resources, Finance and IT, not allocated to Upstream and Downstream. Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

The accounting policies used by Saudi Aramco in reporting segments internally are the same as those described in Note 2 of the consolidated financial statements. There are no differences from the consolidated financial statements for the year ended December 31, 2022 in the basis of segmentation or in the basis of measurement of segment earnings before interest, income taxes and zakat, except for some limited changes in the pricing basis of certain inter-segment transactions between Upstream and Downstream.

Information by segments is as follows:

	Upstream	Downstream	Corporate	Eliminations	Consolidated
2023					
External revenue	784,642	866,688	1,951	–	1,653,281
Other income related to sales	71,361	131,731	–	–	203,092
Inter-segment revenue	355,770	35,093	312	(391,175)	–
Share of results of joint ventures and associates	(21)	(3,555)	(425)	–	(4,001)
Depreciation and amortization	(48,997)	(42,352)	(5,691)	–	(97,040)
Dividends and other income	–	736	15	–	751
Earnings (losses) before interest, income taxes and zakat	863,549	21,184	(18,220)	(1,476)	865,037
Finance income					31,216
Finance costs					(8,186)
Income before income taxes and zakat					888,067
Capital expenditures – cash basis	123,543	32,735	2,030	–	158,308
2022					
External revenue	1,024,628	980,681	1,646	–	2,006,955
Other income related to sales	85,475	173,943	–	–	259,418
Inter-segment revenue	463,302	45,090	305	(508,697)	–
Share of results of joint ventures and associates	(16)	3,195	(306)	–	2,873
Depreciation and amortization	(44,209)	(41,425)	(5,984)	–	(91,618)
Dividends and other income	–	2,469	–	–	2,469
Earnings (losses) before interest, income taxes and zakat	1,092,425	79,292	(19,667)	(2,631)	1,149,419
Finance income					12,425
Finance costs					(8,882)
Income before income taxes and zakat					1,152,962
Capital expenditures – cash basis	109,789	29,541	1,831	–	141,161

All amounts in millions of Saudi Riyals unless otherwise stated

4. Operating segments continued

Information by geographical area is as follows:

	In-Kingdom	Out-of-Kingdom	Total
2023			
External revenue	1,011,932	641,349	1,653,281
Property, plant and equipment, intangible assets, investments in joint ventures and associates	1,431,965	186,780	1,618,745
2022			
External revenue	1,293,097	713,858	2,006,955
Property, plant and equipment, intangible assets, investments in joint ventures and associates	1,328,545	206,245	1,534,790

Revenue from sales to external customers by region is based on the location of the Saudi Aramco entity, which made the sale. Out-of-Kingdom revenue includes sales of SAR 194,072 originating from the United States of America ("USA") (2022: SAR 223,731).

Property, plant and equipment, intangible assets and investments in joint ventures and associates by region are based on the location of the Saudi Aramco entity holding the assets.

5. Property, plant and equipment

	Land and land improvements	Buildings	Oil and gas properties	Plant, machinery and equipment	Depots, storage tanks and pipelines	Fixtures, IT and office equipment	Construction-in-progress	Total
Cost								
January 1, 2023	50,738	91,617	641,029	937,307	95,610	20,755	262,903	2,099,959
Additions ¹	660	1,000	292	21,507	375	248	164,142	188,224
Acquisition (Note 35(a))	482	806	–	779	35	44	139	2,285
Construction completed	1,358	2,815	55,216	47,290	14,232	802	(121,713)	–
Currency translation differences	(59)	171	–	813	(106)	8	85	912
Transfers and adjustments ²	(125)	(77)	(3,024)	398	316	84	(670)	(3,098)
Transfer of exploration and evaluation assets	–	–	–	–	–	–	1,858	1,858
Transfer to assets held for sale	(312)	(4,087)	–	(21,758)	–	(415)	(741)	(27,313)
Retirements and sales	(563)	(807)	(424)	(6,982)	(956)	(591)	(279)	(10,602)
December 31, 2023	52,179	91,438	693,089	979,354	109,506	20,935	305,724	2,252,225
Accumulated depreciation								
January 1, 2023	(19,411)	(42,330)	(244,678)	(431,840)	(45,802)	(12,632)	–	(796,693)
Charge for the year ²	(1,934)	(4,038)	(21,810)	(61,840)	(3,377)	(1,681)	–	(94,680)
Currency translation differences	(4)	(90)	–	(741)	44	(9)	–	(800)
Transfers and adjustments	(57)	10	(15)	(1,106)	(13)	(12)	–	(1,193)
Transfer to assets held for sale	64	2,436	–	15,773	–	393	–	18,666
Retirements and sales	194	671	229	4,983	551	564	–	7,192
December 31, 2023	(21,148)	(43,341)	(266,274)	(474,771)	(48,597)	(13,377)	–	(867,508)
Property, plant and equipment – net, December 31, 2023	31,031	48,097	426,815	504,583	60,909	7,558	305,724	1,384,717

Notes to the consolidated financial statements continued

All amounts in millions of Saudi Riyals unless otherwise stated

5. Property, plant and equipment continued

	Land and land improvements	Buildings	Oil and gas properties	Plant, machinery and equipment	Depots, storage tanks and pipelines	Fixtures, IT and office equipment	Construction-in-progress	Total
Cost								
January 1, 2022	47,926	86,411	596,495	883,216	84,110	19,554	246,175	1,963,887
Additions ¹	1,118	642	281	19,209	294	293	132,819	154,656
Acquisitions	42	39	–	62	–	17	14	174
Construction completed	1,839	6,056	46,991	47,748	11,695	1,441	(115,770)	–
Currency translation differences	(452)	(578)	2	(5,041)	(438)	(105)	(253)	(6,865)
Transfers and adjustments ²	331	(240)	17	(198)	365	46	(3,088)	(2,767)
Transfer of exploration and evaluation assets	–	–	–	–	–	–	3,386	3,386
Retirements and sales	(66)	(713)	(2,757)	(7,689)	(416)	(491)	(380)	(12,512)
December 31, 2022	50,738	91,617	641,029	937,307	95,610	20,755	262,903	2,099,959
Accumulated depreciation								
January 1, 2022	(17,989)	(38,603)	(225,273)	(382,413)	(43,679)	(11,614)	–	(719,571)
Charge for the year ²	(1,441)	(4,810)	(19,766)	(58,945)	(2,646)	(1,565)	–	(89,173)
Currency translation differences	5	317	–	2,976	175	84	–	3,557
Transfers and adjustments	(13)	138	20	(245)	(34)	(23)	–	(157)
Retirements and sales	27	628	341	6,787	382	486	–	8,651
December 31, 2022	(19,411)	(42,330)	(244,678)	(431,840)	(45,802)	(12,632)	–	(796,693)
Property, plant and equipment – net, December 31, 2022	31,327	49,287	396,351	505,467	49,808	8,123	262,903	1,303,266

1. Additions include borrowing costs capitalized during the year ended December 31, 2023, amounting to SAR 8,204 (2022: SAR 4,826), which were calculated using an average annualized capitalization rate of 5.36% (2022: 3.24%).

2. During the year ended December 31, 2023, Saudi Aramco recognized an impairment loss of SAR 3,110 (2022: SAR 3,690) mainly relating to plant, machinery and equipment of certain downstream facilities. The impairment was recognized as a result of changed market conditions and was calculated based on the recoverable amount of SAR 10,132 (2022: SAR 25,100), which was determined using VIU calculations. The pre-tax discount rate used in the calculations was 10.2%. In addition, a write-down of SAR 907 was recorded for the year ended December 31, 2023 (2022: SAR 476) on certain downstream facilities, including facilities under construction of SAR 377 (2022: SAR 122).

All amounts in millions of Saudi Riyals unless otherwise stated

5. Property, plant and equipment continued

Additions to right-of-use assets during the year ended December 31, 2023, were SAR 18,083 (2022: SAR 16,065). Acquisition of right-of-use assets during the year ended December 31, 2023, amounted to SAR 364 (2022: SAR 8). The following table presents depreciation expense and net carrying amounts of right-of-use assets by class of assets. Information on lease liabilities and related finance costs is provided in Note 20.

	Depreciation expense for the year ended December 31, 2023	Net carrying amount at December 31, 2023	Depreciation expense for the year ended December 31, 2022	Net carrying amount at December 31, 2022
Land and land improvements	161	5,160	199	5,044
Buildings	510	3,210	596	2,981
Oil and gas properties	11	–	15	11
Plant, machinery and equipment	12,116	52,196	10,455	48,735
Depots, storage tanks and pipelines	338	2,250	296	2,194
Fixtures, IT and office equipment	128	263	124	345
	13,264	63,079	11,685	59,310

6. Intangible assets

	Goodwill	Exploration and evaluation ¹	Brands and trademarks	Franchise/ customer relationships	Computer software	Other ²	Total
Cost							
January 1, 2023	100,603	17,971	22,730	19,647	5,854	4,031	170,836
Additions	–	6,918	–	–	81	113	7,112
Acquisition (Note 35(a))	410	–	2,288	2,073	–	267	5,038
Currency translation differences	(3)	–	(15)	(2)	11	34	25
Transfers and adjustments	–	–	(21)	(17)	(58)	(388)	(484)
Transfer of exploration and evaluation assets	–	(1,858)	–	–	–	–	(1,858)
Transfer to assets held for sale	–	–	–	–	–	(167)	(167)
Retirements and write offs	–	(3,018)	–	–	(1,655)	(14)	(4,687)
December 31, 2023	101,010	20,013	24,982	21,701	4,233	3,876	175,815
Accumulated amortization							
January 1, 2023	–	–	(2,559)	(3,362)	(4,066)	(1,521)	(11,508)
Charge for the year	–	–	(254)	(1,118)	(302)	(309)	(1,983)
Currency translation differences	–	–	(2)	(2)	(10)	(28)	(42)
Transfers and adjustments	–	–	20	17	42	380	459
Transfer to assets held for sale	–	–	–	–	–	146	146
Retirements and write offs	–	–	–	–	1,655	12	1,667
December 31, 2023	–	–	(2,795)	(4,465)	(2,681)	(1,320)	(11,261)
Intangible assets – net, December 31, 2023	101,010	20,013	22,187	17,236	1,552	2,556	164,554

Notes to the consolidated financial statements continued

All amounts in millions of Saudi Riyals unless otherwise stated

6. Intangible assets continued

	Goodwill	Exploration and evaluation ¹	Brands and trademarks	Franchise/ customer relationships	Computer software	Other ²	Total
Cost							
January 1, 2022	100,188	19,219	22,874	19,720	5,149	2,929	170,079
Additions	–	5,054	–	–	292	89	5,435
Acquisitions	426	–	–	4	400	1,108	1,938
Currency translation differences	(11)	–	(74)	(12)	(24)	(92)	(213)
Transfers and adjustments	–	–	(70)	(65)	55	23	(57)
Transfer of exploration and evaluation assets	–	(3,386)	–	–	–	–	(3,386)
Retirements and write offs	–	(2,916)	–	–	(18)	(26)	(2,960)
December 31, 2022	100,603	17,971	22,730	19,647	5,854	4,031	170,836
Accumulated amortization							
January 1, 2022	–	–	(2,235)	(2,367)	(3,721)	(1,088)	(9,411)
Charge for the year ³	–	–	(391)	(980)	(359)	(593)	(2,323)
Currency translation differences	–	–	(3)	(1)	20	63	79
Transfers and adjustments	–	–	70	(14)	(11)	92	137
Retirements and write offs	–	–	–	–	5	5	10
December 31, 2022	–	–	(2,559)	(3,362)	(4,066)	(1,521)	(11,508)
Intangible assets – net, December 31, 2022	100,603	17,971	20,171	16,285	1,788	2,510	159,328

1. Cash used for exploration and evaluation operating activities in 2023 was SAR 6,398 (2022: SAR 5,531) and expenditures for investing activities were SAR 6,918 (2022: SAR 5,054).

2. Other intangible assets with a net book value of SAR 2,556 as at December 31, 2023 (2022: SAR 2,510) comprise processing and offtake agreements, licenses, technology, usage rights, patents and intellectual property.

3. In 2022, Saudi Aramco recognized a write-down on certain other intangible assets of SAR 330.

Saudi Aramco performed an annual impairment test for the goodwill acquired as part of the SABIC acquisition, amounting to SAR 99,116 at December 31, 2023 and 2022, which is allocated to the Downstream segment. The recoverable amount of the Downstream segment was determined based on VIU calculations which require use of certain assumptions. The calculations used cash flow projections for a period of 10 years based on financial plans approved by management. Cash flows were discounted and aggregated with a terminal value. Management's estimate for the cash flows is based on past performance and management's expectation of the future. This includes management's forecast for prices and margins for the downstream operations. The growth rate of 2.25% (2022: 2.25%) used in the terminal value calculation represents the long-term inflation forecast. The pre-tax discount rate for the VIU calculations was 9.9% (2022: 11.1%). As a result of the analysis, management did not identify any impairment of goodwill related to the SABIC acquisition.

Saudi Aramco also performed an annual impairment test for the brand acquired as part of the SABIC acquisition, which has been determined to have an indefinite useful life, amounting to SAR 18,140 at December 31, 2023 and 2022. The impairment test was performed by aggregating the relevant cash-generating units. Cash flows were calculated in the same way as for the goodwill impairment test. The pre-tax discount rate for the VIU calculations was 9.1% (2022: 10.9%). As a result of the analysis, management did not identify any impairment.

Pre-tax discount rates of 10.9% and 11.7% in the VIU calculations for the goodwill and the brand, respectively, would result in the recoverable amounts to be equal to the carrying amounts used in the annual impairment tests. Further, management believes that a 1% decrease in the growth rate, or a reasonable range of increase or decrease in any of the other assumptions used for cash flow projections, individually, would not change the outcome of the impairment analysis for the goodwill or the brand.

All amounts in millions of Saudi Riyals unless otherwise stated

7. Investments in joint ventures and associates

Company	Equity ownership 2023/2022	Principal place of business	Nature of activities	Carrying amount at December 31, 2023	Carrying amount at December 31, 2022
Joint ventures					
Saudi Yanbu Petrochemical Company ("Yanpet") ¹	50%	Saudi Arabia	Petrochemicals	9,943	10,362
Al-Jubail Petrochemical Company ("Kemya") ¹	50%	Saudi Arabia	Petrochemicals	6,108	6,438
Sinopec SABIC Tianjin Petrochemical Company Limited ("SSTPC") ¹	50%	China	Petrochemicals	5,481	6,251
Eastern Petrochemical Company ("Sharq") ¹	50%	Saudi Arabia	Petrochemicals	4,758	5,235
Sadara Chemical Company ("Sadara") ^{2,3}	65%	Saudi Arabia	Petrochemicals	1,139	3,769
Other				6,811	4,646
				34,240	36,701
Associates					
Clariant AG ("Clariant") ^{1,4}	31.5%	Switzerland	Specialty chemical	7,522	7,968
Hyundai Oilbank Co. Ltd. ("Hyundai Oilbank") ⁵	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 ("FREPC")	25%	China	Refining/ petrochemicals	1,640	1,790
Other				5,548	3,894
				35,234	35,495
				69,474	72,196

1. Equity ownership represents shareholding by SABIC, which is 70% owned by Saudi Aramco.

2. Agreements and constitutive documents do not give a single shareholder control; therefore, the joint venture does not qualify as a subsidiary and has not been consolidated.

3. Saudi Aramco has provided guarantees as described in Note 33.

4. Listed company.

5. On July 6, 2022, the Company subscribed to its share in the Petro Rabigh Rights Issue Offering for an amount of SAR 2,981 through the conversion of an outstanding loan receivable as described in Note 33(b).

6. Agreements and constitutive documents provide Saudi Aramco significant influence over this entity.

Notes to the consolidated financial statements continued

All amounts in millions of Saudi Riyals unless otherwise stated

7. Investments in joint ventures and associates continued

The components of the change in the investments in joint ventures and associates for the years ended December 31 are as follows:

	Joint ventures		Associates	
	2023	2022	2023	2022
January 1	36,701	38,003	35,495	31,556
Acquisitions (Note 35)	393	36	–	853
Share of results of joint ventures and associates	(2,831)	(918)	(1,170)	3,791
Additional investment	2,025	1,338	1,582	3,132
Distributions	(1,924)	(2,856)	(1,621)	(1,679)
Sale of equity interest (Note 34(b))	–	–	–	(1,187)
Change in elimination of profit in inventory	255	352	134	21
Share of other comprehensive income (loss)	1,248	748	92	(253)
Other	(1,627)	(2)	722	(739)
December 31	34,240	36,701	35,234	35,495

Summarized financial information (100%) for joint ventures and associates and reconciliation with the carrying amount of the investments in the consolidated financial statements at December 31, 2023, are set out below:

Summarized balance sheet

At December 31, 2023

	Yanpet	Clariant ¹	Kemysa	SSTPC	Sharq	Hyundai Oilbank ²	MPC	ALBA	Marafiq	Petro Rabigh ³	Bahri	MWSPC	FREP	Sadara ³
Current assets:														
Cash and cash equivalents	831	1,189	502	1,576	480	1,106	1,817	589	1,187	1,372	2,913	1,191	1,725	1,018
Other	3,420	8,069	3,948	1,301	3,046	18,788	4,848	5,739	1,938	10,567	2,389	4,431	6,858	7,352
Total current assets	4,251	9,258	4,450	2,877	3,526	19,894	6,665	6,328	3,125	11,939	5,302	5,622	8,583	8,370
Non-current assets	4,556	14,431	10,021	9,937	10,245	37,303	12,085	18,902	19,928	51,264	17,809	23,968	6,399	47,062
Current liabilities:														
Financial liabilities (excluding trade payables and other liabilities)	8	2,570	5	901	4	6,932	1,429	2,022	804	10,900	797	618	4,358	281
Other	1,548	3,496	1,864	2,365	1,614	11,263	573	1,652	1,524	11,856	2,009	2,818	2,494	4,951
Total current liabilities	1,556	6,066	1,869	3,266	1,618	18,195	2,002	3,674	2,328	22,756	2,806	3,436	6,852	5,232
Non-current liabilities	1,191	6,992	1,355	3,050	2,583	20,943	4,551	3,877	12,522	29,896	7,663	14,572	1,568	47,820
Net assets	6,060	10,631	11,247	6,498	9,570	18,059	12,197	17,679	8,203	10,551	12,642	11,582	6,562	2,380
Saudi Aramco interest	50%	31.5%	50%	50%	50%	17%	30%	20.6%	35%	37.5%	20%	15%	25%	65%
Saudi Aramco share	3,030	3,349	5,624	3,249	4,785	3,070	3,659	3,642	2,871	3,957	2,528	1,737	1,641	1,547
Fair value and other adjustments at Saudi Aramco level	6,913	4,173	484	2,232	(27)	490	(382)	(508)	137	(1,171)	42	452	(1)	(408)
Investment balance at December 31	9,943	7,522	6,108	5,481	4,758	3,560	3,277	3,134	3,008	2,786	2,570	2,189	1,640	1,139

