

2021

Saudi Aramco

Third quarter interim report

For the three-month and nine-month periods
ended September 30, 2021

Aramco at a glance

Third quarter 2021

Financial highlights

Net income
(billion)

SAR 114.1
\$30.4

EBIT*
(billion)

SAR 214.7
\$57.3

Free cash flow*
(billion)

SAR 107.7
\$28.7

**Net cash provided by
operating activities**
(billion)

SAR 136.2
\$36.3

Capital expenditures
(billion)

SAR 28.5
\$7.6

Dividends paid
(billion)

SAR 70.33
\$18.75

**Dividends paid
per share**

SAR 0.35
\$0.09

ROACE*
(%)

20.6

Gearing*
(%)

17.2

Earnings per share
(basic and diluted)

SAR 0.55
\$0.15

**Average realized
crude oil price**
(\$/barrel)

72.8

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

Key results

Financial results

	Third quarter ended September 30			
	SAR		USD*	
All amounts in millions unless otherwise stated	2021	2020	2021	2020
Net income	114,093	44,209	30,425	11,789
EBIT	214,744	95,477	57,265	25,461
Capital expenditures	28,466	23,934	7,591	6,383
Free cash flow	107,738	46,547	28,730	12,411
Dividends paid	70,327	70,319	18,754	18,752
ROACE ¹	20.6%	14.8%	20.6%	14.8%
Average realized crude oil price (\$/barrel)	n/a	n/a	72.8	43.6

* 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.

	Nine months ended September 30			
	SAR		USD*	
All amounts in millions unless otherwise stated	2021	2020	2021	2020
Net income	290,998	131,308	77,600	35,015
EBIT	550,249	274,905	146,733	73,308
Capital expenditures	87,292	75,106	23,278	20,028
Free cash flow	260,944	125,752	69,585	33,533
Dividends paid	210,977	190,865	56,261	50,897
ROACE ¹	20.6%	14.8%	20.6%	14.8%
Average realized crude oil price (\$/barrel)	n/a	n/a	67.2	39.4

* 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 exceptional third quarter performance was a result of increased economic activity in key markets and a rebound in energy demand, as well as our unique low-cost position, our financial discipline and our proven ability to reliably deliver essential energy and chemical products to our customers.

Some headwinds still exist for the global economy, partly due to supply chain bottlenecks, but we are optimistic that energy demand will remain healthy for the foreseeable future.

Looking ahead, we are maintaining our strategy to invest for the long term, and we will build on our track record of low-cost and low-carbon intensity performance to advance our recently announced ambition to achieve net-zero Scope 1 and Scope 2 greenhouse gas emissions across our wholly-owned operated assets by 2050.

Third quarter highlights

Energy demand continued to rebound during the third quarter, driven by the ongoing global economic recovery. With the combination of increased mobility and business activity resumption, the outlook for worldwide energy and chemicals demand remains robust.

The uptrend in market conditions, coupled with Aramco's unique value proposition, led to a net income of SAR 114.1 billion (\$30.4 billion) for the quarter. With this performance, the company once again declared a dividend of SAR 70.33 billion (\$18.76 billion) for the third quarter.

Aramco continues to maintain a flexible approach to capital allocation as it seeks to capitalize on growth opportunities presented by the economic recovery and a general trend of under-investment by the industry. Aramco expects to spend approximately \$35.0 billion on capital projects in 2021, compared to \$26.9 billion in 2020.

Upstream

Upstream continues to execute its growth plans to promote long-term productivity of the Kingdom's reservoirs and is proceeding with implementing the Government's directive to increase MSC from 12.0 mmbpd to 13.0 mmbpd. During the third quarter of 2021, Upstream successfully delivered strong performance achieving a total hydrocarbon production of 12.9 mmoed, which includes an average crude oil production of 9.5 mmbpd.

Key Upstream developments in the third quarter of 2021:

- The Hawiyah Gas Plant expansion project, part of Haradh Gas increment program, is in advanced stages of construction and is expected to be onstream in 2022; and
- The World Economic Forum has recognized a third Aramco facility, Abqaiq, for its pioneering adoption and integration of cutting-edge technologies of the Fourth Industrial Revolution (4IR). The Abqaiq oil processing facility, the largest oil processing plant in the world, joins Aramco's Uthmaniyah Gas Plant and Khurais oil complex in the Forum's prestigious Global Lighthouse Network. Global Lighthouse status is awarded to projects that demonstrate leadership in 4IR technologies to transform factories, value chains and business models and is a testament to the importance Aramco places on its Digital Transformation Program.

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 nine months of 2021, Downstream consumed 43.5% of Aramco's crude oil production, compared with 39.5% during the same period in 2020.

The Company continued to demonstrate its excellent track record of supply reliability by achieving 99.7% reliability in the third quarter of 2021 (Q3 2020: 100%).

Key Downstream developments in the third quarter of 2021:

- Jazan Integrated Gasification and Power Company (JIGPC), a joint venture consisting of Saudi Aramco Power Company (SAPCO), Air Products, ACWA Power and Air Products Qudra, signed agreements for the \$12 billion acquisition and financing of the Jazan Integrated Gasification Combined-Cycle (IGCC) power plant, an Air Separation Unit and certain ancillary assets from Aramco, located in Jazan Economic City.
- The joint venture aims to enhance the overall value of the Jazan refinery and the IGCC power plant, aiding in transforming the Jazan Province and positioning it for additional foreign investment and private sector involvement; and
- Aramco, via its wholly owned subsidiary SAPCO, signed a shareholders agreement with PIF and ACWA Power to invest in the Sudair Solar PV plant, holding a 30% interest in the project. The project is one of the largest solar plants in the region with a capacity of 1.5 GW. Aramco's investment in the project marks its first participation in PIF's renewable energy program, reflecting Aramco's efforts to advance sustainable energy solutions within its operations and Saudi Arabia. The first phase of the project is expected to begin producing electricity during the second half of 2022.

Third quarter highlights

Environmental, social and governance

As part of the Company's continuous efforts to address climate change, Aramco recently set out its ambition to achieve net-zero Scope 1 and Scope 2 greenhouse gas emissions across its wholly-owned operated assets by 2050. This ambition is an important part of the Company's focus on long-term shareholder value creation and it complements the Kingdom's net-zero emissions plan recently announced at the Saudi Green Initiative (SGI).

In addition, in September 2021, Aramco and other Oil and Gas Climate Initiative (OGCI) members collectively signed a newly formed strategy which primarily focuses on three strategic pillars:

- Leading the oil and gas industry toward net-zero emissions from operations, including the ambition of reducing upstream methane intensity to well below 0.20% by 2025, bringing carbon intensity from the upstream operations down to 17.0 kg CO₂e/boe, and bringing routine flaring to zero¹ by 2030;
- Aiming to reach net-zero emissions from members' operations under their control², and also leverage their influence to achieve the same in non-operated assets; and
- Accelerating collective actions and investing in new technologies to help decarbonize society, and to reach a circular carbon economy faster.

