ADNOC
DISTRIBUTION

Second Quarter and First Half 2023 Results

Management Discussion & Analysis Report

4 August 2023

Key highlights: Strong operating performance and growth in underlying profitability in H1 2023

Fuel volumes – H1 2023

6,539 million liters

+34.0% Y-o-Y

Retail fuel volumes: +39.3%, mainly attributable to consolidation of TotalEnergies Marketing Egypt

Commercial fuel volumes: +23.2%, mainly attributable to consolidation of TotalEnergies Marketing Egypt

5,310 million liters sold in UAE and KSA

+8.8% Y-o-Y

Retail fuel volumes: +8.3% supported by network expansion and ongoing growth in region's economic activities

Commercial fuel volumes: +9.7% on a strong growth in the corporate business and new contracts signed in 2022 and H1 2023

Revenue – H1 2023

16,130 AED million

+4.9% Y-o-Y

driven by growth in total fuel volumes and higher non-fuel retail segment contribution, partially offset by lower pump prices as a result of declining oil prices

Gross profit – H1 2023

2,652 AED million

-16.2% Y-o-Y

ADNOC Distribution benefited from significant inventory gains in H1 2022 (AED 556 million in a rising oil price environment), while in H1 2023 the Company recorded limited inventory gains (AED 61 million due to lower oil prices).

1,702 AED million

Retail fuel: -13.8% Y-o-Y

significant inventory gains in H1 2022 (AED 401 million in a rising oil price environment) vs. limited inventory gains H1 2023 (AED 80 million due to lower oil prices) – this negative development was partially offset by higher retail fuel volumes

353 AED million

Non-fuel retail: +12.2% Y-o-Y

supported by strong growth in non-fuel transactions, record-high C-store conversion rate in three years of 25%, improved customer offerings following revitalization of stores, marketing and promotion campaigns, and higher Food and Beverage (F&B) sales

597 AED million

Commercial: -31.8% Y-o-Y

growth in corporate fuel volumes offset by a margin reduction as well as inventory losses in H1 2023 (AED 20 million due to lower oil prices) vs. material inventory gains in H1 2022 (AED 154 million in a rising oil price environment)

EBITDA – H1 2023

1,627 AED million

-18.4% Y-o-Y

significant inventory gains in H1 2022 in a rising oil price environment vs. limited inventory gains in H1 2023 due to lower oil prices

Underlying EBITDA (EBITDA excluding inventory movements) – H1 2023

1,567 AED million

+8.9% Y-o-Y

driven by volume growth, higher contribution from non-fuel retail business and company-wide efficiency initiatives

Net profit attributable to equity holders – H1 2023

1,089 AED million

-30.3% Y-o-Y

due to lower EBITDA on the back of significantly lower inventory gains compared to H1 2022

Net profit excluding inventory movements – H1 2023

1,028 AED million

+2.1 % Y-o-Y

supported by volume growth, higher contribution from non-fuel retail business and company-wide efficiency initiatives partially offset by higher interest costs

Robust cash flow generation and balance sheet – H1 2023

1,222
AED million

Free cash flow

ADNOC Distribution reported free cash flow of AED 1,222 million, maintaining a strong financial position at the end of June 2023 with liquidity of AED 4.7 billion, in the form of AED 1.9 billion in cash and cash equivalents and AED 2.8 billion in unutilized credit facility

1.13x

Net debt to EBITDA ratio

Balance sheet remained strong with a Net debt to EBITDA ratio of 1.13x as of 30 June 2023 (0.78x as of 31 December 2022)

Operational highlights – H1 2023

16

New stations

816

Total stations network

511 in UAE
64 in KSA
241 in Egypt*

351

Total convenience stores network in the UAE

86.6
million

Fuel transactions in UAE

flat Y-o-Y

21.6
million

Non-fuel transactions in the UAE

+13.8% Y-o-Y

25%
+400 bps

Convenience store conversion rate in the UAE

Compared to 21% in H1 2022

* Acquisition of 50% of TotalEnergies Marketing Egypt completed in Feb. 2023

Strategy update: Sustained growth momentum in H1 2023

ADNOC Distribution continued to record positive underlying financial performance in H1 2023. Underlying EBITDA (excluding inventory movements) grew by 8.9% year-on-year to AED 1,567 million, and net profit excluding inventory movements increased by 2.1% year-on-year to AED 1,028 million. This performance was driven by an 8.8% growth in the UAE and KSA fuel volumes, a 12.2% increase in non-fuel retail gross profit, and like-for-like OPEX reduction of AED 55 million. Continued execution momentum on Smart Growth Strategy signals the Company's commitment to delivering on its growth initiatives and generating long-term shareholder value.

Fuel business (retail and commercial)

ADNOC Distribution's UAE and KSA fuel volumes grew by 8.8% year-on-year, as economic activity continued to demonstrate positive momentum supporting retail and corporate fuel consumption. ADNOC Distribution added new stations in Dubai and Saudi Arabia, resulting in incremental retail fuel volumes in H1 2023 which increased by 8.3% compared to H1 2022. Including the consolidation of TotalEnergies Marketing Egypt, we recorded a 34.0% year-on-year increase in total fuel volumes.

Network expansion: ADNOC Distribution continued to expand its retail fuel activities by adding 16 new stations and is on track to open 25-35 new stations in 2023.

- **Domestically:** ADNOC Distribution added 13 new stations in the UAE in H1 2023 to reach 511 stations (H1 2022: 472).

  In Dubai, the Company opened 3 new stations in H1 2023. As a result, ADNOC Distribution's service station network in the emirate expanded by 20% to 42 stations (H1 2022: 35).
- **Internationally:** ADNOC Distribution continued to execute on its plans in the Kingdom of Saudi Arabia, with 64 stations at the end H1 2023, while c.80% of the network has been rebranded.

Beyond the GCC region, at the beginning of the year ADNOC Distribution successfully completed the acquisition of a 50% stake in TotalEnergies Marketing Egypt LLC (TEME), which is among the top fuel distributors in Egypt, with a diversified portfolio comprising 240 fuel retail stations, 100+ convenience stores, 250+ lube changing points, and 16 car wash sites, as well as wholesale fuel, aviation fuel and lubricant operations. In H1 2023 TotalEnergies Marketing Egypt added 2 new service stations to its portfolio and operates 241 service stations.

Commercial business: In H1 2023, commercial segment fuel volumes in the UAE increased by 9.7% compared to H1 2022 driven by an increase of 12.5% in corporate business volumes. This was a result of execution of new corporate contracts signed last year and during the first half of 2023, as our Company has been proactively focusing on gaining market share in Dubai and Northern Emirates.

The total number of export network countries in ADNOC Distribution's VOYAGER lubricants portfolio rose to 32 markets at the end of H1 2023 compared to 21 markets at the end of the same period last year. The Company is also exploring opportunities to penetrate new and growing lubricant markets through collaboration with leading partners worldwide.

Non-fuel business - UAE

During H1 2023, non-fuel business continued to gain momentum with a c.14% year-on-year increase in transactions. This positive trend was supported by a series of marketing campaigns and customer-centric initiatives in line with the Company's non-fuel retail strategy underpinned by a record-high C-store conversion rate in three years of 25%, which increased by 400 bps compared to H1 2022.