1. The information provided for Clariant is at June 30, 2023, and for the six months then ended.

2. The information provided for Hyundai Oilbank is at September 30, 2023, and for the nine months then ended.

3. Information disclosed reflects estimated results.

All amounts in millions of Saudi Riyals unless otherwise stated

7. Investments in joint ventures and associates continued

Summarized statement of comprehensive income

Year ended December 31, 2023

	Yanpet	Clariant ¹	Kemya	SSTPC	Sharq	Hyundai Oilbank ²	MPC	ALBA	Marafiq	Petro Rabigh ³	Bahri	MWSPC	FREP	Sadara ³
Revenue	5,594	9,529	8,974	9,819	7,489	58,254	6,770	15,255	6,389	44,604	8,778	7,314	31,999	10,708
Depreciation and amortization	558	501	792	695	1,391	1,851	1,142	1,323	1,228	3,221	1,406	1,081	858	3,124
Conventional interest income	27	54	13	60	1	365	135	-	87	27	-	162	73	66
Interest expense	65	188	61	108	44	1,326	265	615	478	2,217	622	996	167	2,426
Income tax expense (benefit)	176	167	138	(224)	(31)	152	121	2	46	(100)	101	320	184	79
Net income (loss)	1,042	960	1,403	(747)	(599)	480	762	1,166	526	(4,693)	1,793	1,259	478	(3,777)
Dividends received from JVs/associates	597	182	1,009	-	182	275	450	288	193	-	49	56	-	-

1. The information provided for Clariant is at June 30, 2023, and for the six months then ended.

2. The information provided for Hyundai Oilbank is at September 30, 2023, and for the nine months then ended.

3. Information disclosed reflects estimated results.

Summarized financial information (100%) for individually immaterial joint ventures and associates is set out below:

	Joint ventures	Associates
Net (loss) income	(402)	1,676

Notes to the consolidated financial statements continued

All amounts in millions of Saudi Riyals unless otherwise stated

7. Investments in joint ventures and associates continued

Summarized financial information (100%) for joint ventures and associates and reconciliation with the carrying amount of the investments in the consolidated financial statements at December 31, 2022, are set out below:

Summarized balance sheet

At December 31, 2022

	Yanpet	Clariant ¹	Kemya	SSTPC	Sharq	Hyundai Oilbank ²	MPC	ALBA	Marafiq	Petro Rabigh ³	Bahri	MWSPC	FREP	Sadara ³
Current assets:														
Cash and cash equivalents	395	1,436	688	2,455	270	1,205	328	6,190	686	2,045	2,529	1,274	2,002	2,058
Other	4,419	9,951	4,164	1,400	3,977	19,797	5,932	932	3,187	10,216	3,039	6,226	6,066	8,409
Total current assets	4,814	11,387	4,852	3,855	4,247	21,002	6,260	7,122	3,873	12,261	5,568	7,500	8,068	10,467
Non-current assets	4,784	16,377	10,532	10,882	10,662	34,733	12,327	18,931	20,354	53,318	17,329	24,166	7,035	49,747
Current liabilities:														
Financial liabilities (excluding trade payables and other liabilities)	34	2,379	563	899	10	4,365	62	1,236	744	14,038	1,078	659	3,569	289
Other	2,189	6,597	1,855	2,549	1,723	13,528	1,532	1,586	1,669	12,893	1,727	2,755	2,230	5,005
Total current liabilities	2,223	8,976	2,418	3,448	1,733	17,893	1,594	2,822	2,413	26,931	2,805	3,414	5,799	5,294
Non-current liabilities	1,140	6,932	1,248	3,830	2,569	20,186	4,049	5,089	13,568	23,393	8,963	17,557	2,142	48,335
Net assets	6,235	11,856	11,718	7,459	10,607	17,656	12,944	18,142	8,246	15,255	11,129	10,695	7,162	6,585
Saudi Aramco interest	50%	31.5%	50%	50%	50%	17%	30%	20.6%	35%	37.5%	20%	15%	25%	65%
Saudi Aramco share	3,118	3,735	5,859	3,730	5,304	3,002	3,883	3,737	2,886	5,721	2,226	1,604	1,791	4,280
Fair value and other adjustments at Saudi Aramco level	7,244	4,233	579	2,521	(69)	465	(487)	(529)	134	(1,306)	36	471	(1)	(511)
Investment balance at December 31	10,362	7,968	6,438	6,251	5,235	3,467	3,396	3,208	3,020	4,415	2,262	2,075	1,790	3,769

1. The information provided for Clariant is at June 30, 2022, and for the six months then ended.

2. The information provided for Hyundai Oilbank is at September 30, 2022, and for the nine months then ended.

3. Information disclosed reflects estimated results.

All amounts in millions of Saudi Riyals unless otherwise stated

7. Investments in joint ventures and associates continued

Summarized statement of comprehensive income

Year ended December 31, 2022

	Yanpet	Clariant ¹	Kemya	SSTPC	Sharq	Hyundai Oilbank ²	MPC	ALBA	Marafiq	Petro Rabigh ³	Bahri	MWSPC	FREP	Sadara ³
Revenue	6,993	10,457	10,157	9,793	9,654	77,797	10,701	18,325	6,505	55,952	8,583	10,313	33,114	16,725
Depreciation and amortization	483	559	819	542	1,378	1,692	1,061	1,269	1,174	3,039	1,332	1,323	1,033	3,314
Conventional interest income	7	33	2	–	5	137	61	–	51	280	–	66	60	–
Interest expense	41	180	58	62	24	1,801	185	189	298	1,359	297	586	184	2,278
Income tax expense	176	265	334	–	11	1,579	152	4	6	48	93	308	321	61
Net income (loss)	1,171	1,575	2,229	(915)	(266)	4,228	4,870	4,143	846	(1,115)	1,163	3,477	(922)	(1,993)
Dividends received from JVs/associates	720	163	1,045	257	773	193	225	247	189	–	–	–	256	–

1. The information provided for Clariant is at June 30, 2022, and for the six months then ended.

2. The information provided for Hyundai Oilbank is at September 30, 2022, and for the nine months then ended.

3. Information disclosed reflects estimated results.

Summarized financial information (100%) for individually immaterial joint ventures and associates is set out below:

	Joint ventures	Associates
Net income	87	1,513

Saudi Aramco's share of the fair value of the listed associates at December 31, together with their carrying value at those dates, is as follows:

	Fair value		Carrying value	
	2023	2022	2023	2022
Clariant	5,786	6,217	7,522	7,968
Petro Rabigh	6,479	6,692	2,786	4,415
Marafiq (Note 34(b))	5,670	4,104	3,008	3,020
Bahri	3,257	2,904	2,570	2,262
ALBA	3,335	3,165	3,134	3,208

Notes to the consolidated financial statements continued

All amounts in millions of Saudi Riyals unless otherwise stated

8. Income taxes and zakat

(a) Kingdom income tax rates

The Company is subject to an income tax rate of 20% on its Downstream activities and on the activities of exploration and production of non-associated natural gas, including gas condensates, as well as the collection, treatment, processing, fractionation and transportation of associated and non-associated natural gas and their liquids, gas condensates and other associated elements. All other activities are subject to an income tax rate of 50%, in accordance with the Tax Law. The 20% income tax rate applicable to the Company's Downstream activities, which came into effect on January 1, 2020, is conditional on the Company separating its Downstream activities under the control of one or more separate wholly-owned subsidiaries before December 31, 2024, otherwise the Company's Downstream activities will be retroactively taxed at 50%. The Company expects to transfer its Downstream activities in line with the applicable requirements within the specified period.

Additionally, according to the Tax Law, shares held directly or indirectly in listed companies on the Saudi Exchange by taxpayers engaged in oil and hydrocarbon activities are exempt from the application of corporate income tax. As a result, the Company's ownership interests in such companies are subject to zakat.

The reconciliation of tax charge at the Kingdom statutory rates to consolidated tax and zakat expense is as follows:

	2023	2022
Income before income taxes and zakat	888,067	1,152,962
Less: Income subject to zakat	(2,674)	(24,682)
Income subject to income tax	885,393	1,128,280
Income taxes at the Kingdom's statutory tax rates	428,966	548,473
Tax effect of:		
Loss (income) not subject to tax at statutory rates and other	2,888	(1,497)
Income tax expense	431,854	546,976
Zakat expense	1,449	1,981
Total income tax and zakat expense	433,303	548,957

(b) Income tax and zakat expense

	2023	2022
Current income tax – Kingdom	409,931	512,587
Current income tax – Foreign	5,066	5,331
Deferred income tax – Kingdom	19,638	28,091
Deferred income tax – Foreign	(2,781)	967
Zakat – Kingdom	1,449	1,981
	433,303	548,957

Saudi Aramco paid foreign taxes of SAR 7,519 and SAR 2,741 for the years ended December 31, 2023 and 2022, respectively.

Income tax charge recorded through other comprehensive income was SAR 248 for the year ended December 31, 2023 (2022: SAR 14,936).

All amounts in millions of Saudi Riyals unless otherwise stated

8. Income taxes and zakat continued

(c) Income tax and zakat obligation to the Government

	2023	2022
January 1	104,978	90,525
Provided during the period	411,380	514,568
Payments during the period by the Company (Note 28)	(200,189)	(232,661)
Payments during the period by subsidiaries and joint operations	(14,227)	(10,644)
Settlements of due from the Government	(214,032)	(251,476)
Other settlements	(5,153)	(5,334)
Transfer to liabilities associated with assets held for sale	(218)	–
December 31	82,539	104,978

(d) Deferred income tax

	2023	2022
Deferred income tax assets:		
Kingdom	17,466	16,680
U.S. Federal and State	172	134
Other foreign	2,922	1,279
	20,560	18,093
Deferred income tax liabilities:		
Kingdom	133,921	113,163
U.S. Federal and State	4,995	5,355
Other foreign	3,533	3,793
	142,449	122,311
Net deferred income tax liabilities	(121,889)	(104,218)

The gross movement of the net deferred income tax position is as follows:

	2023	2022
January 1	(104,218)	(59,881)
Current period charge to income	(16,857)	(29,058)
Other reserves charge	(248)	(14,936)
Other adjustments	(566)	(343)
December 31	(121,889)	(104,218)

Notes to the consolidated financial statements continued

All amounts in millions of Saudi Riyals unless otherwise stated

8. Income taxes and zakat continued

(d) Deferred income tax continued

The movement in deferred income tax assets (liabilities) for the years ended December 31 is as follows:

	Post-employment benefits	Investment in subsidiary	Undistributed earnings	Provisions and other	Loss carry-forward	Property plant and equipment and intangible assets	Investments in securities at FVOCI	Total
January 1, 2022								
Deferred income tax assets	4,236	–	–	1,806	9,661	(734)	–	14,969
Deferred income tax liabilities	8,314	(4,980)	(1,097)	20,149	10,139	(106,984)	(391)	(74,850)
	12,550	(4,980)	(1,097)	21,955	19,800	(107,718)	(391)	(59,881)
Recognized during the year								
Current period (charges) credits to income ¹	(792)	354	(193)	(4,268)	(5,366)	(18,793)	–	(29,058)
Other reserves (charges) credits	(14,979)	–	–	–	–	–	43	(14,936)
Other adjustments	–	–	–	(343)	–	–	–	(343)
	(15,771)	354	(193)	(4,611)	(5,366)	(18,793)	43	(44,337)
December 31, 2022								
Deferred income tax assets	2,953	–	–	7,729	8,137	(726)	–	18,093
Deferred income tax liabilities	(6,174)	(4,626)	(1,290)	9,615	6,297	(125,785)	(348)	(122,311)
	(3,221)	(4,626)	(1,290)	17,344	14,434	(126,511)	(348)	(104,218)
Recognized during the year								
Current period (charges) credits to income ¹	(672)	538	(45)	(998)	(68)	(15,612)	–	(16,857)
Other reserves (charges) credits	(505)	–	–	–	–	–	257	(248)
Other adjustments	–	–	–	(566)	–	–	–	(566)
	(1,177)	538	(45)	(1,564)	(68)	(15,612)	257	(17,671)
December 31, 2023								
Deferred income tax assets	2,729	–	–	11,604	6,943	(718)	2	20,560
Deferred income tax liabilities	(7,127)	(4,088)	(1,335)	4,176	7,423	(141,405)	(93)	(142,449)
	(4,398)	(4,088)	(1,335)	15,780	14,366	(142,123)	(91)	(121,889)

1. Current period charge includes the net impact of SAR 3,112 (2022: 8,971) recognized in relation to unrealized fair value movements on the long-term agreements for the pipelines transactions (Note 19).

A deferred income tax liability has not been recognized with regard to the undistributed earnings of certain subsidiaries, which are considered to be permanently reinvested in their respective businesses. Such earnings would be taxed only upon distribution. There was no material cumulative taxable undistributed earnings or unrecognized deferred income tax liability for such subsidiaries at December 31, 2023 and 2022. Also, a deferred income tax asset has not been recognized largely related to cumulative unused tax losses of certain subsidiaries with carry-forward periods from 2024 to indefinite. Such losses are available for offsetting against future taxable profits of the subsidiaries in which the losses arose. The cumulative amount of the unused tax losses and other items is SAR 52,622 and SAR 41,178 at December 31, 2023 and 2022, respectively, and the unrecognized deferred income tax asset is SAR 13,019 and SAR 11,077 at December 31, 2023 and 2022, respectively.

(e) Income tax and zakat assessments

The Company and the majority of its affiliates are subject to tax review and audit in tax jurisdictions where they operate. In June 2020, the Company and its wholly-owned domestic affiliates were notified that the Saudi Arabian income tax submissions for all years up to and including the year ended December 31, 2019 were accepted as filed.

For the Company's other domestic and international affiliates, examinations of tax and zakat returns for certain prior years had not been completed as of December 31, 2023; however, the Company is not aware of any significant claims. Therefore, no material provision for any additional income tax and zakat liability has been recorded in the consolidated financial statements.

All amounts in millions of Saudi Riyals unless otherwise stated

9. Other assets and receivables

	2023	2022
Non-current:		
Home loans (Note 9(a))	12,427	12,890
Loans to joint ventures and associates (Note 29(b))	9,866	6,461
Loans and advances	9,066	7,734
Advance payment related to long-term sales agreement (Note 35(c))	5,833	–
Derivative assets (Note 3)	4,299	2,687
Receivable from Government, semi-Government and other entities with Government ownership or control (Note 29(b))	1,151	510
Home ownership construction	692	364
Lease receivable from associates (Note 29(b))	389	408
Other	4,542	1,364
	48,265	32,418
Current:		
Employee and other receivables	9,043	7,613
Tax receivables	8,286	9,302
Prepaid expenses	4,840	3,493
Derivative assets (Note 3)	4,219	3,898
Interest receivable	2,211	3,396
Home loans (Note 9(a))	1,318	1,115
Investments in securities (Note 10)	1,249	905
Receivables from joint ventures and associates (Note 29(b))	5	13
Other	2,576	1,319
	33,747	31,054

(a) Home loans

The home ownership programs provide subsidized non-interest-bearing loans to eligible Saudi Arabian employees. Loans are repayable through payroll deductions and are net of associated subsidies. Any balance remaining upon the death, permanent disability or termination of an employee under the Chronic Medical Condition Program is forgiven. An analysis of the home loans balance is as follows:

	2023	2022
Gross amounts receivable	19,066	18,568
Less:		
Discount	(4,604)	(3,830)
Allowance for doubtful home loans	(555)	(528)
Subsidies	(162)	(205)
Net amounts receivable	13,745	14,005
Current	(1,318)	(1,115)
Non-current	12,427	12,890

Notes to the consolidated financial statements continued

All amounts in millions of Saudi Riyals unless otherwise stated

10. Investments in securities

	Equity ownership percentage 2023/2022	Carrying amount at December 31, 2023	Carrying amount at December 31, 2022
Investments in equity securities			
Equity securities at FVOCI:			
Listed securities:			
Saudi Electricity Company ("SEC")	6.9%	5,480	6,667
Rongsheng Petrochemical Co., Ltd. ("Rongsheng Petrochemical") (Note 35(c))	10.0%	5,536	–
Idemitsu Kosan Co. Ltd. ("Idemitsu")	7.8%	2,360	2,032
Unlisted securities:			
Arab Petroleum Pipelines Company ("SUMED")	15.0%	769	859
Industrialization and Energy Services Company ("TAQA")	7.1%	626	611
Daehan Oil Pipeline Corporation	8.9%	165	158
Other		619	690
Equity securities at FVPL:			
Listed securities		548	318
Unlisted securities		9,536	7,763
		25,639	19,098
Investments in debt securities			
Debt securities at FVOCI:			
Listed securities		75	47
Unlisted securities:			
USD debt securities with fixed interest rates ranging from 0.3% to 10.8% (2022: 0.1% to 13.9%) and maturity dates between 2024 and 2072 (2022: 2023 and 2071)		7,073	5,865
USD debt securities with variable interest rates and maturity dates between 2024 and 2073 (2022: 2023 and 2069)		806	915
Mutual and hedge funds		1,005	683
Debt securities at FVPL:			
Listed securities		–	53
Unlisted securities		176	86
Debt securities at amortized cost:			
Unlisted securities:			
Debt securities with fixed interest rates ranging from 2.5% to 5.1% (2022: 3.2% to 5.1%) and maturity dates between 2024 and 2043 (2022: 2023 and 2043)		188	523
Debt securities with variable interest rates and maturity dates between 2024 and 2028 (2022: 2024 and 2028)		261	393
		9,584	8,565
Total investments in securities		35,223	27,663
Current portion (Note 9)		(1,249)	(905)
Non-current		33,974	26,758

All amounts in millions of Saudi Riyals unless otherwise stated

10. Investments in securities continued

Equity investments designated at FVOCI are not held for trading. Instead, they are held for medium to long-term strategic purposes. Accordingly, management has elected to designate these equity investments at FVOCI as recognizing short-term fluctuations in these investments' fair value in net income would not be consistent with Saudi Aramco's strategy of holding these investments for long-term purposes and realizing their performance potential in the long run.

The fair value of SUMED is based on expected cash flows discounted using a rate based on market interest rates and a risk premium specific to the unlisted security which was 18.1% and 16.1% at December 31, 2023 and 2022, respectively. The fair value of TAQA is based on an earnings growth factor for unlisted equity securities from market information for similar types of companies. The fair value of Daehan Oil Pipeline Corporation is determined using discounted cash flow analysis based on the risk-adjusted yield.

The fair value of other unlisted equity and debt securities is determined based on valuation techniques, including discounted cash flows, using both observable and unobservable inputs that are categorized in level 2 and level 3, respectively, of the fair value hierarchy.