To complement the Kingdom's new Shareek Program and the flagship In-Kingdom Total Value Add (iktva) program, in September 2021, Aramco announced a major expansion of its industrial investment program "Namaat" with the objective to drive growth and support economic diversification. This involved the signing of 22 new Memoranda of Understanding and a joint venture agreement focused on capacity building in four key sectors: sustainability, technology, industrial and energy services, and advanced materials. The Namaat program aims to ensure greater reliability of energy supply, effectively localize the industrial supply chain, and create new jobs and improve skillsets.

¹ Per the World Bank "Zero Routine Flaring by 2030" Initiative

² Defined as Scope 1 and Scope 2 GHG emissions

Financial performance

Summary of financial performance

All amounts in millions unless otherwise stated	Third quarter					Nine months				
	SAR		USD*		%	SAR		USD*		%
	2021	2020	2021	2020		2021	2020	2021	2020	
Income before income taxes and zakat	212,158	92,751	56,576	24,733	128.7%	542,214	270,314	144,591	72,083	100.6%
Income taxes and zakat	(98,065)	(48,542)	(26,151)	(12,944)	102.0%	(251,216)	(139,006)	(66,991)	(37,068)	80.7%
Net income	114,093	44,209	30,425	11,789	158.1%	290,998	131,308	77,600	35,015	121.6%

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

Financial 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 chemical products. Global demand for petroleum products in the first nine months of 2021 continued to rebound from the lows of 2020, resulting in higher prices for hydrocarbons and improved refining and chemicals margins, when compared to 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.
- Aramco's 2021 consolidated statement of income includes SABIC's results for the full nine months ended September 30, 2021. In comparison, the 2020 results for the same period only included SABIC's earnings for the period from June 16, 2020 to September 30, 2020.

Third quarter

Net income for the third quarter of 2021 was SAR 114,093 (\$30,425), compared to SAR 44,209 (\$11,789) for the same quarter of 2020. This increase of 158.1% principally reflects the impact of higher crude oil prices and volumes sold and stronger refining and chemicals margins.

The charge for income taxes and zakat for the third quarter of 2021 was SAR 98,065 (\$26,151), compared to SAR 48,542 (\$12,944) for the same quarter in 2020. The increase was primarily due to higher earnings in 2021.

Nine months

Net income for the first nine months of 2021 was SAR 290,998 (\$77,600), compared to SAR 131,308 (\$35,015) for the same period in 2020. The increase was mainly driven by higher crude oil prices, improved refining and chemicals margins and the consolidation of SABIC's results.

In the first nine months of 2021, income taxes and zakat totalled SAR 251,216 (\$66,991), compared to SAR 139,006 (\$37,068) for the same period in 2020, principally reflecting the increase in 2021 earnings.

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

Upstream financial performance

All amounts in millions unless otherwise stated	Third quarter					Nine months				
	SAR		USD*		%	SAR		USD*		%
	2021	2020	2021	2020		2021	2020	2021	2020	
Earnings before interest, income taxes and zakat	205,926	103,696	54,914	27,652	98.6%	526,112	299,992	140,297	79,998	75.4%
Capital expenditures - cash basis	21,759	17,288	5,802	4,610	25.9%	66,265	56,898	17,671	15,173	16.5%

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

Third quarter

EBIT for the third quarter of 2021 was SAR 205,926 (\$54,914), compared to SAR 103,696 (\$27,652) for the same quarter in 2020. These strong results stem from the recovery in global crude oil demand, improvements to international crude oil prices and higher volumes sold.

Capital expenditures for the third quarter of 2021 increased by 25.9%, compared to the same period in 2020, from SAR 17,288 (\$4,610) to SAR 21,759 (\$5,802) mainly due to ongoing crude oil increment and other development projects.

Nine months

EBIT for the first nine months of 2021 was SAR 526,112 (\$140,297), compared to SAR 299,992 (\$79,998) for the same period in 2020. This strong performance reflects the impact of the gradual rebound in global energy markets and is supported by favorable movements in average realized crude oil prices.

Capital expenditures for the first nine months of 2021 increased by 16.5%, compared to the same period in 2020, from SAR 56,898 (\$15,173) to SAR 66,265 (\$17,671) mainly due to increased activities in relation to crude oil increments and other development drilling programs.

Downstream financial performance

All amounts in millions unless otherwise stated	Third quarter					Nine months				
	SAR		USD*		%	SAR		USD*		%
	2021	2020	2021	2020		2021	2020	2021	2020	
Earnings (losses) before interest, income taxes and zakat	14,837	(2,983)	3,957	(795)	597.4%	48,752	(23,279)	13,001	(6,208)	309.4%
Capital expenditures - cash basis	6,213	6,159	1,657	1,642	0.9%	19,488	17,184	5,197	4,582	13.4%

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

Third quarter

EBIT for the third quarter of 2021 was a profit of SAR 14,837 (\$3,957), compared to a loss of SAR 2,983 (\$795) for the same quarter in 2020. These strong earnings reflect continued strength in refining and chemicals margins and the resulting inventory movement gains due to improving market conditions.

Capital expenditures for the third quarter of 2021 increased by 0.9%, compared to the same period in 2020, from SAR 6,159 (\$1,642) to SAR 6,213 (\$1,657), primarily due to increased spend on pipeline related projects.

Nine months

EBIT for the first nine months of 2021 was a profit of SAR 48,752 (\$13,001), compared to a loss of SAR 23,279 (\$6,208) for the same period in 2020, reflecting robust recovery in the global energy market leading to stronger refining and chemicals margins and inventory movement gains. EBIT was further improved by the consolidation of SABIC's results.

Capital expenditures for the first nine months of 2021 increased by 13.4%, compared to the same period in 2020, from SAR 17,184 (\$4,582) to SAR 19,488 (\$5,197). This increase was primarily attributable to the consolidation of SABIC's post-acquisition capital expenditures.

