

2021

Saudi Aramco

Second quarter interim report

For the three months and half year ended
June 30, 2021

Aramco at a glance

Second quarter 2021

Financial highlights

Net income (billion)	EBIT* (billion)	Free cash flow* (billion)	Net cash provided by operating activities (billion)
SAR 95.5 \$25.5	SAR 181.8 \$48.5	SAR 84.7 \$22.6	SAR 112.7 \$30.1
Capital expenditures (billion)	Dividends paid (billion)	Dividends paid per share	ROACE* (%)
SAR 28.1 \$7.5	SAR 70.33 \$18.75	SAR 0.35 \$0.09	16.7
Gearing* (%)	Earnings per share (basic and diluted)	Average realized crude oil price (\$/barrel)	
19.4	SAR 0.45 \$0.12	67.9	

* Non-IFRS measure; refer to *Non-IFRS measures reconciliations and definitions* section for further details.

Key results

Financial results

	Second quarter ended June 30			
	SAR		USD*	
All amounts in millions unless otherwise stated	2021	2020	2021	2020
Net income	95,465	24,621	25,458	6,565
EBIT	181,825	51,170	48,486	13,645
Capital expenditures	28,076	23,432	7,487	6,248
Free cash flow	84,657	22,878	22,576	6,101
Dividends paid	70,325	70,319	18,754	18,751
ROACE ¹	16.7%	17.4%	16.7%	17.4%
Average realized crude oil price (\$/barrel)	n/a	n/a	67.9	23.4

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

1. Calculated on a 12-month rolling basis.

	Half year ended June 30			
	SAR		USD*	
All amounts in millions unless otherwise stated	2021	2020	2021	2020
Net income	176,905	87,099	47,175	23,226
EBIT	335,505	179,428	89,468	47,847
Capital expenditures	58,826	51,172	15,687	13,645
Free cash flow	153,206	79,205	40,855	21,122
Dividends paid	140,650	120,545	37,507	32,145
ROACE ¹	16.7%	17.4%	16.7%	17.4%
Average realized crude oil price (\$/barrel)	n/a	n/a	64.1	37.4

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

1. Calculated on a 12-month rolling basis.

CEO's statement

President and CEO Amin H. Nasser

Our second quarter results reflect a strong rebound in worldwide energy demand and we are heading into the second half of 2021 more resilient and more flexible, as the global recovery gains momentum. While there is still some uncertainty around the challenges posed by COVID-19 variants, we have shown that we can adapt swiftly and effectively to changing market conditions.

Our historic \$12.4 billion pipeline deal was an endorsement of our long-term business strategy by international investors, representing significant progress in our portfolio optimization program. Our landmark \$6 billion Sukuk reinforced our robust balance sheet, further diversifying our funding sources and expanding our investor base. And, once again, we delivered a dividend of \$18.8 billion for our shareholders.

We continue to move forward on a number of strategic programs, which focus on sustainability and low-carbon fuels, maximizing the value of our assets, and advancing our downstream integration and expansion journey. For all these reasons and more, I remain extremely positive about the second half of 2021 and beyond.

Second quarter highlights

The global crude oil market continued its strong recovery in 2021, driven by rebounding demand mainly from the U.S. and China. This positive market trend reflects the accelerating economic activity in key energy markets and the improved outlook for overall global energy demand, supported by the gradual expansion of COVID-19 vaccination campaigns in various countries.

Aramco's high level of agility and operational excellence allowed it to capitalize on these improved market conditions and deliver remarkable earnings and cash flows, enabling the Company to declare a dividend of SAR 70.33 billion (\$18.76 billion) for the second quarter.

At the same time, Aramco maintains a highly disciplined and flexible approach to capital allocation and continues to expect its 2021 capital expenditures to be approximately \$35 billion, compared to \$26.9 billion in 2020. This demonstrates Aramco's ability to adjust its capital program using its robust balance sheet, in order to capture growth opportunities at a time when the industry is under-investing.

As part of its portfolio optimization program to unlock value and maximize shareholder return, Aramco completed a SAR 46.5 billion (\$12.4 billion) infrastructure deal in June 2021. The transaction involves the sale of a 49% equity interest in Aramco Oil Pipelines Company ("AOPC"), an Aramco subsidiary, to a consortium of international investors including EIG Global Energy Partners and Mubadala. As part of the deal, AOPC leased and leased back usage rights in Aramco's stabilized crude oil pipelines network for a 25-year period. This transaction demonstrates investor confidence in Aramco's long-term outlook and the attractiveness of the Kingdom to institutional investors. Cash proceeds from the transaction will be used for general corporate purposes.

The improving sentiment in the energy market offered Aramco an opportunity to further optimize its capital structure and manage liquidity. In June, Aramco successfully raised SAR 22.5 billion (\$6.0 billion) through the issuance of its inaugural international, U.S. dollar-denominated Shari'a compliant securities under the newly established international Sukuk program. The offering led to a healthy subscription from a broad group of global investors, demonstrating Aramco's unique value proposition, further diversifying its funding sources, and expanding its investor base. The Sukuk are listed on the London Stock Exchange's main market and cash proceeds from the issuance will be used for general corporate purposes.

Upstream

Upstream demonstrated its robust operational agility with average total hydrocarbon production of 11.7 mmoed in the second quarter, which includes an average crude oil production of 8.6 mmbpd. Aramco's continuous cost optimization efforts successfully reinforce its low-cost leadership position.

Aramco continues to execute its Upstream growth plans, progressing with multiple projects to unlock the value creation potential of the Kingdom's hydrocarbon reserves.

Key Upstream developments in the second quarter of 2021:

- The 'Ain Dar and Fazran crude oil increments have been completed and successfully tied-in. These increments are targeting secondary reservoirs with a combined production capacity of 175 mbbpd;
- The Marjan and Berri crude oil increment programs are in the final stages of detailed engineering, and construction activities continue to progress. The Marjan and Berri projects are expected to add production capacity of 300 mbbpd and 250 mbbpd, respectively, by 2025; and
- The Hawiyah Unayzah Reservoir Gas Storage program is approaching the final engineering design phase, and procurement and construction activities continue to progress. The program is designed to provide up to 2.0 bscfd of gas for re-introduction into the Master Gas System by 2024.

Downstream

Aramco's Downstream segment, one of the world's largest refining and petrochemicals businesses, continued to create additional value by optimizing its portfolio, in alignment with its long-term strategy of further integration and diversification of its operations.

In the first half of 2021, Downstream consumed 44.0% (half year 2020: 37.4%) of Aramco's crude oil production.

Key Downstream developments in the second quarter of 2021:

- Representing a significant step in SABIC becoming the chemicals arm and an integral member of the Aramco group, and capturing value-adding synergies, Aramco is transferring the marketing and sales responsibility for a number of Aramco petrochemicals and polymers products to SABIC. In addition, the offtake and resale responsibility of a number of SABIC products is being transferred to Aramco Trading Company (ATC). These changes are intended to focus SABIC on polymers and derivative products, while ATC focuses on fuels, aromatics and MTBE, driving further operational efficiencies, strengthening the brands of both companies and improving overall competitiveness. Considerable synergies are also being captured, mainly in procurement, supply chain, feedstock optimization, stream integration, operations and maintenance;
- The Company remains committed to the global energy transition and views renewable energy as a complement to its own energy products, supported by vast solar and wind resources In-Kingdom. The Company is currently evaluating potential projects with partners to make investments in renewables; and
- The Company achieved 100.0% (Q2 2020: 99.8%) supply reliability in the second quarter through continued demonstration of its operational agility and logistics optimization.

Environmental, social and governance

Aramco continues to support the development of a vibrant local economy, most notably in its leading role in the new cooperative Shareek Program. Aramco will seek to proactively support and partner with domestic businesses and ventures which contribute to the Kingdom's economic growth and development and are aligned with Aramco's business strategies. This is in addition to Aramco's existing programmes of early-stage venture capital investments, targeting new technology applications that may be deployed in its operations, or which may have a broader economic impact in the future.

The Company's Upstream greenhouse gas emissions (Scope 1 and Scope 2) for 2020 are now verified by an independent third party resulting in an Upstream carbon intensity of 10.6 kg CO₂e/boe. This reemphasizes Aramco's leadership in achieving one of the lowest Upstream carbon footprints in the industry.

The health and safety of its workforce, their dependents, and the wider community has been a top priority of Aramco throughout the COVID-19 pandemic. Among other measures, the Company swiftly implemented a vaccination campaign, resulting in more than 95% and 70% of its employees and their dependents, respectively, receiving at least their first dose by June 2021. This successful response led to uninterrupted, safe and reliable operations, ensuring the continuity of an energy supply on which the world relies.

Aramco's ordinary annual general assembly meeting was held on July 1, 2021. Among other matters, the assembly approved the election of the members of the Board of Directors, for a period of three years beginning July 1, 2021, including the appointments of Mr. Stuart T. Gulliver, former Group CEO of HSBC, and Mr. Khalid H. Al-Dabbagh, former Senior Vice President of Finance, Strategy & Development of Aramco.

Financial performance

Summary of financial performance

	Second quarter					Half year				
	SAR		USD*		%	SAR		USD*		%
All amounts in millions unless otherwise stated	2021	2020	2021	2020		2021	2020	2021	2020	
Income before income taxes and zakat	178,676	49,828	47,647	13,287	258.6%	330,056	177,563	88,015	47,350	85.9%
Income taxes and zakat	(83,211)	(25,207)	(22,189)	(6,722)	230.1%	(153,151)	(90,464)	(40,840)	(24,124)	69.3%
Net income	95,465	24,621	25,458	6,565	287.7%	176,905	87,099	47,175	23,226	103.1%

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

Financial results

Building on the momentum from its strong first quarter 2021 results, and supported by an improving global oil market, Aramco delivered exceptional financial results in the first half of 2021. This performance is a testament to Aramco's unique operational flexibility and its ability to deliver unmatched results.

Key factors affecting Aramco's financial results

- Aramco's results of operations and cash flows are primarily driven by market prices and volumes sold of hydrocarbons, and refined and chemicals products. Global demand for petroleum products in the first half of 2021 continued to recover from the lows of 2020, but remains below pre-pandemic levels. The prices for hydrocarbons, and margins of refined and chemicals products improved in the first half of 2021, compared to the same period in 2020.
- In June 2021, Aramco completed its SAR 46.5 billion (\$12.4 billion) infrastructure deal relating to a 25-year lease and leaseback agreement for its stabilized crude oil pipelines network.
- In June 2021, Aramco issued a series of international, U.S. dollar-denominated Shari'a compliant securities under its newly established international Sukuk program, aggregating to SAR 22.5 billion (\$6.0 billion).
- Aramco's 2021 consolidated statement of income includes SABIC's full second quarter and half year results. In comparison, the 2020 results for the same period only included SABIC's earnings for the 15 days period following the acquisition on June 16, 2020.

