

Abu Dhabi National Energy Company PJSC ("TAQA")

PRO FORMA FINANCIAL INFORMATION AND INTERIM CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE MONTH PERIOD ENDED
30 SEPTEMBER 2021 (UNAUDITED)

Abu Dhabi National Energy Company PJSC ("TAQA")

PRO FORMA FINANCIAL INFORMATION
FOR THE NINE MONTH PERIOD ENDED
30 SEPTEMBER 2021 (UNAUDITED)

Abu Dhabi National Energy Company PJSC (“TAQA”)

PRO FORMA FINANCIAL INFORMATION

30 September 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 30 September 2021.

The Pro forma financial information consists of the unaudited pro forma interim consolidated statement of profit or loss for the nine month period ended 30 September 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 30 September 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 30 September 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”)

PRO FORMA INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Nine month period ended 30 September 2021 (Unaudited)

| | Nine month period ended 30 September | |
|---|---|-------------|
| | 2021 | 2020 |
| | AED million | AED million |
| REVENUES | | |
| Revenue from generation of power and water | 9,095 | 9,060 |
| Revenue from transmission and distribution of power and water | 19,952 | 18,782 |
| Revenue from oil and gas | 5,221 | 2,979 |
| | ----- | ----- |
| | 34,268 | 30,821 |
| | ----- | ----- |
| COST OF SALES | | |
| Operating expenses | (18,639) | (17,518) |
| Depreciation, depletion and amortisation | (8,235) | (7,203) |
| Impairment losses | - | (2,004) |
| | ----- | ----- |
| | (26,874) | (26,725) |
| | ----- | ----- |
| GROSS PROFIT | 7,394 | 4,096 |
| General and administrative expenses | (1,428) | (1,352) |
| Finance costs | (2,313) | (2,484) |
| Net foreign exchange (loss) gain | (35) | 241 |
| Share of results of associates and joint ventures | 205 | 58 |
| Interest income | 121 | 33 |
| Other income | 948 | 152 |
| | ----- | ----- |
| PROFIT BEFORE TAX | 4,892 | 744 |
| | ----- | ----- |
| Income tax (expense) credit | (598) | 618 |
| | ----- | ----- |
| PROFIT FOR THE PERIOD | 4,294 | 1,362 |
| | ===== | ===== |
| Attributable to: | | |
| Equity holders of the parent | 4,259 | 1,264 |
| Non-controlling interests | 35 | 98 |
| | ----- | ----- |
| | 4,294 | 1,362 |
| | ===== | ===== |

Abu Dhabi National Energy Company PJSC ("TAQA")

REVIEW REPORT AND INTERIM CONDENSED CONSOLIDATED FINANCIAL
STATEMENTS
FOR THE NINE MONTH PERIOD ENDED
30 SEPTEMBER 2021 (UNAUDITED)

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

Introduction

We have reviewed the accompanying interim 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 30 September 2021, and the related interim consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the nine 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 interim condensed consolidated financial statements is not prepared, in all material respects in accordance with IAS 34, “*Interim Financial Reporting*”.

Deloitte & Touche (M.E.)



Obada Alkowitz
Registration No. 1056
9 November 2021
Abu Dhabi
United Arab Emirates

Abu Dhabi National Energy Company PJSC (“TAQA”)

INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Nine month period ended 30 September 2021 (Unaudited)

| | | <i>Three month period ended 30 September</i> | | <i>Nine month period ended 30 September</i> | |
|---|--------------|--|--------------------|---|--------------------|
| | | <i>2021</i> | <i>2020</i> | <i>2021</i> | <i>2020</i> |
| | <i>Notes</i> | <i>AED million</i> | <i>AED million</i> | <i>AED million</i> | <i>AED million</i> |
| REVENUES | | | | | |
| Revenue from generation of power and water | 3.1 | 3,190 | 3,138 | 9,095 | 3,138 |
| Revenue from transmission and distribution of power and water | 3.2 | 7,106 | 6,690 | 19,952 | 9,508 |
| Revenue from oil and gas | 3.3 | 1,781 | 1,025 | 5,221 | 1,025 |
| | | 12,077 | 10,853 | 34,268 | 13,671 |
| COST OF SALES | | | | | |
| Operating expenses | | (7,121) | (6,635) | (18,639) | (6,841) |
| Depreciation, depletion and amortisation | | (2,460) | (2,380) | (8,235) | (3,294) |
| | | (9,581) | (9,015) | (26,874) | (10,135) |
| GROSS PROFIT | | 2,496 | 1,838 | 7,394 | 3,536 |
| General and administrative expenses | | (493) | (497) | (1,428) | (726) |
| Finance costs | | (744) | (802) | (2,313) | (802) |
| Net foreign exchange (loss) gain | | (31) | 65 | (35) | 65 |
| Share of results of associates and joint ventures | | 69 | 16 | 205 | 16 |
| Interest income | | 12 | 7 | 121 | 7 |
| Other income | | 202 | 89 | 948 | 131 |
| PROFIT BEFORE TAX | | 1,511 | 716 | 4,892 | 2,227 |
| Income tax (expense) credit | 4 | (146) | 75 | (598) | 75 |
| PROFIT FOR THE PERIOD | | 1,365 | 791 | 4,294 | 2,302 |
| Attributable to: | | | | | |
| Equity holders of the parent | | 1,403 | 700 | 4,259 | 2,211 |
| Non-controlling interests | | (38) | 91 | 35 | 91 |
| PROFIT FOR THE PERIOD | | 1,365 | 791 | 4,294 | 2,302 |
| Basic and diluted earnings per share attributable to equity holders of the parent (AED) | 5 | 0.01 | 0.01 | 0.04 | 0.02 |

