

# **Abu Dhabi National Energy Company PJSC ("TAQA")**

PROFORMA FINANCIAL INFORMATION AND INTERIM CONDENSED  
CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE MONTH PERIOD ENDED  
31 MARCH 2021 (UNAUDITED)

# **Abu Dhabi National Energy Company PJSC ("TAQA")**

PROFORMA FINANCIAL INFORMATION  
FOR THE THREE MONTH PERIOD ENDED  
31 MARCH 2021 (UNAUDITED)

## Abu Dhabi National Energy Company PJSC (“TAQA”)

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### PROFORMA FINANCIAL INFORMATION

31 March 2021 (Unaudited)

#### **BASIS OF PREPARATION**

The Pro forma interim consolidated financial information (“Pro forma financial information”) illustrates the effects on the statement of financial performance of the transaction whereby Abu Dhabi Power Corporation (“ADPower”) contributed the majority of its power and water generation, transmission and distribution assets (“Acquired assets”) to Abu Dhabi National Energy Company PJSC (“TAQA”). Further details of the transaction are detailed within note 1 of TAQA’s interim condensed consolidated financial statements for the period ended 31 March 2021.

The Pro forma financial information consists of the unaudited pro forma interim consolidated statement of profit or loss for the three month period ended 31 March 2020. This statement is prepared as if the transaction has taken place as at 1 January 2020 with the exception of the bargain purchase on acquisition (detailed in note 1 of the 31 March 2021 interim condensed consolidated financial statements) which has been recognized as at the date of the transaction, 1 July 2020.

The purpose of the Pro forma financial information is to show the material effects that the transaction would have had on the historical consolidated statement of profit or loss as if the Group had already existed in the structure created by the transaction at 1 July 2020. They are not representative of the financial situation and performance that could have been observed if the indicated business combination had been undertaken at an earlier date.

The presentation of the Pro forma financial information of the Group is based on certain pro forma assumptions and has been prepared for illustrative purposes only and, because of its nature, the Pro forma financial information addresses a hypothetical situation and, therefore, does not represent and may not give a true picture of the financial performance of the Group.

The Pro forma financial information has been compiled based on the accounting policies adopted by the Group for the preparation of the 31 March 2021 interim condensed consolidated financial statements. Any impact due to changes in the accounting policy and adjustment have been reflected in prior comparative periods. The Pro forma financial information does not take into consideration the effects of expected synergies or costs incurred to achieve these synergies as a result of the transaction. The Pro forma financial information gives no indication of the results and future financial situation of the Group.

# Abu Dhabi National Energy Company PJSC (“TAQA”)

## PROFORMA INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Three month period ended 31 March 2021 (Unaudited)

	<b>Three-month period ended 31 March</b>	
	<b>2021</b>	<b>2020</b>
	<b>AED million</b>	<b>AED million</b>
<b>REVENUES</b>		
Revenue from generation of power and water	<b>2,812</b>	2,883
Revenue from transmission and distribution of power and water	<b>5,856</b>	5,746
Revenue from oil and gas	<b>1,658</b>	1,355
	-----	-----
	<b>10,326</b>	9,984
	-----	-----
<b>COST OF SALES</b>		
Operating expenses	<b>(5,186)</b>	(5,338)
Depreciation, depletion and amortisation	<b>(2,275)</b>	(2,462)
Impairment losses	-	(2,004)
	-----	-----
	<b>(7,461)</b>	(9,804)
	-----	-----
<b>GROSS PROFIT</b>	<b>2,865</b>	180
General and administrative expenses	<b>(493)</b>	(492)
Finance costs	<b>(808)</b>	(861)
Net foreign exchange (loss) gain	<b>(11)</b>	59
Share of results of associates and joint ventures	<b>45</b>	24
Interest income	<b>105</b>	11
Other income	<b>106</b>	65
	-----	-----
<b>PROFIT/ (LOSS) BEFORE TAX</b>	<b>1,809</b>	(1,014)
	-----	-----
Income tax (expense) credit	<b>(377)</b>	418
	-----	-----
<b>PROFIT/ (LOSS) FOR THE PERIOD</b>	<b>1,432</b>	(596)
	=====	=====
Attributable to:		
Equity holders of the parent	<b>1,435</b>	(548)
Non-controlling interests	<b>(3)</b>	(48)
	-----	-----
	<b>1,432</b>	<b>(596)</b>
	=====	=====

# **Abu Dhabi National Energy Company PJSC ("TAQA")**

REVIEW REPORT AND INTERIM CONDENSED CONSOLIDATED FINANCIAL  
STATEMENTS  
FOR THE THREE MONTH PERIOD ENDED  
31 MARCH 2021 (UNAUDITED)

## **REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE BOARD OF DIRECTORS OF ABU DHABI NATIONAL ENERGY COMPANY PJSC (“TAQA”)**

### ***Introduction***

We have reviewed the accompanying condensed consolidated statement of financial position of Abu Dhabi National Energy Company PJSC (“the Company”) (“TAQA”) and its subsidiaries (together referred to as “the Group”) as of 31 March 2021, and the related consolidated statements of income, comprehensive income, changes in equity and cash flows for the three month period then ended and other explanatory notes. Management is responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard (IAS) 34, “*Interim Financial Reporting*”. Our responsibility is to express a conclusion on this interim 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 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 condensed consolidated financial statement is not prepared, in all material respects in accordance with IAS 34, “*Interim Financial Reporting*”.

### ***Emphasis of Matter***

We draw attention to Note 1 of the Group’s condensed consolidated financial statements, which describes the reverse acquisition of the Company by Abu Dhabi Transmission & Despatch Company PJSC (“TransCo”). TransCo was identified as the accounting acquirer in the transaction and therefore the comparative information presented in the consolidated statements of income, comprehensive income, changes in equity and cash flows for the three month period ended 31 March 2020 and other explanatory notes are those of TransCo. Our conclusion is not modified in respect of this matter.

Deloitte & Touche (M.E.)



Obada Alkowitz  
Registration No. 1056  
4 May 2021  
Abu Dhabi  
United Arab Emirates

