

# Review report and interim financial information

For the nine-month period ended  
30 September 2023



ADNOC  
ادنوك

**Review report and interim financial information for the nine-month period ended  
30 September 2023**

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**Directors’ report  
for the nine-month period ended 30 September 2023**

The Directors present their report together with the interim financial information of Abu Dhabi National Oil Company for Distribution PJSC (the “Company”) and its subsidiaries (collectively referred to as “the Group”) for the nine-month period ended 30 September 2023.

**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 25,065,476 thousand (30 September 2022: AED 23,924,103 thousand). Profit for the period was AED 1,954,308 thousand (30 September 2022: AED 2,328,607 thousand).

The appropriation of the results for the period is follows:

	<b>30 September 2023 (unaudited) AED’000</b>
Retained earnings as at 1 January 2023	1,944,890
Profit for the period	1,954,308
Dividends declared	(2,571,250)
Non-controlling interests	(30,035)
Transfer to statutory reserve	(3,837)
<b>Retained earnings as at 30 September 2023</b>	<b><u>1,294,076</u></b>

**For the Board of Directors**



Chairman

9 November 2023

Abu Dhabi, UAE

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

We have reviewed the accompanying interim condensed consolidated statement of financial position of Abu Dhabi National Oil Company for Distribution PJSC (“ADNOC Distribution” or “the Company”) and its subsidiaries (collectively referred to as “the Group”) as at 30 September 2023 and the related interim condensed consolidated statement of profit or loss and the interim condensed consolidated statement of comprehensive income for the three-month and nine-month periods then ended and the interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cash flow for the nine-month period then ended and other related explanatory notes. Management is responsible for the preparation and presentation of this 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 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 interim condensed consolidated 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  
9 November 2023**

**ABU DHABI NATIONAL OIL COMPANY FOR DISTRIBUTION PJSC**
**Interim condensed consolidated statement of financial position  
as at 30 September 2023**

	Note	30 September 2023 (unaudited) AED'000	31 December 2022 (audited) AED'000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5	6,737,006	6,385,075
Right-of-use assets	10	1,785,180	1,373,338
Goodwill and intangible assets	6	697,074	1,128
Advances to contractors		53,718	47,297
Other non-current assets		11,651	13,313
<b>Total non-current assets</b>		<b>9,284,629</b>	<b>7,820,151</b>
<b>Current assets</b>			
Inventories	7	1,280,122	1,286,377
Trade receivables and other current assets	8	3,602,143	3,295,714
Due from related parties	9	913,506	868,868
Term deposits	11	200,225	130,225
Cash and bank balances	11	3,024,469	2,617,099
<b>Total current assets</b>		<b>9,020,465</b>	<b>8,198,283</b>
<b>Total assets</b>		<b>18,305,094</b>	<b>16,018,434</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital		1,000,000	1,000,000
Statutory reserve		503,837	500,000
Foreign currency translation reserve		(1,426)	-
Retained earnings		1,294,076	1,944,890
<b>Equity attributable to owners of the Company</b>		<b>2,796,487</b>	<b>3,444,890</b>
Non-controlling interests		92,136	-
<b>Total equity</b>		<b>2,888,623</b>	<b>3,444,890</b>
<b>Non-current liabilities</b>			
Lease liabilities	10	1,565,600	1,184,538
Borrowings	12	5,491,523	5,482,124
Provision for decommissioning	14	138,206	134,532
Provision for employees' end of service benefit		196,526	194,439
<b>Total non-current liabilities</b>		<b>7,391,855</b>	<b>6,995,633</b>
<b>Current liabilities</b>			
Lease liabilities	10	196,101	129,789
Trade and other payables	13	3,676,427	1,995,664
Due to related parties	9	4,152,088	3,452,458
<b>Total current liabilities</b>		<b>8,024,616</b>	<b>5,577,911</b>
<b>Total liabilities</b>		<b>15,416,471</b>	<b>12,573,544</b>
<b>Total equity and liabilities</b>		<b>18,305,094</b>	<b>16,018,434</b>

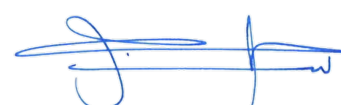
To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim condensed consolidated financial statements present fairly in all material respects the consolidated financial position, financial performance and cash flows of the Group.



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 interim condensed consolidated financial statements.

**Interim condensed consolidated statement of profit or loss  
For the nine-month period ended 30 September 2023**

	Note	3 months ended 30 September		9 months ended 30 September	
		2023 AED'000	2022 AED'000	2023 AED'000	2022 AED'000
Revenue	15	8,935,332	8,550,727	25,065,476	23,924,103
Direct costs		(7,276,194)	(7,273,813)	(20,754,470)	(19,481,584)
<b>Gross profit</b>		<b>1,659,138</b>	1,276,914	<b>4,311,006</b>	4,442,519
Distribution and administrative expenses	16	(729,175)	(483,346)	(2,135,337)	(1,998,877)
Other income		29,070	26,374	107,012	54,759
Impairment losses and other operating expenses		(16,620)	(3,317)	(48,780)	(24,372)
<b>Operating profit</b>		<b>942,413</b>	816,625	<b>2,233,901</b>	2,474,029
Interest income		27,611	32,289	59,215	39,626
Finance costs		(109,055)	(82,150)	(315,354)	(185,048)
<b>Profit for the period before tax</b>		<b>860,969</b>	766,764	<b>1,977,762</b>	2,328,607
Income tax expense		(10,789)	-	(23,454)	-
<b>Profit for the period after tax</b>		<b>850,180</b>	766,764	<b>1,954,308</b>	2,328,607
<b>Attributable to:</b>					
Equity holders of the Company		835,464	766,764	1,924,273	2,328,607
Non-controlling interests		14,716	-	30,035	-
		<b>850,180</b>	766,764	<b>1,954,308</b>	2,328,607
<b>Basic and diluted earnings per share</b>	17	<b>0.067</b>	0.061	<b>0.154</b>	0.186