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 COMPREHENSIVE INCOME

Nine month period ended 30 September 2021 (Unaudited)

| | <i>Three month period ended 30 September</i> | | <i>Nine month period ended 30 September</i> | |
|--|--|--------------------|---|--------------------|
| | <i>2021</i> | <i>2020</i> | <i>2021</i> | <i>2020</i> |
| | <i>AED million</i> | <i>AED million</i> | <i>AED million</i> | <i>AED million</i> |
| PROFIT FOR THE PERIOD | 1,365 | 791 | 4,294 | 2,302 |
| OTHER COMPREHENSIVE INCOME | | | | |
| <i>Items that may be reclassified to income statement in subsequent periods:</i> | | | | |
| Changes in fair values of derivative instruments in cash flow hedges net | 230 | 384 | 1,375 | 384 |
| Exchange differences arising on translation of overseas operations | 9 | (28) | 4 | (28) |
| | ----- | ----- | ----- | ----- |
| | 239 | 356 | 1,379 | 356 |
| <i>Items not to be reclassified to income statement in subsequent periods:</i> | | | | |
| Remeasurement loss on defined benefit plans | - | - | (4) | - |
| | ----- | ----- | ----- | ----- |
| | - | - | (4) | - |
| NET OTHER COMPREHENSIVE INCOME FOR THE PERIOD | 239 | 356 | 1,375 | 356 |
| | ----- | ----- | ----- | ----- |
| TOTAL COMPREHENSIVE INCOME FOR THE PERIOD | 1,604 | 1,147 | 5,669 | 2,658 |
| | ===== | ===== | ===== | ===== |
| Attributable to: | | | | |
| Equity holders of the parent | 1,543 | 906 | 5,091 | 2,417 |
| Non-controlling interests | 61 | 241 | 578 | 241 |
| | ----- | ----- | ----- | ----- |
| | 1,604 | 1,147 | 5,669 | 2,658 |
| | ===== | ===== | ===== | ===== |

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 30 September 2021 (Unaudited)

| | | <i>30 September 2021</i> | <i>(Audited) 31 December 2020</i> |
|---|--------------|------------------------------|---|
| | <i>Notes</i> | <i>AED million</i> | <i>AED million</i> |
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | 7 | 123,307 | 125,949 |
| Operating financial assets | | 9,222 | 9,740 |
| Intangible assets | | 18,332 | 19,232 |
| Investment in and loans to associates and joint ventures | | 1,763 | 2,429 |
| Deferred tax assets | | 5,388 | 5,622 |
| Derivative financial instruments | 14 | 92 | 68 |
| Other assets | | 1,050 | 673 |
| | | ----- | ----- |
| | | 159,154 | 163,713 |
| | | ----- | ----- |
| Current assets | | | |
| Inventories | | 3,340 | 3,599 |
| Amounts due from related parties | 12 | 4,242 | 2,609 |
| Operating financial assets | | 1,253 | 1,197 |
| Accounts receivable and prepayments | | 7,783 | 7,241 |
| Derivative financial instruments | 14 | 13 | 49 |
| Cash and short-term deposits | 8 | 7,225 | 8,519 |
| | | ----- | ----- |
| | | 23,856 | 23,214 |
| Assets classified as held for sale | 16 | 149 | - |
| | | ----- | ----- |
| | | 24,005 | 23,214 |
| | | ----- | ----- |
| TOTAL ASSETS | | 183,159 | 186,927 |
| | | ===== | ===== |
| EQUITY AND LIABILITIES | | | |
| Equity attributable to equity holders of the parent | | | |
| Share capital | | 112,434 | 112,434 |
| Statutory reserve | 9 | 807 | 381 |
| Merger reserve | 9 | (56,443) | (56,443) |
| Retained earnings | | 6,393 | 4,925 |
| Foreign currency translation reserve | | 23 | 19 |
| Cumulative changes in fair value of derivatives in cash flow hedges | | 1,425 | 593 |
| | | ----- | ----- |
| | | 64,639 | 61,909 |
| Non-controlling interests | | 6,833 | 6,880 |
| Loans from non-controlling interest shareholders in subsidiaries | | 412 | 466 |
| | | ----- | ----- |
| Total non-controlling interest, including loans | | 7,245 | 7,346 |
| | | ----- | ----- |
| TOTAL EQUITY | | 71,884 | 69,255 |
| | | ===== | ===== |

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

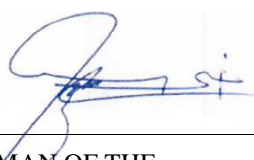
Abu Dhabi National Energy Company PJSC (“TAQA”)

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION continued As at 30 September 2021 (Unaudited)

| | | <i>30 September 2021</i> | <i>(Audited) 31 December 2020</i> |
|---|--------------|------------------------------|---|
| | <i>Notes</i> | <i>AED million</i> | <i>AED million</i> |
| Non-current liabilities | | | |
| Interest bearing loans and borrowings | 10 | 62,258 | 66,198 |
| Islamic loans | 10 | 92 | 780 |
| Deferred tax liabilities | | 1,295 | 1,312 |
| Asset retirement obligations | | 16,410 | 15,905 |
| Derivative financial instruments | 14 | 3,001 | 4,415 |
| Other liabilities | | 1,330 | 1,421 |
| | | 84,386 | 90,031 |
| Current liabilities | | | |
| Accounts payable, accruals and other liabilities | | 16,907 | 15,505 |
| Interest bearing loans and borrowings | 10 | 5,270 | 8,856 |
| Islamic loans | 10 | 707 | 173 |
| Amounts due to related parties | 12 | 2,596 | 2,203 |
| Bank overdrafts | 8 | 10 | 66 |
| Derivative financial instruments | 14 | 1,048 | 838 |
| | | 26,538 | 27,641 |
| Liabilities directly associated with assets classified as held for sale | 16 | 351 | - |
| | | 26,889 | 27,641 |
| TOTAL LIABILITIES | | 111,275 | 117,672 |
| TOTAL EQUITY AND LIABILITIES | | 183,159 | 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 9 November 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

Nine month period ended 30 September 2021 (Unaudited)