# Abu Dhabi National Energy Company PJSC (“TAQA”)

## INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Three month period ended 31 March 2021 (Unaudited)

		<b>31 March</b>	
		<b>2021</b>	<b>2020</b>
	<i>Notes</i>	<i>AED million</i>	<i>AED million</i>
<b>REVENUES</b>			
Revenue from generation of power and water	3.1	<b>2,812</b>	-
Revenue from transmission and distribution of power and water	3.2	<b>5,856</b>	1,409
Revenue from oil and gas	3.3	<b>1,658</b>	-
		<b>-----</b>	<b>-----</b>
		<b>10,326</b>	1,409
		<b>-----</b>	<b>-----</b>
<b>COST OF SALES</b>			
Operating expenses		<b>(5,186)</b>	(196)
Depreciation, depletion and amortisation		<b>(2,275)</b>	(453)
		<b>-----</b>	<b>-----</b>
		<b>(7,461)</b>	(649)
		<b>-----</b>	<b>-----</b>
<b>GROSS PROFIT</b>		<b>2,865</b>	760
General and administrative expenses		<b>(493)</b>	(73)
Finance costs		<b>(808)</b>	(1)
Net foreign exchange loss		<b>(11)</b>	-
Share of results of associates and joint ventures		<b>45</b>	-
Interest income		<b>105</b>	-
Other income		<b>106</b>	18
		<b>-----</b>	<b>-----</b>
<b>PROFIT BEFORE TAX</b>		<b>1,809</b>	704
		<b>-----</b>	<b>-----</b>
Income tax expense	4	<b>(377)</b>	-
		<b>-----</b>	<b>-----</b>
<b>PROFIT FOR THE PERIOD</b>		<b>1,432</b>	704
		<b>=====</b>	<b>=====</b>
Attributable to:			
Equity holders of the parent		<b>1,435</b>	704
Non-controlling interests		<b>(3)</b>	-
		<b>-----</b>	<b>-----</b>
<b>PROFIT FOR THE PERIOD</b>		<b>1,432</b>	704
		<b>=====</b>	<b>=====</b>
Basic and diluted earnings per share attributable to equity holders of the parent (AED)	5	<b>0.01</b>	0.01
		<b>=====</b>	<b>=====</b>

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

# Abu Dhabi National Energy Company PJSC (“TAQA”)

## INTERIM CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

Three month period ended 31 March 2021 (Unaudited)

	<b>31 March</b>	
	<b>2021</b>	<b>2020</b>
	<b>AED million</b>	<b>AED million</b>
<b>PROFIT FOR THE PERIOD</b>	<b>1,432</b>	<b>704</b>
<b>OTHER COMPREHENSIVE INCOME</b>		
<i>Items that may be reclassified to income statement in subsequent periods:</i>		
Changes in fair values of derivative instruments in cash flow hedges	<b>1,278</b>	-
Exchange differences arising on translation of overseas operations	<b>(3)</b>	-
	<b>-----</b>	<b>-----</b>
	<b>1,275</b>	-
<i>Items not to be reclassified to income statement in subsequent periods:</i>		
Remeasurement loss on defined benefit plans	<b>(4)</b>	-
	<b>-----</b>	<b>-----</b>
	<b>(4)</b>	-
<b>NET OTHER COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>1,271</b>	-
	<b>-----</b>	<b>-----</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>2,703</b>	<b>704</b>
	<b>=====</b>	<b>=====</b>
Attributable to:		
Equity holders of the parent	<b>2,206</b>	<b>704</b>
Non-controlling interests	<b>497</b>	-
	<b>-----</b>	<b>-----</b>
	<b>2,703</b>	<b>704</b>
	<b>=====</b>	<b>=====</b>

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



# Abu Dhabi National Energy Company PJSC (“TAQA”)

## INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2021 (Unaudited)

		<i>31 March 2021</i>	<i>(Audited) 31 December 2020</i>
	<i>Notes</i>	<i>AED million</i>	<i>AED million</i>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	7	125,176	125,949
Operating financial assets		9,577	9,740
Intangible assets		18,832	19,232
Investment in and loans to associates and joint ventures		1,759	2,429
Deferred tax assets		5,536	5,622
Derivative financial instruments	15	152	68
Other assets		560	673
		-----	-----
		161,592	163,713
		-----	-----
<b>Current assets</b>			
Inventories		3,679	3,599
Amounts due from related parties	13	3,380	2,609
Operating financial assets		1,249	1,197
Accounts receivable and prepayments		7,334	7,241
Derivative financial instruments	15	34	49
Cash and short term deposits	8	8,167	8,519
		-----	-----
		23,843	23,214
		-----	-----
<b>TOTAL ASSETS</b>		185,435	186,927
		=====	=====
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to equity holders of the parent</b>			
Share capital		112,434	112,434
Statutory reserve	9	525	381
Merger reserve	9	(56,443)	(56,443)
Retained earnings		5,088	4,925
Foreign currency translation reserve		16	19
Cumulative changes in fair value of derivatives in cash flow hedges		1,371	593
		-----	-----
		62,991	61,909
		-----	-----
Non-controlling interests	10	7,112	6,880
Loans from non-controlling interest shareholders in subsidiaries		427	466
		-----	-----
Total non-controlling interest, including loans		7,539	7,346
		-----	-----
<b>TOTAL EQUITY</b>		70,530	69,255
		=====	=====

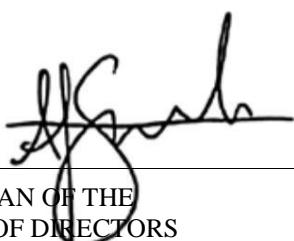
The accompanying notes form an integral part of these interim condensed consolidated financial statements.

# Abu Dhabi National Energy Company PJSC (“TAQA”)

## INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION continued As at 31 March 2021 (Unaudited)

		<i>(Audited)</i>
	<i>31 March</i>	<i>31 December</i>
	<i>2021</i>	<i>2020</i>
<i>Notes</i>	<i>AED million</i>	<i>AED million</i>
<b>Non-current liabilities</b>		
Interest bearing loans and borrowings	11 <b>64,393</b>	66,198
Islamic loans	11 <b>134</b>	780
Deferred tax liabilities	<b>1,323</b>	1,312
Asset retirement obligations	<b>15,828</b>	15,905
Derivative financial instruments	15 <b>3,131</b>	4,415
Loan from related parties	13 <b>24</b>	24
Other liabilities	<b>1,383</b>	1,397
	<b>86,216</b>	90,031
<b>Current liabilities</b>		
Accounts payable, accruals and other liabilities	<b>16,570</b>	15,505
Interest bearing loans and borrowings	11 <b>8,802</b>	8,856
Islamic loans	11 <b>774</b>	173
Amounts due to related parties	13 <b>1,590</b>	2,203
Bank overdrafts	8 <b>3</b>	66
Derivative financial instruments	15 <b>950</b>	838
	<b>28,689</b>	27,641
<b>TOTAL LIABILITIES</b>	<b>114,905</b>	117,672
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>185,435</b>	186,927

To the best of our knowledge, the financial information included in these interim condensed consolidated financial statements fairly presents in all material respects the financial condition, results of operation and cash flows of the Group as of, and for, the periods presented therein. The interim condensed consolidated financial statements were approved by the Board of Directors on 4 May 2021 and signed on its behalf by

