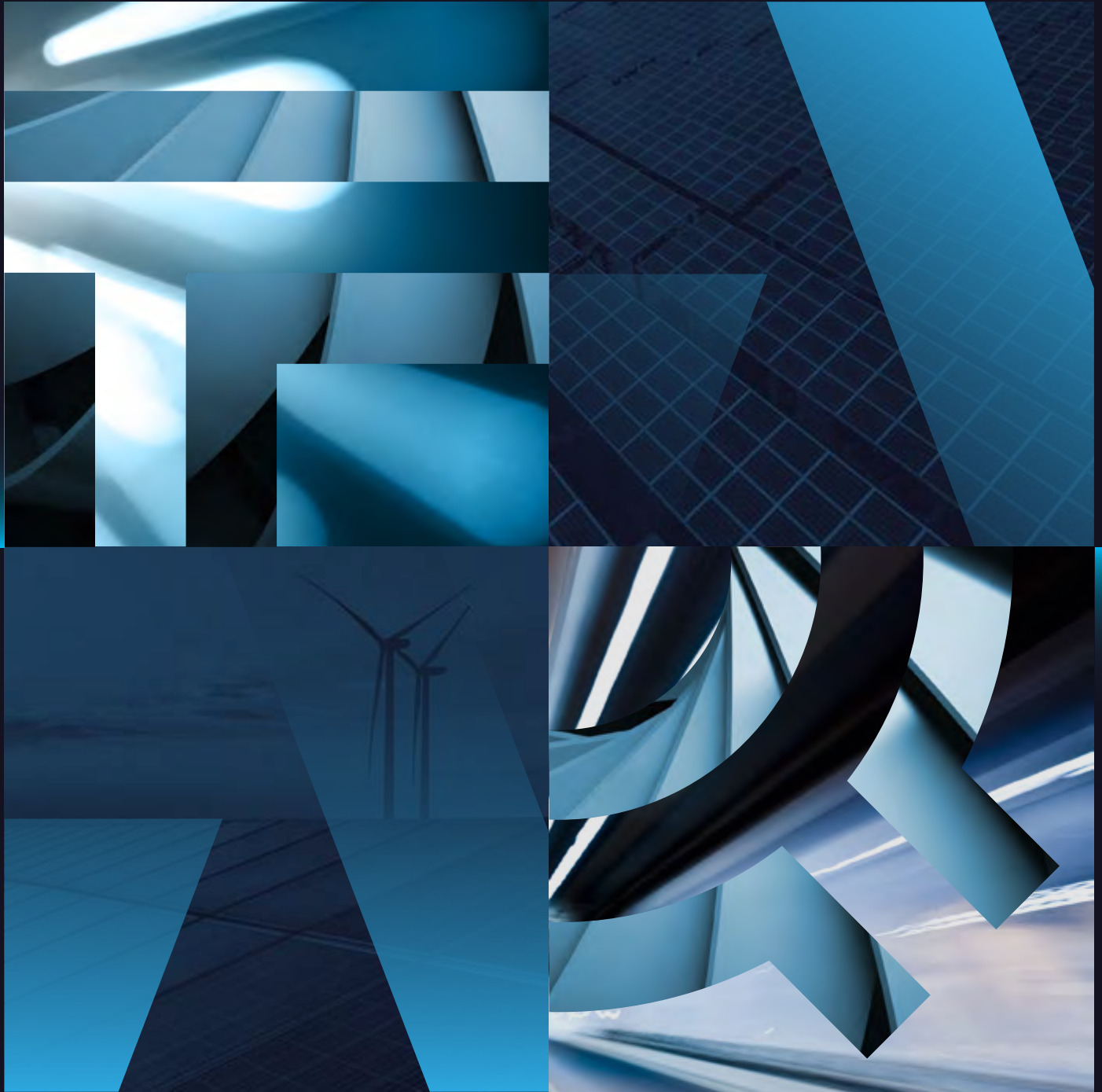
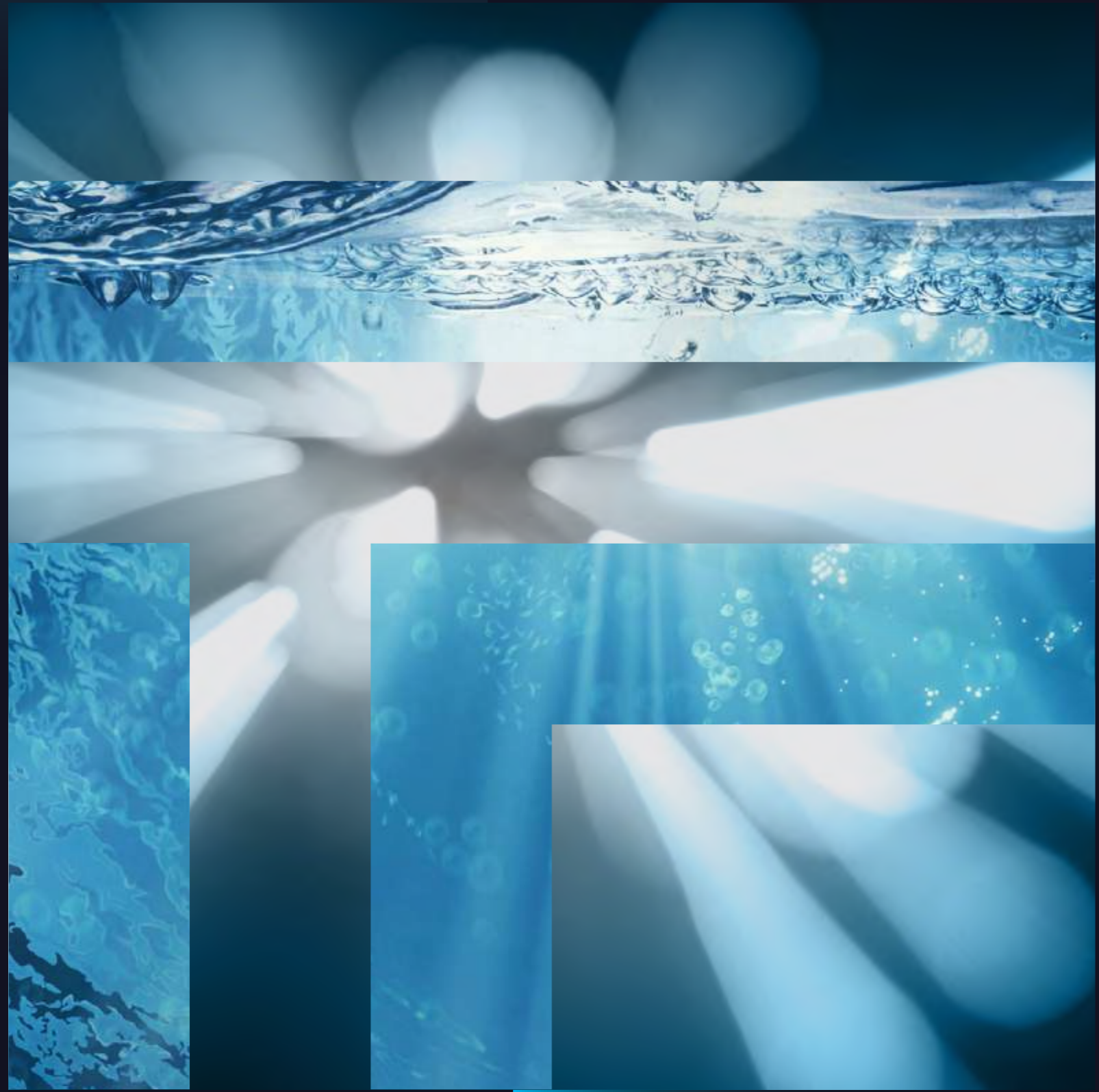


# PARTNER FOR CHANGE

Unlocking Value for a Sustainable Future



# TABLE OF CONTENTS



## 01 OVERVIEW

About TAQA	8
Our Story	10
2023 Highlights	14
Year in Review	16
At a Glance	18
UAE Operations	20
International Assets	22
Investment Case	24

## 02 BUSINESS REVIEW

Chairman's Statement	28
Group CEO and Managing Director's Statement	30
Creating Value to Meet Ambitions	34
Our Strategy	36
Innovation	40
Operational Review	46
Generation	46
Transmission & Distribution	60
Oil & Gas	74
Health, Safety, Security & Environment	82
Our People	88
Sustainability	94

## 03 FINANCIAL REVIEW

Operating Environment	112
Financial Review	114
Financial Performance	117

## 04 CORPORATE REVIEW

Board of Directors	120
Executive Management Team	124
Corporate Governance	126
Ethics and Compliance	128
Enterprise Risk Management	134

## 05 FINANCIAL STATEMENTS

Directors' Report	144
Independent Auditor's Report	145
Consolidated Statement of Profit or Loss	152
Consolidated Statement of Comprehensive Income	153
Consolidated Statement of Financial Position	154
Consolidated Statement of Changes in Equity	156
Consolidated Statement of Cash Flows	158
Notes to the Consolidated Financial Statements	160

# 01

## OVERVIEW

About TAQA	8
Our Story	10
2023 Highlights	14
Year in Review	16
At a Glance	18
UAE Operations	20
International Assets	22
Investment Case	24

## OUR PURPOSE

Powering a thriving future by efficiently providing sustainable and reliable energy and water to unleash the unlimited potential of people and places.

## OUR VISION

To provide the clean power and water that governments, businesses and consumers need for a sustainable and successful life.

## OUR MISSION

Be a low carbon power and water champion.

## OUR VALUES

### Safe

We put safety above all else.

### Sustainable

We do what is right for our environment, community and people.

### Collaborative

We are stronger together.

### Innovative

We seek creative ways to deliver results.

### Excellence

We strive for exceptional performance.



**POWERING A THRIVING  
FUTURE BY EFFICIENTLY  
PROVIDING SUSTAINABLE  
AND RELIABLE ENERGY AND  
WATER TO UNLEASH THE  
UNLIMITED POTENTIAL  
OF PEOPLE AND PLACES**



## ABOUT TAQA

### POWERING A SUSTAINABLE FUTURE

TAQA is on a journey to become a recognised low carbon power and water champion that will transform the sector in Abu Dhabi and beyond. A fully integrated and diversified utilities and energy group, TAQA creates value through power and water generation, transmission and distribution and upstream and midstream oil and gas operations.

Headquartered in Abu Dhabi, TAQA owns and/or manages assets in Canada, Ghana, India, Iraq, Morocco, Netherlands, Oman, Saudi Arabia, the United Kingdom, the United States and at home in the United Arab Emirates.

### A LEADING EMEA UTILITIES SECTOR BUSINESS

Listed on the Abu Dhabi Securities Exchange (ADX: TAQA), TAQA is a leading integrated utility in the EMEA region and one of the largest in the world by market capitalisation. The company benefits from exclusive transmission and distribution rights in Abu Dhabi. Additionally, TAQA has rights to participate with a minimum of a 40% stake in EWEC tendered power and water generation projects until 2030.

TAQA operates in a well-established regulatory framework, which translates into stability and predictability of cash flows. In fact, nearly 80% of the company's top line is generated from contracted and regulated revenues, providing significant visibility and confidence in the future of the business.

TAQA's financial strength is reflected in the form of one of the highest credit Ratings within the global utilities industry. The company is also committed to maintaining a standalone investment grade rating to ensure financial discipline.

In terms of ESG, TAQA is one of the few utilities in the region that has committed to an absolute reduction in GHG emissions. The ongoing strides by the company to improve its ESG impact have been recognised by leading rating agencies in the form of rapidly improving ESG ratings. Last, but not least, the company continues to be a leader in terms of adopting governance best practices, including active and open engagement with investors and other stakeholders.

# OUR STORY

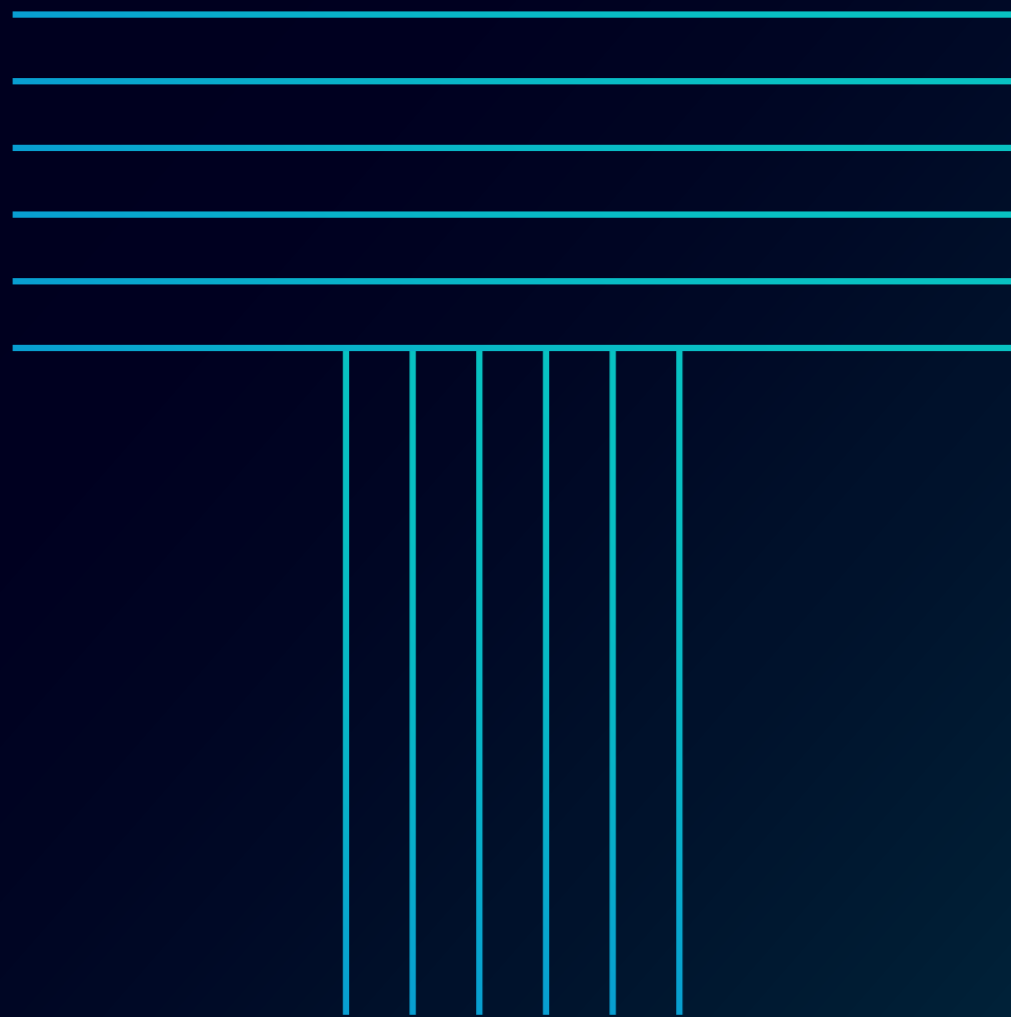
TAQA was founded in 2005; however, our story begins in 1998 with the privatisation of Abu Dhabi's power and water sector to operate the strategic assets that ensure safe and consistent access to water and energy for communities across the UAE. Building on this strong foundation and a transformative transaction with ADPower in 2020, TAQA has grown to become one of the leading integrated utilities champions.

Our world-class power, water, and oil and gas operations fuel the lives of millions of people and businesses each day across the 11 countries and four continents where we operate. As our local and international footprint has continued to expand, so has our ambition to power a thriving future.

In December 2022, we completed our landmark transaction with ADNOC and Mubadala to become shareholders in Masdar, Abu Dhabi's flagship clean energy company. This enabled us to increase our 2030 power generation capacity target from 50 GW to 150 GW, with the plan to have renewable energy constitute over 65% of our generation portfolio.

TAQA owns a 43% stake in Masdar's renewables business, accelerating TAQA's growth plans to satisfy increasing demand for renewable power and green hydrogen.

This growth and diversification are in line with our role in supporting Abu Dhabi's and UAE's drive to Net Zero by 2050, while making significant strides at home and abroad to expand our operations, secure our future and create value for all our stakeholders.



# OUR RECORD OF ACHIEVEMENT AND GROWTH

## 2005

Abu Dhabi National Energy Company PJSC (TAQA) was established in 2005 following the privatisation of Abu Dhabi's power and water sector. TAQA was listed on the Abu Dhabi Stock Exchange.

## 2006-2008

Transformation begins from a UAE-based power and water company into an international energy company, with the launch of operations in the UK and the Netherlands.

## 2007

Expansion of power portfolio into Ghana, India, Morocco, and Saudi Arabia.

## 2009

Launch of operations of the Brent System oil pipelines in the UK, expansion into North America.

## 2010

Acquisition of the Abu Dhabi Water and Electricity Authority's interest in Sohar Aluminium Company LLC in Oman.

## 2013

Acquisition of BP's Harding and Brae interests in the northern North Sea.

## 2019

Begins commercial operations at Noor Abu Dhabi, at the time the world's largest single-site solar PV plant at 1.2 GW, capable of powering the equivalent of 90,000 homes.

## 2020

- Merger with ADPower, creating one of the largest integrated utilities in Europe, Middle East and Africa.
- Moody's TAQA standalone/final credit ratings were upgraded (to baa1/Aa3 with stable outlook). Fitch's TAQA standalone/final credit ratings were upgraded (to BBB+/AA- with stable outlook).
- Announces financial closing of the Al Dhafra Solar PV plant, which will be the world's largest single-site solar PV plant upon completion.
- Announces new progressive dividend policy, the first time the company paid dividends in many years and the first company in the UAE to pay dividends quarterly.

## 2021

- Launch of 2030 Strategy to drive sustainable and profitable growth to become the recognised low carbon power and water champion of Abu Dhabi.
- Partnership with Marubeni Corporation to develop a greenfield cogeneration power and water desalination project in Saudi Arabia with the world's largest integrated oil and gas company, Saudi Aramco.
- Announces partnership with ADNOC on a US \$3.6 billion strategic project to significantly decarbonise ADNOC's offshore production operations.

## 2022

- The first project specific green bond linked to the Sweihan solar PV plant (in which TAQA holds 60% interest) is issued by the project company for an aggregate principal amount of AED 2.6 billion.
- TAQA, ADNOC and Mubadala complete a landmark transaction to become shareholders in Masdar, Abu Dhabi's flagship clean energy company, to rapidly grow Masdar on a global scale.
- Announces its 2030 ESG Strategy with interim GHG emissions reductions targets.
- TAQA and ADNOC announce financial close for a strategic project to connect ADNOC's offshore oil facilities to Abu Dhabi's onshore grid.
- TAQA announced the closure of the AED4.0 bn refinancing of the MIPCO power and water plant in the UAE, in which TAQA has a 60% interest.

## 2023

- TAQA enters the Operations & Maintenance of one the largest power and water plants in the UAE – Taweelah B Independent Power and Water Plant (Taweelah B) – as well as acquires an additional stake in the plant.
- TAQA announces a special dividend for 2022 and introduces a 2023–2025 dividend policy. Under the new policy, annual dividends are comprised of fixed dividends per share from the utilities business (3.25 fils in 2023, 3.50 fils in 2024, and 3.75 fils in 2025) and a variable dividend from the O&G segment, based on a discretionary percentage of net income
- TAQA launches a green finance framework for issuing green bonds, sukuk, loans, and debt instruments; which obtained a Second Party Opinion ("SPO") from Moody's who rated the framework a Sustainability Quality Score of SQS2 (Very Good)
- TAQA successfully concludes a US \$1.5 billion dual-tranche bond issuance: 10-year green bond at a 4.696% coupon and 5-year conventional bond at a 4.375% coupon. The 10-year notes represent TAQA's first corporate green bond issuance and net proceeds of the issuance will be used to finance, refinance and invest in relevant eligible green projects, as outlined in the company's Green Finance Framework.
- TAQA invests in the Xlinks project to develop the world's longest high-voltage direct current (HVDC) subsea cable between the UK and Morocco.
- Signing of a strategic framework agreement and an implementation agreement between TAQA and Uzbekistan's Ministry of Energy and Ministry of Investment, Industry and Trade to explore investment options of up to US \$3 million in Uzbekistan's power sector.
- TAQA, ENGIE and Emirates Water and Electricity Company (EWEC) reached financial close for the AED 2.3 billion (US \$620 million) Mirfa 2 Reverse Osmosis (M2 RO) desalination project.
- TAQA signed agreements to expand its portfolio by acquiring Sustainable Water Solutions Holding Company (SWS Holding).
- TAQA joins Aurora50 and Accenture to unveil NOORA, a programme established to advance the role of women in leadership positions in the UAE.
- Revision of 2030 growth targets, aiming for 150 gigawatts (GW) of gross power generation by 2030, up from the previous target of 50 GW, with around 65% of its generation capacity coming from renewable power sources.
- Inauguration of the Al Dhafra PV 2 solar plant, the world's largest single-site solar power plant at 2 GW.
- TAQA boosts its desalination portfolio by reaching financial close for the Shuweihat 4 (S4) reverse osmosis (RO) seawater desalination plant which will supply cost-efficient water across Abu Dhabi.

# 2023 HIGHLIGHTS

## FINANCIAL PERFORMANCE

<b>REVENUE</b> <b>AED 51,717 M</b>	<b>ADJUSTED EBITDA</b> <b>AED 19,601 M</b>
<b>NET INCOME (TAQA SHARE)</b> <b>AED 16,647 M</b>	<b>CAPEX</b> <b>AED 5,086 M</b>
<b>PROPOSED TOTAL CASH DIVIDENDS</b> <b>AED 4,442 M</b>	

<b>PEOPLE</b> <b>6,852</b> EMPLOYEES	<b>84</b> NATIONALITIES	<b>220,000</b> TRAINING HOURS
--	----------------------------	----------------------------------

## RATINGS

**MOODY'S**

**Aa3 / STABLE**

In 2023, TAQA established a green finance framework which was reviewed by Moody's with a Sustainability Quality Score of SQS2 (Very Good), the second highest score.

**FitchRatings**

**AA- / STABLE**

## ESG RATING AGENCIES

<p><b>MSCI</b> ESG RATINGS</p> <p>2020 <b>B</b> Laggard</p> <p>2023 <b>BBB</b> Average</p>	<p><b>SUSTAINALYTICS</b></p> <p>0 to 100 (0 = top mark)</p> <p>2020 <b>49.0</b> Severe risk</p> <p>2023 <b>18.1</b> Low risk</p>	<p><b>CDP</b> DISCLOSURE 2023</p> <p>2022 <b>D</b> Climate Change</p> <p>2023 <b>B</b> Climate Change</p> <p><b>C</b> Water Security</p> <p><b>B</b> Water Security</p>
--	--	---

**Disclaimer Statement:** The use by TAQA of any MSCI ESG Research LLC or its affiliates ("MSCI") data, and the use of MSCI Logos, Trademarks, Service Marks or Index names herein, do not constitute a sponsorship, endorsement, recommendation, or promotion of TAQA by MSCI. MSCI services and data are the property of MSCI or its information providers, and are provided 'as-is' and without warranty. MSCI names and logos are Trademarks or Service Marks of MSCI.

Copyright © 2023 Morningstar Sustainalytics. All rights reserved. This report contains information developed by Sustainalytics (www.sustainalytics.com). Such information and data are proprietary of Sustainalytics and/or its third party suppliers (Third Party Data) and are provided for informational purposes only. They do not constitute an endorsement of any product or project, nor an investment advice and are not warranted to be complete, timely, accurate or suitable for a particular purpose. Their use is subject to conditions available at <https://www.sustainalytics.com/legal-disclaimers>

### GENERATION

Supply of Abu Dhabi's power

**71%+**

Supply of Abu Dhabi's water

**95%+**

Gross Operating power generation capacity

TAQA  
**24.15 GW**  
(including 3.40 GW under construction)

Masdar  
**16.53 GW**  
clean power capacity from Masdar  
\*as of December 31 2023

Desalination capacity in the UAE

**1,250 MIGD**  
(including 190 under construction)

Global commercial availability

**97.9%**

### TRANSMISSION & DISTRIBUTION

Power networks

**92,535 KM**

Water pipeline

**19,588 KM**

Individual end-user connections

**1 MILLION+**

Transmission power asset availability

**98.53%**

Transmission water asset availability

**97.75%**

### OIL & GAS

Global O&G production

**108.0 MBOE/D**

# YEAR IN REVIEW

Throughout a notable and eventful year which culminated in the UAE hosting a successful COP28, TAQA delivered significant progress towards its 2030 strategic targets of increasing its low-carbon power and water portfolios and improving access to reliable and secure electricity and water supply for its customers.

The company achieved a wide range of strategic, financial and operational milestones, forging new partnerships and progressing its ESG journey, whilst also continuing to support its people and create value for all stakeholders.

## JAN

**19<sup>th</sup>**  
TAQA and ADNOC Distribution announce ambition to set up joint venture to develop electric vehicle (EV) infrastructure in Abu Dhabi.

**20<sup>th</sup>**  
TAQA enters the Operations & Maintenance of Taweelah B Independent Power and Water Plant (Taweelah B) – one of the largest power and water plants in the UAE – as well as acquiring an additional stake in the plant.

## FEB

**15<sup>th</sup>**  
TAQA and JERA, Japan's biggest power generator, signed a memorandum of understanding to explore opportunities to develop decarbonisation projects, including hydrogen and ammonia technologies.

**17<sup>th</sup>**  
TAQA confirms a 5% stake in ADNOC Gas, acknowledging the longstanding strategic partnership between the two companies, which are closely collaborating to accelerate the energy transition in the UAE.

**21<sup>st</sup>**  
A consortium composed of TAQA and ENGIE was awarded a contract to develop the Mirfa 2 desalination project in Abu Dhabi.

## MAR

**08<sup>th</sup>**  
TAQA announced it will invest US \$1.6 billion in green energy projects in Morocco by 2030.

**16<sup>th</sup>**  
TAQA revealed a new dividend policy for 2023-2025, whereby annual dividends will be comprised of two components: 1) a fixed payout from the utilities business and 2) variable component from the O&G business, based on a discretionary percentage of annual net profit.



## APR

**12<sup>th</sup>**  
TAQA launched a new Green Finance Framework to support the issuance of green bonds, sukuk, loans and other debt instruments. Proceeds from such issuances will go to eligible green projects, including renewable energy, energy efficiency, sustainable water and wastewater management, clean transportation and terrestrial and aquatic biodiversity. Projects financed under the framework will contribute to TAQA's 2030 ESG targets and its long-term net-zero goal.

**18<sup>th</sup>**  
TAQA Group Successfully completed its first green bond of US \$1 billion, successfully placing an aggregate of US \$1.5 billion in 5-year and 10-year dual-tranche senior unsecured notes.

**25<sup>th</sup>**  
TAQA Morocco completed a refinancing of JLEC 5 and six projects accelerating dividends for the Group.

## MAY

**21<sup>st</sup>**  
TAQA signed a strategic framework agreement and an implementation agreement with Uzbekistan's Ministry of Energy and Ministry of Investment, Industry and Trade to explore investment options of up to US \$3 billion in Uzbekistan's power sector.

**22<sup>nd</sup>**  
TAQA signed a memorandum of understanding with Aurora50 to support the community and help foster a more inclusive, gender diverse, and equitable workplace.

**24<sup>th</sup>**  
ADNOC and TAQA unveil US \$2.2 billion (AED8.8 billion) project to provide sustainable water supply to ADNOC's onshore operations.

**31<sup>st</sup>**  
TAQA, ENGIE and Emirates Water and Electricity Company (EWEC) reached financial close for the AED 2.3 billion (US \$620 million) Mirfa 2 Reverse Osmosis (M2 RO) desalination project, a key project towards TAQA's goal of increasing its low-carbon desalination portfolio.



## JUN

**21<sup>st</sup>**  
TAQA signed an agreement to expand its portfolio by acquiring Sustainable Water Solutions Holding Company (SWS Holding). The acquisition, valued at AED 1.7 billion, includes the integration of Abu Dhabi Sustainable Water Solutions Company (ADSWS) into TAQA's operations. The transaction will contribute approximately AED 16 billion to TAQA's regulated asset value, reinforcing its financial performance and growth agenda.

## JUL

**13<sup>th</sup>**  
Abu Dhabi Department of Energy (DoE) issued its final decision on new regulatory control mechanisms following its multi-year review of regulatory controls in the electricity and water utility sectors in the Emirate. The decision, termed RC2, applies to TAQA's UAE-based subsidiaries: Abu Dhabi Transmission and Despatch Company (TRANSCO), Abu Dhabi Distribution Company (ADDC), and Al Ain Distribution Company (AADC).

## AUG

**03<sup>rd</sup>**  
TAQA, ENOC, and Emirates Global Aluminium joined forces with Aurora50 and Accenture to launch a major initiative, NOORA. The programme's main objective is to advance the role of women in leadership positions in the UAE.

TAQA is committed to fostering a diverse and inclusive culture with a goal of 30% female representation in management by 2030.

## SEP

**04<sup>th</sup>**  
TAQA Sponsors Team UAE Triathletes to Compete in the World Triathlon Series final event in Spain.

**07<sup>th</sup>**  
Abu Dhabi Securities Exchange (ADX) announced the secondary listing of TAQA dual-tranche \$1.5 billion bonds on its main market.

**13<sup>th</sup>**  
TAQA Morocco Group raises MAD 6.6 billion to extend its debt profile



## NOV

**10<sup>th</sup>**  
TAQA joins forces with Transelectrica, Meridiam, E-INFRA and Fluor to study the feasibility of an underground HVDC in Romania, connecting new low carbon generation to the grid.

**13<sup>th</sup>**  
TAQA revised its 2030 growth targets, aiming to reach 150 gigawatts (GW) of gross power generation by 2030, up from the previous target of 50 GW.

Renewable energy sources will account for 65% of TAQA's power generation portfolio, up from the previous committed target of 30%. The Group's new ambitious clean energy target includes Masdar's growth target to reach 100 GW by 2030. TAQA aims to boost its water generation capacity to 6 million cubic meters per day, with over two-thirds of water generation capacity based on highly efficient reverse osmosis (RO) technology.

The 2030 Strategy aligns with the UAE's Net Zero 2050 Initiative, emphasising TAQA's dedication to delivering sustainable energy globally.

TAQA announced Capex/investment plans: AED75 billion to be spent until 2030. Which includes power and water capacity expansion as well as UAE-based transmission and distribution networks. The AED 75 billion includes the previously committed Capex of AED40 billion between 2021-2023 on T&D regulated assets.

**16<sup>th</sup>**  
TAQA, in partnership with Masdar, EDF Renewables, and Jinko Power, announced the successful inauguration of the world's largest single-site solar plant Al Dhafra. Located 35 kilometres from Abu Dhabi City, the 2 GW Al Dhafra Photovoltaic Plant (Al Dhafra PV2) showcases TAQA's commitment to advancing sustainable energy. Consisting of nearly 4 million innovative bifacial solar panels, Al Dhafra PV2 plant will power 400,000 homes and eliminate more than 2 million tonnes of CO2 a year, which is equivalent to removing 470,000 cars from the road.