Condensed consolidated interim financial report

For the three-month and nine-month periods ended
September 30, 2021 (Unaudited)

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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 September 30, 2021 and the related condensed consolidated statements of income, comprehensive income and cash flows for the three-month and nine-month periods then ended and the related condensed consolidated statement of changes in equity for the nine-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

October 28, 2021

Condensed consolidated statement of income

	Note	SAR				USD*			
		3 rd quarter 2021	3 rd quarter 2020	Nine months 2021	Nine months 2020	3 rd quarter 2021	3 rd quarter 2020	Nine months 2021	Nine months 2020
Revenue	11	359,092	200,059	943,517	548,857	95,758	53,349	251,605	146,362
Other income related to sales		46,290	28,535	111,972	69,436	12,344	7,609	29,859	18,516
Revenue and other income related to sales		405,382	228,594	1,055,489	618,293	108,102	60,958	281,464	164,878
Royalties and other taxes		(39,282)	(21,370)	(94,589)	(67,120)	(10,475)	(5,699)	(25,224)	(17,899)
Purchases		(96,936)	(50,710)	(258,641)	(126,257)	(25,850)	(13,523)	(68,971)	(33,669)
Producing and manufacturing		(19,555)	(23,852)	(49,984)	(56,713)	(5,214)	(6,360)	(13,329)	(15,123)
Selling, administrative and general		(12,411)	(11,955)	(39,118)	(29,154)	(3,309)	(3,188)	(10,431)	(7,774)
Exploration		(1,375)	(3,283)	(3,430)	(6,267)	(367)	(875)	(915)	(1,671)
Research and development		(888)	(841)	(2,626)	(1,785)	(237)	(224)	(700)	(476)
Depreciation and amortization	6,7	(22,129)	(20,537)	(63,293)	(52,127)	(5,901)	(5,477)	(16,878)	(13,901)
Operating costs		(192,576)	(132,548)	(511,681)	(339,423)	(51,353)	(35,346)	(136,448)	(90,513)
Operating income		212,806	96,046	543,808	278,870	56,749	25,612	145,016	74,365
Share of results of joint ventures and associates		1,872	(569)	6,103	(4,302)	499	(152)	1,627	(1,147)
Finance and other income		397	681	1,305	2,652	105	182	348	707
Finance costs		(2,917)	(3,407)	(9,002)	(6,906)	(777)	(909)	(2,400)	(1,842)
Income before income taxes and zakat		212,158	92,751	542,214	270,314	56,576	24,733	144,591	72,083
Income taxes and zakat	8	(98,065)	(48,542)	(251,216)	(139,006)	(26,151)	(12,944)	(66,991)	(37,068)
Net income		114,093	44,209	290,998	131,308	30,425	11,789	77,600	35,015
Net income (loss) attributable to									
Shareholders' equity		109,072	44,278	278,564	133,180	29,086	11,807	74,284	35,514
Non-controlling interests		5,021	(69)	12,434	(1,872)	1,339	(18)	3,316	(499)
		114,093	44,209	290,998	131,308	30,425	11,789	77,600	35,015
Earnings per share (basic and diluted)		0.55	0.22	1.39	0.67	0.15	0.06	0.37	0.18

* 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)

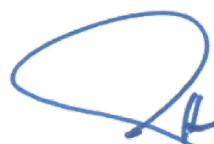


Bassam M. Asiri
Controller (Acting)

Condensed consolidated statement of comprehensive income

	Note	SAR				USD*			
		3 rd quarter 2021	3 rd quarter 2020	Nine months 2021	Nine months 2020	3 rd quarter 2021	3 rd quarter 2020	Nine months 2021	Nine months 2020
Net income		114,093	44,209	290,998	131,308	30,425	11,789	77,600	35,015
Other comprehensive income (loss), net of tax	9								
Items that will not be reclassified to net income									
Remeasurement of post-employment benefit obligations		8	3,306	10,801	(6,912)	2	882	2,880	(1,843)
Changes in fair value of equity investments classified as fair value through other comprehensive income		814	228	1,667	(1,006)	217	61	444	(268)
Items that may be reclassified subsequently to net income									
Cash flow hedges and other		20	30	(25)	(696)	6	8	(6)	(186)
Changes in fair value of debt securities classified as fair value through other comprehensive income		(4)	(4)	(495)	(16)	(1)	(1)	(132)	(4)
Share of other comprehensive income (loss) of joint ventures and associates		101	100	(310)	(599)	27	26	(83)	(160)
Currency translation differences		(1,742)	1,548	(2,304)	165	(465)	413	(614)	44
		(803)	5,208	9,334	(9,064)	(214)	1,389	2,489	(2,417)
Total comprehensive income		113,290	49,417	300,332	122,244	30,211	13,178	80,089	32,598
Total comprehensive income (loss) attributable to									
Shareholders' equity		109,112	49,202	288,798	124,484	29,096	13,120	77,013	33,195
Non-controlling interests		4,178	215	11,534	(2,240)	1,115	58	3,076	(597)
		113,290	49,417	300,332	122,244	30,211	13,178	80,089	32,598

* 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)



Bassam M. Asiri
Controller (Acting)

Condensed consolidated balance sheet

	Note	SAR		USD*	
		September 30, 2021	December 31, 2020	September 30, 2021	December 31, 2020
Assets					
Non-current assets					
Property, plant and equipment	6	1,232,519	1,209,460	328,672	322,523
Intangible assets	7	163,996	164,547	43,732	43,879
Investments in joint ventures and associates		69,343	65,976	18,492	17,594
Deferred income tax assets		14,930	15,280	3,981	4,075
Other assets and receivables		39,487	37,258	10,530	9,935
Investments in securities		25,175	22,861	6,713	6,096
		1,545,450	1,515,382	412,120	404,102
Current assets					
Inventories		69,927	51,999	18,647	13,867
Trade receivables		135,179	85,183	36,048	22,715
Due from the Government		46,927	28,895	12,514	7,705
Other assets and receivables		23,178	18,769	6,181	5,005
Short-term investments		9,742	6,801	2,598	1,814
Cash and cash equivalents		282,239	207,232	75,264	55,262
		567,192	398,879	151,252	106,368
Total assets		2,112,642	1,914,261	563,372	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		(2,952)	(3,264)	(787)	(870)
Retained earnings:					
Unappropriated		972,600	895,273	259,360	238,739
Appropriated		6,000	6,000	1,600	1,600
Other reserves	9	5,753	5,858	1,534	1,562
		1,068,382	990,848	284,902	264,226
Non-controlling interests		163,022	110,246	43,473	29,399
		1,231,404	1,101,094	328,375	293,625
Non-current liabilities					
Borrowings	10	421,998	436,920	112,533	116,512
Deferred income tax liabilities		76,004	53,621	20,268	14,299
Post-employment benefit obligations		36,601	54,207	9,760	14,455
Provisions and other liabilities		25,724	25,208	6,860	6,722
		560,327	569,956	149,421	151,988
Current liabilities					
Trade and other payables		112,265	93,740	29,938	24,998
Obligations to the Government:					
Income taxes and zakat	8	80,222	42,059	21,392	11,216
Royalties		13,137	8,255	3,503	2,201
Borrowings	10	115,287	99,157	30,743	26,442
		320,911	243,211	85,576	64,857
Total liabilities		881,238	813,167	234,997	216,845
Total equity and liabilities		2,112,642	1,914,261	563,372	510,470

* 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)



Bassam M. Asiri
Controller (Acting)