Attributable to equity holders of the parent

| | Share capital AED million | Proposed increase in share capital AED million | Merger reserve AED million | Statutory reserves AED million | Legal reserves AED million | Retained earnings AED million | Proposed dividends AED million | Foreign currency translation reserve AED million | Interest free loan from shareholders AED million | Cumulative changes in fair value of derivatives AED million | Total AED million | Non- controlling interests & loans AED million | Total equity AED million |
|---|---------------------------------|---|----------------------------------|--------------------------------------|----------------------------------|-------------------------------------|--------------------------------------|--|---|---|----------------------|--|-----------------------------|
| 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 | - | - | - | - | - | 2,211 | - | - | - | - | 2,211 | 91 | 2,302 |
| Other comprehensive income for the period | - | - | - | - | - | - | - | (28) | - | 234 | 206 | 150 | 356 |
| Total comprehensive income for the period | - | - | - | - | - | 2,211 | - | (28) | - | 234 | 2,417 | 241 | 2,658 |
| Dividends paid | - | - | - | - | - | (8,797) | - | - | 8,797 | - | - | (201) | (201) |
| Capital optimisation | (5,992) | (2,113) | - | (2,996) | (2,996) | 8,797 | (2,805) | - | 8,105 | - | - | - | - |
| Repayment of loans | - | - | - | - | - | - | - | - | (3,209) | - | (3,209) | (31) | (3,240) |
| Acquisition of subsidiaries | 112,434 | - | (55,873) | - | - | - | - | - | (36,589) | - | 19,972 | 7,178 | 27,150 |
| Balance at 30 September 2020 (unaudited) | 112,434 | - | (55,873) | - | - | 5,393 | - | (28) | - | 234 | 62,160 | 7,187 | 69,347 |
| Balance at 1 January 2021 (audited) | 112,434 | - | (56,443) | 381 | - | 4,925 | - | 19 | - | 593 | 61,909 | 7,346 | 69,255 |
| Profit for the period | - | - | - | - | - | 4,259 | - | - | - | - | 4,259 | 35 | 4,294 |
| Other comprehensive income for the period | - | - | - | - | - | (4) | - | 4 | - | 832 | 832 | 543 | 1,375 |
| Total comprehensive income for the period | - | - | - | - | - | 4,255 | - | 4 | - | 832 | 5,091 | 578 | 5,669 |
| Dividends paid (note 18) | - | - | - | - | - | (2,361) | - | - | - | - | (2,361) | (625) | (2,986) |
| Repayment of loans | - | - | - | - | - | - | - | - | - | - | - | (54) | (54) |
| Transfer to reserves | - | - | - | 426 | - | (426) | - | - | - | - | - | - | - |
| Balance at 30 September 2021 (Unaudited) | 112,434 | - | (56,443) | 807 | - | 6,393 | - | 23 | - | 1,425 | 64,639 | 7,245 | 71,884 |

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

Nine month period ended 30 September 2021 (Unaudited)

| | <i>Notes</i> | 30 September 2021 AED million | 30 September 2020 AED million |
|---|--------------|--|--|
| OPERATING ACTIVITIES | | | |
| Profit before tax | | 4,892 | 2,227 |
| Adjustments for: | | | |
| Depreciation, depletion and amortisation | | 8,235 | 3,294 |
| Finance costs | | 2,313 | 802 |
| Share of results of associates and joint ventures | | (205) | (16) |
| Interest income | | (121) | (7) |
| Asset retirement obligation relief deed income | | (622) | - |
| Other movements | | 191 | 51 |
| Revenue from operating financial assets | | (1,159) | (383) |
| Working capital changes: | | | |
| Inventories | | (56) | (4) |
| Accounts receivables and prepayments | | (576) | 497 |
| Amounts due from related parties | | (1,633) | (2,663) |
| Amounts due to related parties | | 393 | 1,840 |
| Accounts payable, accruals and other liabilities | | 238 | (730) |
| Income tax received | | 10 | 123 |
| Asset retirement obligation payments | | (383) | (67) |
| Cash received from operating financial assets | | 1,495 | 507 |
| Net cash generated from operating activities | | 13,012 | 5,471 |
| | | ===== | ===== |
| INVESTING ACTIVITIES | | | |
| Acquisition of subsidiaries- cash and cash equivalents in acquired entities | 1 | - | 7,458 |
| Purchases of property, plant and equipment | | (2,796) | (1,197) |
| Receipts from associates and joint ventures | | 884 | 8 |
| Interest received | | 121 | 7 |
| Other movements | | 131 | (307) |
| Net cash (used in) generated from investing activities | | (1,660) | 5,969 |
| | | ===== | ===== |

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 Nine month period ended 30 September 2021 (Unaudited)

| | | <i>30 September 2021 AED million</i> | <i>30 September 2020 AED million</i> |
|--|--------------|--|--|
| | <i>Notes</i> | | |
| FINANCING ACTIVITIES | | | |
| Repayments of interest bearing loans and borrowings | 10 | (12,456) | (4,170) |
| Receipts of interest bearing loans and borrowings | 10 | 5,504 | 1,709 |
| Repayments of Islamic loans | 10 | (122) | (35) |
| Payments of lease liabilities | 10 | (81) | (37) |
| Interest paid | | (2,386) | (808) |
| Dividend paid to non-controlling interest shareholders | | (666) | (293) |
| Dividend paid to shareholders | | (2,361) | - |
| Repayment of loans from non-controlling interest shareholders in subsidiaries | | (53) | (31) |
| | | ----- | ----- |
| Net cash used in financing activities | | (12,621) | (3,665) |
| | | ===== | ===== |
| NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS | | (1,269) | 7,775 |
| | | | |
| Net foreign exchange difference | | 31 | (48) |
| Restricted cash movement | | (53) | - |
| Cash and cash equivalents at 1 January | | 8,321 | 220 |
| | | ----- | ----- |
| CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER | 8 | 7,030 | 7,947 |
| | | ===== | ===== |

The following significant non-cash transaction were made in the period:

- Al Ain Distribution Company PJSC were transferred assets to manage with a value of AED 955 million. This amount has not been reflected in the ‘Purchases of property, plant and equipment’ in the interim consolidated statement of cash flows, however the amount has been recorded within ‘Property, plant and equipment’ on the interim consolidated statement of financial position.