## DEC

**05<sup>th</sup>**  
Led by TAQA, 31 industry-leading partners, including 25 global utilities and power companies, formed the Utilities for Net Zero Alliance (UNEZA) to advance electrification, renewables-ready grids and clean energy deployment in line with 2030 breakthrough goals and a net-zero future by 2050.

The World Economic Forum, IEC, and Global Renewables Alliance will support UNEZA as ecosystem partners, creating a powerful framework to advance decarbonisation efforts.

**06<sup>th</sup>**  
TAQA and Octopus Energy's Kraken Technologies teamed up to launch a pilot project to trial Kraken's energy tech platform with TAQA's power and water customers in the UAE.


**18<sup>th</sup>**  
TAQA signed an agreement with the Ministry of Energy, Commerce and Industry of Cyprus and the Independent Power Transmission Operator to explore becoming a shareholder in a project to develop a 900km high-voltage direct current (HVDC) electricity interconnection between Greece and Cyprus.

**22<sup>nd</sup>**  
TAQA, GS Inima and EWEC achieved financial close for Shuweihat 4 (S4) reverse osmosis (RO) seawater desalination project. Expected to be operational in 2026, the plant will supply up to 70 MIGD of low-carbon potable water.

**31<sup>st</sup>**  
TAQA, Vision Invest and GIC Consortium signed the relevant project agreements with the procurer Saudi Water Partnership Company (SWPC) for the Juranah Independent Strategic Water Reservoir Project (ISWR-1) in Makkah, Saudi Arabia.

# AT A GLANCE

## UAE OPERATIONS




**01 \ GENERATION**

We have 11 operational power generation and water desalination plants across the UAE.

**Abu Dhabi Future Energy Company (Masdar)**

Masdar is the UAE's clean energy champion and one of the largest and fastest growing companies of its kind in the world, advancing the development and deployment of renewable energy and green hydrogen technologies to address global sustainability challenges and enable a cleaner, greener future.


Established in 2006, jointly owned by TAQA together with ADNOC and Mubadala, Masdar has developed and partnered in projects in more than 40 countries across six continents, with a mandate to increase its renewable energy portfolio capacity to 100 GW by 2030.



**02 \ TRANSMISSION**

**Abu Dhabi Transmission & Despatch Company (TRANSCO)**

TRANSCO is responsible for the planning, development, operation and maintenance of the transmission network used to transmit water and electricity from power and water generators to the distribution networks operated by Abu Dhabi Distribution Company (ADDC) and Al Ain Distribution Company (AADC) in Abu Dhabi and, where required, to other Emirates in the UAE.



**03 \ DISTRIBUTION**

**Abu Dhabi Distribution Company (ADDC)**

As the sole distributor of water and electricity in Abu Dhabi and the surrounding areas, ADDC plans, operates, maintains and owns distribution network assets and directly serves water and electricity customers in Abu Dhabi's central and Al Dhafra regions.

**Al Ain Distribution Company (AADC)**

AADC is the sole distributor and supplier of water and electricity to the Al Ain region east of Abu Dhabi. Energised by a focus on world-class infrastructure performance and superior customer service, AADC connects more than 250,000 service points in Al Ain City and surrounding areas.



**04 \ ENERGY SERVICES**

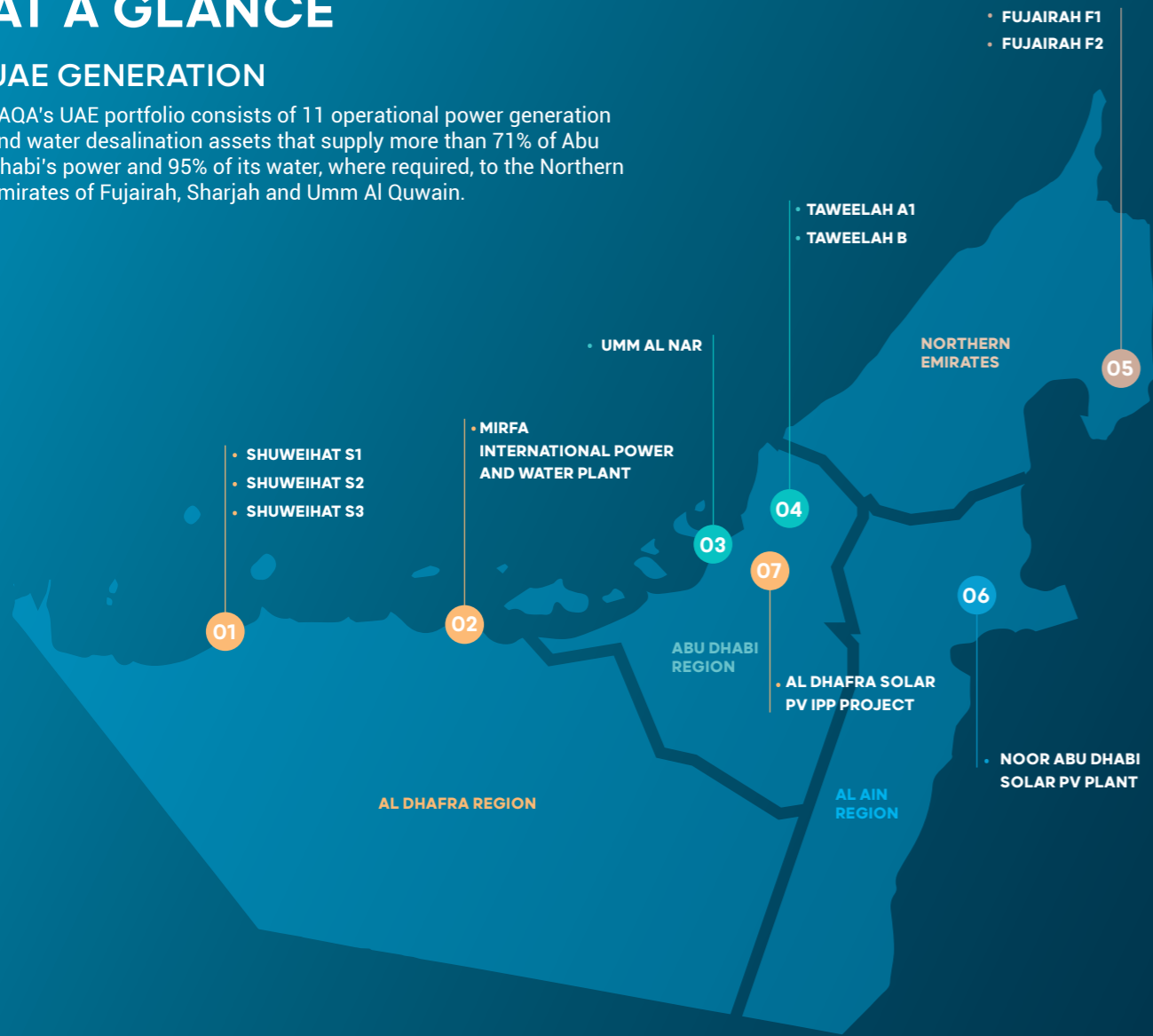
**Abu Dhabi Energy Services (ADES)**

Abu Dhabi Energy Services (ADES) is the Super ESCO (energy services company) for the Emirate of Abu Dhabi that simplifies and accelerates the development of water and electricity efficiency projects in government and private sector buildings across the Emirate of Abu Dhabi.

# AT A GLANCE

## UAE GENERATION

TAQA's UAE portfolio consists of 11 operational power generation and water desalination assets that supply more than 71% of Abu Dhabi's power and 95% of its water, where required, to the Northern Emirates of Fujairah, Sharjah and Umm Al Quwain.



## GENERATION ASSETS

### 01

#### SHUWEIHAT S1

Shuweihat S1 combined-cycle power plant and water desalination facility.

- Gross power capacity: 1.6 GW
- Gross water desalination capacity: 101 MIGD
- TAQA (60%), ENGIE (20%) and Sumitomo (20%)

#### SHUWEIHAT S2

Shuweihat S2 plant consists of two power and water desalination blocks, each comprising two gas turbines, one steam turbine and three multi-stage distiller units.

- Gross power capacity: 1.6 GW
- Gross water desalination capacity: 101 MIGD
- TAQA (60%), ENGIE (20%), Marubeni (10%) and Osaka Gas (10%)

#### SHUWEIHAT S3

Shuweihat S3 is a combined-cycle power plant comprising two power blocks consisting of two gas turbines, one steam turbine and two dual-pressure heat recovery steam generators (HRSG).

- Gross power capacity: 1.6 GW
- TAQA (60%), Sumitomo (20.4%) and KEPCO (19.6%)

### 02

#### MIRFA INTERNATIONAL POWER AND WATER PLANT

Mirfa International Power and Water plant is a combined-cycle gas turbine power plant that comprises three gas turbines, three heat recovery steam generators and two steam turbines, along with a modular reverse osmosis plant and three multi-stage flash desalination units.

- 1.7 GW of electricity
- 53 MIGD of desalinated water
- TAQA (60%), ADFG (20%) and ENGIE (20%)

### 03

#### UMM AL NAR

Combined-cycle gas-fired power plant and water desalination facility.

- Gross power capacity: 2.3 GW
- Gross water desalination capacity: 96 MIGD
- TAQA (60%), ENGIE (20%) and Jera (20%)

### 04

#### Taweelah A1

Taweelah A1 is a combined-cycle power plant and thermal-based water desalination facility.

- Gross power capacity: 1.7 GW
- Gross water desalination capacity: 84 MIGD
- TAQA (60%), ENGIE (20%) and Total (20%)

#### Taweelah B

Taweelah B Independent Power and Water Desalination Plant.

- Three distinct power generation and desalination facilities, including simple, open and combined-cycle gas turbines and multi-stage flash distillation
- Gross power capacity: 2.2 GW
- Gross water desalination capacity: 162 MIGD
- TAQA (70%), Marubeni (14%), Powertek (10%) and Kyuden (6%)

### 05

#### FUJAIRAH F1

The Fujairah F1 power and water plant is a combined-cycle natural gas-fired power plant and hybrid multi-stage flash and reverse osmosis desalination plant. At the time of construction, the plant was the first hybrid desalination plant in the Middle East.

- Gross power capacity: 882 MW
- Gross water desalination capacity: 131 MIGD
- TAQA (60%) and Sembcorp (40%)

#### FUJAIRAH F2

Fujairah F2 is a combined-cycle power plant and reverse osmosis desalination plant. Fujairah F2 was one of the world's largest IWPP projects at the time of construction.

- Gross power capacity: 2.1 GW
- Gross water desalination capacity: 132 MIGD
- TAQA (60%), ENGIE (20%) and Marubeni (20%)

### 06

#### NOOR ABU DHABI SOLAR PV PLANT

Was one of the world's largest single-site solar PV plant when commissioned.

- Gross power capacity: 1.2 GW (940 MW AC)
- TAQA (60%), Marubeni (20%) and Jinko Solar (20%)

### 07

#### AL DHAFRA SOLAR PV IPP PROJECT

Inaugurated in November 2023, Al Dhafra is one of the world's largest single-site solar PV projects. Nearly 4 million bi-facial solar panels rotate to follow the sun and capture sunlight on both sides.

- Gross power capacity: 2 GW (1.5 GW AC)
- TAQA (40%), Masdar (20%), EDF Renewables (20%) and Jinko Power (20%)

## ASSETS UNDER DEVELOPMENT

### REVERSE OSMOSIS DESALINATION PROJECTS

#### Taweelah Reverse Osmosis Desalination Plant

The world's largest reverse osmosis (RO) desalination project with on-site solar generation.

- 200 MIGD of desalinated water
- 69.8 MWp of on-site solar generation
- TAQA (20%), Mubadala (40%) and ACWA Power (40%)

#### Mirfa 2 Reverse Osmosis

Mirfa 2 Reverse Osmosis (M2 RO) desalination project will be located adjacent to the existing Mirfa 1 Plant, approximately 110 kilometres West of the city of Abu Dhabi.

- 120 million imperial gallons per day (MIGD) of potable water
- Sufficient to meet the water demand of up to 210,000 households in the Emirate of Abu Dhabi
- The plant is expected to begin commercial operation in Q4 2025.
- TAQA (60%) and ENGIE (40%)

#### Shuweihat S4 RO Desalination Project

- Up to 70 million imperial gallons per day (MIGD) of potable water
- Commercial operations are expected to commence in Q2 2026.
- TAQA (60%) and GS Inima (40%)

### POWER GENERATION

#### Fujairah F3

Fujairah F3 Combined Cycle Gas Turbine plant that will be the largest independent thermal power plant in the UAE. Fujairah F3 will be in Fujairah's Qidfa area, between the existing Fujairah F1 and Fujairah F2 water and electricity plants.

- 2.4 GW of electricity
- Supplying power to 380,000 households once operational
- TAQA (40%), Mubadala (20%) and Marubeni (40%)

# AT A GLANCE

## INTERNATIONAL GENERATION

Today TAQA is present across four continents in 11 countries: Canada, Ghana, India, Iraq, Morocco, the Netherlands, Oman, Saudi Arabia, the United Arab Emirates, the United Kingdom, and the United States.



**Operations in**  
**11**  
Countries



## POWER GENERATION

### 1. Ghana

- Takoradi combined-cycle power plant**
- Power capacity: 330 MW
  - TAQA ownership: 90%
  - The plant meets 15% of the country's installed capacity

### 2. India

- Neyveli lignite-fired power plant**
- Power capacity: 250 MW
  - TAQA ownership: 100%

### 3. Morocco

- Jorf Lasfar coal-fired power complex**
- Power capacity: 2,056 MW
  - TAQA ownership (Units 1-4): 86%
  - TAQA ownership (Units 5-6): 91%
  - Jorf Lasfar delivers 38% of Morocco's power demand
  - Supply of electricity to 15 million citizens

### 4. Saudi Arabia

- Jubail power plant**
- Power capacity: 250 MW
  - TAQA ownership: 25%

### 5. Oman

- Sohar Aluminium Smelter**
- Aluminium production: 375,000 TPA (with 1000 MW captive power plant)
  - TAQA ownership: 40%

### 6. United States

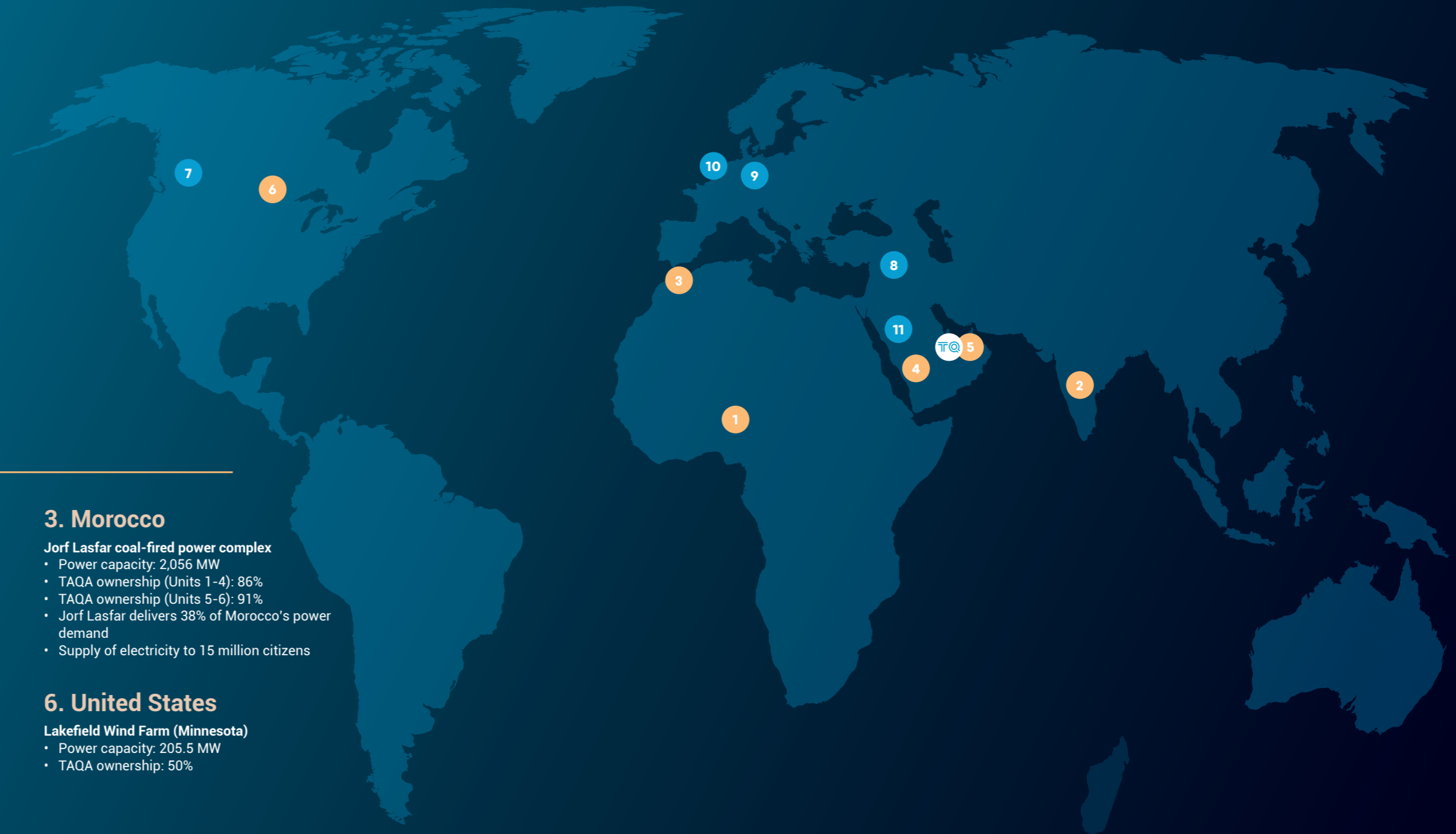
- Lakefield Wind Farm (Minnesota)**
- Power capacity: 205.5 MW
  - TAQA ownership: 50%

## Assets Under Development

### Tanajib Cogeneration & Desalination Facility (Saudi Arabia)

TAQA has a partnership to develop a greenfield cogeneration power and water desalination project in Saudi Arabia with 100% of the output going to the world's largest integrated oil and gas company, Saudi Aramco

- Net installed power capacity: 940 MW
- Gross water desalination capacity: 5.25 MIGD
- Gross steam capacity: 1,048 TPG
- TAQA ownership: circa 29% with Marubeni Corporation and Saudi Aramco holding the remaining 71%.




## OIL AND GAS

### 7. Canada

- TAQA-operated and non-operated onshore oil and gas assets**
- In 2023:**
- TAQA completed the Sunchild 1-4 gas plant expansion and re-activated the Bearberry gas plant
  - Drilled and brought on stream 36 operated wells in a safe, efficient, and reliable manner
  - Net production: 72.6 mboe/day

### 8. Iraq

- TAQA holds a 47.4% working interests in the Atrush Block, and is the operator of the asset. In 2024, TAQA entered into agreements for the sale of its stake in the Atrush oil field

### 9. The Netherlands

- TAQA operates important strategic gas production and storage assets in the Netherlands**
- In 2023:**
- Successfully fulfilled the Bergermeer Filling Agent (BFA) role, contributing significantly to the Netherlands government's objective of attaining mandatory fill levels of over 90% for Gas Storage Bergermeer (GSB).
  - Was actively involved in a groundbreaking CO2 capture and storage project in partnership with Porthos, spearheading a pioneering initiative that will establish a world-first scenario - storing CO2 in an empty gas field.
  - Net production: 2.9 mboe/day

### 10. United Kingdom

- TAQA-operated and non-operated offshore oil and gas assets**
- In 2023:**
- Simultaneously running late life assets operations as well as delivering Plug & Abandonment campaigns across three assets in the North Sea and planning platforms decommissioning.
  - Safety Awards for Workforce Engagement and Safety Rep of the Year.
  - Net production: 32.3 mboe/day

# INVESTMENT CASE

As one of the largest integrated utilities in Europe, the Middle East and Africa, TAQA is uniquely positioned to attain a leadership position in the global energy transition underway.

Throughout 2023, TAQA accomplished crucial strategic, financial, and operational goals while forming new partnerships and advancing its ESG credentials.

## EXPANSIVE PRESENCE

- Majority stake in all gas-fired plants and significant stake in existing PV plants in Abu Dhabi
- **39.1\*** Gigawatts of total power and water capacity, including Masdar.
- Over **1,250 MIGD** of gross water desalination capacity
- Over **110,000 km** of water and electricity networks
- **~1 million** end-user connections in the UAE
- **~108 mbo/d** production
- Global footprint spanning **40+** countries\*

\*Both Masdar and TAQA own stakes in Al Dhafra. The, combined Gross Capacity is adjusted to avoid double counting.

\*Including Masdar and TAQA projects and asset

## DRIVEN BY A WELL-DEFINED STRATEGY

- Exclusive rights for Transmission and Distribution in Abu Dhabi
- Rights to participate for **40% stake** in all EWEC generation projects
- **AED 40 billion** investment in Transmission & Distribution by 2030 to maintain and grow Regulated Asset Base in the UAE
- **150 GW** gross power capacity by 2030
- Building O&M capabilities to enhance TAQA's role in future generation projects
- **65%** of the total capacity to come from renewable energy resources by 2030

## STRONG FINANCIAL POSITION SUPPORTS GROWTH

- Long-term fixed price power and water off-take contracts with strong, creditworthy off-takers translating into predictable returns
- **One of the highest rated utilities** in the world: AA- by FitchRatings and Aa3 by Moody's
- **Green Finance Framework** awarded SQS2 (very good) sustainability score by Moody's, second highest rating
- **Net debt-to-EBITDA ratio of 2.4x** provides substantial borrowing capacity to fund future growth, while maintaining standalone investment grade rating

## COMMITTED TO BECOMING A GLOBAL ESG CHAMPION

- ESG forms a vital component of TAQA's Group strategy
- ESG-centric strategy announced in 2022, setting milestones enroute to the target of **Net Zero scope 1 & 2 emissions by 2050**
- **25% reduction** in scope 1 & 2 greenhouse gas emissions across the portfolio by 2030, compared to 2019 baseline
- **25% reduction** in water distribution losses by 2030, compared to 2021 baseline
- Diverse board – in 2023 board consisted of **82%** independent members, with three new female members bringing the total to 27%
- Females to constitute **30%** of management positions by 2030

# 02

## BUSINESS REVIEW

Chairman's Statement	28
Group CEO and Managing Director's Statement	30
Creating Value to Meet Ambitions	34
Our Strategy	36
Innovation	40
Operational Review	46
Generation	46
Transmission & Distribution	60
Oil & Gas	74
Health, Safety, Security & Environment	82
Our People	88
Sustainability	94

## CHAIRMAN'S STATEMENT

In this pivotal 'Year of Sustainability' for UAE, TAQA is proud to have played an active role in driving the energy transition at home and supporting the UAE's global leadership role in fighting climate change.

The historic COP28 consensus has set a specific target on tripling renewables and doubling energy efficiency by 2030 to enable the world to reach net-zero emissions by 2050 and keep the 1.5°C global warming target in sight. TAQA's 2030 Strategy for Sustainable and Profitable Growth ensures the Group is well positioned to unlock long-term value for shareholders by delivering energy needs of today and advancing low-carbon power and water solutions to accelerate the transition towards a sustainable future.

TAQA's strategic positioning enabled it to achieve revenue growth in 2023 despite global economic headwinds and lower oil and gas prices, and the upward revision of the 2030 production targets for its low-carbon power and water portfolios demonstrates the company's commitment to even greater growth.

In 2023, TAQA consolidated its position as the UAE's leading integrated utility through investments in new low-carbon water desalination projects and reaching an agreement to diversify into the wastewater sector through the planned strategic acquisition of SWS Holding. Moving forward, TAQA will continue to pursue organic and inorganic growth opportunities to support its ambitions within the UAE and abroad.

Collaboration will play a critical part in supporting international expansion, and in 2023 TAQA formed partnerships and signed agreements to explore potential investments in groundbreaking transmission projects to support the energy transition in Romania and Cyprus as well as to connect Morocco to the UK through Xlinks. In 2024, TAQA will seek to strengthen these partnerships and forge new alliances to expand its international presence where there are opportunities to unlock value for shareholders and support decarbonisation efforts.

Maintaining a strong balance sheet and a disciplined approach to growth is crucial to TAQA achieving its long-term ambitions. Green finance offers a significant opportunity to tap into new sources of capital to support the company's strategic growth. In 2023, TAQA successfully concluded its first green bond issuance, with net proceeds to be used to finance, refinance and invest in eligible green projects. The bond was 10 times oversubscribed with very strong demand from domestic, regional and international investors, which is a strong endorsement of the financial fundamentals of TAQA.

The decision of His Highness Sheikh Mohamed bin Zayed Al Nahyan, President of the UAE and Ruler of Abu Dhabi, to extend the 'Year of Sustainability' to 2024 reflects the UAE's commitment to protect and preserve the environment for the benefit of future generations. As a low carbon utilities champion, TAQA will continue to meet people's power and water needs reliably, efficiently and in an increasingly sustainable manner.



“

**TAQA's strategic positioning enabled it to achieve revenue growth in 2023 despite global economic headwinds and lower oil and gas prices, and the upward revision of the 2030 production targets for its low-carbon power and water portfolios demonstrates the company's commitment to even greater growth.**

”

H.E. Mohamed Hassan Alsuwaidi  
Chairman of the Board of Directors

## GROUP CEO & MANAGING DIRECTOR'S STATEMENT

As the world continued to face significant geopolitical and macroeconomic challenges and uncertainties in 2023, TAQA remained focused on delivering on its strategic growth ambitions at home and abroad. As a responsible and sustainable utilities company committed to providing reliable and efficient energy and water supply to markets where it operates, the launch of refreshed 2030 growth targets demonstrates progress towards TAQA's vision of being a leading low-carbon power and water company.

Following the acquisition of a major stake in Masdar, TAQA's gross power capacity target has tripled from 50 GW to reach 150 GW by 2030. In terms of net power generation capacity, TAQA is set to reach 50 GW by 2030, up from its current net capacity of 17 GW. In line with these stronger growth ambitions, TAQA is planning to increase the Group's water generation capacity to 1,300 million imperial gallons a day (MIGD), from the current 1,250 MIGD, with two-thirds of this capacity to come from low-carbon reverse osmosis (RO) technology. TAQA's 2030 targets also include increasing the proportion of renewable energy to 65% by 2030 in place of the previous target of 30%. A continued focus on innovation and forging stronger partnerships will support the ongoing work in growing the company's power and water portfolios and expanding into new geographies.

TAQA's commitment to long-term value was rewarded in 2023 as the company navigated a difficult global economic backdrop and challenges in the oil and gas market with a robust performance across the utilities business, particularly in the Transmission & Distribution (T&D) segment, to increase Group revenues by 3% year-on-year to AED 51.7 billion.

Continued year-on-year growth is enabling TAQA to invest in developing its network capabilities and asset portfolio across the UAE. Capital expenditure reached AED 5.1 billion, 34% higher than the previous year, largely driven by strong project execution in the T&D business.

TAQA is committed to increase capital expenditure significantly in the coming years to support its ambitious growth programme, with AED 75 billion of investment targeted by 2030. AED 40 billion will be invested on expanding and upgrading the T&D infrastructure in the UAE and the remaining AED 35 billion will be allocated to the Generation business.

As TAQA continues to invest heavily in expanding and future-proofing the UAE's grid, it is also moving ahead with plans to develop a robust international T&D infrastructure portfolio. In 2023, it formed a number of exciting partnerships with utilities and global technology leaders to explore potential investments in innovative transmission and interconnection projects that will support the energy transition.

TAQA also made progress in 2023 towards its new 2030 generation portfolio targets. In addition to investments in significant renewable energy capacity through Masdar, TAQA was proud to officially inaugurate one of the world's largest single-site solar projects at Al-Dhafra in Abu Dhabi. The 2 GW PV solar project, in which TAQA is the largest shareholder, will provide clean electricity for the equivalent of more than 200,000 homes and eliminates around 2.4 million tonnes a year of CO<sub>2</sub>. With numerous records set during the construction phase, the project is a testament to the power of partnerships and innovation in unlocking value and delivering a sustainable future.

TAQA also advanced plans for major low-carbon desalination and sustainable water projects in 2023 through partnership with leading international water developers. Work began on the 120 MIGD Mirfa 2 reverse osmosis (RO) desalination project that had reached financial close in May. This AED 2.3 billion project will be the UAE's third largest RO desalination plant when completed. This was followed by the successful financial close of the Shuweihat 4 (S4) RO plant, which will supply up to 70 MIGD of potable water when completed in 2026. The development of RO plants will contribute to achieving the 2030 ESG targets, with the decoupling of power and water enabling a significant reduction in the carbon footprint of water generation.

Also on the water side, during 2023, TAQA and ADNOC announced a AED 8.1 billion project to supply sustainable water to ADNOC's onshore operations through the development of a centralised seawater treatment facility. The project will increase the energy efficiency of ADNOC's onshore operations by up to 30%.

“

**As TAQA continues to invest heavily in expanding and future-proofing the UAE's grid, we are also moving ahead with plans to develop a robust international T&D infrastructure portfolio. In 2023, we formed a number of exciting partnerships with utilities and global technology leaders to invest in innovative transmission and interconnection projects that will support the energy transition.**

”

Jasim Husain Thabet  
Group CEO & Managing Director



In addition, at the close of 2023, a consortium in which TAQA plays a central role was successful as the winning bidder for the construction of a AED 1.5 billion Independent Strategic Water Reservoir with a storage capacity of 2,000,000 m3 in Juranah (Makkah region, Saudi Arabia), that aims to address municipal water demand across all the regions of the Kingdom and cater to the peak demand in Makkah and Madinah during Hajj season. In line with its 2030 sustainability objectives, TAQA was able to further reduce Scope 1&2 GHG emissions by 13% year-on-year in 2023 (19% compared to base year of 2019), while GHG intensity based on revenue declined 16 per cent compared with 2022.