The maximum exposure to credit risk at the reporting date of the investments in debt securities is the fair value. To limit credit risk, Saudi Aramco's investment policy requires that these securities be diversified. Credit ratings for debt securities held at December 31, 2023, range from AAA to BB (2022: AAA to BB) as set out by internationally recognized credit rating agencies.

The movement in investments in securities is as follows:

	2023	2022
January 1	27,663	25,676
Net additions	8,596	3,002
Net unrealized fair value loss	(1,061)	(918)
Net unrealized foreign currency gain (loss)	25	(97)
December 31	35,223	27,663
Current (Note 9)	(1,249)	(905)
Non-current	33,974	26,758

Net additions include unsettled transactions of SAR (86) at December 31, 2023 (2022: SAR (33)).

11. Inventories

	2023	2022
Crude oil, refined products and chemicals	70,512	81,698
Materials and supplies – net	14,157	17,054
Natural gas liquids and other	1,282	1,776
	85,951	100,528

During 2023, a write-down to net realizable value of SAR 914 (2022: SAR 1,759) was recognized in the consolidated statement of income for a portion of the hydrocarbon and chemical inventories purchased from third parties by certain affiliates.

The carrying amount of materials and supplies are shown net of an allowance for obsolete and surplus materials with movement as follows:

	2023	2022
Balance, January 1	3,214	3,448
Net movement in allowance	(82)	(234)
Balance, December 31	3,132	3,214

Notes to the consolidated financial statements continued

All amounts in millions of Saudi Riyals unless otherwise stated

12. Trade receivables

Trade receivables from export and local sales are denominated primarily in USD and SAR, respectively. The components of trade receivables are as follows:

	2023	2022
Arising from export and local sales at international prices	153,883	154,858
Arising from local sales at Kingdom regulated prices	10,287	9,865
	164,170	164,723
Less: Loss allowance	(251)	(281)
	163,919	164,442

Trade receivables relating to certain contracts with provisional pricing arrangements are measured at fair value. The fair value was calculated using forward curves and future prices. These trade receivables are classified as level 3 in the fair value hierarchy (Note 3(d)) due to the inclusion of unobservable inputs, including counterparty credit risk in the fair value calculation.

As described in Note 2(n), the Government, through the Ministry of Finance, provided a guarantee to the Company in the event that certain Government, semi-Government and other entities with Government ownership or control are unable to settle within the terms agreed with the Company.

The movement of the allowance for trade receivables related to past due sales is as follows:

	2023	2022
January 1	281	265
Net movement in allowance	(30)	16
December 31	251	281

13. Due from the Government

	2023	2022
Other income related to sales (Note 2(y))	50,274	53,109
Government guarantee (Note 2(n))	(1,156)	603
Other	260	833
Note 29(b)	49,378	54,545

14. Short-term investments

	2023	2022
USD time deposits	123,851	206,633
USD Murabaha time deposits (Shari'a compliant)	10,009	11,809
USD commercial paper	–	28,241
SAR time deposits	9,188	5,843
SAR repurchase agreements (Shari'a compliant)	21,648	11,700
SAR Murabaha time deposits (Shari'a compliant)	19,583	16,514
South Korean Won time deposits	64	475
	184,343	281,215

All amounts in millions of Saudi Riyals unless otherwise stated

15. Cash and cash equivalents

	2023	2022
Cash at bank and in hand	67,348	95,579
USD time deposits	87,783	91,490
USD Murabaha time deposits (Shari'a compliant)	25,661	15,544
SAR time deposits	1,545	323
SAR repurchase agreements (Shari'a compliant)	1,808	5,351
SAR Murabaha time deposits (Shari'a compliant)	11,588	17,190
South Korean Won time deposits	3,240	570
	198,973	226,047

16. Treasury shares

On December 11, 2019, the Company acquired 117.2 million ordinary shares from the Government for cash consideration of SAR 3,750. These shares were classified by the Company as treasury shares for the purposes of issuing them to the Company's employees upon vesting or purchase of the shares in the employee share plans, including those that the Company may adopt in the future. The number of treasury shares issued to employees during 2023 was 31.4 million (2022: 19.7 million) in relation to employee share plans (Note 17). Further, the number of treasury shares held by the Company increased by 6.1 million ordinary shares as a result of the issuance of bonus shares during 2023 (2022: 8 million) (Note 36). The number of treasury shares outstanding as at December 31, 2023, was 51.3 million (2022: 76.6 million).

17. Share-based compensation

Share-based compensation relates to grants or issuance of ordinary shares awarded to the Company's eligible employees under the respective plan terms. Awards are generally equity-settled; however, in limited circumstances awards may be settled in cash. The Company recognized the following share-based compensation expense in the consolidated statement of income, as an employee benefit expense, for the years ended December 31, 2023 and 2022:

	Equity-settled	Cash-settled	Total
2023			
Share-based compensation expense	472	10	482
2022			
Share-based compensation expense	296	3	299

At December 31, 2023, the total carrying amount of the liabilities in respect of the cash settlement elements and dividend equivalents of the respective awards was SAR 16 (2022: SAR 20) and the intrinsic value of such liabilities, which had vested during the year, was SAR 17 (2022: SAR 5).

Awards granted or shares issued during the year relate to the Long-Term Incentive Plan for Executives ("ELTIP") and the Long-Term Incentive Plan for Management ("MLTIP"), the Long-Term Incentive Plan for certain other eligible employees ("LTIP") and the Employee Share Purchase Plan ("ESPP").

Awards for all plans were granted for nil consideration, with the exception for ESPP, under which shares were issued at a discount of 20% to the fair market value of the shares at each purchase date. The fair values of awards granted were determined by reference to the market values of the Company's ordinary shares on the grant dates for equity-settled awards and at the consolidated balance sheet date for cash-settled awards. Where applicable, the fair values of the awards subject to market-based performance measures were estimated using an appropriate valuation method.

Notes to the consolidated financial statements continued

All amounts in millions of Saudi Riyals unless otherwise stated

17. Share-based compensation continued

	Number of shares granted (in millions)	Weighted average fair value per share (SAR)
2023		
ESPP	25	33.17
ELTIP	2	31.55
MLTIP	2	31.55
LTIP	2	31.55
2022		
ESPP	18	38.51
ELTIP	2	41.55
MLTIP	3	41.55
LTIP	1	41.85

The number of awards settled in shares during the year in relation to the employee share plans was 31.4 million (2022: 19.7 million).

Participants in the plans (other than the ESPP) are entitled to dividend equivalents, if dividends are paid to ordinary shareholders, during the vesting period. Such dividend equivalents will be paid in cash on vesting of the awards. Accordingly, no adjustment for expected dividends during the vesting period was made in determining the fair value of the awards. Participants in all plans become entitled to dividends only after shares have been issued to the participants as the registered holders.

The vesting of ELTIP is dependent on the achievement of (a) specified non-market and market-based performance measures over a three-year performance period, and (b) required service, except for certain qualifying leavers. Upon vesting, 50% of the vested awards are required to be held by the participants for an additional two years, except for certain qualifying leavers. The awards will be settled with the participants in shares on vesting.

The vesting of MLTIP is dependent on the participants achieving (a) specified individual performance targets over a one-year performance period, and (b) required service, except for certain qualifying leavers. The awards are subject to graded vesting. Twenty-five percent of the awards will vest after the end of the performance period, and the remaining 75% of the awards will vest in equal installments over three years from thereon, provided that the participants continue to meet the required service condition. The awards will be settled with the participants in shares on vesting, except for certain qualifying participants who will receive cash-settlement.

The vesting of LTIP is dependent only on the participants achieving required service, except for certain qualifying leavers. The awards are subject to graded vesting. Twenty-five percent of the awards will vest immediately, and the remaining 75% of the awards will vest in equal installments over three years, provided that the participants continue to meet the required service condition. The awards will be settled with the participants in shares on vesting, except for certain qualifying participants who will receive cash-settlement.

Shares issued under the ESPP are required to be held until the earlier of one year from the date of issuance or at the time of cessation of employment.

All amounts in millions of Saudi Riyals unless otherwise stated

18. Other reserves

	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)

1. Amounts included are for the period from the date of sale of the non-controlling equity interest in the subsidiary.

Notes to the consolidated financial statements continued

All amounts in millions of Saudi Riyals unless otherwise stated

19. Non-controlling interests continued

On June 17, 2021, the Company sold a 49% equity interest in Aramco Oil Pipelines Company ("AOPC") to EIG Pearl Holdings S.à r.l. ("EIG") for upfront sale proceeds of SAR 46,547 (\$12,412) in cash. Further, on February 23, 2022, the Company sold a 49% equity interest in Aramco Gas Pipelines Company ("AGPC") to GreenSaif Pipelines Bidco S.à r.l. ("GreenSaif") for upfront proceeds of SAR 58,125 (\$15,500) in cash (Note 34(c)). AOPC and AGPC are expected to make quarterly distributions to their respective ordinary shareholders from available cash when the Company pays discretionary dividends to its ordinary shareholders. Given the discretionary nature of distributions to EIG and GreenSaif, the shareholdings of EIG and GreenSaif in AOPC and AGPC, respectively, represent non-controlling interests and, therefore, the upfront sale proceeds were recognized in the consolidated financial statements as non-controlling interest within equity.

Net loss of AOPC includes an unrealized loss of SAR 10,010, and net income of AGPC includes an unrealized gain of SAR 1,712, on their financial assets measured at FVPL at December 31, 2023 (2022: unrealized losses of SAR 13,819 and SAR 10,105, respectively).

Summarized balance sheet At December 31

	2023				2022			
	SABIC	AOPC	AGPC	S-Oil Corporation	SABIC	AOPC	AGPC	S-Oil Corporation
Current assets	101,235	5,955	7,189	28,054	106,620	6,529	10,447	27,240
Non-current assets	242,704	73,043	107,899	37,223	259,613	81,273	103,410	33,866
Total assets	343,939	78,998	115,088	65,277	366,233	87,802	113,857	61,106
Current liabilities	53,475	424	435	26,693	48,679	806	1,444	24,281
Non-current liabilities	48,548	–	–	10,290	49,759	–	–	9,461
Total liabilities	102,023	424	435	36,983	98,438	806	1,444	33,742
Net assets	241,916	78,574	114,653	28,294	267,795	86,996	112,413	27,364
Accumulated non-controlling interest	94,511	38,501	56,180	10,859	106,535	42,628	55,082	10,502

Current assets of AOPC and AGPC as at December 31, 2023 and 2022, mainly include current portion of financial assets measured at FVPL, cash received and trade receivables from the Company in respect of quarterly volume-based tariff.

Summarized statement of cash flows Year ended December 31

	2023				2022			
	SABIC	AOPC	AGPC	S-Oil Corporation	SABIC	AOPC	AGPC ¹	S-Oil Corporation
Cash flows from operating activities	21,469	4,425	4,680	7,635	34,418	4,384	2,479	4,628
Cash flows from investing activities	(8,801)	–	34	(5,873)	(9,375)	–	–	(2,209)
Cash flows from financing activities	(20,314)	(4,429)	(5,310)	71	(26,385)	(4,609)	(1,853)	(4,695)
Net (decrease) increase in cash and cash equivalents	(7,646)	(4)	(596)	1,833	(1,342)	(225)	626	(2,276)

1. Amounts included are for the period from the date of sale of the non-controlling equity interest in the subsidiary.

All amounts in millions of Saudi Riyals unless otherwise stated

20. Borrowings

	Note	2023			2022		
		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.

Notes to the consolidated financial statements continued

All amounts in millions of Saudi Riyals unless otherwise stated

20. Borrowings continued

Borrowings – other than leases continued

(a) Deferred consideration

Deferred consideration represented the amount payable to PIF for the SABIC acquisition in 2020. The amount was payable over several installments, in the form of promissory notes, from August 2020 to April 2028. During the year ended December 31, 2023, the Company made the following repayments:

- (i) On March 13, 2023, the Company, in agreement with PIF, made a partial prepayment of SAR 59,040 (\$15,744), which resulted in a gain of SAR 4,634 (\$1,236).
- (ii) On April 7, 2023, the Company repaid the outstanding amounts of the promissory notes due on or before April 7, 2023, aggregating to SAR 41,250 (\$11,000).
- (iii) On May 2, 2023, the Company, in agreement with PIF, made a final prepayment of SAR 16,691 (\$4,451), which resulted in a gain of SAR 1,141 (\$304).

Following the above repayments, the outstanding amount of deferred consideration was fully settled.

(b) Debentures

- (i) In October 2018, SABIC issued five-year and 10-year USD denominated \$1,000 bonds each, equivalent to a total of SAR 7,500 (\$2,000). These bonds are unsecured and carry coupon rates of 4% and 4.5%, respectively. The bonds are issued in accordance with the Rule 144A/Regulation S offering requirements under the U.S. Securities Act of 1933, as amended. The bonds are listed on the Irish Stock Exchange (“Euronext Dublin”) and the proceeds were used for refinancing maturing debt. In 2023, bonds with five-year maturities, aggregating to a principal amount of SAR 3,750 (\$1,000) and carrying a coupon rate of 4%, were repaid.

In September 2020, SABIC issued 10-year and 30-year USD denominated \$500 bonds each, equivalent to a total of SAR 3,750 (\$1,000). These bonds are unsecured and carry coupon rates of 2.15% and 3%, respectively. Both bonds are issued in accordance with Rule 144A/Regulation S offering requirements under the U.S. Securities Act of 1933, as amended. These bonds are listed on the Euronext Dublin and the 30-year bond is dual listed on the Taipei Exchange in Taiwan, China. The proceeds were used for general purposes and refinancing maturing debt.

- (ii) On April 16, 2019, the Company issued five tranches of USD denominated unsecured notes aggregating to an equivalent of SAR 45,000 (\$12,000) and consisting of three-year maturities for SAR 3,750 (\$1,000) with a coupon rate of 2.75%, five-year maturities for SAR 7,500 (\$2,000) with a coupon rate of 2.875%, 10-year maturities for SAR 11,250 (\$3,000) with a coupon rate of 3.5%, 20-year maturities for SAR 11,250 (\$3,000) with a coupon rate of 4.25%, and 30-year maturities for SAR 11,250 (\$3,000) with a coupon rate of 4.375%. The notes were issued and sold in accordance with Rule 144A/Regulation S under the U.S. Securities Act of 1933, as amended. Interest is payable semi-annually in arrears on April 16 and October 16. The notes are listed on the London Stock Exchange’s Regulated Market and the proceeds were for general corporate purposes. At initial recognition, the Company recorded an amount of SAR 44,460 (\$11,856) for the issuance proceeds, net of discounts and estimated transaction costs. On April 16, 2022, notes with three-year maturities, aggregating to a principal amount of SAR 3,750 (\$1,000) and carrying a coupon rate of 2.75%, were repaid.

On November 24, 2020, the Company issued another series of USD denominated unsecured notes, aggregating to an equivalent of SAR 30,000 (\$8,000), consisting of maturity dates of three years to 50 years paid at the end of the maturity date with coupon rates ranging from 1.25% to 3.50%. At initial recognition, the Company recorded an amount of SAR 29,625 (\$7,900) for the issuance proceeds, net of discounts. On November 24, 2023, notes with three-year maturities, aggregating to a principal amount of SAR 1,875 (\$500) and carrying a coupon rate of 1.25%, were repaid.

- (iii) Debentures amounting to SAR 8,078, denominated in South Korean Won, have been issued in capital markets with interest rates ranging from 1.49% to 4.8% and with maturities from 2024 to 2033. In 2023, debentures with three to seven-year maturities, aggregating to a principal amount of SAR 1,695, were repaid.
- (iv) Certain notes denominated in USD have been issued in capital markets, by a wholly-owned subsidiary of Saudi Aramco, with fixed and variable interest rates and with maturities from 2027 to 2040. In September 2022, following a cash tender offer to buy-back its outstanding senior notes issued in January 2010 and maturing on January 15, 2040, notes with a principal amount of SAR 1,226 (\$327) were redeemed for a cash payment of SAR 1,260 (\$336). The buy-back resulted in a gain of SAR 188 (\$50), which was recognized in the consolidated statement of income.

Discounts and transaction costs are amortized using the effective interest method and are reflected as finance costs in the consolidated statement of income.

All amounts in millions of Saudi Riyals unless otherwise stated

20. Borrowings continued

Borrowings – other than leases continued

(c) Bank borrowings

Saudi Aramco has commercial and other facility agreements with a number of banks with a total carrying amount at December 31, 2023 of SAR 26,483 (2022: SAR 23,164). The facilities are primarily repayable in semi-annual installments from November 2008 to September 2045. Interest is payable on amounts drawn and is mainly calculated at a market rate plus a margin. As at December 31, 2023, an amount of SAR 1,759 (2022: SAR 2,259) was undrawn against these facilities.

(d) Short-term borrowings

Saudi Aramco has short-term borrowing facilities with a number of banks with a total carrying amount at December 31, 2023 of SAR 18,378 (2022: SAR 10,205), including debt factoring arrangements of SAR 4,237 (2022: SAR 3,551) and a financial liability related to repurchase agreements of SAR 5,377 (2022: nil). The maturity period of short-term facilities is less than one year and they incur interest at a market rate plus a margin. As at December 31, 2023, an amount of SAR 14,871 (2022: SAR 16,795) was available for drawdown against these facilities.

(e) Revolving credit facilities

On April 4, 2022, the Company entered into a new five-year common terms agreement for unsecured revolving credit facilities aggregating to SAR 37,500 (\$10,000), to replace facilities which expired during 2022. The new facilities comprise USD denominated conventional facilities of SAR 30,000 (\$8,000) and a SAR denominated Shari'a compliant Murabaha facility of SAR 7,500 (\$2,000) (Note 20(j)). The conventional facilities also incorporate a SAR 7,500 (\$2,000) swingline sublimit facility in support of the Company's establishment of a U.S. commercial paper program. The common terms agreement provides the framework and common lending terms for the facilities and the Company has the option of up to two extensions of one year each. The Company shall apply all amounts advanced to it under these facilities for general corporate purposes and towards its general working capital requirements. The entire amounts of these facilities were undrawn as at December 31, 2023 and 2022. In addition, Saudi Aramco has a number of other revolving credit facilities with an aggregate carrying amount of SAR 1,237 (2022: nil), and undrawn amount of SAR 14,080 (2022: SAR 17,708) at December 31, 2023.

(f) Export credit agencies

Saudi Aramco has borrowing agreements with a number of export credit agencies with a total carrying amount at December 31, 2023, of SAR 1,597 (2022: SAR 2,239). The amounts borrowed are repayable in semi-annual installments from December 2014 to December 2033. Commission is payable on amounts drawn and is calculated at a market rate plus a margin.

(g) Public Investment Fund

Saudi Aramco has borrowing agreements with the PIF with a total carrying amount at December 31, 2023, of SAR 820 (2022: SAR 1,185). The amounts borrowed are repayable in semi-annual installments from December 2014 to December 2025. Commission is payable on amounts drawn and is calculated at a market rate plus a margin.