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

Abu Dhabi National Energy Company PJSC (“TAQA”)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 30 September 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 a 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 25th 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. As a result, the information presented in the financial statements in the comparative period are those of the accounting acquirer, TransCo for the first six months of 2020 and the Group from 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. These financial statements are therefore a continuation of the financial statements of TransCo (the accounting acquirer) and the comparatives presented for the period ended 30 September 2020 are also those of TransCo for the first six months of 2020 and the Group from 1 July 2020. However, comparatives presented in the statement of financial position as at 31 December 2020 are those of the Group.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 September 2021 (Unaudited)

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

The interim condensed consolidated financial statements for the nine month period ended 30 September 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 nine months ended 30 September 2021 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2021.

As at 30 September 2021, retained earnings of the Group are AED 6,393 million (31 December 2020: AED 4,925 million). As at 30 September 2021, the current liabilities of the Group exceed its current assets by AED 2,884 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 nine month period ended 30 September 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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 September 2021 (Unaudited)

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES continued

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 the following standards, interpretations or amendments that have been issued but not yet effective. These are not expected to have any material impact on the Group’s consolidated financial statements.

- IFRS 17 Insurance Contracts (effective from January 1, 2023).
- Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (effective date not yet decided).
- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (effective from January 1, 2023).
- Amendments to IFRS 3 Business Combinations: Reference to the Conceptual Framework (effective from January 1, 2022).
- Amendments to IAS 16 Property, Plant and Equipment related to proceeds before intended use (effective from January 1, 2022).
- Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets related to Onerous Contracts—Cost of Fulfilling a Contract (effective from January 1, 2022).
- Annual Improvements to IFRS Standards 2018-2020: The Annual Improvements include amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards (effective from January 1, 2022), IFRS 9 Financial Instruments (effective from January 1, 2022), IFRS 16 Leases (effective date not yet decided) and IAS 41 Agriculture (effective from January 1, 2022).
- Covid-19-Related Rent Concessions beyond 30 September 2021 (Amendment to IFRS 16) (effective from 1 April 2022)
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) (effective from 1 January 2023)
- Definition of Accounting Estimates (Amendments to IAS 8) (effective from 1 January 2023)
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) (effective from 1 January 2023)

The critical judgements and estimates used in the preparation of these interim condensed consolidated financial information are consistent with those used in the preparation of the Group’s annual financial statements for the year ended 31 December 2020.

Abu Dhabi National Energy Company PJSC (“TAQA”)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 30 September 2021 (Unaudited)

3 REVENUE

3.1 Revenue from generation of power and water

| | <i>Three month period ended</i> <i>30 September</i> | | <i>Nine month period ended</i> <i>30 September</i> | |
|---|--|--------------------|---|--------------------|
| | <i>2021</i> | <i>2020</i> | <i>2021</i> | <i>2020</i> |
| | <i>AED million</i> | <i>AED million</i> | <i>AED million</i> | <i>AED million</i> |
| Operating lease revenue | 1,599 | 1,644 | 4,708 | 1,644 |
| Revenue from operating financial assets | 353 | 383 | 1,159 | 383 |
| Revenue from tolling agreement | 217 | 146 | 363 | 146 |
| Energy payments and other related revenue | 452 | 476 | 1,285 | 476 |
| Fuel revenue* | 453 | 337 | 1,255 | 337 |
| Other revenue | 116 | 152 | 325 | 152 |
| | ----- | ----- | ----- | ----- |
| | 3,190 | 3,138 | 9,095 | 3,138 |
| | ===== | ===== | ===== | ===== |

*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>Three month period ended</i> <i>30 September</i> | | <i>Nine month period ended</i> <i>30 September</i> | |
|---|--|--------------------|---|--------------------|
| | <i>2021</i> | <i>2020</i> | <i>2021</i> | <i>2020</i> |
| | <i>AED million</i> | <i>AED million</i> | <i>AED million</i> | <i>AED million</i> |
| TUOS and connection charges for licensed activities | - | - | - | 2,303 |
| TUOS charges for unlicensed activities | 201 | 246 | 766 | 761 |
| Revenue from supply and distribution of power and water | 4,176 | 3,908 | 9,742 | 3,908 |
| Distribution connection and meter installation fees | 135 | 71 | 269 | 71 |
| Water coupons | 23 | 24 | 68 | 24 |
| Other operating revenue | 2,571 | 2,441 | 9,107 | 2,441 |
| | ----- | ----- | ----- | ----- |
| | 7,106 | 6,690 | 19,952 | 9,508 |
| | ===== | ===== | ===== | ===== |

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 (“RC1”) license (issued by the DoE) and revenue relating to supply and distribution of water and electricity from its customers. Accordingly, the Group recognised this revenue relating to supply and distribution of water and electricity based on those rights and rewards that are confirmed during the period.

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 30 September 2021 (Unaudited)

3 REVENUE continued

3.3 Revenue from oil and gas

| | <i>Three month period ended</i> <i>30 September</i> | | <i>Nine month period ended</i> <i>30 September</i> | |
|---------------------------|--|--------------------|---|--------------------|
| | <i>2021</i> | <i>2020</i> | <i>2021</i> | <i>2020</i> |
| | <i>AED million</i> | <i>AED million</i> | <i>AED million</i> | <i>AED million</i> |
| Gross oil and gas revenue | 1,781 | 930 | 5,085 | 930 |
| Less: royalties | (74) | (46) | (220) | (46) |
| | ----- | ----- | ----- | ----- |
| | 1,707 | 884 | 4,865 | 884 |
| Gas storage revenue | 32 | 88 | 164 | 88 |
| Net processing income | 23 | 41 | 142 | 41 |
| Other revenue | 19 | 12 | 50 | 12 |
| | ----- | ----- | ----- | ----- |
| | 1,781 | 1,025 | 5,221 | 1,025 |
| | ===== | ===== | ===== | ===== |

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

4 INCOME TAX

| | <i>Three month period ended</i> <i>30 September</i> | | <i>Nine month period ended</i> <i>30 September</i> | |
|---|--|--------------------|---|--------------------|
| | <i>2021</i> | <i>2020</i> | <i>2021</i> | <i>2020</i> |
| | <i>AED million</i> | <i>AED million</i> | <i>AED million</i> | <i>AED million</i> |
| <i>Current income tax:</i> | | | | |
| Current income tax charge | (84) | (96) | (257) | (96) |
| <i>Deferred income tax:</i> | | | | |
| Relating to origination and reversal of temporary differences | (62) | 171 | (341) | 171 |
| | ----- | ----- | ----- | ----- |
| Income tax (expense) credit | (146) | 75 | (598) | 75 |
| | ===== | ===== | ===== | ===== |

Tax for the nine month period is charged at 30% (30 September 2020: tax credit of 61%), representing the best estimate of the average annual effective tax rate expected for the full year, applied to the pre-tax income of the nine month period.