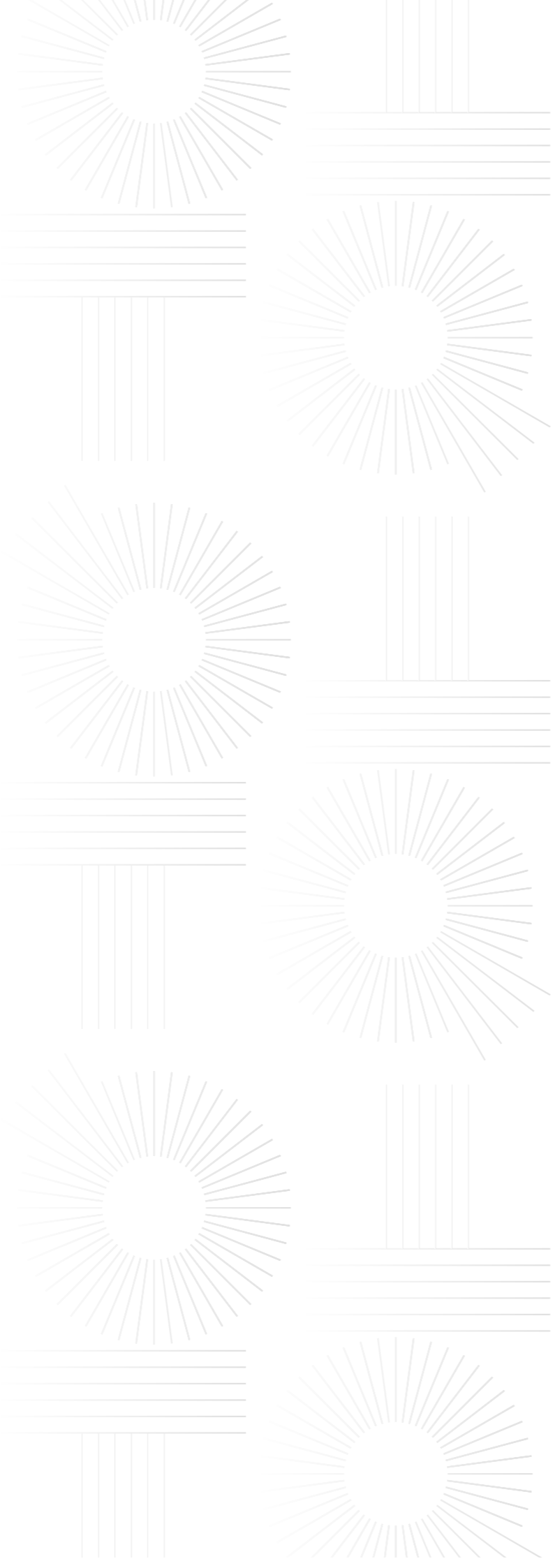
As part of the growth strategy as a leading integrated utility, TAQA agreed to acquire Sustainable Water Holding Company (SWS Holding), the main entity behind wastewater collection, treatment and reuse in the Emirate of Abu Dhabi. The diversification of the portfolio into areas that strengthen capabilities in this way will unlock value for shareholders and the communities TAQA serves. The deal will also open up new opportunities for Mergers and Acquisitions in the coming years.

Increasing efficiency and reducing carbon emissions remained a key priority for TAQA's oil and gas business in 2023. While revenues declined year-on-year as a result of lower commodity prices, the oil and gas business achieved high performance across operational and safety metrics and made progress with strategic gas and CO2 storage projects in the Netherlands. Strategic gas initiatives such as these help safeguard European countries against supply shocks as they move ahead with ambitious clean energy programmes.

In the UK North Sea, TAQA's position as a leader in the decommissioning space in 2023 was reinforced, and the company will continue to support the country with its decommissioning programme in 2024.

Looking ahead to 2024, TAQA's diversified portfolio and integrated utilities model will enable the company to play a critical role in meeting global demand for energy while accelerating the development of sustainable power and water projects and critical transmission infrastructure essential for the energy transition.

TAQA's pragmatic approach to the energy transition and commitment to sustainable growth will enable the company to deliver long-term value for shareholders alongside providing low-carbon power and water services for its partners and customers.



# CREATING VALUE TO MEET AMBITIONS

01

## MISSION

To be a low carbon power and water champion

02

## VISION

To provide the clean power and water that governments, businesses and consumers need for a sustainable and successful life

03

## PURPOSE

Powering a thriving future by efficiently providing sustainable and reliable energy and water to unleash the unlimited potential of people and place

04

## VALUES

### SAFE

We put safety above all else

### SUSTAINABLE

We do what is right for our environment, community and people

### COLLABORATIVE

We are stronger together

### INNOVATIVE

We seek creative ways to deliver results

### EXCELLENCE

We strive for exceptional performance

05

## STRATEGIC PILLARS & KEY THEMES

### OPTIMISATION

Create an integrated and efficient utility company

Partner with the government to establish optimal regulatory system

### GROWTH

Enhance security of supply to maintain demand growth in the UAE and internationally

Expand product portfolio to shift towards customer centric solutions

Become a sustainable leader and decarbonisation partner

06

## ENABLERS

### CAPABILITY BUILDING

Develop people capabilities for sustainable growth

### FINANCIAL DISCIPLINE

Ensure financial stewardship and consider monetisation options

### ESG

Become the UAE's ESG champion sustainably delivering on our corporate strategy and objectives

### DIGITAL & INNOVATION

Enable optimisation of existing business and ability to innovate for growth in new business models



# OUR STRATEGY

## Alignment with United Nations Sustainable Development Goals (UNSDGs)

The United Nations Sustainable Development Goals (SDGs) represent a set of 17 overarching and interconnected social, economic and environmental sustainability goals that are intended to be achieved by 2030. These global goals are designed to create a better and more sustainable future for all through, among other issues, tackling climate change, ensuring access to clean water and affordable energy and ending poverty. The energy sector plays an important role in the pursuit of the UNSDGs and lies at the heart of climate action. TAQA remains supportive of the UNSDGs and aligns its programmes and initiatives with the UNSDG goals most relevant to the energy sector in which its operations fall. The UNSDGs were also leveraged in the development of the Environment, Social and Governance (ESG) Strategy, enabling further alignment.

As TAQA embarks on its sustainability journey, TAQA's 2030 strategy focuses on optimisation and growth enabled by capability building, financial discipline, ESG and innovation and digitisation.

For more information on our sustainability efforts, refer to our latest Sustainability Report.

TAQA, focuses on two key strategy pillars: optimisation and growth. Optimisation involves achieving top quartile performance through operational efficiency improvements and regulatory collaboration with the government.

Our growth strategy is centred around ensuring security of supply, expanding our utilities portfolio, and leading the way in sustainability and decarbonisation partnerships with governments and industries.

### CAPABILITY BUILDING

Develop people capabilities for sustainable growth.

### FINANCIAL DISCIPLINE

TAQA emphasises the need for financial discipline, to maintain standalone investment grade credit rating, deliver on its dividend policy and fund value accretive growth.

TAQA's revised targets include aiming for 150 gigawatts (GW) of gross power generation by 2030, up from the previous target of 50 GW, with around 65% of its generation capacity coming from renewable power sources.

Previously, TAQA had committed to a target of 30%; however, with its leading stake in Masdar's renewable energy operations, the Group has upgraded this target. On a standalone basis, Masdar's clean generation capacity is expected to reach 100 GW by 2030. In terms of net power generation capacity, TAQA is set to reach 50 GW by 2030, up from its current net capacity of 17 GW.

TAQA is also ramping up its growth targets for water generation with a plan to increase the Group's water generation capacity to 1,300 MIGD, with two-thirds of this capacity coming from the highly efficient and low carbon reverse osmosis (RO) technology.

TAQA is planning to invest AED 75 billion until 2030 towards power and water capacity expansion and UAE-based transmission and distribution networks. This figure includes the previously committed spend of AED 40 billion between 2021 and 2030 to grow its UAE transmission and distribution networks.

### ESG

In line with the evolving landscape of sustainability, TAQA strives to be the UAE's ESG champion, sustaining its commitment to delivering on corporate strategy and objectives in a sustainable manner.

### INNOVATION & DIGITISATION

TAQA remains committed to enabling optimisation in existing business operations and driving growth in new business models through continuous emphasis on innovation and digitisation.

## ENERGY SECTOR FOCUS



## ESG STRATEGY FOCUS



## ESG STRATEGY FOCUS



PILLARS	THEME	TARGETS / PLAN OF ACTION
Optimisation	Create an integrated and efficient utility company	<ul style="list-style-type: none"> <li>Achieve top quartile performance through operational improvements (domestic and international portfolio) in Power and Water Generation;</li> <li>Achieve top quartile operational performance and networks availability in Transmission &amp; Distribution of Power and Water ("T&amp;D");</li> <li>Achieve top quartile performance through operational improvement and value optimisation and deliver efficiently on decommissioning programme in Oil &amp; Gas;</li> <li>Invest AED 75 billion until 2030 towards power and water capacity expansion and UAE-based transmission and distribution networks.</li> </ul>
	Partner with the government to establish optimal regulatory system	<ul style="list-style-type: none"> <li>Continue working with Abu Dhabi Department of Energy to further optimise the overall power and water system.</li> </ul>
Growth	Enhance security of supply to maintain demand growth in the UAE and internationally	<ul style="list-style-type: none"> <li>Lead UAE power and water capacity growth – TAQA is set to reach 50 gigawatts (GW) of net power capacity by 2030, up from its current net capacity of 17.4 GW;</li> <li>Aiming for 150 GW of gross power generation by 2030, up from the previous target of 50 GW, with approximately 65% of its generation capacity coming from renewable power sources;</li> <li>Expand the Group's water generation capacity to 1,300 MIGD, with two-thirds of this capacity coming from the highly efficient and low carbon reverse osmosis (RO) technology;</li> <li>AED 40 bn additions through substantial UAE-based infrastructure and networks growth projects.</li> </ul>
	Expand product portfolio to shift towards customer centric solutions	<ul style="list-style-type: none"> <li>Develop industrial alliances and prepare for future expansion in hydrogen;</li> <li>Develop non-regulated T&amp;D services (e.g., billing and call centre offerings, private electricity and water networks.);</li> <li>Expand into new services &amp; industries (e.g., water treatment).</li> </ul>
	Become a sustainable leader and decarbonisation partner	<ul style="list-style-type: none"> <li>Decarbonisation of customer power supply;</li> <li>Electrification of industrial processes;</li> <li>Energy efficiency and Demand Side Management (DSM);</li> <li>Decarbonisation of transportation.</li> </ul>

THEME	PLAN OF ACTION
<b>Capability Building</b> Develop people capabilities for sustainable growth	<ul style="list-style-type: none"> <li>Improve Emiratisation capabilities by attracting and developing local talent;</li> <li>Become an integrated player – owner, developer and operator in Power &amp; Water Generation and develop full project lifecycle expertise to achieve lead developer status;</li> <li>Focus on customer centric solutions and improve customer's experience in T&amp;D and develop agile asset management capabilities;</li> <li>Build decommissioning capabilities for O&amp;G.</li> </ul>
<b>Financial discipline</b> Ensure financial stewardship and consider monetisation options	<ul style="list-style-type: none"> <li>Maintain dividend policy and standalone investment grade credit rating to maximise value;</li> <li>Formulate prudent investment strategies to ensure targeted return levels and risks are consistent with corporate strategic objectives and risk assessment;</li> <li>Implement strong capital ranking process to maximise returns to shareholders, while maintaining portfolio resilience;</li> <li>Develop optimal funding strategies that maximise value and minimise cost of capital.</li> </ul>
<b>ESG</b> Become the UAE's ESG champion sustainably delivering on our corporate strategy and objectives	<ul style="list-style-type: none"> <li>Achieve Net Zero scope 1 and 2 GHG emissions by 2050;</li> <li>Reduce scope 1 and 2 GHG emissions across the Group by 25% and in the UAE by 33% by 2030 compared to the 2019 base year;</li> <li>Reduce energy consumption for desalination by expanding highly efficient reverse osmosis technologies to make up two-thirds of desalination production by 2030;</li> <li>Reduce losses in water distribution by 25% in 2030 compared to 2021 base year;</li> <li>Increase transparency of reporting;</li> <li>Reinforce diversity across 4 groups: gender, age, nationality and PoD (People of Determination);</li> <li>Have 30% women in management positions by 2030;</li> <li>Focus group Corporate Social Responsibility (CSR) efforts on two themes: Education equality and Environment covering eight Sustainable Development Goals (SDGs);</li> <li>Continue adoption of governance best practices beyond local regulations and requirements;</li> <li>Increase CSR spend above current levels both nationally and globally.</li> </ul>
<b>Digital &amp; Innovation</b> Enable optimisation of existing business and ability to innovate for growth in new business models	<p><b>Innovation Strategy Themes:</b></p> <ol style="list-style-type: none"> <li><b>Transition into the Sustainability Partner of Choice</b> <ul style="list-style-type: none"> <li>Focus on becoming a preferred sustainability partner.</li> </ul> </li> <li><b>Champion Sustainable Water Solutions:</b> <ul style="list-style-type: none"> <li>Innovate in water production and use to support circularity and reuse, safeguarding this vital natural resource.</li> </ul> </li> <li><b>Unlock Advanced Asset Management:</b> <ul style="list-style-type: none"> <li>Deploy AI, robotics, and big data analytics to improve asset efficiency and reduce operational and maintenance costs.</li> </ul> </li> <li><b>Pioneer Grid of the Future:</b> <ul style="list-style-type: none"> <li>Create advanced distribution systems or smart grids, incorporating various technologies to enhance the efficiency, reliability, and sustainability of power distribution.</li> </ul> </li> <li><b>Set New Standards in Customer Service:</b> <ul style="list-style-type: none"> <li>Offer digital solutions empowering customers to take control of energy consumption and costs, thereby setting new benchmarks in customer service.</li> </ul> </li> <li><b>Drive Intelligent Automation and Digitalisation Across the Organisation:</b> <ul style="list-style-type: none"> <li>Enhance back-end processes, data security, and access to knowledge within TAQA and its Operational Companies (OpCos).</li> </ul> </li> </ol>

# INNOVATION

**AS WE NAVIGATE AN EVER-EVOLVING ENERGY LANDSCAPE, INNOVATION STANDS AS A CORNERSTONE OF TAQA'S COMMITMENT TO GROWTH, EFFICIENCY, AND ENVIRONMENTAL RESPONSIBILITY. OUR ROBUST INNOVATION STRATEGY IS DESIGNED TO PROPEL US FORWARD IN AN ERA OF RAPID CHANGE AND INCREASING DEMANDS FOR SUSTAINABILITY.**

At TAQA, we recognise that innovation is not merely a concept but a strategic imperative, essential for supporting and accelerating our Group's strategy for optimisation and growth. Our Innovation Strategy is crafted to harness existing capabilities while instigating a cultural shift towards forward-thinking and adaptive practices.

The six innovation themes

TAQA's commitment to innovation is manifested through six distinct themes, strategically designed to address key operational and technological areas. These themes aim to propel growth, enhance sustainability, and facilitate cost reduction, aligning with TAQA's overarching strategic objectives.

## INNOVATION STRATEGY THEMES

### 01 Transition into the Sustainability Partner of Choice

Focus on becoming a preferred sustainability partner.

### 02 Champion Sustainable Water Solutions

Innovate in water production and use to support circularity and reuse, safeguarding this vital natural resource.

### 03 Unlock Advanced Asset Management

Deploy AI, robotics, and big data analytics to improve asset efficiency and reduce operational and maintenance costs.

### 04 Pioneer Grid of the Future

Create advanced distribution systems or smart grids, incorporating various technologies to enhance the efficiency, reliability, and sustainability of power distribution.

### 05 Set New Standards in Customer Service

Offer digital solutions empowering customers to take control of energy consumption and costs, thereby setting new benchmarks in customer service.

### 06 Drive Intelligent Automation & Digitalisation Across the Organisation

Enhance back-end processes, data security, and access to knowledge within TAQA and its Operating Companies (OpCos).

Across these six themes, TAQA envisions several programmes and initiatives. Each programme is meticulously designed to contribute to the broader goals of the innovation strategy, ensuring a comprehensive and strategic approach to addressing operational challenges and seizing growth opportunities.

TAQA's innovation strategy underscores the company's commitment to navigating the evolving energy landscape. By embracing sustainability, advanced technologies, and customer-centric solutions, TAQA positions itself as a leader in driving positive change within the energy sector, with a focus on growth, efficiency, and environmental responsibility.



## INNOVATION STRATEGY OPERATING MODEL AT TAQA

TAQA has crafted an operating model to effectively oversee the implementation of our strategy. This model includes governing bodies, clearly defined processes and KPIs, and a partnership arrangement with the UAE and global innovation ecosystem. The innovation operating model will streamline project management, execution, and inception across our business lines and operating companies.

### CORE PROCESS: Core Activities of the Innovation Strategy

Include project ideation, the idea life cycle framework, startup engagement funnel, tracking progress of innovation projects, among other processes.

### GOVERNANCE: Three New Bodies Driving the Innovation Strategy

- **TAQA Innovation Council (TIC)** steers overall innovation activities and efforts and monitoring progress on innovation projects across the group.
- **TAQA Innovation Team (TIT):** Building partnerships and supporting execution.
- **Group Innovation Champions (GIC):** Originating and executing initiatives.



### EXTERNAL PARTNERSHIPS:

Especially with research councils and startups, are prioritised for access to innovative technologies and to co-create new solutions.

### KEY PERFORMANCE INDICATORS (KPIs):

Focus on initiative effectiveness, process efficiency, and enablers.

# INNOVATION IS A KEY ENABLER IN TAQA'S GROWTH STRATEGY

Innovation stands as a pivotal enabler for TAQA to support and expedite the Group's strategy for optimisation and growth. Today, TAQA's innovation strategy is positioned to instigate a change in mindset and culture, utilising existing capabilities to fulfil three primary Group strategy objectives: achieving operational efficiency, unlocking sustainability, and driving future growth through the introduction of new products and services.

In 2023, TAQA emphasised its dedication to innovation by strategically prioritising key innovation themes and TAQA led several initiatives. Notable examples from TAQA's innovation journey include:

## INNOVATION CHALLENGE AND BOOT CAMP



The COP28 Innovation Challenge aimed to spur creativity and problem-solving in addressing climate change-related issues. It solicited innovative solutions from various sectors to tackle challenges, such as, reducing carbon emissions, promoting renewable energy, enhancing climate resilience, and advancing sustainable practices. The challenge provided a platform for collaboration, funding, and recognition for the most promising ideas and projects that contribute to mitigating climate change and achieving global sustainability goals.



During COP28 five projects from TAQA COP28 Innovation Challenge were showcased at the TAQA Pavilion. These projects were selected based on recommendations from a jury comprised of senior management. Each team presented their pitches in front of the TAQA jury, highlighting their innovative solutions to address climate change-related challenges. Additionally, all participating teams received tailored recommendations and support to continue with their projects, ensuring that their efforts towards sustainability and innovation were encouraged and nurtured beyond the event.



In December 2023, Hub71, Abu Dhabi's tech ecosystem, unveiled Hub71+ ClimateTech, a dedicated initiative aimed at supporting startups worldwide focused on sustainable decarbonisation technologies. This innovative ecosystem, launched during COP28, stands as a testament to Abu Dhabi's commitment to fostering sustainable innovation.



The programme allows startups to run pilots with TAQA as well as other corporate partners, including Abu Dhabi National Oil Company (ADNOC), Tabreed and Siemens Energy.

## HUB71+ CLIMATE TECH



TAQA plays a pivotal role as an Anchor Partner in Hub71+ ClimateTech. Our involvement underscores TAQA's commitment to drive positive change within the energy sector, aligning with its strategic objectives of achieving operational efficiency, unlocking sustainability, and driving future growth.



As an Anchor Partner, TAQA commits substantial resources to support startups in the ClimateTech space, offering capital investment opportunities, pilot programmes and mentorship to foster innovation. New specialist ecosystem at Hub71 reinforces Abu Dhabi as a world-leading tech hub for ClimateTech startups driving carbon reduction.



Hub71+ ClimateTech epitomises the collaborative efforts of public and private entities to drive innovation and accelerate progress towards a sustainable future. By empowering ClimateTech startups to thrive, the programme helps Abu Dhabi reaffirm its commitment to environmental stewardship and underscores its role as a global leader in sustainable innovation.



### Other Partnerships

As well as our collaboration with Hub71, TAQA is currently engaged in proof of concepts, collaborating with various partners both in Abu Dhabi and globally.

These initiatives aim to test technologies that will contribute to our sustainability goals and optimisation efforts.

## CASE STUDY:

# TAQA'S SUSTAINABILITY JOURNEY

Population growth and climate change are increasing water demand and exacerbating scarcity issues globally. The UAE is among the top 10 countries with high water stress levels, relying heavily on desalination due to brackish groundwater and depletion.

However, an innovative solution, known as water-from-air technology, offers a sustainable solution to address freshwater scarcity. TAQA's project DROP aims to harness this hidden atmospheric water source using ancient wisdom and innovative technologies. Unlike other sources, atmospheric water is naturally pure and ready for consumption, making it invaluable for sustainable water supply.

Project DROP is aligned with the UAE Government's efforts to provide clean water to its citizens. Currently, over 25 experts from various entities, including TAQA, ADDC, ADQ, and Khalifa University, are collaborating to drive the project forward.

Water-from-air technology has multiple use-cases in Abu Dhabi, such as hydroponic irrigation, supplying water in remote areas, and replacing bottled water. Ongoing research led by TAQA is exploring the limits of water-from-air harvesting and enhancing the technology devices.

In Abu Dhabi specifically, water harvested from the air is already accessible, showcasing the practicality and effectiveness of these technologies. The technology allows one device to produce from 5 litres to 10,000 litres of pure water a day.

The water-from-air project not only aims to provide clean and fresh water but it should also reduce plastic usage. To achieve this, all harvested water will be distributed in recyclable glass bottles. Extensive checks and surveys have confirmed the purity and safety of water sourced from the air. The project aims to supply employees in the TAQA group with high-quality, healthy water, served in sustainable glass bottles meeting the clean water needs of over 2,000 individuals. There is significant potential for expanding this coverage in the future.

In addition to providing clean water to the UAE community, project DROP actively involves and educates young Emiratis. One of the ways it does this is by organising a competition for students at UAE University in Abu Dhabi to design glass water bottles. The winning design will be used to produce glass water bottles that will hold pure water sourced from the air with project DROP technology.

Project DROP, currently in the development stage, has ambitious objectives including establishing crafting a True Cost of Water Model dedicated to unravelling the genuine cost and value of water in Abu Dhabi.

Additionally, the venture aims to introduce cutting-edge green and sustainable water-from-air technology to the region, meticulously adapting and refining it to thrive in the challenging climate of the UAE. Notably, the project is set to embark on a groundbreaking pilot phase, collaborating with TAQA's sister company SILAL to implement the innovative technology for irrigation in farming, marking a transformative step towards sustainable water solutions in the UAE.

**OPERATIONAL REVIEW:**

**GENERATION**

# OPERATIONAL REVIEW: GENERATION



## GENERATION OVERVIEW

Gross operating power generation capacity

**TAQA:**  
**24.15 GW**

including 3.4 GW under construction

**MASDAR:**  
**16.53 GW**

including under construction and other committed projects

Supply of Abu Dhabi's power

**71%**

Desalination capacity in the UAE

**1,250 MIGD**

including 190 under construction

Supply of Abu Dhabi's water

**95%**

Global commercial availability

**97.9%**

Gas %

**48.9%**

Renewables %

**45.2%**

Coal %

**5.9%**



## POWER PORTFOLIO\*



## WATER PORTFOLIO\*

Reverse Osmosis %

**38.7%**

Thermal %

**61.3%**

# 2030 GENERATION STRATEGIC PRIORITIES

**01**

Increase gross generation capacity to 150 GW by 2030, with 100 GW of renewables through Masdar

**02**

Grow net generation capacity to 50 GW by 2030, including renewables through Masdar, from 17.4 GW at the end of 2023

**03**

Targeting 65% of power capacity to come from renewable power sources by 2030, up from 45.2% at the end of 2023

**04**

Continue expanding operations and maintenance capabilities

**05**

Increase water generation capacity to 1,300 MIGD with two-thirds of portfolio using reverse osmosis technology by 2030, up from one-third at the end of 2023

TAQA's Generation business is a global leader in sustainable and reliable power and water generation. It has a diverse portfolio of assets across several geographies that power communities and support prosperity and development through secure and reliable power and water generation.

The business operates in seven countries with a gross power capacity of 24.15 GW, including 3.4 GW under construction. When combined with Masdar's renewable capacity of 16.5 GW, in which TAQA has the leading (43%) stake, rises to more than 20 with a gross power capacity of 40.68 GW, including under-construction and committed projects.

In the water business, the company is the largest producer of desalinated water and the largest potable water provider in the United Arab Emirates, one of the world's most water-stressed locations.

By the end of 2023, the company had achieved a capacity of more than 1,250 million imperial gallons (MIGD), including 190 MIGD under construction. This portfolio includes the Taweelah Reverse Osmosis (RO) Independent Water Plant, which

commissioned the majority of its capacity during 2023 and is expected to achieve commercial operations in 2024, once fully operational it will be one of the world's largest RO plants.

TAQA has exclusive rights to participate in all new power (renewables via Masdar) and water projects launched by Emirates Water and Electricity Company (EWEC) in Abu Dhabi until 2030, ensuring that the home market remains a crucial focus for the company.

Generation remains focused on optimising performance across its fleet with an unwavering focus on health and safety and has deployed several best-in-class initiatives throughout 2023 to enhance its safety culture. The company has also focused on expanding its operations and maintenance (O&M) capabilities in the existing fleet and in new domestic and international projects secured during the year.

2023 was a year in which we concentrated efforts to achieve robust growth in the Generation business, and consequently, we continued to cement our position as a global power and water player. We remain firmly on track to achieve our 2030 targets.

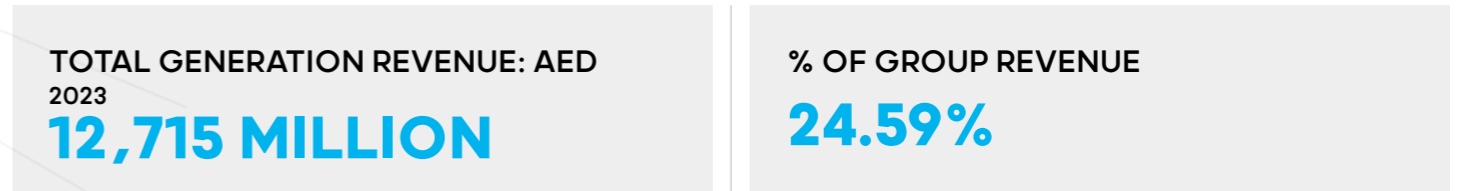
# FLEET OPERATIONS AND FINANCIAL PERFORMANCE

Fleet wide average commercial and technical availability

■ 2022 ■ 2023



## FINANCIAL HIGHLIGHTS 2023 AED Million



In 2023, TAQA's Generation business remained focused on its growth while maintaining performance across our global power and water assets. Notable highlights included the commencement of commercial operations at the 2 GW Al Dhafra Solar PV Plant, one of the world's largest single-site solar projects in operation. Furthermore, TAQA has achieved financial close on two key greenfield reverse osmosis plants - Mirfa 2 Reverse Osmosis and Shuweihat 4 Reverse Osmosis.

In addition, we completed a strategic refinancing of Morocco projects to expedite cashflows to benefit the Group. This commitment to financial optimisation aligns with our expansion efforts, which extend to strengthening our operations and maintenance capabilities within our existing fleet at Taweelah B IWPP and in the new reverse osmosis projects at Mirfa 2 and Shuweihat 4.

Beyond these accomplishments, we are actively exploring new avenues of growth, notably in Uzbekistan, through strategic partnerships for power projects and infrastructure investments. TAQA remains unwavering in its commitment to safety and operational excellence, ensuring it continues delivering safe and reliable power and water to its communities.



Farid Al Awlaqi  
Executive Director, Generation



Operational excellence and performance optimisation of its assets remained a core priority for TAQA's Generation business throughout 2023. A number of power generation assets are approaching retirement. Since this ageing brings a higher risk of technical challenges, these assets were a focal point for emphasising timely preventive maintenance and digital monitoring. This focus enabled us to keep the portfolio-wide commercial availability within an acceptable range of 96.1% vs 96.7% in 2022. The small decrease during the year was mainly due to unplanned outages observed at three of our UAE IWPPs, Umm Al Nar, Taweelah B and Fujairah 2. However, TAQA's exposure to these outages was largely limited through asset insurance cover.

TAQA's water generation plants achieved a sustained strong performance, reaching commercial availability of 99.7%, compared to 99.4% last year, recording an increase of 0.3%. The forced outages observed in our UAE IWPPs' power side did not impact the co-generating water desalination units.

Power production from the UAE fleet decreased by 13.3% (or 9,010 GWh) during 2023. A combination of the commissioning of the Barakah Phase 3, commercial operations commencing at the Al Dhafra PV Plant, and the commissioning of the Group 2 capacity at our Taweelah RO plant prompted the load dispatch centre to reduce the power production across our entire UAE fleet.

Overall production of our international fleet is consistent year on year, registering a slight decrease of 1.5% (or 274 GWh). This was mainly due to lower production of units 5 and 6 in TAQA Morocco's power asset, which was placed under shutdown due to planned maintenance.

The quantity of compliant desalinated water produced by the existing operational fleet remained consistent in 2023 due to consistent demand.

In our Generation business, EBITDA increased by 3.5% to AED 7,419 million compared to 2022. While revenues decreased by 8.0%, operating expenses decreased by 23.3%, translating into a net EBITDA improvement. The decline in revenue is related to the pass-through fuel cost component, mainly at TAQA Morocco, which receives compensation from the off-taker for fuel costs, which reduced by almost 70% from 2022, thereby reducing both revenue and operating costs. The decrease in operating expenses translated into EBITDA improvement mainly from lower operating and maintenance costs in the UAE fleet, which observed changes to its maintenance requirements and schedule due to a reduction in production volume.



## UAE

Generation's domestic portfolio provides Abu Dhabi with more than 70% of its power and more than 95% of its water. It operates 11 IWPPs in the UAE, supplying 17.6 GW of gross operating power capacity, including 2.5 GW of renewable energy.

A highlight for the year for both TAQA and Masdar, showcasing the strength of this investment for our company, was the official inauguration of one of the world's largest single-site solar PV plants, the 2GW DC (1,584 MW) Al Dhafra project in Abu Dhabi. This project, which is 40% owned by TAQA alongside partners Masdar, EDF Renewables and Jinko Power, is a landmark utility-scale renewable energy project for the UAE. It is TAQA's second record-breaking solar PV project, following the 1 GW DC (935 MW AC) Noor project in Abu Dhabi, which has been in operation for nearly five years. The Al Dhafra project also broke records in terms of cost, with the project having one of the most competitive tariffs for solar power, optimised upon financial close to AED 4.85 fils/kWh (US \$1.32 cents/kWh). This project exemplifies TAQA's commitment to expanding its clean energy portfolio and supporting the UAE in its 2050 Net Zero initiative.



From left to right: H.H. Lt. General Sheikh Saif bin Zayed Al Nahyan, Deputy Prime Minister and Minister of the Interior; H.H. Sheikh Hazza bin Zayed Al Nahyan, Deputy Ruler of Abu Dhabi; H.E. Dr. Sultan bin Ahmed Al Jaber, Minister of Industry and Advanced Technology, Chairman of Masdar and COP28 President-Designate.

Other highlights for UAE operations in 2023 included TAQA acquiring an additional 10% ownership stake in the Taweelah B IWPP, thereby increasing TAQA's overall ownership stake to 70%. Moreover, TAQA also acquired a 25% ownership stake in Asia Gulf Power Service Company Limited, the O&M contractor for Taweelah B IWPP, underlining TAQA's strategic priorities of expanding its O&M capabilities across its fleet and strategically advancing the company's position to have greater control over the performance of its assets. Taweelah B IWPP has 2.2 GW of installed power generation capacity with 162 MIGD of installed water desalination capacity.