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

**Interim condensed consolidated statement of comprehensive income  
For the nine-month period ended 30 September 2023**

	3 months ended 30 September		9 months ended 30 September	
	2023 AED'000	2022 AED'000	2023 AED'000	2022 AED'000
<b>Profit for the period</b>	<b>850,180</b>	766,764	<b>1,954,308</b>	2,328,607
<i>Items that may be reclassified to profit or loss in subsequent periods</i>				
Exchange differences on translation of foreign operations	16	-	(2,852)	-
Fair value gain on hedging instruments	-	9,883	-	64,384
<b>Other comprehensive (loss)/income for the period</b>	<b>16</b>	9,883	<b>(2,852)</b>	64,384
<b>Total comprehensive income for the period</b>	<b>850,196</b>	776,647	<b>1,951,456</b>	2,392,991
<b>Attributable to:</b>				
Equity holders of the Company	835,472	776,647	1,922,847	2,392,991
Non-controlling interests	14,724	-	28,609	-
	<b>850,196</b>	776,647	<b>1,951,456</b>	2,392,991

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

ABU DHABI NATIONAL OIL COMPANY FOR DISTRIBUTION PJSC



Interim condensed consolidated statement of changes in equity  
For the nine-month period ended 30 September 2023

	Share capital	Statutory reserve	Hedge reserve	Foreign currency translation reserve	Retained earnings	Equity attributable to equity holders of the parent	Non-controlling interest	Total Equity
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
Balance as at 1 January 2022 (audited)	1,000,000	500,000	(65,567)	-	1,767,632	3,202,065	-	3,202,065
Profit for the period	-	-	-	-	2,328,607	2,328,607	-	2,328,607
Other comprehensive income for the period	-	-	64,384	-	-	64,384	-	64,384
Dividends declared (note 23)	-	-	-	-	(2,571,250)	(2,571,250)	-	(2,571,250)
Balance as at 30 September 2022 (unaudited)	1,000,000	500,000	(1,183)	-	1,524,989	3,023,806	-	3,023,806
<b>Balance as at 1 January 2023 (audited)</b>	<b>1,000,000</b>	<b>500,000</b>	<b>-</b>	<b>-</b>	<b>1,944,890</b>	<b>3,444,890</b>	<b>-</b>	<b>3,444,890</b>
Profit for the period	-	-	-	-	1,924,273	1,924,273	30,035	1,954,308
Transfer to statutory reserve	-	3,837	-	-	(3,837)	-	-	-
Other comprehensive loss for the period	-	-	-	(1,426)	-	(1,426)	(1,426)	(2,852)
Dividends declared (note 23)	-	-	-	-	(2,571,250)	(2,571,250)	-	(2,571,250)
Acquisition of a subsidiary (note 19)	-	-	-	-	-	-	95,921	95,921
Dividends declared by subsidiary	-	-	-	-	-	-	(32,394)	(32,394)
<b>Balance as at 30 September 2023 (unaudited)</b>	<b>1,000,000</b>	<b>503,837</b>	<b>-</b>	<b>(1,426)</b>	<b>1,294,076</b>	<b>2,796,487</b>	<b>92,136</b>	<b>2,888,623</b>

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



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

**Interim condensed consolidated statement of cash flow  
For the nine-month period ended 30 September 2023**

	<b>9 months ended 30 September</b>	
	<b>2023</b>	<b>2022</b>
	<b>AED'000</b>	<b>AED'000</b>
<b>Cash flows from operating activities</b>		
Profit for the period before tax	1,977,762	2,328,607
<i>Adjustments for:</i>		
Depreciation of property, plant and equipment	376,423	316,983
Depreciation of right-of-use assets	120,799	71,414
Amortization of intangible assets	7,544	-
Impairment losses on receivables	22,936	16,589
Recoveries on receivables	(7,383)	(3,059)
Employees' end of service benefit charge	25,442	22,151
Gain on disposal of property, plant and equipment	(2,257)	(2,963)
Impairment of property, plant and equipment	4,022	2,685
Inventories written off	2,675	2,599
Finance costs	315,354	185,048
Interest income	(59,215)	(39,626)
<b>Operating cash flows before movements in working capital</b>	<b>2,784,102</b>	<b>2,900,428</b>
Decrease/ (increase) in inventories	96,022	(365,097)
Increase in trade receivables and other current assets	(247,689)	(514,750)
(Increase)/decrease in due from related parties	(1,587)	213,983
Increase in trade and other payables	156,941	210,519
Increase in due to related parties	569,320	561,439
<b>Cash generated from operating activities</b>	<b>3,357,109</b>	<b>3,006,522</b>
Payment of employees' end of service benefit	(23,354)	(20,966)
Payment of income taxes	(7,900)	-
<b>Net cash generated from operating activities</b>	<b>3,325,855</b>	<b>2,985,556</b>
<b>Cash flows from investing activities</b>		
Payments for purchases of property, plant and equipment	(636,476)	(692,034)
Payments for advances to contractors	(25,534)	(44,146)
Increase in term deposits with maturity more than three months	(70,000)	-
Proceeds from disposal of property, plant and equipment	5,471	2,963
Interest received	59,215	39,626
Payments for acquisition of subsidiary, net of cash acquired	(542,755)	-
<b>Net cash used in investing activities</b>	<b>(1,210,079)</b>	<b>(693,591)</b>
<b>Cash flows from financing activities</b>		
Payment of lease liabilities	(155,605)	(119,050)
Proceeds from borrowings	1,672	-
Dividends paid	(1,324,791)	(1,285,625)
Finance cost paid	(225,835)	(140,745)
<b>Net cash used in financing activities</b>	<b>(1,704,559)</b>	<b>(1,545,420)</b>
<b>Net increase in cash and cash equivalents</b>	<b>411,217</b>	<b>746,545</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>2,617,099</b>	<b>2,125,540</b>
Effect of foreign exchange rate changes	(3,847)	-
<b>Cash and cash equivalents at the end of the period</b>	<b>3,024,469</b>	<b>2,872,085</b>
<b>Non-cash transactions</b>		
Accruals for property, plant and equipment	389,702	321,891
Advances to contractors transferred to property, plant and equipment	23,091	36,064
Additions to right of use assets for land leases	412,510	442,911
Dividend Payable	1,285,625	1,285,625