Abu Dhabi National Energy Company PJSC (“TAQA”)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 30 September 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:

| | <i>Three month period ended</i> <i>30 September</i> | | <i>Nine month period ended</i> <i>30 September</i> | |
|---|--|-------------|---|-------------|
| | <i>2021</i> | <i>2020</i> | <i>2021</i> | <i>2020</i> |
| Profit for the period attributable to equity holders of the parent (<i>AED million</i>) | 1,403 | 700 | 4,259 | 2,211 |
| | ----- | ----- | ----- | ----- |
| Weighted average number of ordinary shares issued (million) | 112,434 | 112,434 | 112,434 | 92,561 |
| | ----- | ----- | ----- | ----- |
| Basic earnings per share (AED) | 0.01 | 0.01 | 0.04 | 0.02 |
| | ===== | ===== | ===== | ===== |

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
30 September 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 for revenues and profit represents TransCo for the first six months of 2020 and the Group from 1 July 2020.

Abu Dhabi National Energy Company PJSC (“TAQA”)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 30 September 2021 (Unaudited)

6 OPERATING SEGMENT INFORMATION continued

The following tables present revenue and profit information for the Group’s operating segments:

| | <i>Generation</i> <i>AED million</i> | <i>Transmission & Distribution</i> <i>AED million</i> | <i>Oil & Gas</i> <i>AED million</i> | <i>Adjustments, eliminations & unallocated</i> <i>AED million</i> | <i>Consolidated</i> <i>AED million</i> |
|--|---|--|--|--|---|
| Period ended 30 September 2021: | | | | | |
| Revenue from external customers | 9,095 | 19,952 | 5,221 | - | 34,268 |
| Operating expenses | (3,393) | (12,875) | (2,397) | 26 | (18,639) |
| Depreciation, depletion and amortisation | (3,536) | (3,074) | (1,653) | 28 | (8,235) |
| | ----- | ----- | ----- | ----- | ----- |
| Gross profit | 2,166 | 4,003 | 1,171 | 54 | 7,394 |
| General and administrative expenses | (215) | (770) | (147) | (296) | (1,428) |
| Finance costs | (1,367) | (3) | (318) | (625) | (2,313) |
| Net foreign exchange (losses) gains | (70) | - | 9 | 26 | (35) |
| Share of results of associates and joint ventures | 212 | - | - | (7) | 205 |
| Other income (loss) | 71 | 147 | 772 | (42) | 948 |
| Interest income | 20 | 2 | - | 99 | 121 |
| Income tax (expense) credit | (184) | - | (430) | 16 | (598) |
| | ----- | ----- | ----- | ----- | ----- |
| Profit (loss) for the period | 633 | 3,379 | 1,057 | (775) | 4,294 |
| Non-controlling interests | (35) | - | - | - | (35) |
| | ----- | ----- | ----- | ----- | ----- |
| Profit (loss) for the period Attributable to equity holders of the parent | 598 | 3,379 | 1,057 | (775) | 4,259 |
| | ===== | ===== | ===== | ===== | ===== |
| | <i>Generation</i> <i>AED million</i> | <i>Transmission & Distribution</i> <i>AED million</i> | <i>Oil & Gas</i> <i>AED million</i> | <i>Adjustments, eliminations & unallocated</i> <i>AED million</i> | <i>Consolidated</i> <i>AED million</i> |
| Period ended 30 September 2020: | | | | | |
| Revenue from external customers | 3,138 | 9,508 | 1,025 | - | 13,671 |
| Operating expenses | (1,047) | (4,928) | (866) | - | (6,841) |
| Depreciation, depletion and amortisation | (1,170) | (1,911) | (221) | 8 | (3,294) |
| | ----- | ----- | ----- | ----- | ----- |
| Gross profit (loss) | 921 | 2,669 | (62) | 8 | 3,536 |
| General and administrative expenses | (86) | (525) | (43) | (72) | (726) |
| Finance costs | (504) | - | (99) | (199) | (802) |
| Net foreign exchange gains (losses) | 97 | - | 2 | (34) | 65 |
| Share of results of associates and joint ventures | 18 | - | - | (2) | 16 |
| Other income | 12 | 68 | 5 | 46 | 131 |
| Interest income | - | - | - | 7 | 7 |
| Income tax (expense) credit | (52) | - | 130 | (3) | 75 |
| | ----- | ----- | ----- | ----- | ----- |
| Profit (loss) for the period | 406 | 2,212 | (67) | (249) | 2,302 |
| Non-controlling interests | (91) | - | - | - | (91) |
| | ----- | ----- | ----- | ----- | ----- |
| Profit (loss) for the period Attributable to equity holders of the parent | 315 | 2,212 | (67) | (249) | 2,211 |
| | ===== | ===== | ===== | ===== | ===== |

Abu Dhabi National Energy Company PJSC (“TAQA”)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 30 September 2021 (Unaudited)