(h) Other financing arrangements

Other financing arrangements comprise borrowings from non-financial institutions under commercial terms.

On September 27, 2021, the Company entered into a financing arrangement with the Jazan Integrated Gasification and Power Company ("JIGPC"), a joint operation of Saudi Aramco, for an amount of SAR 44,063. Upon closing Saudi Aramco recognized an amount of SAR 21,226, representing the amount due to the other shareholders of JIGPC, in relation to the first tranche of SAR 26,532 under the financing arrangement. The second tranche of SAR 15,563 was received on January 19, 2023, of which SAR 12,450 is the amount due to the other shareholders of JIGPC. The remaining amount to be received under the financing arrangement as at December 31, 2023 is SAR 1,968. The total amount under the arrangement is repayable in monthly installments, commencing from October 2021 to October 2046.

(i) Sukuk

A Sukuk is a financial instrument similar to a bond that complies with Islamic financing principles.

- (i) On October 9, 2011, Saudi Aramco issued Sukuk for SAR 2,344 at par value, with semi-annual repayments from December 20, 2014 to December 20, 2025. In May 2023, Saudi Aramco fully redeemed the remaining outstanding Sukuk with par value of SAR 911.
- (ii) On April 10, 2017, Saudi Aramco issued Sukuk for SAR 11,250 at par value as part of a SAR 37,500 program. The Sukuk issuance provides a return based on Saudi Arabian Interbank Offered Rate ("SAIBOR") plus a predetermined margin payable semi-annually on April 10 and October 10. These Sukuk mature on April 10, 2024. In accordance with the terms of the Sukuk, 51% of the proceeds from issuance are invested in Mudaraba assets and the remaining 49% are used in a Murabaha arrangement.

Notes to the consolidated financial statements continued

All amounts in millions of Saudi Riyals unless otherwise stated

20. Borrowings continued

Borrowings – other than leases continued

(iii) On June 17, 2021, Saudi Aramco issued three tranches of USD denominated Sukuk trust certificates aggregating to an equivalent of SAR 22,500 (\$6,000) at par value with semi-annual payments on June 17 and December 17. The Shari'a compliant senior unsecured certificates consist of three-year maturities of SAR 3,750 (\$1,000) with a coupon rate of 0.946%, five-year maturities of SAR 7,500 (\$2,000) with a coupon rate of 1.602% and 10-year maturities of SAR 11,250 (\$3,000) with a coupon rate of 2.694%. In accordance with the terms of the Sukuk, 55% of the proceeds from issuance are structured as an Ijarah and the remaining 45% are structured as a Murabaha arrangement. The certificates were listed on the London Stock Exchange's Regulated Market and sold in accordance with Rule 144A/Regulation S under the U.S. Securities Act of 1933, as amended. The proceeds are for general corporate purposes and the Sukuk mature between 2024 and 2031. At initial recognition, the Company recorded an amount of SAR 22,399 (\$5,973) for the issuance proceeds, net of estimated transaction costs.

(j) Murabaha

Saudi Aramco has various Murabaha Shari'a compliant borrowings from a number of financial intuitions. The borrowed amounts are repayable in semi-annual installments from 2008 to 2032. Commission is payable on amounts drawn and is calculated at a market rate plus a margin. In addition, Saudi Aramco also has access to unutilized Murabaha facilities of SAR 10,320 (2022: SAR 9,880), including the SAR denominated Islamic Murabaha facility of SAR 7,500 (Note 20(e)) (2022: SAR 7,500).

(k) Saudi Industrial Development Fund

Saudi Aramco has various borrowing agreements with the Saudi Industrial Development Fund. The amounts borrowed are not subject to periodic financial charges and are repayable in semi-annual installments from 2008 to 2035. As at December 31, 2023, no amounts were available for drawdown under these agreements (2022: SAR 48).

(l) Ijarah/Procurement

Saudi Aramco has Procurement and Ijarah Shari'a compliant Islamic facility agreements with a number of banks. The facilities are repayable in semi-annual installments from 2014 to 2039. As at December 31, 2023, an amount of SAR 165 (2022: SAR 603) was undrawn under these facilities.

(m) Wakala

Saudi Aramco has Shari'a compliant Islamic facility agreements with a number of lenders. The facilities utilize a Wakala financing structure which is an agency arrangement. The facilities are repayable in installments on a semi-annual basis, from 2019 to 2036. An amount of SAR 120 was undrawn as at December 31, 2023 (2022: SAR 271), under these facilities.

Lease liabilities

Lease liabilities are effectively secured as the rights to the leased asset revert to the lessor in the event of default. The lessor has ownership of the assets during the term of the contract and is typically responsible for the operation, insurance and maintenance of the assets until termination of the underlying agreements. For certain leases, the lessor shall transfer its rights, title and interest in the assets to the lessee on the last day of the agreements; for others, there are no further obligations on completion of agreements. Performance guarantees are provided by the lessor under the terms of the agreements.

The cash outflow related to the principal portion of leases for the year ended December 31, 2023, was SAR 13,639 (2022: SAR 12,114). Expenses relating to short-term and low value leases were recognized in the consolidated statement of income for the year ended December 31, 2023, and amounted to SAR 956 (2022: SAR 518) and SAR 309 (2022: SAR 261), respectively.

The maturities of borrowings are as follows:

	No later than one year	Later than one year and no later than five years	Later than five years	Total contractual amount	Total carrying amount
2023					
Borrowings – other than leases	55,931	72,048	193,512	321,491	232,816
Leases	14,327	27,589	28,933	70,849	57,331
	70,258	99,637	222,445	392,340	290,147
2022					
Borrowings – other than leases	74,640	171,825	214,391	460,856	340,480
Leases	12,788	28,118	29,194	70,100	52,664
	87,428	199,943	243,585	530,956	393,144

All amounts in millions of Saudi Riyals unless otherwise stated

20. Borrowings continued

The movement of borrowings is as follows:

	Long-term borrowings	Short-term borrowings and revolving credit facilities	Lease liabilities	Total liabilities from financing activities
January 1, 2022	446,379	17,351	47,191	510,921
Cash flows	(116,281)	(7,151)	(12,114)	(135,546)
Non-cash changes:				
Lease additions	–	–	16,358	16,358
Foreign exchange adjustment	(665)	–	(170)	(835)
Accretion of liabilities and others ¹	842	5	1,399	2,246
December 31, 2022	330,275	10,205	52,664	393,144
Cash flows	(111,999)	9,561	(13,639)	(116,077)
Non-cash changes:				
Lease additions	–	–	18,056	18,056
Foreign exchange adjustment	(141)	(214)	(96)	(451)
Transfer to liabilities associated with assets held for sale	(543)	–	–	(543)
Accretion of liabilities and others ¹	(4,391)	63	346	(3,982)
December 31, 2023	213,201	19,615	57,331	290,147

1. Amount for long-term borrowings includes a gain of SAR 5,775 (2022: net gain of SAR 3,064) on prepayments of deferred consideration to PIF (Note 20(a)).

21. Post-employment benefits

Saudi Aramco sponsors or participates in several funded and unfunded defined benefit pension plans and other post-employment benefit plans that provide pension, severance, death, medical and other benefits to substantially all of its employees primarily in the Kingdom. The majority of the defined benefit plans for the Kingdom-based employees are governed under the Kingdom's Labor Law, applicable benefit plan laws of the USA, and/or Company policies. Benefits to employees of group companies are provided based on local regulations and practices of the respective jurisdiction.

Retirement benefits for defined benefit pension plans are paid, primarily, in the form of lump sum payments upon retirement based on final salary and length of service. Other post-employment benefits such as medical are used to cover retired employees and eligible dependents of retirees for medical services in line with the plan policy documents.

At December 31, the net liability recognized for employee defined benefit plans in the consolidated balance sheet is as follows:

	2023	2022
Pension plans	(7,784)	(7,481)
Medical and other post-employment benefit plans	9,270	11,370
Net benefit liability	1,486	3,889
Represented by:		
Non-current assets	(24,661)	(23,034)
Non-current liabilities	26,147	26,923
Net benefit liability	1,486	3,889

Notes to the consolidated financial statements continued

All amounts in millions of Saudi Riyals unless otherwise stated

21. Post-employment benefits continued

The status of Saudi Aramco's pension and other post-employment defined benefit plans is as follows:

	Pension benefits		Other benefits	
	2023	2022	2023	2022
Net benefit obligation by funding:				
Present value of funded obligations	66,746	62,666	96,034	87,187
Fair value of plan assets	(80,258)	(74,393)	(94,380)	(84,270)
Benefit (surplus) deficit	(13,512)	(11,727)	1,654	2,917
Present value of unfunded obligations	5,728	4,246	7,616	8,453
Net benefit (asset) liability	(7,784)	(7,481)	9,270	11,370
Change in benefit obligations:				
Benefit obligations, January 1	66,912	85,504	95,640	136,042
Current service cost	3,169	4,455	2,220	3,551
Interest cost	3,255	2,546	5,265	4,305
Past service cost	563	173	23	–
Remeasurement	3,870	(21,161)	4,204	(44,351)
Plan participants' contribution	38	45	–	–
Benefits paid	(3,514)	(4,669)	(2,745)	(2,434)
Transfer to liabilities associated with assets held for sale	(2,556)	–	(211)	–
Foreign currency translation and other	737	19	(746)	(1,473)
Benefit obligations, December 31	72,474	66,912	103,650	95,640
Change in plan assets:				
Fair value of plan assets, January 1	(74,393)	(86,888)	(84,270)	(93,929)
Interest income	(4,024)	(2,726)	(4,718)	(2,948)
Remeasurement	(3,053)	13,965	(5,501)	15,360
Employer contributions	(3,188)	(3,746)	(2,636)	(5,258)
Benefits paid	3,514	4,669	2,745	2,434
Foreign currency translation and other	886	333	–	71
Fair value of plan assets, December 31	(80,258)	(74,393)	(94,380)	(84,270)
Net benefit (asset) liability at December 31	(7,784)	(7,481)	9,270	11,370

The weighted average duration of the pension benefit obligations is 12 years at December 31, 2023, and 12 years at December 31, 2022. The weighted average duration of the other benefit obligations is 18 years at December 31, 2023, and 17 years at December 31, 2022.

All amounts in millions of Saudi Riyals unless otherwise stated

21. Post-employment benefits continued

The components of net defined benefit cost, before tax, are primarily recognized in producing and manufacturing, and selling, administrative and general expenses in the consolidated statement of income. Remeasurements are included in the consolidated statement of comprehensive income. Net defined benefit cost and remeasurements for the years ended December 31 are as follows:

	Pension benefits		Other benefits	
	2023	2022	2023	2022
Amounts recognized in net income:				
Current service cost	3,169	4,455	2,220	3,551
Past service cost	563	173	23	–
Net interest (income) cost	(769)	(180)	547	1,357
Other	–	–	(38)	–
	2,963	4,448	2,752	4,908
Amounts recognized in other comprehensive income:				
(Gains) losses from changes in demographic assumptions	(98)	12	323	5,501
Losses (gains) from changes in financial assumptions	2,336	(23,044)	4,699	(50,212)
Losses (gains) from changes in experience adjustments	1,632	1,871	(818)	360
Returns on plan assets (excluding interest income)	(3,053)	13,965	(5,501)	15,360
	817	(7,196)	(1,297)	(28,991)
Net defined benefit loss (gain) before income taxes	3,780	(2,748)	1,455	(24,083)

The present value of the defined benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions, based in part on market conditions. Any changes in these assumptions will impact the carrying amount of the defined benefit obligations.

The significant assumptions used to determine the present value of the defined benefit obligations for the years ended December 31 are as follows:

	Pension benefits		Other benefits	
	2023	2022	2023	2022
Discount rate	5.1%	5.4%	5.3%	5.6%
Salary growth rate	5.5%	5.2%	–	–
Annual average medical claim cost, in whole SAR			31,800	29,138
Health care participation rate			95.0%	95.0%
Assumed health care trend rates:				
Cost-trend rate			6.0%	6.5%
Rate to which cost-trend is to decline			5.0%	5.0%
Year that the rate reaches the ultimate rate			2026	2026

All the above assumptions are reviewed and updated as necessary as part of the periodic actuarial valuation of the defined benefit obligations.

Saudi Aramco determines the discount rate used to calculate the present value of estimated future cash outflows expected to be required to settle the post-employment benefit plan obligations. In determining the appropriate discount rate, Saudi Aramco considers the interest rates of high-quality corporate bonds in the USA that have terms to maturity approximating the terms of the related defined benefit obligation.

The salary growth rate assumption is based on a study of recent years' salary experience and reflects management's outlook for future increases. The annual average medical claim cost assumption is based on medical costs incurred in external medical providers, on behalf of the Company's employees and retirees. The health care participation rate considers the historical participation rate, amongst others, derived from the best available historical data. The assumed health care cost-trend rates reflect Saudi Aramco's historical experience and management's expectations regarding future trends.

Notes to the consolidated financial statements continued

All amounts in millions of Saudi Riyals unless otherwise stated

21. Post-employment benefits continued

Mortality assumptions are reviewed regularly and set based on actuarial advice in accordance with best practice and statistics, adjusted to reflect the experience and improvements to longevity. Relevant life expectancies are as follows:

Life expectancy at age:	Saudi plans		U.S. plans	
	Male	Female	Male	Female
50	33.7	36.4	35.6	37.5
60	24.5	26.8	26.5	27.9
60 (currently aged 40)	26.3	28.4	28.0	29.4

The sensitivity of the overall defined benefit obligations to changes in the principal assumptions, keeping all other assumptions constant, is presented below. The sensitivity analysis may not be representative of an actual change in the defined benefit obligations as it is unlikely that changes in assumptions would occur in isolation from one another.

	Change in assumption	Impact on obligation	2023	2022
Ultimate health care cost-trend rates	Increase by 0.5%	Increase by	9,825	8,633
	Decrease by 0.5%	Decrease by	(8,648)	(7,624)
Discount rate – other benefits	Increase by 0.5%	Decrease by	(8,385)	(7,305)
	Decrease by 0.5%	Increase by	9,604	8,336
Discount rate – pension benefits	Increase by 0.5%	Decrease by	(3,795)	(3,675)
	Decrease by 0.5%	Increase by	4,028	3,638
Salary growth rate	Increase by 0.5%	Increase by	2,014	2,055
	Decrease by 0.5%	Decrease by	(2,213)	(2,269)
Annual average medical claim cost	Increase by 5%	Increase by	4,770	4,350
	Decrease by 5%	Decrease by	(4,770)	(4,350)
Life expectancy	Increase by 1 year	Increase by	3,484	2,963
	Decrease by 1 year	Decrease by	(3,664)	(3,090)
Health care participation rate	Increase by 5%	Increase by	1,260	1,245
	Decrease by 5%	Decrease by	(1,298)	(1,283)

All amounts in millions of Saudi Riyals unless otherwise stated

21. Post-employment benefits continued

Plan assets consist of the following:

	2023	2022
Cash	4,793	5,381
Equity instruments	31,712	30,315
Investment funds	62,178	65,663
Bonds	75,066	55,500
Sukuk (Shari'a compliant)	889	1,804
	174,638	158,663

Plan assets are administered under the oversight of the Company or one of its subsidiaries and managed by independent trustees or separate entities, in a manner consistent with fiduciary obligations and principles, acting in the best interest of plan participants. The objectives of the plans are to maximize investment returns consistent with prudent risk over a long-term investment horizon in order to secure retiree benefits and minimize corporate funding.

All plan assets are held separately, solely to pay retiree benefits. Funded Saudi plans have the right to transfer assets held in excess of the plan's defined benefit obligation to another funded Saudi plan. The right to transfer such assets is solely in respect of amounts held in excess of the plan's defined benefit obligations and solely to plans with defined benefit obligations exceeding the value of assets held. Where Saudi Aramco has no rights to a refund of plan assets, surplus assets are recognized on the consolidated balance sheet on the basis that economic benefit can be gained through a reduction in future contributions.

Through its post-employment benefit plans, Saudi Aramco is exposed to a number of risks including asset volatility, changes in bond yields, inflation and life expectancy. Investment risk is minimized through diversification of investments among fixed income, equity, and alternative asset classes. Asset allocation is determined by an asset liability modeling study. The target asset allocation is, approximately, 17% (2022: 25%) equity instruments, 46% (2022: 38%) debt instruments, and 37% (2022: 37%) alternative assets. Inflation risk is partially offset by equities inflation and life expectancy risk is borne by Saudi Aramco.

Plan assets include transferable securities with a fair value of SAR 2,749 (2022: SAR 6,794) in the Company and its affiliated entities.

Employer contributions to defined benefit plans are estimated to be SAR 6,871 in 2024. While the Saudi plans are not governed by regulatory minimum funding requirements, the funding objective is to reach full funding of the larger plans only. Saudi Aramco pays annual contributions equal to benefit payments. Asset outperformance is expected to meet the shortfall between assets and the assessed liabilities within a reasonable period. Funding for the U.S. plans sponsored by Aramco Shared Benefit Company, a wholly-owned subsidiary of the Company, is recommended by the actuary in order to meet Saudi Aramco's funding strategy to meet benefit plan expenses using applicable U.S. plan funding rules. Other plans follow local regulations or contractual obligations to meet minimum funding requirements.

In addition to the above plans, Saudi Aramco maintains or participates in defined contribution plans for which Saudi Aramco's legal or constructive obligation is limited to the contributions. The costs of the defined contribution plans, which are included principally within producing and manufacturing, and selling, administrative and general expenses in the consolidated statement of income, are SAR 1,322 and SAR 1,201 for the years ended December 31, 2023 and 2022, respectively (Note 26).

22. Provisions and other liabilities

	2023	2022
Asset retirement	15,150	17,568
Environmental	698	770
Derivative liabilities (Note 3)	2,011	2,929
Other non-current liabilities	10,346	6,510
	28,205	27,777

Asset retirement provisions relate to the future plugging and abandonment of oil and natural gas wells and the decommissioning of certain Downstream assets. The environmental provision is for the remediation of ground water and soil contamination. Payments to settle these provisions will occur on an ongoing basis and will continue over the lives of the operating assets, which can exceed 50 years for the time when it is necessary to abandon oil and natural gas wells. The amount and timing of settlement in respect of these provisions are uncertain and dependent on various factors that are not always within management's control. Derivative liabilities comprise financial liabilities relating to options and forward contracts.