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

## ABU DHABI NATIONAL OIL COMPANY FOR DISTRIBUTION PJSC

### Notes to the interim condensed consolidated financial statements for the nine-month period ended 30 September 2023

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

The principal activities of the Group are the marketing of petroleum products, natural gas and ancillary products. The Group owns retail fuel stations in the United Arab Emirates (UAE), the Arab Republic of Egypt and the Kingdom of Saudi Arabia.

The Group is a marketer and distributor of fuels and lubricants to corporate and government customers throughout the UAE. In addition, the Group provides refueling 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. The Group operates “ADNOC Oasis” convenience stores at a majority of its service stations, and leases retail and other space to tenants, such as quick service restaurants.

The Group also performs marketing activities and the distribution of petroleum products, motor oils, fuels and specialties in Egypt. In addition, it is also involved in constructing, owning and operating cafeterias through service stations in Egypt.

On 9 December 2022, the United Arab Emirates (UAE) Ministry of Finance (“MoF”) issued Federal Decree-Law No 47 of 2022 on the Taxation of Corporations and Businesses, Corporate Tax Law (“CT Law”) to implement a new CT regime in the UAE. The CT regime is effective from 1 June 2023 and accordingly, it has an income tax related impact on the financial statements for accounting periods beginning on or after 1 June 2023.

The UAE Cabinet of Ministers (“Cabinet”) Decision No. 116 of 2022 specifies the threshold of income over which the 9% tax rate would apply and accordingly, the Law is now considered to be substantively enacted from the perspective of IAS 12 - Income Taxes. Current taxes will only be payable for financial years beginning on or after 1 June 2023 so the company will be subject to current tax for the first time during the year ending 31 December 2024.

Enactment of the legislation requires the recognition of deferred taxes where relevant, however the Company does not have any deferred tax balances to record for the period. The impact of any future changes in enacted law will be accounted for when such changes are substantively enacted or enacted

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

The following new and revised IFRSs, which became effective for annual periods beginning on or after 1 January 2023, have been applied in these interim condensed consolidated financial statements:

- **IFRS 17 Insurance Contracts and Amendments to IFRS 17**  
IFRS 17 requires an entity to recognise profit from a group of insurance contracts over the period the entity provides services, and as the entity is released from risk. If a group of contracts is or becomes loss-making, the entity is required to recognise the loss immediately. The Accounting Standard also requires insurance revenue, insurance service expenses, and insurance finance income or expenses to be presented separately.

## ABU DHABI NATIONAL OIL COMPANY FOR DISTRIBUTION PJSC

### Notes to the interim condensed consolidated financial statements for the nine-month period ended 30 September 2023 (continued)

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

- **IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors**  
*Definition of Accounting Estimates* amends IAS 8. The amendments introduced the definition of accounting estimates and included other amendments to help entities distinguish changes in accounting estimates from changes in accounting policies.
- **IAS 1 Presentation of Financial Statements**  
*Disclosure of Accounting Policies* amends IAS 1 *Presentation of Financial Statements* and IFRS Practice Statement 2 *Making Materiality Judgements*. The amendments replace the requirement for entities to disclose their significant accounting policies with the requirement to disclose their material accounting policy information. The amendments also include guidance to help entities apply the definition of material in making decisions about accounting policy disclosures.
- **IAS 12 Income Taxes**  
*Deferred Tax related to Assets and Liabilities arising from a Single Transaction* amends IAS 12 *Income Taxes*. The amendments narrowed the scope of the recognition exemption in paragraphs 15 and 24 of IAS 12 so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. The amendments apply to transactions such as leases and decommissioning obligations.

The application of these revised IFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

#### New and amended IFRS Standards in issue but not yet effective and not early adopted

- *Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture;*
- *Amendments to IAS 1: Classification of Liabilities as Current or Non-current;*
- *Amendments to IFRS 16: Lease Liability in a Sale and Leaseback; and*
- *Amendments to IAS 1: Non-current Liabilities with Covenants*
- *IFRS S1: General Requirements for Disclosure of Sustainability-related Financial Information*
- *IFRS S2: Climate-related Disclosures*

Management anticipates that these new standards and amendments will be adopted in the Group's consolidated financial statements as and when they are applicable and adoption of these new standards and amendments, may have no material impact on the consolidated financial statements of the Group in the period of initial application.

#### 3. Summary of significant accounting policies

##### 3.1 Statement of compliance

These interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting and comply with the applicable requirements of the laws in the UAE.

These interim condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the Group's consolidated financial statements for the year ended 31 December 2022. In addition, results for the nine-months period ended 30 September 2023 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2023.

##### 3.2 Basis of preparation

The interim condensed consolidated financial statements are presented 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.

These interim condensed consolidated financial statements have been prepared on a historical cost basis.

The accounting policies used in the preparation of these interim condensed consolidated financial statements are consistent with those applied to the audited annual consolidated financial statements for the year ended 31 December 2022, except for the policies disclosed below and the adoption of new standards and interpretations effective 1 January 2023.