In 2023, TAQA also articulated new water capacity targets for 2030, with the company now aiming to reach 1,300 MIGD of desalinated capacity, with two-thirds of this portfolio to come from the highly efficient reverse osmosis (RO) technology. As the UAE's largest producer of potable water, TAQA is well positioned to reach this target, with the company reaching 1,250 MIGD by the end of the year after financially closing two new greenfield projects for Abu Dhabi - Mirfa 2 RO (M2 RO) and Shuweihat 4 RO (S4 RO).

Serving as the third largest RO desalination project in the UAE, M2 RO will produce 120 MIGD of potable water once fully operational; TAQA has a 60% share in the plant, and its partner ENGIE has a 40% share. S4 RO will supply 70 MIGD of potable water once fully operational; TAQA has a 60% share in the plant, and its partner GS Inima has a 40% share. In both RO plants, EWEC will procure the water for 30 years. TAQA also has a 40% stake in the O&M company of both plants.

Growth in renewables globally is a critical strategic priority for TAQA, and now, through our stake in both Masdar's renewable business (43%) and its green hydrogen business (24%) alongside our partners ADNOC and Mubadala, we can supercharge the company's growth in this sector. TAQA has contributed exclusivity rights to all future renewable energy projects in Abu Dhabi to Masdar and will also focus on international renewable growth through Masdar. During 2023, Masdar increased its portfolio capacity from 10GW to 16.5GW, and this growth has been achieved by securing a diverse set of global projects through competitive processes, strategic partnerships and Government to Government collaborations. Further, Masdar has a rich pipeline of greenfield and M&A opportunities.



## INTERNATIONAL

TAQA Morocco completed a refinancing of JLEC 5 and 6 projects in Morocco for US \$600 million, accelerating dividends for the Group and self-funding its growth aspirations. In the Morocco power plant, improvements continue to drive the energy transition, propel a digital transformation and enhance sustainability across the business.

Takoradi International Company in Ghana achieved high levels of availability and provided the network with safe, efficient, and reliable power after making several operational and technical improvements.

In India, the Neyveli plant maintained consistent and steady performance across its operations in 2023 with a continued focus on safety initiatives. The project's cash flow position improved and enabled it to make distributions to the Group as the off-taker delivered on its commitment to settle overdue receivables.

In Oman, Sohar Aluminium's financial performance compared to the prior year was negatively impacted by lower London Metal Exchange prices (2,316 US \$/ton in 2023 vs 2,773 US \$/ton in 2022). This headwind in commodity pricing has resulted in a lower net income by AED 212 million and a lower dividend distribution by AED 85 million. Operationally, Sohar Aluminium continued to maintain high standards of operational and safety performance throughout 2023.

In the Kingdom of Saudi Arabia, construction continued to advance at the Tanajib Cogeneration Plant, which remains on track for its first delivery of services in 2024. We are actively involved in developing and delivering this project with our partners. At the Jubail Power Plant, where we hold a 25% interest, the plant met expectations in 2023 with consistent performance.

As part of our international growth strategy, TAQA and the Government of Uzbekistan announced a strategic partnership to explore new power projects and investment opportunities in 2023. These opportunities include new and existing power plants and associated power infrastructure, which could be worth more than US \$3 billion. This agreement covers proposals for a greenfield combined cycle power plant with a capacity of 1.5 GW.

The new project is set to be developed adjacent to the existing Talimarjan power complex, where TAQA has already announced plans to invest in the privatisation of two gas-fired power plants in the complex and is expecting to financially close on its 40% stake in the 900 MW TPP1 power plant alongside its partners Mubadala and the Talimarjan Issiqlik Elektr Stansiyasi JSC in the first half of 2024.

# SECURING THE HEALTH AND SAFETY OF OUR PEOPLE

Safety remains the most important value at TAQA. During 2023, TAQA's Generation business maintained a strong HSSE performance across its power and water assets, supported by the execution and delivery of HSSE improvement initiatives. We continued to drive HSSE improvements in performance reporting and data collection across the business, which saw an increase of 65% in reporting of HSSE observations compared to 2022.

The ongoing HSSE transformation programme implemented across our power and water non-operated generation assets in the UAE delivered good results in 2023, including the following:

**33%** reduction achieved in recordable injuries

**One** environmental spills or high-potential incidents

**84%** closure of actions from asset HSSE improvement plans

Visible leadership and commitment to HSSE with a total of 22 TAQA leadership site visits completed

In 2024, the business will continue strengthening the safety culture maturity across its business from the top down, demonstrating a proactive stance and commitment towards operational HSSE excellence.

Improved collaboration and engagement between shareholders and key stakeholders in support of HSSE efforts and improvements

Generation was recognised as the winner of the Safe company value award for their HSSE Transformation Programme at the 2023 annual TAQA Awards

A new HSE award and recognition programme was developed and launched for our UAE IWPP fleet

## 2023 ACHIEVEMENTS

<p>Inauguration of the world's largest single-site solar power plant</p>	<p>24.15 GW of gross operating power generation capacity</p>	<p>EBITDA increased by 3.5% to AED 7,419 million compared to 2022</p>	<p>Finance secured for multiple desalination projects</p>	<p>Partnership with Uzbekistan to determine new power projects</p>	<p>Taweelah RO won Desalination Plant of the Year Award in 2023 by Global Water Awards</p>
--	--	---	---	--	--

## GENERATION IN 2024

Looking ahead, TAQA's Generation business remains firm in its commitment to advancing strategic priorities in alignment with the Group's growth and decarbonisation objectives. We expect to complete several key transactions this year to support our growth ambitions whilst maintaining a solid commitment to safe, on-time and on-budget delivery of greenfield projects within our pipeline.

TAQA's collaboration with Masdar remains a pivotal component of its growth strategy, supporting Masdar's accelerated expansion and capitalising on valuable partnerships and relationships in both new and established markets. These efforts are crucial in achieving Masdar's ambitious 2030 growth targets.

Additionally, TAQA continues an unwavering focus on enhancing the performance of its generation portfolio, striving for optimisation and maximising returns on investments. We remain dedicated to investing in our workforce and the infrastructure of our plants, ensuring a sustainable and prosperous future for all whom we serve.



## CASE STUDIES:

# DEVELOPING THE WORLD'S LARGEST SOLAR PROJECT

A joint project led by TAQA and its partners Masdar, EDF Renewables and Jinko Power – the 2 GW Al Dhafra PV Solar Project is a testament to what combining international collaboration and technological innovation can achieve.

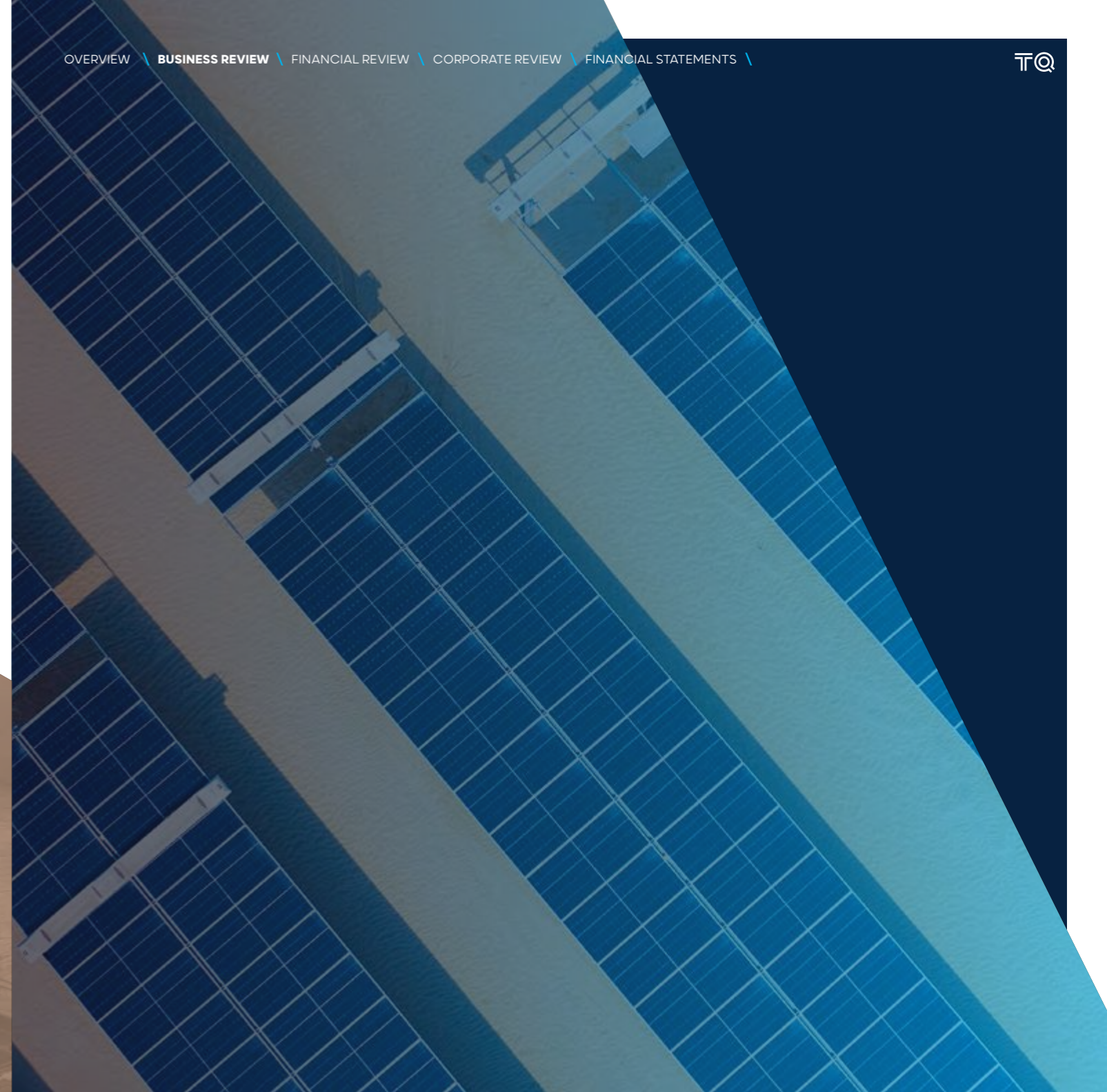
Inaugurated in November 2023, the Al Dhafra Project is one of the world's largest single-site plants in operation. Almost 4 million solar panels deploy innovative bi-facial technology, ensuring sunlight is captured on both sides of the panels to maximise yield.

Al Dhafra Project is 200 times larger than the UAE's first solar project in 2009, representing the country's leadership in solar power.

Located 35 kilometres from Abu Dhabi city, the Al Dhafra Project spans over 20 square kilometres of desert and created 4,500 jobs during construction.

The landmark solar plant was built in a single phase, generates enough electricity to power almost 200,000 homes, and displaces 2.4 million tonnes of carbon equivalent every year. During the development of the Al Dhafra Project, a record-breaking 10 MW of solar panels were installed daily.

The electricity produced at the Al Dhafra Project will be purchased under a 30-year PPA agreement by the off-taker EWEC.



**OPERATIONAL REVIEW:**

# **TRANSMISSION & DISTRIBUTION**

# OPERATIONAL REVIEW: TRANSMISSION & DISTRIBUTION

## DRIVING SUCCESS THROUGH STRATEGIC COLLABORATION

In 2023, TAQA's T&D business demonstrated resilience and growth, underpinned by strategic partnerships and operational excellence.

As the sole provider of power and water to customers in the Emirate of Abu Dhabi, our focus on efficiency and reliability yielded tangible results. Collaborative efforts with key stakeholders contributed to an increase in revenue and net profit, reinforcing our commitment to delivering essential services to the community.

## TRANSMISSION & DISTRIBUTION 2030 STRATEGIC TARGETS

**Invest an additional AED 40 billion by 2030 to maintain and grow our UAE Regulated Asset Base**

**Focus on operational excellence, customer service excellence, and digitalisation across the entire value chain**

**Strengthen the position of DSM programmes, enabling public and private entities to realise energy savings targets**

## OPERATIONAL REVIEW

TAQA's T&D business played a key part in the growth of TAQA's group revenues in 2023, counteracting a downturn in oil and gas earnings.




In 2023, revenue across T&D increased to AED 30,954 million, up from AED 26,091 million in 2022. Higher pass-through bulk supply tariffs and transmission use of system (TUOS) contributed to revenue growth. Strong performance across the T&D segment resulted in net profit growing to AED 4,423 million, up from AED 4,211 million in 2022.

Following the merger with ADPower in 2020, our T&D business has taken a transformative journey, has increased capabilities, optimised efficiency, and elevated customer service standards. In 2023, TAQA T&D ramped up capital expenditure (capex) deployment in project development to expand and enhance the performance of T&D infrastructure, aligning closely with our vision to provide leading low-carbon power and water solutions. Our commitment to invest AED 40 billion in T&D by 2030, alongside the strategic growth of our regulated asset base in the UAE, will bolster TAQA's growth objectives and drive forward the UAE's Net Zero by 2050 initiative.

A continuous focus on investment driven growth and efficiency contributed to strong operational performance across the UAE in 2023, and positions us in good stead for further growth in 2024. The finalisation of the RC2 agreement with the Abu Dhabi Department of Energy (DOE) lays a solid foundation for TAQA to attain our 2030 growth targets for sustainable progress and returns.

T&D will also play a key part in TAQA's international ambitions. In 2023, the Group formed partnerships and signed agreements in a number of countries and entities to invest in groundbreaking transmission projects to support the energy transition.

### Breakdown in Revenue for Transmission & Distribution (AED million)

Entity	2022	2023
 <b>ADDC</b> شركة أبوظبي للتوزيع Abu Dhabi Distribution Co.	15,444	18,710
 <b>AADC</b> شركة العين للتوزيع Al Ain Distribution Company	5,485	6,750
 <b>Transco</b> شركة أبوظبي للنقل والتحكم Abu Dhabi Transmission & Dispatch Company	5,162	5,494

### Financial Highlights (AED million)

■ 2022 ■ 2023

<b>REVENUE</b>	26,091	30,954
<b>EBITDA</b>	7,897	8,751
<b>NET INCOME</b>	4,211	4,423
<b>CAPEX</b>	2,577	3,632

T&D exhibited robust operational performance in 2023, maintaining high availability levels across power and water networks. Operationally, transmission network availability remained above 98% in 2023, while TAQA T&D continued to set leading international benchmarks for service delivery, maintaining transmission service availability of power and water at 99.9% in 2023.

The average number of service interruptions declined by 4.3% from the previous year, and the duration of service interruptions decreased to approximately 5.6% compared to 2022.





T&D capital expenditure in 2023 amounted to AED 3,632 million, marking an increase of approximately 40.9%. This rise was primarily propelled by a greater number of development projects and projects in execution as TAQA expands its network capabilities in capital deployment.

The regulated business, which forms the cornerstone of our operations and contributes significantly to TAQA's revenue, continued to perform strongly in 2023. Our investment target of AED 40 billion in T&D for the Abu Dhabi grid in 2023 stands as a testament to our strengthened internal capabilities in investment planning and execution. By integrating leading and cost-effective technologies and prioritising strategic partnerships, we have bolstered capabilities across the T&D segment.

While TAQA continued to expand our reach and build new smart infrastructure across the UAE, in 2023 we advanced a number of international partnerships and investments that will support our international business growth in the coming years.

### TAQA's T&D business is playing a pivotal role in supporting our international business growth strategy.

#### Our 2023 highlights are listed below:

-  TAQA partnered with Vision Invest and GIC as part of a Consortium to develop the Juranah Independent Strategic Water Reservoir Project in Makkah, Saudi Arabia.
-  We, alongside Octopus Energy, invested in Xlinks to develop the world's longest HVDC subsea cables between the UK and Morocco.
-  We collaborated with the Government of Uzbekistan to explore strategic opportunities for TAQA and the UAE to invest in the country's power sector.
-  TAQA partnered with Transelectrica, Meridiam, E-INFRA, and Fluor to conduct a feasibility study for an underground HVDC infrastructure project in Romania.



This year, we have witnessed further tangible outcomes resulting from the dedicated efforts of our team, as we have worked to transform T&D entities with the aim of generating value. Shareholders saw excellent operational performance and a 41% increase in capex delivery over last year, driving regulated growth. International deals and pioneering partnerships led to non-regulated growth, with clear milestones and achievements, in both power and water sectors, allowing us to remain focused on achieving our sustainability goals.



Omar Al Hashmi  
Executive Director, Transmission and Distribution



“  
**During the UAE’s historic COP28, TAQA welcomed over 3000 visitors to its pavilion. Attendees had the opportunity to engage with more than 50 speakers from around the globe and gain insights into TAQA’s ambitious decarbonisation objectives. This significant turnout underscored the importance of partnerships, as we collaborate with diverse stakeholders to drive sustainable change and achieve our collective goals.**

”



## TRANSFORMATION FOR EFFICIENCY

Our operational priority this year was to maintain momentum across critical transformation areas.

In 2023, our efforts in the Capital Excellence Transformation Programme led to increase of delivered CAPEX of 41% over the previous year. The programme also set the foundation for improved portfolio and project management through the harmonisation of capital governance process and the utilisation of better portfolio planning tools, techniques and methods which resulted in enhanced business plan accuracy and quality. Our ongoing supply chain transformation, enabled by category management, secured improvements in supply chain operations performance and this ensures higher achievements in our transformative journey. Our commitment to expanding the In-Country Value (ICV) programme involved high-value tenders with award impact of 40.2%.

The maintenance transformation continued this year through implementation of a digital operations strategy to support operational excellence and our reliability-centred predictive maintenance strategy, resulting in an improvement in System Average Interruption Duration Index (SAIDI) and System Average Interruption Frequency Index (SAIFI).

In 2023, we took significant strides in our transformation journey by installing automated meters. These meters represent a pivotal step forward, enabling us to enhance performance through timely consumption readings and remote connections.



## GOVERNANCE

The Abu Dhabi Department of Energy (DoE) issued the Second Regulatory Control (RC2) for water, wastewater and electricity sector operations. RC2 builds on the previous set of controls, laying the foundation for TAQA to advance our 2030 strategy for sustainable growth and returns. RC2 sets out a regulatory framework through 2026, providing certainty and direction.



## PEOPLE

Our employees remain pivotal to TAQA's success, as they are our most valuable asset. In 2023, we heightened our focus on Human Capital throughout the organisation. We prioritised diversity and inclusivity by implementing a gender parity scheme and working with Tamkeen, to establish an internal career coaching network exclusively for women.

We also intensified our efforts in succession planning for executive leaders across the company, ensuring the swift advancement of our most promising talents to propel TAQA's growth. Our commitment to becoming a leading low-carbon power and water company remained steadfast.

Furthermore, we welcomed the third cohort of ETLAQ, our flagship Emirati graduate programme. Over 200 Emirati graduates have transitioned into full-time employees through this 12-month programme since its inception in 2020.



## DRIVING CUSTOMER SERVICE EXCELLENCE THROUGH INNOVATION AND DIGITALISATION

Excellent customer service is integral to building a thriving future for our customers. Now in its second year, our customer excellence programme continued to deliver value through a holistic approach that combines human capital needs, leading practices in customer engagement, technology and innovation. The programme combines customer satisfaction improvement initiatives launched in 2021 with business process reengineering to shape the customer operating model. This model supports our digitalisation and low-carbon power and water champion agenda.

The initiatives resulted in improved customer KPIs for both distribution companies compared to 2022, with strong performance on respective commitments to service levels and improvements in customer satisfaction scores.

As part of TAQA's focus on operational excellence, optimisation and digitalisation across the T&D business, TAQA has teamed up with Octopus Energy's Kraken Technologies to launch a pilot project to trial Kraken's platform with TAQA's power and water customers in the UAE. The innovative programme is expected enhance operations, connecting all parts of the energy system, from customer billing to management of renewable generation and energy devices. Customers should receive improved services and all stakeholders will benefit from more efficient operations.

The companies are also exploring to extend the partnership to the wider Middle East region and worldwide. Ultimately, a local innovation and development hub will be established in Abu Dhabi to serve as a regional centre of excellence and innovation, that once completed will help build capabilities in the UAE.



## ENHANCED HSE REPORTING

TAQA's foremost value, safety, is a primary focus of our organisation, and Health, Safety, Security, and Environment (HSSE) constitutes a critical component of our T&D operations.

Leadership visibility has been instrumental in fostering positive changes in safety culture, and regular senior leadership HSSE visits to T&D sites will continue to be a pivotal aspect of the HSSE transformation programme.

TAQA's leadership engages in regular site visits, safety awareness discussions, and performance reviews. Building upon the success of the first phase from 2022, we have enhanced our HSSE management systems with a focus on ownership at the line organisation level.



# OPERATIONAL HIGHLIGHTS



## TRANSMISSION BUSINESS

In 2023, TRANSCO continued its performance in delivering power and water, adhering closely to international standards for reliability and safety. Power was distributed through a vast 10,975 electricity network, while water flowed through 3,529 km of pipelines. TRANSCO continues to manage its assets to ensure high efficiency and effectiveness.

With a peak power demand of 18,526 MW and a peak water demand of 766 MIGD, representing an increase from the previous year, TRANSCO demonstrated its capacity to meet growing needs. Notably, TRANSCO earned recognition from International Transmission Operation and Maintenance Study (ITOMS) as a global leader in overhead lines and substations, solidifying its reputation for excellence in the industry.

In 2023, TRANSCO successfully continued its work across 331 transmission projects, including:

**Installation of the Ruwais 400/220kV Substation located in Ruwais, Abu Dhabi;**

**220kV Reinforcement works at multiple locations: Hameem, Liwa West, FAYA sites and ICAD III;**

**The rehabilitation of the Qidfa water pumping station;**

**Installation of the new water pumping station at Muzairah and the associated pipelines to Qushahwira;**

**The replacement of the water pipeline from Unit V at Shobaisi Pump Station as part of the Unit III and Unit V water transmission scheme.**



## BARAKAH NUCLEAR POWER PLANT

In February 2022, the Emirates Nuclear Energy Corporation (ENEC) announced commercial operation of Unit 3 at the Barakah Nuclear Power Plant, adding an additional 1.4 GW of carbon-free energy to UAE's national grid, with the fourth and final reactor due to be commissioned in 2024.

TRANSCO has played a key part in interconnecting the Barakah plant to its network through the development and completion of multiple switching stations, overhead lines and integration projects. By 2025, the Barakah plant is expected to meet up to 25 per cent of the UAE's energy needs, playing a significant part in reducing the country's carbon emissions.



## DECARBONISATION

In 2023, TAQA's T&D business played a crucial role in supporting the UAE's Net Zero by 2050 initiative. Notably, we partnered with ADNOC on a US \$3.8 billion project to decarbonise offshore production operations. This groundbreaking project, developed with KEPCO, Kyuden, and EDF, will establish a first-of-a-kind high-voltage direct current (HVDC) subsea transmission network in the MENA region, boasting a total installed capacity of 3.2 GW.

In September 2023, ADNOC and TAQA concluded financial arrangements for a sustainable water supply project. This partnership, aims to enhance energy efficiency by up to 30% across ADNOC's onshore operations. Over 60% of the Project's value will be reinvested in the UAE's economy through ADNOC's In-Country Value programme.

# DISTRIBUTION BUSINESS

AADC and ADDC, during 2023, continued to optimise distribution and ensuring the highest levels of service reliability for consumers.

Power network reliability indicators showed a combined 5.6% improvement in average outage duration for each customer served (SAIDI) and a combined 4.3% improvement on average number of interruptions a customer may experience (SAIFI).

## EXCELLING IN CUSTOMER SERVICE

AADC's outstanding attention to customers' needs brought the company a 99% rating in the Customer Relationship Management System, placing it first among all government entities.

Similarly, the Abu Dhabi Digital Authority awarded ADDC first prize for the best government entity across all Abu Dhabi contact centres. These achievements are the result of customer service excellence initiatives and continuous improvements in contact centre operational performance, including reduced customer waiting time, enhanced contact centre service levels, and on-time billing performance.

## EMPLOYEE WELL BEING

ADDC listened to the feedback gathered from employee surveys, identifying a strong desire for enhanced well-being and awareness initiatives. Consequently, ADDC intensified its commitment to employee welfare by launching collaborative opportunities with Khalifa University and initiating the 'Here for You' campaign, aimed at nurturing employee well-being.

## ENERGY SERVICES BUSINESS

TAQA's Abu Dhabi Energy Services (ADES), in its role as the energy services company for the Emirate of Abu Dhabi, plays a crucial role in funding, developing and executing energy efficiency projects to reduce operational costs and reduce the environmental footprint in government-owned assets and beyond.

In 2023, ADES announced the successful completion and delivery of two projects with key partners: the United Arab Emirates University and the Department of Culture and Tourism - Abu Dhabi.

These projects, aiming to maximise sustainable utilities consumption and efficiency, achieved remarkable outcomes, exceeding 25% in energy efficiency improvements for both its clients by retrofitting selected buildings and facilities with energy saving measures.

This substantial increase in efficiency led to significant cost savings for utilities services and yielded a noteworthy reduction in energy consumption. Moreover, the projects contributed to a considerable decrease in CO2 emissions, reinforcing ADES's pivotal role in the Abu Dhabi Demand Side Management and Energy Rationalisation (DSM) Strategy 2030.

## QUALITY AND COMPLIANCE

Both the distribution companies achieved optimal compliance levels across their networks, maintenance and service levels, customer service compliance and water quality.

## ADVANCED METERING INFRASTRUCTURE (AMI)

In early 2022, ADDC and AADC entered into an agreement with e& for the upgrade and management of the company's AMI, including provision of seamless connectivity to enhance and ensure the efficient operation of more than one million smart meters. The on time reading consumption and remote connection capabilities of the metres will increase performance of services.

## ENHANCED COLLECTIONS

The combined distribution companies under TAQA have maintained the highest collections in the last two decades. This achievement is credited to our team's focus on key institutional accounts and enhanced governance, resulting in improved cash management within the companies.

# 2024 OUTLOOK

**Looking ahead to 2024, our Transmission and Distribution (T&D) business will prioritise driving customer satisfaction and operational excellence, aligning with TAQA's sustainability ambitions. We will also continue to explore international partnerships to foster growth and enhance our customer-centric approach with our employees.**

Our efforts will be dedicated to supporting TAQA's sustainability goals, with a focus on strategic and operational initiatives that benefit stakeholders and contribute to the UAE's development.

**OPERATIONAL REVIEW:**  
**OIL AND GAS**

# OPERATIONAL REVIEW: OIL AND GAS

## TAQA'S OIL & GAS CONTRIBUTED TO ENERGY SUPPLY THROUGH ITS CONTINUING OPERATIONS IN CANADA, UNITED KINGDOM AND THE NETHERLANDS.

In 2023, TAQA's continuing oil and gas business maintained its focus on delivering safe and reliable operations, while making progress with advancing initiatives to support energy security and advance the energy transition. High performance across operational and safety metrics in Canada, the impeccable management of the strategic Gas Storage Bergermeer (GSB) in the Netherlands, and continued excellence in decommissioning in the UK showcased the resilience of our operations. Emission reductions in Canada and CO2 storage initiative in the Netherlands exemplify TAQA's commitment to the energy transition.

Oil & Gas average daily production from continuing operations in 2023 was 107.8 mboe/d compared to 115.6 mboe/d in 2022. At the same time, the average realised oil price stood at US \$75.05/bbl in 2023 compared to US \$85.80/bbl in 2022, while average realised gas prices decreased to US \$4.96/mmbtu, from US \$7.03/mmbtu in 2022.

TAQA Netherlands through its filling agent agreement with EBN guaranteed security of gas supply to the Dutch and European market via the GSB and positively contributed to the 2023 financial results.

The business generated an adjusted EBITDA of AED 4,009 million, compared to AED 6,208 million in 2022.

## CHALLENGING MACROECONOMIC AND GEOPOLITICAL LANDSCAPE

Full year revenues were AED 8,048 million, down 20.6% relative to 2022, largely due to lower realised oil and gas prices. Macro headwinds including rising inflation and geopolitical tensions weighed on industrial activity and in turn demand for commodities.

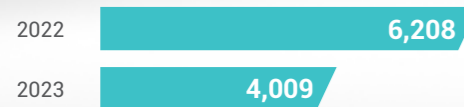
TAQA witnessed an 6.7% drop in production volumes compared to 2022 primarily associated with the planned cessation of production in several North Sea fields, in line with TAQA UK decommissioning plans.

### Financial Highlights (AED million)

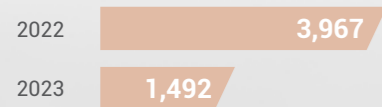
#### Revenues



#### Adjusted EBITDA



#### Net Income



#### CAPEX



In 2023, the Oil & Gas business furthered its commitment to several strategic priorities including HSE, efficiency, and responsible production and supply. Examples include the role our business played in European energy security through a period of supply uncertainty in 2023, support for a first of its kind CO2 storage initiative, and innovations in production to reduce emissions. These demonstrate the focus and resilience of our business.

Franco Polo  
Executive Director, Oil and Gas



# STRATEGIC FOCUS

Through 2023, TAQA's strategic focus was the retention and maximisation of its continuing Oil & Gas portfolio while advancing plans and investments in projects and technologies which improve efficiency and lower the carbon intensity of our operations. This reflects our broader commitment to emission reductions and environmental stewardship, as we seek to meet the needs of our customers in a cleaner, more responsible way.

Examples of this include the Netherlands, where TAQA is actively involved in developing technology to support the energy transition. In 2023, the Porthos consortium successfully reached the Final Investment Decision on a pioneering CO2 capture and storage project, with TAQA providing storage services. This milestone follows meticulous preparations and is now advancing to the next phase where CO2 will be stored in a depleted offshore gas field.

In the United Kingdom, TAQA continued to successfully deliver as a late-life assets operator while advancing efforts towards the safe and efficient decommissioning of North Sea assets.

In Canada, operations and drilling activities targeted improvements in production volumes as well as enhancement of our operating capabilities. In line with this, TAQA successfully completed asset exchange transactions in the Caroline area of Alberta in 2023. Additionally, we completed the expansion of our Sunchild 1-4 gas plant and of re-activated Bearberry gas plant.