Notes to the consolidated financial statements continued

All amounts in millions of Saudi Riyals unless otherwise stated

22. Provisions and other liabilities continued

The movements in asset retirement and environmental provisions are as follows:

	Asset retirement	Environmental
January 1, 2022	18,296	824
Revision to estimate	(1,770)	(8)
Additional provisions	626	4
Unwinding of discount	431	4
Amounts charged against provisions	(15)	(54)
December 31, 2022	17,568	770
Revision to estimate	(3,461)	23
Additional provisions	664	30
Unwinding of discount	458	15
Amounts charged against provisions	(79)	(140)
December 31, 2023	15,150	698

23. Trade payables and other liabilities

	2023	2022
Trade payables	71,993	65,425
Accrued materials and services	44,633	34,083
Amounts due to related parties (Note 29(b))	13,823	15,431
Employee related payables	10,769	10,304
Derivative liabilities (Note 3)	3,197	2,817
Other	7,138	7,330
	151,553	135,390

Trade payables relating to certain contracts with provisional pricing arrangements are measured at fair value. The fair value was calculated using forward curves and future prices. These trade payables are classified as level 3 in the fair value hierarchy (Note 3(d)) due to the inclusion of unobservable inputs, including counterparty credit risk in the fair value calculation.

24. Revenue

	2023	2022
Revenue from contracts with customers	1,644,114	2,003,347
Movement between provisional and final prices	(549)	(3,397)
Other revenue	9,716	7,005
	1,653,281	2,006,955
Other revenue:		
Services provided to:		
Government, semi-Government and other entities with Government ownership or control (Note 29(a))	934	1,061
Third parties	2,168	698
Joint ventures and associates (Note 29(a))	210	195
Freight	555	1,076
Other	5,849	3,975
	9,716	7,005

Revenue from contracts with customers is measured at a transaction price agreed under the contract and the payment is due within 10 to 120 days from the invoice date depending on specific terms of the contract.

Transaction prices are not adjusted for the time value of money, as Saudi Aramco does not have any contracts where the period between the transfer of product to the customer and payment by the customer exceeds one year.

All amounts in millions of Saudi Riyals unless otherwise stated

24. Revenue continued

Disaggregation of revenue from contracts with customers

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

	2023			
	Upstream	Downstream	Corporate	Total
Crude oil	746,689	91,945	–	838,634
Refined and chemical products	–	750,355	–	750,355
Natural gas and NGLs	38,053	4,018	–	42,071
Metal products	–	13,054	–	13,054
Revenue from contracts with customers	784,742	859,372	–	1,644,114
Movement between provisional and final prices	(475)	(74)	–	(549)
Other revenue	375	7,390	1,951	9,716
External revenue	784,642	866,688	1,951	1,653,281

	2022			
	Upstream	Downstream	Corporate	Total
Crude oil	971,325	105,401	–	1,076,726
Refined and chemical products	–	835,884	–	835,884
Natural gas and NGLs	56,055	19,292	–	75,347
Metal products	–	15,390	–	15,390
Revenue from contracts with customers	1,027,380	975,967	–	2,003,347
Movement between provisional and final prices	(3,142)	(255)	–	(3,397)
Other revenue	390	4,969	1,646	7,005
External revenue	1,024,628	980,681	1,646	2,006,955

25. Purchases

	2023	2022
Refined and chemical products	277,022	291,696
Crude oil	162,236	152,556
NGL and other products	31,967	46,438
	471,225	490,690

Purchases primarily consist of refined products, chemicals, crude oil and NGL purchased from third parties for use in Downstream operations and to meet demand for products in the Kingdom when it exceeds Saudi Aramco's production of the relevant product. Saudi Aramco also purchases products from third parties in certain markets where it is more cost effective compared to procuring them from other business units.

26. Employee benefit expense

	2023	2022
Salaries and wages	49,530	44,736
Social security costs	3,280	2,927
Post-retirement benefits (Note 21):		
Defined benefit plans	5,715	9,356
Defined contribution plans	1,322	1,201
Share-based compensation (Note 17)	482	299
	60,329	58,519

Notes to the consolidated financial statements continued

All amounts in millions of Saudi Riyals unless otherwise stated

27. Finance and other income

	2023	2022
Interest income	22,275	7,955
Gain on partial prepayment of deferred consideration to PIF	5,775	3,281
Investment income	3,166	1,189
Dividend income from investments in securities	411	390
Other	340	2,079
	31,967	14,894

28. Payments to the Government by Saudi Arabian Oil Company

	2023	2022
Income taxes (Note 8(c))	200,189	232,661
Royalties	213,216	349,270
Dividends	333,699	265,066

29. Related party transactions

(a) Transactions

	2023	2022
Joint ventures:		
Revenue from sales	23,899	28,155
Other revenue (Note 24)	34	30
Interest income	23	161
Purchases	25,729	30,574
Service expenses	11	8
Associates:		
Revenue from sales	90,045	77,048
Other revenue (Note 24)	176	165
Interest income	124	113
Purchases	46,260	72,503
Service expenses	135	158
Government, semi-Government and other entities with Government ownership or control:		
Revenue from sales	23,355	23,351
Other income related to sales	203,092	259,418
Other revenue (Note 24)	934	1,061
Purchases	14,194	12,761
Service expenses	563	409
Lease expenses	1,015	791

Goods are purchased and sold according to supply agreements in force. Note 33 includes additional information on loans to joint ventures and associates.

All amounts in millions of Saudi Riyals unless otherwise stated

29. Related party transactions continued

(b) Balances

	2023	2022
Joint ventures:		
Other assets and receivables (Note 9)	5,378	5,363
Trade receivables	4,976	5,096
Interest receivable	581	371
Trade payables and other liabilities (Note 23)	6,236	7,060
Associates:		
Other assets and receivables (Note 9)	4,882	1,519
Trade receivables	12,971	13,410
Trade payables and other liabilities (Note 23)	6,139	6,278
Borrowings	–	15
Government, semi-Government and other entities with Government ownership or control:		
Other assets and receivables (Note 9)	1,151	510
Trade receivables	2,606	3,874
Due from the Government (Note 13)	49,378	54,545
Trade payables and other liabilities (Note 23)	1,448	2,093
Borrowings	7,736	128,026

Sales to and receivables from Government, semi-Government and other entities with Government ownership or control are made on specific terms within the relevant regulatory framework in the Kingdom.

(c) Compensation of key management personnel

Key management personnel of Saudi Aramco included directors and senior executive management. The compensation paid or payable to key management for services is shown below:

	2023	2022
Short-term employee benefits	90	80
Post-employment benefits	58	43
Share-based compensation	34	25
Other long-term benefits	4	3
	186	151

(d) Other transactions with key management personnel

Other than as set out in Note 29(c), there were no reportable transactions between Saudi Aramco and members of key management personnel or their close family members during the year ended December 31, 2023 (2022: nil).

30. Derivative instruments and hedging activities

Saudi Aramco uses interest rate swap contracts to manage exposure to interest rate risk mainly resulting from borrowings. These hedges are designated as cash flow hedges. Saudi Aramco also engages in hedging activities through the use of currency forward contracts in relation to firm commitments under procurement contracts and highly probable forecast transactions. These hedges are designated as fair value hedges and cash flow hedges, respectively. Further, Saudi Aramco uses short-term commodity derivative contracts to manage exposure to price fluctuations.

Notes to the consolidated financial statements continued

All amounts in millions of Saudi Riyals unless otherwise stated

30. Derivative instruments and hedging activities continued

The notional amounts of currency forward contracts and interest rate swap contracts designated as hedging instruments and outstanding commodity derivative contracts are as follows:

	2023	2022
Interest rate swaps	10,399	10,658
Currency forward contracts	4,794	4,830
Commodity derivative contracts	18,488	29,846
	33,681	45,334

31. Non-cash investing and financing activities

Investing and financing activities during 2023 include additions to right-of-use assets of SAR 18,083 (2022: SAR 16,065), asset retirement provisions of SAR 295 (2022: SAR 467), and equity awards issued to employees of SAR 211 (2022: SAR 70) (Note 17). Further, investing activities during 2022 include an additional investment in Petro Rabigh as part of a subscription to a rights issuance offering through conversion of a non-current loan receivable of SAR 2,981.

32. Commitments

(a) Capital commitments

Capital expenditures contracted for but not yet incurred were SAR 222,938 and SAR 172,639 at December 31, 2023 and 2022, respectively. In addition, leases contracted for but not yet commenced were SAR 26,369 and SAR 18,326 at December 31, 2023 and 2022, respectively.

(b) International Maritime Industries Company ("IMI")

In 2017, Saudi Aramco Development Company ("SADCO"), a wholly-owned subsidiary of the Company, Maritime Offshore Limited, a wholly-owned subsidiary of Lamprell plc, Bahri and Korea Shipbuilding and Offshore Engineering Co., Ltd ("KSOE") formed a company, IMI, in which SADCO owns 40.1%, Maritime Offshore Limited owns 20%, Bahri owns 19.9% and KSOE owns 20%. The principal activities of IMI are the development, operation, and maintenance of a maritime yard under construction by the Government, as well as, the design, manufacture, maintenance and repair of ships and rigs. The maritime yard is divided into four main operational zones and completion of the construction of the individual zones will vary, with the final yard completion and handover expected in 2025. SADCO has committed to fund IMI up to SAR 1,053 through equity contributions. At December 31, 2023, the full amount of SAR 1,053 (2022: SAR 916) has been drawn down by IMI. In addition, Saudi Aramco has guaranteed the purchase of 20 offshore rigs over a 10-year period beginning in 2023. One of these rigs was delivered in 2023, and accordingly, the commitment as at December 31, 2023 for the 19 remaining rigs amounted to SAR 23,201.

(c) Arabian Rig Manufacturing Company ("ARM")

In June 2018, SADCO and NOV Downhole Eurasia Limited formed a company, ARM (Note 40), to provide onshore land drilling manufacturing, equipment and services to SANAD and the Middle East and North Africa region. The Company committed to invest SAR 225, of which, SAR 207 is invested at December 31, 2023. In addition, SADCO has guaranteed the purchase of 50 onshore rigs over a 10-year period beginning in 2022. Five of these rigs were delivered up to the end of 2023, and accordingly, the remaining commitment as at December 31, 2023 amounted to SAR 8,380. SADCO has the option to cancel the rig orders for a maximum financial exposure of SAR 1,181.

All amounts in millions of Saudi Riyals unless otherwise stated

32. Commitments continued

(d) Other

- (i) The Company and The Dow Chemical Company (“Dow”) equally committed to comply with the Ministry of Energy feedstock agreement to support the development of Chemical Value Parks in the Kingdom in the total amount of SAR 375. The first payment of approximately SAR 38 will be deposited within one month from the date of supplying Sadara with additional ethane. The remaining funds will be paid over nine years at SAR 38 annually. Saudi Aramco’s commitment of SAR 188 is outstanding at December 31, 2023.
- (ii) In order to comply with past Government directives, the Company expects to sell portions of its equity in Saudi Aramco Total Refining and Petrochemical Company and Yanbu Aramco Sinopec Refining Company Limited (Note 39) through a public offering of shares in Saudi Arabia.
- (iii) Saudi Aramco is committed to comply with the Government directive to guarantee that Saudi Aramco Total Refining and Petrochemical Company shall spend a total of SAR 375 over a 10-year period ending December 31, 2025 on social responsibility programs. At December 31, 2023, SAR 217 remains to be spent.
- (iv) Saudi Aramco is committed to comply with the Government directive to guarantee that Yanbu Aramco Sinopec Refining Company Limited shall spend a total of SAR 375 on social responsibility programs by September 30, 2025. At December 31, 2023, SAR 131 remains to be spent.
- (v) Saudi Aramco has commitments of SAR 492 (2022: SAR 264) to invest in private equity investments both inside and outside the Kingdom. Such commitments can be called on demand.
- (vi) Saudi Aramco has commitments of SAR 79 (2022: SAR 173) to fund additional loans and acquire additional unlisted equity investments of certain small to mid-sized enterprises in the Kingdom. The commitments can be called by the enterprises upon meeting certain conditions.
- (vii) Saudi Aramco has commitments of SAR 1,175 (2022: SAR 2,107) in relation to capital contributions for certain other affiliates.

33. Contingencies

Saudi Aramco has contingent assets and liabilities with respect to certain disputed matters, including claims by and against contractors and lawsuits and arbitrations involving a variety of issues. These contingencies arise in the ordinary course of business. It is not anticipated that any material adjustments will result from these contingencies.

Saudi Aramco also has contingent liabilities with respect to the following:

(a) Sadara

On March 25, 2021, Sadara entered into various agreements to restructure its senior project financing debt amounting to SAR 37,280. Terms of the restructuring include a principal repayment grace period until June 2026 and an extension of the final maturity date from 2029 to 2038. In connection with the restructuring, the Company and Dow have agreed to guarantee up to an aggregate of SAR 13,875 of senior debt principal and its associated interest in proportion to their ownership interests in Sadara. Further, the Company and Dow have agreed to provide guarantees and support, in proportion to their ownership interest in Sadara, for interest payment shortfalls on all outstanding senior debt until June 2026, working capital shortfall support up to SAR 1,875 in 2030, as well as an undertaking to provide acceptable credit support to cover the required Debt Service Reserve Account balance, which needs to be funded prior to June 2026.

In addition to the senior debt restructuring, effective March 25, 2021, the Company, Dow (and/or their affiliates) and Sadara have also entered into agreements to (i) provide additional feedstock by increasing the allocated quantity of ethane and natural gasoline supplied by Saudi Aramco, and (ii) gradually increase Saudi Aramco’s rights to market, through SABIC, its equity share of finished products produced by Sadara (subject to certain agreed terms) over the next five to 10 years. The Company has provided a guarantee for the payment and performance obligations of SABIC under the Product Marketing and Lifting Agreement.

On June 17, 2021, Excellent Performance Chemical Company (“EPCC”), a wholly-owned subsidiary of the Company, and Sadara entered into a SAR 1,500 subordinated revolving credit facility to provide shortfall funding to Sadara. The facility, originally scheduled to mature in June 2023, has been extended till June 2026. As of December 31, 2023, the facility was not utilized.

With respect to Sadara’s fuel and feedstock allocation, Saudi Aramco has provided two letters of credit to the Ministry of Energy for SAR 169 and SAR 152 to construct epoxy plants and for the development of projects to support conversion industries in the Kingdom.

Notes to the consolidated financial statements continued

All amounts in millions of Saudi Riyals unless otherwise stated

33. Contingencies continued

(b) Petro Rabigh

In 2020, the two founding shareholders of Petro Rabigh, the Company and Sumitomo Chemical Co. Ltd., entered into a debt service undertaking with lenders of the Rabigh II Project, whereby each founding shareholder, on a several basis, undertakes to pay 50% of any shortfalls in scheduled (and not accelerated) Rabigh II debt service on each Rabigh II payment date until the earlier of the final Rabigh II repayment date in June 2032 or the full repayment of SAR 5,625 of the equity bridge loans. The semi-annual scheduled principal debt service under the Rabigh II financing is approximately SAR 622.

On September 30, 2020, Petro Rabigh entered into revolving loan facilities in an aggregate amount of SAR 5,625 with the Company and Sumika Finance Company Limited, a wholly-owned subsidiary of Sumitomo Chemical Co. Ltd. An amount of SAR 3,525 was utilized as at December 31, 2023. In 2020, Petro Rabigh also entered into another revolving loan facility for SAR 1,875 with the Company, which remained unutilized as at December 31, 2023. The facilities mature on December 31, 2024.

The founding shareholders arranged equity bridge loans ("the EBLs") in an aggregate amount of SAR 11,250 which the founding shareholders guarantee on a several and equal basis, to meet the equity financing requirements under the senior finance agreements. Petro Rabigh repaid SAR 1,940 of the equity bridge loans out of the proceeds of the rights issuance in July 2022. The remaining EBLs of SAR 9,310 matured on March 20, 2023 and were refinanced by Petro Rabigh. Under the refinancing arrangement, Sumitomo Chemical Co. Ltd. guaranteed its share of the equity bridge loans, amounting to SAR 4,655, that was fully financed by external lenders. In addition, the Company, through its wholly-owned subsidiary, Aramco Overseas Company B.V. ("AOC"), provided Petro Rabigh an equity bridge loan of SAR 3,000, while the remaining amount of its share, amounting to SAR 1,655, was provided by external lenders and was guaranteed by the Company. The refinanced equity bridge loans mature on December 20, 2027.

(c) Noor Al Shuaibah Holding Company

On May 2, 2023, Saudi Aramco Power Company ("SAPCO"), a wholly-owned subsidiary of the Company, entered into a shareholders' agreement with the Water and Electricity Holding Company ("Badeel"), wholly-owned by PIF, and ACWA Power Company, to invest in Noor Al Shuaibah Holding Company for the development of Al Shuaibah 1 and Al Shuaibah 2 solar photovoltaic power generating plants in Makkah province in the Kingdom (the "Projects"). The Projects will have a combined capacity of over 2.6 gigawatts and commercial operations are expected to commence by 2025. The estimated total cost of the Projects is SAR 8,919 which will be funded through a mix of senior debt financing and equity bridge loans. The Company guaranteed SAPCO's 30% share of the equity bridge loans, amounting to approximately SAR 800, under the terms of the project financing. The equity bridge loans were fully drawn as of December 31, 2023. Further, additional guarantees amounting to SAR 347 have been provided to support SAPCO's obligations related to the Projects.

(d) Other

Saudi Aramco has provided guarantees of SAR 1,863 (2022: SAR 2,110) in relation to borrowings and other obligations of certain other affiliates, arising in the ordinary course of business.

34. Sale of equity interests in affiliates

(a) Saudi Iron and Steel Company ("Hadeed")

On September 3, 2023, SABIC, a subsidiary of Saudi Aramco, announced the signing of an agreement to sell its 100% shareholding in the Saudi Iron and Steel Company ("Hadeed") to PIF. This transaction will enable SABIC, which is part of the Downstream segment, to optimize its portfolio and focus on its core business. The completion of the transaction is subject to customary conditions and regulatory approvals, and is expected to occur in 2024.

Following the signing of the agreement, assets and liabilities of Hadeed were classified as held for sale, and were presented separately on the consolidated balance sheet. At the Saudi Aramco level, a loss on fair value measurement of SAR 3,219 was recognized within selling, administrative and general expenses in the consolidated statement of income to reduce the carrying amount of the assets to their fair value less costs to sell, that was determined based on the sale agreement.

As at December 31, 2023, the major classes of Hadeed's assets classified as held for sale comprise property, plant and equipment and intangible assets of SAR 5,335, inventories of SAR 3,904, trade receivables of SAR 2,765, and other assets of SAR 3,420. The liabilities directly associated with assets classified as held for sale comprise trade payables of SAR 529, post-employment benefit obligations of SAR 2,957, and other liabilities of SAR 2,215.

(b) Power and Water Utility Company for Jubail and Yanbu ("Marafiq")

On November 24, 2022, Marafiq, an associate of Saudi Aramco, announced the listing of its shares on the Main Market of the Saudi Exchange following the successful completion of its IPO. The IPO comprised shares offered by the majority shareholders of Marafiq, including Saudi Aramco Power Company and SABIC, in proportion to their shareholding. Following the completion of the IPO, the aggregate equity ownership of the aforementioned Saudi Aramco subsidiaries in Marafiq reduced from 49.6% to 35%, resulting in proceeds of SAR 1,651 and a gain of SAR 464. The carrying value of the investment in Marafiq in the consolidated financial statements at December 31, 2023, was SAR 3,008 (2022: SAR 3,020).