6 OPERATING SEGMENT INFORMATION continued

The following table presents segment assets and liabilities of the Group’s operating segments as at 30 September 2021:

| | Generation AED million | Transmission & Distribution AED million | Oil & Gas AED million | Adjustments, eliminations & unallocated AED million | Consolidated AED million |
|--|---------------------------|--|--------------------------|---|-----------------------------|
| At 30 September 2021 | | | | | |
| Property, plant and equipment | 34,320 | 83,806 | 5,316 | (135) | 123,307 |
| Operating financial assets | 10,475 | - | - | - | 10,475 |
| Investment in associates, joint ventures and related balances | 1,357 | - | - | 406 | 1,763 |
| Intangible assets | 13,550 | 4,755 | 27 | - | 18,332 |
| Deferred tax assets | 63 | - | 5,206 | 119 | 5,388 |
| Other assets | 8,700 | 7,855 | 2,497 | 4,842 | 23,894 |
| Segment assets | 68,465 | 96,416 | 13,046 | 5,232 | 183,159 |
| Segment liabilities | 44,435 | 15,968 | 17,025 | 33,847 | 111,275 |

The following table presents segment assets and liabilities of the Group’s operating segments as at 31 December 2020:

| | Generation AED million | Transmission & Distribution AED million | Oil & Gas AED million | Adjustments, eliminations & unallocated AED million | Consolidated AED million |
|--|---------------------------|--|--------------------------|---|-----------------------------|
| At 31 December 2020 | | | | | |
| Property, plant and equipment | 36,633 | 83,944 | 5,507 | (135) | 125,949 |
| Operating financial assets | 10,937 | - | - | - | 10,937 |
| Investment in associates, joint ventures and related balances | 2,015 | - | - | 414 | 2,429 |
| Intangible assets | 14,470 | 4,755 | 7 | - | 19,232 |
| Deferred tax assets | 63 | - | 5,434 | 125 | 5,622 |
| Other assets | 9,160 | 11,224 | 1,375 | 999 | 22,758 |
| Segment assets | 73,278 | 99,923 | 12,323 | 1,403 | 186,927 |
| Segment liabilities | 48,482 | 14,754 | 15,660 | 38,776 | 117,672 |

7 PROPERTY, PLANT AND EQUIPMENT

During the nine month period ended 30 September 2021, the Group incurred capital expenditure of AED 3,448 million (30 September 2020: AED 1,100 million) and a depreciation and depletion charge of AED 7,483 million (30 September 2020: AED 2,849 million).

Abu Dhabi National Energy Company PJSC (“TAQA”)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 30 September 2021 (Unaudited)

8 CASH AND CASH EQUIVALENTS

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

| | <i>At 30 September 2021 (Unaudited) AED million</i> | <i>At 31 December 2020 (Audited) AED million</i> | <i>At 30 September 2020 (Unaudited) AED million</i> |
|------------------------------------|---|--|---|
| Cash in hand and at banks | 5,195 | 7,340 | 6,579 |
| Short term deposits | 2,030 | 1,179 | 1,373 |
| | ----- | ----- | ----- |
| Total cash and short term deposits | 7,225 | 8,519 | 7,952 |
| Restricted cash | (185) | (132) | - |
| Bank overdrafts | (10) | (66) | (5) |
| | ----- | ----- | ----- |
| Net cash and cash equivalents | 7,030 | 8,321 | 7,947 |
| | ===== | ===== | ===== |

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 30 September 2021, the Group had available undrawn committed borrowing facilities of AED 13,388 million (31 December 2020: AED 8,154 million and 30 September 2020: AED 8,166 million) in respect of which all conditions precedent have been met.

9 OTHER EQUITY

| | <i>At 30 September 2021 (Unaudited) AED million</i> | <i>At 31 December 2020 (Audited) AED million</i> |
|-----------------------|---|--|
| Statutory reserve (i) | 807 | 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 30 September 2021 (Unaudited)

10 INTEREST BEARING LOANS AND BORROWINGS AND ISLAMIC LOANS

| | |
|--|--|
| <i>Nine month period ended 30 September 2021 AED million</i> | <i>Nine month period ended 30 September 2020 AED million</i> |
|--|--|

The Group had the following loan receipts / repayments during the period:

Receipts:

| | | |
|---------------------------------------|--------------|-------|
| Interest bearing loans and borrowings | 5,504 | 1,709 |
| | ===== | ===== |

Repayments:

| | | |
|---------------------------------------|-----------------|---------|
| Interest bearing loans and borrowings | (12,456) | (4,170) |
| Islamic loans | (122) | (35) |
| | ===== | ===== |

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 purchased, for cash, AED 1,333 million (US \$363 million) of the bonds maturing in September 2021, AED 1,282 million (US \$349 million) of the bonds maturing in December 2021 and AED 918 million (US \$250 million) of the bonds maturing in January 2023.

On 22 June 2021 the remaining AED 1,421 million (US \$387 million) of the June 2021 bonds matured and were paid in full.

The Group has an AED 12.9 billion (US \$3.5 billion), multicurrency revolving credit facility (RCF) with a syndicate of 13 banks. Repayments amounting to AED 5,133 million have been made during the nine month period end 30 September 2021. As at 30 September 2021, the RCF was fully repaid (31 December 2020: AED 5,133 million outstanding).

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>30 September 2021 AED million</i> |
|---------------------------------------|---|--|--|--|
| 2021 | | | | |
| <i>Current:</i> | | | | |
| Interest bearing loans and borrowings | 8,856 | (6,405) | 2,819 | 5,270 |
| Islamic loans | 173 | (122) | 656 | 707 |
| Lease liabilities | 217 | (81) | 95 | 231 |
| | ----- | ----- | ----- | ----- |
| | 9,246 | (6,608) | 3,570 | 6,208 |
| <i>Non-current:</i> | | | | |
| Interest bearing loans and borrowings | 66,198 | (547) | (3,393) | 62,258 |
| Islamic loans | 780 | - | (688) | 92 |
| Lease liabilities | 361 | - | (32) | 329 |
| | ----- | ----- | ----- | ----- |
| | 67,339 | (547) | (4,113) | 62,679 |
| | ----- | ----- | ----- | ----- |
| | 76,585 | (7,155) | (543) | 68,887 |
| | ===== | ===== | ===== | ===== |

Abu Dhabi National Energy Company PJSC (“TAQA”)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 30 September 2021 (Unaudited)

