

**ABU DHABI NATIONAL OIL
COMPANY FOR DISTRIBUTION PJSC**

Review report and unaudited
condensed consolidated interim financial information
for the nine-month period ended 30 September 2022

ABU DHABI NATIONAL OIL COMPANY FOR DISTRIBUTION PJSC

Review report and unaudited condensed consolidated interim financial information for the nine-month period ended 30 September 2022

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ABU DHABI NATIONAL OIL COMPANY FOR DISTRIBUTION PJSC

Directors' report for the nine-month period ended 30 September 2022

The Directors present their report together with the unaudited condensed consolidated interim financial information of Abu Dhabi National Oil Company for Distribution PJSC (the "Company") and its subsidiary (collectively referred to as "the Group") for the nine-month period ended 30 September 2022.

Principal activities

The principal activities of the Group are the marketing of petroleum products, compressed natural gas and ancillary products.


Review of business

During the period, the Group reported revenue of AED 23,924,103 thousand (30 September 2021: AED 14,698,430 thousand). Profit for the period was AED 2,328,607 thousand (30 September 2021: AED 1,681,144 thousand).

The appropriation of the results for the period is follows:

	AED '000
Retained earnings as at 1 January 2022	1,767,632
Profit for the period	2,328,607
Dividends declared	(2,571,250)
Retained earnings as at 30 September 2022	<u>1,524,989</u>

For the Board of Directors



Chairman

10 November 2022
Abu Dhabi, UAE

**REPORT ON REVIEW OF UNAUDITED
CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION TO
THE BOARD OF DIRECTORS OF
ABU DHABI NATIONAL OIL COMPANY FOR DISTRIBUTION PJSC****Introduction**

We have reviewed the accompanying unaudited condensed consolidated interim statement of financial position of Abu Dhabi National Oil Company for Distribution PJSC (“ADNOC Distribution” or “the Company”) and its subsidiary (collectively referred to as “the Group”) as at 30 September 2022 and the related unaudited condensed consolidated interim statement of profit or loss and other comprehensive income for the three-month and nine-month periods then ended and the unaudited condensed consolidated interim statement of changes in equity and unaudited condensed consolidated interim statement of cash flows for the nine-month period then ended and other related explanatory notes. Management is responsible for the preparation and presentation of this unaudited interim condensed consolidated financial information in accordance with International Accounting Standard 34, ‘*Interim Financial Reporting*’ as issued by the International Accounting Standards Board (IASB). Our responsibility is to express a conclusion on this unaudited interim condensed consolidated financial information 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*’. 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 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 unaudited condensed consolidated interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34, ‘*Interim Financial Reporting*’ as issued by the IASB.



GRANT THORNTON
Farouk Mohamed
Registration No: 86
Abu Dhabi, United Arab Emirates
10 November 2022




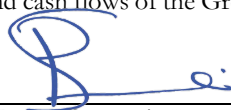
Abu Dhabi National Oil Company for Distribution PJSC
Condensed consolidated interim financial information

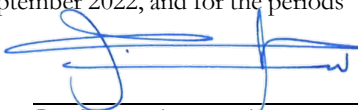
Unaudited condensed consolidated interim statement of financial position
as at 30 September 2022

	Notes	30 September 2022 AED'000 (unaudited)	31 December 2021 AED'000 (audited)
ASSETS			
Non-current assets			
Property, plant and equipment	4	5,998,218	5,574,167
Right-of-use assets	8	1,324,617	952,758
Intangible assets	9	574	-
Advances to contractors		49,390	41,308
Total non-current assets		7,372,799	6,568,233
Current assets			
Inventories	5	1,408,656	1,046,158
Trade receivables and other current assets	6	3,184,495	2,683,275
Due from related parties	7	1,011,617	1,225,600
Term deposits	10	130,225	130,225
Cash and bank balances	10	2,872,085	2,125,540
Total current assets		8,607,078	7,210,798
Total assets		15,979,877	13,779,031
EQUITY AND LIABILITIES			
Equity			
Share capital		1,000,000	1,000,000
Statutory reserve		500,000	500,000
Hedge reserve		(1,183)	(65,567)
Retained earnings		1,524,989	1,767,632
Total equity		3,023,806	3,202,065
Non-current liabilities			
Lease liabilities	8	1,130,874	787,383
Provision for decommissioning	14	133,124	129,226
Provision for employees' end of service benefit		193,768	192,583
Total non-current liabilities		1,457,766	1,109,192
Current liabilities			
Lease liabilities	8	111,295	88,975
Trade and other payables	12	3,026,981	1,509,013
Due to related parties	7	2,853,949	2,292,510
Borrowings	11	5,503,413	5,499,641
Derivative financial instruments	13	2,667	77,635
Total current liabilities		11,498,305	9,467,774
Total liabilities		12,956,071	10,576,966
Total equity and liabilities		15,979,877	13,779,031

To the best of our knowledge, the financial information included in the report fairly present in all material respects the financial condition, result of operations and cash flows of the Group as of 30 September 2022, and for the periods presented in the report.


 Wayne Beifus
 Chief Financial Officer


 Bader Saeed Al Lamki
 Chief Executive Officer


 Dr. Sultan Ahmed Al Jaber
 Chairman of the Board of
 Directors

The accompanying notes form an integral part of these unaudited interim condensed consolidated financial information.