## ABU DHABI NATIONAL OIL COMPANY FOR DISTRIBUTION PJSC

### Notes to the interim condensed consolidated financial statements for the nine-month period ended 30 September 2023 (continued)

#### 3. Summary of significant accounting policies (continued)

##### 3.3 Basis of Consolidation

The interim condensed consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- Has power over the investee
- Is exposed, or has rights, to variable returns from its involvement
- Has the ability to use its power to affect its returns

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders
- Potential voting rights held by the Company, other vote holders or other parties
- Rights arising from other contractual arrangements
- Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in profit or loss from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the Group's accounting policies. All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

##### *Non-controlling interests*

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. Those interests of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation may initially be measured at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition by-acquisition basis. Other non-controlling interests are initially measured at fair value. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the noncontrolling interests' share of subsequent changes in equity.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of the subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

## ABU DHABI NATIONAL OIL COMPANY FOR DISTRIBUTION PJSC

### Notes to the interim condensed consolidated financial statements for the nine-month period ended 30 September 2023 (continued)

#### 3. Summary of significant accounting policies (continued)

##### 3.3 Basis of Consolidation (continued)

Details of the Company's subsidiaries and effective ownership interest are given below:

Name of Subsidiary	Ownership interest		Country of incorporation	Principal activities
	2023	2022		
ADNOC Distribution Global Company LLC	100%	100%	U.A.E.	Commercial agencies, commercial enterprises, retail and distribution, investment, institution and management

The Group acquired 50% ownership interest in Total Energies Marketing Egypt LLC (note 19) through its indirect subsidiary ADNOC Distribution Egypt Holding RSC Limited, a wholly-owned entity of ADGC LLC, during the period.

Total Energies Marketing Egypt LLC	50%	-	Egypt	Performing marketing activities and distribution of petroleum products, motor oils, fuels and specialties. Constructing, owning, and operating catering and cafeterias through service stations.
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##### 3.4 Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interest issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- Deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits respectively
- Liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 at the acquisition date (see below)
- Assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

When the consideration transferred by the Group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

## ABU DHABI NATIONAL OIL COMPANY FOR DISTRIBUTION PJSC

### Notes to the interim condensed consolidated financial statements for the nine-month period ended 30 September 2023 (continued)

#### 3. Summary of significant accounting policies (continued)

##### 3.4 Business combinations (continued)

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Other contingent consideration is remeasured to fair value at subsequent reporting dates with changes in fair value recognised in profit or loss.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

##### 3.5 Goodwill

Goodwill is initially recognised and measured at cost being the excess of the aggregate of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed (as set out above). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assess whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill acquired in a business combination is, from acquisition date, allocated to each of the Group's cash generating units (or groups of cash-generating units) that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Cash generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired.

If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period. On disposal of a cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

##### 3.6 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition and are recognised separately from goodwill. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation is charged on a straight-line basis over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category that is consistent with the function of the intangible assets.

## ABU DHABI NATIONAL OIL COMPANY FOR DISTRIBUTION PJSC

### Notes to the interim condensed consolidated financial statements for the nine-month period ended 30 September 2023 (continued)

#### 3. Summary of significant accounting policies (continued)

##### 3.6 Intangible assets (continued)

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss.

###### *Computer software*

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised on a straight-line basis over their estimated useful lives.

###### *Customer contracts/backlog*

Customer contracts/backlog have a finite useful life and are carried at cost less accumulated amortisation and impairment and mainly represent long term non-cancellable contracts with customers. Amortisation is calculated using the straight-line method to allocate the cost over their estimated useful lives.

###### *Customer relationships*

Customer relationships have a finite useful life and are carried at cost less accumulated amortisation and impairment and mainly represents the value to be derived from relationship with customers. Amortisation is calculated using the straight-line method to allocate the cost over their estimated useful lives.

##### 3.7 Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit (CGU) to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with an indefinite useful life are tested for impairment at least annually and whenever there is an indication at the end of a reporting period that the asset may be impaired. Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. In determining fair value less costs of disposal, recent market transactions are taken into account.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss to the extent that it eliminates the impairment loss which has been recognised for the asset in prior years.

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

## ABU DHABI NATIONAL OIL COMPANY FOR DISTRIBUTION PJSC

### Notes to the interim condensed consolidated financial statements for the nine-month period ended 30 September 2023 (continued)

#### 3. Summary of significant accounting policies (continued)

##### 3.8 Income tax

Current tax and deferred tax are recognised as income or expense in the profit or loss for the year, except in cases in which the tax results from a process or an event that is recognised at the same time or in a different year outside the profit or loss, whether in other comprehensive income or in equity directly or business combination.

##### *Current income tax*

The current tax for the current year and prior years and that have not been paid are recognised as a liability, but if the taxes that have already been paid in the current year or prior years are excess of the value payable for these years, this increase is recognised as an asset. The taxable current liabilities (assets) for the current year and prior years are measured at expected value paid to (recovered from) the tax authority, using the current tax rates (and tax laws) or in the process to be issued by the end of the financial year. Tax assets and liabilities are set-off only when certain conditions are met.

##### *Deferred tax*

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for:

- The initial recognition of goodwill.
- The initial recognition of assets or liabilities in a transaction that:
  - Is not a business combination.
  - Does not affect neither accounting nor taxable profit (or loss).
- Temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.
- Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the Group's future business plans. Deferred tax assets are reassessed at each reporting date, and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax assets and liabilities are set-off only if certain conditions are met.