  
CHAIRMAN OF THE  
BOARD OF DIRECTORS

  
CHAIRMAN OF THE  
AUDIT COMMITTEE

  
CHIEF EXECUTIVE OFFICER  
& MANAGING DIRECTOR

  
CHIEF FINANCIAL OFFICER

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

# Abu Dhabi National Energy Company PJSC (“TAQA”)

## INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Three month period ended 31 March 2021 (Unaudited)

*Attributable to equity holders of the parent*

	<i>Share capital AED million</i>	<i>Proposed increase in share capital AED million</i>	<i>Merger reserve AED million</i>	<i>Statutory reserves AED million</i>	<i>Legal reserves AED million</i>	<i>Retained earnings AED million</i>	<i>Proposed dividends AED million</i>	<i>Foreign currency translation reserve AED million</i>	<i>Interest free loan from shareholders AED million</i>	<i>Cumulative changes in fair value of derivatives AED million</i>	<i>Total AED million</i>	<i>Non- controlling interests &amp; loans AED million</i>	<i>Total equity AED million</i>
Balance at 1 January 2020 (audited)	5,992	2,113	-	2,996	2,996	3,182	2,805	-	22,896	-	42,980	-	42,980
Profit for the period	-	-	-	-	-	704	-	-	-	-	704	-	704
Other comprehensive income for the period	-	-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	704	-	-	-	-	704	-	704
Balance at 31 March 2020 (Unaudited)	5,992	2,113	-	2,996	2,996	3,886	2,805	-	22,896	-	43,684	-	43,684
<b>Balance at 1 January 2021 (audited)</b>	<b>112,434</b>	<b>-</b>	<b>(56,443)</b>	<b>381</b>	<b>-</b>	<b>4,925</b>	<b>-</b>	<b>19</b>	<b>-</b>	<b>593</b>	<b>61,909</b>	<b>7,346</b>	<b>69,255</b>
Profit for the period	-	-	-	-	-	1,435	-	-	-	-	1,435	(3)	1,432
Other comprehensive income for the period	-	-	-	-	-	(4)	-	(3)	-	778	771	500	1,271
Total comprehensive income for the period	-	-	-	-	-	1,431	-	(3)	-	778	2,206	497	2,703
Dividends paid (note 18)	-	-	-	-	-	(1,124)	-	-	-	-	(1,124)	(265)	(1,389)
Repayment of loans	-	-	-	-	-	-	-	-	-	-	-	(39)	(39)
Transfer to reserves	-	-	-	144	-	(144)	-	-	-	-	-	-	-
<b>Balance at 31 March 2021 (Unaudited)</b>	<b>112,434</b>	<b>-</b>	<b>(56,443)</b>	<b>525</b>	<b>-</b>	<b>5,088</b>	<b>-</b>	<b>16</b>	<b>-</b>	<b>1,371</b>	<b>62,991</b>	<b>7,539</b>	<b>70,530</b>

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

# Abu Dhabi National Energy Company PJSC (“TAQA”)

## INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

Three month period ended 31 March 2021 (Unaudited)

	<i>Notes</i>	<b>31 March 2021 AED million</b>	<b>31 March 2020 AED million</b>
<b>OPERATING ACTIVITIES</b>			
Profit before tax		<b>1,809</b>	704
Adjustments for:			
Depreciation, depletion and amortisation		<b>2,275</b>	453
Gain on exchange - loans and borrowings and operating financial assets		<b>(221)</b>	-
Finance costs		<b>808</b>	1
Share of results of associates and joint ventures		<b>(45)</b>	-
Interest income		<b>(105)</b>	-
Other movements		<b>(23)</b>	(16)
Revenue from operating financial assets		<b>(453)</b>	-
Working capital changes:			
Inventories		<b>(81)</b>	5
Accounts receivables and prepayments		<b>(212)</b>	(32)
Amounts due from related parties		<b>(724)</b>	(367)
Amounts due to related parties		<b>(660)</b>	-
Accounts payable, accruals and other liabilities		<b>1,159</b>	(50)
Income tax paid		<b>(77)</b>	-
Asset retirement obligation payments		<b>(109)</b>	-
Cash received from operating financial assets		<b>416</b>	-
Net cash generated from operating activities		<b>3,757</b>	698
		=====	=====
<b>INVESTING ACTIVITIES</b>			
Purchases of property, plant and equipment	7	<b>(1,188)</b>	(328)
Receipts from associates and joint ventures		<b>713</b>	-
Interest received		<b>105</b>	-
Other movements		<b>42</b>	-
Net cash used in investing activities		<b>(328)</b>	(328)
		=====	=====

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

# Abu Dhabi National Energy Company PJSC (“TAQA”)

## INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS continued Three month period ended 31 March 2021 (Unaudited)

		<b>31 March 2021 AED million</b>	<b>31 March 2020 AED million</b>
	<i>Notes</i>		
<b>FINANCING ACTIVITIES</b>			
Repayments of interest bearing loans and borrowings	11	<b>(1,563)</b>	-
Repayments of Islamic loans	11	<b>(39)</b>	-
Payments of lease liabilities	11	<b>(36)</b>	-
Interest paid		<b>(777)</b>	-
Dividend paid to non-controlling interest shareholders		<b>(204)</b>	-
Dividend paid to shareholders		<b>(1,124)</b>	-
Repayment of loans from non-controlling interest shareholders in subsidiaries		<b>(39)</b>	-
		<b>-----</b>	<b>-----</b>
Net cash used in financing activities		<b>(3,782)</b>	-
		<b>=====</b>	<b>=====</b>
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(353)</b>	<b>370</b>
Net foreign exchange difference		<b>64</b>	-
Restricted cash movement		<b>8</b>	-
Cash and cash equivalents at 1 January		<b>8,321</b>	<b>220</b>
		<b>-----</b>	<b>-----</b>
<b>CASH AND CASH EQUIVALENTS AT 31 MARCH</b>	<b>8</b>	<b>8,040</b>	<b>590</b>
		<b>=====</b>	<b>=====</b>

No significant non-cash transactions have been made in the period.

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

# Abu Dhabi National Energy Company PJSC (“TAQA”)

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## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 31 March 2021 (Unaudited)

### 1 CORPORATE INFORMATION

Abu Dhabi National Energy Company PJSC (“TAQA” or the “Company”) was established on 21 June 2005 pursuant to the provisions of Emiri Decree number 16/2005 as a public joint stock company.

TAQA is a subsidiary of Abu Dhabi Power Corporation (“ADPC”). ADPC's ownership represents 98.6% of the entire issued share capital of TAQA with the remainder listed on the Abu Dhabi Securities Exchange. ADPC is 100% owned by Abu Dhabi Development Holding Company (“ADQ”).

TAQA is a diversified utilities and energy company with significant strategic power and water generation assets in its domestic market in the UAE and operates internationally across the energy value chain from upstream and midstream oil and gas through to power generation.

TAQA's registered head office is at 25<sup>th</sup> Floor, Al Maqam Tower, Abu Dhabi Global Market Square, PO Box 55224, Abu Dhabi, United Arab Emirates.

#### **Common Control Transaction and Reverse Acquisition**

On 1 July 2020, the Company completed a transaction (the “Transaction”) whereby ADPC contributed the majority of its power and water generation, transmission and distribution assets (“Perimeter Assets”) to TAQA.

Since the ultimate controlling party of the combining entities before and after the Transaction remain the same (i.e. ADPC), the Transaction is a business combination involving entities under common control. Based on the guidance contained within “IFRS 3 - Business Combinations” and “IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors”, management took a policy choice to account for the common control transaction under acquisition accounting principles contained in IFRS 3.