Second quarter

Net income for the second quarter of 2021 was SAR 95,465 (\$25,458), compared to SAR 24,621 (\$6,565) for the same quarter of 2020. This strong performance was primarily driven by higher crude oil prices, improved refining and chemicals margins and the consolidation of SABIC's results. This was partially offset by lower crude oil volumes sold and higher crude oil production royalties.

The charge for income taxes and zakat for the second quarter of 2021 was SAR 83,211 (\$22,189), compared to SAR 25,207 (\$6,722) for the same quarter in 2020, mainly reflecting higher earnings in 2021.

Half year

Net income for the first half of 2021 was SAR 176,905 (\$47,175), compared to SAR 87,099 (\$23,226) for the same period in 2020, mainly reflecting the impact of rising crude oil prices and strong Downstream earnings – including inventory movement gains and the consolidation of SABIC's results – partially offset by a decrease in crude oil volumes sold and higher crude oil production royalties.

In the first half of 2021, the amount of income taxes and zakat was SAR 153,151 (\$40,840), compared to SAR 90,464 (\$24,124) for the same period in 2020. The increase was predominantly in line with 2021 earnings.

For non-IFRS measures, refer to *Non-IFRS measures reconciliations and definitions* section.

Upstream financial performance

	Second quarter					Half year				
	SAR		USD*		%	SAR		USD*		%
All amounts in millions unless otherwise stated	2021	2020	2021	2020		2021	2020	2021	2020	
Earnings before interest, income taxes and zakat	170,056	55,185	45,348	14,716	208.2%	320,186	196,296	85,383	52,346	63.1%
Capital expenditures - cash basis	20,151	19,077	5,374	5,087	5.6%	44,506	39,610	11,868	10,563	12.4%

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

Second quarter

Upstream successfully delivered unrivalled results for the second quarter of 2021. EBIT for the second quarter of 2021 was SAR 170,056 (\$45,348), compared to SAR 55,185 (\$14,716) for the same quarter in 2020. This significant improvement in EBIT reflects the gradual recovery of global energy markets and the associated increase in Aramco's average realized crude oil prices, partially offset by lower crude oil volumes sold and higher crude oil production royalties.

Capital expenditures for the second quarter of 2021 increased by 5.6%, compared to the same period in 2020, from SAR 19,077 (\$5,087) to SAR 20,151 (\$5,374). This increase was mainly attributable to the ongoing crude oil increments and other development drilling programs.

Half year

EBIT for the first half of 2021 was SAR 320,186 (\$85,383), compared to SAR 196,296 (\$52,346) for the same period in 2020. These solid results reflect the gradual economic rebound experienced in 2021. The increase in EBIT was mainly driven by favorable movements in average realized crude oil prices, which was partially offset by lower crude oil volumes sold and higher crude oil production royalties.

Capital expenditures for the first half of 2021 increased by 12.4%, compared to the same period in 2020, from SAR 39,610 (\$10,563) to SAR 44,506 (\$11,868). This increase was primarily attributable to the commencement of the initial phases of the construction and procurement activities relating to ongoing increment projects.

Downstream financial performance

	Second quarter					Half year				
	SAR		USD*		%	SAR		USD*		%
All amounts in millions unless otherwise stated	2021	2020	2021	2020		2021	2020	2021	2020	
Earnings (losses) before interest, income taxes and zakat	17,255	(1,290)	4,601	(344)	1,438%	33,915	(20,296)	9,044	(5,412)	267.1%
Capital expenditures - cash basis	7,411	4,125	1,976	1,100	79.7%	13,275	11,025	3,540	2,940	20.4%

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

Second quarter

EBIT for the second quarter of 2021 was a profit of SAR 17,255 (\$4,601), compared to a loss of SAR 1,290 (\$344) for the same quarter in 2020. This notable recovery and delivery of strong earnings was mainly driven by rising refining and chemicals margins and the associated inventory movement gains as energy market fundamentals continue to improve. The consolidation of SABIC's results further enhanced the segment's EBIT.

Capital expenditures for the second quarter of 2021 increased by 79.7%, compared to the same period in 2020, from SAR 4,125 (\$1,100) to SAR 7,411 (\$1,976), primarily due to the consolidation of SABIC's capital expenditures and various project upgrades including the Master Gas System.

Half year

EBIT for the first half of 2021 was a profit of SAR 33,915 (\$9,044), compared to a loss of SAR 20,296 (\$5,412) for the same period in 2020, reflecting a rebound in global energy markets leading to stronger Downstream margins and inventory movement gains, and further enhanced by the consolidation of SABIC's results.

Capital expenditures for the first half of 2021 increased by 20.4%, compared to the same period in 2020, from SAR 11,025 (\$2,940) to SAR 13,275 (\$3,540). This increase was primarily attributable to the consolidation of SABIC's post-acquisition capital expenditures, partly offset by projects nearing completion.

Condensed consolidated interim financial report

For the three-month and six-month periods ended
June 30, 2021 (Unaudited)

Contents

	Page
Independent auditor's review report	9
Condensed consolidated statement of income	10
Condensed consolidated statement of comprehensive income	11
Condensed consolidated balance sheet	12
Condensed consolidated statement of changes in equity	13
Condensed consolidated statement of cash flows	14
Notes to the condensed consolidated interim financial report	15 – 28



Report on review of the condensed consolidated interim financial report

To the shareholders of Saudi Arabian Oil Company

Introduction

We have reviewed the accompanying condensed consolidated balance sheet of Saudi Arabian Oil Company and its subsidiaries as at June 30, 2021 and the related condensed consolidated statements of income, comprehensive income and cash flows for the three-month and six-month periods then ended and the related condensed consolidated statement of changes in equity for the six-month period then ended and other explanatory notes (the “condensed consolidated interim financial report”). Management is responsible for the preparation and presentation of this condensed consolidated interim financial report in accordance with International Accounting Standard 34, ‘Interim Financial Reporting’, that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on this condensed consolidated interim financial report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, ‘Review of interim financial information performed by the independent auditor of the entity’, that is endorsed in the Kingdom of Saudi Arabia. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, that are endorsed in the Kingdom of Saudi Arabia, and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial report is not prepared, in all material respects, in accordance with International Accounting Standard 34, ‘Interim Financial Reporting’, that is endorsed in the Kingdom of Saudi Arabia.

PricewaterhouseCoopers

A handwritten signature in blue ink, appearing to read 'Omar M. Al Sagga', is written over the printed name.

Omar M. Al Sagga
License Number 369

August 6, 2021

Condensed consolidated statement of income

	Note	SAR				USD*			
		2 nd quarter 2021	2 nd quarter 2020	Six months 2021	Six months 2020	2 nd quarter 2021	2 nd quarter 2020	Six months 2021	Six months 2020
Revenue	11	312,353	123,231	584,425	348,798	83,294	32,862	155,847	93,013
Other income related to sales		37,597	16,123	65,682	40,901	10,026	4,299	17,515	10,907
Revenue and other income related to sales		349,950	139,354	650,107	389,699	93,320	37,161	173,362	103,920
Royalties and other taxes		(31,252)	(16,705)	(55,307)	(45,750)	(8,334)	(4,455)	(14,749)	(12,200)
Purchases		(87,795)	(24,898)	(161,705)	(75,547)	(23,412)	(6,640)	(43,121)	(20,146)
Producing and manufacturing		(14,722)	(15,331)	(30,429)	(32,861)	(3,926)	(4,088)	(8,115)	(8,763)
Selling, administrative and general		(14,304)	(10,897)	(26,707)	(17,199)	(3,815)	(2,906)	(7,122)	(4,586)
Exploration		(1,002)	(1,299)	(2,055)	(2,984)	(267)	(347)	(548)	(796)
Research and development		(860)	(529)	(1,738)	(944)	(229)	(141)	(463)	(252)
Depreciation and amortization	6,7	(20,900)	(16,603)	(41,164)	(31,590)	(5,573)	(4,427)	(10,977)	(8,424)
Operating costs		(170,835)	(86,262)	(319,105)	(206,875)	(45,556)	(23,004)	(85,095)	(55,167)
Operating income		179,115	53,092	331,002	182,824	47,764	14,157	88,267	48,753
Share of results of joint ventures and associates		2,444	(2,148)	4,231	(3,733)	651	(572)	1,128	(995)
Finance and other income		579	800	908	1,971	155	213	243	525
Finance costs		(3,462)	(1,916)	(6,085)	(3,499)	(923)	(511)	(1,623)	(933)
Income before income taxes and zakat		178,676	49,828	330,056	177,563	47,647	13,287	88,015	47,350
Income taxes and zakat	8	(83,211)	(25,207)	(153,151)	(90,464)	(22,189)	(6,722)	(40,840)	(24,124)
Net income		95,465	24,621	176,905	87,099	25,458	6,565	47,175	23,226
Net income (loss) attributable to									
Shareholders' equity		90,902	25,370	169,492	88,902	24,241	6,765	45,198	23,707
Non-controlling interests		4,563	(749)	7,413	(1,803)	1,217	(200)	1,977	(481)
		95,465	24,621	176,905	87,099	25,458	6,565	47,175	23,226
Earnings per share (basic and diluted)		0.45	0.13	0.85	0.44	0.12	0.03	0.23	0.12

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



Amin H. Nasser
Director,
President & Chief Executive Officer



Ziad T. Al Murshed
Chief Financial Officer (Acting)