## Production

Mboe/d

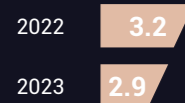
### Canada



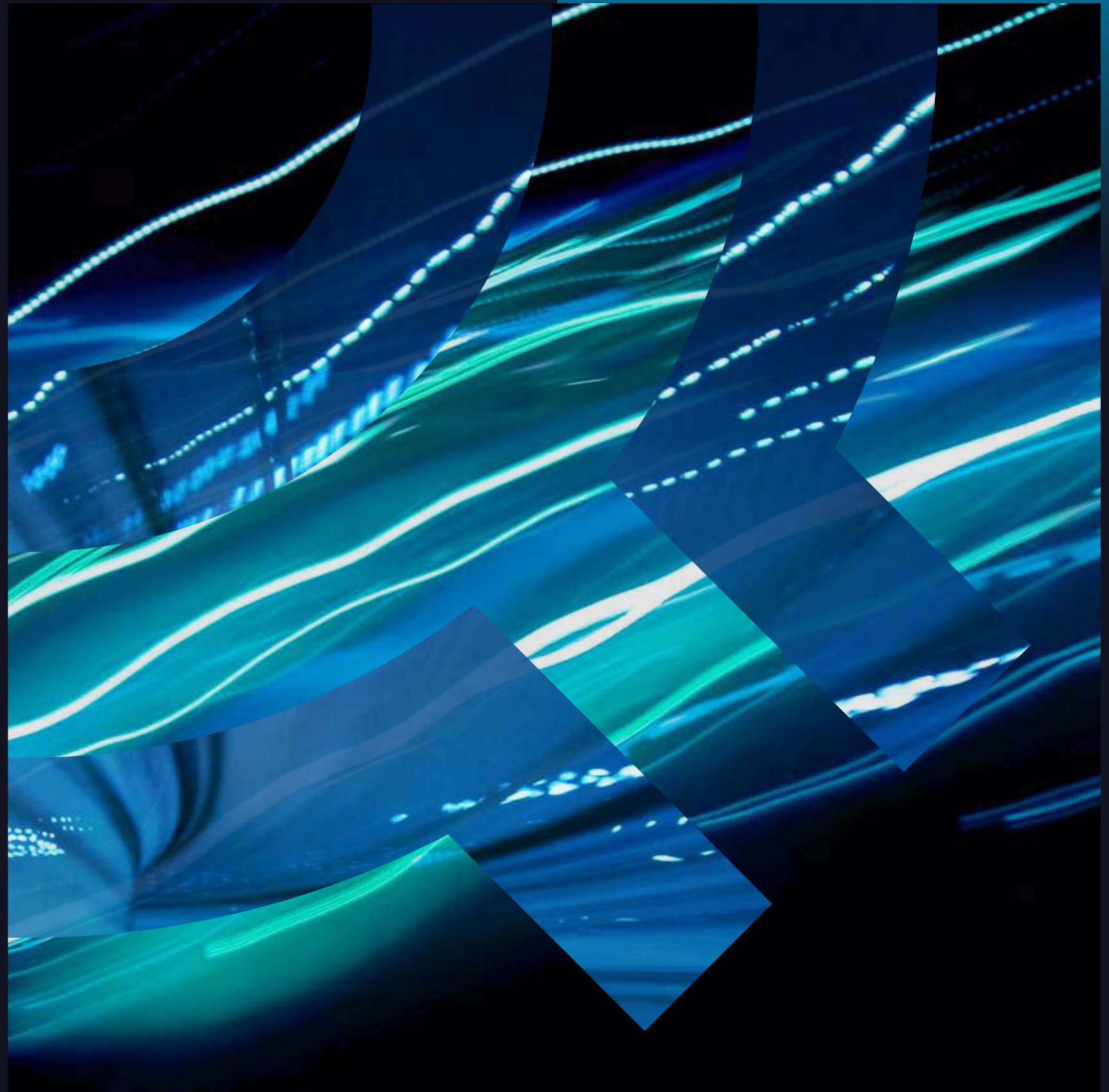
### UK



### Netherlands



### O&G



## IMPROVED HEALTH, SAFETY, AND ENVIRONMENT PERFORMANCE

Health, Safety, and the Environment remains our top priority and is crucial to the success of our business. In 2023, we saw improvements in our Recordable Injury Rate (RIR) and the number of uncontained spills. Our RIR ended 2023 at 1.38 compared to 1.79 the previous year. We recorded 19 uncontained spills, a decrease from the 27 spills in 2022. However, the volume of spills did increase slightly in 2023 to 18,157 litres compared to 16,698 litres in 2022.

The Oil & Gas business made significant advancements in 2023 by prioritising risk reduction across all of our operations. We accomplished this through several strategic activities, which included a specialised safety and risk review of the operating companies during the first quarter. In addition to this, each operating company conducted gap assessments and prepared plans for the implementation of 17 new corporate standards designed to standardise and strengthen HSE governance across the business line.

All operations continue to deliver on annual HSE improvement plans with specific focus on environmental and emissions management, working with contractors, leadership engagement, management of short service workers, HSE culture, and control of work.

## OIL & GAS IN 2024

In 2024, TAQA will continue to prioritise health and safety and the environment for its Oil & Gas operations, while pursuing initiatives that support the long-term resilience of the business.

# HEALTH, SAFETY, SECURITY & ENVIRONMENT (HSSE)

**In 2023, we continued our focus on HSSE excellence, through a wide range of ongoing and new programmes and initiatives to raise awareness, set standards, develop capabilities, and maintain stakeholder alignment.**

“Safety” stands as our foremost value, and our unwavering commitment is reflected in the emphasis we place on an embedded set of standards, guidelines, and reporting tools and requirements. These measures are meticulously implemented to ensure professionalism and regulatory compliance across our operations, reinforcing our commitment to health, safety, security, and environmental stewardship.

In 2023, TAQA issued new Group-wide HSSE standards, comprising safety, security and environmental areas of priority. These standards and associated supporting documents, form the basis for how we expect our activities to be conducted across the Group and through our operating companies. Ongoing efforts during 2024 are intended to help ensure Group-wide application and conformance to these expectations. We continue to influence the activities of the companies in which we are not the operator to meet regulatory requirements and equivalent standards.

Building on our previous reviews in Generation and Transmission & Distribution, our operating companies, annual HSSE Improvement Plans continued to be delivered with assurance independent of the business, with a 97% average completion rate across all operating companies.

We completed a comprehensive Oil and Gas HSSE review, coupled with a safety culture assessment, which helped to identify and prioritise our next phase of continuous improvement opportunities across the operating companies. This work reinforces our commitment to continuing to learn and seek out areas to further enhance safety practices and capabilities.

TAQA enhanced HSSE standards and consistency throughout its Transmission and Distribution operations, through the continuation of our ongoing transformation programme. This was a significant milestone in reinforcing safety measures and fostering a shared understanding of our safety expectations.

TAQA committed to raise the number of safety observations reported throughout 2023. By encouraging the “stop-think-act” approach and promoting speaking up, TAQA saw a 9% year-on-year rise in reported safety observations. The most significant increases were observed in our Generation and Transmission & Distribution businesses, with each reporting approximately two-thirds more safety observations than in 2022. These observations are being utilised to address issues upfront and thus help prevent HSSE incidents from occurring.

Incident review panels have been introduced to help investigations being delivered to a consistently high standard and have been firmly established as a key part of our systematic approach to understanding and learning from all recordable injuries, especially those regarded as high potential incidents.

To ensure that lessons learned were shared effectively across all our operations, TAQA increased communication about incidents, providing notifications and safety alerts, doubling the frequency compared to 2022. Our OpCo teams use these notifications and alerts to discuss how they can respond and prevent similar incidents or near misses.

For instance, we identified a need for improved capabilities to ensure the safety of our meter readers while working at customer properties. As a result, over 750 personnel received additional risk assessment training to identify hazards and take necessary actions to avoid harm.

## HSSE PERFORMANCE OVERVIEW

Our 2023 performance underscores TAQA's commitment to remaining focused and not being complacent.

Our lagging people safety KPI, a 0.54 Group Recordable Injury Rate (RIR) for the full year 2023, represents a similar outcome to the 0.53 recorded during the year of 2022.

Interrogating RIR, we experienced a combination of increased recordable incidents (27 to 31) in 2023, which included 18 Lost Time Injuries (LTIs) compared to 15 in 2022, and an increase in activities and manhours.

In 2023, there were 20 reported spills, down from 28 in 2022. Considering the presence of ageing assets within our portfolio, we take care to ensure that this improvement is not viewed as a trend of improved performance.

	T&D		Generation		O&G		Group Totals	
	2023	2022	2023	2022	2023	2022	2023	2022
<b>Fatalities (number)</b>	0	0	0	0	0	0	0	0
<b>RIR (Recordable injuries/ million hours)</b>	0.27	0.20	0.78	0	1.38	1.79	0.54	0.53
<b>LTI (number)</b>	11	4	3	0	4	11	18	15
<b>Recordable spills (number)</b>	0	0	1	1	19	27	20	28

## STRENGTHENING HSSE EXCELLENCE

Through leadership commitment, the number of executive site visits, interactions and interventions increased throughout 2023. Intervention was particularly notable in Oil and Gas in the early part of the year when injury performance declined.

Across our operations, we remain focused on continually developing and delivering annual HSSE improvement plans. These plans support our ongoing commitment to improve management of hazards and risks and foster a culture of speaking up, increased learning, and capability development, to reduce potential safety incidents. By providing safe operations that meet or exceed recognised best practise standards, comply with external expectations and align with the right internal policies and standards and procedures, we are showcasing TAQA as a trusted and reliable operator.

Preventative measures based on identified HSSE trends remain a priority. This approach has led us to direct our attention towards enhancing HSSE reporting, strengthening contractor management, deepening leadership engagement, enhancing short-service worker management, emphasising our safety culture, and embedding better control of work processes.

We have developed a deeper understanding of the process safety risks in our businesses. A Group-wide Process Safety Management Standard and common implementation framework has been deployed across all operating companies. We have identified Major Accident Hazards (MAHs) relevant to each operating company and conducted Bowtie analysis to document the risk management measures (i.e. barriers) that are required to prevent significant events from occurring. Going forward our focus will be on providing greater assurance that existing barriers remain effective. We will deliver this through the identification and monitoring of additional metrics, assurance and site-specific reviews.

To underpin our process safety management and performance, we have deepened our Operational Technology (OT) cyber security programme. We see OT cyber security as a key element to the success of process safety management. As such, we continue to strengthen monitoring and visibility across our OT systems combining in-house capabilities with best in class products to protect against external threats.

In support of protective security, we have launched a new protective security standard, framework and suite of documents to help ensure consistent implementation aligned with global compliance requirements. Our operating companies are focused on enhancing conformance with these requirements.

Beyond our direct operations, we continue to promote learnings and HSE improvements in companies where we are a shareholder and not an operator. Working with these companies, we conducted independent assessments to identify and implement HSE improvements and share learnings, TAQA hosted 2 Generation IWPP HSE events during 2023.

Throughout 2023, we increased our HSSE communications and engagements. Global events included hosting a global virtual HSSE Day supplemented by regional events. We recognised significant days, such as, World Health Day. TAQA hosted the inaugural in-person Global HSSE Leads Forum where senior operations and HSSE professionals from all our operating companies came together to share common challenges, opportunities, good practices, and learnings, and to align on shared objectives.

We continue to look for ways to enhance the management of any potential environmental impacts from our activities. New standards have been issued to capture Group-wide requirements and good practices relating to the management of waste, wastewater, air quality and Greenhouse Gas (GHG) emissions. An upgraded GHG digital reporting tool has been launched to provide greater visibility, control and oversight on emissions, and to identify opportunities for improvements.

Beyond our efforts to enhance workplace safety, we have raised our ambition to provide a safe space for discussing mental health. In 2023, we introduced mental health training, starting with developing champions in the UAE that, as a result of the programme, are better equipped to identify and respond to mental health concerns. We are now introducing Mental Health First Aid training to provide further support and promote wellbeing. This work forms part of a wider focus on employee wellbeing, that we will cascade across the operating companies.

As part of our wellbeing activities, we continue to deliver ergonomics and health solutions, Display Screen Equipment (DSE) training and assessments. We are striving to deliver training and capability development programmes across our HQ and Group-wide operational locations. For example, we are encouraging First Aid and Fire Warden training, equipping our workforce with crucial skills for emergency response.



“

**We remain committed to fostering a work environment that encourages each one of us to speak up and look for every opportunity to learn, and to share learnings with others. That means being proactive through constantly looking for trends in leading indicators, identifying systemic causes and working together to stop incidents before they occur. It relies on each one of us playing our part, being focused on the activity in front of us, having planned it meticulously, and knowing that we have the capability we need to achieve the desired results. It requires competence without complacency.**

Stephen Wackerle  
Chief Risk and Internal Audit Officer

”

# THE WAY FORWARD

We have focused on sustained HSSE performance improvement of our direct operations and the contractors that work with our employees on them. In addition to maintaining this priority, we are incorporating more upfront and ongoing involvement in the HSSE activities associated with new acquisitions, integrations and projects. We intend to comprehensively review our Commitment to Operational Excellence – TAQA's HSSE Management System (COE) – and make the updates required to ensure that we continue to enhance our approach to management HSSE.

We intend to continue delivering rigorous investigations into incidents, identifying systemic weaknesses and robustly addressing them, ensuring we actively share lessons learned through regular HSSE communication and engagement across our operated assets and our non-operated interests.

Having launched a suite of new HSSE standards and guidelines, we recognise that the improvements required are delivered through embedding the requirements and expectations in collaboration with the businesses. We have assurance activities planned to help assess the extent to which these new standards are implemented consistently across the businesses. These assessments will help ensure that we understand the impact of these enhancements and can improve their impact through continuous improvement.

Developing and issuing these standards reflects the start of our commitment to HSSE excellence. Embedding these expectations – continuously enhancing their impact – is our shared ambition.

# OUR PEOPLE

**Our people continue to drive TAQA’s success. In turn, our Human Resources (HR) department continues to provide growth opportunities in line with the company’s strategy.**

We continue to focus on capability building while attracting and retaining a diverse and inclusive employee base. In 2023, the HR strategy was refreshed to strengthen our foundations with improved HR systems, processes and technology and analytics. This has increased our ability to attract, develop, manage and reward our talent and enable TAQA to continue to be an employer of choice. Our employee-centric programmes are aimed at engaging and growing our talent to better support and guide our business.

Recognition is part of our company culture, and we continue to celebrate and reward the incredible work of our teams. In 2023, we hosted the 2023 global 'TAQA Awards', an in-person Group-wide event to recognise excellence in exemplifying our core values. The event saw over 600 members of the global TAQA family in attendance in Abu Dhabi; more than 900 employees worldwide watched the livestream. In addition, we have introduced more frequent recognition initiatives for individuals and teams alike throughout the year.



## Engaging and Recognising Our People



Across TAQA, we make it a priority to support each other and create a culture that celebrates success, encourages collaboration and brings our values to life.

Our 2023 Employee Engagement Survey focused on driving actions for improvement across our Operating Companies. The response rate for the survey was 86%, 8% lower than 2022. While overall employee engagement dropped by 1 point to 63% compared to last year, it remains a point higher than the Global Energy average.

Establishing a benchmark for improvement and influencing future policies, the results from the 2022 survey led to the introduction of several programmes and initiatives. This includes an enhanced medical insurance policy with additional benefits, initiatives to improve employee wellbeing and work-life balance, among others.

## Attracting and Developing Talent



In 2023, we dedicated our efforts to providing upskilling opportunities across our operations to drive TAQA's strategic vision for growth. This included developing existing talent within the Group through targeted development programmes for different talent groups, such as, senior leaders, fresh graduates and future leaders.

“

**TAQA’s employees are the driving force behind our continued success. Their hard work and commitment have helped us turn our ambitions into tangible outcomes while delivering strong value to our stakeholders. We remain committed to providing them with a progressive, enabling and rewarding work culture across our organisation to build and retain a diverse workforce that contributes to our aim of achieving a Net Zero future.**

”

Nabil Almessabi,  
Chief Human Resources Officer



## OUR PEOPLE



### Our diverse international workforce

Delivering a diverse workplace remains a key focus area. Under our ESG targets, we aim to enhance diversity and provide equal opportunities across gender, age and People of Determination.

In 2023, three women were appointed to the TAQA board, representing significant progress towards our 2030 goal of 30% female representation in management positions. Additionally, we leveraged the TAQA UAE Women's Council to establish the Tamkeen mentorship program. This program aims to empower senior employees across TAQA's UAE businesses to become effective mentors for less experienced female colleagues.

We have partnered with Aurora50, a UAE-based organisation that supports GCC companies to become thought leaders in Diversity, Equality and Inclusion. Through the same partnership, we cofounded NOORA a new platform to advance the role of women in leadership positions in the UAE through networking opportunities.

Our Youth Council had a strong and active presence in COP28 UAE and other critical industry and community engagement events. We continue to focus on expanding Emiratisation for our HQ and Transmission and Distribution assets with an Emirati-exclusive Future Leaders' programme.

TAQA Group proudly has a diverse workforce that comprises 84 nationalities. We also support Emiratisation at TAQA's HQ and UAE-based operating companies, with UAE nationals currently accounting for 51% of the total employees.

On December 31, 2023 our workforce comprised 6,852 full-time employees across our global business. These numbers do not account for employees at non-TAQA operated assets.

# DIVERSE WORKFORCE COMPRISING OF 84 NATIONALITIES



**51%**  
UAE nationals across TAQA's headquarters and UAE-based operating companies



By the end of the year, more than **220,000** training hours were completed across TAQA Group



Commitment to **30%** female representation in management positions by 2030



**6,852** employees across our global business

OpCo/HQ	Country	Sector/HQ	Headcount
AADC	UAE	T&D	1,577
ADDC	UAE	T&D	1,872
TRANSCO	UAE	T&D	1,114
ADES	UAE	T&D	10
TAQA HQ	UAE	HQ	316
TAQA Atrush	UAE	HQ	6
Atrush	Iraq	Oil & Gas	90
TAQA North	Canada	Oil & Gas	323
TAQA Bratani	UK	Oil & Gas	672
TAQA Energy B.V.	Netherlands	Oil & Gas	126
Jorf Lasfar	Morocco	Generation	455
TAQA Neyveli	India	Generation	133
Takoradi	Ghana	Generation	98
AMPC	UAE	Generation	60

# SUSTAINABILITY

## POWERING A THRIVING FUTURE

Navigating towards delivering our 2030 corporate strategy, environmental, social, and governance pillars are at the core of TAQA's business strategy and operations. With a focus on decarbonising power and water, pioneering investments in renewable energy, reverse osmosis, and modernising grids, TAQA strives to positively transform the lives of our employees and the communities in which we operate.

With our carefully considered ESG strategy, we actively contribute to enabling the energy transition and specifically to the UAE's targets for achieving Net Zero by 2050. Our philosophy is to lead with purpose and embrace the growing array of opportunities with positive environmental and social impact that foster a sustainable and equitable future.

Our expansive ESG strategy centres on six focal areas: climate change, water and effluents, occupational health and safety, diversity and equal opportunity, local community engagement and corporate governance. TAQA distinguishes itself through transparent reporting and communication with stakeholders, upholding global benchmarks set by leading ESG rating agencies and industry best practices. TAQA takes pride in our commitment to transparency and sustainability and strives to lead by example in the markets where we operate.

# SUSTAINABILITY STRATEGY AND TARGETS

## ENVIRONMENT

### Climate Change

- Achieve Net Zero scope 1 and 2 greenhouse gas (GHG) emissions by 2050.
- Reduce scope 1 and 2 GHG emissions across the Group by 25% and in the UAE by 33% by 2030, compared to 2019 base year.
- Enhance climate resilience through reducing risks and increasing adaptive capacity.

### Water and effluents

- Reduce energy consumption for desalination by expanding highly efficient reverse osmosis technologies to make up two-thirds of desalination by 2030.
- Reduce losses in water distribution by 25% in 2030, compared to 2021 base year.

## SOCIAL

### Occupational Health and Safety

- Uphold Safety as a fundamental value at TAQA driving the implementation of numerous health and safety initiatives across the business.
- Elevate transparency in reporting occupational health and safety performance.

### Diversity and Equal Opportunity

- Deploy initiatives and capital to improve diversity and equal opportunity across gender, age, nationality, and People of Determination.
- Increase female representation to constitute at least 30% of all senior positions by 2030.

### Local community engagement

- Channel corporate social responsibility (CSR) efforts in three core themes: education, equality, and environment.
- Amplify CSR spending responsibly to drive positive and sustainable impact.
- TAQA's community investments in 2023 increased by over a factor of 1.8 compared to 2022.

## GOVERNANCE

### Corporate Governance

- Adopt industry-leading governance practices, going beyond local regulations and requirements.

# KEY 2023 PERFORMANCE HIGHLIGHTS

## CLIMATE CHANGE

Scope 1 and 2 GHG emission reduction by 13% and 19%, compared to 2022 and 2019 base year respectively.

## WATER AND EFFLUENTS

Share of RO's contribution in total water production increased to 26% compared to 11% in 2022.

Financial closure of Mirfa 2 RO (120 MIGD) and Shuweihat 4 RO (70 MIGD).

## OCCUPATIONAL HEALTH AND SAFETY

Zero fatalities and 9% year-on-year rise in reported safety observations.

Number of spills reduced by 29% compared to 2022.

## DIVERSITY AND EQUAL OPPORTUNITY

Three new female Board Members were appointed, raising the share of female representation on the Board to 27%.

The share of women in senior management increased to 17%, compared to 16% in 2022.

## LOCAL COMMUNITY

Community investments in 2023 increased nearly 4 times compared to 2022.

## CORPORATE GOVERNANCE

The share of Board seats occupied by independent members increased to 82%, compared to 67% in 2022.



As an organisation deeply committed to accelerating the transition to a low-carbon future, TAQA has integrated sustainability practices at every level. Our corporate strategy revolves around ESG considerations, ensuring that sustainability is at the core of our business. Several milestones were achieved in 2023 to advance progress towards our 2030 ESG targets.

We established the Green Finance Framework, which enables us to effectively mobilise funds to eligible green projects, including renewable energy, energy efficiency, sustainable water and wastewater management, clean transportation and terrestrial and aquatic biodiversity. Projects that are being financed under the Framework will contribute to TAQA's 2030 ESG targets and its long-term net-zero goal. Additionally, we achieved the successful placement of an US \$1 billion 10-year dual-tranche senior unsecured notes, representing TAQA's first corporate green bond issuance.

Furthermore, in 2023, TAQA achieved the financial closing of the low-carbon intensity Mirfa 2 and Shuweihat 4 reverse osmosis seawater desalination projects. Collaborating with Xlinks, we embarked on plans to lay the world's longest high-voltage direct current (HVDC) subsea cables between the UK and Morocco as part of the Morocco - UK Power Project. This groundbreaking initiative, addressing the burgeoning demand for firm power capacity, represents a significant stride towards long-distance renewable energy generation and cross-border export projects on a global scale.

We remain steadfast in executing our future-focused ESG strategy beyond 2030, aligning with the UAE's Net Zero aspirations, and accelerating the transition to a low-carbon future for generations to come.

Noel Aoun,  
Executive Director, Strategy



# ROBUST SUSTAINABILITY GOVERNANCE AND MANAGEMENT

TAQA has embedded ESG principles into the fabric of corporate governance across the Group. This involves the formation of the Sustainability Committee by the Board of Directors of TAQA and the Executive Level Sustainability Management Committee, a governance body at the highest executive level in the group.

The Sustainability Committee, chaired by a non-executive member of the board, meets at minimum once every quarter. The committee is composed of board members who have the expertise to advise on the ESG strategy, its processes, and implementation. Overseeing the allocation and resources for ESG-related activities, the committee continuously reviews assessments of climate-related risks. This committee reports to the Board of Directors on all ESG-related activities.

The Sustainability Management Committee includes the GCEO and is comprised of all members of the Executive Management Team. The committee sets a clear direction of the ESG strategy, prioritising targets, budgets, and monitoring progress.

Sustainability responsibilities are woven within TAQA's various layers, and strategic initiatives have been developed aligning with the ESG strategy to enable seamless delivery of ESG priorities.

We are empowered to create an indelible impact on the environment and our communities. With a clear ESG strategy, defined initiatives, and appropriate governance practices, each year we aim to continue our positive contributions and prioritise ecological sustainability within our business.



## CORPORATE SOCIAL RESPONSIBILITY

**TAQA's commitment to corporate social responsibility is embedded in the corporate culture and is core to our ESG strategy. Based in the United Arab Emirates, Canada, the Netherlands, the United Kingdom, India, Ghana, and Morocco, our operated businesses continue to take responsibility for addressing social challenges and improving the lives of people in the communities where we operate.**

**Underlining social, economic, and environmental pillars, our engagement varies, factoring in the different geographical considerations, and specific community needs. When it comes to CSR our businesses adapt their community investment and CSR strategies to best serve the community. After comprehensive review of our programmes and activations, our joint areas of focus, are education, health, environment, and infrastructure. We also support charitable causes that support the most vulnerable communities.**

### UAE

In the UAE, TAQA has established the TAQA Youth Council and TAQA Women's Council. These councils work on supporting internal ESG targets, and proactively engage in internal and external activations that support the empowerment of women and youth, while also raising awareness on diversity, equality, and inclusion. In 2023, TAQA launched the pilot Junior Sustainability programme, which will run for 4 years in partnership with different universities across Abu Dhabi with the aim of educating university students from different backgrounds on corporate sustainability. As an active member of the community, TAQA had sponsored the Abu Dhabi Sustainability Week community festival at Masdar City and the Masdar Climate Festival during COP28 to raise awareness on the importance of sustainability; TAQA also sponsored the first Inclusion Summit and Student Energy Summit in Abu Dhabi. During Ramadan, TAQA sponsored a community iftar meal tent for low-income workers to break their fast for the 30-days, and contributed towards meal packages for low-income families.

TAQA's power and water distribution company, Al Ain Distribution Company (AADC), had organised a number of volunteering programmes, such as, a blood donation campaign, Ramadan volunteering in collaboration with the Emirates Red Crescent and the Social Contribution Authority, desert clean up, and providing gifts to children at Tawam Hospital in Al Ain on Emirati Children's Day, Eid Al Fitr, and Eid Al Adha.

TAQA's other power and water distribution company, Abu Dhabi Distribution Company (ADDC) conducted numerous environmental and community driven programmes, sponsoring the Sea-Hawk initiative, an education programme on the mangroves, and Al Dhafra National Day community celebrations. ADDC collaborated with Burjeel Hospital on Blood Donors Day, and the Logos of Hope Library to provide education sessions to students on water and power conservation. ADDC also conducted awareness sessions for more than 2000 students in 32 schools through the Tarsheed programme.

TAQA's subsidiary, TRANSCO, participated in a number of volunteering efforts within the group, including Ramadan activations, visits to patients in Sheikh Shakhbout Medical City, blood donations, and the sponsorship of the Inclusion Summit Roadshow in Ras Al-Khaimah.

## CANADA

TAQA's Canadian subsidiary, TAQA North, continued to maximise the potential of its community investments, with positive impacts on children and youth, mental health, and women. A significant annual contribution to the Emerging Adults Mental Health Project at the Alberta Children's Hospital supports research-intensive care tailored to the needs of emerging adults and their families.

As part of the TAQA Cares initiative, a charity hockey tournament was organised to raise funds for the Canadian Mental Health Association and a golf charity tournament was arranged to raise funds for children and youth organisations. TAQA North also participated in a Run for the Cure charity race to support breast cancer research at the Canadian Cancer Society, the country's largest national cancer charity and national charitable funder of cancer research.

In the Season of Giving Campaign, TAQA North raised contributions for the community food bank and local women's shelter.

Through the TAQA First Nations Fund, TAQA North continues to build and strengthen long-lasting relationships with 18 Indigenous communities. TAQA North made financial contributions to the O'Chiese and Sunchild First Nations, key stakeholders of TAQA North. The TAQA North Indigenous Community Engagement Policy and First Nation Sustainability Strategy outline the framework of engagement and ensure that support is in alignment with TAQA North's Community and Social Responsibility strategy.

## INDIA

TAQA's subsidiary, TAQA Neyveli Power Company Private Limited continued to be an agent of positive change through a range of projects focused on community health, hygiene, education, and infrastructure dispersed across seven villages Uthangal, Cuddalore, Kopalapuram, Umangalam, U Agaram, Kunankurichy, and Gangaikondan.

In 2023, TAQA Neyveli Power Company Private Limited supported the construction of two water tanks of approximately 50,000-litres each to supply water to local villagers in Kunankurichy and Umangalam. TAQA Neyveli Power Company Private Limited also supported the construction of roads and roadside drains to improve critical services and infrastructure for local communities.

Education focused initiatives during the year included the construction of a school building and toilet facilities in Gangaikondan. TAQA Neyveli Power Company Private Limited also provided infrastructure support for district superintendent police offices in Cuddalore to enhance the quality of life of community members.

## GHANA

Takoradi Investment Company ("TICO") continued to carry out projects and initiatives that elevated health, education, and community support. TICO employees worked closely with the District Assemblies to ensure the delivery of the most effective programmes to the appropriate communities.

With a focus on improving education and the learning experience, TICO awarded over 200 scholarships through its Kramer Scholarship initiative and additional full tuition scholarships for students beyond the programme. TICO financial donations were put in place to provide district and regional mock exam support to final year students and prepare students for Inter-District JHS quiz competition and final West African Basic School Exams. Computers and accessories were also donated to the Cathedral of Child Early Development Centre to enhance student learning experiences.

To support healthcare and infrastructure, TICO partnered with Effika-Nkwanta Regional Hospital, Supormu-Dunkwa Health Centre, and more while organising the Annual Blood Donation programme to improve healthcare and support families and communities.

Following the spillage of the Akosombo dam, TICO donated emergency essential items to communities in the North, South, and Central Tongu districts of the Volta Region, re-emphasising its role as a responsible community partner.

## MOROCCO

TAQA's subsidiary, TAQA Morocco SA continued its efforts in supporting the Sheikh Zayed Ibn Soltan Foundation. In 2023, TAQA Morocco prepared 6 mobile medical caravans supplying essential healthcare to rural communities (2,792 beneficiaries), supported orphan children and abandoned elderly people in Ain Atiq medical center, and provided medical care with the support of medical staff.

As an advocate for education and awareness, TAQA Morocco led the electrification of 6 classrooms in rural environments (for more than 100 children per year) and sponsored the education of five female students selected by Jadara Foundation. TAQA Morocco and Foundation Sheikh Zayed Ibn Soltan Abulcassis scholarship also sponsored eight medical students mainly in cardiology and ophthalmology.

TAQA Morocco continued its partnership with AMSAT to provide for more than a hundred trisomic young people with medical care and social development skills, placing an emphasis on equal opportunities in the workplace.

In the wake of the Al Haouz Earthquake, TAQA Morocco made a significant donation towards the national earthquake relief, while employees also volunteered to support relief efforts.

## UNITED KINGDOM

Through its CSR strategy, TAQA Bratani Limited ("TAQA Bratani") has established strategic partnerships that benefit the environment, enhance education and support the local community.

In 2023, with an emphasis on STEM education, TAQA Bratani sponsored the successful TechFest STEM in the Park programme with over 2,500 attendees, and supported the GreenPower Challenge Grampian Heat, which gets young people enthusiastic about science and engineering by challenging them to design, build and race an electric car.

TAQA Bratani also supported 12 pupils from the International School of Aberdeen with their STEM-based projects, and continued to sponsor the River Dee Trust programme, engaging over 1,500 pupils in environmental conservation.

Employee fundraising made a significant contribution to Archway, TAQA Bratani's charity of the year, while it's Community Fund, focused on addressing immediate needs of local communities, supported 31 projects and events in 2023 spanning community, education, sports, arts and health.

## THE NETHERLANDS

In 2023, TAQA's subsidiary, TAQA Energy B.V. ("TAQA Energy") continued to support and engage the community through charitable and informative fundraising activities. In its 12th year alone, the TAQA Culture Fund supported 31 arts and cultural events and projects in the region of Alkmaar and Bergen.