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)	-	-	-	133,180	-	-	(1,872)	131,308	35,015
Other comprehensive loss	-	-	-	-	-	(8,696)	(368)	(9,064)	(2,417)
Total comprehensive income (loss)	-	-	-	133,180	-	(8,696)	(2,240)	122,244	32,598
Acquisition of subsidiary (Note 4)	-	-	-	-	-	-	100,739	100,739	26,864
Transfer of post-employment benefit obligations remeasurement	-	-	-	(6,577)	-	6,577	-	-	-
Share-based compensation	-	-	-	(9)	-	434	-	425	113
Dividends (Note 19)	-	-	-	(155,390)	-	-	-	(155,390)	(41,437)
Dividends to non-controlling interests and other	-	-	-	-	-	-	(516)	(516)	(137)
Balance at September 30, 2020	60,000	26,981	(3,750)	914,962	6,000	391	109,153	1,113,737	296,997
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	-	-	-	278,564	-	-	12,434	290,998	77,600
Other comprehensive income (loss)	-	-	-	-	-	10,234	(900)	9,334	2,489
Total comprehensive income	-	-	-	278,564	-	10,234	11,534	300,332	80,089
Transfer of post-employment benefit obligations remeasurement	-	-	-	10,435	-	(10,435)	-	-	-
Treasury shares issued to employees	-	-	312	(5)	-	(68)	-	239	64
Share-based compensation	-	-	-	(11)	-	164	-	153	41
Dividends (Note 19)	-	-	-	(210,977)	-	-	-	(210,977)	(56,261)
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	-	-	-	-	-	-	(5,984)	(5,984)	(1,595)
Balance at September 30, 2021	60,000	26,981	(2,952)	972,600	6,000	5,753	163,022	1,231,404	328,375

* 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)

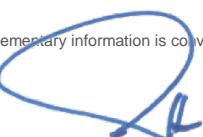


Bassam M. Asiri
Controller (Acting)

Condensed consolidated statement of cash flows

	Note	SAR				USD*			
		3 rd quarter 2021	3 rd quarter 2020	Nine months 2021	Nine months 2020	3 rd quarter 2021	3 rd quarter 2020	Nine months 2021	Nine months 2020
Income before income taxes and zakat		212,158	92,751	542,214	270,314	56,576	24,733	144,591	72,083
Adjustments to reconcile income before income taxes and zakat to net cash provided by operating activities									
Depreciation and amortization	6,7	22,129	20,537	63,293	52,127	5,901	5,477	16,878	13,901
Exploration and evaluation costs written off		287	2,328	715	3,424	77	620	191	913
Share of results of joint ventures and associates		(1,872)	569	(6,103)	4,302	(499)	152	(1,627)	1,147
Finance income		(331)	(681)	(967)	(2,315)	(88)	(181)	(258)	(617)
Finance costs		2,917	3,407	9,002	6,906	777	909	2,400	1,842
Dividends from investments in securities		(71)	-	(327)	(332)	(19)	-	(87)	(89)
Change in fair value of investments through profit or loss		9	65	554	549	2	17	148	146
Change in joint ventures and associates inventory profit elimination		(67)	211	270	(52)	(18)	56	72	(14)
Other		(1,414)	(924)	(387)	257	(377)	(247)	(103)	68
Change in working capital									
Inventories		(6,076)	6,653	(17,928)	20,413	(1,620)	1,774	(4,780)	5,443
Trade receivables		(9,925)	(18,247)	(49,996)	22,989	(2,647)	(4,866)	(13,333)	6,130
Due from the Government		(8,355)	(14,157)	(18,032)	4,629	(2,228)	(3,776)	(4,809)	1,234
Other assets and receivables		(1,256)	1,187	(3,667)	1,322	(335)	317	(978)	353
Trade and other payables		7,404	2,163	22,203	(19,664)	1,975	576	5,921	(5,244)
Royalties payable		1,359	573	4,882	(8,620)	362	154	1,302	(2,298)
Other changes									
Other assets and receivables		591	2,009	(492)	(1,191)	157	535	(132)	(318)
Provisions and other liabilities		8	266	243	411	3	72	65	110
Post-employment benefit obligations		(378)	228	1,613	1,383	(101)	61	430	369
Settlement of income, zakat and other taxes	8(c)	(80,913)	(28,457)	(198,854)	(155,994)	(21,577)	(7,589)	(53,028)	(41,598)
Net cash provided by operating activities		136,204	70,481	348,236	200,858	36,321	18,794	92,863	53,561
Net cash (used in) provided by investing activities									
Capital expenditures	5	(28,466)	(23,934)	(87,292)	(75,106)	(7,591)	(6,383)	(23,278)	(20,028)
Cash acquired on acquisition of subsidiary	4	-	-	-	27,515	-	-	-	7,337
Distributions from joint ventures and associates		1,972	1,631	2,891	1,945	526	435	771	519
Additional investments in joint ventures and associates		(262)	(26)	(438)	(302)	(70)	(7)	(117)	(81)
Dividends from investments in securities		71	-	327	332	19	-	87	89
Interest received		252	667	754	3,247	67	178	201	866
Net investments in securities		(723)	(258)	(1,731)	(877)	(192)	(69)	(461)	(234)
Net (purchases) maturities of short-term investments		(2,984)	4,797	(2,941)	48,138	(796)	1,279	(784)	12,837
Net cash (used in) provided by investing activities		(30,140)	(17,123)	(88,430)	4,892	(8,037)	(4,567)	(23,581)	1,305
Net cash used in financing activities									
Dividends paid to shareholders of the Company		(70,327)	(70,319)	(210,977)	(190,865)	(18,754)	(18,752)	(56,261)	(50,897)
Dividends paid to non-controlling interests in subsidiaries		(95)	(216)	(3,069)	(229)	(25)	(57)	(818)	(61)
Proceeds from sale of non-controlling equity interest in a subsidiary	17	-	-	46,547	-	-	-	12,412	-
Proceeds from issue of treasury shares		81	-	273	-	21	-	73	-
Proceeds from borrowings		913	42,118	24,279	52,043	244	11,232	6,475	13,878
Repayments of borrowings		(3,604)	(21,922)	(27,012)	(32,866)	(962)	(7,561)	(7,204)	(8,764)
Principal portion of lease payments		(2,967)	(9,364)	(8,873)	(7,898)	(791)	(782)	(2,366)	(2,106)
Interest paid		(1,419)	(2,599)	(5,967)	(5,992)	(378)	(693)	(1,591)	(1,598)
Net cash used in financing activities		(77,418)	(62,302)	(184,799)	(185,807)	(20,645)	(16,613)	(49,280)	(49,548)
Net increase (decrease) in cash and cash equivalents		28,646	(8,944)	75,007	19,943	7,639	(2,386)	20,002	5,318
Cash and cash equivalents at beginning of the period		253,593	206,593	207,232	177,706	67,625	55,092	55,262	47,388
Cash and cash equivalents at end of the period		282,239	197,649	282,239	197,649	75,264	52,706	75,264	52,706

* 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)



Bassam M. Asiri
Controller (Acting)

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 October 28, 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 September 30, 2021 and December 31, 2020 and for the three-month and nine-month periods ended September 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. The global economy experienced a strong recovery in 2021, reflecting accelerated economic activity in key energy markets coupled with an improved outlook for global energy demand. This resulted in a steady increase in crude oil prices. Given that crude oil sales account for a substantial portion of the Company’s revenue, the increased prices have positively impacted Saudi Aramco’s financial performance during the current period. Saudi Aramco also implemented capital spending optimization and efficiency programs in response to current market conditions. Management continues to monitor the situation, including the impact on both results of operations and cash flows. 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 reform. These amendments, issued on August 27, 2020 and effective January 1, 2021, include: (1) providing practical expedients in relation to accounting for instruments to which the amortized cost measurement applies by updating the effective interest rate to account for a change in the basis for determining the contractual cash flows without adjusting the carrying amount; (2) additional temporary exceptions from applying specific hedge accounting requirements, including permitted changes to hedge designation without the hedging relationship being discontinued when Phase 1 reliefs cease; and (3) additional disclosures related to IBOR reform, including managing the transition to alternative benchmark rates, its progress and the risks arising from the transition, quantitative information about financial instruments that have yet to transition to new benchmarks and changes in the entity's risk management strategy where this arises.