Salah M. Al-Hareky
Controller

Condensed consolidated statement of comprehensive income

	Note	SAR				USD*			
		2 nd quarter 2021	2 nd quarter 2020	Six months 2021	Six months 2020	2 nd quarter 2021	2 nd quarter 2020	Six months 2021	Six months 2020
Net income		95,465	24,621	176,905	87,099	25,458	6,565	47,175	23,226
Other comprehensive income (loss), net of tax	9								
Items that will not be reclassified to net income									
Remeasurement of post-employment benefit obligations		(2,203)	477	10,793	(10,218)	(588)	127	2,878	(2,725)
Changes in fair value of equity investments classified as fair value through other comprehensive income		10	(188)	853	(1,234)	2	(50)	227	(329)
Items that may be reclassified subsequently to net income									
Cash flow hedges and other		131	(107)	(45)	(726)	35	(29)	(12)	(194)
Changes in fair value of debt securities classified as fair value through other comprehensive income		21	44	(491)	(12)	5	12	(131)	(3)
Share of other comprehensive income (loss) of joint ventures and associates		304	(35)	(411)	(699)	81	(9)	(110)	(186)
Currency translation differences		184	85	(562)	(1,383)	50	23	(149)	(369)
		(1,553)	276	10,137	(14,272)	(415)	74	2,703	(3,806)
Total comprehensive income		93,912	24,897	187,042	72,827	25,043	6,639	49,878	19,420
Total comprehensive income (loss) attributable to									
Shareholders' equity		89,284	25,805	179,686	75,282	23,809	6,881	47,917	20,075
Non-controlling interests		4,628	(908)	7,356	(2,455)	1,234	(242)	1,961	(655)
		93,912	24,897	187,042	72,827	25,043	6,639	49,878	19,420

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



Amin H. Nasser
Director,
President & Chief Executive Officer



Ziad T. Al Murshed
Chief Financial Officer (Acting)



Salah M. Al-Hareky
Controller

Condensed consolidated balance sheet

	Note	SAR		USD*	
		June 30, 2021	December 31, 2020	June 30, 2021	December 31, 2020
Assets					
Non-current assets					
Property, plant and equipment	6	1,227,110	1,209,460	327,229	322,523
Intangible assets	7	164,723	164,547	43,926	43,879
Investments in joint ventures and associates		68,940	65,976	18,384	17,594
Deferred income tax assets		15,001	15,280	4,000	4,075
Other assets and receivables		38,341	37,258	10,224	9,935
Investments in securities		23,364	22,861	6,231	6,096
		1,537,479	1,515,382	409,994	404,102
Current assets					
Inventories		63,851	51,999	17,027	13,867
Trade receivables		125,254	85,183	33,401	22,715
Due from the Government		38,572	28,895	10,286	7,705
Other assets and receivables		21,314	18,769	5,684	5,005
Short-term investments		6,758	6,801	1,802	1,814
Cash and cash equivalents		253,593	207,232	67,625	55,262
		509,342	398,879	135,825	106,368
Total assets		2,046,821	1,914,261	545,819	510,470
Equity and liabilities					
Shareholders' equity					
Share capital		60,000	60,000	16,000	16,000
Additional paid-in capital		26,981	26,981	7,195	7,195
Treasury shares		(3,042)	(3,264)	(811)	(870)
Retained earnings:					
Unappropriated		933,545	895,273	248,945	238,739
Appropriated		6,000	6,000	1,600	1,600
Other reserves	9	5,990	5,858	1,597	1,562
		1,029,474	990,848	274,526	264,226
Non-controlling interests		159,919	110,246	42,645	29,399
		1,189,393	1,101,094	317,171	293,625
Non-current liabilities					
Borrowings	10	419,781	436,920	111,942	116,512
Deferred income tax liabilities		70,780	53,621	18,875	14,299
Post-employment benefit obligations		37,694	54,207	10,052	14,455
Provisions and other liabilities		25,612	25,208	6,829	6,722
		553,867	569,956	147,698	151,988
Current liabilities					
Trade and other payables		104,297	93,740	27,812	24,998
Obligations to the Government:					
Income taxes and zakat	8	67,634	42,059	18,036	11,216
Royalties		11,778	8,255	3,141	2,201
Borrowings	10	119,852	99,157	31,961	26,442
		303,561	243,211	80,950	64,857
Total liabilities		857,428	813,167	228,648	216,845
Total equity and liabilities		2,046,821	1,914,261	545,819	510,470

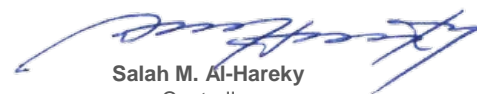
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Amin H. Nasser
Director,
President & Chief Executive Officer



Ziad T. Al Murshed
Chief Financial Officer (Acting)



Salah M. Al-Hareky
Controller

Condensed consolidated statement of changes in equity

	SAR								USD*
	Shareholders' equity								Total
	Share capital	Additional paid-in capital	Treasury shares	Retained earnings		Other reserves (Note 9)	Non-controlling interests	Total	
Unappropriated				Appropriated					
Balance at January 1, 2020	60,000	26,981	(3,750)	943,758	6,000	2,076	11,170	1,046,235	278,996
Net income (loss)	-	-	-	88,902	-	-	(1,803)	87,099	23,226
Other comprehensive loss	-	-	-	-	-	(13,620)	(652)	(14,272)	(3,806)
Total comprehensive income (loss)	-	-	-	88,902	-	(13,620)	(2,455)	72,827	19,420
Acquisition of subsidiary (Note 4)	-	-	-	-	-	-	98,252	98,252	26,201
Transfer of post-employment benefit obligations remeasurement	-	-	-	(9,920)	-	9,920	-	-	-
Share-based compensation	-	-	-	(2)	-	292	-	290	77
Dividends (Note 19)	-	-	-	(85,070)	-	-	-	(85,070)	(22,685)
Dividends to non-controlling interests	-	-	-	-	-	-	(14)	(14)	(4)
Balance at June 30, 2020	60,000	26,981	(3,750)	937,668	6,000	(1,332)	106,953	1,132,520	302,005
Balance at January 1, 2021	60,000	26,981	(3,264)	895,273	6,000	5,858	110,246	1,101,094	293,625
Net income	-	-	-	169,492	-	-	7,413	176,905	47,175
Other comprehensive income (loss)	-	-	-	-	-	10,194	(57)	10,137	2,703
Total comprehensive income	-	-	-	169,492	-	10,194	7,356	187,042	49,878
Transfer of post-employment benefit obligations remeasurement	-	-	-	10,124	-	(10,124)	-	-	-
Treasury shares issued to employees	-	-	222	(9)	-	-	-	213	57
Share-based compensation	-	-	-	(6)	-	62	-	56	15
Dividends (Note 19)	-	-	-	(140,650)	-	-	-	(140,650)	(37,507)
Sale of non-controlling equity interest in a subsidiary (Note 17)	-	-	-	-	-	-	46,547	46,547	12,412
Change in ownership interest of subsidiary (Note 18)	-	-	-	(679)	-	-	679	-	-
Dividends to non-controlling interests and other	-	-	-	-	-	-	(4,909)	(4,909)	(1,309)
Balance at June 30, 2021	60,000	26,981	(3,042)	933,545	6,000	5,990	159,919	1,189,393	317,171

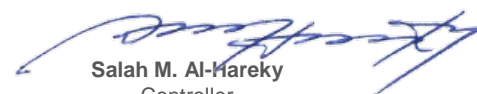
* Supplementary information is converted at a fixed rate of U.S. dollar 1.00 = SAR 3.75 for convenience only.



Amin H. Nasser
Director,
President & Chief Executive Officer



Ziad T. Al Murshed
Chief Financial Officer (Acting)



Salah M. Al-Hareky
Controller

Condensed consolidated statement of cash flows

	Note	SAR				USD*			
		2 nd quarter 2021	2 nd quarter 2020	Six months 2021	Six months 2020	2 nd quarter 2021	2 nd quarter 2020	Six months 2021	Six months 2020
Income before income taxes and zakat		178,676	49,828	330,056	177,563	47,647	13,287	88,015	47,350
Adjustments to reconcile income before income taxes and zakat to net cash provided by operating activities									
Depreciation and amortization	6,7	20,900	16,603	41,164	31,590	5,573	4,427	10,977	8,424
Exploration and evaluation costs written off		112	357	428	1,096	30	96	114	293
Share of results of joint ventures and associates		(2,444)	2,148	(4,231)	3,733	(651)	572	(1,128)	995
Finance income		(313)	(574)	(636)	(1,634)	(84)	(153)	(170)	(436)
Finance costs		3,462	1,916	6,085	3,499	923	511	1,623	933
Dividends from investments in securities		(253)	(223)	(256)	(332)	(67)	(60)	(68)	(89)
Change in fair value of investments through profit or loss		(87)	(381)	545	484	(23)	(102)	146	129
Change in joint ventures and associates inventory profit elimination		216	104	337	(263)	57	28	90	(70)
Other		306	2,297	1,027	1,181	81	613	274	315
Change in working capital									
Inventories		(4,977)	4,043	(11,852)	13,760	(1,327)	1,078	(3,160)	3,669
Trade receivables		(16,594)	7,690	(40,071)	41,236	(4,425)	2,050	(10,686)	10,996
Due from the Government		(7,662)	10,989	(9,677)	18,786	(2,043)	2,931	(2,581)	5,010
Other assets and receivables		(1,633)	5,447	(2,411)	135	(435)	1,453	(643)	36
Trade and other payables		6,767	(8,633)	14,799	(21,827)	1,805	(2,302)	3,946	(5,820)
Royalties payable		2,256	(438)	3,523	(9,193)	602	(117)	940	(2,452)
Other changes									
Other assets and receivables		(86)	(1,161)	(1,083)	(3,200)	(23)	(309)	(289)	(853)
Provisions and other liabilities		118	(249)	235	145	31	(67)	62	38
Post-employment benefit obligations		752	563	1,991	1,155	201	150	531	308
Settlement of income, zakat and other taxes	8(c)	(66,783)	(44,016)	(117,941)	(127,537)	(17,809)	(11,737)	(31,451)	(34,009)
Net cash provided by operating activities		112,733	46,310	212,032	130,377	30,063	12,349	56,542	34,767
Net cash (used in) provided by investing activities									
Capital expenditures	5	(28,076)	(23,432)	(58,826)	(51,172)	(7,487)	(6,248)	(15,687)	(13,645)
Cash acquired on acquisition of subsidiary	4	-	27,515	-	27,515	-	7,337	-	7,337
Distributions from joint ventures and associates		406	289	919	314	109	77	245	84
Additional investments in joint ventures and associates		(40)	(270)	(176)	(276)	(11)	(72)	(47)	(74)
Dividends from investments in securities		253	223	256	332	67	60	68	89
Interest received		258	570	502	2,580	68	152	134	688
Net investments in securities		16	(555)	(1,008)	(619)	5	(148)	(269)	(165)
Net (purchases) maturities of short-term investments		(650)	(1,898)	43	43,341	(173)	(506)	12	11,558
Net cash (used in) provided by investing activities		(27,833)	2,442	(58,290)	22,015	(7,422)	652	(15,544)	5,872
Net cash used in financing activities									
Dividends paid to shareholders of the Company		(70,325)	(70,319)	(140,650)	(120,545)	(18,754)	(18,751)	(37,507)	(32,145)
Dividends paid to non-controlling interests in subsidiaries		(2,432)	-	(2,974)	(14)	(649)	-	(793)	(4)
Proceeds from sale of non-controlling equity interest in a subsidiary		46,547	-	46,547	-	12,412	-	12,412	-
Proceeds from issue of treasury shares		94	-	192	-	26	-	52	-
Proceeds from borrowings		20,972	1,466	23,366	9,925	5,593	390	6,231	2,646
Repayments of borrowings		(23,015)	(2,963)	(23,408)	(4,513)	(6,137)	(790)	(6,242)	(1,203)
Principal portion of lease payments		(3,097)	(3,517)	(5,906)	(4,965)	(826)	(938)	(1,575)	(1,324)
Interest paid		(3,061)	(2,261)	(4,548)	(3,393)	(817)	(603)	(1,213)	(905)
Net cash used in financing activities		(34,317)	(77,594)	(107,381)	(123,505)	(9,152)	(20,692)	(28,635)	(32,935)
Net increase (decrease) in cash and cash equivalents		50,583	(28,842)	46,361	28,887	13,489	(7,691)	12,363	7,704
Cash and cash equivalents at beginning of the period		203,010	235,435	207,232	177,706	54,136	62,783	55,262	47,388
Cash and cash equivalents at end of the period		253,593	206,593	253,593	206,593	67,625	55,092	67,625	55,092

