

Creating value and delivering our strategy



“We are strategically positioning Aramco to be a key player in a practical, stable and inclusive global energy transition.”

Dear Shareholders,

For Aramco, 2022 was a year with notable achievements on a number of significant fronts.

Financially, the Company recorded its highest annual profits as a listed company as global crude oil prices strengthened compared to the previous year. Operationally, we embarked on the largest capital expenditure program in Aramco's history, driven by our growth strategy and net-zero ambition.

Geographically, we continued to broaden our Downstream portfolio with strategic investments, including in Asia and Europe. Meanwhile, locally we expanded our efforts to further strengthen our supply chain while simultaneously helping drive in-Kingdom economic growth.

Preserving upstream preeminence

While there are some who maintain that anyone still expanding their hydrocarbon production capacity is going to end up on the wrong side of history, we firmly believe we are on the right side of reality. The simple fact is that the world is expected to continue to need oil and gas for the foreseeable future — as a source of energy and also as foundational building blocks for countless everyday products. At the same time, we are aiming to significantly reduce oil and gas emissions.

Accordingly, in 2022 we continued to strengthen our crude oil production capabilities. This included ongoing work to raise our crude oil Maximum Sustainable Capacity by an additional one million barrels per day by 2027. We expect the Marjan and Berri offshore increments to come onstream in 2025.

Development of the Jafurah unconventional gas field continues, with initial production expected to commence in 2025, gradually increasing to 2.0 bscfd by 2030. Meanwhile, the Hawiyah Unayzah Gas Reservoir Storage, the first underground natural gas storage project in the Kingdom, has commenced injection activities.

The project aims to enable surplus natural gas to be reinjected into the reservoir during off-peak periods and reintroduced into the Master Gas System as demand increases.

During the year, our exploration activities resulted in the discovery of two unconventional gas fields in the Kingdom's eastern region.

Expanding downstream integration

In 2022 we also made a number of important strides to enhance our global Downstream business in target geographies and markets.

In Asia, Aramco and our S-OIL affiliate made a final investment decision to develop one of the world's largest refinery-integrated petrochemical steam crackers in South Korea, which aligns with our strategy to maximize the crude-to-chemicals value chain. The project represents the first large-scale commercialization of our thermal crude-to-chemicals technology. We also announced our decision to participate in the development of a liquids-to-chemicals complex in northeast China.

In Europe, we closed transactions to acquire a 30% stake in a refinery in Poland, sole ownership of an associated wholesale business, and a 50% stake in a jet fuel marketing joint venture. Through these transactions we expanded our downstream European presence and increased our integrated refining and petrochemicals capacity.

In August 2022, we signed an equity purchase agreement for Valvoline's global products business. This acquisition transaction, which is expected to complement Aramco's own line of premium-branded lubricant products, closed in March 2023.

Here in the Kingdom, we have made a final investment decision with our partner, TotalEnergies, to construct a petrochemical complex in Jubail that seeks to convert internally produced refinery off-gases and naphtha into higher value chemicals.

Aramco's integration of SABIC continues to progress ahead of plan with synergies being realized in multiple areas. Our goal is to leverage the significant potential of our products to meet rising global demand for petrochemicals, which we believe will be critical to the materials transition required to support a lower-carbon future.

Advancing our net-zero ambition

We see the world's shift towards a lower-carbon energy future as not only an obligation, but also an opportunity. Indeed, as one of the more reliable suppliers, lower-cost and lower carbon-intensive producers of crude oil in the world, Aramco has a number of competitive advantages.

As part of our journey towards net-zero, Aramco announced the creation of a SAR 5.6 billion (\$1.5 billion) sustainability-focused venture capital fund that will be among the largest of its kind globally. In partnership with the Ministry of Energy, we signed a Joint Development Agreement to begin building one of the biggest carbon capture and storage hubs in the world.

In collaboration with SABIC Agri-Nutrients, we also delivered the world's first accredited commercial shipment of lower-carbon blue ammonia. And we were one of the first ever purchasers of carbon credits in the regional Voluntary Carbon Market's inaugural auction.

Localizing our supply chain

We continue to encourage the development of materials and manufacturing capabilities within the Kingdom as part of our ongoing efforts to improve the resiliency of Aramco's supply chain and support national economic development.

In 2022 this included building on our iktva program as we entered into over 90 agreements to build long-term collaborative relationships with strategic local suppliers. In January 2023, we signed over 100 agreements and Memoranda of Understanding at the 7th edition of the iktva Forum and Exhibition to help advance a diverse, sustainable, and globally competitive industrial ecosystem. We embarked on a major expansion of our Namaat industrial investment program, as well as launching Taleed, a new program dedicated to accelerating the growth of small- and medium-enterprises in the Kingdom. We have also signed a framework agreement with the Kingdom's Shareek program that will support our efforts to both localize our supply chain and expand domestic economic growth.

Additionally, to build local artificial intelligence (AI) technology capacity, Aramco and a private sector partner announced the establishment of a Global AI Corridor. Designed to develop and commercialize complex AI solutions, the Corridor will also train Saudi talent, support start-ups, and build a local AI ecosystem.

Continuing to create value

In 2022, Aramco delivered an exceptional performance. The greatest reason for this success is the dedication and commitment of the men and women of Aramco. Each day they come to work united by the knowledge they are creating value for our shareholders and our customers, as well as contributing to the prosperity and progress of countries and communities around the world.

Looking ahead, we remain well-placed to adapt as required and respond as necessary to changing market conditions. As the actions and activities outlined in this Report suggest, we are strategically positioning Aramco to be a key player in a practical, stable and inclusive global energy transition.

Amin H. Nasser
President and Chief Executive Officer