Abu Dhabi National Oil Company for Distribution PJSC
Condensed consolidated interim financial information

Unaudited condensed consolidated interim statement of profit or loss and other comprehensive income for the three and nine-month periods ended 30 September 2022

	Note	3 months ended 30 September		9 months ended 30 September	
		2022	2021	2022	2021
		AED'000	AED'000	AED'000	AED'000
Revenue	15	8,550,727	5,397,889	23,924,103	14,698,430
Direct costs		(7,273,813)	(4,245,715)	(19,481,584)	(11,107,321)
Gross profit		1,276,914	1,152,174	4,442,519	3,591,109
Distribution and administrative expenses	16	(483,346)	(580,826)	(1,998,877)	(1,821,680)
Other income		26,374	14,076	54,759	75,644
Impairment losses and other operating expenses		(3,317)	(5,451)	(24,372)	(28,304)
Operating profit		816,625	579,973	2,474,029	1,816,769
Interest income		32,289	(645)	39,626	6,876
Finance costs		(82,150)	(50,322)	(185,048)	(142,501)
Profit for the period		766,764	529,006	2,328,607	1,681,144
Other comprehensive income					
<i>Items that may be reclassified to profit or loss in subsequent periods</i>					
Fair value gain on hedging instruments		9,883	21,103	64,384	59,996
Total comprehensive income for the period		776,647	550,109	2,392,991	1,741,140
Earnings per share:					
Basic and diluted	17	0.061	0.042	0.186	0.134

The accompanying notes form an integral part of these unaudited interim condensed consolidated financial information.

Abu Dhabi National Oil Company for Distribution PJSC
Condensed consolidated interim financial information

Unaudited condensed consolidated interim statement of changes in equity
for the nine-month period ended 30 September 2022

	Share capital AED'000	Statutory reserve AED'000	Hedge reserve AED'000	Retained earnings AED'000	Total AED'000
Balance as at 1 January 2021 (audited)	1,000,000	500,000	(151,471)	2,086,471	3,435,000
Profit for the period	-	-	-	1,681,144	1,681,144
Other comprehensive income for the period	-	-	59,996	-	59,996
Dividends declared (note 23)	-	-	-	(2,571,250)	(2,571,250)
Balance as at 30 September 2021 (unaudited)	<u>1,000,000</u>	<u>500,000</u>	<u>(91,475)</u>	<u>1,196,365</u>	<u>2,604,890</u>
Balance as at 1 January 2022 (audited)	1,000,000	500,000	(65,567)	1,767,632	3,202,065
Profit for the period	-	-	-	2,328,607	2,328,607
Other comprehensive income for the period	-	-	64,384	-	64,384
Dividends declared (note 23)	-	-	-	(2,571,250)	(2,571,250)
Balance as at 30 September 2022 (unaudited)	<u>1,000,000</u>	<u>500,000</u>	<u>(1,183)</u>	<u>1,524,989</u>	<u>3,023,806</u>

The accompanying notes form an integral part of these unaudited interim condensed consolidated financial information.

Abu Dhabi National Oil Company for Distribution PJSC
Condensed consolidated interim financial information

Unaudited condensed consolidated interim statement of cash flows
for the nine-month period ended 30 September 2022

	9 months ended 30	
	September	
	2022	2021
	AED'000	AED'000
Cash flows from operating activities		
Profit for the period	2,328,607	1,681,144
<i>Adjustments for:</i>		
Depreciation of property, plant and equipment	316,983	418,316
Depreciation of right-of-use assets	71,414	29,954
Recoveries on receivables	(3,059)	(21,243)
Impairment losses on receivables	16,589	23,924
Employees' end of service benefit charge	22,151	19,712
Gain on disposal of property, plant and equipment	(2,963)	(61)
Impairment of property, plant and equipment	2,685	1,403
Inventories written off	2,599	2,952
Finance costs	185,048	142,501
Interest income	(39,626)	(6,876)
Operating cash flows before movements in working capital	2,900,428	2,291,726
Increase in inventories	(365,097)	(370,345)
Increase in trade receivables and other current assets	(514,750)	(251,041)
Decrease/(increase) in due from related parties	213,983	(507,250)
Increase in trade and other payables	210,519	54,436
Increase in due to related parties	561,439	1,038,488
Cash generated from operating activities	3,006,522	2,256,014
Payment of employees' end of service benefit	(20,966)	(14,707)
Net cash generated from operating activities	2,985,556	2,241,307
Cash flows from investing activities		
Payments for purchases of property, plant and equipment	(692,034)	(450,591)
Payments for advances to contractors	(44,146)	(13,728)
Proceeds from disposal of property, plant and equipment	2,963	280
Interest received	39,626	6,876
Decrease in term deposits	-	514,150
Net cash (used in)/generated from investing activities	(693,591)	56,987
Cash flows from financing activities		
Payment of lease liabilities	(119,050)	(38,363)
Dividends paid	(1,285,625)	(1,285,625)
Finance cost paid	(140,745)	(109,041)
Net cash used in financing activities	(1,545,420)	(1,433,029)
Net increase in cash and cash equivalents	746,545	865,265
Cash and cash equivalents at beginning of the period	2,125,540	2,145,322
Cash and cash equivalents at end of the period (note 10)	2,872,085	3,010,587
Non-cash transactions		
Accruals for property, plant and equipment	321,891	294,886
Advances to contractors transferred to property, plant and equipment	36,064	29,237
Additions to right of use assets for land leases	442,911	266,529
Dividend Payable	1,285,625	1,285,625

The accompanying notes form an integral part of these unaudited interim condensed consolidated financial information.