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



Amin H. Nasser
Director,
President & Chief Executive Officer



Ziad T. Al Murshed
Chief Financial Officer (Acting)



Salah M. Al-Hareky
Controller

Notes to the condensed consolidated interim financial report

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 the right to, among other things, explore the Kingdom for hydrocarbons. Effective January 1, 2018, Council of Minister's Resolution No. 180, dated 1/4/1439H (December 19, 2017), converted the Company to a Saudi Joint Stock Company with new Bylaws.

On December 11, 2019, the Company completed its Initial Public Offering ("IPO") and its ordinary shares were listed on the Saudi Stock Exchange ("Tadawul"). 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.

The condensed consolidated interim financial report of the Company and its subsidiaries (together "Saudi Aramco") was approved by the Board of Directors on August 6, 2021.

2. Basis of preparation and other significant accounting policies

The condensed consolidated interim financial report has been prepared in accordance with International Accounting Standard 34 ("IAS 34"), Interim Financial Reporting, that is endorsed in the Kingdom, and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA"). This condensed consolidated interim financial report is consistent with the accounting policies and methods of computation and presentation set out in Saudi Aramco's December 31, 2020 consolidated financial statements, except for new and amended standards disclosed below.

The results for the interim periods are unaudited and include all adjustments necessary for a fair presentation of the results for the periods presented. This condensed consolidated interim financial report should be read in conjunction with the consolidated financial statements and related notes for the year ended December 31, 2020, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") that are endorsed in the Kingdom, and other standards and pronouncements issued by SOCPA. The consolidated financial statements for the year ended December 31, 2020 are also in compliance with IFRS as issued by the International Accounting Standards Board ("IASB").

Translations from SAR to USD presented as supplementary information in the Condensed Consolidated Statement of Income, Condensed Consolidated Statement of Comprehensive Income, Condensed Consolidated Balance Sheet, Condensed Consolidated Statement of Changes in Equity, and Condensed Consolidated Statement of Cash Flows at June 30, 2021 and December 31, 2020 and for the three-month and six-month periods ended June 30, 2021 and 2020, are for convenience and were calculated at the rate of USD 1.00 = SAR 3.75 representing the exchange rate at the balance sheet dates.

In response to novel Coronavirus ("COVID-19"), which has caused global economic disruption, Saudi Aramco has implemented active prevention programs at its sites and contingency plans in order to minimize the risks related to COVID-19 and to safeguard the continuity of business operations. Crude oil sales account for a substantial portion of the Company's revenue. Crude oil is also a fundamental feedstock to the Company's Downstream operations. The energy markets have recovered during 2021 as countries around the world continue their vaccination programs. This resulted in a steady increase in crude oil prices. The increased prices have positively impacted Saudi Aramco's financial performance during this period. Saudi Aramco continues to rationalize its capital spending in response to current market conditions. Management continues to monitor the situation, including the impact on both results of operations and cash flows and will take further actions as necessary. Additionally, management has considered the potential impact of the COVID-19 pandemic on Saudi Aramco's significant accounting judgements and estimates and there are no changes to the significant judgements and estimates disclosed in the December 31, 2020 consolidated financial statements, other than those disclosed in this condensed consolidated interim financial report.

New or amended standards

- (i) Saudi Aramco adopted the following IASB pronouncement, as endorsed in the Kingdom, effective for annual periods beginning on or after January 1, 2021:

Interbank Offered Rate ("IBOR") reform

IBOR reform represents the reform and replacement of interest rate benchmarks such as the London Interbank Offered Rate ("LIBOR") by global regulators. On March 5, 2021, the UK's Financial Conduct Authority announced the future cessation and loss of representativeness of the LIBOR benchmarks. Saudi Aramco has a number of contracts, primarily referenced to USD LIBOR, of which most applicable tenors will cease to be published on June 30, 2023.

2. Basis of preparation and other significant accounting policies continued

In this regard, the IASB issued amendments to IAS 39, Financial Instruments: Recognition and Measurement, IFRS 4, Insurance Contracts, IFRS 7, Financial Instruments: Disclosures, IFRS 9, Financial Instruments, and IFRS 16, Leases, as part of phase 2 of a two-phase project for IBOR reform, which address issues that arise from the implementation of the reforms. These amendments, issued on August 27, 2020 and effective January 1, 2021, include: (1) providing practical expedients in relation to accounting for instruments to which the amortized cost measurement applies by updating the effective interest rate to account for a change in the basis for determining the contractual cash flows without adjusting the carrying amount; (2) additional temporary exceptions from applying specific hedge accounting requirements, including permitted changes to hedge designation without the hedging relationship being discontinued when Phase 1 reliefs cease; and (3) additional disclosures related to IBOR reform, including managing the transition to alternative benchmark rates, its progress and the risks arising from the transition, quantitative information about financial instruments that have yet to transition to new benchmarks and changes in the entity's risk management strategy where this arises.

Saudi Aramco has established an IBOR Transition Project, the scope of which includes analyzing the exposure to IBOR benchmarks, evaluating the impact of the transition and providing support and guidance to all impacted internal stakeholders. As per the initial transition plan, all contracts and agreements that reference USD LIBOR and expire after the cessation dates, will be renegotiated with counterparties to reflect the alternative benchmark.

The following table contains details of all financial instruments of Saudi Aramco referencing USD LIBOR at June 30, 2021, which expire after the cessation dates, and which have not yet transitioned to an alternative benchmark:

As at June 30, 2021	Financial instruments yet to transition to alternative benchmarks:
	USD LIBOR
Non-derivative financial assets	10,500
Non-derivative financial liabilities	42,011
Derivative financial liabilities ¹	653

1. Amounts represent hedging instruments with a nominal value of SAR 11,243.

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

3. Fair value estimation

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

The following table presents Saudi Aramco's assets and liabilities measured and recognized at fair value at June 30, 2021 and December 31, 2020, 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 June 30, 2021 and December 31, 2020. There were no changes made to any of the valuation techniques and valuation processes applied as of December 31, 2020 and changes in unobservable inputs are not expected to materially impact the fair value.

Assets	Level 1 ⁱ	Level 2 ⁱⁱ	Level 3 ⁱⁱⁱ	Total
June 30, 2021				
Investments in securities:				
Equity securities at Fair Value Through Other Comprehensive Income ("FVOCI")	9,075	166	1,473	10,714
Debt securities at FVOCI	38	7,174	-	7,212
Equity securities at Fair Value Through Profit Or Loss ("FVPL")	334	2,152	3,295	5,781
Debt securities at FVPL	-	53	-	53
Trade receivables related to contracts with provisional pricing arrangements	-	-	79,708	79,708
	9,447	9,545	84,476	103,468
Other assets and receivables:				
Commodity swaps	-	1,121	3	1,124
Currency forward contracts	-	305	-	305
Financial assets against options	-	-	2,461	2,461
	-	1,426	2,464	3,890
Total assets	9,447	10,971	86,940	107,358

3. Fair value estimation continued

Assets	Level 1 ⁱ	Level 2 ⁱⁱ	Level 3 ⁱⁱⁱ	Total
December 31, 2020				
Investments in securities:				
Equity securities at FVOCI	8,051	174	1,475	9,700
Debt securities at FVOCI	21	6,948	-	6,969
Equity securities at FVPL	870	1,219	3,495	5,584
Debt securities at FVPL	53	-	-	53
Trade receivables related to contracts with provisional pricing arrangements	-	-	54,402	54,402
	<u>8,995</u>	<u>8,341</u>	<u>59,372</u>	<u>76,708</u>
Other assets and receivables:				
Commodity swaps	-	291	17	308
Currency forward contracts	-	275	-	275
Financial assets against options	-	-	1,863	1,863
	<u>-</u>	<u>566</u>	<u>1,880</u>	<u>2,446</u>
Total assets	<u>8,995</u>	<u>8,907</u>	<u>61,252</u>	<u>79,154</u>

Liabilities	Level 1 ⁱ	Level 2 ⁱⁱ	Level 3 ⁱⁱⁱ	Total
June 30, 2021				
Trade and other payables:				
Interest rate swaps	-	661	-	661
Commodity swaps	94	2,127	60	2,281
Currency forward contracts	-	83	-	83
Provisions and other liabilities:				
Financial liability against options	-	-	3,153	3,153
Total liabilities	<u>94</u>	<u>2,871</u>	<u>3,213</u>	<u>6,178</u>
December 31, 2020				
Trade and other payables:				
Interest rate swaps	-	874	-	874
Commodity swaps	78	159	28	265
Currency forward contracts	-	212	-	212
Provisions and other liabilities:				
Financial liability against options	-	-	1,995	1,995
Total liabilities	<u>78</u>	<u>1,245</u>	<u>2,023</u>	<u>3,346</u>

i. Quoted prices (unadjusted) in active markets for identical assets or liabilities.

ii. Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

iii. Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The changes in Level 3 investments in securities for the six-month period ended June 30, 2021 and the year ended December 31, 2020 are as follows:

	June 30, 2021	December 31, 2020
Beginning	4,970	6,162
Acquisition	-	262
Net disposals	(230)	(1,681)
Net movement in unrealized fair value	(221)	(299)
Realized gain	249	526
Ending	4,768	4,970

3. Fair value estimation continued

The movement in trade receivables related to contracts with provisional pricing arrangements mainly relates to sales transactions, net of settlements, made during the period, resulting from contracts with customers (Note 11). Unrealized fair value movements on these trade receivables are not significant.