TAQA Energy focused on energy awareness and education by sponsoring the 2IMPRESZS Energy Challenges - energy savings programme (endorsed by the EU) and raised money for the Youth Fund for Sports and Culture in Alkmaar, the Charity of the Year, where donations will support children's swimming safety lessons.

## COP28 UAE

Marked as the 'Year of Sustainability' by His Highness Sheikh Mohamed bin Zayed Al Nahyan, President of the United Arab Emirates, 2023 was an exceptionally important time for the country and culminated with the UAE hosting the 28th Conference of the Parties (COP28). COP28 made a historic impact addressing the urgent challenges of climate change and concluded with the UAE consensus – the most ambitious and comprehensive set of negotiated outcomes since the Paris Agreement.

TAQA oversaw a diverse array of initiatives at COP28, spanning establishing energy transition partnerships, discussions on gender equality in the energy sector, youth empowerment, sustainable transportation advocacy, and support for clean water initiatives, among other critical topics.

Additionally, TAQA provided a platform on its pavilion at COP28 for climate tech start-ups and entrepreneurs to showcase their innovative projects, including notable ventures such as Archireef, Manhat, and ClimateGPT. The TAQA pavilion hosted over 40 workshops, presentations, and fireside chats, attracting approximately 3,000 visitors over the course of 12 days.

Moreover, COP28 served as a forum for representatives from across the TAQA group to share their perspectives and insights. Spokespeople from various areas of the business participated in events and panel discussions throughout the conference, contributing to meaningful dialogue and engagement.

TAQA demonstrated its position as a global industry leader by the creation of the Utilities for Net Zero Alliance.

TAQA's participation at COP28 held significant strategic importance serving as a platform to reaffirm our unwavering commitment to sustainable development and its proactive engagement in addressing global climate challenges. This participation provided TAQA with invaluable networking opportunities, facilitating meaningful dialogues with industry peers, policymakers, and stakeholders. Moreover, it enabled the company to showcase its pioneering initiatives and projects, emblematic of TAQA's leadership in sustainable energy solutions. Additionally, the presence at COP28 empowered TAQA to advocate for policies conducive to its objectives and aligned with broader energy transition goals, thereby reinforcing its role as a responsible corporate citizen.

In sum, TAQA's engagement at COP28 was instrumental in amplifying its dedication to sustainability, fostering collaborative partnerships, and shaping the trajectory of the global energy discourse.

## POWERING A SUSTAINABLE FUTURE



# COP28 INITIATIVES

## UTILITIES FOR NET ZERO ALLIANCE LAUNCHED BY TAQA

In an unprecedented move at COP28, 31 partners, including 25 global utility companies, alongside strategic partners IRENA and the UN Climate Change High-Level Champions, launched the Utilities for Net Zero Alliance (UNEZA). This landmark initiative, established and led by TAQA and supported by global industry giants, marks a pivotal step in uniting the global utility sector towards a sustainable energy future.

UNEZA's global network of members will help accelerate the transition to clean energy by promoting electrification, facilitating the integration of renewable energy sources into grids, and deploying clean energy solutions. It will also address supply chain challenges, facilitate capital investment in sustainable energy projects, particularly in developing countries, and engage with policymakers and regulators to create enabling environments for the energy transition.

Alongside TAQA, industry partners of UNEZA include Bui Power Authority, DEWA, DLO Energy, EDF, EDP, E.ON, Enel, ENGIE, Etihad Water and Electricity, Hitachi Energy, Iberdrola, Jinko Power, KEGOC, KenGen, Masdar, National Grid, Octopus Energy, RWE, Schneider Electric, Siemens, SSE, Tenaga, Uniper and Xlinks. Edison International and Sacramento Municipal Utility District also joined during COP, following the announcement. Together, the member companies serve well over 250 million customers around the world.

The World Economic Forum (WEF), International Electrotechnical Commission (IEC), Global Renewables Alliance and Coordinador Eléctrico Nacional, were also unveiled as ecosystem partners.



## COP28 ANNOUNCEMENTS December 5th, 2023

TAQA and Octopus Energy Group's Kraken joined forces to advance decarbonisation in the Middle East and Eurasia. The transformative partnership leverages combined resources to accelerate decarbonisation and sustainable solutions in key geographies.

TAQA contributed as a key player in HUB71 ClimateTech programme, committing to fostering the growth of climate technology start-ups by providing essential resources, expertise, and industry experience.



# SUSTAINABILITY AWARDS

# 2023

In 2023, the UAE's year of Sustainability, TAQA reaffirmed its commitment to environmental stewardship and corporate responsibility, garnering prestigious awards across various platforms.

TAQA secured the top position in the Energy and Utilities category of Forbes Middle East Sustainability Leaders list. The recognition is a testament to our positive environmental impact and transparency in sustainability reporting. TAQA stood out for its sustainability initiatives, well-defined roadmap towards achieving net-zero emissions, and robust engagement with sustainable finance.

TAQA's efforts to integrate ESG into business strategy were celebrated at the second annual Global Sustainability Alliance, which took place during the India Gulf Business Summit 2023. The event recognised TAQA's in the "Sustainable Organisations" category, highlighting our global impact and dedication to sustainable best practices.

TAQA secured the greatest number of Gold Awards among all participants at the Gulf Sustainability Awards 2023, winning gold in the categories of "Best Sustainable Business Model for Large Companies", "Best Net Zero Initiative", "Most Innovative ESG Initiative", and "Best Sustainability Team of the Year". In 2023 TAQA also received two Global Good Governance Awards – for Sustainability and Corporate Governance. The multi-faceted recognition underscores TAQA's successful approach and dedication to driving sustainability initiatives both in the UAE and globally.

# 03

## FINANCIAL REVIEW

Operating Environment	112
Financial Review	114
Financial Performance	117

## OPERATING ENVIRONMENT

**As the world continues to face significant economic headwinds and geopolitical challenges, a diversified portfolio and commitment to partnerships and operational excellence will support our strategic objectives and unlock long-term value for shareholders.**

In 2023, the global economy faced challenges from economic headwinds and geopolitical tensions. Despite these factors and the resulting global economic slowdown, our utilities business remained stable, shielded from price fluctuations and demand shifts. This reflects the resilience of our business model, particularly in our focus areas of Power and Water Generation and T&D, which continue to drive our growth.

The launch of our upgraded 2030 power and water capacity growth targets in 2023 reinforces our commitment to becoming a low-carbon power and water champion. TAQA's operating environment and pragmatic approach to the energy transition stand us in good stead to mitigate volatility in energy markets and achieve sustainable and long-term growth as the world transitions to lower-carbon forms of energy.



# FINANCIAL REVIEW



2023 served as a standout demonstration of the strength and resilience of TAQA’s diversified business model. Reliable, consistent performance from our utilities business significantly off-set the negative impact of a challenging operating environment for the O&G segment. Our top-line grew 3% in 2023, while EBITDA declined by 6%, mainly due to performance of the O&G business. Net income, however, saw very strong growth and nearly doubled to AED 16.7 billion, benefiting in particular from the recognition of the acquisition of our 5% stake in ADNOC Gas.

Our balance sheet remains a pillar of strength, marked by ample liquidity at 14% of total assets and conservative leverage. With net debt-to-EBITDA standing at 2.4x at the end of 2023, TAQA has substantial room to fund its ambitious growth plans, while maintaining our standalone investment grade credit rating. The robustness of the balance sheet, combined with continued, strong free cash flow generation, allowed the Board of Directors to propose total cash dividend of AED 4.4 billion, in line with our disclosed dividend policy.



Steve Ridlington  
Chief Financial Officer



Testament to a well-diversified integrated business model and strategically balanced portfolio spanning 11 markets, TAQA navigated energy market fluctuations, geopolitical complexities, and inflationary pressures to deliver long-term sustainable value to shareholders. During the year, we announced a series of notable projects and new strategic partnerships in furtherance of our growth agenda and commitment to the energy transition. Driven by a robust performance across our T&D and Generation business lines, on the back of the new regulatory framework and continued strong commercial availability, TAQA posted a 3.3% increase in revenues to AED 51.7 billion. Lower commodity prices however impacted Group EBITDA, with a 5.5% decline to AED 19.6 billion for the year.

Net income witnessed a significant increase of 107.1% to reach AED 16.7 billion for the year benefitting from a AED 10.8 billion gain on recognition of TAQA's acquisition of a 5% stake in ADNOC Gas, reinforcing our long-standing strategic partnership with ADNOC, with whom we are working closely to accelerate the energy transition in the UAE.

2023 witnessed an impressive 34% increase in capital expenditure as project delivery within the T&D business gathered pace, thereby enhancing TAQA's Regulated Asset Base.

TAQA's position as the leading utility provider in Abu Dhabi, along with our strategic progress and robust operational performance, continues to reinforce our balance sheet and liquidity. Total available liquidity rose to AED 27.5 billion on the back of strong cash generated from operations resulting in an improvement of net debt-to-capital ratio from 40% in the prior year to 35% as of December 2023.

Further supporting balance sheet growth is TAQA's ability to raise debt at favourable rates, a testament to the company's financial strength. Despite the high interest rate environment, the Group's overall cost of debt remained unchanged on 2022 at 4.6%, with approximately 99% of the Group's borrowings having an effective fixed rate of interest.

Our commitment to sustainability remains unwavering, as marked by TAQA's inaugural green bond issuance in 2023. The US \$1 billion (AED 3.6 billion) green bond was issued along with a US \$500 million conventional bond and was oversubscribed by approximately 10 times. The bond was issued under our Green Finance Framework which was awarded SQS2 (Very Good) sustainability score by Moody's, highlighting our efforts and ambitions towards financing green energy.



## 01

**TRANSMISSION & DISTRIBUTION**

Our T&D business remains a key contributor to Group revenues, comprising 59.9% of total revenues. In 2023, T&D was a key growth driver, recording a 18.6% increase in revenue to AED 31.0 billion from AED 26.1 billion in 2022 due to improvements in the regulatory framework. The T&D business' EBITDA rose to AED 8.8 billion during the year from AED 7.9 billion in the previous year. Net income rose to AED 4.4 billion, an increase of 5.0% from 2022.

## 02

**POWER AND WATER GENERATION**

Our Power and Water Generation business saw a decrease of 8.0% in revenues to AED 12.7 billion for the year, caused primarily by the end of the Red Oak tolling agreement in the USA in 2022, combined with lower fuel cost pass-through revenues in our Moroccan assets. Net Income for the year grew by 137.9% compared to 2022 to reach AED 1.1 billion, the increase associated with strong operational performance and one-off provisions recognised in the prior year.

## 03

**OIL & GAS**

The continuing operations of our Oil & Gas business witnessed a 20.6% decline in revenues to AED 8.1 billion on the back of a fall in realised O&G prices and production. As a result, net income for the year from continuing operations was AED 1.5 billion, a 62.4% reduction from the prior year, also impacted by the Energy Profit Levy in the UK and deferred tax credits recognised in 2022.

In January 2024, TAQA entered into definitive agreements with General Exploration Partners Inc. for the sale of its interest in Atrush oil field in the Kurdistan region of Iraq. The sale is expected to complete in 2024, subject to fulfilling certain conditions.

**FINANCIAL PERFORMANCE****2023 PERFORMANCE**

TAQA Group	Revenues (AED million)	Adjusted EBITDA (AED million)	Net Income (TAQA share) (AED million)
2023	51,717	19,601	16,647
2022*	50,051	20,744	8,030

TRANSMISSION AND DISTRIBUTION	REGULATED ASSET VALUE (AED MILLION)	REVENUES (AED MILLION)	ADJUSTED EBITDA (AED MILLION)	Net Income (TAQA share) (AED million)
2023	76,919	30,954	8,751	4,423
2022	75,173	26,091	7,897	4,211

POWER AND WATER GENERATION	GLOBAL COMMERCIAL AVAILABILITY	REVENUES (AED MILLION)	ADJUSTED EBITDA (AED MILLION)	Net Income (TAQA share) (AED million)
2023	97.9%	12,715	7,419	1,137
2022	98.1%	13,823	7,170	478

OIL & GAS	PRODUCTION (MBOREPD)**	REVENUES (AED MILLION)	ADJUSTED EBITDA (AED MILLION)	Net Income (TAQA share) (AED million)
2023	107.8	8,048	4,009	1,510
2022*	115.6	10,137	6,208	4,711

\* 2022 comparatives were restated to reflect the classification of the Iraq Upstream business as held for sale / discontinued operations and Netherlands Upstream business as no longer held for sale / discontinued operations as at 31 December 2023

\*\* Includes working interest production from continuing operations in North America, UK and Netherlands.

# 04

## CORPORATE REVIEW

Board of Directors	120
Executive Management Team	124
Corporate Governance	126
Ethics and Compliance	128
Enterprise Risk Management	134

# BOARD OF DIRECTORS

## H.E. Mohamed Hassan Alsuwaidi

Chairman, Non-Executive, Independent Board Member

Elected to the Board in 2019, elected Chairman in 2020



His Excellency Mohamed Hassan Alsuwaidi is the Minister of Investment of the UAE and serves as the Managing Director and Chief Executive Officer at Abu Dhabi Developmental Holding Company (ADQ).

Prior to joining ADQ, His Excellency garnered extensive experience across multiple sectors during his tenure with Mubadala Investment Company, where he held several investment management positions covering sectors such as metals and mining, real estate, hospitality, infrastructure, technology and agriculture.

His Excellency has experience in banking and finance from his tenures with Union National Bank, Abu Dhabi Ship Building and the General Secretariat of the Abu Dhabi Executive Council.

His Excellency holds a bachelor's degree in Accounting from United Arab Emirates University.

Other directorships:

- Non-Executive Director – Emirates Investment Authority
- Deputy Chairman, Non-Executive Director and Member of Audit Committee – Abu Dhabi Future Energy Company (Masdar)
- Non-Executive Director and Member of Investment Committee – Abu Dhabi Retirement Pension Funds
- Non-Executive Director – Abu Dhabi National Oil Company Distribution (ADNOC Distribution)
- Non-Executive Director – ADNOC Gas
- Member of the Executive Council of the Advanced Technology Research Council
- Non-Executive Director and Member of Audit Committee – Emirates Nuclear Energy Corporation
- Non-Executive Director – Al Dahra Holding

## Mr. Khalifa Sultan Al Suwaidi

Vice Chairman, Non-Executive, Independent Board Member

Elected to the Board in 2020, elected as Vice-Chairman in 2023



Mr. Khalifa Al Suwaidi is a Managing Partner at Lunate and brings over 23 years of experience to the firm. In his position as Managing Partner, Khalifa oversees Lunate's Fund Investments, Partnerships and Strategy.

Prior to co-founding Lunate, Mr. Al Suwaidi served as the Chief Executive Officer of Abu Dhabi Growth Fund, managing US\$40 billion in assets primarily across private market strategies. Previously, he held the position of Group Chief Investment Officer at ADQ. Mr. Al Suwaidi has also held several senior managerial positions at Mubadala Investment Company and Abu Dhabi National Chemical Company

Mr. Al Suwaidi holds a bachelor's degree in Business Administration from California State University in the United States. He also has an executive master's degree in Business Administration with Distinction from Zayed University.

Other directorships:

- Chairman, Non-Executive Director – Agthia Group
- Vice Chairman, Non-Executive Director – Abu Dhabi Ports (AD Ports)

## Mr. Mansour Mohamed AlMulla

Non-Executive, Independent Board Member

Elected to the Board in 2021



Mr. Mansour Mohamed AlMulla is currently the Deputy Group Chief Executive Officer at Abu Dhabi Developmental Holding Company (ADQ). Previously, Mansour held multiple leadership positions, including Managing Director and Chief Executive Officer (CEO) of Edge Group and Chief Investment Officer for Alternative Investments and M&A at ADQ. Prior to that, Mansour held various positions in Mubadala Investment Company, including as Chief Financial Officer (CFO) for Petroleum and Petrochemicals Platform and CFO of Mubadala Petroleum LLC.

Mr. Mansour Mohamed AlMulla brings over 22 years of significant experience in multiple remits, including, among others, strategic planning, portfolio management, restructuring, mergers & acquisitions and structured finance.

Also, Mansour holds board membership positions in the following entities:

- Non-Executive Director, Chairman of Strategy and Investment Committee, Etihad Aviation Group PJSC
- Non-Executive Director and Chairman of Audit and Risk Committee, Member of Strategy and Investment Committee – Abu Dhabi Ports
- Non-Executive Chairman – Abu Dhabi Ship Building
- Non-Executive Director and Member of Audit and Risk Committee, Nomination and Remuneration Committee – Abu Dhabi Global Markets (ADGM)
- Non-Executive Director and Chairman of Audit Committee – Abu Dhabi Aviation Co.

Qualifications:

Mr. AlMulla holds a bachelor of science in business administration (information systems) from Portland State University, United States.

## Mr. Hamad Abdulla Al Hammadi

Non-Executive, Independent Board Member

First elected to the Board in 2021



Mr. Hamad Al Hammadi is the Deputy Group CEO at Abu Dhabi Developmental Holding Company (ADQ), a position he holds since January 2024. Amongst his various responsibilities, Mr. Al Hammadi oversees three key sectors: energy & utilities, sustainable & manufacturing, and healthcare & life sciences with an asset base of more than US\$100bn. He previously worked in Mubadala Investment Company where he participated in the creation of high-profile projects across three sectors including utilities industry and financial services.

Mr. Al Hammadi also spent time at the Carlyle Group in Washington DC, focusing on M&A investments in the Industrials sector.

Mr. Al Hammadi holds a bachelor's degree in Business Administration (Accounting and Finance) from the Higher Colleges of Technology in the UAE.

Other directorships:

- Non-Executive Director – Pure Health Holding LLC
- Non-Executive Director and Member of Growth Committee – Emirates Water and Electricity Company (EWEC)
- Non-Executive Director – Emirates Steel Arkan
- Non-Executive Director – TA'ZIZ ADNOC JV
- Non-Executive Director – Q-Holding

## Mr. AbdulAziz Abdulla Al Hajri

Non-Executive, Independent Board Member

First elected to the Board in 2023



Mr. Abdulaziz Al Hajri is an accomplished executive with 34 years of experience in leading downstream businesses in the Oil & Gas sector. He has a compelling track record in executive management, operations and technical services within Abu Dhabi National Oil Company (ADNOC) and its group of companies. Before retiring in April 2021, he was ADNOC's Executive Director of Downstream, responsible for the gas, refining and petrochemicals businesses. Al Hajri also served as the Chief Executive Officer of Abu Dhabi Polymers Company Ltd (Borouge) from 2007 until 2016.

Mr. Al Hajri holds a bachelor's degree of Science in Chemical Engineering from the University of Texas in the United States.

Other directorships:

- Non-Executive Director and Member of Executive Committee and Audit & Risk Committee – ADNOC Distribution PJSC
- Non-Executive Director – ADNOC Refining
- Non-Executive Director – Borouge PLC
- Non-Executive Director, Chairman of Audit Committee, Member of Strategy and Investment Committee and Member of ESG Committee – Emirates Steel Arkan PJSC

## Ms. Iman Abdulghafoor Al Qasim

Non-Executive, Independent Board Member

First elected to the Board in 2023



Ms. Iman Al Qasim serves as Executive Vice President, Human Capital, at Emirates Global Aluminum (EGA). She has held this role since November 2020. Ms. Iman is an accomplished leader with global experience in fostering high performance, team-focused cultures and environments. Prior to her role in EGA, she served as the Group HR Director of Emirates National Oil Company and held senior leadership roles in Mubadala Investment Company, Dolphin Energy, and General Motors.

Ms. Al Qasim holds a master's degree in Business Administration from the University of Bath, United Kingdom, and a bachelor of science from the American University of Sharjah.

Other directorships:

- Non-Executive Director and Chairperson of Remuneration Committee – Abu Dhabi National Exhibition Centre
- Non-Executive Director and Chairperson of Remuneration Committee
- Executive Director – EGA – America
- Executive Director – Guinea Alumina Corporation
- Non-Executive Director and Chairperson of Nomination & Remuneration Committee – Aramex

# BOARD OF DIRECTORS

**Mr. Jasim Husain Thabet**  
Executive Board Member

First elected to the Board in 2019



Mr. Jasim Husain Thabet serves as TAQA's Group Chief Executive Officer and Managing Director, a role he has held since July 2020. Elected to TAQA's Board of Directors in 2019, he is an energy industry veteran with more than two decades of experience.

Prior to his role at TAQA, he served as CEO and MD of ADPower, where he leveraged the company's portfolio of assets throughout the value-chain to support the transformation of the power and water sector in the UAE. He has also served as CEO of the National Central Cooling Company PJSC (Tabreed), where he drove capacity expansion and revenue growth.

Mr. Thabet holds a bachelor of engineering in Mechanical Engineering from Saint Martin's University in the United States.

Other directorships:

- Non-Executive Director and Member of Audit, Risk and Compliance Committee and Nomination and Remuneration Committee – Etihad Aviation Group PJSC
- Non-Executive Director and Member of Strategy and Investment Committee and Audit and Risk Committee – Abu Dhabi Ports
- Non-Executive Director and Member of Investment Committee and Human Resource Committee – Abu Dhabi Chamber of Commerce and Industry
- Non-Executive Director and Member of Sustainability and Strategy and Investment Committee and Nomination and Remuneration Committee – Abu Dhabi Future Energy Company (Masdar)

**Ms. Mouza Saeed Al Romaithi**  
Non-Executive, Independent Board Member

First elected to the Board in 2023



Ms. Mouza Al Romaithi currently serves as the Director, Information and Cybersecurity at Abu Dhabi Developmental Holding Company (ADQ). She has over 14 years of experience in leading and strategizing information and security transformation projects.

Prior to her role at ADQ, Ms. Mouza held various senior leadership positions at Louvre Abu Dhabi, Abu Dhabi Systems and Information Center and Emirates Identity Authority.

Ms. Al Romaithi holds a master of science in Information Technology (specialisation in cyber security) and a bachelor of science degree in Information Technology (networking systems) from Zayed University, Abu Dhabi.

Other directorships:

- Non-Executive Director – Advanced Military Maintenance, Repair, and Overhaul Center (AMMROC)
- Non-Executive Director – Q Market Makers LLC (QMM)
- Non-Executive Director, member of Audit Committee and Member of Nomination and Remuneration Committee – Pure Health Holding LLC

**Ms. Samia Bouazza**  
Non-Executive, Independent Board Member

First elected to the Board in 2023



Ms. Samia Bouazza is the Group Chief Executive Officer and Managing Director of Multiply Group where she leads the strategic development of the company, oversees its growing investment portfolio of high-return businesses and ensures the sustainable growth of the group's subsidiaries.

Ms. Bouazza holds a bachelor's degree in Political Science and Public Administration from the American University of Beirut. She also holds several specialised executive certifications from Harvard Business School and the University of Cambridge.

Other directorships:

- Non-Executive Director – Emirates Driving Company
- Non-Executive Director – Arena Events Group
- Non-Executive Director – Selphagy Therapeutics
- Keystone Member of Friends of Abu Dhabi Art

**Dr. Klaus-Dieter Maubach**  
Non-Executive, Independent Board Member

First elected to the Board in 2023



Dr. Maubach was Chief Executive Officer of Uniper until March 2023. Prior to assuming this position, he was Chairman of the Supervisory Board of Uniper and a member of the board of directors of Fortum. He has held various senior leadership positions in the past. For example, he served as CEO of the Encavis AG, board member of E.ON SE, and CEO of E.ON Energie AG.

Dr. Maubach studied Electrical Engineering at the University of Wuppertal and received his doctorate in 1994.

Other directorships:

- Non-Executive Director and Chairman – TGS ASA

**Mr. Christopher Geoffrey Finlayson**  
Non-Executive Board Member

First elected to the Board in 2023



Mr. Christopher Geoffrey was formerly the Chairman of Siccar Point Energy and of Interoil Corporation. He is a former Chief Executive Officer of BG Group, following a 33-year career with Shell.

Mr. Finlayson holds a bachelor's degree in Physics and Geology from the University of Manchester, UK.

Other directorships:

- Non-Executive Director and Chairman – TGS ASA



# EXECUTIVE MANAGEMENT TEAM

**Mr. Jasim Husain Thabet**  
Group Chief Executive Officer and Managing Director



Mr. Jasim Husain Thabet serves as TAQA's Group Chief Executive Officer and Managing Director (GCEO and MD), a role he has held since July 2020. Jasim, who was elected to TAQA's Board of Directors in 2019, is an energy industry veteran with more than two decades of experience.

Prior to his role at TAQA, he served as CEO and MD of ADPower, where he leveraged the company's portfolio of assets throughout the value-chain to support the transformation of the power and water sector in the UAE. He also served as CEO of National Central Cooling Company PJSC (Tabreed), where he drove capacity expansion and revenue growth.

Mr. Thabet holds a Bachelor of Engineering in mechanical engineering from Saint Martin's University in the United States.

**Omar Abdulla Alhashmi**  
Executive Director, Transmission and Distribution



Omar Al Hashmi serves as the Executive Director of TAQA's Transmission & Distribution business, a position he has held since July 2020. In this role, he oversees the company's diverse portfolio of transmission and distribution assets.

Prior to this, Omar was Executive Director for Transmission & Distribution at TAQA, contributing nearly four years of strategic leadership to the organisation. Before his tenure at TAQA, he was Executive Director of Asset Management at Abu Dhabi Power Corporation (AD Power), where he played a key role in shaping the company's transformation plan, structure, and governance. Omar previously served as the head of strategy development at Etihad Airways and Vice President of the Industry platform at Mubadala Investment Company (Mubadala).

Al Hashmi holds a Master of Business Administration from the London Business School and a Master of Science in Mechanical Engineering from George Washington University.

**Farid Al Awlaqi**  
Executive Director, Generation



Farid Al Awlaqi heads TAQA's Generation business, a position he has held since July 2020. In this role, he oversees and develops the company's global power and water generation portfolio.

He previously served as Senior Vice President in the energy platform at Mubadala Investment. He has held various roles during his career, from operations to business development, investment and asset management.

He holds a Sloan Masters from the London Business School and a Master of Engineering in Petroleum Engineering from the Imperial College of the University of London. He is also a prize winner from the Royal Military Academy Sandhurst.

**Franco Polo**  
Executive Director, Oil and Gas



Franco Polo heads TAQA's Oil & Gas business, a position he has held since July 2020. He is also a Board Member of TAQA North, TAQA Bratani and TAQA Iraq.

Before joining TAQA, he served in executive roles for upstream and midstream activities in Europe, North Africa, Middle East and Asia Pacific region at Eni, an integrated energy company. He also served as Managing Director and Board Member in multiple UK and Netherlands companies of Eni worldwide.

Mr. Polo holds a Master of Science and a Bachelor of Science in Geology from the University of Bologna, Italy.

**Steve Ridlington**  
Chief Financial Officer



Steve Ridlington serves as TAQA's Chief Financial Officer, a position he has held since July 2020. Prior to his role at TAQA, Steve was Chief Investment Officer at ADPower.

He previously held positions with BP, TNK-BP, and the National Central Cooling Company PJSC (Tabreed), serving as CFO at the latter. Steve holds a Master of Philosophy in Economics from St Antony's College, Oxford, and a Bachelor of Arts in Economics and Mathematics from the University of Sussex.

**Noel Aoun**  
Executive Director, Strategy



Noel Aoun serves as TAQA's Executive Director of Strategy. He previously served as Group Strategy and Business Development Director at TAQA, a role he has held since March 2018.

In his role, Noel leads the development of TAQA's corporate strategy and operating model, while coordinating strategies across the organisation's business units. Prior to his position at TAQA, he held leadership positions in Schneider Electric and Booz & Co.

Mr. Aoun holds a Master of Business Administration from INSEAD and a Master of Science in Electrical and Computer Engineering from Ecole Supérieure des Ingénieurs de Beirut.

**Gareth Wynn**  
Chief Communications Officer



Gareth Wynn serves as TAQA's Chief Communications Officer, a position he has held since January 2021. In this role, he oversees branding, external and internal communications, government advocacy, stakeholder relations and corporate social responsibility for the Group.

Mr. Wynn has almost three decades of experience as a senior communications leader in international energy organisations. He most recently served as Stakeholder and Communications Director for Offshore Energies UK, the leading representative organisation for the UK offshore energy industry. He has also held key senior management positions at EDF Energy and FTI Consulting.

Mr. Wynn holds a Bachelor of Science in Microbiology and Microbial Technology with honours from the University of Warwick.

**Mohammad Adnan Sharafi**  
Chief Legal Officer and Board Secretary



Mohammad Adnan Sharafi serves as TAQA's Chief Legal Officer and Board Secretary, a position he's held since July 2020. He oversees the company's legal, governance and ethics and compliance functions.

Prior to his role with TAQA, Mr. Sharafi served as the General Counsel of Abu Dhabi Power Corporation in addition to nearly 12 years at Mubadala Investment Company advising on major M&A transactions, utilities development projects and other transactions covering the energy, industrial and financial sectors. Mr. Sharafi also worked at Clifford Chance LLP's offices in London and Dubai.

Mr. Sharafi is qualified to practice law as a Solicitor of the Supreme Court of England and Wales and holds a Post-Graduate Diploma in Legal Practice from the College of Law, London as well as a Bachelor of Laws (Hons) from the University of Westminster, London.

**Steve Wackerle**  
Chief Risk and Internal Audit Officer



Stephen Wackerle serves as TAQA's Chief Risk and Internal Audit Officer, a position he has held since July 2020. Mr. Wackerle oversees the organisation's management of risk and objective review of the risk management and internal control systems and holds responsibility for several functions, including, Health, Safety and Environment, Enterprise Risk, Business Continuity, Security and Internal Audit.

Mr. Wackerle is also the Committee Secretary of the TAQA Audit Committee.

Prior to this role, he held similar leadership roles with Abu Dhabi Power Corporation and BP.

Mr. Wackerle holds a Bachelor of Commerce and Post Graduate Diploma in Accounting from the University of Cape Town in South Africa; is a CFA® Charterholder; a Fellow of the Institute of Chartered Accountants in England and Wales; and a Member of the South African Institute of Chartered Accountants.

**Nabil Almessabi**  
Chief Human Resources Officer



Nabil Almessabi serves as TAQA's Chief Human Resources Officer, a position he has held since August 2021. In this role, he oversees the strategic development of human resources and administration, as key enablers to TAQA's growth ambitions.

Prior to his role at TAQA, he served as Chief Human Resources Officer for TRANSCO and was the Executive Director of Human Capital & Communications at Abu Dhabi Power Corporation. With more than 20 years of experience, Mr. Almessabi has held leading positions across the oil and gas, real estate and tourism sectors in the UAE.

Mr. Almessabi holds a Bachelor of Science in Electrical Engineering from the UAE University, a Management Diploma from the University of Cambridge – Judge Business School and a Global Executive MBA from INSEAD.

# CORPORATE GOVERNANCE

## Commitment to Good Governance

TAQA's Board of Directors (the 'Board') is committed to adopting the highest standards of corporate governance across the Group and continuously aims to identify how we can improve our governance policies and practices. Good governance is critical to safeguarding stakeholder interests, facilitating decision-making effectiveness, creating value for society, and contributing to long-term sustainable corporate performance.