IFRS 3 requires one of the combining entities is to be identified as the accounting acquirer being the entity that obtains control of the acquiree, and in some cases, the accounting acquirer may not be the same as the legal acquirer. In this Transaction, Abu Dhabi Transmission & Despatch Company PJSC (“TransCo”) was determined to be the accounting acquirer (or the legal acquiree) given its relative size within the combining entities and TAQA was determined to be the legal acquirer (or the accounting acquiree) resulting in a reverse acquisition.

The principles of reverse acquisition were used to reflect the acquisition of the Company by TransCo, effective 1 July 2020.

Furthermore, the number of shares as required under IFRS 3 is that of TAQA (as legal acquirer) and not TransCo and therefore the share capital in the statement of changes in equity is that of TAQA. This resulted in an adjustment within equity of AED 56.4 billion. Refer to note 9 for further details. This also resulted in adjustment to earnings per share for the previous year. These financial statements are therefore a continuation of the financial statements of TransCo (the accounting acquirer) and the comparatives presented for the period ended 31 March 2020 are also those of TransCo. However, comparatives presented in the statement of financial position as at 31 December 2020 are those of the Company.

For further details of the Transaction, please refer to note 1 in the annual consolidated financial statements for the year ended 31 December 2020.

# Abu Dhabi National Energy Company PJSC (“TAQA”)

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## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 31 March 2021 (Unaudited)

### 2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

#### 2.1 BASIS OF PREPARATION

The interim condensed consolidated financial statements for the three months period ended 31 March 2021 have been prepared in accordance with International Accounting Standard IAS 34, *Interim Financial Reporting*.

The interim condensed consolidated financial statements have been presented in United Arab Emirates Dirhams (“AED”), which is the functional currency of the Company and presentation currency of the Group. All values are rounded to the nearest million (AED million) except where otherwise indicated.

The interim condensed consolidated financial statements do not include all information and disclosures required in the annual financial statements and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2020. In addition, results for the three months ended 31 March 2021 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2021.

As at 31 March 2021, retained earnings of the Group are AED 5,088 million (31 December 2020: AED 4,925 million). As at 31 March 2021, the current liabilities of the Group exceed its current assets by AED 4,846 million (31 December 2020: current liabilities exceeded current assets by AED 4,427 million). The Group has sufficient short to medium term liquidity to meet ongoing commitments and upcoming debt repayments in the ordinary course of business. Therefore it is concluded that there are sufficient resources available to support the going concern assumption being appropriate for the preparation of the interim condensed consolidated financial statements for the three month period ended 31 March 2021.

The Covid-19 pandemic has caused an unprecedented global crisis with the measures necessary to contain the virus triggering a global economic downturn. Despite the pandemic’s outbreak in early 2020, the Group has faced no significant disruptions to business and has proactively managed and put in place mitigating measures to limit the impact on the Group’s operations whilst ensuring the highest standards of health, safety and asset reliability are maintained.

#### 2.2 SIGNIFICANT ACCOUNTING POLICIES

The Group has consistently applied the accounting policies as applied by the Group in the annual consolidated financial statements for the year ended 31 December 2020, except for the adoption of the following new standards and interpretations effective as of 1 January 2021 which have not caused any material impact on the Group’s interim condensed consolidated financial statements.

- Interest Rate Benchmark Reform — Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) (effective from 1 January 2021).

The Group has not early adopted any other standard, interpretation or amendment that has been issued but not yet effective. These are not expected to have any material impact on the Group’s consolidated financial statements.

# Abu Dhabi National Energy Company PJSC (“TAQA”)

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 31 March 2021 (Unaudited)

### 3 REVENUE

#### 3.1 Revenue from generation of power and water

	<i>31 March</i>	
	<i>2021</i>	<i>2020</i>
	<i>AED million</i>	<i>AED million</i>
Operating lease revenue	<b>1,507</b>	-
Revenue from operating financial assets	<b>776</b>	-
Sale of power	<b>53</b>	-
Energy payments and other related revenue	<b>388</b>	-
Fuel revenue *	<b>1</b>	-
Other revenue	<b>87</b>	-
	-----	-----
	<b>2,812</b>	-
	=====	=====

\*Fuel revenue represents reimbursements from the offtakers of the power and water subsidiaries for fuel consumed in power generation in accordance with the terms of the power and water purchase agreements and the power purchase agreements.

All revenue from generation of power and water is recognised at a point in time, with the exception of revenue from operating financial assets which is recognised over time.

#### 3.2 Revenue from transmission and distribution of power and water

	<i>31 March</i>	
	<i>2021</i>	<i>2020</i>
	<i>AED million</i>	<i>AED million</i>
TUOS and connection charges for licensed activities	-	1,151
TUOS charges for unlicensed activities	<b>247</b>	258
Revenue from supply and distribution of power and water	<b>2,384</b>	-
Distribution connection and meter installation fees	<b>72</b>	-
Water coupons	<b>22</b>	-
Other operating revenue	<b>3,131</b>	-
	-----	-----
	<b>5,856</b>	1,409
	=====	=====

The Group earns revenue from supply and distribution of power and water in the region of Abu Dhabi. Revenue is subject to Maximum Allowed Revenue (“MAR”) calculated in accordance with a formula as defined in the License document issued by DOE. Other operating revenue in respect of sale of power and water for the period are based on the difference between MAR and revenue billed to customers for the supply and distribution of power and water.

All revenue from transmission and distribution of power and water is recognised at a point in time.



# Abu Dhabi National Energy Company PJSC (“TAQA”)

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 31 March 2021 (Unaudited)

### 3 REVENUE continued

#### 3.3 Revenue from oil and gas

	<b>31 March</b>	
	<b>2021</b>	<b>2020</b>
	<b>AED million</b>	<b>AED million</b>
Gross oil and gas revenue	<b>1,538</b>	-
Less: royalties	<b>(63)</b>	-
	-----	-----
	<b>1,475</b>	-
Gas storage revenue	<b>97</b>	-
Net processing income	<b>64</b>	-
Other revenue	<b>22</b>	-
	-----	-----
	<b>1,658</b>	-
	=====	=====

All revenue from oil and gas recognised at a point in time, with the exception of gas storage revenue which is recognised over time.

### 4 INCOME TAX

	<b>31 March</b>	
	<b>2021</b>	<b>2020</b>
	<b>AED million</b>	<b>AED million</b>
<i>Current income tax:</i>		
Current income tax charge	<b>166</b>	-
<i>Deferred income tax:</i>		
Relating to origination and reversal of temporary differences	<b>211</b>	-
	-----	-----
Income tax expense	<b>377</b>	-
	=====	=====

Tax for the three month period is charged at 35% (31 March 2020: not applicable), representing the best estimate of the average annual effective tax rate expected for the full year, applied to the pre-tax income of the three month period.

# Abu Dhabi National Energy Company PJSC (“TAQA”)

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 31 March 2021 (Unaudited)

### 5 BASIC AND DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT

Basic earnings per share amounts are calculated by dividing earnings for the period attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share amounts are calculated by dividing the earnings attributable to ordinary shareholders of the parent by the weighted average number of ordinary shares outstanding during the period, adjusted for the effects of dilutive instruments.