Abu Dhabi National Oil Company for Distribution PJSC

Condensed consolidated interim financial information

Notes to the unaudited condensed consolidated interim financial information for the nine-month period ended 30 September 2022

1 General information

Abu Dhabi National Oil Company for Distribution PJSC (“ADNOC Distribution” or the “Company”), formerly Abu Dhabi National Oil Company for Distribution, is a company incorporated by Law No. 13 of 1973 issued by His Highness the Acting Ruler of the Emirate of Abu Dhabi.

On 22 November 2017, Law No. 15 of 2017 (the “New Law of Establishment”) was issued replacing Law No. 13 of 1973 in respect of the incorporation of Abu Dhabi National Oil Company for Distribution PJSC, a public joint stock company registered with the commercial register in Abu Dhabi under commercial licence number CN-1002757 issued by Abu Dhabi Department of Economic Development. The Articles of Association of the Company became effective as of 22 November 2017, at the same time that the New Law of Establishment was issued and became effective. The duration of the Company is 100 Gregorian years commencing on the date of issuance of the New Law of Establishment.

The Federal Decree-Law No. 26 of 2020 on the amendment of certain provisions of Federal Law No. 2 of 2015 on Commercial Companies was issued on 27 September 2020 and shall take effect starting from the 2 January 2021. The Company shall apply and adjust their status in accordance with the provisions thereof by no later than one year from the date on which this Decree-Law takes effect.

Federal Law By Decree No. 32 of 2021 on Commercial Companies (the “New Companies Law”) was issued on September 20, 2021 with an effective date of January 2, 2022, and will entirely replace Amended Federal Law No. 2 of 2015 on Commercial Companies (“Existing Companies Law”) including Federal Decree Law No. 26 of 2020 (“Decree Amending the Existing Companies Law”) issued on 27 September 2020. The Company has twelve months from the effective date to comply with the provisions of the New Companies Law.

The head office of the Company and its subsidiary, ADNOC Distribution Global Company L.L.C., (together referred to as the “Group”), is registered at P.O. Box 4188, Abu Dhabi, United Arab Emirates. The Group’s shares are listed on the Abu Dhabi Securities Exchange.

Pursuant to the resolution of Abu Dhabi National Oil Company (“ADNOC”, “Shareholder” or the “Parent Company”), as the sole shareholder of the Company, dated 28 June 2017, ADNOC approved the listing of all the Company’s shares on the Abu Dhabi Securities Exchange and the sale by way of offer to the public of 10% of the share capital of the Company held by ADNOC.

In September 2020, ADNOC completed a USD 1 billion institutional placement of 10% of ADNOC Distribution shares. Subsequently in May 2021, ADNOC completed another placement of approximately 375 million shares in ADNOC Distribution shares, representing 3%, approximately, of the registered share capital of the company. The two transactions have increased the free float of the Group on the Abu Dhabi Securities Exchange to 23%. The Parent Company currently retains 77% ownership of the Group.

In May 2021, ADNOC also issued approximately USD 1.195 billion of senior unsecured bonds due 2024, exchangeable into existing shares of ADNOC Distribution under certain conditions, constituting approximately 7% of the company’s registered share capital.

The principal activities of the Group are the marketing of petroleum products, natural gas and ancillary products.

The Group is a leading fuel distributor and convenience store operator in the UAE and has retail fuel stations in all the seven emirates and continues to expand its operations in the Kingdom of Saudi Arabia.

Abu Dhabi National Oil Company for Distribution PJSC

Condensed consolidated interim financial information

Notes to the unaudited condensed consolidated interim financial information for the nine-month period ended 30 September 2022 (continued)

1 General information (continued)

The Group operates “ADNOC Oasis” convenience stores at a majority of its service stations, and lease retail and other space to tenants, such as quick service restaurants.

The Group is also a marketer and distributor of fuels and lubricants to corporate and government customers throughout the UAE. In addition, the Group provides refuelling and related services at eight airports in the UAE and provides a compressed natural gas distribution network in Abu Dhabi.

The Group also exports its proprietary Voyager lubricants to distributors in various countries, across the GCC, Africa and Asia.

Details of the Company’s subsidiary are as follows:

Name of Subsidiary	Ownership interest		Country of incorporation	Principal activities
	2022	2021		
ADNOC Distribution Global Company LLC	100%	100%	U.A.E.	Commercial agencies, commercial enterprises, retail and distribution, investment, institution and management

On 30 December 2020, ADNOC Distribution Global Company LLC signed a definitive Business and Asset Purchase Agreement to acquire fifteen (15) service stations in the Kingdom of Saudi Arabia (KSA). On 14 February 2021 two further definitive agreements were signed to acquire a total of twenty (20) more stations. These transactions have received Certificates of No Objection from the KSA General Authority for Competition, and completion of the asset acquisition process is progressing. Out of these thirty five (35) stations, the subsidiary has added seventeen (17) stations into its network as of 31 December 2021. The remaining sites are subject to completion of certain closing conditions by each of the selling and buying parties.

On 28 July 2022, the Company entered into a quota purchase agreement with TotalEnergies Marketing Afrique SAS pursuant to which the Company shall acquire a 50% stake in TotalEnergies Marketing Egypt LLC (“the Acquisition”), subject to satisfaction of certain conditions including obtaining regulatory approvals. The Acquisition does not have any impact in the unaudited condensed consolidated interim financial information of the Group.