The Company continued to execute on its convenience store revitalization program, with additional 5 stores refurbished during the first half of 2023. Since the launch of the program, the Company modernized a total of c.200 ADNOC Oasis stores over 2020-H1 2023, offering fresh food, barista-brewed coffee and a wider menu selection, and providing support to key convenience stores operating metrics, including number of transactions, conversion rate, gross margin, and basket size.

ADNOC Distribution continued to enhance customer offerings through various initiatives, such as offering a modern shopping environment, improvement in category management, a better assortment of products, including introduction of fresh food and premium coffee products, and digital channels to order and transact. The customer journey improvements are consistent with the Company's ongoing non-fuel retail strategy to offer modern and digitally enabled shopping experience.

ADNOC Distribution expanded its vehicle inspection services in the UAE to 33 centres following the addition of 2 new centres between end of H1 2022 and end of H1 2023. The number of vehicles inspected (fresh tests) in the Company's vehicle inspection centres significantly increased by 39% in H1 2023 year-on-year, driven by an increase of the number of vehicle inspection centres, particularly in the Northern Emirates, along with the introduction of new services, and supported by marketing and promotions.

ADNOC Rewards loyalty program and customer focus

ADNOC Rewards loyalty program continued to add members throughout H1 2023, with more than 1.7 million members (+20% vs. H1 2022) now enrolled and over 50 partner offers providing discounts and deals through the ADNOC Distribution app.

The program received a boost in H1 2023 with an improvement in generosity of 3x and further enhancements planned for 2023. We continued to offer our customers promotions in-store, and a range of initiatives that include linking ADNOC Rewards across service station purchases and allowing customers to earn and redeem points against valuable offerings – in fuel, lube change services, convenience store, and car washes. This has contributed to the growth in the non-fuel business.

The Company has also become the region's first fuel distributor to introduce the innovative ADNOC 'Fill & Go' technology at its service stations. The AI-backed solution utilizes the latest innovations in computer vision technologies, comprising machine learning models allowing computers to recognize vehicles and responds by offering a hyper-personalized fuelling experience, reaffirming ADNOC Distribution's leadership position in the UAE's fuel and convenience retail sector.

ADNOC Distribution is committed to putting the customer at the heart of what it does to help accelerate the mobility revolution and redefine the experience at service stations; thereby, cementing its position as a destination of choice for its customers.

OPEX

During H1 2023, ADNOC Distribution accelerated execution of efficiency improvement initiatives across all our operations and businesses including optimizing logistics costs, renegotiations of supply contracts with vendors, etc. As a result, the Company's OPEX decreased by 7.2% year-on-year to AED 1,406 million.

The cost reduction took place despite the continued expansion of our operations and associated costs. Number of stations in the UAE and KSA increased by 7% at the end of H1 2023 compared to the same period of last year. In addition, ADNOC Distribution consolidated operations of TotalEnergies Marketing Egypt from 1 February 2023. The Company continues to implement management initiatives to increase operational efficiency and achieve prudent cost controls.

Efficient capital allocation

ADNOC Distribution has demonstrated a proven track record of value creation since IPO, by pursuing new opportunities in domestic and international markets and allocating cash towards growth. The Company expects to invest AED 0.9-1.1 billion in 2023 to deliver on its growth plans after investing AED 384 million in H1 2023.

Through efficient capital allocation, ADNOC Distribution has consistently achieved healthy rates of return, including Return on Capital Employed (ROCE) of 24.3% in H1 2023 (27.3% in H1 2022) and Return on Equity (ROE) of 70.1% in H1 2023 (75.4% in H1 2022).

In H1 2023, ADNOC Distribution generated robust free cash flow of AED 1,222 million. At the end of June 2023, the Company maintained a strong financial position with liquidity of AED 4.7 billion, in the form of AED 1.9 billion in cash and cash equivalents and AED 2.8 billion in unutilized credit facility. The balance sheet remained strong with a net debt to EBITDA ratio of 1.13x as of 30 June 2023 (0.78x as of 31 December 2022).

Sustainability & futureproofing of business

I/ Rollout of Electric Vehicles (EV) charging points

ADNOC Distribution continues to expand its network of EV charging stations, and has agreed with TAQA, one of the largest listed integrated utility companies in the EMEA region, to work together to establish a new mobility joint-venture, E_2GO.

In parallel, ADD continues an EV chargers rollout at its service stations with c.40 charging points installed across the UAE to address current EV customer demand.

Through the development of modern mobility solutions, ADNOC Distribution intends to become a destination of choice for charging and convenience for the UAE customers.

II/ Decarbonization roadmap

ADNOC Distribution plans to expand its sustainability-driven efforts to futureproof its business. In January 2023, the Company unveiled its Decarbonization roadmap, committing to a reduction of carbon intensity of its business by 25% by 2030. The Decarbonization roadmap covers Scope 1 emissions, which come directly from the Company's operations, and Scope 2 carbon emissions, which come from the energy ADNOC Distribution uses to run its operations.

The Company aims to cut emissions through a set of identified initiatives that will be implemented in 2023 and beyond, such as installing solar panels at service stations, use of biofuels to power its fleet of vehicles and other energy optimization initiatives. ADNOC Distribution also aims to utilize 'green concrete', that is eco-friendly and has a smaller carbon footprint than traditional concrete, in the construction of new service stations.

ADNOC Distribution announced partnering with Emerge, a joint venture between Masdar and EDF, to install solar panels across its service stations network in Dubai, as part of the Company's phased approach to UAE-wide solar rollout to provide the power needed for daily operations.

III/ Sustainability Linked Loan

ADNOC Distribution became the first UAE fuel and convenience retailer to tap into sustainable financing, by converting in January 2023 an existing AED 5.5 billion ($ 1.5 billion) term loan into a Sustainability Linked Loan. The Company committed to a penalty/incentive model which ties the loan to the sustainability-linked indicators, including GHG emissions intensity and share of renewable energy contribution. By arranging the Sustainability Linked Loan, ADNOC Distribution has aligned its funding strategy with the sustainability roadmap.

Eng. Bader Al Lamki – Chief Executive Officer:

"ADNOC Distribution has delivered robust results in the first half of the year, driven by strong operating performance and efficiency improvement initiatives across the Company.

As a future-focused business, we remain on track to meet targets for the year in OPEX savings and network expansion locally and internationally, and expect this growth momentum to continue into the second half of the year. Supported by our firm belief in the Smart Growth Strategy while embarking on our transformational plans that focus on innovation and upgrading the customer experience, we remain committed to achieving sustainable growth and rewarding returns for shareholders in the long term.

We continue to actively support and contribute to the UAE's strategic vision by reducing carbon emissions from our operations and supporting sustainable mobility objectives. This approach aligns with our future-proofing strategy and capitalizes on the opportunities offered by the energy transition."