The following reflects the profit and share data used in the earnings per share computations:

	<b>31 March</b>	
	<b>2021</b>	<b>2020</b>
Profit for the period attributable to equity holders of the parent ( <i>AED million</i> )	<b>1,435</b>	704
	-----	-----
Weighted average number of ordinary shares issued (million)	<b>112,434</b>	83,475
	-----	-----
Basic earnings per share (AED)	<b>0.01</b>	0.01
	=====	=====

In accordance with the requirements of IFRS 3, the basic earnings per share in these interim condensed consolidated financial statements, following the reverse acquisition (note 1), for the comparative period have been restated. The basic earnings per share for the comparative period have been calculated by dividing TransCo’s profit attributable to ordinary shareholders in comparative periods by TransCo’s historical weighted average number of ordinary shares that were outstanding, multiplied by the exchange ratio for TransCo established by the business combination agreement.

No figure for diluted earnings per share has been presented as the Group has not issued any instruments which would have an impact on earnings per share when exercised.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
31 March 2021 (Unaudited)

**6 OPERATING SEGMENT INFORMATION**

Operating segments are components that engage in business activities that may earn revenues or incur expenses, whose operating results are regularly reviewed by the chief operating decision maker (CODM), and for which discrete financial information is available. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer (CEO) of TAQA.

For this purpose, the Group is organised into business units based on their geography, products and services, and has three reportable operating segments as follows:

- Power and Water Generation Segment
- Power and Water Transmission & Distribution Segment
- Oil and Gas Segment

*Power and Water Generation Segment*

This segment is engaged in generation of electricity and production of desalinated water for supply in UAE and generation of electricity in Morocco, India, Ghana, Saudi Arabia and the United States.

*Power and Water Transmission & Distribution Segment*

This segment is engaged in transmission and distribution of water and electricity from the generation and desalination plants in the UAE.

*Oil and Gas Segment*

This segment is engaged in Upstream and Midstream oil and gas activities in Canada and Netherlands and Upstream oil and gas activities in United Kingdom and Kurdistan, Iraq.

Several operating segments have been aggregated to form the above reportable operating segments which are provided below:

Power and Water Generation – UAE	}	Generation
Power and Water Generation – Others		
Power and Water Transmission & Distribution – UAE	}	Transmission & Distribution
Oil and Gas – North America		
Oil and Gas – Europe	}	Oil & Gas
Oil and Gas – Iraq		

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on ‘profit or loss for the period’ as detailed in the following table. Group financing cost and income except for the subsidiaries with project financing arrangements and interest income is managed on a group basis and is not allocated to operating segments.

The majority of the Group’s revenues, profits, and assets relate to its operations in the United Arab Emirates.

Investment in certain associates with activities other than power and water generation and oil and gas and available for sale investments are managed on a group basis and are therefore not allocated to operating segments.

Interest bearing loans and borrowings and Islamic loans except for the subsidiaries with project financing arrangements are managed on a group basis and are not allocated to operating segments.

Prior period comparative operating segment information has not been provided. As a result of the transaction, prior year comparatives relate to TransCo only and therefore will be solely within the Transmission and Distribution operating segment.

# Abu Dhabi National Energy Company PJSC (“TAQA”)

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 31 March 2021 (Unaudited)

### 6 OPERATING SEGMENT INFORMATION continued

The following table presents revenue and profit information for the Group’s operating segments:

	<i>Generation</i> <i>AED million</i>	<i>Transmission &amp; Distribution</i> <i>AED million</i>	<i>Oil &amp; Gas</i> <i>AED million</i>	<i>Adjustments, eliminations &amp; unallocated</i> <i>AED million</i>	<i>Consolidated</i> <i>AED million</i>
<b>Period ended 31 March 2021:</b>					
Revenue from external customers	2,812	5,856	1,658	-	10,326
Operating expenses	(927)	(3,526)	(726)	(7)	(5,186)
Depreciation, depletion and amortisation	(1,173)	(1,029)	(83)	10	(2,275)
	-----	-----	-----	-----	-----
<b>Gross profit</b>	<b>712</b>	<b>1,301</b>	<b>849</b>	<b>3</b>	<b>2,865</b>
General and administrative expenses	(82)	(268)	(49)	(94)	(493)
Finance costs	(461)	-	(108)	(239)	(808)
Net foreign exchange gains (losses)	(52)	-	19	22	(11)
Share of results of associates and joint ventures	50	-	-	(5)	45
Other income	20	75	3	8	106
Interest income	7	-	-	98	105
Income tax (expense) credit	(61)	-	(334)	18	(377)
	-----	-----	-----	-----	-----
<b>Profit (loss) for the period</b>	<b>133</b>	<b>1,108</b>	<b>380</b>	<b>(189)</b>	<b>1,432</b>
	=====	=====	=====	=====	=====

The following table presents segment assets and liabilities of the Group’s operating segments as at 31 March 2021:

	<i>Generation</i> <i>AED million</i>	<i>Transmission &amp; Distribution</i> <i>AED million</i>	<i>Oil &amp; Gas</i> <i>AED million</i>	<i>Adjustments, eliminations &amp; unallocated</i> <i>AED million</i>	<i>Consolidated</i> <i>AED million</i>
<b>At 31 March 2021</b>					
Property, plant and equipment	35,995	83,776	5,545	(140)	125,176
Operating financial assets	10,826	-	-	-	10,826
Investment in associates, joint ventures and related balances	1,351	-	-	408	1,759
Intangible assets	14,071	4,755	6	-	18,832
Deferred tax assets	63	-	5,352	121	5,536
Other assets	9,149	10,595	1,724	1,838	23,306
	-----	-----	-----	-----	-----
<b>Segment assets</b>	<b>71,455</b>	<b>99,126</b>	<b>12,627</b>	<b>2,227</b>	<b>185,435</b>
	=====	=====	=====	=====	=====
<b>Segment liabilities</b>	<b>46,287</b>	<b>14,550</b>	<b>15,959</b>	<b>38,109</b>	<b>114,905</b>
	=====	=====	=====	=====	=====

# Abu Dhabi National Energy Company PJSC (“TAQA”)

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 31 March 2021 (Unaudited)

### 7 PROPERTY, PLANT AND EQUIPMENT

During the three month period ended 31 March 2021, the Group incurred capital expenditure of AED 1,273 million (31 March 2020: AED 328 million) and a depreciation and depletion charge of AED 2,153 million (31 March 2020: AED 453 million).

### 8 CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the interim consolidated statement of cash flows comprise the following amounts:

	<i>At 31 March 2021 (Unaudited) AED million</i>	<i>At 31 December 2020 (Audited) AED million</i>	<i>At 31 March 2020 (Unaudited) AED million</i>
Cash in hand and at banks	<b>6,295</b>	7,340	590
Short term deposits	<b>1,872</b>	1,179	-
	-----	-----	-----
Total cash and short term deposits	<b>8,167</b>	8,519	590
Restricted cash	<b>(124)</b>	(132)	-
Bank overdrafts	<b>(3)</b>	(66)	-
	-----	-----	-----
Net cash and cash equivalents	<b>8,040</b>	8,321	590
	=====	=====	=====

Short term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates. Bank overdrafts carry interest at floating rates and are secured by guarantees from certain shareholders of the subsidiaries. Restricted cash is cash held in collateral relating to a letter of credit facility.