2 Application of new and revised International Financial Reporting Standards (IFRS)

Standards, interpretations and amendments to existing standards that are effective in 2022

In the current period, the Group has applied the following amendments to IFRSs issued by the International Accounting Standards Board (“IASB”) that are mandatorily effective for an accounting period that begins on or after 1 January 2022. The application of these amendments to IFRSs has not had any material impact on the amounts reported for the current and prior periods but may affect the accounting for the Group’s future transactions or arrangements.

- Proceeds before Intended Use (Amendments to IAS 16)
- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)
- Amendments to IFRS 3 - References to the Conceptual Framework

These amendments do not have a significant impact on the financial information and therefore the disclosures have not been made.

Abu Dhabi National Oil Company for Distribution PJSC

Condensed consolidated interim financial information

Notes to the unaudited condensed consolidated interim financial information for the nine-month period ended 30 September 2022 (continued)

2 Application of new and revised International Financial Reporting Standards (IFRS) (continued)

Amendment to standards and interpretations issued but not yet effective

The new standards and revised IFRSs not yet effective and have not been adopted early by the Group include:

- IFRS 17 Insurance Contracts
- Amendments to IFRS 17 Insurance Contracts (Amendments to IFRS 17 and IFRS 4)
- Amendments to IFRS 3 - References to the Conceptual Framework
- Annual Improvements to IFRS Standards 2018-2020 Cycle (Amendments to IFRS 1, IFRS 9, IFRS 16, IAS 41)
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1)
- Deferred Tax related to Assets and Liabilities from a Single Transaction
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)
- Definition of Accounting Estimates (Amendments to IAS 8)

Management anticipates that these amendments will be adopted in the financial information in the initial period when they become mandatorily effective.

The above amendments are not expected to have any material impact on the unaudited interim condensed consolidated financial information of the Group. The Group intends to use the practical expedients in future periods if they become applicable.

3 Summary of significant accounting policies

Basis of preparation

The financial statements of the Group for the year ending 31 December 2022 will be prepared in accordance with IFRSs, as issued by the International Accounting Standards Board (IASB). This unaudited interim condensed consolidated financial information for the nine-month period ended 30 September 2022 has been prepared in accordance with IAS 34, Interim Financial Reporting, as issued by the International Accounting Standards Board (IASB).

The unaudited interim condensed consolidated financial information is prepared in UAE Dirhams (AED), which is the Company's functional currency and the Group's presentation currency and all values are rounded to the nearest thousands (AED'000) except when otherwise indicated.

The unaudited interim condensed consolidated financial information does not include all information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2021. In addition, results for the nine-month period ended 30 September 2022 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2022. Where data is labelled as "audited" that indicates that the financial information has been extracted from the Group's audited consolidated financial statements for the year ended 31 December 2021.

Basis of measurement

This unaudited interim condensed consolidated financial information has been prepared under the historical cost convention except derivative financial instruments that are measured at fair value.

Abu Dhabi National Oil Company for Distribution PJSC

Condensed consolidated interim financial information

Notes to the unaudited condensed consolidated interim financial information for the nine-month period ended 30 September 2022 (continued)

3 Summary of significant accounting policies (continued)

Significant accounting policies

The accounting policies adopted in the preparation of the unaudited interim condensed consolidated financial information are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2021, except for the goodwill (see note 9).

Changes in judgements and estimation uncertainty

The preparation of these unaudited interim condensed consolidated financial information, in conformity with IAS 34 requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. The significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were consistent, except as detailed below.

The Group has revised the estimated useful lives of its AED 6,883,649 thousands cost of assets, currently classified as property, plant and equipment beginning of 2022. This change in estimate has been applied current and prospectively and is expected to result in a lower depreciation charge by AED 164 million during the year ending 31 December 2022.

Depreciation is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

	2022	2021
Buildings	15 – 30 years	5 – 25 years
Plant and machinery	5 – 30 years	5 – 30 years
Motor vehicles	5 – 20 years	4 – 10 years
Furniture, fixtures and computer equipments	5– 10 years	5– 10 years
Pipelines	10 – 40 years	15 – 20 years

In March 2020, the World Health Organization (WHO) declared a new strain of coronavirus (COVID-19) as a pandemic outbreak after finding the increase in exposure and infections across the world. To contain the outbreak in the United Arab Emirates, the government enforced restriction of movement for both people and goods including the closure of both inbound and outbound flights to and from the country.

The outbreak comes with unpredictable human and economic consequences and its evolution remains unknown at the date of the issuance of the condensed consolidated interim financial information. As the situation is rapidly evolving, the impact on the Group's activities and operations remains uncertain.

Abu Dhabi National Oil Company for Distribution PJSC
Condensed consolidated interim financial information

Notes to the unaudited condensed consolidated interim financial information
for the nine-month period ended 30 September 2022 (continued)

3 Summary of significant accounting policies (continued)

Changes in judgements and estimation uncertainty (continued)

The Group regularly assesses the impact of COVID-19 on its operations, business continuity, liquidity and legal obligations. In the current period assessment, the Group expects, notwithstanding another outbreak of the pandemic, a continued recovery in consumption in the retail and non-retail fuel sector due to the easing of some of the restrictions that had been in place at the beginning of the pandemic.

The Group will continue to closely monitor the impact of COVID 19 and a prolonged continuation of the situation and/or another outbreak may lead to further provisions and/or impairment in future periods.

The Group has a documented business continuity plan (BCP) that has been activated to ensure the safe and stable continuation of its business operations as well as the safety of its employees and customers. The Group has also introduced proactive comprehensive measures to address and mitigate key operational and financial issues arising from the current situation and has reasonably managed several areas of operational risks identified and implemented various measures that ensured continuity of the operations.