Saudi Aramco has established an IBOR Transition Project, the scope of which includes analyzing the exposure to IBOR benchmarks, evaluating the impact of the transition and providing support and guidance to all impacted internal stakeholders. As per the 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 September 30, 2021, which expire after the cessation dates, and which have not yet transitioned to an alternative benchmark:

As at September 30, 2021	Financial instruments yet to transition to alternative benchmarks:
	USD LIBOR
Non-derivative financial assets	11,411
Non-derivative financial liabilities	40,301
Derivative financial liabilities ¹	548

1. Amounts represent hedging instruments with a nominal value of SAR 12,731.

(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 September 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 September 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
September 30, 2021				
Investments in securities:				
Equity securities at Fair Value Through Other Comprehensive Income ("FVOCI")	10,048	154	1,435	11,637
Debt securities at FVOCI	40	7,861	-	7,901
Equity securities at Fair Value Through Profit or Loss ("FVPL")	328	2,076	3,482	5,886
Debt securities at FVPL	-	53	-	53
Trade receivables related to contracts with provisional pricing arrangements	-	-	87,660	87,660
	10,416	10,144	92,577	113,137
Other assets and receivables:				
Commodity swaps	-	399	15	414
Currency forward contracts	-	238	-	238
Financial assets against options	-	-	2,468	2,468
	-	637	2,483	3,120
Total assets	10,416	10,781	95,060	116,257

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
September 30, 2021				
Trade and other payables:				
Interest rate swaps	-	591	-	591
Commodity swaps	146	878	31	1,055
Currency forward contracts	-	106	-	106
Provisions and other liabilities:				
Financial liability against options	-	-	3,212	3,212
Total liabilities	<u>146</u>	<u>1,575</u>	<u>3,243</u>	<u>4,964</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 nine-month period ended September 30, 2021 and the year ended December 31, 2020 are as follows:

	September 30, 2021	December 31, 2020
Beginning	4,970	6,162
Acquisition	-	262
Net disposals	(114)	(1,681)
Net movement in unrealized fair value	(186)	(299)
Realized gain	247	526
Ending	4,917	4,970

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 relates 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 September 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 September 30, 2021 is as follows:

	Upstream	Downstream	Corporate	Eliminations	Consolidated
External revenue	174,982	183,860	250	-	359,092
Other income related to sales	20,280	26,010	-	-	46,290
Inter-segment revenue	79,792	10,856	58	(90,706)	-
Earnings (losses) before interest, income taxes and zakat	205,926	14,837	(1,949)	(4,070)	214,744
Finance income					331
Finance costs					(2,917)
Income before income taxes and zakat					212,158
Capital expenditures - cash basis	21,759	6,213	494	-	28,466

5. Operating segments continued

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

	Upstream	Downstream	Corporate	Eliminations	Consolidated
External revenue	103,660	96,089	310	-	200,059
Other income related to sales	13,795	14,740	-	-	28,535
Inter-segment revenue	36,610	11,077	53	(47,740)	-
Earnings (losses) before interest, income taxes and zakat	103,696	(2,983)	(2,912)	(2,324)	95,477
Finance income					681
Finance costs					(3,407)
Income before income taxes and zakat					92,751
Capital expenditures - cash basis	17,288	6,159	487	-	23,934

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

	Upstream	Downstream	Corporate	Eliminations	Consolidated
External revenue	452,997	489,649	871	-	943,517
Other income related to sales	45,519	66,453	-	-	111,972
Inter-segment revenue	205,960	25,657	187	(231,804)	-
Earnings (losses) before interest, income taxes and zakat	526,112	48,752	(8,719)	(15,896)	550,249
Finance income					967
Finance costs					(9,002)
Income before income taxes and zakat					542,214
Capital expenditures - cash basis	66,265	19,488	1,539	-	87,292

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

	Upstream	Downstream	Corporate	Eliminations	Consolidated
External revenue	307,829	239,998	1,030	-	548,857
Other income related to sales	30,093	39,343	-	-	69,436
Inter-segment revenue	104,370	26,587	226	(131,183)	-
Earnings (losses) before interest, income taxes and zakat	299,992	(23,279)	(9,759)	7,951	274,905
Finance income					2,315
Finance costs					(6,906)
Income before income taxes and zakat					270,314
Capital expenditures - cash basis	56,898	17,184	1,024	-	75,106

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 September 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	490	1,777	301	9,123	1	531	80,503	92,726
Construction completed	969	1,436	28,248	38,471	4,051	684	(73,859)	-
Currency translation differences	(614)	(1,043)	-	(5,023)	-	(95)	(349)	(7,124)
Transfers and adjustments	482	411	15	(2,820)	190	(43)	(1,722)	(3,487)
Transfer of exploration and evaluation assets	-	-	-	-	-	-	526	526
Retirements and sales	(197)	(353)	(10)	(3,994)	(289)	(653)	(775)	(6,271)
September 30, 2021	52,853	82,338	588,741	869,742	76,539	21,855	246,776	1,938,844
Accumulated depreciation								
January 1, 2021 (revised)	(16,533)	(34,123)	(207,690)	(342,131)	(38,972)	(13,565)	-	(653,014)
Charge for the period	(1,097)	(2,564)	(13,381)	(40,654)	(2,937)	(977)	-	(61,610)
Currency translation differences	3	560	-	2,671	-	62	-	3,296
Transfers and adjustments	9	63	14	1,221	(160)	39	-	1,186
Retirements and sales	13	363	10	2,744	153	534	-	3,817
September 30, 2021	(17,605)	(35,701)	(221,047)	(376,149)	(41,916)	(13,907)	-	(706,325)
Property, plant and equipment - net, September 30, 2021	35,248	46,637	367,694	493,593	34,623	7,948	246,776	1,232,519

1. Borrowing cost capitalized during the nine-month period ended September 30, 2021, amounted to SAR 2,396, calculated using an average capitalization rate of 2.48%.