All amounts in millions of Saudi Riyals unless otherwise stated

34. Sale of equity interests in affiliates continued

(c) Aramco Gas Pipelines Company ("AGPC")

On February 23, 2022, the Company sold a 49% equity interest in AGPC, a newly formed wholly-owned subsidiary of the Company, to GreenSaif Pipelines Bidco S.à r.l. (formerly, GEPIF III Finance III Lux S.à r.l.) ("GreenSaif") for upfront proceeds of SAR 58,125 (\$15,500) in cash.

GreenSaif is an entity owned by a consortium of investors led by affiliates of BlackRock Real Assets and Hassana Investment Company, the investment management arm of the General Organization for Social Insurance ("GOSI") in the Kingdom. GreenSaif, as a shareholder of AGPC, is entitled to receive quarterly distributions of its pro rata share of AGPC's available cash when the Company pays discretionary dividends to its ordinary shareholders. Given the discretionary nature of distributions to GreenSaif, in line with the principles outlined in Note 2(d), GreenSaif's shareholding represents a non-controlling interest and, therefore, the upfront sale proceeds are recognized in the consolidated financial statements as a non-controlling interest within equity.

Immediately prior to the closing of the transaction, the Company leased the usage rights to its gas pipelines network to AGPC for a 20-year period. Concurrently, AGPC granted the Company the exclusive right to use, operate and maintain the pipelines network during the 20-year period in exchange for a quarterly, volume-based tariff payable by the Company to AGPC. The tariff is backed by minimum volume commitments. The Company will at all times retain title to, and operational control of, the pipelines.

35. Investments in affiliates and securities

(a) Investments in subsidiaries

(i) Valvoline Inc.'s global products business

On March 1, 2023, AOC, a wholly-owned subsidiary of the Company, acquired a 100% equity interest in Valvoline Inc.'s global products business ("VGP Holdings LLC") for a cash consideration of SAR 10,338 (\$2,757), including customary adjustments. VGP Holdings LLC is one of the leading worldwide independent producer and distributor of premium branded automotive, commercial and industrial lubricants, and automotive chemicals. This strategic acquisition is expected to complement Saudi Aramco's line of premium branded lubricant products, optimize its global base oils production capabilities, and expand its own research and development activities and partnerships with original equipment manufacturers.

The transaction resulted in Saudi Aramco obtaining control of VGP Holdings LLC. Saudi Aramco accounts for acquisitions of subsidiaries using the acquisition method of accounting. This requires recognition of the assets acquired and liabilities assumed at fair value as of the acquisition date.

Saudi Aramco engaged an independent valuer in order to determine the fair value of the assets and liabilities of VGP Holdings LLC as part of the purchase price allocation process. The fair values of the identifiable assets and liabilities are as follows:

Cash and cash equivalents	460
Trade receivables, inventories and other current assets	3,854
Property, plant and equipment (Note 5)	2,285
Intangible assets (Note 6)	4,628
Other non-current assets	512
Trade payables and other current liabilities	(1,275)
Non-current liabilities	(536)
Total identifiable net assets at fair value	9,928
Goodwill (Note 6)	410
Purchase consideration	10,338

Acquisition and transaction costs of SAR 161 were expensed as selling, administrative and general expenses in the consolidated statement of income for the year ended December 31, 2023.

Post-acquisition, VGP Holdings LLC contributed revenues of SAR 9,428 and net income of SAR 668, which is included in the consolidated statement of income. If the acquisition had occurred on January 1, 2023, management estimates that consolidated revenue and net income for the year ended December 31, 2023 would have been SAR 11,189 and SAR 802, respectively.

Notes to the consolidated financial statements continued

All amounts in millions of Saudi Riyals unless otherwise stated

35. Investments in affiliates and securities continued

(a) Investments in subsidiaries continued

(ii) Grupa LOTOS S.A. transaction

On January 12, 2022, AOC, a wholly-owned subsidiary of the Company, entered into share purchase agreements with Grupa LOTOS Spółka Akcyjna ("Grupa LOTOS S.A."), a subsidiary of Polski Koncern Naftowy ORLEN S.A. ("PKN ORLEN"), to purchase shares in certain entities of Grupa LOTOS S.A. Under this transaction, AOC acquired 100% equity interest in LOTOS SPV 1 Sp. z o.o. for a cash consideration of SAR 930 (\$248), in addition to acquiring 30% of the issued share capital of LOTOS Asphalt sp. z o.o. and 50% of the issued share capital of LOTOS-Air BP Polska sp. z o.o. for SAR 889 (\$237) (Note 35(b)(iii)). These acquisitions are in line with Saudi Aramco's strategy of expanding its downstream presence in Europe and further expanding its crude imports into Poland.

Prior to completion of the transaction, an organized part of the wholesale business operated by LOTOS Paliwa sp. z o.o. ("LOTOS Paliwa"), a subsidiary of Grupa LOTOS S.A., was transferred to LOTOS SPV 1 Sp. z o.o., subsequently renamed as Aramco Fuels Poland sp. z o.o. ("AFP"). AFP is engaged in the acquisition, storage, blending, marketing, transportation, distribution and the sale of fuel to wholesale customers.

The closing of the transaction occurred on November 30, 2022. The transaction resulted in Saudi Aramco obtaining control of AFP. Saudi Aramco accounts for acquisitions of subsidiaries using the acquisition method of accounting. This requires recognition of the assets acquired and liabilities assumed at fair value as of the acquisition date.

Saudi Aramco engaged an independent valuer in order to determine the fair value of the assets and liabilities of AFP as part of the purchase price allocation process. Based on the fair values of the total identifiable net assets and liabilities of SAR 909, including cash acquired of SAR 513, goodwill of SAR 21 has been recognized.

Acquisition and transaction costs of SAR 37 were expensed as selling, administrative, and general expenses in the consolidated statement of income for the year ended December 31, 2022.

Post-acquisition, AFP contributed revenues of SAR 2,043 and net income of SAR 14, for the year ended December 31, 2022 which is included in the consolidated statement of income.

(b) Investments in joint ventures and associates

(i) Huajin Aramco Petrochemical Co., Ltd. ("HAPCO")

On March 25, 2023, AOC, a wholly-owned subsidiary of the Company, entered into definitive agreements with North Huajin Chemical Industries Group Corporation ("North Huajin") and Panjin Xincheng Industrial Group Co., Ltd. ("Panjin Xincheng") to construct the HAPCO refinery and petrochemical complex in Panjin City, Liaoning Province, China. AOC owns a 30% interest in HAPCO, while North Huajin and Panjin Xincheng own 51% and 19%, respectively. The investment in HAPCO has been accounted for as an associate. The complex, expected to be completed in 2026 with an estimated construction cost of RMB 83.7 billion (SAR 44,362), will be financed through a combination of debt and equity. The facility will combine a 300,000 barrels per day ("bpd") refinery and a petrochemical plant with annual production capacity of 1.65 million metric tons of ethylene and 2 million metric tons of paraxylene. Saudi Aramco's share of the equity contribution is RMB 8.4 billion (SAR 4,436), of which RMB 5.8 billion (SAR 3,090) was undrawn as at December 31, 2023.

(ii) MidOcean Energy ("MidOcean")

On September 27, 2023, AOC, a wholly-owned subsidiary of the Company, entered into definitive agreements to acquire a strategic minority stake in MidOcean Energy ("MidOcean") for a purchase consideration of SAR 1,875 (\$500), with an option to increase its shareholding and associated rights in the future. MidOcean is a Liquefied Natural Gas ("LNG") company, formed and managed by EIG Global Energy Partners with the objective of building a portfolio of high-quality, long term LNG interests, and is currently in the process of acquiring interests in four Australian LNG projects, with a growth strategy to create a diversified global LNG business. The strategic partnership with MidOcean marks Saudi Aramco's first international investment in LNG. The transaction is expected to close during 2024, subject to customary closing conditions and regulatory approvals.

All amounts in millions of Saudi Riyals unless otherwise stated

35. Investments in affiliates and securities continued

(b) Investments in joint ventures and associates continued

(iii) Grupa LOTOS S.A. transaction

On November 30, 2022, AOC acquired 30% of the issued share capital of LOTOS Asfalt sp. z o.o., subsequently renamed as Rafineria Gdańska sp. z o.o. ("POLREF"), for SAR 853 (\$227). The remaining 70% of the equity interest is held by PKN ORLEN (Note 35(a)(ii)). The investment in POLREF has been accounted for as an associate. POLREF operates an oil refinery located in Gdańsk, Poland. Post-acquisition, the refinery processes the crude oil supplied by PKN ORLEN and AFP into finished products, in exchange for a processing fee.

In addition, on November 30, 2022, AOC acquired 50% of the issued share capital of LOTOS-Air BP Polska sp. z o.o., subsequently renamed as Air BP Aramco Poland sp. z o.o. ("AIRBP"), for SAR 36 (\$10). The remaining 50% of the issued share capital of AIRBP is retained by BP Europa SE (Note 35(a)(ii)). The investment in AIRBP has been accounted for as a joint venture. The business of AIRBP includes acquisition, storage, transport, distribution and sale of aviation fuels in bulk or having them delivered into aircrafts in and outside of Poland.

(c) Investment in securities

Rongsheng Petrochemical

On July 21, 2023, the Company announced the completion of the acquisition of a 10% equity interest in Rongsheng Petrochemical from Zhejiang Rongsheng Holding Group Co., Ltd., through its wholly-owned subsidiary, AOC, for a total transaction value of RMB 24.6 billion (SAR 12,767). The acquisition of the equity interest in Rongsheng Petrochemical, a company listed on the Shenzhen Stock Exchange in China, follows the signing of definitive strategic agreements by the companies, as announced on March 27, 2023. Among other assets, Rongsheng Petrochemical owns a 51% equity interest in Zhejiang Petroleum & Chemical Co., Ltd. ("ZPC"), which in turn owns and operates the largest integrated refining and chemicals complex in China with a capacity to process 800,000 bpd of crude oil and to produce 4.2 million metric tons of ethylene per year. Through this strategic arrangement, Saudi Aramco would significantly expand its downstream presence in China, including supplying 480,000 bpd of crude oil to ZPC, under a long-term sales agreement. Upon completion, Saudi Aramco recognized an equity investment at fair value through other comprehensive income of SAR 6,399 within investments in securities (Note 10), and a non-current other asset of SAR 5,932 (Note 9), relating to a payment made for the long-term sales agreement, which is amortized over the term of the agreement. In addition, a loss of SAR 436 was recognized in selling, administrative and general expenses in the consolidated statement of income, representing fair value changes to the market price up to the completion date.

36. Dividends

	2023	2022	SAR per share	
			2023	2022
Dividends declared and paid each quarter:				
March	73,150	70,331	0.3326	0.3518
June ¹	73,160	70,328	0.3024	0.3198
September ¹	110,181	70,329	0.4554	0.3198
December ¹	110,183	70,330	0.4554	0.3198
Total ²	366,674	281,318	1.5458	1.3112
Dividends declared on March 8, 2024 and March 10, 2023 ^{1,3}	116,503	73,150	0.4815	0.3326

1. Dividends per share of SAR 0.3024, SAR 0.4554, SAR 0.4554 and SAR 0.4815, declared on May 8, 2023, August 6, 2023, November 6, 2023, and March 8, 2024, respectively, reflect the effect of the issuance of the bonus shares approved on May 8, 2023, as described below.

2. Performance-linked dividends were introduced in the third quarter of 2023 and amount to SAR 74,035 (SAR 0.3060 per share) out of the total dividends declared and paid during the year.

3. Dividend of SAR 116,503 (SAR 0.4815 per share) represents a base dividend of SAR 76,096 (SAR 0.3145 per share) and a performance-linked dividend of SAR 40,407 (SAR 0.1670 per share). These dividends are not reflected in the consolidated financial statements and will be deducted from unappropriated retained earnings in the year ending December 31, 2024.

Notes to the consolidated financial statements continued

All amounts in millions of Saudi Riyals unless otherwise stated

36. Dividends continued

On May 12, 2022, after obtaining necessary approvals from the competent authorities, the Extraordinary General Assembly (“EGA”) approved the increase of the Company’s share capital by SAR 15,000 and the commensurate increase of the number of the Company’s issued ordinary shares by 20 billion without par value. Such increase was effected through capitalization of the Company’s retained earnings. Each shareholder was granted one (1) bonus share for every ten (10) shares owned. The Company’s share capital after the increase was SAR 75,000, divided into 220 billion fully paid ordinary shares with equal voting rights without par value.

On May 8, 2023, after obtaining necessary approvals from the competent authorities, the EGA approved the increase of the Company’s share capital by SAR 15,000 and the commensurate increase of the number of the Company’s issued ordinary shares by 22 billion without par value. Such increase was effected through capitalization of the Company’s retained earnings. Each shareholder was granted one (1) bonus share for every ten (10) shares owned. The Company’s share capital after the increase is SAR 90,000, divided into 242 billion fully paid ordinary shares with equal voting rights without par value.

37. Earnings per share

The following table reflects the net income and number of shares used in the earnings per share calculations:

	2023	2022
Net income attributable to the ordinary shareholders of the Company	452,753	597,215
Weighted average number of ordinary shares (in millions) (Note 2(cc)) ¹	241,933	241,907
Earnings per share for net income attributable to the ordinary shareholders of the Company (in Saudi Riyals) ¹	1.87	2.47

1. Earnings per share for the years ended December 31, 2023 and 2022 have been calculated by retrospectively adjusting the weighted average number of outstanding shares to reflect the effect of the issuance of bonus shares approved on May 8, 2023 (Note 36).

Potential ordinary shares during the year ended December 31, 2023, related to employees’ share-based compensation in respect of employee share plans that were awarded to the Company’s eligible employees under those plan terms (Note 17). These share plans did not have a significant dilution effect on basic earnings per share for the years ended December 31, 2023 and 2022.

All amounts in millions of Saudi Riyals unless otherwise stated

38. Subsidiaries of Saudi Arabian Oil Company

	Principal business activity	Percent ownership ¹	Place of business/ country of incorporation	Conventional financial assets as of December 31, 2023 ^{2,3}	Conventional financial liabilities as of December 31, 2023 ³	Interest income from conventional financial assets for the year ended December 31, 2023 ³
A. Wholly-owned:						
4 Rivers Energy LLC	Retail fuel operations	100%	USA	–	–	–
AOC Management Consultancies LLC	Consulting services	100%	UAE	–	–	–
Aramco (Beijing) Venture Management Consultant Co., Ltd.	Investment	100%	China	8	8	–
Aramco Affiliated Services Company	Support services	100%	USA	1	–	–
Aramco Asia India Private Limited	Purchasing and other services	100%	India	1	1	–
Aramco Asia Japan K.K.	Purchasing and other services	100%	Japan	65	394	4
Aramco Asia Korea Limited	Marketing and vendor sourcing activities	100%	South Korea	59	17	1
Aramco Asia Singapore Pte. Ltd.	Purchasing and other services	100%	Singapore	24	18	–
Aramco Associated Company	Aircraft operations	100%	USA	160	317	20
Aramco Capital Company, LLC	Aircraft leasing	100%	USA	62	–	2
Aramco Chemicals Company	Chemicals	100%	Saudi Arabia	344	42	16
Aramco Far East (Beijing) Business Services Co., Ltd.	Petrochemical purchasing, sales and other services	100%	China	514	155	11
Aramco Financial Services Company	Financing	100%	USA	135	3	4
Aramco Fuels Poland sp. z o.o.	Wholesale fuel operations	100%	Poland	215	1,778	26
Aramco Gulf Operations Company Limited	Production and sale of crude oil	100%	Saudi Arabia	4,886	1,955	177
Aramco Innovations Limited Liability Company	Research and commercialization	100%	Russia	11	16	–
Aramco International Gas Holding Co B.V.	Financing	100%	Netherlands	–	–	–
Aramco InvestCo GP B.V.	Financing	100%	Netherlands	–	–	–
Aramco InvestCo NewCo Sub B.V.	Financing	100%	Netherlands	–	–	–
Aramco Lubricants and Retail Company	Retail fuel marketing	100%	Saudi Arabia	70	83	–
Aramco Overseas - Egypt	Personnel and other support services	100%	Egypt	–	–	–
Aramco Overseas Company B.V.	Purchasing and other services	100%	Netherlands	16,815	2,314	1,113
Aramco Overseas Company Spain, S.L.	Personnel and other support services	100%	Spain	–	1	–
Aramco Overseas Company UK Limited	Personnel and other support services	100%	United Kingdom	1	73	–
Aramco Overseas Malaysia SDN. BHD.	Personnel and other support services	100%	Malaysia	13	12	–
Aramco Performance Materials LLC	Petrochemical manufacture and sales	100%	USA	–	–	1
Aramco Services Company	Purchasing, engineering and other services	100%	USA	7,446	508	224
Aramco Shared Benefits Company	Benefits administration	100%	USA	1	1	–
Aramco Sohar Overseas SPC	Personnel and other support services	100%	Oman	–	–	–
Aramco Trading Americas Holding Inc.	Holding	100%	USA	2	2	–
Aramco Trading Americas LLC (formerly, Motiva Trading LLC)	Purchasing and sale of petroleum goods and other services	100%	USA	917	17,848	120
Aramco Trading Company	Importing, exporting and trading of crude oil, refined and chemical products	100%	Saudi Arabia	10,141	8,094	414