Abu Dhabi National Oil Company for Distribution PJSC
Condensed consolidated interim financial information

Notes to the unaudited condensed consolidated interim financial information
for the nine-month period ended 30 September 2022 (continued)

4 Property, plant and equipment

	AED'000
Cost	
1 January 2022 (audited)	10,874,707
Additions	743,719
Impairment	(2,685)
30 September 2022 (unaudited)	11,615,741
Accumulated depreciation	
1 January 2022 (audited)	5,300,540
Charge for the period	316,983
30 September 2022 (unaudited)	5,617,523
Carrying amount	
30 September 2022 (unaudited)	5,998,218
31 December 2021 (audited)	5,574,167

During the period, management carried out an assessment of the Group's capital work in progress and identified certain projects, which are unlikely to be further developed. Accordingly, an impairment of AED 2,685 thousand was recognised (31 December 2021: AED 1,674 thousand).

5 Inventories

	30 September 2022 AED'000 (unaudited)	31 December 2021 AED'000 (audited)
Finished goods	1,266,912	900,345
Spare parts and consumables	102,872	97,096
Lubricants raw materials, consumables and work in progress	20,974	25,477
LPG cylinders	34,946	40,288
	1,425,704	1,063,206
Less: Allowance for slow moving and obsolete raw materials, spare parts, consumables and LPG cylinders	(17,048)	(17,048)
	(17,048)	(17,048)
	1,408,656	1,046,158

The Group is carrying finished goods of AED nil (31 December 2021: AED 153 thousand) on behalf of a customer as at 30 September 2022.

Abu Dhabi National Oil Company for Distribution PJSC
Condensed consolidated interim financial information

Notes to the unaudited condensed consolidated interim financial information
for the nine-month period ended 30 September 2022 (continued)

6 Trade receivables and other current assets

	30 September 2022 AED'000 (unaudited)	31 December 2021 AED'000 (audited)
Trade receivables	2,931,499	2,537,422
Less: Allowance for expected credit losses	(70,823)	(57,293)
	<u>2,860,676</u>	<u>2,480,129</u>
Prepaid expenses	90,337	40,792
Receivable from employees	109,846	100,697
VAT receivables	17,190	6,347
Other receivables	106,446	55,310
	<u><u>3,184,495</u></u>	<u><u>2,683,275</u></u>

Movement in the allowance for expected credit losses is as follows:

	30 September 2022 AED'000 (unaudited)	31 December 2021 AED'000 (audited)
Opening balance	57,293	50,762
Charge for the period/year	16,589	30,209
Recovery made during the period/year	(3,059)	(23,678)
Closing balance	<u><u>70,823</u></u>	<u><u>57,293</u></u>

7 Related party balances and transactions

Related parties represent the Parent Company and its subsidiaries, directors and key management personnel of the Group and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Group's management.

	30 September 2022 AED'000 (unaudited)	31 December 2021 AED'000 (audited)
Due from related parties		
ADNOC Drilling	288,313	296,822
ADNOC Logistics and Services	254,107	374,793
Abu Dhabi National Oil Company (ADNOC)	203,818	328,705
ADNOC Onshore	193,715	117,502
ADNOC Offshore	25,728	72,550
ADNOC Gas Processing	18,076	11,888
ADNOC Sour Gas	4,522	4,046
Others	23,338	19,294
	<u><u>1,011,617</u></u>	<u><u>1,225,600</u></u>

Abu Dhabi National Oil Company for Distribution PJSC
Condensed consolidated interim financial information

Notes to the unaudited condensed consolidated interim financial information
for the nine-month period ended 30 September 2022 (continued)

7. Related party balances and transactions (continued)

	30 September	31 December
	2022	2021
	AED'000	AED'000
	(unaudited)	(audited)
Due to related parties		
Abu Dhabi National Oil Company (ADNOC)	2,848,161	2,258,381
ADNOC Refining	3,371	2,930
ADNOC Logistics and Services	2,294	31,199
Others	123	-
	2,853,949	2,292,510

The amounts due from related parties are against the provision of petroleum products and services. These balances are not secured, bear no interest and have an average credit period of 30-60 days.

The amounts due to related parties are outstanding against purchases of petroleum products, vessel hires and port charges and administrative charges. These balances are unsecured, bear no interest and are payable on demand.

The Group has an amount of AED 2,953,030 thousand (31 December 2021: AED 2,168,259 thousand) held with banks in which the Government of Abu Dhabi has a significant or majority stake through different investment vehicles.

The Group has a term loan amounting to AED 4,817,438 thousand (31 December 2021: AED 5,276,563 thousand) from banks in which the Government of Abu Dhabi has a significant or majority stake through different investment vehicles.

The following transactions were carried out with related parties during the period:

	3 months ended		9 months ended	
	30 September		30 September	
	(unaudited)		(unaudited)	
	2022	2021	2022	2021
	AED'000	AED'000	AED'000	AED'000
Revenue - ADNOC group	603,105	243,576	1,423,189	779,793
Purchases – ADNOC	6,363,382	2,374,748	18,717,713	10,802,512

The Group has elected to use the exemption under IAS 24 *Related Party Disclosures* for Government related entities on disclosing transactions and related outstanding balances with government related parties owned by the Government of Abu Dhabi other than the Parent Company and entities it owns and controls.