##### 3.9 Foreign currencies

In preparing the financial statements of the Group entities, transactions in currencies other than the Group's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Nonmonetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise except for:

- Exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings
- Exchange differences on transactions entered into to hedge certain foreign currency risks



## ABU DHABI NATIONAL OIL COMPANY FOR DISTRIBUTION PJSC

### Notes to the interim condensed consolidated financial statements for the nine-month period ended 30 September 2023 (continued)

#### 3. Summary of significant accounting policies (continued)

##### 3.9 Foreign currencies (continued)

- Exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur in the foreseeable future (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of the net investment

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the reporting date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a foreign exchange translation reserve (allocated proportionately to owners of the company and non-controlling interest).

On the disposal of a foreign operation, all of the exchange differences accumulated in a foreign exchange translation reserve in respect of that operation attributable to the owners of the Company are reclassified to profit or loss. In addition, in relation to a partial disposal of a subsidiary that includes a foreign operation that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are reattributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals, the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

#### 4. Critical accounting judgments and key sources of estimation uncertainty

The preparation of these interim condensed consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. The 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 if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

In preparing these interim condensed consolidated financial statements, the significant judgments made by management in applying the Group's accounting policies, and the key sources of estimates uncertainty were the same as those applied in the Group consolidated financial statements as at and for the year ended 31 December 2022, except for the adoption of new standards and interpretations effective 1 January 2023.

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

**Notes to the interim condensed consolidated financial statements  
for the nine-month period ended 30 September 2023 (continued)**

**5. Property, plant, and equipment**

	<b>30 September 2023 (unaudited) AED'000</b>	31 December 2022 (audited) AED'000
Balance at beginning of the period/year	6,385,075	5,574,167
Additions during the period/year	660,593	1,258,849
Recognised as part of business combination (note 19)	147,507	-
Transfers during the period/year	(69,647)	(1,906)
Depreciation charge for the period/year	(376,423)	(437,960)
Disposals during the period/year	(2,913)	-
Impairment	(4,022)	(8,075)
Exchange differences	(3,164)	-
	<b>6,737,006</b>	<b>6,385,075</b>

**6. Goodwill and intangible assets**

	<b>30 September 2023 (unaudited) AED'000</b>	31 December 2022 (audited) AED'000
Balance at beginning of the period/year	1,128	-
Recognised as part of business combination (note 19)	689,166	1,128
Additions during the period/year	15,967	-
Amortisation charge for the period/year	(7,544)	-
Exchange differences	(1,643)	-
	<b>697,074</b>	<b>1,128</b>

**7. Inventories**

	<b>30 September 2023 (unaudited) AED'000</b>	31 December 2022 (audited) AED'000
Finished goods	1,116,386	1,160,063
Spare parts and consumables	110,613	97,418
Lubricants raw materials, consumables, and work in progress	39,165	21,214
LPG cylinders	32,073	24,730
	<b>1,298,237</b>	<b>1,303,425</b>
Allowance for slow moving and obsolete inventories	(18,115)	(17,048)
	<b>1,280,122</b>	<b>1,286,377</b>

**8. Trade receivables and other current assets**

	<b>30 September 2023 (unaudited) AED'000</b>	31 December 2022 (audited) AED'000
Trade receivables	3,217,921	3,135,849
Less: Allowance for expected credit losses	(86,582)	(66,013)
	<b>3,131,339</b>	<b>3,069,836</b>
Prepaid expenses	70,119	48,101
Receivable from employees	120,524	109,309
VAT receivables	36,948	13,888
Other receivables	243,213	54,580
	<b>3,602,143</b>	<b>3,295,714</b>

## ABU DHABI NATIONAL OIL COMPANY FOR DISTRIBUTION PJSC

### Notes to the interim condensed consolidated financial statements for the nine-month period ended 30 September 2023 (continued)

#### 8. Trade receivables and other current assets (continued)

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

	30 September 2023 (unaudited) AED'000	31 December 2022 (audited) AED'000
Balance at beginning of the period/year	66,013	57,293
Charge for the period/year	22,936	20,351
Recognised as part of business combination (note 19)	5,129	-
Recovery made during the period/year	(7,383)	(11,631)
Exchange differences	(113)	-
Closing balance	<b>86,582</b>	<b>66,013</b>

#### 9. 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.

##### Related party balances:

	30 September 2023 (unaudited) AED'000	31 December 2022 (audited) AED'000
<b>Due from related parties</b>		
Abu Dhabi National Oil Company (ADNOC)	282,188	182,436
ADNOC Drilling	232,802	232,330
ADNOC Logistics and Services	197,600	255,757
ADNOC Onshore	76,001	131,740
ADNOC Offshore	26,341	22,346
ADNOC Gas Processing	15,412	13,119
ADNOC Sour Gas	3,368	2,306
ADNOC others	37,925	28,834
TotalEnergies & its affiliates	41,869	-
	<b>913,506</b>	<b>868,868</b>
<b>Due to related parties</b>		
Abu Dhabi National Oil Company (ADNOC)	3,941,815	3,435,354
ADNOC Logistics and Services	697	6,455
ADNOC Refining	288	2,808
ADNOC others	-	7,841
TotalEnergies & its affiliates	209,288	-
	<b>4,152,088</b>	<b>3,452,458</b>

The amounts due from related parties are against the provision of petroleum products and services. These balances are unsecured, 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 2,922,146 thousand (31 December 2022: AED 2,717,972 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 from banks in which the Government of Abu Dhabi has a significant or majority stake through different investment vehicles amounting to AED 4,131,563 thousand (31 December 2022: AED 4,131,563 thousand).

## ABU DHABI NATIONAL OIL COMPANY FOR DISTRIBUTION PJSC

### Notes to the interim condensed consolidated financial statements for the nine-month period ended 30 September 2023 (continued)

#### 9. Related party balances and transactions (continued)

Amounts relating to TotalEnergies and its affiliates pertain to the related party balances and transactions of the Group's newly acquired subsidiary, TotalEnergies Marketing Egypt LLC, during the period (note 19).