10 INTEREST BEARING LOANS AND BORROWINGS AND ISLAMIC LOANS continued

Changes in liabilities arising from financing activities continued

| | <i>1 January 2020 AED million</i> | <i>Cash flows (note i) AED million</i> | <i>Other (note ii) AED million</i> | <i>Acquisition of subsidiaries (note iii) AED million</i> | <i>30 September 2020 AED million</i> |
|---------------------------------------|---|--|--|---|--|
| 2020 | | | | | |
| <i>Current:</i> | | | | | |
| Interest bearing loans and borrowings | - | (4,170) | 3,647 | 6,454 | 5,931 |
| Islamic loans | - | (35) | 37 | 168 | 170 |
| Lease liabilities | 16 | (37) | 42 | 184 | 205 |
| | ----- | ----- | ----- | ----- | ----- |
| | 16 | (4,242) | 3,726 | 6,806 | 6,306 |
| <i>Non-current:</i> | | | | | |
| Interest bearing loans and borrowings | - | 1,709 | (3,652) | 71,998 | 70,055 |
| Islamic loans | - | - | (21) | 819 | 798 |
| Lease liabilities | 21 | - | 19 | 349 | 389 |
| | ----- | ----- | ----- | ----- | ----- |
| | 21 | 1,709 | (3,654) | 73,166 | 71,242 |
| | 37 | (2,533) | 72 | 79,972 | 77,548 |
| | ===== | ===== | ===== | ===== | ===== |

- (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.
- (iii) Please refer to note 1 of the interim consolidated financial statements for details of the transaction. Further details are also provided in the annual consolidated financial statements for the year ended 31 Decemer 2020.

11 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 during the first and fourth quarters of the year.

Abu Dhabi National Energy Company PJSC (“TAQA”)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 30 September 2021 (Unaudited)

12 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:

| | <i>Three month period ended</i> <i>30 September</i> | | <i>Nine month period ended</i> <i>30 September</i> | |
|---|--|--------------------|---|--------------------|
| | <i>2021</i> | <i>2020</i> | <i>2021</i> | <i>2020</i> |
| | <i>AED million</i> | <i>AED million</i> | <i>AED million</i> | <i>AED million</i> |
| TUOS and connection charges for licensed activity to: | | | | |
| Abu Dhabi Distribution Company (fellow subsidiary) | - | - | - | 1,753 |
| Al Ain Distribution Company PJSC (fellow subsidiary) | - | - | - | 550 |
| | ----- | ----- | ----- | ----- |
| | - | - | - | 2,303 |
| | ===== | ===== | ===== | ===== |
| Emirates Water and Electricity Company: | | | | |
| TUOS and connection charges for unlicensed activity | 201 | 246 | 766 | 761 |
| Revenue from electricity and water | 2,155 | 2,226 | 6,254 | 2,226 |
| Electricity and water bulk supply tariff | (4,250) | (4,010) | (11,279) | (4,010) |
| | ----- | ----- | ----- | ----- |
| | (1,894) | (1,538) | (4,259) | (1,023) |
| | ===== | ===== | ===== | ===== |
| Other operating revenue | 2,571 | 2,441 | 9,107 | 2,441 |
| | ===== | ===== | ===== | ===== |

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.

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 30 September 2021 (Unaudited)

12 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 30 September 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 | 344 | 1,042 |
| | ===== | ===== |
| <i>Current assets</i> | | |
| Bank balances with UAE government banks | 4,553 | 6,660 |
| | ===== | ===== |
| Amounts due from Emirates Water and Electricity Company (EWEC) | 1,941 | 1,503 |
| Amounts due from Abu Dhabi Power Corporation (ADPC) | 559 | 555 |
| Amounts due from other related parties | 1,742 | 551 |
| | ----- | ----- |
| | 4,242 | 2,609 |
| | ===== | ===== |
| <i>Non-current liabilities</i> | | |
| Loan from Abu Dhabi Power Corporation (ADPC) | 25 | 24 |
| Bank loans with government owned bank | 125 | 122 |
| | ----- | ----- |
| | 150 | 146 |
| | ===== | ===== |
| <i>Current liabilities</i> | | |
| Overdraft with UAE government banks | - | 66 |
| | ===== | ===== |
| Amounts due to Emirates Water and Electricity Company (EWEC) | 2,490 | 1,986 |
| Amounts due to Abu Dhabi Power Corporation (ADPC) | 8 | 107 |
| Amounts due to other related parties | 98 | 110 |
| | ----- | ----- |
| | 2,596 | 2,203 |
| | ===== | ===== |
| Available undrawn bank facilities with UAE government banks | 470 | 360 |
| | ===== | ===== |

Compensation of key management personnel

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

| | <i>Three month period ended 30 September 2021</i> | | <i>Nine month period ended 30 September 2021</i> | |
|------------------------------|---|-----------------------------|--|-----------------------------|
| | <i>AED million</i> | <i>2020 AED million</i> | <i>AED million</i> | <i>2020 AED million</i> |
| Short and long term benefits | 4 | 6 | 12 | 8 |
| | ===== | ===== | ===== | ===== |

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 September 2021 (Unaudited)

13 COMMITMENTS AND CONTINGENCIES

(i) *Capital expenditure commitments*

The authorised contracted capital expenditure contracted for at 30 September 2021 but not provided for amounted to AED 2,188 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 977 million as at 30 September 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.

