

Non-IFRS measures reconciliations and definitions for the year ended December 31, 2022

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 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.

Return on average capital employed (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 year ended December 31, 2022, was 31.6%, compared to 24.4% in 2021. This increase was mainly attributable to higher earnings, primarily reflecting stronger crude oil prices and volumes sold, and improved refining margins. This was partially offset by higher average capital employed during the year due to an increase in total equity associated with higher earnings.

ROACE (%)



	SAR		USD*	
	Twelve months ended December 31		Twelve months ended December 31	
	2022	2021	2022	2021
All amounts in millions unless otherwise stated				
Net income	604,005	412,396	161,068	109,972
Finance costs, net of income taxes and zakat	4,441	6,029	1,185	1,608
Net income before finance costs, net of income taxes and zakat	608,446	418,425	162,253	111,580
As at period start:				
Non-current borrowings	436,371	436,920	116,366	116,512
Current borrowings	74,550	99,157	19,880	26,442
Total equity	1,280,668	1,101,094	341,512	293,625
Capital employed	1,791,589	1,637,171	477,758	436,579
As at period end:				
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
Average capital employed	1,925,440	1,714,380	513,451	457,169
ROACE	31.6%	24.4%	31.6%	24.4%

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

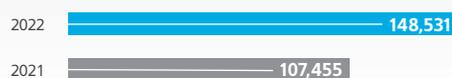
Free cash flow

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

Free cash flow in 2022 was SAR 556,991 (\$148,531), compared to SAR 402,956 (\$107,455) in 2021, an increase of SAR 154,035 (\$41,076), or 38.2%. This was predominantly due to higher operating cash flows, largely driven by stronger crude oil prices and volumes sold, and improved

refining margins. This was partially offset by higher cash paid for the settlement of income, zakat and other taxes, and an increase in upstream capital expenditures.

Free cash flow (\$ million)



	SAR		USD*	
	Year ended December 31		Year ended December 31	
	2022	2021	2022	2021
All amounts in millions unless otherwise stated				
Net cash provided by operating activities	698,152	522,601	186,174	139,360
Capital expenditures	(141,161)	(119,645)	(37,643)	(31,905)
Free cash flow	556,991	402,956	148,531	107,455

* 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 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 (7.9)% as at December 31, 2022, compared to 12.0% as at December 31, 2021. The decrease in gearing reflects the impact of net cash position and higher total equity, predominantly driven by stronger earnings as a result of higher crude oil prices and volumes sold, and improved refining margins.

Gearing (%)



	SAR		USD*	
	As at December 31		As at December 31	
	2022	2021	2022	2021
All amounts in millions unless otherwise stated				
Total borrowings (current and non-current)	393,144	510,921	104,838	136,246
Cash and cash equivalents	(226,047)	(299,579)	(60,279)	(79,888)
Short-term investments	(281,215)	(27,073)	(74,991)	(7,219)
Investments in debt securities (current and non-current) ¹	(8,565)	(8,966)	(2,282)	(2,391)
Non-current cash investments	-	-	-	-
Net (cash) / debt	(122,683)	175,303	(32,714)	46,748
Total equity	1,666,147	1,280,668	444,306	341,512
Total equity and net (cash) / debt	1,543,464	1,455,971	411,592	388,260
Gearing²	(7.9)%	12.0%	(7.9)%	12.0%

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

- 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. As at December 31, 2021, the investments in debt securities (current and non-current) are comprised of SAR 1,515 (\$404) and SAR 7,451 (\$1,987) which form part of other assets and receivables under current assets, and investments in securities under non-current assets, respectively.
- Comparative ratios have been amended to reflect Aramco's revised gearing definition. Aramco's gearing ratio based on its previously disclosed definition is 9.1% and 14.2% as at December 31, 2022, and December 31, 2021, respectively.

All amounts in millions unless otherwise stated

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 2022 was SAR 1,149,419 (\$306,512), compared to SAR 780,174 (\$208,046) in 2021. This increase of SAR 369,245 (\$98,466), or 47.3%, mainly represents the impact of stronger crude oil prices and volumes sold, and improved refining margins, partially offset by an increase in purchases and production royalties.

EBIT

(\$ million)



All amounts in millions unless otherwise stated	SAR		USD*	
	Year ended December 31		Year ended December 31	
	2022	2021	2022	2021
Net income	604,005	412,396	161,068	109,972
Finance income	(12,425)	(1,405)	(3,313)	(375)
Finance costs	8,882	12,058	2,369	3,215
Income taxes and zakat	548,957	357,125	146,388	95,234
Earnings before interest, income taxes and zakat	1,149,419	780,174	306,512	208,046

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