Positive outlook supported by volume growth momentum, OPEX savings and futureproofing initiatives

After posting a 7.9% increase in GDP in 2022, the UAE's first quarter 2023 economic growth of 3.8% is pointing to another solid year. Meanwhile, Q1 2023 non-oil GDP increased by 4.5% confirming the success of the country's efforts to promote the growth of non-oil economic sectors and transition to an economic model based on knowledge and innovation. These achievements are moving the country closer to implementation of 'We the UAE 2031' vision, under which the UAE is expected to double the size of its economy by 2031 through driving up the country's non-oil exports and tourism sector. In Q1 2023, UAE airports welcomed 31.8 million passengers which compares to 11.5 million passengers in Q1 2022, while the hospitality sector returned to pre-pandemic occupancy rates despite an increase in the number of rooms.

Notwithstanding significant global uncertainties, including weaker growth, tighter financial conditions and geopolitical developments, in 2023 the IMF expects the UAE economy to expand by 3.5% which is the highest rate among the GCC economies, with the growth accelerating to 3.9% in 2024. IMF highlighted that implementation of enhanced UAE reform efforts poses upside risks to those forecasts. The growth in business activity has translated into higher traffic and improved consumer confidence across the country resulting in higher fuel volumes and non-fuel transactions for ADNOC Distribution in H1 2023. It also supports positive outlook for the remainder of this year and beyond.

ADNOC Distribution is committed to delivering sustainable, profitable growth and attractive shareholder returns. The Company expects positive outlook in the second half of 2023, underpinned by volume growth momentum and OPEX savings, while also focusing on network expansion and delivering higher non-fuel retail contribution. By executing management initiatives to increase operational efficiency across all business units, implementing prudent cost controls and optimizing costs, in H1 2023 the Company achieved OPEX savings of AED 55 million, a significant progress towards its full-year guidance for like-for-like OPEX savings of around AED 92 million in 2023.

ADNOC Distribution will continue to enhance customer experience and further optimize its operations to generate sustainable value for shareholders. The Company is confident in the delivery of its strategic commitments. As opportunities arise, ADNOC Distribution will pursue expansion plans in a disciplined manner, supported by a robust balance sheet and ample liquidity with confidence in the cash flow generation capability.

In its ongoing quest to futureproof the business, ADNOC Distribution continues to explore potential growth opportunities and new revenue streams created through energy transition, including opportunities in mobility and energy transition such as electric vehicle charging services and other sustainability-driven initiatives.

Fuel business

New stations: after opening 16 new stations during H1 2023, the Company expects delivery momentum to continue in H2 2023 and is well-positioned to achieve the full-year target of adding 25-35 new stations to its network in 2023.

Egypt: ADNOC Distribution's acquisition of a 50% stake in TotalEnergies Marketing Egypt reaffirms the Company's commitment to expanding business in attractive international growth markets. Egypt's fuel retail, lubricants and aviation markets are highly attractive with a potential for future growth. Due to its young and expanding population, alongside a series of progressive economic reforms, Egypt has recorded GDP growth with a positive outlook.

Through this transaction, ADNOC Distribution and TotalEnergies are expected to explore future growth opportunities of TotalEnergies Marketing Egypt by unlocking value potential in fuel distribution, lubricants and aviation businesses supported by economic growth. The Company plans to open first three ADNOC flagship service stations in Cairo during Q3 2023.

Other international: Beyond our successful acquisition in Egypt, the Company is evaluating inorganic growth opportunities in international markets with a focus on efficient capital allocation towards growth.

Renewal of the Refined Products Supply Agreement: at the beginning of 2023, ADNOC Distribution successfully renewed its supply agreement with ADNOC for a new five-year term, reaffirming the Company's strong value proposition driven by predictable margins and highly cash generative core business. The renewal also demonstrated strong and ongoing support from the majority shareholder, ADNOC.

Non-fuel business

ADNOC Distribution invests in offering customers a modern and engaging retail experience. In line with the ambitious non-fuel strategy, the focus remains on offering a modern environment and a better assortment of products to customers, including fresh food and premium coffee, bundle offers and digital channels to order and transact.

The convenience store revitalization program has ensured that the Company is well-positioned to capitalize on benefits of its customer-centric initiatives and generates consistent growth in its convenience stores business.

Operating and investment efficiency

ADNOC Distribution aims to become one of the leading cost-efficient fuel retailers and remains on track to take structural costs out, make its operations leaner and more efficient. The Company remains committed to achieving further operational excellence and expects to realize like-for-like OPEX savings of around AED 92 million in 2023.

The key drivers for further OPEX savings include staff optimization, with the more efficient deployment of staffing levels for stations and convenience stores, energy efficiency through smart technology, outsourcing of logistics, centralization of key functions, etc.

Dividend policy

The Company's continued growth and robust cash generation have enabled a progressive dividend policy for the shareholders. ADNOC Distribution is committed to delivering sustainable, profitable growth and attractive shareholder returns.

In March 2023, ADNOC Distribution shareholders approved a new dividend policy which stipulates a minimum dividend of AED 2.57 billion (20.57 fils per share) for 2023 (compared to a minimum 75% of distributable profits as per the previous policy), yielding at 5.3% (at share price of 3.90 as of 4 August 2023) and offering higher payback visibility for shareholders.

In line with its dividend policy, ADNOC Distribution expects to pay a minimum AED 1.285 billion dividend for the first six months of 2023 (10.285 fils per share) in October of this year, followed by a dividend for the second six-months of 2023 in April 2024, subject to the discretion of the board and shareholders' approval.

Financial summary

AED million	Q2 23	Q1 23	*QoQ %*	Q2 22	*YoY %*	H1 23	H1 22	*YoY %*
Revenue	8,132	7,998	*1.7%*	8,637	*-5.9%*	16,130	15,373	*4.9%*
Gross profit	1,388	1,264	*9.8%*	1,717	*-19.2%*	2,652	3,166	*-16.2%*
Gross margin, %	*17.1%*	*15.8%*		*19.9%*		*16.4%*	*20.6%*	
EBITDA	851	776	*9.7%*	1,113	*-23.5%*	1,627	1,994	*-18.4%*
EBITDA margin, %	*10.5%*	*9.7%*		*12.9%*		*10.1%*	*13.0%*	
Underlying EBITDA (1) (2)	778	789	*-1.4%*	707	*10.1%*	1,567	1,438	*8.9%*
Operating profit	666	626	*6.3%*	939	*-29.1%*	1,291	1,657	*-22.1%*
Net profit attributable to equity holders	551	537	*2.6%*	891	*-38.1%*	1,089	1,562	*-30.3%*
Net margin, %	*6.8%*	*6.7%*		*10.3%*		*6.7%*	*10.2%*	
Earnings per share (AED/share)	0.044	0.04	*2.6%*	0.07	*-38.1%*	0.087	0.125	*-30.3%*
Net profit excluding inventory movements	478	550	*-13.2%*	484	*-1.4%*	1,028	1,006	*2.1%*
Net cash generated from operating activities	370	1,257	*-70.6%*	350	*5.8%*	1,627	2,416	*-32.7%*
Capital expenditures	227	157	*44.4%*	217	*4.5%*	384	413	*-6.9%*
Free cash flow (3)	174	1,048	*-83.4%*	92	*89.5%*	1,222	1,958	*-37.6%*
Total equity	3,324	2,793	*19.0%*	3,533	*-5.9%*	3,324	3,533	*-5.9%*
Net debt (4)	3,572	3,605	*-0.9%*	2,717	*31.5%*	3,572	2,717	*31.5%*
Capital employed	10,712	10,176	*5.3%*	10,450	*2.5%*	10,712	10,450	*2.5%*
Return on capital employed (ROCE), %	*24.3%*	*28.3%*		*27.3%*		*24.3%*	*27.3%*	
Return on equity (ROE), %	*70.1%*	*97.0%*		*75.4%*		*70.1%*	*75.4%*	
Net debt to EBITDA ratio (4)	1.13	1.06		0.77		1.13	0.77	
Leverage ratio, %	*51.8%*	*56.3%*		*43.5%*		*51.8%*	*43.5%*	