The change in commodity swaps primarily relate to purchase and sales derivative contracts including recognition of a gain or loss that results from adjusting a derivative to fair value. Fair value movements on these commodity swaps are not significant.

The movement in the financial asset and liability against options, which are related to put, call and forward contracts on Saudi Aramco's own equity instruments in certain subsidiaries, is due to the change in the unrealized fair value during the period.

4. Acquisition of subsidiary - Saudi Basic Industries Corporation ("SABIC")

On June 16, 2020, the Company acquired a 70% equity interest in SABIC from the Public Investment Fund ("PIF"), for SAR 259,125 (\$69,100). Details of this acquisition including fair values of the identifiable assets acquired and liabilities assumed on acquisition were disclosed in Note 4 of Saudi Aramco's annual consolidated financial statements for the year ended December 31, 2020. The fair values of the identifiable assets acquired and liabilities assumed have since been finalized and there were no changes to the amounts previously disclosed.

5. Operating segments

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

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

For management purposes, Saudi Aramco is organized into business units based on the main types of activities. At June 30, 2021, 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, which now include SABIC's operations from the date of acquisition, consist primarily of refining and petrochemical manufacturing, supply and trading, distribution and power generation, logistics, and marketing of crude oil and related services to international and domestic customers. Corporate activities include primarily supporting services including Human Resources, Finance and IT not allocated to Upstream and Downstream. Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

There are no differences from the 2020 consolidated financial statements in the basis of segmentation or in the basis of measurement of segment earnings before interest, income taxes and zakat.

Information by segments for the three-month period ended June 30, 2021 is as follows:

	Upstream	Downstream	Corporate	Eliminations	Consolidated
External revenue	147,179	164,840	334	-	312,353
Other income related to sales	15,208	22,389	-	-	37,597
Inter-segment revenue	65,647	7,683	51	(73,381)	-
Earnings (losses) before interest, income taxes and zakat	170,056	17,255	(3,234)	(2,252)	181,825
Finance income					313
Finance costs					(3,462)
Income before income taxes and zakat					178,676
Capital expenditures - cash basis	20,151	7,411	514	-	28,076

5. Operating segments continued

Information by segments for the three-month period ended June 30, 2020 is as follows:

	Upstream	Downstream	Corporate	Eliminations	Consolidated
External revenue	67,864	55,043	324	-	123,231
Other income related to sales	7,484	8,639	-	-	16,123
Inter-segment revenue	20,142	8,057	85	(28,284)	-
Earnings (losses) before interest, income taxes and zakat	55,185	(1,290)	(2,348)	(377)	51,170
Finance income					574
Finance costs					(1,916)
Income before income taxes and zakat					49,828
Capital expenditures - cash basis	19,077	4,125	230	-	23,432

Information by segments for the six-month period ended June 30, 2021 is as follows:

	Upstream	Downstream	Corporate	Eliminations	Consolidated
External revenue	278,015	305,789	621	-	584,425
Other income related to sales	25,239	40,443	-	-	65,682
Inter-segment revenue	126,168	14,801	129	(141,098)	-
Earnings (losses) before interest, income taxes and zakat	320,186	33,915	(6,770)	(11,826)	335,505
Finance income					636
Finance costs					(6,085)
Income before income taxes and zakat					330,056
Capital expenditures - cash basis	44,506	13,275	1,045	-	58,826

Information by segments for the six-month period ended June 30, 2020 is as follows:

	Upstream	Downstream	Corporate	Eliminations	Consolidated
External revenue	204,169	143,909	720	-	348,798
Other income related to sales	16,298	24,603	-	-	40,901
Inter-segment revenue	67,760	15,510	173	(83,443)	-
Earnings (losses) before interest, income taxes and zakat	196,296	(20,296)	(6,847)	10,275	179,428
Finance income					1,634
Finance costs					(3,499)
Income before income taxes and zakat					177,563
Capital expenditures - cash basis	39,610	11,025	537	-	51,172

6. Property, plant and equipment

As of January 1, 2021, Saudi Aramco changed the presentation of the groups of assets under property, plant and equipment. The new presentation is consistent with the generally accepted practice of presenting assets based on their nature as compared to the business function where they are used in the company's operations. This change has no current or future impact on the total reported carrying values, estimated useful lives and depreciation expense.

The movement in cost and accumulated depreciation between January 1, 2021 and June 30, 2021 based on the new presentation is provided below:

	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, 2021 (revised)	51,723	80,110	560,187	833,985	72,586	21,431	242,452	1,862,474
Additions ¹	387	163	168	7,281	1	493	52,945	61,438
Construction completed	1,227	2,840	17,188	20,029	2,366	167	(43,817)	-
Currency translation differences	(270)	(743)	-	(2,375)	(18)	(33)	(167)	(3,606)
Transfers and adjustments	20	(35)	7	(32)	244	21	(944)	(719)
Transfer of exploration and evaluation assets	-	-	-	-	-	-	142	142
Retirements and sales	(1)	(64)	-	(3,098)	(5)	(454)	(132)	(3,754)
June 30, 2021	53,086	82,271	577,550	855,790	75,174	21,625	250,479	1,915,975
Accumulated depreciation								
January 1, 2021 (revised)	(16,533)	(34,123)	(207,690)	(342,131)	(38,972)	(13,565)	-	(653,014)
Charge for the period	(744)	(1,760)	(8,751)	(25,690)	(2,424)	(676)	-	(40,045)
Currency translation differences	(60)	487	-	1,000	7	25	-	1,459
Transfers and adjustments	76	34	(7)	11	(169)	(11)	-	(66)
Retirements and sales	-	61	-	2,287	5	448	-	2,801
June 30, 2021	(17,261)	(35,301)	(216,448)	(364,523)	(41,553)	(13,779)	-	(688,865)
Property, plant and equipment - net, June 30, 2021	35,825	46,970	361,102	491,267	33,621	7,846	250,479	1,227,110

1. Borrowing cost capitalized during the six-month period ended June 30, 2021, amounted to SAR 1,549, calculated using an average capitalization rate of 2.52%.

The cost, accumulated depreciation and net carrying amounts of property, plant & equipment at January 1, 2021 based on the previous presentation of assets is as follows:

	Crude oil facilities	Refinery and petrochemical facilities	Gas and NGL facilities	General service plant	Construction-in-progress	Total
Cost						
January 1, 2021	611,863	413,939	454,794	139,428	242,450	1,862,474
Accumulated depreciation						
January 1, 2021	(294,307)	(101,433)	(191,399)	(65,875)	-	(653,014)
Property, plant and equipment - net, January 1, 2021	317,556	312,506	263,395	73,553	242,450	1,209,460

6. Property, plant and equipment continued

The estimated useful lives or, the lease term, if shorter, for right-of-use assets in years of principal groups of depreciable assets based on the revised presentation is as follows:

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

Additions to right-of-use assets during the three-month and six-month periods ended June 30, 2021 were SAR 4,415 and SAR 7,267, respectively. The following table presents depreciation charges and net carrying amounts of right-of-use assets by grouping of assets.

	Depreciation expense for the six-month period ended June 30, 2021	Net carrying amount at June 30, 2021
Land and land improvements	49	3,791
Buildings	110	3,370
Plant, machinery and equipment	5,276	47,179
Fixtures, IT and office equipment	24	534
	5,459	54,874

7. Intangible assets

	Goodwill	Exploration and evaluation	Brands and trademarks	Franchise/ customer relationships	Computer software	Other ¹	Total
Cost							
January 1, 2021	100,204	21,160	23,077	19,827	5,065	2,849	172,182
Additions	-	1,808	-	-	19	74	1,901
Currency translation differences	-	-	(53)	(10)	(14)	(53)	(130)
Transfers and adjustments	-	-	(38)	(38)	4	50	(22)
Transfer of exploration and evaluation assets	-	(142)	-	-	-	-	(142)
Retirements and write offs	-	(428)	-	-	(1)	(150)	(579)
June 30, 2021	100,204	22,398	22,986	19,779	5,073	2,770	173,210
Accumulated amortization							
January 1, 2021	-	-	(1,915)	(1,501)	(3,270)	(949)	(7,635)
Charge for the period	-	-	(206)	(476)	(256)	(181)	(1,119)
Currency translation differences	-	-	-	-	6	25	31
Transfers and adjustments	-	-	38	38	(3)	12	85
Retirements and write offs	-	-	-	-	1	150	151
June 30, 2021	-	-	(2,083)	(1,939)	(3,522)	(943)	(8,487)
Intangible assets - net, June 30, 2021	100,204	22,398	20,903	17,840	1,551	1,827	164,723

1. Other intangible assets include patents and intellectual property having a net book value of SAR 1,232 and licenses and usage rights having a net book value of SAR 595 as at June 30, 2021.

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 Downstream activities is conditional on the Company separating its Downstream activities under the control of one or more separate wholly owned subsidiaries before December 31, 2024, otherwise the Company's Downstream activities will be retroactively taxed at 50%. The Company expects to transfer all its Downstream activities into a separate legal entity or entities within the period specified.

During 2020, the Tax Law was amended, effective January 1, 2020, whereby shares held directly or indirectly in listed companies on the Tadawul 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 SABIC, Rabigh Refining and Petrochemical Company ("Petro Rabigh"), National Shipping Company of Saudi Arabia ("Bahri") and Saudi Electricity Company ("SEC") are now subject to zakat.