Notes to the consolidated financial statements continued

All amounts in millions of Saudi Riyals unless otherwise stated

38. Subsidiaries of Saudi Arabian Oil Company continued

	Principal business activity	Percent ownership ¹	Place of business/ country of incorporation	Conventional financial assets as of December 31, 2023 ^{2,3}	Conventional financial liabilities as of December 31, 2023 ³	Interest income from conventional financial assets for the year ended December 31, 2023 ³
Aramco Trading Dubai Company Limited	Importing, exporting and trading of crude oil and refined products	100%	UAE	–	33	–
Aramco Trading Fujairah FZE	Importing and exporting refined products	100%	UAE	326	8,709	195
Aramco Trading Limited	Importing and exporting refined products	100%	United Kingdom	256	2,550	216
Aramco Trading Singapore Pte. Ltd.	Marketing and sales support	100%	Singapore	2,337	9,443	86
Aramco Valvoline Global Holding Corp.	Holding company	100%	USA	–	–	–
Aramco Venture Management Consultant Company LLC	Consulting services	100%	USA	2	11	–
Aramco Ventures Company	Investment	100%	Saudi Arabia	120	58	–
Aramco Ventures Holdings Limited	Investment	100%	Guernsey	407	–	–
Aramco Ventures Investments Limited	Investment	100%	Guernsey	2,877	–	–
ARLANXEO Holding B.V.	Development, manufacture, and marketing of high-performance rubber	100%	Netherlands	771	2,563	28
ARLANXEO Belgium N.V.		100%	Belgium	104	120	–
ARLANXEO Branch Offices B.V.		100%	Netherlands	30	–	–
ARLANXEO Brasil S.A.		100%	Brazil	453	175	4
ARLANXEO Canada Inc.		100%	Canada	283	208	–
ARLANXEO Deutschland GmbH		100%	Germany	233	313	–
ARLANXEO Elastomères France S.A.S.		100%	France	7	96	–
ARLANXEO Emulsion Rubber France S.A.S.		100%	France	37	126	–
ARLANXEO High Performance Elastomers (Changzhou) Co., Ltd.		100%	China	445	243	5
ARLANXEO India Private Limited		100%	India	5	1	–
ARLANXEO Netherlands B.V.		100%	Netherlands	487	251	8
ARLANXEO Singapore Pte. Ltd.		100%	Singapore	159	500	–
ARLANXEO Switzerland S.A.		100%	Switzerland	9	3	–
ARLANXEO USA LLC		100%	USA	338	192	–
Bolanter Corporation N.V.	Crude oil storage	100%	Curaçao	34	–	2
Briar Rose Ventures LLC	Real estate holdings	100%	USA	–	–	–
Canyon Lake Holdings LLC	Retail fuel operations	100%	USA	–	–	–
Ellis Enterprises B.V.	Product sales and manufacturing/distribution	100%	Netherlands	2	–	6
Ellis Enterprises East doo Kruševac	Product sales and manufacturing/distribution	100%	Serbia	10	–	–
Energy City Development Company	Industrial development	100%	Saudi Arabia	64	56	1
Energy City Operating Company	Industrial development	100%	Saudi Arabia	33	17	–
Excellent Performance Chemicals Company	Petrochemical manufacture and sales	100%	Saudi Arabia	697	2	251
Global Digital Integrated Solutions Company	Information technology	100%	Saudi Arabia	101	115	–
Investment Management Company	Investment management of post-employment benefit plans	100%	Saudi Arabia	3	–	–
Lex Capital LLC	Financing/funding company	100%	USA	4	–	–
Motiva Enterprises LLC	Refining and marketing	100%	USA	2,772	12,845	289

All amounts in millions of Saudi Riyals unless otherwise stated

38. Subsidiaries of Saudi Arabian Oil Company continued

	Principal business activity	Percent ownership ¹	Place of business/ country of incorporation	Conventional financial assets as of December 31, 2023 ^{2,3}	Conventional financial liabilities as of December 31, 2023 ³	Interest income from conventional financial assets for the year ended December 31, 2023 ³
Motiva Pipeline LLC	Pipeline transport	100%	USA	–	–	–
Mukamala Oil Field Services Limited	Oil field services	100%	Saudi Arabia	344	–	10
Mukamalah Aviation Company (formerly, Mukamala International Investments Company)	Aviation	100%	Saudi Arabia	9	133	6
P.T. Valvoline Lubricants and Chemicals Indonesia	Product sales	100%	Indonesia	3	–	–
Pandlewood Corporation N.V.	Financing	100%	Curaçao	1,311	1	50
Pedernales Ventures II LLC	Investment	100%	USA	294	–	–
Pedernales Ventures LLC	Retail fuel operations	100%	USA	–	–	–
PT Aramco Overseas Indonesia	Project management support	100%	Indonesia	1	–	–
Qingdao Valvoline Automotive Services Co., Ltd.	Product sales	100%	China	–	–	–
SAEV Europe Limited	Investment	100%	United Kingdom	6	6	–
SAEV Guernsey 1 Ltd	Investment	100%	Guernsey	325	–	–
SAEV Guernsey Holdings Limited	Investment	100%	Guernsey	2,459	–	–
Saudi Aramco Asia Company Limited	Investment	100%	Saudi Arabia	2,935	–	137
Saudi Aramco Capital Company Limited	Investment	100%	Guernsey	–	–	–
Saudi Aramco Development Company	Investment	100%	Saudi Arabia	1,107	–	21
Saudi Aramco Energy Ventures US LLC	Investment	100%	USA	3	7	–
Saudi Aramco Entrepreneurship Center Company Limited	Financing	100%	Saudi Arabia	315	11	13
Saudi Aramco Entrepreneurship Venture Company Limited	Investment	100%	Saudi Arabia	960	4	–
Saudi Aramco Jubail Refinery Company	Refining	100%	Saudi Arabia	5,775	942	–
Saudi Aramco Power Company	Power generation	100%	Saudi Arabia	6,771	13	192
Saudi Aramco Sukuk Company	Investment	100%	Saudi Arabia	1	166	–
Saudi Aramco Technologies Company	Research and commercialization	100%	Saudi Arabia	208	30	–
Saudi Aramco Upstream Technology Company	Research and commercialization	100%	Saudi Arabia	19	3	–
Saudi Petroleum International, Inc.	Marketing support services	100%	USA	36	60	2
Saudi Petroleum Overseas, Ltd.	Marketing support and tanker services	100%	United Kingdom	66	21	2
Saudi Refining, Inc.	Refining and marketing	100%	USA	2,189	84	89
Sofon Industries Company	Investment in maritime activities	100%	Saudi Arabia	34	14	1
Sofon Naval Industries Company	Manufacturing of naval vessels	100%	Saudi Arabia	–	–	–
Stellar Insurance, Ltd.	Insurance	100%	Bermuda	11,440	770	266
Valvoline (Australia) Pty. Limited	Product sales and manufacturing/distribution	100%	Australia	22	–	1
Valvoline (Deutschland) GmbH	Product sales	100%	Germany	–	–	–
Valvoline (Shanghai) Chemical Co., Ltd.	Product sales	100%	China	36	26	–
Valvoline (Thailand) Ltd.	Product sales	100%	Thailand	25	–	–
Valvoline (Zhangjiagang) Lubricants Co., Ltd.	Manufacturing and distribution	100%	China	17	103	–
Valvoline Canada Corp.	Product sales and manufacturing/distribution	100%	Canada	28	–	–
Valvoline Canada Holdings B.V.	Holding company	100%	Netherlands	–	–	–

Notes to the consolidated financial statements continued

All amounts in millions of Saudi Riyals unless otherwise stated

38. Subsidiaries of Saudi Arabian Oil Company continued

	Principal business activity	Percent ownership ¹	Place of business/ country of incorporation	Conventional financial assets as of December 31, 2023 ^{2,3}	Conventional financial liabilities as of December 31, 2023 ³	Interest income from conventional financial assets for the year ended December 31, 2023 ³
Valvoline Europe Holdings LLC	Holding company	100%	USA	–	–	–
Valvoline Holdings 2 B.V.	Holding company	100%	Netherlands	11	–	8
Valvoline Holdings Pte. Ltd.	Holding company	100%	Singapore	1	–	–
Valvoline Indonesia Holdings LLC	Holding company	100%	USA	–	–	–
Valvoline International de Mexico S. de R.L. de C.V.	Product sales	100%	Mexico	47	–	–
Valvoline International Holdings Inc.	Holding company	100%	USA	–	–	–
Valvoline International Inc.	Product sales	100%	USA	25	–	–
Valvoline International Servicios de Mexico S. de R.L. de C.V.	Payroll/employment	100%	Mexico	1	–	–
Valvoline Investments B.V.	Investing/holding company	100%	Netherlands	–	–	–
Valvoline Italy S.r.l.	Product sales	100%	Italy	–	–	–
Valvoline Lubricants & Solutions India Private Limited	Payroll/employment	100%	India	7	–	–
Valvoline ME FZE	Product sales	100%	UAE	2	–	3
Valvoline Middle East DMCC	Holding company	100%	UAE	2	–	3
Valvoline New Zealand Limited	Product sales	100%	New Zealand	4	–	–
Valvoline Poland Sp. z.o.o.	Product sales	100%	Poland	7	–	–
Valvoline Pte Ltd.	Product sales	100%	Singapore	16	1	1
Valvoline South Africa Proprietary Ltd	Product sales	100%	South Africa	7	–	–
Valvoline Spain S.L.	Product sales	100%	Spain	3	–	–
Valvoline UK Limited	Product sales	100%	United Kingdom	–	–	–
VCA Solutions, LLC	Product sales	100%	USA	6	6	–
Vela International Marine Limited	Marine management and transportation	100%	Liberia	11,214	1	446
VGP Holdings LLC	Holding company	100%	USA	770	1,860	31
VGP IPCo LLC	IP company	100%	USA	–	–	–
Wisayah Global Investment Company	Investment services	100%	Saudi Arabia	311	53	11
B. Non-wholly-owned:						
Aramco Gas Pipelines Company	Pipeline transport	51%	Saudi Arabia	27	–	30
Aramco Oil Pipelines Company	Pipeline transport	51%	Saudi Arabia	1	1	–
Aramco Training Services Company ⁵	Training	49%	USA	1	–	–
ARLANXEO-TSRC (Nantong) Chemical Industries Co., Ltd. ⁵	Development, manufacture, and marketing of high-performance rubber	50%	China	68	20	2
Johns Hopkins Aramco Healthcare Company	Healthcare	80%	Saudi Arabia	702	815	3
SA Global Sukuk Limited ⁵	Investment	0%	Cayman Islands	–	–	–
Saudi Aramco Base Oil Company ^{6,7}	Production and sale of petroleum-based lubricants	70%	Saudi Arabia	–	–	–
Saudi Aramco Nabors Drilling Company ⁵	Drilling	50%	Saudi Arabia	1,055	2,174	49
Saudi Aramco Rowan Offshore Drilling Company ⁵	Drilling	50%	Saudi Arabia	348	3,020	14
S-International Ltd.	Purchasing and sale of petroleum goods	61.6%	The Independent State of Samoa	5	–	–
S-Oil Corporation	Refining	61.6%	South Korea	6,031	28,811	162
S-Oil Singapore Pte. Ltd.	Marketing support	61.6%	Singapore	75	180	3
Saudi Basic Industries Corporation (“SABIC”) ⁷ SABIC Luxembourg S.à r.l. (“SLUX”)	Holding Petrochemicals	70% 70%	Saudi Arabia Luxembourg	– –	– –	– –

All amounts in millions of Saudi Riyals unless otherwise stated

38. Subsidiaries of Saudi Arabian Oil Company continued

	Principal business activity	Percent ownership ¹	Place of business/ country of incorporation	Conventional financial assets as of December 31, 2023 ^{2,3}	Conventional financial liabilities as of December 31, 2023 ³	Interest income from conventional financial assets for the year ended December 31, 2023 ³
SABIC Industrial Investments Company ("SIIC")	Investments	70%	Saudi Arabia			
SABIC Agri-Nutrients Company ("SABIC AN") ⁵	Agri-nutrients	35.1%	Saudi Arabia			
SABIC Investment and Local Content Development Company ("NUSANED")	Investment	70%	Saudi Arabia			
Arabian Petrochemical Company ("PETROKEMYA")	Petrochemicals	70%	Saudi Arabia			
Saudi Iron and Steel Company ("HADEED") (Note 34(a))	Metals	70%	Saudi Arabia			
Saudi European Petrochemical Company ("IBN ZAHRA")	Petrochemicals	56%	Saudi Arabia			
Jubail United Petrochemical Company ("UNITED")	Petrochemicals	52.5%	Saudi Arabia			
Saudi Methanol Company ("AR-RAZI")	Petrochemicals	52.5%	Saudi Arabia			
National Industrial Gases Company ("GAS")	Utilities	51.8%	Saudi Arabia			
Yanbu National Petrochemical Company ("YANSAB") ⁵	Petrochemicals	36.5%	Saudi Arabia			
National Methanol Company ("IBN-SINA") ⁵	Petrochemicals	35%	Saudi Arabia			
Arabian Industrial Fibers Company ("IBN RUSHD") ⁵	Petrochemicals	33.9%	Saudi Arabia			
Saudi Kayan Petrochemical Company ("SAUDI KAYAN") ⁵	Petrochemicals	24.5%	Saudi Arabia			
SABIC Innovative Plastics Argentina SRL	Petrochemicals	70%	Argentina			
SABIC High Performance Plastic ("SHPP") Argentina SRL	Specialties	70%	Argentina			
SABIC Australia Pty Ltd.	Petrochemicals	70%	Australia			
SABIC Innovative Plastics Aus GmbH	Petrochemicals	70%	Austria			
SABIC Innovative Plastics GmbH & Co. KG	Petrochemicals	70%	Austria			
SABIC Innovative Plastics South America- Indústria e Comércio de Plásticos Ltda	Petrochemicals	70%	Brazil			
SHPP South America Comércio de Plásticos Ltda	Specialties	70%	Brazil			
NV Pijpleiding Antwerpen-Limburg-Luik (PALL)	Support services	70%	Belgium			
SABIC Belgium NV	Petrochemicals	70%	Belgium			
SHPP Canada, Inc.	Specialties	70%	Canada			
SABIC Petrochemicals Canada, Inc.	Petrochemicals	70%	Canada			
SABIC Innovative Plastics (China) Co., Ltd.	Petrochemicals	70%	China			
SABIC Innovative Plastics (Chongqing) Co., Ltd.	Petrochemicals	70%	China			
SABIC Innovative Plastics International Trading (Shanghai) Ltd.	Petrochemicals	70%	China			
SHPP (Shanghai) Co., Ltd.	Specialties	70%	China			
SABIC (Shanghai) Trading Co. Ltd.	Petrochemicals	70%	China			
SABIC (China) Research & Development Co. Ltd.	Petrochemicals	70%	China			
SABIC China Holding Co. Ltd.	Petrochemicals	70%	China			
SABIC Innovative Plastics Czech s.r.o.	Petrochemicals	70%	Czech Republic			
SHPP Czech s.r.o.	Specialties	70%	Czech Republic			
SABIC Innovative Plastics Denmark Aps	Petrochemicals	70%	Denmark			
SABIC Nordic A/S	Petrochemicals	70%	Denmark			

Notes to the consolidated financial statements continued

All amounts in millions of Saudi Riyals unless otherwise stated

38. Subsidiaries of Saudi Arabian Oil Company continued

	Principal business activity	Percent ownership ¹	Place of business/ country of incorporation	Conventional financial assets as of December 31, 2023 ^{2,3}	Conventional financial liabilities as of December 31, 2023 ³	Interest income from conventional financial assets for the year ended December 31, 2023 ³
SABIC Innovative Plastics Finland OY	Petrochemicals	70%	Finland			
SHPP Finland OY	Specialties	70%	Finland			
SABIC France S.A.S.	Petrochemicals	70%	France			
SABIC Innovative Plastics France S.A.S.	Petrochemicals	70%	France			
SHPP France S.A.S.	Specialties	70%	France			
SABIC Deutschland GmbH	Petrochemicals	70%	Germany			
SABIC Holding Deutschland GmbH	Petrochemicals	70%	Germany			
SABIC Innovative Plastics GmbH	Petrochemicals	70%	Germany			
SABIC Innovative Plastics Holding Germany GmbH	Petrochemicals	70%	Germany			
SABIC Polyolefine GmbH	Petrochemicals	70%	Germany			
SHPP Germany GmbH	Specialties	70%	Germany			
SD Verwaltungs GmbH	Administrative company	70%	Germany			
SD Lizenzverwertungs GmbH & Co KG ⁴	License company	70%	Germany			
SD Beteiligungs GmbH & Co KG ⁴	Specialties	70%	Germany			
SABIC Greece M.E.P.E.	Petrochemicals	70%	Greece			
SABIC Innovative Plastics Hong Kong Ltd.	Petrochemicals	70%	Hong Kong, China			
SABIC Innovative Plastics SIT Holding Ltd.	Petrochemicals	70%	Hong Kong, China			
SABIC Taiwan Holding Ltd.	Petrochemicals	70%	Hong Kong, China			
SHPP Hong Kong	Specialties	70%	Hong Kong, China			
SABIC Hungary Kft.	Petrochemicals	70%	Hungary			
SABIC Innovative Plastics Kereskedelmi Kft.	Petrochemicals	70%	Hungary			
SHPP Hungary Kft.	Specialties	70%	Hungary			
SABIC India Pvt Ltd.	Petrochemicals	70%	India			
SABIC Innovative Plastics India Private Ltd.	Petrochemicals	70%	India			
SABIC R&T Pvt Ltd.	Petrochemicals	70%	India			
High Performance Plastics India Pvt Ltd.	Petrochemicals	70%	India			
SABIC Innovative Plastics Italy Srl	Petrochemicals	70%	Italy			
SABIC Italia Srl	Petrochemicals	70%	Italy			
SABIC Sales Italy Srl	Specialties	70%	Italy			
SHPP Italy Srl	Specialties	70%	Italy			
SHPP Sales Italy Srl	Specialties	70%	Italy			
SHPP Japan LLC	Petrochemicals	70%	Japan			
SABIC Petrochemicals Japan LLC	Petrochemicals	70%	Japan			
SABIC Korea Ltd.	Petrochemicals	70%	South Korea			
SHPP Korea Ltd.	Specialties	70%	South Korea			
SABIC Innovative Plastics Malaysia Sdn Bhd	Petrochemicals	70%	Malaysia			
SHPP Malaysia Sdn Bhd	Specialties	70%	Malaysia			
SABIC Innovative Plastics Mexico S de RL de CV	Petrochemicals	70%	Mexico			
High Performance Plastics Manufacturing Mexico S de RL de CV	Specialties	70%	Mexico			
BV Snij-Unie HiFi	Petrochemicals	70%	Netherlands			
SABIC Capital B.V.	Financing	70%	Netherlands			
National Global Business Services Company	Shared service	70%	Saudi Arabia			