The Company entered into a sub-lease agreement with the Parent Company for a property located in Industrial City of Abu Dhabi for a term of 42 years commencing 1 January 2023. In this respect, the Company has recognised a right-of-use asset and a lease liability amounting to AED 210.7 million.

In 2023, the Company entered into an amendment agreement to a lease for an office space with the Parent Company.

In 2023, the Company entered into a Refined Products Sales Contract with the Parent Company for the sale by Parent Company and purchase by Company of refined petroleum products, for a term of five years from 1 January 2023 to 31 December 2027, replacing the previous refined product sales contract that expired on 31 December 2022.

#### Related party transactions:

	3 months ended 30 September		9 months ended 30 September	
	2023 (unaudited) AED'000	2022 (unaudited) AED'000	2023 (unaudited) AED'000	2022 (unaudited) AED'000
<b>ADNOC Group</b>				
Revenue	386,078	603,105	1,355,661	1,423,189
Purchases	4,571,318	6,363,382	16,868,211	18,717,713
<b>TotalEnergies and its affiliates</b>				
Revenue	9,873	-	18,465	-
Purchases	35,781	-	144,413	-
Management Fee & services	17,476	-	48,849	-

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

There were no balances other than dividends declared between the Group and TotalEnergies Marketing LLC (note 23).

#### 10. Right-of-use assets and lease liabilities

##### Right-of-use assets

	30 September 2023 (unaudited) AED'000	31 December 2022 (audited) AED'000
Balance at beginning of the period/year	1,373,338	952,758
Additions related to land lease	412,510	551,482
Additions to decommissioning	-	362
Recognised as part of business combination (note 19)	166,785	-
Change in estimate of decommissioning	-	180
Change in estimate of land lease	-	(5,585)
Reversal due to terminated contracts	(36,715)	(19,888)
Modification during the period/year	(6,263)	-
Depreciation charge during the period/year	(120,799)	(105,971)
Exchange differences	(3,676)	-
<b>Closing balance</b>	<b>1,785,180</b>	<b>1,373,338</b>

**ABU DHABI NATIONAL OIL COMPANY FOR DISTRIBUTION PJSC**
**Notes to the interim condensed consolidated financial statements  
for the nine-month period ended 30 September 2023 (continued)**
**10. Right-of-use assets and lease liabilities (continued)**
**Lease liabilities**

	<b>30 September 2023 (unaudited) AED'000</b>	31 December 2022 (audited) AED'000
Balance at beginning of the period/year	1,314,327	876,358
Additions	412,510	551,482
Recognised as part of business combination (note 19)	171,397	-
Accretion of interest	68,357	62,800
Reversal due to terminated contracts	(39,034)	(20,534)
Changes in estimates	-	(5,585)
Modifications during the period/year	(6,263)	-
Payments	(155,605)	(150,194)
Exchange differences	(3,988)	-
<b>Closing balance</b>	<b>1,761,701</b>	<b>1,314,327</b>

	<b>Current</b>		<b>Non-current</b>	
	<b>30 September 2023 AED'000 (unaudited)</b>	31 December 2022 AED 000 (audited)	<b>30 September 2023 AED'000 (unaudited)</b>	31 December 2022 AED 000 (audited)
Lease liabilities	<b>196,101</b>	129,789	<b>1,565,600</b>	1,184,538

**11. Cash and bank balances**

Cash and cash equivalents in the statement of cash flows consist of the following amounts:

	<b>30 September 2023 (unaudited) AED'000</b>	31 December 2022 (audited) AED'000
Cash and bank balances	3,024,469	2,617,099
Short term deposits with original maturities greater than three months	200,225	130,225

Cash and bank balances include short-term and call deposits amounting to AED 2,621,922 thousand (2022: AED 2,587,748 thousand) carrying interest rate ranging from 0.30% to 5.25% (31 December 2022: 0.07% to 3.60%) per annum.

Included in cash and bank balances is restricted cash amounting to AED 949 thousand (2022: nil).

**12. Borrowings**

	<b>30 September 2023 (unaudited) AED'000</b>	31 December 2022 (audited) AED'000
Term loan- non current	<b>5,491,523</b>	5,482,124

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 to 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.

## ABU DHABI NATIONAL OIL COMPANY FOR DISTRIBUTION PJSC

### Notes to the interim condensed consolidated financial statements for the nine-month period ended 30 September 2023 (continued)

#### 12. Borrowings (continued)

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.

On 26 October 2022, the Company refinanced its maturing term loan for another 5 year term with a set of lenders.

The new term loan facility carries a variable interest at Secured Overnight Financing Rate plus a margin of 0.85% for USD denominated facility portion and EIBOR plus a margin of 0.60% for AED denominated facility portion.

The Company also entered 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 to be used for general corporate purposes. The transaction costs allocated to the revolving facility have been capitalised and will be amortised on a straight-line basis over the term of the agreement. Transaction costs amounting to AED 11,247 thousand (31 December 2022: 13,313 thousand) are presented as other non-current assets.

During the year, the Company and its lenders has agreed to amend and convert the term loan facility to a sustainability linked loan. The converted loan facility contains Environment, Social and Governance covenants which is linked to the margin on the loan.

