

Non-IFRS measures reconciliations and definitions for the year ended December 31, 2023

Aramco uses certain non-IFRS financial measures to make informed decisions about its financial position, operating performance or liquidity. These non-IFRS financial measures have been included below 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 below 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.

Free cash flow

All amounts in millions unless otherwise stated

Net cash provided by operating activities

Capital expenditures

Free cash flow

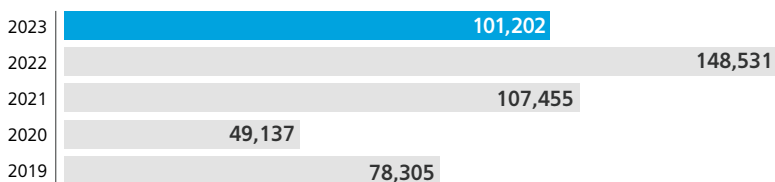
	SAR		USD*	
	Year ended December 31		Year ended December 31	
	2023	2022	2023	2022
Net cash provided by operating activities	537,814	698,152	143,417	186,174
Capital expenditures	(158,308)	(141,161)	(42,215)	(37,643)
Free cash flow	379,506	556,991	101,202	148,531

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

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 in 2023 was SAR 379,506 (\$101,202), compared to SAR 556,991 (\$148,531), in 2022, a decrease of SAR 177,485 (\$47,329) or 31.9%. This was mainly due to lower operating cash flows primarily resulting from lower earnings and higher upstream capital expenditures, partially offset by favorable movements in working capital, and a reduction in cash paid for the settlement of income, zakat and other taxes.

Free cash flow
(\$ million)



All amounts in millions unless otherwise stated

Return on average capital employed (ROACE)

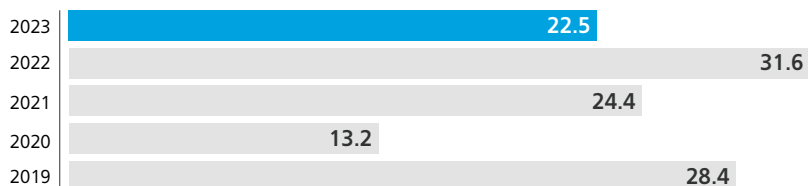
All amounts in millions unless otherwise stated	SAR		USD*	
	Twelve months ended December 31		Twelve months ended December 31	
	2023	2022	2023	2022
Net income	454,764	604,005	121,271	161,068
Finance costs, net of income taxes and zakat	4,093	4,441	1,092	1,185
Net income before finance costs, net of income taxes and zakat	458,857	608,446	122,363	162,253
As at period start:				
Non-current borrowings	318,380	436,371	84,901	116,366
Current borrowings	74,764	74,550	19,937	19,880
Total equity	1,666,147	1,280,668	444,306	341,512
Capital employed	2,059,291	1,791,589	549,144	477,758
As at period end:				
Non-current borrowings	226,481	318,380	60,395	84,901
Current borrowings	63,666	74,764	16,978	19,937
Total equity	1,737,092	1,666,147	463,225	444,306
Capital employed	2,027,239	2,059,291	540,598	549,144
Average capital employed	2,043,265	1,925,440	544,871	513,451
ROACE	22.5%	31.6%	22.5%	31.6%

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

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 year ended December 31, 2023, was 22.5%, compared to 31.6% in 2022. The decrease in ROACE, calculated on a 12-month rolling basis, was primarily attributable to lower earnings largely reflecting the decline in crude oil prices and lower volumes sold, weakening refining and chemicals margins, and higher average capital employed.

ROACE (%)



Gearing

All amounts in millions unless otherwise stated

	SAR		USD*	
	As at December 31		As at December 31	
	2023	2022	2023	2022
Total borrowings (current and non-current)	290,147	393,144	77,373	104,838
Cash and cash equivalents	(198,973)	(226,047)	(53,059)	(60,279)
Short-term investments	(184,343)	(281,215)	(49,158)	(74,991)
Investments in debt securities (current and non-current) ¹	(9,584)	(8,565)	(2,556)	(2,282)
Non-current cash investments	–	–	–	–
Net cash	(102,753)	(122,683)	(27,400)	(32,714)
Total equity	1,737,092	1,666,147	463,225	444,306
Total equity and net cash	1,634,339	1,543,464	435,825	411,592
Gearing	(6.3)%	(7.9)%	(6.3)%	(7.9)%

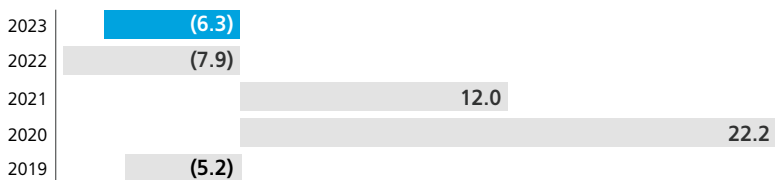
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1. As at December 31, 2023, investments in debt securities (current and non-current) are comprised of SAR 1,249 (\$333) and SAR 8,335 (\$2,223) which form part of other assets and receivables under current assets, and investments in securities under non-current assets, respectively. As at December 31, 2022, investments in debt securities (current and non-current) are comprised of SAR 906 (\$240) and SAR 7,659 (\$2,042) which form part of other assets and receivables under current assets, and investments in securities under non-current assets, respectively.

Gearing is a measure of the degree to which Aramco's operations are financed by debt and reflects available liquidity held in current and non-current investments and cash management instruments. Aramco defines gearing as the ratio of net (cash) / debt (total borrowings less cash and cash equivalents, short-term investments, investments in debt securities (current and non-current), and non-current cash investments) to total equity and net (cash) / debt. 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 was (6.3)% as at December 31, 2023, compared to (7.9)% as at December, 2022. The increase in gearing reflects the impact of lower net (cash) position and higher total equity. The decrease in net (cash) was largely due to a decrease in short-term investments and cash and cash equivalents, partially offset by a reduction in total borrowings.

Gearing² (%)



2. Comparative ratios for the years 2021, 2020, and 2019 have been amended to reflect Aramco's revised gearing definition.

All amounts in millions unless otherwise stated

Earnings before interest, income taxes and zakat (EBIT)

All amounts in millions unless otherwise stated	SAR		USD*	
	Year ended December 31		Year ended December 31	
	2023	2022	2023	2022
Net income	454,764	604,005	121,271	161,068
Finance income	(31,216)	(12,425)	(8,324)	(3,313)
Finance costs	8,186	8,882	2,183	2,369
Income taxes and zakat	433,303	548,957	115,547	146,388
Earnings before interest, income taxes and zakat	865,037	1,149,419	230,677	306,512

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

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 2023 was SAR 865,037 (\$230,677) compared to SAR 1,149,419 (\$306,512), in 2022. This decrease of SAR 284,382 (\$75,835) or 24.7%, principally represents the impact of lower crude oil prices and lower volumes sold, and weakening refining and chemicals margins, partially offset by a decrease in production royalties during the year.

EBIT (\$ million)