At 31 March 2021, the Group had available undrawn committed borrowing facilities of AED 9,081 million (31 December 2020: 8,154 million and 31 March 2020: nil) in respect of which all conditions precedent have been met.

# Abu Dhabi National Energy Company PJSC (“TAQA”)

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 31 March 2021 (Unaudited)

### 9 OTHER EQUITY

	<i>At 31 March 2021 (Unaudited) AED million</i>	<i>At 31 December 2020 (Audited) AED million</i>
Statutory reserve (i)	525	381
Merger reserve (ii)	(56,443)	(56,443)
	=====	=====

#### (i) Statutory reserve

As required by the UAE Federal Law No. 2 of 2015 and Article 34 of the Articles of Association of the Company, 10% of the profit for the year is transferred to a statutory reserve. The Company may resolve to discontinue such transfers when the reserve equals 50% of the share capital. The reserve is not available for distribution. Prior to the completion of the transaction, a capital optimisation programme was completed which saw the settlement of the Statutory Reserve

#### (ii) Merger reserve

In accordance with IFRS 3 and per the principles of reverse acquisition, the equity structure appearing in these interim condensed consolidated financial statements reflects the capital structure (number of shares) of the legal acquirer (TAQA), including the shares issued by TAQA to ADPC to effect the business combination (note 1). This results in the creation of a 'Merger reserve' as at 1 July 2020, being the difference between the capital structure of the legal acquirer (TAQA) and the capital structure of the accounting acquirer (TransCo).

# Abu Dhabi National Energy Company PJSC (“TAQA”)

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 31 March 2021 (Unaudited)

### 10 NON-CONTROLLING INTERESTS

As part of the business combination TAQA legally acquired the following subsidiaries that have material non-controlling interests:

	<i>Country of incorporation and operation</i>	<i>Proportion of equity interests held by non-controlling interests</i>
Sweihan PV Power Company PJSC	UAE	40.0%
Shuweihat Asia Power Company	UAE	40.0%
Mirfa International Power and Water Company PJSC	UAE	40.0%
Gulf Total Tractebel Power Company PJSC	UAE	40.0%
Arabian Power Company PJSC	UAE	40.0%
Shuweihat CMS International Power Company PJSC	UAE	40.0%
Taweelah Asia Power Company PJSC	UAE	40.0%
Emirates SembCorp Water and Power Company PJSC	UAE	40.0%
Fujairah Asia Power Company PJSC	UAE	40.0%
Ruwais Power Company PJSC	UAE	40.0%
Emirates CMS Power Company PJSC	UAE	40.0%

All of the Group’s subsidiaries that have material non-controlling interest are similar in nature. These all relate to the Group’s UAE power and water subsidiaries, in which the Group have an effective 60% share. 40% is owned by various international utility companies. Therefore, the following disclosures have been provided on an aggregated basis.

	<i>31 March 2021 AED million</i>
Revenue	1,950
Profit	(39)
Other comprehensive income	1,244
	-----
<b>Total comprehensive income</b>	<b>1,205</b>
	=====
Profit allocated to non-controlling interests	
Other comprehensive income allocated to non-controlling interests	
Cash flows from operating activities	1,665
Cash flows used in investing activities	(56)
Cash flows used in financing activities	(1,816)
	-----
<b>Net decrease in cash and cash equivalents</b>	<b>(207)</b>
	=====
<b>Dividends paid to non-controlling interests</b>	<b>(204)</b>
	=====
	<i>At 31 March 2021 AED million</i>
Non-current assets	51,246
Current assets	5,497
Non-current liabilities	34,517
Current liabilities	5,197
	-----
<b>Total equity</b>	<b>17,029</b>
	=====
Equity attributable to parent	10,578
Equity attributable to non-controlling interests	6,451

# Abu Dhabi National Energy Company PJSC (“TAQA”)

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 31 March 2021 (Unaudited)

### 11 INTEREST BEARING LOANS AND BORROWINGS AND ISLAMIC LOANS

	<i>31 March 2021 AED million</i>	<i>31 March 2020 AED million</i>
The Group had the following loan receipts / repayments during the period:		
<i>Receipts:</i>		
Interest bearing loans and borrowings	-	-
	=====	=====
<i>Repayments:</i>		
Interest bearing loans and borrowings	(1,563)	-
Islamic loans	(39)	-
	=====	=====

#### Changes in liabilities arising from financing activities

	<i>1 January 2021 AED million</i>	<i>Cash flows (note i) AED million</i>	<i>Other (note ii) AED million</i>	<i>31 March 2021 AED million</i>
<i>2021</i>				
<i>Current:</i>				
Interest bearing loans and borrowings	8,856	(645)	591	8,802
Islamic loans	173	(39)	640	774
Lease liabilities	217	(36)	8	189
	-----	-----	-----	-----
	9,246	(720)	1,239	9,765
<i>Non-current:</i>				
Interest bearing loans and borrowings	66,198	(918)	(887)	64,393
Islamic loans	780	-	(646)	134
Lease liabilities	361	-	28	389
	-----	-----	-----	-----
	67,339	(918)	(1,505)	64,916
	-----	-----	-----	-----
	76,585	(1,638)	(266)	74,681
	=====	=====	=====	=====

- (i) The cash flows relates to the net movements in interest bearing loans and borrowings and Islamic loans as detailed in the cash flow statement.
- (ii) This includes reclassifications between non-current and current, prepaid finance cost accruals and payments, foreign exchange differences and fair value adjustments.



# Abu Dhabi National Energy Company PJSC (“TAQA”)

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 31 March 2021 (Unaudited)

### 12 SEASONALITY OF OPERATIONS

Due to higher electricity demand in the summer period in the United Arab Emirates, higher revenues and operating profits are usually expected for the power and water generation domestic subsidiaries in the second and third quarters of the year compared to the first and fourth quarters of the year.

Due to high demand for natural gas in Canada and Europe in the winter period, higher revenues and operating profits are usually expected in the first and fourth quarters of the year compared to the second and third quarters of the year. Revenue from European midstream operations is generated mainly during the first and fourth quarters of the year.

