

DIVIDEND POLICY

Since its IPO, the Company has consistently increased payback to its shareholders through its progressive dividend policy supported by strong cash flow generation and balance sheet strength.

Under the Articles of Association, the Company may distribute quarterly, semi-annual and/or annual dividends to shareholders from operating profits and/or accumulated profits. Since its IPO, the Company has historically aimed to pay a dividend twice each fiscal year, with an initial interim payment in October and a second payment in April of the following year. In making recommendations to shareholders regarding the payment of dividends, the Board of Directors considers the cash management requirements of the business for operating expenses, interest expenses, and anticipated capital expenditures. The Board also considers market conditions, the operating environment, and the outlook for the business.

The Company's dividend policy sets a dividend of a minimum of

AED 2.57 billion (min. AED 20.57 fils per share) for 2023. Under our approved dividend policy, ADNOC Distribution's Board of Directors has recommended that shareholders approve a final dividend payment of AED 1.285 billion (AED 10.285 fils per share) for the second half of 2023, resulting in a total dividend of AED 2.57 billion (AED 20.57 fils per share) for fiscal year 2023. If approved by ADNOC Distribution shareholders at the Annual General Assembly Meeting, the Company expects to pay this dividend in April 2024. To recognize the Company's strong financial position and confidence in future cash flow generation, the Board of Directors has recommended introducing a new dividend policy for 2024-2028 to distribute an annual dividend of AED 2.57 billion

(20.57 fils per share) or min. 75% of net profit, whichever is higher. This policy represents a balance between growth investments and sustainable shareholder payouts, while also provides payback visibility and dividend upside from future earnings. ADNOC Distribution had AED 3.2 billion of cash on its balance sheet with a ratio of net debt to EBITDA at 0.62x as of December 31, 2023, offering additional leverage capacity. The new dividend policy proposal will be presented to shareholders during the upcoming General Assembly Meeting scheduled for March 2024.

ADNOC Distribution is unwavering in its commitment to fulfilling its strategic goals and providing long-term sustainable returns to its shareholders.