#### 13. Trade and other payables

	<b>30 September 2023 (unaudited) AED'000</b>	31 December 2022 (audited) AED'000
Trade payables	711,694	452,368
Dividends payable	1,285,625	-
Capital accruals	389,702	451,232
Operating accruals	255,430	210,493
VAT payable	318,795	308,016
Coupon and prepaid card sales outstanding	114,956	113,584
Contract retentions payable	106,530	79,528
Advances from customers	56,604	46,110
Other payables	437,091	334,333
	<b>3,676,427</b>	<b>1,995,664</b>

#### 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.

	<b>30 September 2023 (unaudited) AED'000</b>	31 December 2022 (audited) AED'000
Balance at beginning of the period/year	134,532	129,226
Additions during the period/year	-	362
Change in estimate	-	180
Accretion of interest	3,674	4,764
<b>Closing balance</b>	<b>138,206</b>	<b>134,532</b>

## ABU DHABI NATIONAL OIL COMPANY FOR DISTRIBUTION PJSC

### Notes to the interim condensed consolidated financial statements for the nine-month period ended 30 September 2023 (continued)

#### 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		9 months ended 30 September	
	2023 (unaudited) AED'000	2022 (unaudited) AED'000	2023 (unaudited) AED'000	2022 (unaudited) AED'000
Retail (B2C)				
Fuel	5,669,193	5,560,349	15,903,313	15,323,864
Non-fuel	356,703	282,462	1,030,835	837,735
Commercial (B2B)				
Corporate	2,512,672	2,476,365	7,043,378	6,971,834
Aviation	396,764	231,551	1,087,950	790,670
	<b>8,935,332</b>	<b>8,550,727</b>	<b>25,065,476</b>	<b>23,924,103</b>

#### 16. Distribution and administrative expenses

	3 months ended 30 September		9 months ended 30 September	
	2023 (unaudited) AED'000	2022 (unaudited) AED'000	2023 (unaudited) AED'000	2022 (unaudited) AED'000
Staff costs	341,429	301,925	1,073,947	1,099,872
Depreciation and amortisation	168,798	51,427	504,766	388,398
Repairs, maintenance and consumables	52,848	40,583	144,255	124,789
Utilities	70,601	32,544	160,332	140,512
Distribution and marketing expenses	21,459	(7,481)	34,103	45,705
Insurance	2,920	5,702	12,470	13,957
Others	71,120	58,646	205,464	185,644
	<b>729,175</b>	<b>483,346</b>	<b>2,135,337</b>	<b>1,998,877</b>

#### 17. Earnings per share (EPS)

Basic EPS amounts are calculated by dividing profit for the period attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the period. As there are no dilutive instruments outstanding, basic and diluted earnings per share are identical.

The calculation of basic and diluted EPS attributable to the owners of the Company based on the following data:

	3 months ended 30 September		9 months ended 30 September	
	2023 (unaudited) AED'000	2022 (unaudited) AED'000	2023 (unaudited) AED'000	2022 (unaudited) AED'000
<b>Earnings (AED'000)</b>				
Profit for the period attributable to equity holders of the Company	835,464	766,764	1,924,273	2,328,607
<b>Weighted average number of shares</b>				
Weighted average number of ordinary shares	12,500,000	12,500,000	12,500,000	12,500,000
<b>Basic and diluted EPS (AED)</b>	<b>0.067</b>	<b>0.061</b>	<b>0.154</b>	<b>0.186</b>

## ABU DHABI NATIONAL OIL COMPANY FOR DISTRIBUTION PJSC

### Notes to the interim condensed consolidated financial statements for the nine-month period ended 30 September 2023 (continued)

#### 18. Segment reporting

##### Operating segments

The Group's operating segments are established on the basis of those components that are evaluated regularly by the Board of Directors, considered to be the Chief Operating Decision Maker ("CODM"). The CODM monitors the operating results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on revenues, gross profit, net profit and a broad range of key performance indicators in addition to segment profitability and is measured consistently with profit or loss in the interim condensed consolidated financial statements.

Based on the information reported to the Group's senior management for the allocation of resources, marketing strategies, management reporting lines and measurement of performance of business, the reportable segments under IFRS 8 were identified as below:

**Commercial (B2B)** - 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)** - 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.

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.

##### Geographical segments

The Group operates in the UAE, KSA and Egypt. Segment information about the Group's foreign operations is presented below:

	9 months ended 30 September 2023		9 months ended 30 September 2022	
	KSA (unaudited) AED'000	Egypt (unaudited) AED'000	KSA (unaudited) AED'000	Egypt (unaudited) AED'000
Revenue (external customers)	582,937	2,470,723	341,556	-
<b>As at 30 September 2023 (unaudited)</b>				
Property, plant and equipment	255,385	163,311		
Right of use assets	643,800	169,449		
Intangibles	1,128	695,946		



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

Notes to the interim condensed consolidated financial statements  
for the nine-month period ended 30 September 2023 (continued)

**18. Segment reporting (continued)**

**Operating segments (continued)**

	Commercial (B2B) AED'000	Retail (B2C) AED'000	Unallocated AED'000	Consolidated AED'000
<b>30 September 2023 (unaudited)</b>				
Revenue	8,131,268	16,934,208	-	25,065,476
Direct costs	(7,137,705)	(13,616,765)	-	(20,754,470)
<b>Gross profit</b>	993,563	3,317,443	-	4,311,006
Distribution and administrative expenses	(262,977)	(1,872,360)	-	(2,135,337)
Other income	27,135	53,609	26,268	107,012
Impairment losses and other operating expenses	(7,136)	(14,058)	(27,586)	(48,780)
<b>Operating profit</b>	750,585	1,484,634	(1,318)	2,233,901
Interest income				59,215
Finance costs				(315,354)
Income tax expense				(23,454)
<b>Profit for the period</b>				<b>1,954,308</b>
<b>30 September 2022 (unaudited)</b>				
Revenue	7,762,504	16,161,599	-	23,924,103
Direct costs	(6,624,359)	(12,857,225)	-	(19,481,584)
<b>Gross profit</b>	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)
<b>Operating profit</b>	826,101	1,645,893	2,035	2,474,029
Interest income				39,626
Finance costs				(185,048)
Income tax expense				-
<b>Profit for the period</b>				<b>2,328,607</b>

Notes to the interim condensed consolidated financial statements  
for the nine-month period ended 30 September 2023 (continued)

19. Business Combination

Acquisitions in 2023

19.1 TotalEnergies Marketing Egypt LLC

On 28 July 2022, the Company entered into a quota purchase agreement with TotalEnergies Marketing Afrique SAS to acquire a 50% stake in TotalEnergies Marketing Egypt LLC (TEME), a limited liability company registered in Cairo, Egypt.