6. Property, plant and equipment continued

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

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 nine-month periods ended September 30, 2021 were SAR 3,022 and SAR 10,289, respectively. The following table presents depreciation charges and net carrying amounts of right-of-use assets by grouping of assets.

	Depreciation expense for the nine-month period ended September 30, 2021	Net carrying amount at September 30, 2021
Land and land improvements	142	3,757
Buildings	472	3,455
Oil & gas properties	1	27
Plant, machinery and equipment	7,936	47,007
Fixtures, IT and office equipment	47	500
	8,598	54,746

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	-	2,388	-	-	69	66	2,523
Currency translation differences	(10)	-	(117)	(23)	(25)	(64)	(239)
Transfers and adjustments	-	-	(83)	(83)	9	(13)	(170)
Transfer of exploration and evaluation assets	-	(526)	-	-	-	-	(526)
Retirements and write offs	-	(715)	-	-	(28)	(153)	(896)
September 30, 2021	100,194	22,307	22,877	19,721	5,090	2,685	172,874
Accumulated amortization							
January 1, 2021	-	-	(1,915)	(1,501)	(3,270)	(949)	(7,635)
Charge for the period	-	-	(308)	(714)	(385)	(276)	(1,683)
Currency translation differences	-	-	6	2	13	92	113
Transfers and adjustments	-	-	83	83	(5)	(5)	156
Retirements and write offs	-	-	-	-	21	150	171
September 30, 2021	-	-	(2,134)	(2,130)	(3,626)	(988)	(8,878)
Intangible assets - net, September 30, 2021	100,194	22,307	20,743	17,591	1,464	1,697	163,996

1. Other intangible assets include patents and intellectual property having a net book value of SAR 1,136 and licenses and usage rights having a net book value of SAR 561 as at September 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 Saudi Arabian Income Tax Law of 2004 and its amendments (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:

	3 rd quarter 2021	3 rd quarter 2020	Nine months 2021	Nine months 2020
Income before income taxes and zakat	212,158	92,751	542,214	270,314
(Less) add: (Income) loss subject to zakat	(6,340)	2,629	(20,236)	2,768
Income subject to income tax	205,818	95,380	521,978	273,082
Income taxes at the Kingdom's statutory tax rates	98,835	45,465	250,211	132,566
Tax effect of:				
(Income) loss not subject to tax at statutory rates and other	(1,338)	2,583	(437)	5,861
Income tax expense	97,497	48,048	249,774	138,427
Zakat expense	568	494	1,442	579
Total income tax and zakat expense	98,065	48,542	251,216	139,006

8. Income taxes and zakat continued**(b) Income tax and zakat expense**

	3 rd quarter 2021	3 rd quarter 2020	Nine months 2021	Nine months 2020
Current income tax - Kingdom	92,653	43,346	234,897	128,281
Current income tax - Foreign	293	203	658	255
Deferred income tax - Kingdom	3,922	4,787	12,617	12,473
Deferred income tax - Foreign	629	(288)	1,602	(2,582)
Zakat - Kingdom	568	494	1,442	579
	98,065	48,542	251,216	139,006

(c) Income tax and zakat obligation to the Government

	2021	2020
January 1	42,059	62,243
Acquisition	-	3,288
Provided during the period	236,339	128,860
Payments during the period by the Company (Note 15)	(96,468)	(64,398)
Payments during the period by subsidiaries and joint operations	(3,206)	(2,755)
Settlements of due from the Government	(95,371)	(84,415)
Other settlements	(3,131)	(4,238)
September 30	80,222	38,585

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	(2,304)	1,381	-	164	(25)	(549)	239	(1,094)
Remeasurement gain ¹	-	-	19,219	-	-	-	-	19,219
Transfer to retained earnings	-	-	(10,435)	(68)	-	-	-	(10,503)
Tax effect	-	(209)	(8,418)	-	-	-	-	(8,627)
Less: amounts related to non-controlling interests	981	116	(366)	-	-	169	-	900
September 30, 2021	(131)	6,644	-	153	(752)	642	(803)	5,753

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

	September 30, 2021	December 31, 2020
Non-current:		
Deferred consideration	187,634	217,231
Borrowings	52,177	55,954
Debentures	98,667	104,425
Sukuk	34,710	12,420
Lease liabilities	45,646	43,567
Other ¹	3,164	3,323
	421,998	436,920
Current:		
Deferred consideration	33,352	18,636
Short-term bank financing	57,163	60,085
Borrowings	11,243	10,197
Debentures	3,750	-
Sukuk	231	231
Lease liabilities	9,548	10,008
	115,287	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 September 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

	3 rd quarter 2021	3 rd quarter 2020	Nine months 2021	Nine months 2020
Revenue from contracts with customers	357,088	199,165	937,067	555,743
Movement between provisional and final prices	463	(35)	3,169	(9,625)
Other revenue	1,541	929	3,281	2,739
	359,092	200,059	943,517	548,857

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.

11. Revenue continued**Disaggregation of revenue from contracts with customers**

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

	3 rd quarter 2021			Total
	Upstream	Downstream	Corporate	
Crude oil	161,649	16,024	-	177,673
Refined and chemical products	-	162,636	-	162,636
Natural gas and NGLs	12,823	869	-	13,692
Metal products	-	3,087	-	3,087
Revenue from contracts with customers	174,472	182,616	-	357,088
Movement between provisional and final prices	426	37	-	463
Other revenue	84	1,207	250	1,541
External revenue	174,982	183,860	250	359,092

	3 rd quarter 2020			Total
	Upstream	Downstream	Corporate	
Crude oil	94,755	4,647	-	99,402
Refined and chemical products	-	88,065	-	88,065
Natural gas and NGLs	8,827	473	-	9,300
Metal products	-	2,398	-	2,398
Revenue from contracts with customers	103,582	95,583	-	199,165
Movement between provisional and final prices	10	(45)	-	(35)
Other revenue	68	551	310	929
External revenue	103,660	96,089	310	200,059

	Nine months 2021			Total
	Upstream	Downstream	Corporate	
Crude oil	415,121	41,668	-	456,789
Refined and chemical products	-	433,874	-	433,874
Natural gas and NGLs	34,544	2,281	-	36,825
Metal products	-	9,579	-	9,579
Revenue from contracts with customers	449,665	487,402	-	937,067
Movement between provisional and final prices	3,059	110	-	3,169
Other revenue	273	2,137	871	3,281
External revenue	452,997	489,649	871	943,517

	Nine months 2020			Total
	Upstream	Downstream	Corporate	
Crude oil	285,175	17,540	-	302,715
Refined and chemical products	-	216,609	-	216,609
Natural gas and NGLs	31,739	1,492	-	33,231
Metal products	-	3,188	-	3,188
Revenue from contracts with customers	316,914	238,829	-	555,743
Movement between provisional and final prices	(9,398)	(227)	-	(9,625)
Other revenue	313	1,396	1,030	2,739
External revenue	307,829	239,998	1,030	548,857