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

	2 nd quarter 2021	2 nd quarter 2020	Six months 2021	Six months 2020
Income before income taxes and zakat	178,676	49,828	330,056	177,563
(Less) add: (Income) loss subject to zakat	(7,551)	139	(13,896)	139
Income subject to income tax	171,125	49,967	316,160	177,702
Income taxes at the Kingdom's statutory tax rates	82,230	24,356	151,376	87,101
Tax effect of:				
Income not subject to tax at statutory rates and other	610	766	901	3,278
Income tax expense	82,840	25,122	152,277	90,379
Zakat expense	371	85	874	85
Total income tax and zakat expense	83,211	25,207	153,151	90,464

(b) Income tax and zakat expense

	2 nd quarter 2021	2 nd quarter 2020	Six months 2021	Six months 2020
Current income tax - Kingdom	75,293	21,134	142,244	84,935
Current income tax - Foreign	172	2	365	52
Deferred income tax - Kingdom	6,652	4,474	8,695	7,686
Deferred income tax - Foreign	723	(488)	973	(2,294)
Zakat - Kingdom	371	85	874	85
	83,211	25,207	153,151	90,464

(c) Income tax and zakat obligation to the Government

	2021	2020
January 1	42,059	62,243
Acquisition	-	3,288
Provided during the period	143,118	85,020
Payments during the period by the Company (Note 15)	(56,080)	(59,450)
Payments during the period by subsidiaries and joint operations	(2,328)	(439)
Settlements of due from the Government	(56,791)	(64,108)
Other settlements	(2,344)	(3,497)
June 30	67,634	23,057

9. Other reserves

	Currency translation differences	Investments in securities at FVOCI	Post-employment benefit obligations	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, 2021	1,192	5,356	-	57	(727)	1,022	(1,042)	5,858
Current period change	(562)	410	-	62	(45)	(635)	224	(546)
Remeasurement gain ¹	-	-	18,504	-	-	-	-	18,504
Transfer to retained earnings	-	-	(10,124)	-	-	-	-	(10,124)
Tax effect	-	(48)	(7,711)	-	-	-	-	(7,759)
Less: amounts related to non-controlling interests	393	130	(669)	-	5	198	-	57
June 30, 2021	1,023	5,848	-	119	(767)	585	(818)	5,990

1. The remeasurement gain is primarily due to changes in discount rates used to determine the present value of the post-employment benefit obligations and changes in the fair value of post-employment benefit plan assets.

10. Borrowings

	June 30, 2021	December 31, 2020
Non-current:		
Deferred consideration	186,553	217,231
Borrowings	50,602	55,954
Debentures	99,619	104,425
Sukuk	34,709	12,420
Lease liabilities	45,142	43,567
Other ¹	3,156	3,323
	419,781	436,920
Current:		
Deferred consideration	33,160	18,636
Short-term bank financing	59,910	60,085
Borrowings	12,988	10,197
Debentures	3,750	-
Sukuk	231	231
Lease liabilities	9,813	10,008
	119,852	99,157

1. Other borrowings comprise loans from non-financial institutions under commercial terms.

On May 7, 2020, the Company entered into a SAR 37,500 (\$10,000) one-year term loan facility with various financial institutions for general corporate purposes. The Company exercised its option to extend the facility maturity date by 364 days to May 5, 2022. As of June 30, 2021, the facility was fully utilized with the outstanding loan balance of SAR 37,500 (\$10,000).

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

11. Revenue

	2 nd quarter 2021	2 nd quarter 2020	Six months 2021	Six months 2020
Revenue from contracts with customers	310,146	125,452	579,979	356,578
Movement between provisional and final prices	1,371	(3,151)	2,706	(9,590)
Other revenue	836	930	1,740	1,810
	312,353	123,231	584,425	348,798

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

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

Disaggregation of revenue from contracts with customers

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

	2 nd quarter 2021			Total
	Upstream	Downstream	Corporate	
Crude oil	134,104	14,201	-	148,305
Refined and chemical products	-	145,796	-	145,796
Natural gas and NGLs	11,654	880	-	12,534
Metal products	-	3,511	-	3,511
Revenue from contracts with customers	145,758	164,388	-	310,146
Movement between provisional and final prices	1,325	46	-	1,371
Other revenue	96	406	334	836
External revenue	147,179	164,840	334	312,353

	2 nd quarter 2020			Total
	Upstream	Downstream	Corporate	
Crude oil	61,547	2,505	-	64,052
Refined and chemical products	-	50,619	-	50,619
Natural gas and NGLs	9,450	541	-	9,991
Metal products	-	790	-	790
Revenue from contracts with customers	70,997	54,455	-	125,452
Movement between provisional and final prices	(3,238)	87	-	(3,151)
Other revenue	105	501	324	930
External revenue	67,864	55,043	324	123,231

	Six months 2021			Total
	Upstream	Downstream	Corporate	
Crude oil	253,472	25,644	-	279,116
Refined and chemical products	-	271,238	-	271,238
Natural gas and NGLs	21,721	1,412	-	23,133
Metal products	-	6,492	-	6,492
Revenue from contracts with customers	275,193	304,786	-	579,979
Movement between provisional and final prices	2,633	73	-	2,706
Other revenue	189	930	621	1,740
External revenue	278,015	305,789	621	584,425

11. Revenue continued

	Six months 2020			Total
	Upstream	Downstream	Corporate	
Crude oil	190,420	12,893	-	203,313
Refined and chemical products	-	128,544	-	128,544
Natural gas and NGLs	22,912	1,019	-	23,931
Metal products	-	790	-	790
Revenue from contracts with customers	213,332	143,246	-	356,578
Movement between provisional and final prices	(9,408)	(182)	-	(9,590)
Other revenue	245	845	720	1,810
External revenue	204,169	143,909	720	348,798

Revenue from contracts with customers includes local sales at Kingdom regulated prices as follows:

	2 nd quarter 2021	2 nd quarter 2020	Six months 2021	Six months 2020
Crude oil	780	670	1,263	1,149
Refined and chemical products	15,407	7,004	28,622	20,638
Natural gas and NGLs	2,116	4,313	3,484	7,663
	18,303	11,987	33,369	29,450

12. Non-cash investing and financing activities

Investing and financing activities for the three-month and six month periods ended June 30, 2021 include additions to right-of-use assets of SAR 4,415 and SAR 7,267 (June 30, 2020: SAR 5,572 and SAR 11,164), respectively, asset retirement provisions of SAR 100 and SAR 168 (June 30, 2020: SAR 77 and SAR 156), respectively, and equity awards issued to employees of SAR 15 and SAR 30 (June 30, 2020: nil and nil), respectively. In addition, investing and financing activities for the three-month and six-month periods ended June 30, 2020 include the acquisition of SABIC for deferred consideration of SAR 259,125 (Note 4).

13. Commitments

Capital commitments

Capital expenditures contracted for but not yet incurred were SAR 141,621 and SAR 153,326 at June 30, 2021 and December 31, 2020, respectively. In addition, leases contracted for but not yet commenced were SAR 4,952 and SAR 7,990 at June 30, 2021 and December 31, 2020, respectively.

14. 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 bank guarantees with respect to the acquisition of a subsidiary (Note 4) amounting to SAR 2,398 as of June 30, 2021 arising in the ordinary course of business.

(a) Sadara Chemical Company ("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 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 The Dow Chemical Company ("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 (1) provide additional feedstock by increasing the quantity of ethane and natural gasoline supplied by Saudi Aramco, and (2) 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") and Sadara entered into a new SAR 1,500 subordinated revolving credit facility to provide shortfall funding to Sadara. As of June 30, 2021, the facility was not utilized. Unless extended, the facility is scheduled to mature in June 2023. The unutilized amount of SAR 1,357 under the subordinated credit facility entered on June 17, 2013 has been cancelled.

14. Contingencies continued

(b) Petro Rabigh

In March 2015, the two founding shareholders of Petro Rabigh, the Company and Sumitomo Chemical Co. Ltd., concluded external long-term debt financing arrangements with lenders on behalf of Petro Rabigh for the Rabigh II Project ("the Project") in the amount of SAR 19,380 for which the two shareholders provided guarantees for their equal share of the debt financing (the "Completion Guarantees"). On September 30, 2020, Petro Rabigh achieved project completion under its senior finance agreements and, as a result, the founding shareholders were released from their obligations under the Completion Guarantees. As part of project completion, the founding shareholders entered into a debt service undertaking with the Rabigh II lenders, whereby each founding shareholder, on a several basis, undertakes to pay fifty percent of any shortfalls in Rabigh II debt service on each Rabigh II payment date until the earlier of the final repayment date in June 2032 or the equity bridge loans have been paid down fifty percent, on a scheduled and not accelerated basis. The semi-annual scheduled principal debt service under the Rabigh II financing is approximately SAR 618.

The founding shareholders also 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. The final maturity date of the EBLs is October 1, 2022. Petro Rabigh has drawn down SAR 11,250 under the EBLs as of June 30, 2021.

On September 30, 2020, Petro Rabigh entered into revolving loan facilities in an aggregate amount of SAR 5,625 with Saudi Aramco and Sumika Finance Company Limited, a wholly owned subsidiary of Sumitomo Chemical. Unless extended, these facilities will mature in December 2023. As of June 30, 2021, the SAR 5,625 facilities were fully utilized. Petro Rabigh also entered into another revolving loan facility for SAR 1,875 with Saudi Aramco, unless extended, matures in December 2023. As of June 30, 2021, SAR 1,125 was utilized under this facility.

15. Payments to the Government by the Company

	2 nd quarter 2021	2 nd quarter 2020	Six months 2021	Six months 2020
Income taxes (Note 8(c))	33,693	14,032	56,080	59,450
Royalties	28,086	12,495	52,566	45,867
Dividends	69,084	69,105	138,168	119,078

16. Related party transactions and balances

(a) Transactions

	2 nd quarter 2021	2 nd quarter 2020	Six months 2021	Six months 2020
Joint ventures:				
Revenue from sales	6,412	915	12,405	2,760
Other revenue	4	4	23	23
Interest income	26	23	45	38
Purchases	4,879	22	9,458	45
Service expenses	4	4	8	8
Associates:				
Revenue from sales	17,303	5,617	30,518	9,645
Other revenue	105	87	330	158
Interest income	63	41	86	86
Purchases	13,121	2,846	25,710	6,739
Service expenses	38	86	68	116
Government, semi-Government and other entities with Government ownership or control:				
Revenue from sales	4,466	7,346	7,466	17,089
Other income related to sales	37,597	16,123	65,682	40,901
Other revenue	191	108	424	266
Purchases	3,578	2,291	6,068	4,646
Service expenses	93	90	401	188

16. Related party transactions and balances continued

(b) Balances

	June 30, 2021	December 31, 2020
Joint ventures:		
Other assets and receivables	6,244	6,368
Trade receivables	3,743	3,210
Interest receivable	173	128
Trade and other payables	4,275	3,986
Associates:		
Other assets and receivables	7,369	7,395
Trade receivables	10,496	8,415
Trade and other payables	5,565	3,784
Government, semi-Government and other entities with Government ownership or control:		
Other assets and receivables	533	540
Trade receivables	2,820	1,429
Due from the Government	38,572	28,895
Trade and other payables	2,036	1,770
Borrowings	226,285	243,378

(c) Compensation of key management personnel

Compensation policies for and composition of key management personnel remain consistent with 2020.