The Group provides in the normal course of business petroleum distribution services to entities owned and controlled by the Government of Abu Dhabi.

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for the nine-month period ended 30 September 2022 (continued)

8 Right-of-use assets and lease liabilities

Right-of-use assets

	30 September 2022 AED'000 (unaudited)	31 December 2021 AED'000 (audited)
Opening balance	952,758	541,669
Additions related to land lease	442,911	467,441
Additions to decommissioning	362	4,542
Change in estimate of land lease	-	(5,448)
Depreciation charge during the period / year	(71,414)	(55,446)
Closing balance	1,324,617	952,758

Lease liabilities

	30 September 2022 AED'000 (unaudited)	31 December 2021 AED'000 (audited)
Opening balance	876,358	475,202
Additions	442,911	467,441
Accretion of interest	41,950	28,631
Changes in estimates	-	(4,948)
Payments	(119,050)	(89,968)
Closing balance	1,242,169	876,358

	Current		Non-current	
	30 September 2022 AED'000 (unaudited)	31 December 2021 AED 000 (audited)	30 September 2022 AED'000 (unaudited)	31 December 2021 AED 000 (audited)
Lease liabilities	111,295	88,975	1,130,874	787,383

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Notes to the unaudited condensed consolidated interim financial information
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9 Business combination

During the period, the Group completed the fair valuation of identifiable assets acquired and liabilities assumed in respect of the three service stations acquired in September 2021, which is summarised in the following table:

Assets	AED'000
Property, plant and equipment	9,418
Inventories	226
Other assets	144
Other liabilities	(184)
Total identifiable net assets acquired	9,604
Total cash consideration transferred	10,178
Goodwill	574

The goodwill is attributable mainly to the synergies expected to be achieved from integrating Service Stations into the Group's existing business.

Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses.

10 Cash and cash equivalents

Cash and cash equivalents in the unaudited condensed consolidated interim statement of cash flows consist of the following amounts:

	30 September 2022 AED'000 (unaudited)	31 December 2021 AED'000 (audited)
Cash on hand and in bank	<u>2,872,085</u>	2,125,540
Cash and bank balances	<u>2,872,085</u>	<u>2,125,540</u>
Term deposit with maturities above 3 months	<u>130,225</u>	<u>130,225</u>

Term and call deposits carry interest rate ranging from 0.07% to 2.95% (31 December 2021: 0.03% to 0.7%) per annum.

11 Borrowings

	30 September 2022 AED'000 (unaudited)	31 December 2021 AED'000 (audited)
Term loan	<u>5,503,413</u>	<u>5,499,641</u>

Abu Dhabi National Oil Company for Distribution PJSC
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Notes to the unaudited condensed consolidated interim financial information
for the nine-month period ended 30 September 2022 (continued)

11 Borrowings (continued)

On 16 October 2017, ADNOC Distribution signed a mandate letter (the “Mandate Letter”) with a consortium of banks where the consortium agreed to underwrite a 5 year, USD 2,250,000 thousand (AED 8,263,130 thousand) unsecured credit facility (the “Facility”). The Facility is bifurcated further into a term facility commitment of USD 1,500,000 thousand (AED 5,508,750 thousand) and a revolving facility commitment of USD 750,000 thousand (AED 2,754,380 thousand). The purpose of the facility is for general corporate and working capital purposes including payment of dividend, repayment of debt and payment of transaction costs associated with the facility. There are no financial covenants included in the facility documents.

The transaction costs allocated to the revolving facility have been capitalised and will be amortised on an effective interest rate basis over the term of the agreement. All the unamortised transaction costs related to securing the term loan are shown as part of the trade receivables and other current assets in the unaudited interim condensed consolidated financial information.

On 16 November 2017, the Group made a drawdown amounting to USD 375,000 thousand and AED 4,128,750 thousand. The Facility carries variable interest at USD LIBOR plus a margin of 0.875% for USD denominated facility portion and EIBOR plus a margin of 0.60% for AED denominated facility portion. The term facility is to be repaid at final maturity which is 5 years from the date of the facility agreement.

The term loan has been classified as a current liability as it will become due in November 2022.

12 Trade and other payables

	30 September 2022 AED'000 (unaudited)	31 December 2021 AED'000 (audited)
Trade payables	424,827	383,540
Dividends payable	1,285,625	-
VAT payable	342,257	266,937
Capital accruals	321,891	306,269
Operating accruals	142,931	165,315
Coupon and prepaid card sales outstanding	112,895	100,009
Advances from customers	41,218	36,879
Contract retentions payable	66,245	44,788
Other payables	289,092	205,276
	3,026,981	1,509,013

13 Derivative financial instruments

In 2019, the Group entered into floating to fixed interest rate swaps with corresponding banks to hedge the interest rate risk relating to a portion of the floating interest rates payable on the term loans, with all critical terms matching. These derivative contracts have been designated as cash flow hedges under IFRS 9.

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Notes to the unaudited condensed consolidated interim financial information
for the nine-month period ended 30 September 2022 (continued)

13 Derivative financial instruments (continued)

As at 30 September 2022, the fair value of the derivative financial instruments was as follows:

	30 September 2022 AED'000 (unaudited)	31 December 2021 AED'000 (audited)
Current liabilities	2,667	77,635

The Group has categorised the derivative financial instruments into the Level 2 hierarchy for the purpose of determining and disclosing the fair value of financial instruments. There were no transfers between the hierarchy noted during the period ended 30 September 2022 and the year ended 31 December 2021 .