(1) Underlying EBITDA is defined as EBITDA excluding inventory movements
(2) Underlying EBITDA for Q2 22 and H1 22 has been restated as per definition in (1)
(3) Free cash flow is defined as net cash generated from operating activities less payments for purchase of property, plant & equipment, and advances to contractors
(4) Cash and bank balances used for net debt calculation include term deposits with banks
Notes: See the Glossary for the calculation of certain metrics referred to above

ADNOC DISTRIBUTION

Operating and financial review

Fuel volumes

Q2 2023 total fuel volumes sold reached 3,396 million liters, increasing by 40.2% year-on-year mainly attributable to consolidation of TotalEnergies Marketing Egypt.

In GCC markets (UAE and KSA), Q2 2023 total fuel volumes amounted to 2,657 million liters, up by 9.7% year-on-year supported by network expansion and ongoing growth in region's economic activities. Q2 2023 UAE and KSA volumes were unchanged compared to Q1 2023.

In Q2 2023, GCC retail fuel volumes increased by 11.3% year-on-year, while commercial fuel volumes were up by 6.6%.

H1 2023 total fuel volumes sold reached 6,539 million liters, an increase of 34.0% year-on-year mainly attributable to consolidation of TotalEnergies Marketing Egypt.

In GCC markets (UAE and KSA), H1 2023 total fuel volumes amounted to 5,310 million liters, up by 8.8% on the back of network expansion as well as a result of the region's economic growth.

UAE and KSA retail fuel volumes increased by 8.3% in H1 2023. Commercial fuel volumes increased by 9.7% year-on-year, driven by a 12.5% increase in corporate volumes and partially offset by a 21.0% decline in aviation volumes.

Fuel volumes by segment (million liters)	Q2 23	Q1 23	*QoQ %*	Q2 22	*YoY %*	H1 23	H1 22	*YoY %*
Retail (B2C)	**2,389**	**2,148**	*11.2%*	**1,601**	*49.2%*	**4,537**	**3,257**	*39.3%*
Of which GCC	1,781	1,746	*2.0%*	1,601	*11.3%*	3,528	3,257	*8.3%*
Of which Egypt	608	402				1,010		
Commercial (B2B)	**1,007**	**995**	*1.2%*	**821**	*22.6%*	**2,002**	**1,625**	*23.2%*
Of which GCC	875	907	*-3.5%*	821	*6.6%*	1,783	1,625	*9.7%*
Of which Egypt	131	88				219		
Of which Corporate	899	926	*-2.9%*	778	*15.6%*	1,825	1,491	*22.4%*
Of which GCC	814	863	*-5.7%*	778	*4.6%*	1,677	1,491	*12.5%*
Of which Egypt	85	62				147		
Of which Aviation	108	70	*55.0%*	43	*148.2%*	177	134	*32.7%*
Of which GCC	62	44	*40.1%*	43	*41.9%*	106	134	*-21.0%*
Of which Egypt	46	26				72		
Total	**3,396**	**3,143**	*8.0%*	**2,422**	*40.2%*	**6,539**	**4,881**	*34.0%*

Fuel volumes by product (million liters)	Q2 23	Q1 23	*QoQ %*	Q2 22	*YoY %*	H1 23	H1 22	*YoY %*
Gasoline (1)	1,904	1,773	*7.4%*	1,476	*29.0%*	3,677	3,002	*22.5%*
Diesel	1,191	1,081	*10.2%*	725	*64.3%*	2,272	1,384	*64.1%*
Aviation products	108	70	*55.0%*	43	*148.2%*	177	134	*32.7%*
Others (2)	193	220	*-12.3%*	177	*8.9%*	413	362	*14.2%*
Total	**3,396**	**3,143**	*8.0%*	**2,422**	*40.2%*	**6,539**	**4,881**	*34.0%*
Of which GCC	2,657	2,654	*0.1%*	2,422	*9.7%*	5,310	4,881	*8.8%*
Of which Egypt	739	490				1,229		

(1) Includes grade 91, 95 and 98 unleaded gasoline
(2) Includes CNG, LPG, kerosene, lubricants, and base oil

Financial results

In Q2 2023, revenue decreased by 5.9% year-on-year to AED 8,132 million. The reduction was driven by lower selling prices as a result of lower crude oil prices, partially offset by growth in fuel volumes, higher contribution of non-fuel retail business and consolidation of TotalEnergies Marketing Egypt.

Q2 2023 gross profit decreased by 19.2% year-on-year to AED 1,388 million. In Q2 2022, in a rising oil price environment inventory gains amounted to AED 407 million (AED 273 million in fuel retail and AED 134 million in commercial business). In the reporting period, due to lower oil prices the Company recorded inventory gains of AED 80 million in the fuel retail business but incurred AED 7 million inventory losses in the commercial business – net inventory gains of AED 74 million. In addition, commercial margins came under pressure in a declining price environment. In Q2 2023, gross profit was supported by higher fuel volumes and growth in non-fuel retail business.

Q2 2023 reported EBITDA declined by 23.5% year-on-year to AED 851 million mainly due to lower inventory gains in Q2 2023 compared to Q2 2022. This was partially offset by the higher fuel volumes and a reduction in cash operating expenses.

Q2 2023 underlying EBITDA (EBITDA excluding inventory movements) increased by 10.1% year-on-year to AED 778 million driven by higher volumes, growth in non-fuel retail business contribution and management initiatives to reduce costs.

Q2 2023 net profit attributable to shareholders decreased by 38.1% year-on-year to AED 551 million due to lower EBITDA. Net profit attributable to shareholders excluding inventory movements remained nearly unchanged year-on-year at AED 478 million due to higher interest costs.

H1 2023 revenue increased by 4.9%, year-on-year, to AED 16,130 million despite lower selling prices as a result of lower crude oil prices. The increase in revenue was driven by growth in fuel volumes and non-fuel business, and consolidation of TotalEnergies Marketing Egypt.

H1 2023 gross profit decreased by 16.2%, year-on-year, to AED 2,652 million. In H1 2022, in a rising oil price environment inventory gains amounted to AED 556 million (AED 401 million in fuel retail and AED 154 million in commercial business). In H1 2023, due to lower oil prices the Company recorded inventory gains of AED 80 million in the fuel retail business but incurred AED 20 million inventory losses in the commercial business – net inventory gains of AED 61 million. H1 2023 gross profit was down year-on-year despite higher volumes due to pressure on commercial margins in a declining price environment.