17. Sale of equity interest in subsidiary - Aramco Oil Pipelines Company ("AOPC")

On June 17, 2021, the Company sold a 49% equity interest in AOPC, a newly formed wholly-owned subsidiary of the Company, to EIG Pearl Holdings S.à r.l. ("EIG") for upfront sale proceeds of SAR 46,547 (\$12,412) in cash.

EIG is an entity owned by a consortium of investors led by EIG Global Energy Partners. EIG, as a shareholder of AOPC, is entitled to receive quarterly distributions of its pro rata share of AOPC's available cash when the Company pays discretionary dividends to its ordinary shareholders. EIG's shareholding represents a non-controlling interest and, therefore, the upfront sale proceeds have been recognized in this condensed consolidated interim financial report as a non-controlling interest within equity.

Immediately prior to the closing of the transaction, the Company leased the usage rights to its stabilized crude oil pipelines network to AOPC for a 25-year period. Concurrently, AOPC granted the Company the exclusive right to use, operate and maintain the pipelines network during the 25-year period in exchange for a quarterly, volume-based tariff payable by the Company to AOPC. The tariff is backed by minimum volume commitments. The Company will at all times retain title to, and operational control of, the pipelines.

18. Investment in affiliates

(a) SABIC Agri-Nutrients Investment Company ("SANIC")

On January 4, 2021, SABIC Agri-Nutrients Company ("SABIC AGRI-NUTRIENTS"), formerly Saudi Arabian Fertilizer Company ("SAFCO"), acquired 100% of the issued share capital of SANIC from SABIC. The total value of shares in SANIC is set at SAR 4,809, the consideration for which was paid by issuing 59,368,738 ordinary new shares in SAFCO to SABIC valued at SAR 81 per share, thereby increasing the ownership by SABIC of SAFCO from 43% to 50.1%. Under the terms of the transaction, the final consideration will be adjusted depending upon the levels of working capital and cash at SANIC. A net loss of SAR 679 arising from this transaction has been recognized in retained earnings, which represents Saudi Aramco's share of the loss recorded by SABIC.

(b) Middle East Information Technology Solutions ("MEITS")

On February 7, 2021, Saudi Aramco Development Company ("SADCO") and Raytheon Saudi Arabia ("Raytheon") established an affiliate to engage in the marketing and provision of cybersecurity integrated software and hardware along with related training and managed professional services. The affiliate, MEITS, is a limited liability company formed and existing under the laws of the Kingdom of Saudi Arabia, and is owned 51% by Raytheon and 49% by SADCO. The total investment in MEITS will be up to SAR 229, of which SADCO's share will be up to SAR 113 and will be recorded as an investment in a joint venture.

(c) Port Neches Link LLC ("PNL")

On March 8, 2021, Motiva Enterprises LLC ("Motiva"), a wholly owned subsidiary of the Company and TransCanada Keystone Pipeline, LP ("Keystone") established an affiliate to construct and operate a pipeline in the state of Texas, USA. The affiliate, PNL is a limited liability company owned 5% by Motiva and 95% by Keystone. The total investment in PNL is currently estimated as SAR 458, of which Motiva's share will be up to SAR 23 and will be recorded as an investment in a joint venture.

18. Investment in affiliates continued

(d) Fuel Cell Innovation Co., Ltd. ("FCI")

On March 19, 2021, S-Oil Corporation ("S-Oil"), a non-wholly-owned subsidiary of the Company, acquired a 20% equity ownership in Fuel Cell Innovation Co., Ltd. ("FCI") for SAR 28. FCI is a solid oxide fuel cell manufacturer and a South Korean limited liability company. The remaining interests in FCI are held approximately 39% by the founders of FCI, 39% by EZ Energies Limited, and 2% by Korea Technology Finance Corporation. FCI will be recorded as investment in an associate.

19. Dividends

Dividends declared and paid on ordinary shares are as follows:

	Six months 2021	Six months 2020	SAR per share	
			Six months 2021	Six months 2020
Quarter:				
March ¹	70,325	50,226	0.35	0.25
June	70,325	70,319	0.35	0.35
Total dividends paid	140,650	120,545	0.70	0.60
Declared in December 2019, paid in January 2020	-	(35,475)	-	(0.18)
Total dividends declared	140,650	85,070	0.70	0.42
Dividends declared on August 6, 2021 and August 7, 2020 ²	70,331	70,319	0.35	0.35

1. Dividends of SAR 70,325 paid in 2021 relate to 2020 results. Dividends of SAR 50,226 paid in 2020 relate to 2019 results.

2. The condensed consolidated interim financial report does not reflect a dividend to shareholders of approximately SAR 70,331, which was approved in August 2021 (August 2020: SAR 70,319).

This dividend will be deducted from unappropriated retained earnings in the year ending December 31, 2021 and relates to results for the three-month period ended June 30, 2021.

Non-IFRS measures reconciliations and definitions

Non-IFRS measures reconciliations and definitions

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

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

ROACE

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

ROACE for the second quarter and half year ended June 30, 2021, calculated on a 12-month rolling basis, was 16.7%, compared to 17.4% for the same periods in 2020. The decrease in ROACE was driven by higher average capital employed during the year, mainly due to the acquisition of SABIC in June 2020. This was partly offset by higher net income for the twelve months ended June 30, 2021.

	Twelve months ended June 30			
	SAR		USD*	
	2021	2020	2021	2020
All amounts in millions unless otherwise stated				
Net income	273,569	241,921	72,952	64,512
Finance costs, net of income taxes and zakat	6,575	3,373	1,754	900
Net income before finance costs, net of income taxes and zakat	280,144	245,294	74,706	65,412
As at period start:				
Non-current borrowings	406,272	134,472	108,339	35,859
Current borrowings	85,871	38,407	22,899	10,242
Total equity	1,132,520	1,024,127	302,005	273,100
Capital employed	1,624,663	1,197,006	433,243	319,201
As at period end:				
Non-current borrowings	419,781	406,272	111,942	108,339
Current borrowings	119,852	85,871	31,961	22,899
Total equity	1,189,393	1,132,520	317,171	302,005
Capital employed	1,729,026	1,624,663	461,074	433,243
Average capital employed	1,676,845	1,410,835	447,159	376,222
ROACE	16.7%	17.4%	16.7%	17.4%

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

Free cash flow

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

Free cash flow for the second quarter of 2021 was SAR 84,657 (\$22,576), compared to SAR 22,878 (\$6,101) for the same quarter in 2020, an increase of SAR 61,779 (\$16,475). This was principally due to higher earnings, mainly reflecting stronger crude oil prices, improved Downstream margins and the consolidation of SABIC's results, partly offset by unfavorable changes in working capital and higher cash paid for the settlement of income, zakat and other taxes. Capital expenditures increased by SAR 4,644 (\$1,239) in the second quarter of 2021, compared to the same period in 2020, due to increased spend in relation to ongoing Upstream increment projects, and higher Downstream capital expenditures.

Free cash flow for the first half of 2021 was SAR 153,206 (\$40,855), compared to SAR 79,205 (\$21,122) for the same period in 2020. This increase of SAR 74,001 (\$19,733) was mainly due to higher operating cash flow, principally driven by stronger earnings, partially offset by negative working capital movements. Capital expenditures for the first half of 2021 increased in comparison to the same period in 2020, due to higher Upstream and Downstream capital spend.

All amounts in millions unless otherwise stated	Second quarter				Half year			
	SAR		USD*		SAR		USD*	
	2021	2020	2021	2020	2021	2020	2021	2020
Net cash provided by operating activities	112,733	46,310	30,063	12,349	212,032	130,377	56,542	34,767
Capital expenditures	(28,076)	(23,432)	(7,487)	(6,248)	(58,826)	(51,172)	(15,687)	(13,645)
Free cash flow	84,657	22,878	22,576	6,101	153,206	79,205	40,855	21,122

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

Gearing

Gearing is a measure of the degree to which Aramco's operations are financed by debt. Aramco defines gearing as the ratio of net debt (total borrowings less cash and cash equivalents) to net debt plus total equity. Management believes that gearing is widely used by analysts and investors in the oil and gas industry to indicate a company's financial health and flexibility.

Aramco's gearing ratio as at June 30, 2021 was 19.4%, compared to 23.0% as at December 31, 2020. The decrease in gearing was primarily due to higher cash and cash equivalents as at June 30, 2021, mainly driven by stronger operating cash flows and cash proceeds in connection with Aramco's stabilized crude oil pipelines transaction.

All amounts in millions unless otherwise stated	SAR		USD*	
	June 30, 2021	December 31, 2020	June 30, 2021	December 31, 2020
Total borrowings (current and non-current)	539,633	536,077	143,903	142,954
Cash & cash equivalents	(253,593)	(207,232)	(67,625)	(55,262)
Net debt	286,040	328,845	76,278	87,692
Total equity	1,189,393	1,101,094	317,171	293,625
Total equity and net debt	1,475,433	1,429,939	393,449	381,317
Gearing	19.4%	23.0%	19.4%	23.0%

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

Earnings before interest, income taxes and zakat (EBIT)

Aramco defines EBIT as net income plus finance costs and income taxes and zakat, less finance income. Aramco believes EBIT provides useful information regarding its financial performance to analysts and investors.

EBIT for the second quarter ended June 30, 2021 was SAR 181,825 (\$48,486), compared to SAR 51,170 (\$13,645) during the same quarter in 2020. This increase of SAR 130,655 (\$34,841) was primarily attributable to higher earnings, resulting from stronger crude oil prices and Downstream margins as well as the consolidation of SABIC's results.

EBIT for the half year ended June 30, 2021 was SAR 335,505 (\$89,468), compared to SAR 179,428 (\$47,847) during the same period in 2020, representing an increase of SAR 156,077 (\$41,621). This principally reflects the impact of higher crude oil prices, improved Downstream margins, inventory movement gains and the consolidation of SABIC's results.