- Level 1: Quoted prices (unadjusted) prices in active markets for identical assets or liabilities that the Group can access at the measurement date;
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the assets or liability, either directly or indirectly; and
- Level 3: Unobservable inputs for the asset or liability.

14 Provision for decommissioning

The provision for decommissioning obligation is with respect to the dismantling obligation regarding the service stations built on leased lands in Dubai and Northern Emirates.

	30 September 2022 AED'000 (unaudited)	31 December 2021 AED'000 (audited)
Opening balance	129,226	120,193
Additions during the period	362	4,542
Unwinding of discount	3,536	4,491
Closing balance	133,124	129,226

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15 Revenue

The Group derives its revenue from contracts with customers for the transfer of goods and services over time and at a point in time in the following major lines of business. This is consistent with the revenue information that is disclosed for each reportable segment under IFRS 8 Operating Segments (note 18):

	3 months ended 30 September (unaudited)		9 months ended 30 September (unaudited)	
	2022 AED'000	2021 AED'000	2022 AED'000	2021 AED'000
Retail (B2C)				
• Fuel	5,560,349	3,667,501	15,323,864	9,648,517
• Non-fuel	282,462	242,842	837,735	731,885
Commercial (B2B)				
• Corporate	2,476,365	1,142,272	6,971,834	3,329,358
• Aviation	231,551	345,274	790,670	988,670
	8,550,727	5,397,889	23,924,103	14,698,430

16 Distribution and administrative expenses

	3 months ended 30 September (unaudited)		9 months ended 30 September (unaudited)	
	2022 AED'000	2021 AED'000	2022 AED'000	2021 AED'000
Staff costs	301,925	284,726	1,099,872	950,410
Depreciation	51,427	156,703	388,398	448,270
Utilities	32,544	49,889	140,512	142,808
Repairs, maintenance and consumables	40,583	32,384	124,789	115,070
Distribution and marketing expenses	(7,481)	10,371	45,705	26,462
Insurance	5,702	2,914	13,957	7,838
Others	58,646	43,839	185,644	130,822
	483,346	580,826	1,998,877	1,821,680

17 Basic and diluted earnings per share

Earnings per share amounts are calculated by dividing the profit attributable to shareholders of the Company by the weighted average number of share outstanding during the period.

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Notes to the unaudited condensed consolidated interim financial information
for the nine-month period ended 30 September 2022 (continued)

17 Basic and diluted earnings per share (continued)

	3 months ended		9 months ended	
	30 September		30 September	
	(unaudited)		(unaudited)	
	2022	2021	2022	2021
Profit attributable to owners of the Company (AED '000)	766,764	529,006	2,328,607	1,681,144
Weighted average number of shares in issue ('000)	12,500,000	12,500,000	12,500,000	12,500,000
Earnings per share	0.061	0.042	0.186	0.134

There are no dilutive securities therefore diluted EPS is the same as basic EPS.

18 Segment reporting

Information regarding the Group's operating segments is set out below in accordance with IFRS 8 *Operating Segments*. IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Board of Directors, as the chief operating decision maker (CODM), in order to allocate resources to the segment and to assess its performance. Information reported to the Board of Directors for the purpose of resource allocation and assessment of segment performance focuses on the financial performance of each business segment only. No information that includes the segments' assets and liabilities is reported to the Board of Directors.

Effective from 2020, the CODM has approved the use of the new segment reporting structure. The new structure aligns the segmentation of the management's categorisation of the Group's customers into Commercial (B2B) and Retail (B2C) categories.

- Commercial (B2B) segment, which involves sale of petroleum products and ancillary products to commercial and government customers, the provision of aviation fuel and fuelling services to strategic customers, and the provision of fuelling services to the Parent Company's civil aviation customers.
- Retail (B2C) segment, which involves sale of gasoline and petroleum products, convenience store sales, car wash and other car care services, oil change services, vehicle inspection services and property leasing and management through the retail sites.

These segments are the basis on which the Group reports its primary segment information. Transactions between segments are conducted at the rates determined by management taking into consideration the cost of funds.

The Group operates primarily in United Arab Emirates and accordingly no further geographical analysis of revenues, profit, assets and liabilities is given to the chief operating decision maker.

Segment revenue reported represents revenue generated from external customers. There were no inter-segment sales in current and previous period. Operating profit is the measure reported to the Board of Directors for the purpose of resource allocation and assessment of segment performance.

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Notes to the unaudited condensed consolidated interim financial information
for the nine-month period ended 30 September 2022 (continued)

18 Segment reporting (continued)

Information regarding the new segment structure are as follows:

30 September 2022 (unaudited)	Commercial (B2B) AED'000	Retail (B2C) AED'000	Unallocated AED'000	Total AED'000
Revenue	7,762,504	16,161,599	-	23,924,103
Direct costs	(6,624,359)	(12,857,225)	-	(19,481,584)
Gross profit	1,138,145	3,304,374	-	4,442,519
Distribution and administrative expenses	(316,181)	(1,682,696)	-	(1,998,877)
Other income	15,854	36,870	2,035	54,759
Impairment losses and other operating expenses	(11,717)	(12,655)	-	(24,372)
Operating profit	826,101	1,645,893	2,035	2,474,029
Interest income				39,626
Finance costs				(185,048)
Profit for the period				<u>2,328,607</u>
30 September 2021 (unaudited)				
Revenue	4,318,028	10,380,402	-	14,698,430
Direct costs	(3,310,853)	(7,796,386)	(82)	(11,107,321)
Gross profit	1,007,175	2,584,016	(82)	3,591,109
Distribution and administrative expenses	(289,333)	(1,532,347)	-	(1,821,680)
Other income	24,712	50,192	740	75,644
Impairment losses and other operating expenses	(8,763)	(15,159)	(4,382)	(28,304)
Operating profit	733,791	1,086,702	(3,724)	1,816,769
Interest income				6,876
Finance costs				(142,501)
Profit for the period				<u>1,681,144</u>

Abu Dhabi National Oil Company for Distribution PJSC

Condensed consolidated interim financial information

Notes to the unaudited condensed consolidated interim financial information for the nine-month period ended 30 September 2022 (continued)

18 Segment reporting (continued)

Unallocated income consists mainly of gain on disposal of property, plant and equipment, insurance recovery and other miscellaneous income.