H1 2023 reported EBITDA decreased by 18.4%, year-on-year, to AED 1,627 million as a result of lower inventory gains in H1 2023 compared to H1 2022.

H1 2023 underlying EBITDA (EBITDA excluding inventory movements) increased by 8.9% year-on-year to AED 1,567 million, mainly driven by higher fuel volumes, growing non-fuel retail contribution and a reduction in cash operating expenses.

H1 2023 net profit attributable to shareholders decreased by 30.3% year-on-year to AED 1,089 million, driven by the EBITDA reduction. Net profit attributable to shareholders excluding inventory movements increased by 2.1% year-on-year at AED 1,028 million despite higher interest costs.

Revenue by segment (AED million)	**Q2 23**	**Q1 23**	***QoQ %***	**Q2 22**	***YoY %***	**H1 23**	**H1 22**	***YoY %***
Retail (B2C)	**5,648**	**5,260**	*7.4%*	**5,718**	*-1.2%*	**10,908**	**10,319**	*5.7%*
Of which fuel retail	5,309	4,937	*7.5%*	5,447	*-2.6%*	10,245	9,764	*4.9%*
Of which non-fuel retail (1)	340	323	*5.3%*	271	*25.5%*	663	555	*19.4%*
Commercial (B2B)	**2,483**	**2,739**	*-9.3%*	**2,919**	*-14.9%*	**5,222**	**5,055**	*3.3%*
Of which corporate	2,100	2,430	*-13.6%*	2,676	*-21.5%*	4,531	4,495	*0.8%*
Of which aviation	383	308	*24.2%*	243	*57.7%*	691	559	*23.5%*
Total	**8,132**	**7,998**	*1.7%*	**8,637**	*-5.9%*	**16,130**	**15,373**	*4.9%*

(1) Non-fuel retail includes convenience stores, car wash, lube change, property management and vehicle inspection

Gross profit by segment (AED million)	Q2 23	Q1 23	QoQ %	Q2 22	YoY %	H1 23	H1 22	YoY %
Retail (B2C)	**1,078**	**976**	*10.4%*	**1,250**	*-13.8%*	**2,054**	**2,289**	*-10.3%*
Of which fuel retail	897	804	*11.6%*	1,094	*-18.0%*	1,702	1,975	*-13.8%*
Of which non-fuel retail (1)	180	172	*4.5%*	156	*15.6%*	353	314	*12.2%*
Commercial (B2B)	**310**	**288**	*7.8%*	**467**	*-33.7%*	**597**	**876**	*-31.8%*
Of which corporate	240	232	*3.7%*	361	*-33.5%*	472	652	*-27.6%*
Of which aviation	70	56	*24.5%*	106	*-34.1%*	125	224	*-44.1%*
Total	**1,388**	**1,264**	*9.8%*	**1,717**	*-19.2%*	**2,652**	**3,166**	*-16.2%*

EBITDA by segment (AED million)	Q2 23	Q1 23	QoQ %	Q2 22	YoY %	H1 23	H1 22	YoY %
Retail (B2C)	**607**	**545**	*11.4%*	**777**	*-21.9%*	**1,152**	**1,375**	*-16.2%*
Commercial (B2B)	**249**	**222**	*12.2%*	**336**	*-25.8%*	**471**	**618**	*-23.7%*
Of which corporate	184	168	*9.5%*	298	*-38.3%*	353	529	*-33.4%*
Of which aviation	65	54	*20.6%*	38	*73.1%*	119	89	*33.5%*
Unallocated (2)	-5	9	*NM*	1	*NM*	4	1	*NM*
Total	**851**	**776**	*9.7%*	**1,113**	*-23.5%*	**1,627**	**1,994**	*-18.4%*

NM: Not meaningful
(1) Non-fuel retail includes convenience stores, car wash, lube change, property management and vehicle inspection
(2) Unallocated includes other operating income/expenses not allocated to specific segment

Distribution and administrative expenses

In Q2 2023, distribution and administrative expenses (OPEX) were AED 737 million, a reduction of 5.8% compared to Q2 2022. This took place as a result of the Company's operational efficiency improvements across all business units despite a 7% increase in the Company's network in the UAE and KSA and associated costs as well as consolidation of TotalEnergies Marketing Egypt.

Excluding depreciation, Q2 2023 OPEX decreased by 9.4% year-on-year to AED 552 million.

H1 2023 distribution and administrative expenses were AED 1,406 million, a reduction of 7.2% compared to H1 2022, driven by Company's efficiency improvements initiatives. Excluding depreciation, cash OPEX decreased in H1 2023 by 9.2% y-o-y to AED 1,070 million.

AED million	Q2 23	Q1 23	QoQ %	Q2 22	YoY %	H1 23	H1 22	YoY %
Staff costs	371	361	*2.9%*	405	*-8.3%*	733	798	*-8.2%*
Depreciation	186	150	*23.7%*	174	*6.5%*	336	337	*-0.3%*
Repairs, maintenance, and consumables	47	44	*7.2%*	39	*22.8%*	91	84	*8.5%*
Distribution and marketing expenses	8	4	*86.1%*	24	*-65.3%*	13	53	*-76.2%*
Utilities	56	34	*65.1%*	68	*-17.7%*	90	108	*-16.9%*
Insurance	5	5	*-4.5%*	4	*8.0%*	10	8	*15.7%*
Others (1)	64	70	*-8.6%*	69	*-7.0%*	134	127	*5.8%*
Total	**737**	**669**	*10.3%*	**783**	*-5.8%*	**1,406**	**1,516**	*-7.2%*

(1) Other costs include lease cost, bank charges, subscriptions, legal fees, consultancies, etc.

Capital expenditures

The Company's capital expenditures (CAPEX) primarily consist of (i) investments related to the development and construction of new service stations and fuel terminal projects and capitalized maintenance costs related to properties, (ii) the purchase of machinery and equipment, and (iii) other capital expenditures related to properties, including structural upgrades, technology infrastructure upgrades and other improvements.

In H1 2023, total CAPEX decreased compared H1 2022 by 6.9% to AED 384 million, driven by lower CAPEX on service stations and industrial projects. 70% of the CAPEX comprised development and construction of new service stations.

The table below presents the breakdown of capital expenditures for the reviewed period.

AED million	Q2 23	Q1 23	*QoQ %*	Q2 22	*YoY %*	H1 23	H1 22	*YoY %*
Service stations projects	148	122	*21.2%*	154	*-4.0%*	270	282	*-4.2%*
Industrial and other projects	29	8	*262.1%*	25	*13.2%*	37	62	*-40.9%*
Machinery and equipment	28	13	*106.6%*	13	*104.0%*	41	24	*71.4%*
Distribution fleet	1	0	*NM*	0	*NM*	1	3	*-67.4%*
Technology infrastructure	16	12	*40.5%*	17	*-5.7%*	28	33	*-15.9%*
Office furniture and equipment	6	2	*141.2%*	7	*-20.3%*	8	9	*-13.5%*
Total	**227**	**157**	*44.4%*	**217**	*4.5%*	**384**	**413**	*-6.9%*

NM: Not meaningful

Business segments operating review

Retail segment – B2C (fuel and non-fuel)

Volumes

In Q2 2023, retail fuel volumes increased by 49.2% year-on-year, mainly attributable to consolidation of TotalEnergies Marketing Egypt.