### 13 RELATED PARTY TRANSACTIONS

The Group enters into transactions with companies and entities that fall within the definition of a related party. Related parties, as defined in International Accounting Standard 24: Related Party Disclosures, include associate companies, major shareholders, directors and other key management personnel of the Company, and entities controlled, jointly controlled or significantly influenced by such parties. The following table provides a summary of other significant related party transactions included in the interim consolidated statement of profit or loss during the three month period:

	<i>31 March 2021 AED million</i>	<i>31 March 2020 AED million</i>
TUOS and connection charges for licensed activity to:		
Abu Dhabi Distribution Company (fellow subsidiary)	-	876
Al Ain Distribution Company PJSC (fellow subsidiary)	-	275
	-----	-----
	-	1,151
	=====	=====
Emirates Water and Electricity Company:		
TUOS and connection charges for unlicensed activity	247	258
Revenue from electricity and water	1,938	-
Electricity and water bulk supply tariff	(3,072)	-
	-----	-----
	(887)	258
	=====	=====
Other operating revenue	3,142	-
	=====	=====

Other operating revenue for sales of water and electricity is calculated as the difference between its Maximum Allowed Revenue (MAR) determined in its Regulatory Control 1 (communicated by the DoE) and revenue relating to sales of water and electricity from its customers. Accordingly, the Group recognised this revenue for sales of water and electricity based on those rights and rewards that are confirmed during the period.

# Abu Dhabi National Energy Company PJSC (“TAQA”)

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 31 March 2021 (Unaudited)

### 13 RELATED PARTY TRANSACTIONS continued

#### Balances with related parties

Balances with related parties that are disclosed in the consolidated statement of financial position as follows:

	<i>At 31 March 2021 (Unaudited) AED million</i>	<i>At 31 December 2020 (Audited) AED million</i>
<i>Non-current asset</i>		
Advance and loans to associates and joint ventures	339	1,042
	=====	=====
<i>Current assets</i>		
Bank balances with UAE government banks	5,307	6,660
	=====	=====
Amounts due from Emirates Water and Electricity Company (EWEC)	1,471	1,503
Amounts due from Abu Dhabi Power Corporation (ADPC)	456	555
Amounts due from other related parties	1,453	551
	-----	-----
	3,380	2,609
	=====	=====
<i>Non-current liabilities</i>		
Loan from Abu Dhabi Power Corporation (ADPC)	24	24
Bank loans with government owned bank	125	122
	-----	-----
	149	146
	=====	=====
<i>Current liabilities</i>		
Overdraft with UAE government banks	-	66
	=====	=====
Amounts due to Emirates Water and Electricity Company (EWEC)	1,451	1,986
Amounts due to Abu Dhabi Power Corporation (ADPC)	24	107
Amounts due to other related parties	115	110
	-----	-----
	1,590	2,203
	=====	=====
Available undrawn bank facilities with UAE government banks	360	360
	=====	=====

#### Compensation of key management personnel

The remuneration of senior key management personnel of the Group during the three month period was as follows:

	<i>31 March 2021 AED million</i>	<i>31 March 2020 AED million</i>
Short and long term benefits	4	1
	=====	=====

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
31 March 2021 (Unaudited)

**14 COMMITMENTS AND CONTINGENCIES**

(i) *Capital expenditure commitments*

The authorised contracted capital expenditure contracted for at 31 March 2021 but not provided for amounted to AED 2,803 million (31 December 2020: AED 3,080 million).

(ii) *Other commitments*

As at the reporting date TAQA North has entered into contractual commitments, mainly pipeline usage, under which they are committed to spend AED 836 million as at 31 March 2021 (31 December 2020: AED 871 million).

(iii) *Contingencies*

a) The Group guaranteed the obligations of TAQA GEN X LLC to Morgan Stanley Capital Group Inc. under the Energy Management Agreement (EMA) and International Swap & Derivatives Master agreement. Payments under this guarantee shall not exceed US \$100 million (AED 367 million) (31 December 2020: AED 367 million) over the life of the EMA. No payments have been made to date (31 December 2020: nil)

b) The Group has entered into decommissioning security agreements for a number of UK North Sea Assets acquired by it, pursuant to which it may be required to provide financial security to the former owners of the assets, either by means of (a) placing monies in trust or procuring the issuance of letters of credit in an amount equal to its share of the net decommissioning costs of the subject fields plus an allowance for uncertainty; or (b) procuring a guarantee from a holding company or affiliate which satisfies a minimum credit rating threshold; or (c) providing security in such other form as may be agreed by parties to the deeds.

In respect of certain other UK North Sea Assets TAQA is able to meet the security arrangements for decommissioning obligations by way of provision of a parent company guarantee, so long as TAQA continues in majority-ownership of the Government of Abu Dhabi.

c) TAQA Offshore B.V., alongside other oil and gas companies and the government of the Netherlands in a cross industry initiative has put in place security for offshore oil and gas infrastructure decommissioning. TAQA Offshore B.V. has formally committed to the Government initiative and a legal Netherlands trust arrangement has been set up, and a bank guarantee secured, to effect the provision of security by TAQA Offshore B.V.

d) The Group has various claims lodged by contractors and consultants relating to its ongoing and completed projects, arising from extension of time and work performed but not paid. The Group is in negotiations with these contractors and consultants regarding the resolution of these claims. At this stage management believes it is not possible to determine a reliable estimate of the range of potential claims.

e) The Group has a number of letters of credit and guarantees issued on behalf of the generation companies in relation to debt service reserve accounts.

# Abu Dhabi National Energy Company PJSC (“TAQA”)

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 31 March 2021 (Unaudited)

### 15 FINANCIAL INSTRUMENTS

#### 15.1 Hedging Activities

	31 March 2021 (Unaudited)			31 December 2020 (Audited)		
	Notional amount AED million	Fair value		Notional amount AED million	Fair value	
		Current AED million	Non-current AED million		Current AED million	Non-current AED million
<b>Cash flow hedges</b>						
<b>Liabilities</b>						
Cross currency interest rate swap	576	237	-	594	16	211
Interest rate swaps - hedged	27,171	708	3,089	27,856	819	4,172
Forward foreign exchange contracts	418	5	41	427	3	32
		-----	-----		-----	-----
		950	3,130		838	4,415
		=====	=====		=====	=====
<b>Assets</b>						
Interest rate swaps- hedged	123	-	129	123	-	44
Forward foreign exchange contracts	1,692	34	23	2,004	26	24
		-----	-----		-----	-----
		34	152		26	68
		=====	=====		=====	=====
<b>Fair value hedges</b>						
<b>Liabilities</b>						
Futures and forward contracts		-	1		-	-
		=====	=====		=====	=====
<b>Assets</b>						
Futures and forward contracts		-	-		23	-
		=====	=====		=====	=====

#### 15.2 Fair Values

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1:** Quoted (unadjusted) prices in active markets for identical assets or liabilities.
- Level 2:** Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.
- Level 3:** Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data. For level 3 valuations, the Group relies on discounted cash flow models based on management expectations.