19 Contingencies and litigation

As at 30 September 2022, the Group had contingent liabilities amounting to AED 287,823 thousand (31 December 2021: AED 3,402 thousand) in respect of bank and other guarantees and other matters arising in the ordinary course of business from which it is anticipated that no material liabilities will arise.

The Group is involved in various legal proceedings and other claims arising in the ordinary course of business. While the outcome of these matters cannot be predicted with certainty, management does not believe that these matters will have a material adverse effect on the Group's condensed consolidated interim financial information if concluded unfavourably.

20 Financial risk management

The Group's financial risk management objectives, policies and procedures are consistent with those disclosed in the audited annual financial statements of the Group as at and for the year ended 31 December 2021.

21 Commitments

The capital expenditure contracted for at the reporting date but not yet incurred amounted to AED 341,188 thousand (31 December 2021: AED 117,838 thousand).

22 Seasonality of results

There is no material impact of seasonality on the Group's operating results.

23 Dividends

The Board of Directors approved a final dividend of 10.285 fils per share to the shareholders in respect of the year ended 31 December 2020. The dividend comprised of AED 1,285,625 thousand, which was approved at the General Assembly Meeting held on 16 March 2021 and paid on 20 March 2021.

The Board of Directors approved an interim dividend of 10.285 fils per share to the shareholders in respect of the first half of 2021. The dividend comprised of AED 1,285,625 thousand, which was approved during the Board of Directors Meeting held on 30 September 2021 and paid on 4 October 2021.

The Board of Directors approved a final dividend of 10.285 fils per share to the shareholders in respect of the year ended 31 December 2021. The dividend comprised of AED 1,285,625 thousand, which was approved at the General Assembly Meeting held on 24 March 2022 and paid on 1 April 2022.

The Board of Directors approved an interim dividend of 10.285 fils per share to the shareholders in respect of the first half of 2022. The dividend comprised of AED 1,285,625 thousand, which was approved during the Board of Directors Meeting held on 28 September 2022 and paid on 6 October 2022.

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for the nine-month period ended 30 September 2022 (continued)

24 Comparative figures

Certain comparative figures have been reclassified, wherever necessary, to conform to the presentation adopted in the unaudited condensed consolidated interim financial information of the Group. These reclassifications, except as they relate to the impact of aviation service agreements, maintenance and transport costs, were not significant and have no impact on the total assets, total liabilities, total equity and profit of the Group.

Unaudited condensed consolidated interim statement of profit or loss and other comprehensive income

	3 months ended 30 September 2021 (unaudited)		9 months ended 30 September 2021 (unaudited)	
	After reclassification AED'000	Previously reported AED'000	After reclassification AED'000	Previously reported AED'000
Direct costs	(4,245,715)	(4,194,708)	(11,107,321)	(10,948,024)
Gross profit	1,152,174	1,203,181	3,591,109	3,750,406
Distribution and administrative expenses	(580,826)	(631,833)	(1,821,680)	(1,980,977)

Notes to the unaudited condensed consolidated interim financial information

	3 months ended 30 September 2021 (unaudited)		9 months ended 30 September 2021 (unaudited)	
	After reclassification AED'000	Previously reported AED'000	After reclassification AED'000	Previously reported AED'000
Staff costs	284,726	320,438	950,410	1,067,932
Depreciation	156,703	156,703	448,270	448,270
Utilities	49,889	49,889	142,808	142,808
Repairs, maintenance and consumables	32,384	33,512	115,070	117,953
Distribution and marketing expenses	10,371	24,538	26,462	65,354
Insurance	2,914	2,914	7,838	7,838
Others	43,839	43,839	130,822	130,822
	580,826	631,833	1,821,680	1,980,977

	B2B 30 September 2021 (unaudited)		B2C 30 September 2021 (unaudited)	
	After reclassification AED'000	Previously reported AED'000	After reclassification AED'000	Previously reported AED'000
Direct costs	(3,310,853)	(3,193,328)	(7,796,386)	(7,754,614)
Gross profit	1,007,175	1,124,700	2,584,016	2,625,788
Distribution and administrative expenses	(289,333)	(406,858)	(1,532,347)	(1,574,119)

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25 Subsequent events

On 26 October 2022, the Board of Directors approved to enter into a Facilities agreement with a set of Lenders to refinance the Company's existing term loan facilities (note 11).

The Board of Directors also approved to enter into a new corporate revolving credit facilities agreement with the Parent Company for an amount of USD 375,000 thousand and AED 1,377,188 thousand for general corporate purposes.

26 Approval of the unaudited condensed consolidated interim financial information

The unaudited condensed consolidated interim financial information was approved by the Board of Directors and authorised for issue on 10 November 2022.