In GCC markets (UAE and KSA), the volumes increased by 11.3% year-on-year driven by the region's ongoing economic growth and addition of new service stations. The volumes increased by 2.0% compared to Q1 2023.

H1 2023 retail fuel volumes sold increased by 39.3% y-o-y, mainly attributable to consolidation of TotalEnergies Marketing Egypt.

In GCC markets (UAE and KSA), they increased by 8.3% year-on-year as a result of the economic growth. In addition, the Company continued to expand in Dubai by adding new stations, resulting in incremental fuel volumes in H1 2023 compared to the same period of 2022.

Retail segment volumes (million liters)	Q2 23	Q1 23	*QoQ %*	Q2 22	*YoY %*	H1 23	H1 22	*YoY %*
Gasoline	1,829	1,701	*7.5%*	1,411	*29.6%*	3,530	2,872	*22.9%*
Diesel	503	389	*29.2%*	140	*258.4%*	892	288	*209.6%*
Other [1]	57	58	*-2.0%*	50	*15.0%*	115	97	*19.5%*
Total	**2,389**	**2,148**	*11.2%*	**1,601**	*49.2%*	**4,537**	**3,257**	*39.3%*
Of which GCC	1,781	1,746	*2.0%*	1,601	*11.3%*	3,528	3,257	*8.3%*
Of which Egypt	608	402				1,010		

(1) Includes CNG, LPG, kerosene, and lubricants

Financial results

In Q2 2023, retail segment revenue decreased by 1.2% compared to Q2 2022, mainly due to lower pump prices which were partially offset by higher volumes, strong growth in non-fuel retail revenue and consolidation of TotalEnergies Marketing Egypt.

Q2 2023 retail segment gross profit decreased by 13.8% compared to Q2 2022, as a result of a reduction of inventory gains from AED 273 million in Q2 2022 to AED 80 million in Q2 2023 due to lower prices. Gross profit was supported by higher fuel volumes and higher non-fuel business contribution.

Fuel retail segment gross profit decreased by 18.0% year-on-year principally due the lower impact of inventory gains in Q2 2023 compared to Q2 2022, partially offset by the higher fuel volumes in the reporting period. Non-fuel retail gross profit increased by 15.6% in Q2 2023 compared to Q2 2022 driven by growth in non-fuel transactions of 17.0% year-on-year, improvement in margins and improved customer offerings.

Q2 2023 retail segment EBITDA declined by 21.9% compared to Q2 2022, mainly due to the lower impact of inventory gains in Q2 2023 year-on-year, partially offset by the higher fuel volumes and lower operating expenses in the reporting period.

Retail segment underlying EBITDA (EBITDA excluding inventory movements) increased in Q2 2023 by 4.5% year-on-year, supported by higher volumes.

H1 2023 retail segment revenue increased by 5.7% compared to H1 2022 despite lower pump prices, supported by the fuel volumes growth and increase in non-fuel revenues.

H1 2023 retail segment gross profit decreased by 10.3% year-on-year, as in H1 2022 inventory gains amounted to AED 401 million in a rising oil price environment while due to lower prices in H1 2023 they were AED 80 million. The effect of lower inventory gains was partially offset by higher retail fuel volumes and material growth of non-fuel business.

Fuel retail business gross profit decreased by 13.8% year-on-year due to the lower impact of inventory gains in H1 2023 year-on-year. Non-fuel retail gross profit rose by 12.2% in H1 2023 compared to H1 2022, driven by growth in non-fuel transactions of 13.8% year-on-year, higher margins and improved customer offerings.

H1 2022 retail segment EBITDA decreased by 16.2% compared to H1 2022, mainly due to lower impact of inventory gains in H1 2023 compared to H1 2022, partially offset by higher retail fuel volumes, growth in non-fuel business and lower operating expenses.

Retail segment underlying EBITDA (EBITDA excluding inventory movements) increased in H1 2023 by 10% year-on-year.

Retail segment (AED million)	Q2 23	Q1 23	*QoQ %*	Q2 22	*YoY %*	H1 23	H1 22	*YoY %*
Revenue	**5,648**	**5,260**	*7.4%*	**5,718**	*-1.2%*	**10,908**	**10,319**	*5.7%*
Of which fuel retail	5,309	4,937	*7.5%*	5,447	*-2.6%*	10,245	9,764	*4.9%*
Of which non-fuel retail (1)	340	323	*5.3%*	271	*25.5%*	663	555	*19.4%*
Gross profit	**1,078**	**976**	*10.4%*	**1,250**	*-13.8%*	**2,054**	**2,289**	*-10.3%*
Of which fuel retail	897	804	*11.6%*	1,094	*-18.0%*	1,702	1,975	*-13.8%*
Of which non-fuel retail (1)	180	172	*4.5%*	156	*15.6%*	353	314	*12.2%*
EBITDA	**607**	**545**	*11.4%*	**777**	*-21.9%*	**1,152**	**1,375**	*-16.2%*
Operating profit	442	408	*8.1%*	618	*-28.5%*	850	1,068	*-20.4%*
Capital expenditures	116	99	*17.8%*	141	*-17.6%*	215	270	*-20.6%*

(1) Non-fuel retail includes convenience stores, car wash, lube change, property management and vehicle inspection

Other operating metrics

Fuel transactions in the UAE decreased by 2.6% in Q2 2023 and by 1.5% in H1 2023 year-on-year given that following the reduction of pump prices customers visited service stations less frequently but bought more fuel per stop. The number of fuel transactions was supported by the network expansion, improvement in customer sentiment as well as the ongoing growth in economic activity in the UAE.

Fuel operating metrics	Q2 23	Q1 23	*QoQ %*	Q2 22	*YoY %*	H1 23	H1 22	*YoY %*
Number of service stations – UAE (1)	511	507	*0.8%*	472	*8.3%*	511	472	*8.3%*
Number of service stations – Saudi Arabia (1)	64	67	*-4.5%*	66	*-3.0%*	64	66	*-3.0%*
Number of service stations – Egypt (1)	241	240	*0.4%*			241		
Total number of service stations (1)	**816**	**814**	*0.2%*	**538**	*51.7%*	**816**	**538**	*51.7%*
Throughput per station – GCC (million liters)	3.1	3.0	*1.8%*	3.0	*4.1%*	6.1	6.1	*1.3%*
Number of fuel transactions – UAE (million)	44.1	42.5	*3.7%*	45.3	*-2.6%*	86.6	88.0	*-1.5%*

(1) At end of period

Q2 2022 and H1 2022 non-fuel transactions in the UAE increased by 17.0% and 13.8% year-on-year respectively driven by improving consumer sentiment, enhanced customer offerings following the revitalization of the stores, and marketing and promotion campaigns under ADNOC Rewards loyalty program to attract higher footfall and increase customer spending. Convenience store conversion rate increased by 400 bps from 21% in H1 2022 to

25% in H1 2023 and by 500 bps from 20% in Q2 2022 to 25% in Q2 2023.