On 6 February 2023, pursuant to the quota purchase agreement, all major conditions precedent to completion were completed and the Group acquired control over TEME for a total consideration of AED 708,562 thousand. The TEME equity stake was acquired as part of the growth strategy of the Company to accelerate international expansion in Egypt.

The acquisition has been accounted for using the acquisition method of accounting, and accordingly, the identifiable assets acquired, and liabilities assumed, have been recognised at their respective provisional fair values. No financial information was available as of the acquisition date of 6 February 2023 therefore it was impracticable to consolidate the entity as of the acquisition date. There were no significant transactions or events from 1 February 2023 to the acquisition date, therefore management decided to consolidate from 1 February 2023.

The initial accounting for acquisition of TEME is in progress as at 30 September 2023 since the fair value determination and the purchase price allocation exercise is currently underway therefore the Group has recognized identifiable assets acquired and liabilities assumed using provisional amounts as set out in the table below:

Provisional fair values recognised on acquisition as at 1 February 2023:

	AED'000
<b>Assets</b>	
Property, plant and equipment	147,507
Right-of-use assets	166,785
Intangibles	76,520
Cash and bank balances	165,807
Trade receivables and other current assets	118,667
Advance to contractors	11,438
Inventories	93,529
<b>Total assets</b>	<b>780,253</b>
<b>Liabilities</b>	
Trade and other payables	413,344
Borrowings	3,675
Lease liabilities	171,397
<b>Total liabilities</b>	<b>588,416</b>
Total identifiable net assets at fair value	191,837
Non-controlling interests	(95,921)
<b>Group's share of net assets acquired</b>	<b>95,916</b>
Purchase consideration	708,562
<b>Goodwill</b>	<b>612,646</b>

From the date of acquisition until 30 September 2023, TEME contributed revenue of AED 2,470,723 thousand and profit of AED 60,341 thousand. Acquisition related costs amounted to AED 11,456 thousand which were expensed during the period and are included in the interim condensed consolidated statement of profit and loss. If the acquisition had taken place at the beginning of the year, revenue of the Group would have been higher by AED 283,485 thousand and net profit would have been lower by AED 11,170 thousand.

The non-controlling interests (50% ownership interest in TEME) recognised at the acquisition date was measured by reference to the proportionate share of net assets acquired and amounted to AED 95,921 thousand.

Notes to the interim condensed consolidated financial statements  
for the nine-month period ended 30 September 2023 (continued)

19. Business Combination (continued)

19.1 TotalEnergies Marketing Egypt LLC (continued)

Acquisitions in 2023 (continued)

Analysis of cashflow on acquisition

	AED'000
Cash paid for the acquisition	(708,562)
Net cash acquired on business combination	<u>165,807</u>
Net cash outflow on acquisition (included in cash flows from investing activities)	(542,755)
Transaction cost of the acquisition (included in cash flows from operating activities)	<u>(11,456)</u>
<b>Net cash outflow on acquisition</b>	<b><u>(554,211)</u></b>

19.2 Acquisitions in 2022

In 2022, the Group completed the fair valuation of identifiable assets acquired and liabilities assumed in respect of the businesses acquired under the business and asset purchase agreements in 2021.

	31 December 2022 AED'000
<b>Assets</b>	
Property, plant and equipment	32,384
Inventories	226
Other assets	<u>2,641</u>
	<u>35,251</u>
<b>Liabilities</b>	
Other liabilities	<u>(1,136)</u>
<b>Total identifiable net assets acquired</b>	<b><u>34,115</u></b>
Purchase consideration	<u>30,034</u>
<b>Goodwill</b>	<u>1,128</u>
<b>Gain on bargain purchase</b>	<b><u>5,209</u></b>

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.

**Notes to the interim condensed consolidated financial statements  
for the nine-month period ended 30 September 2023 (continued)**

**20. Contingencies and litigation**

The Group has contingent liabilities amounting to AED 229,819 thousand (31 December 2022: AED 287,823 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 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 interim condensed consolidated financial statements if concluded unfavorably.

**21. Commitments**

The capital expenditure contracted for at the reporting date but not yet incurred amounted to AED 421,058 thousand (31 December 2022: AED 298,022 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 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.

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 2022. The dividend comprised of AED 1,285,625 thousand, which was approved at the General Assembly Meeting held on 15 March 2023 and paid on 29 March 2023.

The Board of Directors approved an interim dividend of 10.285 fils per share to the shareholders in respect of the first half of 2023. The dividend comprised of AED 1,285,625 thousand, which was approved during the Board of Directors Meeting held on 25 September 2023 and paid on 3 October 2023.

The General Assembly of TotalEnergies Marketing Egypt LLC approved a dividend of AED 64,788 thousand to the shareholders in respect of the year ended 31 December 2022. The dividend payable of 50% or AED 32,394 thousand is attributable to ADNOC Distribution Egypt Holding RSC Limited and the other 50% to the non-controlling interest, which was approved at the General Assembly Meeting held on 4 April 2023.

**24. Approval of the interim condensed consolidated financial statements**

The interim condensed consolidated financial statements were approved by the Board of Directors and authorised for issue on 9 November 2023.