11. Revenue continued

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

	3 rd quarter 2021	3 rd quarter 2020	Nine months 2021	Nine months 2020
Crude oil	1,034	1,067	2,297	2,216
Refined and chemical products	16,974	12,214	45,596	32,852
Natural gas and NGLs	2,595	2,394	6,079	10,057
	20,603	15,675	53,972	45,125

12. Non-cash investing and financing activities

Investing and financing activities for the three-month and nine-month periods ended September 30, 2021 include additions to right-of-use assets of SAR 3,022 and SAR 10,289 (September 30, 2020: SAR 2,894 and SAR 14,058), respectively, asset retirement provisions of SAR 105 and SAR 273 (September 30, 2020: SAR 102 and SAR 258), respectively, and equity awards issued to employees of SAR 7 and SAR 37 (September 30, 2020: nil and nil), respectively. In addition, investing and financing activities for the three-month and nine-month periods ended September 30, 2020 include the acquisition of SABIC for deferred consideration of nil and SAR 259,125 (Note 4), respectively.

13. Commitments

Capital commitments

Capital expenditures contracted for but not yet incurred were SAR 135,713 and SAR 153,326 at September 30, 2021 and December 31, 2020, respectively. In addition, leases contracted for but not yet commenced were SAR 8,953 and SAR 7,990 at September 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 2,066 as of September 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 September 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.

(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 622.

14. Contingencies continued

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 September 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 September 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, which unless extended, matures in December 2023. As of September 30, 2021, SAR 1,125 was utilized under this facility.

15. Payments to the Government by the Company

	3 rd quarter 2021	3 rd quarter 2020	Nine months 2021	Nine months 2020
Income taxes (Note 8(c))	40,388	4,948	96,468	64,398
Royalties	36,930	18,371	89,496	64,238
Dividends	69,084	69,084	207,252	188,162

16. Related party transactions and balances**(a) Transactions**

	3 rd quarter 2021	3 rd quarter 2020	Nine months 2021	Nine months 2020
Joint ventures:				
Revenue from sales	7,898	5,520	20,303	8,280
Other revenue	11	15	34	38
Interest income	26	-	71	38
Purchases	4,848	3,694	14,306	3,739
Service expenses	-	3	8	11
Associates:				
Revenue from sales	16,878	13,856	47,396	23,501
Other revenue	165	45	495	203
Interest income	12	15	98	101
Purchases	13,534	6,165	39,244	12,904
Service expenses	22	38	90	154
Government, semi-Government and other entities with Government ownership or control:				
Revenue from sales	5,588	4,721	13,054	21,810
Other income related to sales	46,290	28,535	111,972	69,436
Other revenue	161	79	585	345
Purchases	3,000	4,298	9,068	8,944
Service expenses	87	78	488	266

16. Related party transactions and balances continued

(b) Balances

	September 30, 2021	December 31, 2020
Joint ventures:		
Other assets and receivables	6,315	6,368
Trade receivables	4,054	3,210
Interest receivable	199	128
Trade and other payables	5,625	3,986
Associates:		
Other assets and receivables	7,380	7,395
Trade receivables	13,073	8,415
Trade and other payables	6,338	3,784
Government, semi-Government and other entities with Government ownership or control:		
Other assets and receivables	521	540
Trade receivables	3,848	1,429
Due from the Government	46,927	28,895
Trade and other payables	1,999	1,770
Borrowings	226,744	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 8, 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 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 30% by the founders of FCI, 25% by Taqnia Energy, 23% by Dune Investment and 2% by Korea Technology Finance Corporation. FCI will be recorded as investment in an associate.

(e) Sudair One Holding Company ("Sudair One")

On May 24, 2021, Saudi Aramco Power Company ("SAPCO"), a wholly owned subsidiary of the Company, entered into a shareholders' agreement with Water and Electricity Holding Company ("WEHC"), Oasis Two Renewables Energy Company ("OTREC") and ACWA Power Saudi Electricity and Water Development Company ("APSA") to invest in the development of a solar plant and its operation and maintenance in the Sudair region of the Kingdom (the "Project"). The Project is developed by Sudair One, which is a limited liability company, and is owned 35% by PIF through WEHC, 35% by ACWA Power through OTREC and APSA, and 30% by SAPCO. SAPCO's share of the investment in Sudair One will be SAR 270. Equity bridge loans (the "EBLs") of SAR 900 have been obtained and are due for repayment upon completion of construction, expected to be in November 2024. The EBLs are guaranteed by the project sponsors, being the Company, PIF and ACWA Power, of which the Company's share is SAR 270. In addition, two guarantees totaling SAR 159 have been issued by SAPCO to support Sudair One's obligations.

(f) Tanajib Cogeneration Power Company ("TCPC")

On August 23, 2021, TCPC was formed in the Kingdom as a mixed limited liability company for the purposes of electricity generation, transmission and distribution, and water desalination, transportation and distribution. TCPC is 40% owned by SAPCO, a wholly owned subsidiary of the Company, and 60% owned by Tanajib Cogeneration Holding Company Ltd., which is a consortium between Marubeni Corporation and Abu Dhabi National Energy Company PJSC (TAQA). TCPC is the lead developer under a 20-year Build Own Operate and Transfer ("BOOT") arrangement and the Company will be the sole offtaker of the electricity, steam and water. SAPCO's 40% equity investment is expected to be SAR 225. On October 15, 2021, project financing was closed with external lenders, as part of which the Company provided equity funding related guarantees of SAR 284.

(g) Jazan Integrated Gasification and Power Company ("JIGPC")

On September 27, 2021, Saudi Aramco entered into an arrangement with Air Products, ACWA Power and Air Products Qudra relating to the Jazan Integrated Gasification Combined-Cycle ("IGCC") power plant, an Air Separation Unit ("ASU") and certain ancillary assets (together, "the facility"). The transaction entails creation of JIGPC, a limited liability company, with SAPCO, a wholly owned subsidiary of the Company owning 20%, while Air Products, ACWA Power and Air Products Qudra own 46%, 25% and 9%, respectively. JIGPC will operate the facility under a 25-year contract for a pre-determined monthly fee. Saudi Aramco will supply feedstock to JIGPC, and JIGPC will produce power, steam, hydrogen and other utilities for Saudi Aramco. The transfer of the facility by the Company to JIGPC will be accounted for as a financing arrangement and therefore the assets will remain in the books of the Company. Based on the facts and circumstances of this arrangement, JIGPC will be accounted for as a joint operation by Saudi Aramco.

SAPCO's total contribution in JIGPC, as a shareholder, will be SAR 3,600, of which, an initial contribution of SAR 2,205 was made during October 2021. The financial close of the transaction occurred on October 27, 2021. The total proceeds of the transaction are SAR 44,063, of which, the Company received the first tranche of SAR 18,386, net of the ASU purchase consideration of SAR 8,146. The ASU, which was previously accounted for as a lease, was purchased by the Company and transferred with the rest of the facility as part of the closing. The final tranche of SAR 17,531 is expected to be received during the fourth quarter of 2022.