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 30 September 2021 (Unaudited)

14 FINANCIAL INSTRUMENTS

14.1 Hedging Activities

| | 30 September 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 |
| Cash flow hedges | | | | | | |
| Liabilities | | | | | | |
| Cross currency interest rate swap | 570 | 232 | - | 594 | 16 | 211 |
| Interest rate swaps | 25,447 | 684 | 2,947 | 27,856 | 819 | 4,172 |
| Forward foreign exchange contracts | 391 | 9 | 54 | 427 | 3 | 32 |
| | | ----- | ----- | | ----- | ----- |
| | | 925 | 3,001 | | 838 | 4,415 |
| | | ===== | ===== | | ===== | ===== |
| Assets | | | | | | |
| Interest rate swaps | 120 | - | 90 | 123 | - | 44 |
| Forward foreign exchange contracts | 1,550 | 13 | 2 | 2,004 | 26 | 24 |
| | | ----- | ----- | | ----- | ----- |
| | | 13 | 92 | | 26 | 68 |
| | | ===== | ===== | | ===== | ===== |
| Fair value hedges | | | | | | |
| Liabilities | | | | | | |
| Futures and forward contracts | | 123 | - | | - | - |
| | | ===== | ===== | | ===== | ===== |
| Assets | | | | | | |
| Futures and forward contracts | | - | - | | 23 | - |
| | | ===== | ===== | | ===== | ===== |

14.2 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 30 September 2021 (Unaudited)

14 FINANCIAL INSTRUMENTS continued

14.2 Fair Values continued

| | <i>Fair value AED million</i> | <i>Carrying value AED million</i> | <i>Fair value hierarchy</i> |
|--|-----------------------------------|---------------------------------------|---------------------------------|
| At 30 September 2021 | | | |
| Financial assets measured at fair value | | | |
| Interest rate swaps | 90 | 90 | Level 2 |
| Forward foreign exchange contracts | 15 | 15 | Level 2 |
| Financial assets disclosed at fair value | | | |
| Operating financial assets | 10,601 | 10,475 | Level 3 |
| Financial liabilities measured at fair value | | | |
| Interest rate swaps | 3,631 | 3,631 | Level 2 |
| Forward foreign exchange contracts | 63 | 63 | Level 2 |
| Cross currency interest rate swaps | 232 | 232 | Level 2 |
| Financial liabilities disclosed at fair value | | | |
| Interest bearing loans and borrowings | 39,335 | 38,567 | Level 1 |
| Future and forward contracts | 123 | 123 | Level 2 |
| At 31 December 2020 | | | |
| Financial assets measured at fair value | | | |
| Interest rate swaps | 44 | 44 | Level 2 |
| Future and forward contracts | 50 | 50 | Level 2 |
| Financial assets disclosed at fair value | | | |
| Operating financial assets | 11,112 | 10,937 | Level 3 |
| Future and forward contracts | 23 | 23 | Level 2 |
| Financial liabilities measured at fair value | | | |
| Interest rate swaps | 4,991 | 4,991 | Level 2 |
| Forward foreign exchange contracts | 35 | 35 | Level 2 |
| Cross currency interest rate swaps | 227 | 227 | Level 2 |
| Financial liabilities disclosed at fair value | | | |
| Interest bearing loans and borrowings | 38,894 | 38,751 | Level 1 |

During the period ended 30 September 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 30 September 2021 (Unaudited)

15 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 30 September 2021 are listed below:

| <i>Subsidiaries</i> | <i>Effective ownership %</i> | <i>Country of incorporation</i> | <i>Principal activities</i> |
|--|------------------------------|---------------------------------|--|
| Foreign subsidiaries | | | |
| TAQA Bratani Limited | 100% | UK | Oil & gas production |
| TAQA North Limited | 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 Limited | 100% | India | Power generation |
| TAQA GEN X | 85% | USA | Gas power tolling interest |
| Domestic subsidiaries | | | |
| Abu Dhabi Transmission and Despatch Company PJSC (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 | Generation of electricity and the production of desalinated water |
| Sweihan PV Power Company PJSC | 60% | UAE | |
| Shuweihat Asia Power Company PJSC (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 CMS Power Company PJSC (ECPC) | 60% | UAE | |
| Emirates Semb Corp Water and Power Company PJSC (ESWPC) | 60% | UAE | |
| Fujairah Asia Power Company PJSC (FAPCO) | 60% | UAE | Operating & maintenance |
| Ruwais Power Company PJSC (RPC) | 60% | UAE | |
| Taweelah Shared Facilities Company LLC | 53% | UAE | |
| Shuweihat Shared Facilities Company LLC | 42% | UAE | Operating & maintenance |
| Associates | | | |
| Massar Solutions PJSC | 49% | UAE | Lease management |
| Jubail Energy Company LLC | 25% | KSA | Generation of electricity |
| Sohar Aluminium Company LLC | 40% | Oman | Aluminium smelter |
| Joint Ventures | | | |
| 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 |

Abu Dhabi National Energy Company PJSC (“TAQA”)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 30 September 2021 (Unaudited)

15 SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES continued

During the period ended 30 September 2021 and 31 December 2020, there were no changes in the major operating subsidiaries, joint ventures, and associates.

16 ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE

The carrying amount of assets classified as held for sale at 30 September 2021 is AED 149 million (31 December 2020: nil), with associated liabilities of AED 351 million (31 December 2020: nil).

These assets are all contained within the Oil & Gas operating segment and consists of a number of non-core assets within TAQA North’s portfolio. These assets/liabilities are expected to be sold as part of a single transaction which is expected to complete within Q4 2021.

The assets classified as held for sale contribution to the Group’s results for the nine month period are presented below:

| | <i>Nine month period ended 30 September 2021 AED million</i> |
|--------------------------------|--|
| Revenues (excluding royalties) | 148 |
| Costs (including royalties) | (100) |
| Profit for the period | 48 |
| Net cash inflow | 56 |

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 on 25 March 2021.

On 4 May 2021, the Board of Directors approved an interim dividend of AED 618 million, being AED 0.0055 per share for the quarter ended 31 March 2021. The interim dividend was paid on 10 May 2021.

On 10 August 2021, the Board of Directors approved an interim dividend of AED 618 million, being AED 0.0055 per share for the quarter ended 30 June 2021. The interim dividend was paid on 18 August 2021.

19 EVENTS AFTER THE REPORTING DATE

On 9 November 2021, the Board of Directors proposed an interim dividend of AED 618 million, being AED 0.0055 per share for the third quarter ended 30 September 2021. The interim dividend is in accordance with the dividend policy approved by the shareholders on 14 December 2020.

On 26 October 2021, the Group repaid in full a term loan of AED 735 million (US \$200 million) which was due for repayment in April 2022.