All amounts in millions of Saudi Riyals unless otherwise stated

38. Subsidiaries of Saudi Arabian Oil Company continued

	Principal business activity	Percent ownership ¹	Place of business/ country of incorporation	Conventional financial assets as of December 31, 2023 ^{2,3}	Conventional financial liabilities as of December 31, 2023 ³	Interest income from conventional financial assets for the year ended December 31, 2023 ³
SABIC Capital I B.V.	Financing	70%	Netherlands			
SABIC Capital II B.V.	Financing	70%	Netherlands			
Petrochemical Pipeline Services B.V.	Petrochemicals	70%	Netherlands			
SABIC Europe B.V.	Petrochemicals	70%	Netherlands			
SABIC Global Technologies B.V.	Petrochemicals	70%	Netherlands			
SABIC International Holdings B.V.	Petrochemicals	70%	Netherlands			
SABIC Innovative Plastics B.V.	Petrochemicals	70%	Netherlands			
SABIC Innovative Plastics GP B.V.	Petrochemicals	70%	Netherlands			
SABIC Innovative Plastics Holding B.V.	Petrochemicals	70%	Netherlands			
SABIC Innovative Plastics Utilities B.V.	Petrochemicals	70%	Netherlands			
SABIC Licensing B.V.	Petrochemicals	70%	Netherlands			
SABIC Limburg B.V.	Petrochemicals	70%	Netherlands			
SABIC Sales Europe B.V.	Petrochemicals	70%	Netherlands			
SABIC Petrochemicals B.V.	Petrochemicals	70%	Netherlands			
SABIC Ventures B.V.	Petrochemicals	70%	Netherlands			
SABIC Mining B.V.	Petrochemicals	70%	Netherlands			
SHPP Holding B.V.	Specialties	70%	Netherlands			
SHPP Global Technologies B.V.	Specialties	70%	Netherlands			
SHPP Ventures B.V.	Specialties	70%	Netherlands			
SHPP Capital B.V.	Financing	70%	Netherlands			
SHPP Capital I B.V.	Financing	70%	Netherlands			
SHPP Capital II B.V.	Financing	70%	Netherlands			
SHPP B.V.	Specialties	70%	Netherlands			
SHPP Sales B.V.	Specialties	70%	Netherlands			
SABIC Innovative Plastics Poland Sp. Z o.o.	Petrochemicals	70%	Poland			
SABIC Poland Sp. Z o.o.	Petrochemicals	70%	Poland			
SHPP Poland Sp. Z o.o.	Specialties	70%	Poland			
SABIC Canada, Inc.	Petrochemical	70%	Canada			
F&S BV	Petrochemical	70%	Netherlands			
F&S Holding BV	Petrochemical	70%	Netherlands			
F&S US LLC	Petrochemical	70%	USA			
Forms & Sheets Spain, S.L.	Petrochemical	70%	Spain			
Films & Sheets Korea Ltd.	Petrochemical	70%	Korea			
F&S France SAS	Petrochemical	70%	France			
F&S Germany GmbH	Petrochemical	70%	Germany			
F&S Japan LLC	Petrochemical	70%	Japan			
Films & Sheets South America Ltd.	Petrochemical	70%	Brazil			
F&S Capital I BV	Petrochemical	70%	Netherlands			
F&S (SEA) Singapore Sales Pte Ltd	Petrochemical	70%	Singapore			
F&S Sales India Private Limited	Petrochemical	70%	India			
F&S Malaysia Sdn. Bhd	Petrochemical	70%	Malaysia			
Film & Sheets Hong Kong Co. Ltd	Petrochemical	70%	Hong Kong, China			
F&S China Co. Ltd.	Petrochemical	70%	China			

Notes to the consolidated financial statements continued

All amounts in millions of Saudi Riyals unless otherwise stated

38. Subsidiaries of Saudi Arabian Oil Company continued

					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
	Principal business activity	Percent ownership ¹	Place of business/ country of incorporation				
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 Iberica S.A.	Petrochemicals	70%	Spain				
SHPP Manufacturing Spain SL	Specialties	70%	Spain				
SHPP Marketing Plastics SL	Specialties	70%	Spain				
Saudi Innovative Plastics Sweden AB	Petrochemicals	70%	Sweden				
SHPP Thailand Co. Ltd.	Specialties	70%	Thailand				
SABIC (Thailand) Co. Ltd.	Petrochemicals	70%	Thailand				
SHPP Petrokimya Ticaret Ltd Sirketi	Specialties	70%	Turkey				
SABIC Global Ltd.	Petrochemicals	70%	United Kingdom				
SABIC Tees Holdings Ltd.	Petrochemicals	70%	United Kingdom				
SHPP Manufacturing UK Ltd.	Specialties	70%	United Kingdom				
SABIC Innovative Plastics Ltd.	Petrochemicals	70%	United Kingdom				
SABIC UK Ltd.	Petrochemicals	70%	United Kingdom				
SABIC UK Pension Trustee Ltd.	Petrochemicals	70%	United Kingdom				
SABIC UK Petrochemicals Ltd.	Petrochemicals	70%	United Kingdom				
SHPP Sales UK Ltd.	Specialties	70%	United Kingdom				
Exatec, LLC	Petrochemicals	70%	USA				
SABIC Americas LLC	Petrochemicals, agri-nutrients	70%	USA				
SABIC US Holdings LP	Petrochemicals	70%	USA				
SABIC Innovative Plastics Mt. Vernon, LLC	Petrochemicals	70%	USA				
SABIC Innovative Plastics US LLC	Petrochemicals	70%	USA				
SABIC Petrochemicals Holding US, LLC	Petrochemicals	70%	USA				
SABIC Ventures US Holdings LLC	Petrochemicals	70%	USA				
SABIC US Projects LLC	Petrochemicals	70%	USA				
SABIC US Methanol LLC	Petrochemicals	70%	USA				
SHPP US LLC	Specialties	70%	USA				
JVSS Holding Co Inc.	Specialties	70%	USA				
Scientific Design Co. Inc.	Specialties	70%	USA				
SABIC Vietnam Company Ltd.	Petrochemicals	70%	Vietnam				
SHPP Vietnam Co Ltd	Specialties	70%	Vietnam				
SABCAP Insurance Limited ("SABCAP")	Insurance	70%	Guernsey				
SABIC Petrokemya Ticaret Limited ("SABIC TURKEY")	Petrochemicals	70%	Turkey				

All amounts in millions of Saudi Riyals unless otherwise stated

38. Subsidiaries of Saudi Arabian Oil Company continued

	Principal business activity	Percent ownership ¹	Place of business/ country of incorporation	Conventional financial assets as of December 31, 2023 ^{2,3}	Conventional financial liabilities as of December 31, 2023 ³	Interest income from conventional financial assets for the year ended December 31, 2023 ³
SABIC Middle East Offshore Company ("SABIC MIDDLE EAST") ⁴	Petrochemicals	70%	Lebanon			
SABIC Middle East Business Management LLC	Petrochemicals	70%	Jordan			
SABIC South Africa Proprietary Ltd.	Petrochemicals	70%	South Africa			
SABIC Africa for Trade & Marketing ("S.A.E.")	Petrochemicals	70%	Egypt			
SABIC Morocco	Petrochemicals	70%	Morocco			
SABIC Global Mobility Company FZ LLC ("GMC")	Personnel and other support services	70%	UAE			
SABIC Global Mobility ("GMC LLC") ⁴	Personnel and other support services	70%	UAE			
SABIC Tunisia	Petrochemicals	70%	Tunisia			
SABIC Kenya	Petrochemicals	70%	Kenya			
SABIC Pakistan (Pvt.) Ltd.	Petrochemicals	70%	Pakistan			
SABIC East Africa for Trade and Marketing LLC	Petrochemicals	70%	Egypt			
International Shipping and Transportation Co. ("ISTC")	Supply chain	69.3%	Saudi Arabia			
SABIC Supply Chain Services Limited Company ("SSCS")	Supply chain	69.3%	Saudi Arabia			
SABIC Terminal Services ("SABTANK")	Supply chain	63%	Saudi Arabia			
Jubail Chemical Storage and Services Company ("CHEMTANK") ⁵	Supply chain	40.6%	Saudi Arabia			
SABIC Agri-Nutrients Investment Company ("SANIC") ⁵	Agri-nutrients	35.1%	Saudi Arabia			
National Chemical Fertiliser Company ("IBN AL-BAYTAR") ⁵	Agri-nutrients	35.1%	Saudi Arabia			
Al-Jubail Fertiliser Company ("AL BAYRONI") ⁵	Agri-nutrients	17.5%	Saudi Arabia			

1. Percentages disclosed reflect the effective ownership of Saudi Aramco in the respective entities.

2. Conventional financial assets comprise cash, time deposits, short-term investments and investments in securities.

3. Represents 100% amounts of subsidiaries, after elimination of intercompany transactions.

4. Under liquidation.

5. Agreements and constitutive documents provide Saudi Aramco control.

6. In December 2022, Saudi Aramco Base Oil Company ("Luberef") listed its shares on the Saudi Exchange following the successful completion of its IPO. There was no change in the Company's shareholding interest following the listing.

7. Information for conventional financial assets, conventional financial liabilities and interest income from conventional financial assets not included for entities and groups listed on the Saudi Exchange.

Notes to the consolidated financial statements continued

All amounts in millions of Saudi Riyals unless otherwise stated

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
Tanjib Cogeneration Power Company	Power systems	40%	Saudi Arabia	5	813	–
Yanbu Aramco Sinopec Refining Company Limited ⁴	Refining	62.5%	Saudi Arabia	1,348	3,554	–
Geismar ⁵	Petrochemicals	8%	USA			
Gulf Coast Growth Venture LLC ("GCGV") ⁵	Petrochemicals	35%	USA			
Saudi Acrylic Butanol Company ("SABUCO") ⁵	Petrochemicals	8.2%	Saudi Arabia			
Saudi Methacrylates Company ("SAMAC") ⁵	Petrochemicals	35%	Saudi Arabia			

1. Percentages disclosed reflect the effective ownership of Saudi Aramco in the respective entities.

2. Conventional financial assets comprise cash, time deposits, short-term investments and investments in securities.

3. Represents Saudi Aramco's share of conventional financial assets, financial liabilities and interest income.

4. Agreements and constitutive documents do not give a single shareholder control; therefore, the joint operation does not qualify as a subsidiary.

5. Information for conventional financial assets, conventional financial liabilities and interest income from conventional financial assets not included for entities and groups listed on the Saudi Exchange.

All amounts in millions of Saudi Riyals unless otherwise stated

40. Joint ventures and associates of Saudi Arabian Oil Company

	Principal business activity	Percent ownership ¹	Place of business/ country of incorporation	Conventional financial assets as of December 31, 2023 ²	Conventional financial liabilities as of December 31, 2023 ²	Interest income from conventional financial assets for the year ended December 31, 2023 ²
A. Joint ventures:						
AIR BP Aramco Poland sp. z o.o.	Aviation fuels	50%	Poland	95	55	–
Arabian Rig Manufacturing Company	Rig manufacturing	30%	Saudi Arabia	247	1,213	–
Energy City Logistics Company	Logistics	51%	Saudi Arabia	19	4	–
First Coast Energy, L.L.P.	Marketing	50%	USA	18	166	–
HAERTOL Chemie GmbH	Coolant manufacturer	50%	Germany	35	14	–
Jasara Program Management Company	Engineering services	20%	Saudi Arabia	365	152	–
Juniper Ventures of Texas LLC	Marketing	60%	USA	4	34	–
Latitude Ventures JV LLC	Leasing and developing retail gas stations	35%	USA	–	4	–
Lubrival	Product sales	51%	Ecuador	59	46	–
Middle East Cloud and Digital Transformation Company Limited	Information technology	51%	Saudi Arabia	53	22	–
Middle East Information Technology Solutions	Information technology	49%	Saudi Arabia	23	6	–
Novel Non-Metallic Solutions Manufacturing	Manufacturing	50%	Saudi Arabia	98	57	–
Plant Digital for Industry Company	Industrial digital solutions	50%	Saudi Arabia	–	–	–
Port Neches Link LLC	Pipelines	5%	USA	7	2	–
Sadara Chemical Company	Petrochemicals	65%	Saudi Arabia	5,294	40,489	66
Saudi Arabian Industrial Investment Company	Investment	42.5%	Saudi Arabia	218	60	3
Saudi Engines Manufacturing Company	Manufacturing	55%	Saudi Arabia	3	46	–
Saudi Silk Road Industrial Services Company	Investment services	20%	Saudi Arabia	94	10	–
Shanghai VC Lubricating Oil Co., Ltd	Product sales	50%	China	205	94	1
Shanghai ZhiSheng Automobile Technology Co Ltd	Product sales	49%	China	12	2	–
S-OIL TotalEnergies Lubricants Co., Ltd.	Lubricants production and sales	30.8%	South Korea	142	221	–
Star Enterprise ³	Pension administration	50%	USA	6	–	–
Synkedia Biscay EIA	E-fuels demo production	50%	Spain	–	–	–
Tas'helat Marketing Company	Marketing	50%	Saudi Arabia	167	245	–
Tuwaiq Casting & Forging Company	Metals	15%	Saudi Arabia	414	1,513	–
Valvoline Cummins Argentina	Product sales	50%	Argentina	25	48	3
Valvoline Cummins Private Limited	Product sales	50%	India	153	191	–
Valvoline de Colombia	Product sales	51%	Colombia	6	3	–
VC Lubricating Oil Co., Ltd.	Holding company	50%	Hong Kong, China	–	–	–
Advanced Energy Storage System Investment Company ("AESSIC") ^{3,4}	Renewable energy	34.1%	Saudi Arabia			
Al-Jubail Petrochemical Company ("Kemya") ⁴	Petrochemicals	35%	Saudi Arabia			
Cosmar Company ("COSMAR") ⁴	Petrochemicals	35%	USA			
Eastern Petrochemical Company ("Sharq") ⁴	Petrochemicals	35%	Saudi Arabia			
ETG Inputs Holdco Limited ("EHL") 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			

Notes to the consolidated financial statements continued

All amounts in millions of Saudi Riyals unless otherwise stated

40. Joint ventures and associates of Saudi Arabian Oil Company continued

	Principal business activity	Percent ownership ¹	Place of business/ country of incorporation	Conventional financial assets as of December 31, 2023 ²	Conventional financial liabilities as of December 31, 2023 ²	Interest income from conventional financial assets for the year ended December 31, 2023 ²
Saudi Yanbu Petrochemical Company ("Yanpet") ⁴	Petrochemicals	35%	Saudi Arabia			
Sinopec SABIC Tianjin Petrochemical Company Limited ("SSTPC") ⁴	Petrochemicals	35%	China			
Utility Support Group B.V. ("USG") ⁴	Utilities	35%	Netherlands			
B. Associates:						
ASMO for Logistics Services Company	Logistics	49%	Saudi Arabia	–	–	–
BP AOC Pumpstation Maatschap	Storage	50%	Netherlands	–	–	–
BP ESSO AOC Maatschap	Storage	34.4%	Netherlands	–	–	–
Fuel Cell Innovation Co., Ltd.	Fuel cell manufacturing	12.3%	South Korea	1	36	–
Fujian Refining and Petrochemical Company Limited	Refining/ petrochemicals	25%	China	4,818	7,866	73
GCC Electrical Equipment Testing Lab	Inspection	20%	Saudi Arabia	223	32	–
Huajin Aramco Petrochemical Co., Ltd.	Refining/ petrochemicals	30%	China	572	1,806	2
Hyundai Oilbank Co., Ltd.	Refining/ marketing/ petrochemicals	17%	South Korea	7,092	38,253	953
International Maritime Industries Company	Maritime	40.1%	Saudi Arabia	135	329	–
Lukoil Saudi Arabia Energy Limited ³	Exploration	20%	British Virgin Islands	–	–	–
Noor Al Shuaibah Holding Company	Power generation	30%	Saudi Arabia	–	–	–
Power and Water Utility Company for Jubail and Yanbu ⁴	Utilities	29.8%	Saudi Arabia			
Rabigh Refining and Petrochemical Company ⁴	Refining/ petrochemicals	37.5%	Saudi Arabia			
Rafineria Gdańska sp. z o.o.	Refining	30%	Poland	1,311	525	–
Sinopec Senmei (Fujian) Petroleum Company Limited	Marketing/ petrochemicals	22.5%	China	2,949	3,086	41
Sudair 1 Holding Company	Holding	30.3%	Saudi Arabia	–	1	–
Team Terminal B.V.	Storage	34.4%	Netherlands	–	–	–
The National Shipping Company of Saudi Arabia ⁴	Global logistics services	20%	Saudi Arabia			
Aluminium Bahrain BSC ("ALBA") ⁴	Aluminum	14.4%	Bahrain			
ARG mbH & Co KG ("ARG") ⁴	Transportation	17.5%	Germany			
ARG Verwaltungs GmbH ⁴	Administrative company	17.5%	Germany			
Clariant AG ("Clariant") ⁴	Specialty chemical	22.1%	Switzerland			
German Pipeline Development Company GMBH ("GPDC") ⁴	Transportation	27.3%	Germany			
Gulf Aluminum and Rolling Mills Company ("GARMCO") ⁴	Aluminum	10.4%	Bahrain			
Gulf Petrochemical Industries Company ("GPIC") ⁴	Agri-nutrients, petrochemicals	11.7%	Bahrain			
Ma'aden Phosphate Company ("MPC") ⁴	Agri-nutrients	21%	Saudi Arabia			
Ma'aden Wa'ad Al Shamal Phosphate Company ("MWSPC") ⁴	Agri-nutrients	10.5%	Saudi Arabia			
Mallinda, Inc. ("MALLINDA") ⁴	Ventures	18.3%	USA			

All amounts in millions of Saudi Riyals unless otherwise stated

40. Joint ventures and associates of Saudi Arabian Oil Company continued

	Principal business activity	Percent ownership ¹	Place of business/ country of incorporation	Conventional financial assets as of December 31, 2023 ²	Conventional financial liabilities as of December 31, 2023 ²	Interest income from conventional financial assets for the year ended December 31, 2023 ²
National Chemical Carrier Company ("NCC") ⁴	Transportation	14%	Saudi Arabia			
Nusaned Fund I ⁴	Equity investments	35%	Saudi Arabia			
Nusaned Fund II ⁴	Equity investments	42%	Saudi Arabia			

1. Percentages disclosed reflect the effective ownership of Saudi Aramco in the respective entities.

2. Represents 100% amounts of conventional financial assets, financial liabilities and interest income.

3. Under liquidation.

4. Information for conventional financial assets, conventional financial liabilities and interest income from conventional financial assets not included for entities and groups listed on the Saudi Exchange.

5. TAKAMUL, a joint venture of Hadeed, is included in other assets classified as held for sale (Note 34(a)).

41. Events after the reporting period

(i) SABIC Fujian Petrochemicals Co., Ltd

On January 21, 2024, SABIC, a subsidiary of Saudi Aramco, announced its decision to develop a petrochemical complex located in China's Fujian province, in partnership with Fujian Fuhua Gulei Petrochemical Company Limited. The complex, with an estimated cost of SAR 24,000, will be jointly owned by SABIC and Fujian Fuhua Gulei Petrochemical, 51% and 49%, respectively, through their ownership of the joint venture, SABIC Fujian Petrochemicals Co., Ltd.

(ii) Esmax Distribución SpA ("Esmax")

On March 1, 2024, the Company announced the completion of the acquisition of a 100% equity stake in Esmax Distribución SpA ("Esmax"), through its wholly-owned subsidiary, AOC, from Southern Cross Group, a Latin America-focused private equity company. Esmax is one of the leading diversified downstream fuels and lubricants retailers in Chile, and its operations include retail fuel stations, airport operations, fuel distribution terminals and a lubricant blending plant. The transaction represents Saudi Aramco's first downstream retail investment in South America and would enable it to secure outlets for its refined products, including fuel placement from Motiva. It would also create a platform to launch the Aramco brand in South America while strengthening its downstream value chain and unlock new market opportunities for its Valvoline-branded lubricants.