The UAE convenience stores revenue increased by 22.6% to AED 207 million in Q2 2023 compared to Q2 2022, and by 16.9% to AED 408 million in H1 2023 compared to H1 2022, mainly driven by higher number of transactions compared to the same period of last year.

In Q2 2023, convenience stores gross profit increased by 16.3% to AED 68 million and in H1 2023 increased by 14.0% to AED 134 million driven by higher number of transactions as a result of enhanced customer offerings following revitalization of the stores, marketing, and promotion campaigns as well as the higher F&B sales. Average gross basket size increased by 3.2% year-on-year in Q2 2023 compared to Q2 2022, and by 2.7% year-on-year in H1 2023 compared to H1 2022.

In its property management business, the Company continues to transition its tenancy business to a revenue-sharing model to maximize revenues and profitability. In Q2 2023 and H1 2023, the number of occupied properties remained nearly unchanged year-on-year. .

A number of vehicles inspected (fresh tests) in the Company's vehicle inspection centres increased by 45.9% in Q2 2023 compared to Q2 2022 and by 39.3% in H1 2023 compared to H1 2022, driven by a higher number of vehicle inspection centres, introduction of new service, and supported by marketing promotions.

Non-fuel operating metrics – UAE	**Q2 23**	**Q1 23**	***QoQ %***	**Q2 22**	***YoY %***	**H1 23**	**H1 22**	***YoY %***
Total number of non-fuel transactions (million) (1)	11.0	10.6	*3.8%*	9.4	*17.0%*	21.6	19.0	*13.8%*
Number of convenience stores – UAE (2)	351	345	*1.7%*	359	*-2.2%*	351	359	*-2.2%*
Convenience stores revenue (AED million) - GCC	207	201	*3.0%*	169	*22.6%*	408	349	*16.9%*
Convenience stores gross profit (AED million) - GCC	68	66	*2.8%*	58	*16.3%*	134	118	*14.0%*
Gross margin, %	*32.8%*	*32.9%*		*34.6%*		*32.9%*	*33.7%*	
Conversion rate (C-store sites only), % (3)	*25%*	*24%*		*20%*		*25%*	*21%*	
Average basket size (AED) (4)	21.8	22.5	*-2.8%*	21.6	*1.2%*	22.1	22.0	*0.6%*
Average gross basket size (AED) (5)	25.7	26.9	*-4.4%*	24.9	*3.2%*	26.3	25.6	*2.7%*
Number of Property Management tenants (2)	280	305	*-8.2%*	330	*-15.2%*	280	330	*-15.2%*
Number of occupied properties for rent (2)	981	997	*-1.6%*	999	*-1.8%*	981	999	*-1.8%*
Number of vehicle inspection centres (2)(6)	33	33	*0.0%*	31	*6.5%*	33	31	*6.5%*
Number of vehicles inspected – fresh tests (thousands)	294	297	*-1.0%*	202	*45.9%*	592	425	*39.3%*
Other vehicle inspection transactions (thousands) (7)	52	54	*-3.6%*	67	*-21.9%*	106	152	*-29.9%*

(1) Includes convenience stores, car wash and oil change transactions
(2) At end of period
(3) Number of convenience stores transactions divided by number of fuel transactions at sites with convenience stores
(4) Average basket size is calculated as convenience store revenue divided by number of convenience store transactions
(5) Average gross basket size is calculated as convenience store revenue (including revenue from consignment items shown under other operating income) divided by number of convenience store transactions
(6) Includes one permitting centre
(7) Other vehicle inspection transactions include number of vehicles inspected (re-tests) and sale of safety items at vehicles inspection centres

Commercial segment – B2B (corporate and aviation)

Volumes

In Q2 2023, commercial fuel volumes increased by 22.6% year-on-year, mainly attributable to consolidation of TotalEnergies Marketing Egypt.

In GCC markets (UAE and KSA), Q2 2023 volumes increased by 6.6% compared to Q2 2022, driven by growth in both corporate and aviation businesses on the back of new corporate contracts signed in 2022 and H1 2023.

H1 2022 commercial fuel volumes increased by 23.2% compared to H1 2022, mainly as a result of consolidation of TotalEnergies Marketing Egypt.

In GCC markets (UAE and KSA), H1 2023 volumes increased by 9.7% compared to H1 2022. Corporate fuel volumes increased by 12.5% year-on-year, while aviation fuel volumes sold to strategic customers decreased by 21.0% year-on-year.

Commercial segment volumes (million liters)	Q2 23	Q1 23	*QoQ %*	Q2 22	*YoY %*	H1 23	H1 22	*YoY %*
Gasoline	75	72	*3.8%*	66	*14.3%*	147	129	*13.6%*
Diesel	688	691	*-0.5%*	584	*17.7%*	1,380	1,096	*25.9%*
Aviation	108	70	*55.0%*	43	*148.2%*	177	134	*32.7%*
Other (1)	136	162	*-16.0%*	128	*6.5%*	298	265	*12.2%*
Total	**1,007**	**995**	*1.2%*	**821**	*22.6%*	**2,002**	**1,625**	*23.2%*
Of which GCC	875	907	*-3.5%*	821	*6.6%*	1,783	1,625	*9.7%*
Of which Egypt	131	88				219		

(1) Includes LPG, lubricants, and base oil

Financial results

Q2 2023 commercial segment revenue decreased by 14.9% compared to Q2 2022, as a result of lower prices and despite consolidation of TotalEnergies Marketing Egypt. The reduction was driven by the corporate business which decreased the revenue by 21.5% in Q2 2023 compared to Q2 2022 on the back of lower selling prices, partially offset by a 57.7% increase in aviation business revenues.

Q2 2023 commercial segment gross profit declined by 33.7% year-on-year as in its corporate business ADNOC Distribution recorded AED 134 million inventory gains in Q2 2022 in a rising oil price environment and incurred AED 7 million inventory losses in Q2 2023 due to lower prices. Q2 2023 gross profit was down year-on-year despite higher volumes due to pressure on commercial margins in a declining price environment.

Q2 2023 commercial segment EBITDA declined by 25.8% year-on-year, due to the gross profit reduction. Underlying EBITDA (EBITDA excluding inventory movements) increased by 26.6% year-on-year driven by higher volumes and lower operating expenses.

H1 2022 commercial segment revenue increased by 3.3% compared to H1 2022, mainly driven by consolidation of TotalEnergies Marketing Egypt.

H1 2022 commercial segment gross profit decreased by 31.8%. In its corporate business ADNOC Distribution recorded AED 154 million inventory gains in H1 2022 in a rising oil price environment and due to lower prices incurred AED 20 million inventory losses in H1 2023. In addition, commercial margins were under pressure in a declining oil price environment.

H1 2022 commercial segment EBITDA decreased by 23.7% year-on-year, due to the gross profit reduction. Underlying EBITDA (EBITDA excluding inventory movements) increased by 5.9% year-on-year supported by higher volumes and lower operating expenses.