# Abu Dhabi National Energy Company PJSC (“TAQA”)

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 31 March 2021 (Unaudited)

### 15 FINANCIAL INSTRUMENTS continued

#### 15.2 Fair Values continued

	<i>Fair value AED million</i>	<i>Carrying value AED million</i>	<i>Fair value hierarchy</i>
<b>At 31 March 2021</b>			
<b>Financial assets measured at fair value</b>			
Interest rate swaps- hedged	129	129	Level 2
Future and forward contracts	57	57	Level 2
<b>Financial assets disclosed at fair value</b>			
Operating financial assets	10,826	10,961	Level 3
<b>Financial liabilities measured at fair value</b>			
Interest rate swaps – hedged	3,797	3,797	Level 2
Forward foreign exchange contracts	46	46	Level 2
Cross currency interest rate swaps	237	237	Level 2
<b>Financial liabilities disclosed at fair value</b>			
Interest bearing loans and borrowings	38,535	39,116	Level 1
Future and forward contracts	1	1	Level 2
<b>At 31 December 2020</b>			
<b>Financial assets measured at fair value</b>			
Interest rate swaps- hedged	44	44	Level 2
Future and forward contracts	50	50	Level 2
<b>Financial assets disclosed at fair value</b>			
Operating financial assets	11,112	10,937	Level 3
Future and forward contracts	23	23	Level 2
<b>Financial liabilities measured at fair value</b>			
Interest rate swaps – hedged	4,991	4,991	Level 2
Forward foreign exchange contracts	35	35	Level 2
Cross currency interest rate swaps	227	227	Level 2
<b>Financial liabilities disclosed at fair value</b>			
Interest bearing loans and borrowings	38,894	38,751	Level 1

During the period ended 31 March 2021 there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

The fair values of other financial instruments of the Group are not materially different from their carrying values at the reporting date.

Interest bearing loans and borrowings detailed above relates to the Group’s medium term notes and bonds portfolio. The company’s project related debt is excluded from this number as the fair value is not materially different from the carrying value at the reporting date.

The fair values of the financial assets and financial liabilities measured at fair value included in the Level 1 category above, have been determined by market rates at the year end date.

The fair values of the financial assets and financial liabilities measured at fair value included in the Level 2 category above, have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis. The models incorporate various inputs including foreign exchange spot and forward rates, interest rate curves and forward rate curves of the underlying commodities.

For financial instruments where there is no active market, fair value is determined using valuation techniques. Such techniques may include using recent arm’s length market transactions; reference to the current fair value of another instrument that is substantially the same; discounted cash flow analysis or other valuation models

# Abu Dhabi National Energy Company PJSC (“TAQA”)

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 31 March 2021 (Unaudited)

### 16 SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES

These interim condensed consolidated financial statements include the following major operating subsidiaries, joint ventures and associates and their effective ownership as at 31 March 2021 are listed below:

<i>Subsidiaries</i>	<i>Effective ownership %</i>	<i>Country of incorporation</i>	<i>Principal activities</i>
<b>Foreign subsidiaries</b>			
TAQA Bratani Limited	100%	UK	Oil & gas production
TAQA North Ltd.	100%	Canada	Oil & gas production
TAQA Atrush B.V.	100%	Netherlands	Oil & gas production
TAQA Energy B.V	100%	Netherlands	Gas storage, oil & gas production
TAQA Morocco	86%	Morocco	Power generation
Jorf Lasfar Energy Company 5&6 S.A	91%	Morocco	Power generation
Takoradi International Company	90%	Cayman Islands	Power generation
TAQA Neyveli Power Company Private Ltd	100%	India	Power generation
TAQA GEN X	85%	USA	Gas power tolling interest
<b>Domestic subsidiaries</b>			
Abu Dhabi Transmission and Despatch Company (TransCo)	100%	UAE	Transmission of water and electricity in the region of Abu Dhabi and the surrounding areas.
Abu Dhabi Distribution Company PJSC (ADDC)	100%	UAE	Distribution of water and electricity in the region of Abu Dhabi, Al Ain, and the surrounding areas.
Al Ain Distribution Company PJSC (AADC)	100%	UAE	
Al Mirfa Power Company PJSC (AMPC)	100%	UAE	
Sweihan PV Power Company PJSC	60%	UAE	Generation of electricity and the production of desalinated water
Shuweihat Asia Power Company (SAPCO)	60%	UAE	
Mirfa International Power and Water Company PJSC (MIPCO)	60%	UAE	
Gulf Total Tractebel Power Company PJSC (GTTPC)	60%	UAE	
Arabian Power Company PJSC (APC)	60%	UAE	
Shuweihat CMS International Power Company PJSC (SCIPCO)	60%	UAE	
Taweelah Asia Power Company PJSC (TAPCO)	60%	UAE	
Emirates Semb Corp Water and Power Company PJSC (ESWPC)	60%	UAE	
Fujairah Asia Power Company PJSC (FAPCO)	60%	UAE	
Ruwais Power Company PJSC (RPC)	60%	UAE	
Taweelah Shared Facilities Company LLC	53%	UAE	Operating & maintenance
Shuweihat Shared Facilities Company LLC*	42%	UAE	Operating & maintenance
<b>Associates</b>			
Massar Solutions PJSC	49%	UAE	Lease Management
Jubail Energy Company	25%	KSA	Generation of Electricity
Sohar Aluminium Company LLC	40%	Oman	Aluminium Smelter
<b>Joint Ventures</b>			
LWP Lessee LLC	50%	USA	Wind Power
Taweelah RO Holding Company LLC	33%	UAE	Production of desalinated water
Fujairah Energy Holding Company LLC	67%	UAE	Generation of Electricity
Dhafrah Solar Energy Holding Company LLC	67%	UAE	Solar Power

\*The entity is treated as a subsidiary even though the Group’s holding in the entity is below 50% due to the Group’s control through the indirect holding in this entity by two of the Group’s subsidiaries being above 50%, thus enabling the Group to have the ability to exercise control in the Board.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
31 March 2021 (Unaudited)

**16 SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES** continued

During the period ended 31 March 2021 and 31 December 2020, there were no changes in the major operating subsidiaries, joint ventures, and associates.

**17 RECLASSIFICATION OF PRIOR PERIOD BALANCES**

Certain comparative figures have been reclassified/regrouped, wherever necessary, as to conform to the presentation adopted in these interim condensed consolidated financial statements. These reclassifications do not materially change the presentation of the financial statements.

**18 DIVIDENDS**

At the General Assembly meeting in March 2021, the shareholder’s approved a dividend of AED 1,124 million, being AED 0.01 per share for the year ended 31 December 2020. The dividend was paid in the three month period ended 31 March 2021.

**19 EVENTS AFTER THE REPORTING DATE**

On 12 April 2021, the Company made a repayment to the revolving credit facility of AED 918 million (US \$250 million).

On 29 April 2021, the Company raised AED 5.5 billion (US \$1.5 billion) in a dual tranche dollar denominated bond issue. The two tranches consisted of AED 2.75 billion (US \$750 million) bonds maturing 29 April 2028, with a coupon rate of 2.0% per annum and AED 2.75 billion (US \$750 million) bonds maturing 29 April 2051, with a coupon rate of 3.4% per annum. In addition to the bond issuance, the Company is offering to purchase, for cash, all the outstanding corporate bonds maturing in 2021 and up to AED 918 million (US \$250 million) of the bonds maturing in January 2023, subject to certain conditions.

On 4 May 2021, the Board of Directors proposed an interim dividend of AED 618 million, being AED 0.0055 per share for the quarter ended 31 March 2021. The interim dividend is in accordance with the dividend policy approved by the shareholders on 14 December 2020.