

MARKET OVERVIEW

UAE



The UAE remains the Company's core market. It is the second-largest economy, after Saudi Arabia, in the Gulf Cooperation Council (GCC), based on nominal gross domestic product (GDP) and is one of the wealthiest countries in the region on a per capita basis. The World Investment Report 2023 ranked the UAE as the top country in the Arab world and the 22nd country worldwide for its capacity to draw foreign direct investment (FDI). In 2022, the UAE saw a 10% rise in FDI inflows to \$23 billion – the most ever achieved. A significant rise of investment activity in the UAE made the country the fourth-largest recipient of greenfield projects in the world.

In 2023, the UAE economy is projected to show solid growth but at a lower rate compared to 2022. According to the country's Central Bank, the real GDP is expected to increase by 3.1% in 2023, compared to 7.9% in 2022. The lower growth rate in the economy is mainly due to the prolongation of oil production cuts by OPEC+.

SAUDI ARABIA



ADNOC Distribution continued to execute its plans in the Kingdom of Saudi Arabia (KSA) with 68 stations in the Kingdom at the end of 2023. Currently, more than 80% of the network has been rebranded, providing support to operating and financial performance in KSA. With a fully operational team on the ground, the Company is nearing completion of a revitalization and rebranding program for its network in the Kingdom.

Saudi Arabia's economy is one of the top 20 in the world and the largest in the Arab world and the Middle East. The

Kingdom's economic growth is expected to decelerate from 8.7% in 2022 to 0.8% in 2023, according to a forecast by the International Monetary Fund. The slower GDP growth in 2023 reflects the announced oil production cuts, including unilateral cuts and those in line with an agreement through OPEC+.

The outlook for Saudi Arabia's economy is favorable; the Kingdom's GDP is projected to grow at 4% in 2024.

EGYPT



Beyond the GCC region, the Company further advanced its international expansion in 2023 by completing the acquisition of a 50% stake in TotalEnergies Marketing Egypt LLC, which is among the top four fuel retail operators in Egypt. This acquisition includes a diversified portfolio comprising 243 fuel retail stations, 100+ convenience stores, 250+ lube changing stations, and car wash sites, as well as wholesale fuel, aviation fuel, and lubricant operations. This also aligns with the Company's vision to establish ADNOC Distribution as a regional fuel distribution leader and will provide sizeable operations in one of the largest countries in the MENA region.

The Egyptian economy experienced a slowdown in growth during the Q1 of the current fiscal year 2023/2024, with a growth rate of 2.65% (vs 4.4% in 2022/2023). The World Bank forecasts Egypt's real GDP for the fiscal year 2023/2024 to grow at 3.5%.

Egypt's overall macroeconomic environment during FY2023/2024 is expected to be undermined by the weakening global economic outlook and domestic challenges such as rising inflation, foreign currency shortages, and commodity supply disruptions, which are anticipated to result in weak private-sector consumption and export fall.