Commercial segment (AED million)	**Q2 23**	**Q1 23**	***QoQ %***	**Q2 22**	***YoY %***	**H1 23**	**H1 22**	***YoY %***
Revenue	**2,483**	**2,739**	*-9.3%*	**2,919**	*-14.9%*	**5,222**	**5,055**	*3.3%*
Of which corporate	2,100	2,430	*-13.6%*	2,676	*-21.5%*	4,531	4,495	*0.8%*
Of which aviation	383	308	*24.2%*	243	*57.7%*	691	559	*23.5%*
Gross profit	**310**	**288**	*7.8%*	**467**	*-33.7%*	**597**	**876**	*-31.8%*
Of which corporate	240	232	*3.7%*	361	*-33.5%*	472	652	*-27.6%*
Of which aviation	70	56	*24.5%*	106	*-34.1%*	125	224	*-44.1%*
EBITDA	**249**	**222**	*12.2%*	**336**	*-25.8%*	**471**	**618**	*-23.7%*
Of which corporate	184	168	*9.5%*	298	*-38.3%*	353	529	*-33.4%*
Of which aviation	65	54	*20.6%*	38	*73.1%*	119	89	*33.5%*
Operating profit	229	208	*10.1%*	321	*-28.7%*	437	588	*-25.8%*
Capital expenditures	1	0	*NM*	0	*NM*	2	3	*-49.7%*

NM: Not meaningful

Share trading and ownership

ADNOC Distribution shares are traded on the Abu Dhabi Securities Exchange (ADX) under the symbol ADNOCDIST. The closing share price as of 30 June 2023 was AED 3.90. In the period from 1 January 2023 through 30 June 2023, the share price ranged between AED 3.86 and AED 4.64 at close. ADNOC Distribution market capitalization was AED 48.8 billion as of 30 June 2023.

An average of 9.2 million shares traded daily in H1 2023 (0.7x 2022 level). In H1 2023, the average daily traded value of the Company's shares was approximately AED 39.7 million (0.8x 2022 level).

As of 30 June 2023, ADNOC owned 77%, while 23% of ADNOC Distribution outstanding shares were publicly owned by institutional and retail investors.

Potential risks

Key risks potentially affecting ADNOC Distribution's financial and operational results include supply chain risks, asset integrity and information technology risks. The Company has identified and implemented several key controls and mitigation strategies to ensure business continuity, including engineered controls and managed controls as well as contractual safeguards to limit its financial exposure to these risks. For more detailed information on risks and risk management, please refer to the Risk Factors section of the international offering memorandum dated 26 November 2017 relating to ADNOC Distribution IPO, which is available on the Company's website at www.adnocdistribution.ae

Q2 2023 Earnings conference call details

A conference call in English for investors and analysts will be held on Monday, August 7, 2023, at 4 p.m. UAE / 1 p.m. London / 8 a.m. New York. To access the management presentation, followed by a Q&A session, please connect through one of the following methods:

Webcast

Click here to join the webcast
Please note that participants joining by webcast will be able to ask questions via a chat box within the webcast player

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For other countries, please connect to the above webcast link, select the “Listen by Phone” option on the webcast player and click on the audio numbers to access the dial in information

The presentation materials will be available for download in English on Friday, August 4, 2023 at https://www.adnocdistribution.ae/en/investor-relations/investor-relations/downloads/

Reporting date for the Q3 2023

We expect to announce our third quarter 2023 results on or around November 9, 2023.

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August 4, 2023
ABU DHABI NATIONAL OIL COMPANY FOR DISTRIBUTION PJSC

Glossary

- Net debt is calculated as total interest bearing debt less cash and bank balances (including term deposits with banks).
- Free cash flow is calculated as net cash generated from operating activities less payments for purchase of property, plant & equipment, and advances to contractors.
- Capital employed is calculated as the sum of total assets minus non-interest bearing current liabilities.
- Return on capital employed is calculated as operating profit for the twelve months ended divided by capital employed on the last day of the period presented.
- Return on equity is calculated as profit distributable to equity holders of the Company for the period of twelve months ended divided by equity attributable to owners of the Company on the last day of the period presented.
- Net debt to EBITDA ratio is calculated interest bearing net debt as of the end of the period presented, divided by EBITDA for the twelve months ended on the last day of the period presented.
- Leverage ratio is calculated as (a) interest bearing net debt, divided by (b) the sum of interest bearing net debt plus total equity.
- Average basket size is calculated as convenience store revenue divided by number of convenience store transactions
- Average gross basket size is calculated as total convenience store sales revenue (including revenue from consignment items shown under other operating income) divided by number of convenience store transactions.

Cautionary statement regarding forward-looking statements

This communication includes forward-looking statements which relate to, among other things, our plans, objectives, goals, strategies, future operational performance, and anticipated developments in markets in which operate and in which we may operate in the future. These forward-looking statements involve known and unknown risks and uncertainties, many of which are beyond our control and all of which are based on management's current beliefs and expectations about future events. Forward-looking statements are sometimes identified by the use of forward-looking terminology such as "believes", "expects", "may", "will", "could", "should", "would", "intends", "estimates", "plans", "targets", or "anticipates" or the negative thereof, or other comparable terminology. These forward-looking statements and other statements contained in this communication regarding matters that are not historical facts involve predictions and are based on the beliefs of our management, as well as the assumptions made by, and information currently available to, our management. Although we believe that the expectations reflected in such forward looking statements are reasonable at this time, we cannot assure you that such expectations will prove to be correct. Given these uncertainties, you are cautioned not to place undue reliance on such forward looking statements. Important factors that could cause actual results to differ materially from our expectations include, but are not limited to: our reliance on ADNOC to supply us with substantially all of the fuel products that we sell; an interruption in the supply of fuels to us by ADNOC; changes in the prices that we pay ADNOC for our fuels and to the prices that we are allowed to charge our retail customers in the UAE; failure to successfully implement our operating initiatives and growth plans, including our mixed-mode service offering, our convenience store optimization initiatives, our cost savings initiatives, and our growth plans; competition in our markets; decrease in demand for the fuels we sell, including due to general economic conditions, improvements in fuel efficiency and increased consumer preference for alternative fuels; the dangers inherent in the storage and transportation of the products we sell; our reliance on information technology to manage our business; laws and regulations pertaining to environmental protection, operational safety, and product quality; the extent of our related party transactions with ADNOC and our reliance on ADNOC to operate our business; the introduction of VAT and other new taxes in the UAE; failure to successfully implement new policies, practices, systems and controls that we implemented in connection with or following our IPO; any inadequacy of our insurance to cover losses that we may suffer; general economic, financial and political conditions in Abu Dhabi and elsewhere in the UAE; instability and unrest in regions in which we operate; the introduction of new laws and regulations in Abu Dhabi and the UAE; and other risks and uncertainties detailed in our International Offering Memorandum dated 26 November 2017 relating to our initial public offering and the listing of our shares on the Abu Dhabi Securities Exchange, and from time to time in our other investor communications. Except as expressly required by law, we disclaim any intent or obligation to update or revise these forward-looking statements.