	Second quarter				Half year			
	SAR		USD*		SAR		USD*	
All amounts in millions unless otherwise stated	2021	2020	2021	2020	2021	2020	2021	2020
Net income	95,465	24,621	25,458	6,565	176,905	87,099	47,175	23,226
Finance income	(313)	(574)	(84)	(153)	(636)	(1,634)	(170)	(436)
Finance costs	3,462	1,916	923	511	6,085	3,499	1,623	933
Income taxes and zakat	83,211	25,207	22,189	6,722	153,151	90,464	40,840	24,124
Earnings before interest, income taxes and zakat	181,825	51,170	48,486	13,645	335,505	179,428	89,468	47,847

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

Terms and abbreviations

Currencies

SAR/Saudi Riyal

Saudi Arabian riyal, the lawful currency of the Kingdom

\$/USD/US\$/Dollar

U.S. dollar

Units of measurement

Barrel (bbl)

Barrels of crude oil, condensate or refined products

boe

Barrels of oil equivalent

bpd

Barrels per day

bscf

Billion standard cubic feet

bscfd

Billion standard cubic feet per day

GW

Gigawatts

mboed

Thousand barrels of oil equivalent per day

mbspd

Thousand barrels per day

mmbbl

Million barrels

mmboe

Million barrels of oil equivalent

mmboed

Million barrels of oil equivalent per day

mmbspd

Million barrels per day

mmscf

Million standard cubic feet

mmscfd

Million standard cubic feet per day

mmtpa

Million metric tonnes per annum

per day

Volumes are converted into a daily basis using a calendar year (Gregorian)

scf

Standard cubic feet

Technical terms

AC

Alternating current.

Condensate

Light hydrocarbon substances produced with raw gas which condenses into liquid at normal temperatures and pressures associated with surface production equipment.

Greenhouse gas (GHG) emissions

Any gaseous compound in the atmosphere that is capable of absorbing infrared radiation. Generally, consists of water vapor, CO₂, methane, nitrous oxide, hydro fluorocarbons, perfluorocarbons and sulfur hexafluoride. Aramco's inventory includes CO₂, methane and nitrous oxide.

Gross refining capacity

The total combined refining capacity of Aramco and the joint ventures and other entities in which Aramco owns an equity interest.

Hydrocarbons

Crude oil and other hydrogen and carbon compounds in liquid or gaseous state.

Liquids

Crude oil, condensate and NGL.

MSC

Maximum Sustainable Capacity – the average maximum number of barrels per day of crude oil that can be produced for one year during any future planning period, after taking into account all planned capital expenditures and maintenance, repair and operating costs, and after being given three months to make operational adjustments.

The MSC excludes AGOC's crude oil production capacity.

MTBE

Methyl tert-butyl ether – a volatile, colorless, flammable liquid that is manufactured via a chemical reaction between methanol and isobutylene and is used as a component in fuel for gasoline engines.

Natural gas

Dry gas produced at Aramco's gas plants and sold within the Kingdom.

NGL

Natural gas liquids, which are liquid or liquefied hydrocarbons produced in the manufacture, purification and stabilization of natural gas. For purposes of reserves, ethane is included in NGL. For purposes of production, ethane is reported separately and excluded from NGL.

Reliability

Total products volume shipped/delivered within 24 hours of the scheduled time, divided by the total products volume committed. Any delays caused by factors that are under the Company's control (e.g. terminal, pipeline, stabilization, or production) negatively affect the score, whereas delays caused by conditions that are beyond the Company's control, such as adverse weather, are not considered. A score of less than 100 percent indicates there were issues that negatively impacted reliability.

Scope 1 GHG emissions

Direct emissions, which include GHG emissions from onsite fuel combustion, flaring, venting and fugitive emissions.

Scope 2 GHG emissions

Indirect emissions, which account for GHG emissions from offsite power generation including electricity and steam.

Glossary

Bylaws

The Bylaws of the Company, approved by Council of Ministers Resolution No. 180 dated 1/4/1439H (corresponding to December 19, 2017), which came into effect on January 1, 2018.

CMA

The Capital Market Authority, including, where the context permits, any committee, sub-committee, employee or agent to whom any function of the CMA may be delegated.

Company

Saudi Arabian Oil Company.

Council of Ministers

The cabinet of the Kingdom, which is led by the Custodian of the Two Holy Mosques, the King, and includes HRH the Crown Prince and other cabinet ministers.

COVID-19

The coronavirus disease 2019.

Domestic

Refers to the Kingdom of Saudi Arabia.

EBIT

Earnings (losses) before interest, income taxes and zakat.

Government

The Government of the Kingdom (and "Governmental" shall be interpreted accordingly).

H

Hijri calendar.

IAS

International Accounting Standard.

IASB

International Accounting Standards Board.

IFRS

International Financial Reporting Standards.

Income Tax Law/Tax Law

Income Tax Law issued under Royal Decree No. M/1 dated 15/1/1425H (corresponding to March 6, 2004) and its Implementing Regulations issued under Ministerial Resolution No. 1535 dated 11/6/1425H (corresponding to August 11, 2004), as amended from time to time.

Kingdom

Kingdom of Saudi Arabia.

Master Gas System

An extensive network of pipelines that connects Aramco's key gas production and processing sites throughout the Kingdom.

PIF

Public Investment Fund of Saudi Arabia.

ROACE

Return on average capital employed.

SABIC

Saudi Basic Industries Corporation.

Saudi Aramco / Aramco

Saudi Arabian Oil Company, together with its consolidated subsidiaries, and where the context requires, its joint operations, joint ventures and associates.

Any reference to "us", "we" or "our" refers to Saudi Aramco / Aramco except where otherwise stated.

Unless otherwise stated, the text does not distinguish between the activities and operations of the Company and those of its subsidiaries.

Shareek program

A cooperative government program that is designed to provide support via various pillars including financial, monetary, operational and regulatory cooperation and asset investment, aiming to enhance the development and resilience of the Saudi economy by increasing the gross domestic product, providing job opportunities, diversifying the economy and strengthening cooperation between public and private sectors.

Shareholder

Any holder of shares.

Shari'a

The Islamic law.

Sukuk

A Sukuk is a financial instrument similar to a bond that complies with Shari'a principles.

SOCPA

Saudi Organization for Chartered and Professional Accountants.

Tadawul/Exchange

The Saudi Stock Exchange.

U.S. / United States / USA

United States of America.

Disclaimer

This Interim Report contains, and management may make, certain forward-looking statements. All statements other than statements of historical fact included in the Interim Report are forward-looking statements. Forward-looking statements give Aramco's current expectations and projections relating to our capital expenditures and investments, major projects, and Upstream and Downstream performance, including relative to peers. These statements may include, without limitation, any statements preceded by, followed by or including words such as "target," "believe," "expect," "aim," "intend," "may," "anticipate," "estimate," "plan," "project," "can have," "likely," "should," "could" and other words and terms of similar meaning or the negative thereof. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors beyond Aramco's control that could cause Aramco's actual results, performance or achievements to be materially different from the expected results, performance, or achievements expressed or implied by such forward-looking statements, including the following factors:

- international crude oil supply and demand, and the price at which it sells crude oil;
- the impact of COVID-19 on business and economic conditions and on supply and demand for crude oil, gas and refined and petrochemical products;
- competitive pressures;
- climate change concerns and impacts;
- terrorism and armed conflict;
- adverse economic or political developments in Asia;
- operational risks and hazards in the oil and gas, refining and petrochemical industries;
- any significant deviation or changes in existing economic and operating conditions that could affect the estimated quantity and value of Aramco's proved reserves;
- losses from risks related to insufficient insurance;
- Aramco's ability to deliver on current and future projects;
- comparability amongst periods;
- Aramco's ability to realize benefits from recent and future acquisitions, including with respect to SABIC;
- risks related to operating in several countries;
- Aramco's dependence on its senior management and key personnel;
- the reliability and security of Aramco's IT systems;
- litigation to which Aramco is or may be subject;
- risks related to oil, gas, environmental, health and safety and other regulations that impact the industries in which Aramco operates;
- risks related to international operations, including sanctions and trade restrictions, anti-bribery and anti-corruption laws and other laws and regulations;
- risks stemming from requirements to obtain, maintain, and renew governmental licenses, permits, and approvals;
- risks stemming from existing and potential laws, regulations, and other requirements or expectations relating to environmental protection, health and safety laws and regulations, and sale and use of chemicals and plastics;
- potential changes in equalization compensation received in connection with domestic sales of hydrocarbons;
- potential impact on tax rates if Aramco does not separate its downstream business in a timeframe set by the Government of Saudi Arabia;
- risks related to Government-directed projects and other Government requirements, including those related to Government-set maximum level of crude oil production and target MSC, as well as the importance of the hydrocarbon industry;
- political and social instability and unrest and actual or potential armed conflicts in the regions in which Aramco operates and other areas;
- risks arising should the Government eliminate or change the pegging of SAR to the U.S. dollar; and
- other risks and uncertainties that could cause actual results to differ from the forward-looking statements, as set forth in Aramco's Annual Report 2020 and other reports or statements available on our website at www.aramco.com/en/investors/investors/reports-and-presentations and/or published on the Tadawul website.

Such forward-looking statements are based on numerous assumptions regarding Aramco's present and future business strategies and the environment in which it will operate in the future. The information included in this Interim Report, including but not limited to forward-looking statements, applies only as of the date of this document and is not intended to give any assurances as to future results. Aramco expressly disclaims any obligation or undertaking to disseminate any updates or revisions to such information, including any financial data or forward-looking statements, whether as a result of new information, future events or otherwise, unless required by applicable law or regulation.

Disclaimer – Risk Factors

For a discussion of our risk factors, please see Aramco's Annual Report 2020, available through the investor relations section of Aramco's website at www.aramco.com/en/investors/investors/reports-and-presentations.

Aramco's financial information herein has been extracted from Aramco's condensed consolidated interim financial report for the three and six month periods ended June 30, 2021, which is prepared and presented in accordance with IAS 34, that is endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA").

In addition, this document includes certain “non-IFRS financial measures.” These measures are not recognized measures under IFRS and do not have standardized meanings prescribed by IFRS. Rather, these measures are provided as additional information to complement IFRS measures by providing further understanding of Aramco’s results of operations, cash flow and financial position from management’s perspective. Accordingly, they should not be considered in isolation or as a substitute for analysis of Aramco’s financial information reported under IFRS.

A reconciliation of non-IFRS measures is included in *Non-IFRS measures reconciliations and definitions* section of this Interim Report.

About Aramco

Aramco, headquartered in the city of Dhahran, is one of the world’s largest integrated energy and chemicals companies; its Upstream operations are primarily based in the Kingdom of Saudi Arabia while the Downstream business is global.

www.aramco.com/investors

International media:
international.media@aramco.com

Domestic media:
domestic.media@aramco.com

Investor relations:
investor.relations@aramco.com