19. Dividends

Dividends declared and paid on ordinary shares are as follows:

	Nine months 2021	Nine months 2020	SAR per share	
			Nine months 2021	Nine months 2020
Quarter:				
March ¹	70,325	50,227	0.35	0.25
June	70,325	70,319	0.35	0.35
September	70,327	70,319	0.35	0.35
Total dividends paid	210,977	190,865	1.05	0.95
Declared in December 2019, paid in January 2020	-	(35,475)	-	(0.17)
Total dividends declared	210,977	155,390	1.05	0.78
Dividends declared on October 28, 2021 and November 2, 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 50,227 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 October 2021 (November 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 September 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, as a percentage of average capital employed, calculated on a 12-month rolling basis. Average capital employed is the average of total borrowings plus total equity at the beginning and end of the applicable period. Aramco utilizes ROACE to evaluate management's performance and demonstrate to its shareholders that capital has been used effectively.

ROACE for the third quarter and nine months ended September 30, 2021 was 20.6%, compared to 14.8% for the same periods in 2020. The increase in ROACE was driven by higher earnings, mainly reflecting stronger crude oil prices, improved refining and chemicals margins and the consolidation of SABIC's full year results, partially offset by higher average capital employed during the period, mainly resulting from the acquisition of SABIC in June 2020.

All amounts in millions unless otherwise stated	Twelve months ended September 30			
	SAR		USD*	
	2021	2020	2021	2020
Net income	343,453	206,291	91,588	55,010
Finance costs, net of income taxes and zakat	6,330	4,265	1,688	1,137
Net income before finance costs, net of income taxes and zakat	349,783	210,556	93,276	56,147
As at period start:				
Non-current borrowings	411,552	133,288	109,747	35,543
Current borrowings	96,770	40,006	25,805	10,668
Total equity	1,113,737	1,049,446	296,997	279,852
Capital employed	1,622,059	1,222,740	432,549	326,063
As at period end:				
Non-current borrowings	421,998	411,552	112,533	109,747
Current borrowings	115,287	96,770	30,743	25,805
Total equity	1,231,404	1,113,737	328,375	296,997
Capital employed	1,768,689	1,622,059	471,651	432,549
Average capital employed	1,695,374	1,422,400	452,100	379,306
ROACE	20.6%	14.8%	20.6%	14.8%

* 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 third quarter of 2021 was SAR 107,738 (\$28,730), compared to SAR 46,547 (\$12,411) for the same quarter in 2020, an increase of SAR 61,191 (\$16,319). This was principally due to stronger earnings, partly offset by an increase in cash paid for the settlement of income, zakat and other taxes and an increase in capital expenditures.

Free cash flow for the first nine months of 2021 was SAR 260,944 (\$69,585), compared to SAR 125,752 (\$33,533) for the same period in 2020. This increase of SAR 135,192 (\$36,052) was mainly due to higher operating cash flows, principally reflecting stronger crude oil prices and improved refining and chemicals margins, partially offset by negative working capital movements, higher cash paid for the settlement of income, zakat and other taxes and an increase in capital expenditures.

	Third quarter				Nine months			
	SAR		USD*		SAR		USD*	
All amounts in millions unless otherwise stated	2021	2020	2021	2020	2021	2020	2021	2020
Net cash provided by operating activities	136,204	70,481	36,321	18,794	348,236	200,858	92,863	53,561
Capital expenditures	(28,466)	(23,934)	(7,591)	(6,383)	(87,292)	(75,106)	(23,278)	(20,028)
Free cash flow	107,738	46,547	28,730	12,411	260,944	125,752	69,585	33,533

* 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 September 30, 2021 was 17.2%, compared to 23.0% as at December 31, 2020. The decrease in gearing was mainly due to higher cash and cash equivalents as at September 30, 2021. This was primarily due to higher operating cash flows, reflecting the impact of stronger crude oil prices, improved refining and chemicals margins and consolidation of SABIC's results, as well as cash proceeds in relation to Aramco's stabilized crude oil pipelines transaction that completed in the second quarter of 2021.

	SAR		USD*	
	September 30, 2021	December 31, 2020	September 30, 2021	December 31, 2020
All amounts in millions unless otherwise stated				
Total borrowings (current and non-current)	537,285	536,077	143,276	142,954
Cash and cash equivalents	(282,239)	(207,232)	(75,264)	(55,262)
Net debt	255,046	328,845	68,012	87,692
Total equity	1,231,404	1,101,094	328,375	293,625
Total equity and net debt	1,486,450	1,429,939	396,387	381,317
Gearing	17.2%	23.0%	17.2%	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 third quarter ended September 30, 2021 was SAR 214,744 (\$57,265), compared to SAR 95,477 (\$25,461) during the same quarter in 2020. This increase of SAR 119,267 (\$31,804) mainly reflects stronger earnings, resulting from higher crude oil prices and volumes sold and an increase in refining and chemicals margins.

EBIT for the nine months ended September 30, 2021 was SAR 550,249 (\$146,733), compared to SAR 274,905 (\$73,308) during the same period in 2020, representing an increase of SAR 275,344 (\$73,425). This was primarily attributable to the impact of stronger crude oil prices, improved refining and chemicals margins and the consolidation of SABIC's results.

	Third quarter				Nine months			
	SAR		USD*		SAR		USD*	
All amounts in millions unless otherwise stated	2021	2020	2021	2020	2021	2020	2021	2020
Net income	114,093	44,209	30,425	11,789	290,998	131,308	77,600	35,015
Finance income	(331)	(681)	(88)	(181)	(967)	(2,315)	(258)	(617)
Finance costs	2,917	3,407	777	909	9,002	6,906	2,400	1,842
Income taxes and zakat	98,065	48,542	26,151	12,944	251,216	139,006	66,991	37,068
Earnings before interest, income taxes and zakat	214,744	95,477	57,265	25,461	550,249	274,905	146,733	73,308

* 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

mbpd

Thousand barrels per day

mmbbl

Million barrels

mmboe

Million barrels of oil equivalent

mmboed

Million barrels of oil equivalent per day

mbmpd

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

CO₂e

Carbon dioxide equivalent.

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.

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.

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

AGOC

Aramco Gulf Operations Company Ltd.

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.

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 His Royal Highness 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.

iktva

In-Kingdom total value add.

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.

Namaat

Aramco's industrial investment program.

Paris Agreement

The United Nations Framework Convention on Climate Change Paris Agreement.

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.

Saudi Green Initiative

A national initiative for the Kingdom that aims to increase the Kingdom's reliance on clean energy, offset the impact of fossil fuels and combat climate change.

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 the Company's net-zero ambitions as described in this report and the steps needed for the Company to achieve these and other sustainability related goals and targets;
- 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 nine month periods ended September 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.

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