For the second consecutive year, TAQA was the recipient of two awards from the Cambridge IFA at its annual Global Good Governance Program, namely, the "3G Excellence in Corporate Governance Reporting Award 2023" and the "3G Championship Award in Environmental Responsibility 2023", which is testament to our commitment in minimising environmental impact.

In 2023, our corporate governance undertook several transformations to reinforce TAQA's position as a leader in the sector and across the region.

These include:

### BROADENING BOARD DIVERSITY AND SKILLSETS

### ESTABLISHING A DEDICATED CORPORATE GOVERNANCE FUNCTION

### EVOLVING OUR SUBSIDIARY GOVERNANCE MODEL AND RELATED REPORTING

### CONDUCTING BOARD TRAININGS TO RAISE AWARENESS AND GARNER DEEPER INSIGHTS ON EVOLVING GLOBAL TRENDS.

Our Group Corporate Governance Framework as approved by the Board sets organisation- wide expectations on corporate governance norms, upholding the principles of responsibility, equity, accountability, and transparency and fair disclosure. An overview of the Group Corporate Governance Framework is set out below:



For more information on TAQA's commitment and approach to governance, please refer to our 2023 Corporate Governance Report.

# ETHICS AND COMPLIANCE

An essential component of effective corporate risk management and internal control is fostering a culture that upholds high ethical and professional standards both within the organisation and in its interactions with stakeholders. The Ethics & Compliance Office is responsible for developing and implementing a comprehensive ethics and compliance programme across the Group that covers (amongst other things) policy development, awareness and training activities, disclosures, and conflict management.

Reporting functionally to the Audit Committee, the Ethics & Compliance Office has direct access to the Board, allowing it to handle matters independently and confidentially. In 2023, the Ethics & Compliance Office presented to the Audit Committee in February, May, and November, and conducted a training session covering topics such as sanctions, export controls, and data privacy.

An overview of TAQA's key ethics and compliance policies is set out below:

**Code of Ethics & Business Conduct:** Sets the foundation of the Group's ethical and behavioural culture and the relevant principles Group personnel are expected to follow.

**Business Partner Code of Conduct:** Sets out the ethical standards and requirements the Group expects from its business partners.

## Ethics & Compliance Policies:

	<b>Speaking-up Policy</b>	Sets out the process for raising questions, concerns, and making reports about suspected violations of applicable laws, regulations, and breaches of the Group's policies. This policy also sets out how the Ethics & Compliance Office addresses reported concerns and emphasises the Group's zero-tolerance approach to retaliation against anyone raising a concern.
	<b>Conflict of Interest Policy</b>	Sets out the different types of conflicts of interest, how to recognise a conflict of interest, and the requirements and processes that must be followed for disclosing a conflict so that the Ethics & Compliance Office can assess whether it is possible to manage the conflict, and to ensure appropriate controls are put in place.
	<b>Anti-Bribery &amp; Corruption and Anti-Fraud Policy</b>	Sets out the Group's zero tolerance approach to bribery, corruption, and fraud, including stringent requirements around dealing with Public Officials, and the disclosures and prior approvals required for gifts, hospitality, and entertainment in line with best practice and applicable laws and regulations.
	<b>Insider Trading Policy</b>	Sets out the strict requirements on Group personnel to protect material confidential information and the process that must be followed when dealing in securities (including obtaining approval before trading in any relevant Group securities).
	<b>Data Protection Policy</b>	Sets out the requirements the Group and Group personnel must follow to adequately protect and process personal data including how personal data is collected, used, stored, disclosed, and disposed of correctly, in line with applicable laws and regulatory requirements.
	<b>Business Partner Due Diligence Policy</b>	Sets out the requirements and processes to be followed for conducting appropriate risk-based due diligence on business partners and third parties before onboarding them and throughout the business relationship and the importance of doing so.
	<b>Anti-Money Laundering and Counter-Terrorism Financing Policy</b>	Sets out the requirements in relation to identifying and preventing money laundering and terrorist financing, the severe consequences for failing to do so, and stresses the importance of keeping accurate books and records.
	<b>Sanctions and Trade Controls Policy</b>	Sets out the applicable sanctions and trade control requirements, the importance of sanctions screening and how to prevent breaches of sanctions and trade control laws and regulations.
	<b>Antitrust Policy</b>	Sets out the requirements regarding competition laws, how this applies to the Group, and how to recognise anti-competitive behaviour, and when to seek guidance.

# ETHICS AND COMPLIANCE

## INSIDER TRADING POLICY AND RESTRICTED PERSONS REGISTER

In compliance with the SCA's regulations, the Ethics & Compliance Office manages the Restricted Persons Register ("Register"), which captures the holdings and transactions of restricted persons and their related persons in relevant Group securities. Quarterly reviews of the Register is carried out by the Ethics and Compliance Office, in conjunction with the Investor Relations department and Board Secretary, to ensure that the Register is kept up-to-date and to monitor compliance with the Insider Trading Policy and applicable laws and regulations. The Register is made available to the SCA and ADX as required.

The Insider Trading Policy sets out the Group's position and approach when it comes to trading in securities issued by the Group and provides guidance to assist Group personnel in understanding their responsibilities. It applies to all Group personnel and their related persons.

### The Insider Trading Policy outlines:

- Obligations to protect material confidential information;
- When Group personnel and their related persons may trade in Group securities;
- Disclosure requirements related to personal trading in Group securities and that of related persons;
- Internal approval requirements for trading in Group securities by Group personnel and their related persons;
- Restrictions on trading in Group securities during black-out and closed periods; and
- Restrictions on trading in other securities when in possession of material confidential information.

Any questions, concerns or suspected violations of the Insider Trading Policy can be reported to the Ethics & Compliance Office directly or through the Helpline (helpline.taqa.com). The Group has a zero-tolerance approach to retaliation against anyone raising a concern related to the Insider Trading Policy or any other policy of the Group.

## AUDITS OF THE ETHICS & COMPLIANCE PROGRAMME

Internal Audit regularly conducts reviews of ethical standards and controls. A dedicated ethics audit was conducted at Group level and for transmission and distribution operating companies in 2022. Since then, quarterly follow ups have been conducted on the implementation status of audit actions that resulted from the audit. As of December 2023, six out of a total of eight identified actions have been completed. In addition, fraud risk assessments were conducted across all major oil and gas operating companies during 2023.

## RAISING CONCERNS

The Group is dedicated to upholding the highest ethical standards and fostering a culture of trust and integrity. In support of this commitment, the Speaking Up Policy outlines how Group personnel can raise questions or report suspected violations of applicable laws, regulations, internal policies, and the Code of Ethics and Business Conduct. We take all concerns raised in good faith very seriously and have a zero-tolerance approach to retaliation.

The Group offers the option for personnel (and any third party) to raise concerns anonymously within the confidential Helpline (located at helpline.taqa.com). All matters raised to the Ethics & Compliance Office are thoroughly investigated and any substantiated cases result in corrective and/or disciplinary actions. Corrective actions are designed to make improvements to close gaps and/or prevent recurrence of potential violations. Disciplinary actions are designed to establish accountability and deter future recurrence of any misconduct.

All corrective and disciplinary actions come with a due date for completion and are assigned to responsible action owners. Furthermore, the types of matters the Ethics & Compliance Office investigates influences the risk areas that the annual Ethics & Compliance training activity focuses on.

The Group Ethics & Compliance Office reports all closed and confirmed investigations to the Audit Committee.

The Group's Ethics & Compliance programme continuously deploys effective measures and controls to identify and prevent violations in line with best practices.

## ETHICS & COMPLIANCE TRAINING

Training and awareness for personnel is an important part of the Ethics and Compliance programme. The Ethics & Compliance Office conducts topical training to targeted groups depending on need and risk levels. Every year, the Ethics & Compliance Office launches a mandatory comprehensive ethics and compliance training that all Group personnel are required to complete. This is an online scenario-based training that immerses the users in realistic ethical dilemmas that they may encounter in their roles.



**Mr. Abdul Rahman Al Jaabari**  
Director, Ethics and Compliance

Mr. Abdul Rahman Al Jaabari, Director, Ethics and Compliance, is appointed as the Compliance Officer of the Company and oversees and manages the Ethics & Compliance function. He holds a bachelor's in Economics and Political Science from the University of Arizona, a Masters of Studies in Law, Ethics & Compliance from the University of Colorado, and several accreditations such as Certified Fraud Examiner (CFE), Certified Leadership Professional in Ethics & Compliance, and Certified Compliance and Ethics Professional (CCEP-I).

# ETHICS AND COMPLIANCE

## FURTHER UPDATES IN 2023 TO ENHANCE INTERNAL CONTROL

In 2023, the Group's Ethics & Compliance Office revised all of its policies and introduced new procedures and interactive dashboards to proactively adapt to the latest risk and regulatory environment as well as to aid its and the Group's operations.

**Specifically, TAQA launched four new procedures:**

- 01** Usage of Artificial Intelligence (AI) Procedure: This provides guidance on the safe, ethical, and responsible use of AI technology to protect the confidential information and interests of the Group and its stakeholders.
- 02** Data Retrieval Procedure: This outlines the rules and required approvals for retrieving employee data for valid business reasons or formal investigations. Accessing data requires the owner's written consent, or a valid business reason with relevant approvals outlined in the approval matrix.
- 03** Evidence Preservation & Collection Procedure: This provides guidance on how to appropriately preserve different types of evidence (physical, electronic, etc.) related to investigations, litigation, and/or legal proceedings.
- 04** Trading Request Processing Procedure: This procedure sets out the steps the Ethics & Compliance Office should follow when processing trading requests of TAQA securities.

**The Ethics & Compliance Office also launched two in-house developed interactive dashboards:**

- 01** Sanctions and Screening Dashboard: This is an advanced interactive AI powered sanctions and screening dashboard to conduct preliminary screening of third parties and to monitor the global sanctions landscape.
- 02** Investigations Dashboard: This is an automated interactive investigations dashboard that the Executive Management can use to review cases.

The Group's Ethics & Compliance Office utilised AI technology to support cost and time efficient development of training and awareness materials.

Lastly, the Group's Ethics & Compliance Office won an award at the 2023 Middle East Legal Awards (MELA 2023) for the third year in a row for innovation in ethics and compliance. In 2023 the award was granted to the Group's Ethics & Compliance Office for its innovative use and incorporation of artificial intelligence in its work.

## RELATED PARTY TRANSACTIONS

Details of all transactions with companies and entities that fall within the definition of a related party under the Governance Guide or the International Accounting Standards 24: Related Party Disclosures are disclosed in note to the Company's 2023 audited annual financial statements.

# ENTERPRISE RISK MANAGEMENT

**TAQA's risk management system is designed to provide a standard framework to identify, assess and respond to risks, monitor, and report on risks and their management, from businesses and functions to management and board levels.**

## OVERVIEW

The main objectives of Enterprise Risk Management (ERM) at TAQA are to:



Enhance TAQA Group's capability to identify, assess and manage all its risks, in line with its strategic, operational, and financial objectives.



Promote a risk culture across the Group that allows a proactive approach to the management of risks, and embeds the process in decision-making.



Provide adequate means of managing, monitoring, and reporting risks at all levels within the Group.



Provide assurance to all our stakeholders that significant risks are known, controlled, and managed.

For this, an ERM function is firmly established at the Group level, supported by dedicated ERM resources in relevant operational entities comprising a network of risk facilitators.

## RISK MANAGEMENT FRAMEWORK

Our Risk Management Framework outlines our approach to:

**01** Understanding the risk environment to enable effective identification and assessment of risks

**02** Considering and confirming the appropriate responses and measures to manage the risks

**03** Monitoring and reviewing specific risks to determine effectiveness of their management and whether further actions might be required

**04** Reporting on risks and their management to the appropriate levels of the company

Effective implementation of our risk management system and framework relies on three levels of activity across the company:

**01** Ongoing identification, management, and review of risks across businesses and functions

**02** Structured reviews and reporting at key stages of business processes, such as planning, performance reviews and investment decision-making

**03** Periodic oversight of risks and their management in business lines, businesses, and functions, and at management and board levels

## TAQA'S ENTERPRISE RISK MANAGEMENT FRAMEWORK

TAQA's ERM team helps to embed the below three levels of activity, maintain the risk management framework and system, and facilitate the development, analysis and review of the company risk profile.

### DAY TO DAY

- Identify the risk
- Assess the risk
- Notify the risk to the appropriate level of management
- Respond to the risk (existing and / or new measures)
- Approve the response (and the resource required)
- Monitor the risk and management
- Report on the risk and its management



CONTINUOUSLY PERFORMED

### STRUCTURED

- Embed in business processes
- Strategy
- Planning
- Budgeting / forecasting
- Performance review
- Resource allocation
- Investment/ divestments



AT KEY PROCESS STAGES

### OVERSIGHT

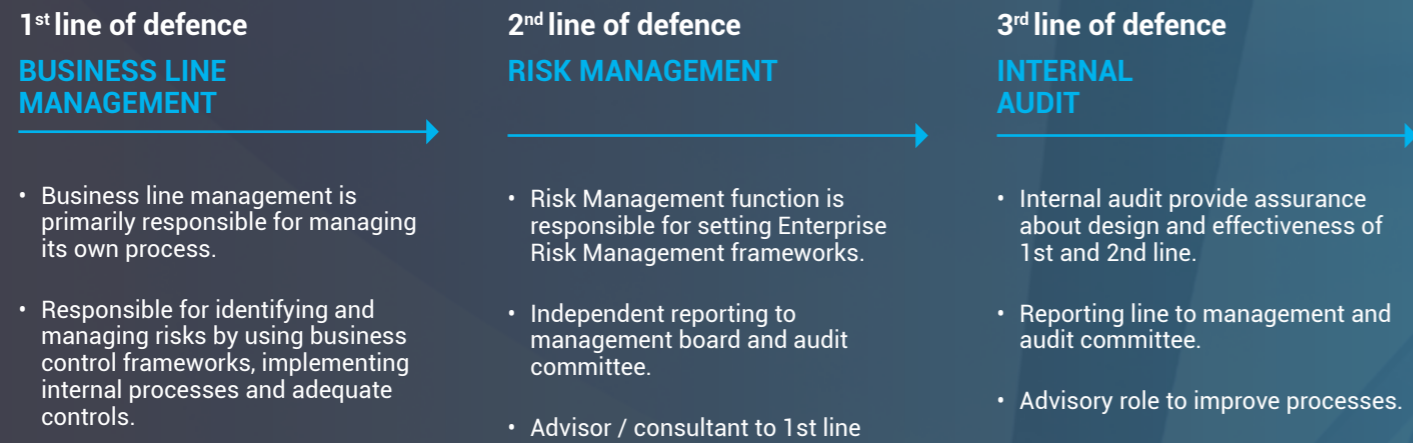
- Board, Executive review
- Assign to executive
- Assign to committee
- Group risks
- Priority risks
- Emerging risks
- Risk profile, changes



IN AGENDAS

# ENTERPRISE RISK MANAGEMENT

**THE THREE LINES MODEL ESTABLISHES CLEAR ROLES AND RESPONSIBILITIES FOR THE MANAGEMENT OF RISKS ACROSS TAQA, WHICH INCLUDES:**



In 2023, TAQA Group pursued its roadmap to further enhance the maturity and efficiency of its ERM process and organisation, through, but not limited to the:



Adoption for ERM of an integrated Governance, Risk and Compliance IT system for gradual roll-out across the Group



Systematic integration of a standard risk analysis process for key investments reviews and approvals



Completion of more detailed analysis of climate-related (both physical and transitional) risks as part of TAQA's global ESG roadmap



Provision of risk analysis for a wider range of countries, including those in operation and of interest

# ENTERPRISE RISK MANAGEMENT



## PRINCIPAL RISKS

Each year, risks reviews are performed across TAQA's businesses and functions, with the support and guidance of the ERM function. The results of these reviews are presented to – and discussed with – the Executive Management Team, Audit Committee, and the Board.

The risks set out below, if they were to occur individually or in combination, could adversely affect our business and financial performance, delivery of our strategy, liquidity, shareholder returns and reputation.

Principal risks	Key risks	Risk management measures
<b>Strategic and Financial</b>		
<b>Strategy Execution</b>	<ul style="list-style-type: none"> <li>Delivering growth</li> <li>Production agreement expiries</li> <li>Replacement of production and reserves</li> </ul>	<ul style="list-style-type: none"> <li>Strategy implementation plans</li> <li>Strategy, M&amp;A and Business Development expertise</li> <li>Engagement with off-takers</li> <li>Projects development pipelines</li> <li>Strategic M&amp;As, JVs and partnerships</li> </ul>
<b>Market Environment</b>	<ul style="list-style-type: none"> <li>Market conditions</li> <li>Commodity prices</li> <li>Interest rates</li> <li>Foreign exchange rates</li> <li>Competition</li> </ul>	<ul style="list-style-type: none"> <li>Fixed price commodity sales contracts</li> <li>Hedging foreign exchange exposure</li> <li>Fixed rate debt, and interest rate swaps</li> </ul>
<b>Liquidity &amp; Cash Delivery</b>	<ul style="list-style-type: none"> <li>Funding</li> <li>Customer or other receipts</li> <li>Credit ratings</li> </ul>	<ul style="list-style-type: none"> <li>Liquidity management, cashflow forecasts and stress testing</li> <li>Revolving credit facility and other funding</li> <li>Active customer service management</li> </ul>
<b>Political &amp; Societal</b>	<ul style="list-style-type: none"> <li>Regional stability</li> <li>Geopolitical developments</li> </ul>	<ul style="list-style-type: none"> <li>Screening and risk assessment for countries of operations and new countries entries</li> <li>Government support and diplomatic relations</li> </ul>
<b>Climate Change &amp; Sustainability</b>	<ul style="list-style-type: none"> <li>Environmental, Social and Governance (ESG) developments</li> <li>Physical climate change effects</li> <li>Energy transition</li> </ul>	<ul style="list-style-type: none"> <li>Low carbon power and water champion ambition</li> <li>Renewables growth, investment in new technologies</li> <li>ESG strategy and implementation roadmap</li> <li>Contribution to local development</li> </ul>
<b>Organisational Capability</b>	<ul style="list-style-type: none"> <li>Talent attraction, development and retention</li> <li>Resource capacity and capabilities alignment</li> </ul>	<ul style="list-style-type: none"> <li>Recruitment expertise</li> <li>Competitive market positioning</li> <li>Performance based evaluation</li> <li>People development programmes</li> </ul>
<b>Technology &amp; Digital Infrastructure</b>	<ul style="list-style-type: none"> <li>Technology failure</li> <li>Adequacy of digital infrastructure and IT systems</li> </ul>	<ul style="list-style-type: none"> <li>Business Continuity Management and disaster recovery plans</li> <li>IT infrastructure security and reliability assessments</li> <li>Legacy systems upgrades, and associated programme management</li> </ul>
<b>Cyber Security</b>	<ul style="list-style-type: none"> <li>Cyber breach</li> <li>Loss of information</li> <li>Loss of operations</li> </ul>	<ul style="list-style-type: none"> <li>IT systems management and reviews</li> <li>Application of standards, detection, monitoring and prevention</li> <li>Response and recovery capabilities</li> <li>Government agency engagement and expertise</li> <li>Staff training and awareness</li> </ul>
<b>Partners, Suppliers &amp; Contractors</b>	<ul style="list-style-type: none"> <li>Partner alignment</li> <li>Supplier dependencies</li> <li>Contractor management</li> </ul>	<ul style="list-style-type: none"> <li>Engagement with our partners to maintain alignment</li> <li>Rigorous vetting of suppliers and contractors</li> <li>Monitoring of performance, including compliance with standards and project requirements</li> </ul>

# ENTERPRISE RISK MANAGEMENT

Principal risks	Key risks	Risk management measures
<b>HSSE and Operational</b>		
<b>Project Execution</b>	<ul style="list-style-type: none"> <li>Timely and cost-efficient project delivery</li> <li>Quality and performance of delivered assets</li> </ul>	<ul style="list-style-type: none"> <li>High-quality EPC engagement and contractual arrangements</li> <li>Project management capabilities</li> </ul>
<b>Operational Reliability</b>	<ul style="list-style-type: none"> <li>Ageing assets</li> <li>Equipment reliability</li> <li>O&amp;M performance and quality</li> </ul>	<ul style="list-style-type: none"> <li>Inspection, maintenance and testing programmes</li> <li>High-quality operators and contracted O&amp;M</li> <li>Development of in-house O&amp;M capabilities</li> </ul>
<b>People Safety</b>	<ul style="list-style-type: none"> <li>Safety at work</li> <li>Communities and public safety</li> </ul>	<ul style="list-style-type: none"> <li>Commitment to Operational Excellence, TAQA's HSSE Management System</li> <li>Underlying safety standards and processes</li> <li>Standardised work procedures and operation manuals</li> <li>Leadership and safety culture</li> <li>Learning and continuous improvement</li> </ul>
<b>Asset Integrity</b>	<ul style="list-style-type: none"> <li>Environmental spills</li> <li>Fires or explosions</li> </ul>	<ul style="list-style-type: none"> <li>Process safety systems and processes</li> <li>Prevention of loss of containment and energy releases</li> <li>Operational hazard management</li> </ul>
<b>Crisis Management &amp; Recovery</b>	<ul style="list-style-type: none"> <li>Critical business disruptions</li> <li>Catastrophic events</li> <li>Natural disasters</li> </ul>	<ul style="list-style-type: none"> <li>Crisis management and incident response plans</li> <li>Business continuity management plans and resiliency</li> </ul>
<b>Physical Security</b>	<ul style="list-style-type: none"> <li>Malicious acts, including terrorism, sabotage and theft</li> <li>Regional instability, conflict, and unrest</li> </ul>	<ul style="list-style-type: none"> <li>Protective security management system</li> <li>Security capabilities and intelligence resources</li> <li>Security incident response and crisis management plans</li> </ul>
<b>Regulation and Compliance</b>		
<b>Management Systems</b>	<ul style="list-style-type: none"> <li>Adequacy of policies and procedures</li> <li>Internal control breaches</li> </ul>	<ul style="list-style-type: none"> <li>Enhancement and continuous embedding of policies, standards and procedures</li> <li>Systematic reviews and assessments</li> <li>Continuous improvement</li> </ul>
<b>Compliance with Laws &amp; Regulations</b>	<ul style="list-style-type: none"> <li>Compliance</li> <li>Business ethics</li> <li>Changes in laws and regulations</li> </ul>	<ul style="list-style-type: none"> <li>Legal and regulatory expertise, competent operational staff and monitoring</li> <li>Code of Ethics and Business Conduct, and associated policies</li> <li>Corporate governance and compliance enforcement processes</li> <li>Training, awareness and attestation</li> <li>Independent whistleblowing process and facility</li> </ul>
<b>Liabilities &amp; Commitments</b>	<ul style="list-style-type: none"> <li>Decommissioning</li> <li>Litigation, fines and penalties</li> <li>Acquisitions and disposals</li> </ul>	<ul style="list-style-type: none"> <li>Decommissioning strategy, planning and implementation monitoring</li> <li>Legal resources and expertise (internal and external)</li> <li>Due diligence, contractual reviews and advisory services</li> </ul>

# 05

## FINANCIAL STATEMENTS

Directors' Report	144
Independent Auditor's Report	145
Consolidated Statement of Profit or Loss	152
Consolidated Statement of Comprehensive Income	153
Consolidated Statement of Financial Position	154
Consolidated Statement of Changes in Equity	156
Consolidated Statement of Cash Flows	158
Notes to the Consolidated Financial Statements	160

## DIRECTORS' REPORT

For the year ended 31 December 2023

The Directors present their report together with the audited financial statements of Abu Dhabi National Energy Company PJSC ("TAQA", the "Company" or the "Group"), and its subsidiary (collectively referred to as the "Group") for the year ended 31 December 2023.

### Board of Directors:

The directors of the company are:

Chairman:	H.E. Mohamed Hassan Alsuwaidi	
Vice Chairman:	Mr. Khalifa Sultan Al Suwaidi	
Members:	Mr. Mansour Mohamed AlMulla	
	Mr. Hamad Abdulla Al Hammadi	
	Mr. Jasim Husain Thabet	
	H.E. Saeed Mubarak Al-Hajeri	(Resigned 15 March 2023)
	H.E. Saif Mohamed Al Hajeri	(Resigned 15 March 2023)
	Mr. Salem Sultan Al Dhaheri	(Resigned 15 March 2023)
	Mr. Khaled Abdulla Al Mass	(Resigned 15 March 2023)
	Mr. AbdulaAziz Abdulla Al Hajri	(Elected 15 March 2023)
	Ms. Iman Al Qasim	(Elected 15 March 2023)
	Ms. Mouza Saeed Al Romaiithi	(Elected 15 March 2023)
	Ms. Samia Bouazza	(Elected 15 March 2023)
	Dr. Klaus-Dieter Maubach	(Elected 15 March 2023)
	Mr. Christopher Geoffrey Finlayson	(Elected 15 March 2023)

### Principal activities:

The principal activities of the Group are power and water generation, transmission and distribution and upstream and midstream oil and gas operations.

### Review of business:

During the year, the Group reported revenue of AED 51,717 million (2022: AED 50,051 million). TAQA's share of profit for the year was AED 16,647 million (2022: AED 8,030 million).

The Board of Directors approved interim dividends of AED 0.0065 per share to the shareholders in respect of the first nine months of 2023 and was in line with shareholder-approved dividend policy.

On 13 February 2024, the Board of Directors proposed a final and variable dividend of AED 2,249 million, being AED 0.02 per share for the year ended 31 December 2023. The interim, final and variable dividends are subject to shareholder approval at the General Assembly meeting in March 2024.

### Release:

The Directors release management and the external auditors from liability in connection with their duties for the year ended 31 December 2023.

for the Board of Directors

H.E. Mohamed Hassan Alsuwaidi  
Chairman of the Board  
Abu Dhabi National Energy Company PJSC (TAQA)

## INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ABU DHABI NATIONAL ENERGY COMPANY PJSC

### REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

#### Opinion

We have audited the consolidated financial statements of Abu Dhabi National Energy Company PJSC (the "Company") and its subsidiaries (together referred to as the "Group"), which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS Accounting Standards).

#### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the other ethical requirements that are relevant to our audit of the Group's consolidated financial statements in the United Arab Emirates, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key Audit Matters

Key audit matters are the matters that, in our professional judgement, are of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

## INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ABU DHABI NATIONAL ENERGY COMPANY PJSC (continued)

### Key Audit Matter (continued)

#### Key Audit Matter

#### How our audit addressed the key audit matter

##### Impairment of intangible assets with indefinite useful lives

The Group has AED 4,755 million of intangible assets with indefinite useful lives as disclosed in Note 14.

The Group includes certain Distribution companies in the United Arab Emirates which have license agreements with the Department of Energy ("DOE"). These licenses can only be revoked by DOE after a 25-year notice period. As no notice has been served, these licenses are considered to be intangible assets with indefinite useful lives.

In accordance with IAS 36 Impairment of Assets ("IAS 36"), an entity is required to test intangible assets with indefinite useful lives for impairment at least annually irrespective of whether there is any indication of impairment.

An impairment is recognised in the consolidated statement of financial position when the recoverable amount is less than the carrying amount in accordance with IAS 36. The determination of the recoverable amount is based on discounted future cash flows.

We considered the impairment of intangible assets with indefinite useful lives to be a key audit matter, given the method for determining the recoverable amount and the significance of the balance in the Group's consolidated financial statements. In addition, the recoverable amounts are based on the use of key assumptions, estimates or assessments made by management, in particular future cash flow projections, the estimate of the discount rates and long-term growth rates. Management determined that the recoverable amount of the intangible assets with indefinite useful lives was in excess of its carrying amount and consequently no impairment charge has been recognised in the consolidated statement of profit or loss.

Refer to note 14 in the consolidated financial statements for more details relating to this matter.

We assessed the design of relevant controls over the process of determining the allowance for impairment of intangible assets with indefinite useful lives and determined if they had been appropriately implemented. These controls included, inter alia, the following:

- Controls over the accuracy and completeness of the impairment assessment models; and
- Controls over management's annual preparation of the impairment assessment, including calculations performed and estimates applied.

In addition, we also performed the following substantive audit procedures:

- Engaged our internal valuation specialists to assess the appropriateness of the impairment model for each license agreement;
- Evaluated whether the impairment model used by management to calculate the value in use of each cash-generating unit complies with the requirements stipulated in IAS 36;
- Assessed the impairment assessment models provided by management for each license agreement to determine whether they are reasonable and supportable;
- Assessed the discount rates and Weighted Average Cost of Capital calculated by management and used in the impairment assessment models;
- Challenged the growth rates and the completeness and reasonableness of other key cash flow assumptions used in the impairment models;
- Performed sensitivity analysis over the key estimates applied by management to ascertain the extent of change in those assumptions that either individually or collectively would be required for an additional impairment change;
- Assessed the mathematical accuracy of the impairment models;
- Agreed the results of the impairment models to the amounts reported in the consolidated financial statements; and
- Assessed the disclosures in the consolidated financial statements relating to this matter against the requirements of IFRSs.

## INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ABU DHABI NATIONAL ENERGY COMPANY PJSC (continued)

### Key Audit Matter (continued)

#### Key Audit Matter

#### How our audit addressed the key audit matter

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

The Group has recognised revenue of AED 30,954 million from transmission and distribution of power and water for the year ended 31 December 2023, as disclosed in note 3 to the consolidated financial statements.

Revenue is subject to Maximum Allowed Revenue ("MAR") for electricity, potable and recycled water calculated in accordance with a formula as defined in the License and Regulatory Control mechanisms document issued by the Department of Energy (DoE). Other operating revenue in respect of sales of power and water for the year is based on the difference between MAR and revenue billed to customers for the supply and distribution of water and electricity.

We focused on this area as the other operating revenue calculations are subject to significant judgements, interpretations and assumptions in respect of the definition of notified items, the determination of certain allowable deductions, performance indicators and derogation charges.

The MAR calculation is also subject to change from time to time when Regulatory Control mechanisms provided by the DOE are amended or as clarifications are received from the DOE.

Accordingly, the computation of the other operating revenue for the year ended 31 December 2023 is considered to be a key audit matter.

The critical accounting estimates made and judgements applied by management are disclosed in note 2 and further details about the other operating revenue are disclosed in note 3.

We assessed the design of relevant controls over the process of determining the other operating revenue and determined if they had been appropriately implemented and operating effectively. These controls included, inter alia, the following:

- Manual controls over the recognition of other operating revenue; and
- Controls over the accuracy and completeness of the other operating revenue calculation.

In addition, we also performed the following substantive audit procedures:

- Reperformance of management's calculation of other operating revenue;
- Agreed the inputs used by management to those stipulated in Regulatory Control 2 (RC 2);
- Agreed the adjustments in the Price Control Return to actual amounts;
- Evaluated the report of management's expert on the revenue drivers and agreed details in the report to schedules used in the revenue analysis;
- Agreed the pass-through charges to invoices and supporting schedules;
- Examined the relevant communications with DOE;
- Agreed the regulated and unregulated revenue for sales of water and electricity to the revenue calculation used in the other operating revenue; and
- Assessed the disclosures in the consolidated financial statements relating to this matter against the requirements of IFRSs.

## INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ABU DHABI NATIONAL ENERGY COMPANY PJSC (continued)

### Other Information

The Board of Directors' and management are responsible for the other information. The other information comprises the Directors' Report, which we obtained prior to the date of this auditor's report, and the Annual Report 2023, which will be made available to us after the auditor's report date. The other information does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance or conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Annual Report for 2023, if we conclude that there is a material misstatement therein, we will be required to communicate the matter to those charged with governance and consider whether a reportable irregularity exists in terms of the auditing standards, which must be reported.

### Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs and the applicable provisions of the articles of association of the Company and the U.A.E. Federal Law No. 32 of 2021, and for such internal control as management determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

### Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

## INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ABU DHABI NATIONAL ENERGY COMPANY PJSC (continued)

### Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law and regulations preclude public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ABU DHABI NATIONAL ENERGY COMPANY PJSC (continued)

### REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by the U.A.E. Federal Law No. 32 of 2021, we report that for the year ended 31 December 2023:

- We have obtained all the information we considered necessary for the purposes of our audit;
- The consolidated financial statements have been prepared and comply, in all material respects, with the applicable provisions of the U.A.E. Federal Law No. 32 of 2021;
- The Group has maintained proper books of account;
- The financial information included in the Directors' report is consistent with the books of account of the Group;
- The Group has not purchased or invested in any shares during the financial year ended 31 December 2023;
- Note 6 to the consolidated financial statements of the Group discloses social contributions made during the financial year ended 31 December 2023;
- Note 30 to the consolidated financial statements discloses the material related party transactions, balances, and the terms under which they were conducted; and
- Based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Company has contravened during the financial year ended 31 December 2023 any of the applicable provisions of the U.A.E. Federal Law No. 32 of 2021 or of its Articles of Association which would materially affect its activities or its financial position as at 31 December 2023.

Further, as required by the Resolution of the Chairman of the Abu Dhabi Accountability Authority No. (88) of 2021 pertaining to Auditing the Financial Statements of Subject Entities, we report that based on the procedures performed and information provided to us, nothing has come to our attention that causes us to believe that the Group has not complied, in all material respects, with any of the provisions of the following laws, regulations and circulars as applicable, which would materially affect its activities or the consolidated financial statements as at 31 December 2023:

- Law of establishment; and
- Relevant provisions of the applicable laws, resolutions and circulars organising the Group's operations.

#### Deloitte & Touche (M.E.)

Mohammed Khamees Al Tah  
Registration No. 717  
13<sup>th</sup> February 2024  
Abu Dhabi  
United Arab Emirates

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS**

For the year ended 31 December 2023

	Notes	31 December	
		2023 AED million	2022* AED million
<b>CONTINUED OPERATIONS</b>			
<b>REVENUES</b>			
Revenue from generation of power and water	3.1	12,715	13,823
Revenue from transmission and distribution of power and water	3.2	30,954	26,091
Revenue from oil and gas	3.3	8,048	10,137
		51,717	50,051
<b>COST OF SALES</b>			
Operating expenses	4	(29,973)	(27,494)
Depreciation, depletion and amortisation	5	(9,212)	(9,473)
		(39,185)	(36,967)
		12,532	13,084
<b>GROSS PROFIT</b>			
General and administrative expenses	6	(2,334)	(2,134)
Finance costs	7	(2,872)	(2,966)
Net foreign exchange loss		(55)	(169)
Interest income		498	172
Gain on recognition of an investment	16	10,784	-
Dividend income from an investment		298	-
Other income	8	389	84
Share of results of associates and joint ventures	15	191	321
<b>PROFIT BEFORE TAX FROM CONTINUING OPERATIONS</b>		19,431	8,392
Income tax expense	9	(2,629)	(1,013)
<b>PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS</b>		16,802	7,379
<b>DISCONTINUED OPERATIONS</b>			
Profit after tax for the year from discontinued operations	35	18	744
<b>PROFIT FOR THE YEAR</b>		16,820	8,123
Attributable to:		-	-
Equity holders of the parent		16,647	8,030
Non-controlling interests		173	93
<b>PROFIT FOR THE YEAR</b>		16,820	8,123
Basic and diluted earnings per share attributable to equity holders of the parent (AED) from continuing operations		0.15	0.07
Basic and diluted earnings per share attributable to equity holders of the parent (AED) from continuing operations and discontinued operations	10	0.15	0.07

\*For the year ending 31 December 2022, the amounts have been reclassified. Further details are provided in note 35.

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

For the year ended 31 December 2023

	Notes	31 December	
		2023 AED million	2022 AED million
<b>PROFIT FOR THE YEAR</b>		16,820	8,123
<b>OTHER COMPREHENSIVE INCOME</b>			
Items that may be reclassified to statement of profit or loss in subsequent periods:			
Changes in fair values of derivative instruments in cash flow hedges		(93)	3,127
Share of other comprehensive income of joint ventures		44	328
Exchange differences arising on translation of overseas operations		66	(123)
		17	3,332
Items not to be reclassified to statement of profit or loss in subsequent periods:			
Remeasurement gain on defined benefit plans		6	-
Changes in fair value of investments carried at fair value through OCI	16	1,074	-
		1,080	-
<b>NET OTHER COMPREHENSIVE INCOME FOR THE YEAR</b>		1,097	3,332
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		17,917	11,455
Attributable to:			
Equity holders of the parent		17,813	10,132
Non-controlling interests		104	1,323
		17,917	11,455

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

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

153

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

As at 31 December 2023

	Notes	31 December	
		2023 AED million	2022 AED million
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	12	115,376	117,470
Operating financial assets	13	7,573	7,917
Intangible assets	14	15,597	16,708
Investment in and loans to associates and joint ventures	15	8,209	6,515
Investment carried at fair value through other comprehensive income	16	11,858	-
Deferred tax assets	9	6,098	6,678
Derivative financial instruments	32	306	511
Other assets	17	1,054	889
		166,071	156,688
<b>CURRENT ASSETS</b>			
Inventories	18	3,202	3,402
Amounts due from related parties	30	1,904	1,760
Operating financial assets	13	1,213	1,253
Accounts receivable, prepayments and other receivables	19	5,874	7,333
Income tax prepaid		527	424
Derivative financial instruments	32	190	106
Cash and bank balances	20	14,077	10,422
		26,987	24,700
Assets classified as held for sale	35	942	234
<b>TOTAL ASSETS</b>		<b>194,000</b>	<b>181,622</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT</b>			
Share capital	21	112,434	112,434
Merger reserve	22	(56,443)	(56,443)
Statutory reserve	22	3,445	1,780
Retained earnings		18,168	9,002
Foreign currency translation reserve		(51)	(117)
Cumulative changes in fair value of derivatives in cash flow hedges		3,891	3,871
Cumulative changes in fair value of investments		1,074	-
		82,518	70,527

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)**

As at 31 December 2023

	Notes	31 December	
		2023 AED million	2022 AED million
Non-controlling interests	23	6,292	7,297
Loans from non-controlling interest shareholders in subsidiaries	24	111	165
Total non-controlling interests, including loans		6,403	7,462
<b>TOTAL EQUITY</b>		<b>88,921</b>	<b>77,989</b>
<b>NON-CURRENT LIABILITIES</b>			
Interest bearing loans and borrowings	25	55,017	50,484
Deferred tax liabilities	9	2,417	1,330
Asset retirement obligations	27	13,471	13,989
Derivative financial instruments	32	390	434
Other liabilities	28	2,547	1,853
		73,842	68,090
<b>CURRENT LIABILITIES</b>			
Accounts payable, accruals and other liabilities	29	19,077	18,047
Interest bearing loans and borrowings	25	6,211	11,129
Islamic loan	26	-	92
Amounts due to related parties	30	4,588	4,129
Bank overdrafts	20	3	37
Income tax payable		906	1,098
Derivative financial instruments	32	106	193
		30,891	34,725
Liabilities directly associated with assets classified as held for sale	35	346	818
<b>TOTAL LIABILITIES</b>		<b>105,079</b>	<b>103,633</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>194,000</b>	<b>181,622</b>

To the best of our knowledge, the financial information included in these 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 consolidated financial statements were approved by the Board of Directors on 13 February 2024 and signed on its behalf by:

CHAIRMAN OF THE BOARD OF DIRECTORS

CHAIRMAN OF THE AUDIT COMMITTEE

GROUP CHIEF EXECUTIVE OFFICER &amp; MANAGING DIRECTOR

CHIEF FINANCIAL OFFICER

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

For the year ended 31 December 2023

	Attributable to equity holders of the parent						Cumulative changes in fair value of derivatives AED million	Cumulative changes in fair value of investments AED million	Total AED million	Non- controlling interests AED million	Loans from non- controlling interest shareholders in subsidiaries AED million	Total equity AED million
	Share capital AED million	Merger reserve AED million	Statutory reserve AED million	Retained earnings AED million	Foreign currency translation reserve AED million							
<b>Balance at 1 January 2022</b>	112,434	(56,443)	977	7,284	6	1,646	-	65,904	6,943	355	73,202	
Profit for the year	-	-	-	8,030	-	-	-	8,030	93	-	8,123	
Other comprehensive income for the year	-	-	-	-	(123)	2,225	-	2,102	1,230	-	3,332	
Total comprehensive income for the year	-	-	-	8,030	(123)	2,225	-	10,132	1,323	-	11,455	
Dividends (note 36)	-	-	-	(5,509)	-	-	-	(5,509)	(969)	-	(6,478)	
Transfer to reserves	-	-	803	(803)	-	-	-	-	-	-	-	
Repayment of loans	-	-	-	-	-	-	-	-	-	(190)	(190)	
<b>Balance at 31 December 2022</b>	112,434	(56,443)	1,780	9,002	(117)	3,871	-	70,527	7,297	165	77,989	
<b>Balance at 1 January 2023</b>	112,434	(56,443)	1,780	9,002	(117)	3,871	-	70,527	7,297	165	77,989	
Profit for the year	-	-	-	16,647	-	-	-	16,647	173	-	16,820	
Other comprehensive income for the year	-	-	-	6	66	20	1,074	1,166	(69)	-	1,097	
Total comprehensive income for the year	-	-	-	16,653	66	20	1,074	17,813	104	-	17,917	
Dividends (note 36)	-	-	-	(5,907)	-	-	-	(5,907)	(840)	-	(6,747)	
Group ownership modification	-	-	-	85	-	-	-	85	(269)	-	(184)	
Transfer to reserves	-	-	1,665	(1,665)	-	-	-	-	-	-	-	
Repayment of loans	-	-	-	-	-	-	-	-	-	(54)	(54)	
<b>Balance at 31 December 2023</b>	112,434	(56,443)	3,445	18,168	(51)	3,891	1,074	82,518	6,292	111	88,921	

**CONSOLIDATED STATEMENT OF CASH FLOWS**

For the year ended 31 December 2023

	Notes	31 December	
		2023 AED million	2022 AED million
<b>OPERATING ACTIVITIES</b>			
Profit before tax from continuing operations		19,431	8,392
Profit before tax from discontinued operations	35	18	744
		19,449	9,136
<b>ADJUSTMENTS FOR:</b>			
Depreciation, depletion and amortisation	5	9,253	9,579
Finance costs	7	2,873	2,967
Share of results of associates and joint ventures	15	(191)	(321)
Intangible assets derecognised		-	179
Other movements		572	239
Gain on sale of land, oil and gas and other assets	8	(11)	(128)
Gain on recognition of an investment	16	(10,784)	-
Interest income		(498)	(172)
Asset retirement obligation relief deed income		(26)	367
Dividend income from an investment		(298)	-
Revenue from operating financial assets	13	(1,565)	(1,401)
		(675)	11,309
<b>WORKING CAPITAL CHANGES</b>			
Inventories		233	266
Accounts receivables and prepayments		883	(606)
Amounts due from related parties		(144)	186
Amounts due to related parties		459	1,921
Accounts payable, accruals and other liabilities		453	666
Income tax paid		(1,567)	(1,915)
Asset retirement obligation payments	27	(1,002)	(1,047)
Cash received from operating financial assets	13	2,029	1,963
		1,344	1,434
<b>NET CASH GENERATED FROM OPERATING ACTIVITIES</b>		<b>20,118</b>	<b>21,879</b>
<b>INVESTING ACTIVITIES</b>			
Purchases of property, plant and equipment	12	(5,086)	(4,012)
Purchases of intangible assets	14	(139)	(19)
Investment in a joint venture	15	-	(3,747)

**CONSOLIDATED STATEMENT OF CASH FLOWS (continued)**

For the year ended 31 December 2023

	Notes	31 December	
		2023 AED million	2022 AED million
Purchase of share in a subsidiary		(204)	-
Receipts from associates and joint ventures		312	360
Interest received		498	172
Proceeds from sale of non-core assets		-	197
Other movements		(138)	(190)
Dividend income from an investment		298	-
Advance to a related party	15	(1,731)	(797)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>		<b>(6,190)</b>	<b>(8,036)</b>
<b>FINANCING ACTIVITIES</b>			
Interest bearing loans and borrowings received	25	11,999	6,892
Repayments of interest-bearing loans and borrowings	25	(12,127)	(8,534)
Repayments of Islamic loans	26 & 25	(92)	(655)
Payments of lease liabilities		(193)	(98)
Payment of derivatives		-	(361)
Interest paid		(2,930)	(2,957)
Dividend paid to non-controlling interest shareholders		(900)	(919)
Dividend paid to shareholders		(5,907)	(5,509)
Repayment of loans to non-controlling interest shareholders		(54)	(190)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>		<b>(10,204)</b>	<b>(12,331)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>3,724</b>	<b>1,512</b>
Net foreign exchange difference		8	132
Cash and cash equivalents at 1 January	20	10,123	8,422
Restricted cash movement	20	23	57
<b>CASH AND CASH EQUIVALENTS AT 31 DECEMBER</b>	<b>20</b>	<b>13,878</b>	<b>10,123</b>

## CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

For the year ended 31 December 2023

### Significant non-cash transactions:

In the year ended 31 December 2023, assets with a value of AED 753 million were transferred to Abu Dhabi Transmission & Despatch Company PJSC and assets with a value of AED 265 million were transferred to Abu Dhabi Distribution Company PJSC. As the assets were transferred at nil cost to the company there are no transactions to reflect in the consolidated statement of cash flows, however the amount has been recorded within 'Property, plant and equipment' (note 12) on the consolidated statement of financial position.

In the year ended 31 December 2023, an equity investment with a fair value of AED 10,784 million at initial recognition was transferred to Abu Dhabi National Energy Company PJSC (TAQA). This represents a 5% holding of the total issued share capital of ADNOC Gas plc, an entity listed on the Abu Dhabi Securities Exchange (ADX). This amount has not been reflected in the consolidated statement of cash flows, however the amount has been recorded on the consolidated statement of financial position. Further details are provided in note 16.

In the year ended 31 December 2022, assets with a value of AED 599 million were transferred to Abu Dhabi Transmission & Despatch Company PJSC and assets with a value of AED 158 million were transferred to Al Ain Distribution Company PJSC. These amounts have not been reflected in the 'Purchases of property, plant and equipment' in the consolidated statement of cash flows, however the amounts have been recorded within 'Property, plant and equipment' (note 12) on the consolidated statement of financial position.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

### 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") and is listed on the Abu Dhabi Securities Exchange. ADPC's ownership represents 90.0% of the entire issued share capital of TAQA with the remainder 5.1% being held by Norm Commercial Investments – One Person Company and 4.9% held by other shareholders including the public. ADPC is a 100% owned by Abu Dhabi Developmental 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.

On 21 June 2023, TAQA entered into binding agreements for the purchase of Sustainable Water Solutions Holding Company (SWS Holding). SWS Holding was established in May 2023 with an aim to deliver sustainable water solutions through a focus on resource recovery and water circularity that will benefit industries and communities. SWS Holding owns Abu Dhabi Sustainable Water Solutions Company, the main entity behind all wastewater collection treatment, and reuse in the Emirate of Abu Dhabi. The transaction is still subject to the completion of necessary transaction requirements, including obtaining relevant third party and regulatory approvals, which is expected to take a number of months.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

31 December 2023

### 2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

#### 2.1 BASIS OF PREPARATION

The consolidated financial statements of TAQA have been prepared on the historical cost basis except for assets and liabilities measured at fair value in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and the applicable requirements of the UAE Federal Law No. 32 of 2021.

These consolidated financial statements have been presented in United Arab Emirates Dirhams (AED). All values are rounded to the nearest million (AED million) except where otherwise indicated.

As at 31 December 2023, retained earnings of the Group are AED 18,168 million (2022: AED 9,002 million). As at 31 December 2023, the current liabilities of the Group exceed its current assets by AED 3,904 million (2022: AED 10,025 million). The consolidated financial statements have been prepared on a going concern basis. The Group has sufficient short to medium term liquidity through the Group's undrawn committed borrowing facilities (note 20) to meet ongoing commitments and therefore it is concluded that adequate support is available to evidence that the going concern assumption is appropriate for the preparation of the 2023 consolidated financial statements.

Federal Law No. 32 of 2021 on Commercial Companies (the "New Companies Law") was issued on 20 September 2021 and came into effect on 2 January 2022, to entirely replace Federal Law No. 2 of 2015 on Commercial Companies, as amended (the "2015 Law").

On 9 December 2022, the UAE Ministry of Finance released Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses (UAE CT Law or the Law) to enact a Federal corporate tax (CT) regime in the UAE. The Corporate Tax Law shall apply to Tax Periods commencing on or after 1 June 2023 (where the Tax Period is generally aligned with the financial accounting period).

Decision No. 116 of 2022 (published in December 2022 and considered to be effective from 16 January 2023) specifies that taxable income not exceeding AED 375,000 would be subject to a 0% UAE CT rate, and taxable income exceeding AED 375,000 would be subject to the 9% UAE CT rate. With the publication of this Decision, the UAE CT Law is considered to have been substantively enacted for the reporting period to 31 December 2023 and for the purposes of accounting for Income Taxes.

Since its publication, the UAE CT Law has been supplemented by a number of Decisions of the Cabinet of Ministers of the UAE (Decisions). Such Decisions and other interpretive guidance of the UAE Federal Tax Authority provide important details relating to the interpretation of the UAE CT Law, and are required to fully evaluate the impact of the UAE CT Law on the TAQA Group.

The Group should be subject to the provisions of the UAE CT Law with effect from 1 January 2024, and current taxes shall be accounted for as appropriate in the financial statements for the period beginning 1 January 2024. In accordance with IAS 12 Income Taxes, the related deferred tax accounting impact has been considered for the financial period ended 31 December 2023.

Following assessment of the potential impact of the UAE CT Law on the balance sheet, the Group considers that taxable temporary differences arise in respect of Purchase Price Allocation (PPA) adjustments carried on the Group's consolidated balance sheet and relating to corporate transaction in prior accounting periods. The Group has assessed a potential deferred tax liability in the amount of AED 1,198 million and relating to the PPA attributable to UAE-based Group entities. While there is ambiguity concerning many aspects of the UAE CT Law, the Group consider it is appropriate to account for this deferred tax liability in the financial period ended 31 December 2023 (note 9).

No other potential deferred tax assets or liabilities have been identified at 31 December 2023. The Group will continue to assess the expected impact of the UAE CT Law on its operations and investments, and continue to evaluate its interpretation in light of the Decisions and related guidance. The Group will also continue the more detailed review of its financial matters, to consider any changes to this position at subsequent reporting dates, and to further evaluate the expected quantum of impact of the UAE CT Law on the Group in future accounting periods.

The geopolitical situation in Eastern Europe intensified on 24 February 2022 with the commencement of the conflict between Russia and Ukraine. As at the date of authorising these consolidated financial statements for issue, the conflict continues to evolve as military activity proceeds. Management has considered the unique circumstances and the possible risks and exposures of the Group and has concluded that there is no significant impact on the Group consolidated financial statements. Similarly, the situation is not expected to have any material impact on the business operations. Management will continue to monitor the situation closely and will assess the need for any action as required.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

### 2 BASIS OF PREPARATION AND ACCOUNTING POLICIES continued

#### 2.2 MATERIAL ACCOUNTING POLICIES

##### Basis of consolidation

These consolidated financial statements incorporate the financial statements of TAQA and entities controlled by TAQA - its subsidiaries (together referred to as the "Group"), made up to 31 December 2023. Control is achieved when the Group:

- has the power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above. When the Group has less than a majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not its voting rights in an investee are sufficient to give it power, including:

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

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when it loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the period are included in income statement from the date the Group gains control until the date when it ceases to control the subsidiary. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the Group's accounting policies. All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

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

Profit or loss and each component of other comprehensive income/(loss) are attributed to the owners of the Group and to the non-controlling interests. Total comprehensive income of the subsidiaries is attributed to the owners of the Group and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Group.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

### 2 BASIS OF PREPARATION AND ACCOUNTING POLICIES continued

#### 2.2 MATERIAL ACCOUNTING POLICIES continued

##### Business combinations

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

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 - Income taxes and IAS 19 - Employee benefits respectively.

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

Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

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

Business combinations under common control, which have substance for the combining entities, are also accounted for using the acquisition method explained above.

##### Fair value measurement

The Group measures certain financial instruments, such as, derivatives, and certain non-financial assets, at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. The group categorises assets and liabilities measured at fair value into one of three levels depending on the ability to observe inputs employed in their measurement. Level 1 inputs are quoted prices in active markets for identical assets or liabilities. Level 2 inputs are inputs that are observable, either directly or indirectly, other than quoted prices included within Level 1 for the asset or liability. Level 3 inputs are unobservable inputs for the asset or liability reflecting significant modification to observable related market data or the Group's assumption about pricing by market participants.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

### 2 BASIS OF PREPARATION AND ACCOUNTING POLICIES continued

#### 2.2 MATERIAL ACCOUNTING POLICIES continued

##### Revenue recognition

Revenue from contracts with customers is recognised when or as the Group satisfies a performance obligation by transferring control of a promised good or service to a customer. The transfer of control usually coincides with title passing to the customer and the customer taking physical possession.

When, or as, a performance obligation is satisfied, the Group recognises as revenue the amount of the transaction price that is allocated to that performance obligation. The transaction price is the amount of consideration to which the Group expects to be entitled. The transaction price is allocated to the performance obligations in the contract based on standalone selling prices of the goods or services promised.

The different revenue streams of the Group and the timing of revenue recognition in respect of each revenue stream are mentioned below:

##### a) Revenue from transmission and distribution of power and water

The Group has a transmission system that consists of various transmission lines and transformers that link power stations to the distribution system. The transmission network primarily transports bulk power and water to the distribution networks. The Group also provides infrastructure services for the transmission system network.

The Group earns revenue from licensed and unlicensed activities, using certain assets that are shared between these activities, and other assets that are solely dedicated to unlicensed activities.

Licensed activities represent operations and transactions relating to the transmission of power and water within the Emirate of Abu Dhabi, which are charged to ADDC and AADC (both are Group companies). These transactions are eliminated as intra-group transactions and not reported in these consolidated financial statements post the effective date of the merger transaction, i.e. 1 July 2020.

Unlicensed activities represent operations and transactions relating to transmission of power and water to Federal Electricity and Water Authority and Sharjah Electricity and Water Authority, which are charged to Emirates Water and Electricity Company (EWEC).

##### Transmission use of system charges from shared assets (licensed activities)

Revenue from Transmission Use of System (TUOS) charges is calculated in accordance with the formula in the licensed activities document issued by the DoE, under the licenses issued to the Company by DoE for the transmission of water and electricity from generation and desalination plants to the distribution companies and comprise the costs for the provision of shared transmission network services at delivery points to the distribution companies.

Revenue from TUOS charges is recognised upon the delivery of electricity and water.

As per the terms of the License revenue from TUOS charges cannot exceed the maximum allowed electricity and water revenue calculated in accordance with a formula as defined in the License and price control as regulated by the DOE in accordance with the License and correspondence relating to Regulatory Control (RC).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

### 2 BASIS OF PREPARATION AND ACCOUNTING POLICIES continued

#### 2.2 MATERIAL ACCOUNTING POLICIES continued

##### Revenue recognition continued

##### a) Revenue from transmission and distribution of power and water continued

##### System charges from solely dedicated assets (unlicensed activities)

The service charges for the transmission of water and electricity to other emirates from solely dedicated assets are based on the specific transmission charge calculated with reference to the costs associated with operating relevant dedicated assets. Such revenue is also recognised upon the delivery of electricity and water.

##### Revenue from supply and distribution of power and water

The Group also 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.

Revenue earned from supply business includes charges recoverable from customers for the supply of power and water within the Group's distribution. Revenue is recognised at the point in time when the units of power and water are supplied to customers and includes an estimate of the value of the units supplied to customers between the date of the last meter reading and the reporting date. It is considered highly probable that a significant reversal in the cumulative revenue recognised will not occur based on accumulated historical experience of the Group.

When the Group satisfies a performance obligation by transferring a promised good or service, the Group has earned a right to consideration from the customer and, therefore, has a contract asset in the form of account receivable.

##### Revenue from connection and meter installation fees

Revenue from connection and meter installation fees includes income earned from customers for installation of meters and other related equipment. These charges are recognised in profit or loss when the connection is activated.

##### Revenue from water coupons and prepaid cards

Revenue from prepaid cards represents charges received from the customers for the sale of water coupons and prepaid cards. These charges are recognised in the statement of profit or loss at the time when units of water are distributed to the customers against these prepaid cards.

##### Other operating revenue

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 water and electricity.

Revenue is recognised at the point in time when the units of power and water are supplied to customers and includes an estimate of the value of the units supplied to customers between the date of the last meter reading and the reporting date.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

### 2 BASIS OF PREPARATION AND ACCOUNTING POLICIES continued

#### 2.2 MATERIAL ACCOUNTING POLICIES continued

##### Revenue recognition continued

##### b) Revenue from generation of power and water

The Group earns revenue from sale of power and water. The revenue recognition of the Group's power and water business is as follows:

- Where the Group determines that the Power and Water Purchase Agreement (PWPA)/Power Purchase Agreement (PPA) meets the financial asset model requirements for service concession arrangements (explained under material accounting policy on 'Service concessions'), consideration receivable is allocated by reference to the relative fair values of the services delivered.
- Operating revenue is recognised as the service is provided and finance revenue is recognised using the effective interest rate method on the financial asset.
- Where the Group determines that the PWPA/PPA contains an operating lease, capacity payments are recognised as operating lease rental revenue on a systematic basis to the extent that capacity has been made available to the offtaker during the period. Those payments, which are not included as capacity payments (e.g. fuel revenue), are recognised as revenue in accordance with the contractual terms of the PWPA/PPA.
- Energy and water payments are recognised as revenue at the point in time when the contracted power and water capacity is provided to the offtaker.
- Fuel revenue represents reimbursements from the offtakers in the power and water subsidiaries at market prices for fuel consumed in power generation in accordance with the terms of the power and water purchase agreements and the power purchase agreements. Fuel revenue is recognised as and when fuel is consumed in the production of power and water.

##### c) Revenue from oil and gas

Revenue from the sale of oil and gas is recognised at the point in time when control of the product is transferred to the customer, which is generally when the product is physically transferred into a vessel, pipe or other delivery mechanism and the customer accepts the product.

The Group's sales of oil and gas are priced based on market prices and where necessary adjusted for a quality differential based on the American Petroleum Institute (API) gravity of the oil and gas sold.

Lifting or offtake arrangements for oil and gas produced by certain of the Group's jointly owned assets are such that each participant may not receive and sell its precise share of the overall production in each period. The resulting imbalance between cumulative production entitlement and cumulative sales attributable to each participant at a reporting date represents 'underlift' or 'overlift'. Underlift and overlift are valued at market value and included within current assets and current liabilities respectively. Movements during an accounting period are adjusted through cost of sales such that gross profit is recognised on an entitlements basis.

##### Gas storage

The revenue from gas storage is recognised over time as the service is provided and accepted by customers.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

### 2 BASIS OF PREPARATION AND ACCOUNTING POLICIES continued

#### 2.2 MATERIAL ACCOUNTING POLICIES continued

##### Government grants

Grants that compensate the Group for the cost of an asset are initially recognised as a deferred government grant at fair value when there is reasonable assurance that a grant will be received and the Group will comply with the conditions associated with the grant. Subsequently, these grants are recognised in profit or loss on a systematic basis over the useful life of the associated asset.

##### Taxes

##### a) Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date, in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in profit or loss. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate. A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the Group supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

##### b) Deferred income tax

Deferred income tax assets and liabilities are measured using enacted or substantively enacted income tax rates as at the balance sheet date that are anticipated to apply to taxable income in the years in which temporary differences are anticipated to be recovered or settled. Changes to these balances are recognised in profit or loss or in other comprehensive income/(loss) in the period they occur.

The Group recognises the financial statement impact of a tax filing position when it is probable, based on the technical merits, that the position will be sustained upon audit. The Group assesses possible outcomes and their associated probabilities. If the Group determines payment is probable, it measures the tax provision at the best estimate of the amount of tax payable.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred income tax asset to be recovered.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

### 2 BASIS OF PREPARATION AND ACCOUNTING POLICIES continued

#### 2.2 MATERIAL ACCOUNTING POLICIES continued

##### Foreign currency translation

For the purpose of these consolidated financial statements, the UAE Dirhams (AED) is the presentation currency of the Group.

In individual subsidiaries, joint ventures and associates, transactions in foreign currencies are initially recorded in the functional currency of those entities at the spot exchange rate on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the functional currency at the spot exchange rate at the reporting date. Any resulting exchange differences are included in the profit or loss, unless hedge accounting is applied. Non-monetary assets and liabilities, other than those measured at fair value are not retranslated subsequent to initial recognition.

In these consolidated financial statements, the assets and liabilities of foreign operations are translated into AED at the rate of exchange prevailing at the reporting date and their income statements are translated at the weighted average exchange rates on a monthly basis. The exchange differences arising on the translation are recognised in other comprehensive income/(loss) and accumulated in the foreign currency translation reserve within equity. On disposal of a foreign operation, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in profit or loss.

##### Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results, assets and liabilities of associates and joint ventures are incorporated in these consolidated financial statements using the equity method of accounting.

Under the equity method, an investment is carried on the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the entity, less distributions received and less any impairment in value of the investment. Loans advanced to equity-accounted entities that have the characteristics of equity financing are also included in the investment on the Group's statement of financial position. The Group's statement of profit or loss reflects the Group's share of the results after tax of the equity-accounted entity, adjusted to account for depreciation, amortisation and any impairment of the equity-accounted entity's assets based on their fair values at the date of acquisition. The Group's statement of comprehensive income includes the Group's share of the equity-accounted entity's comprehensive income/(loss). The Group's share of amounts recognised directly in equity by an equity-accounted entity is recognised directly in the Group's statement of changes in equity.

Unrealised gains on transactions between the Group and its equity-accounted entities are eliminated to the extent of the Group's interest in the equity-accounted entity.

The Group assesses investments in equity-accounted entities for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication of impairment exists, the carrying amount of the investment is compared with its recoverable amount, being the higher of its fair value less costs of disposal (FVLCD) and value in use (VIU). If the carrying amount exceeds the recoverable amount, the investment is written down to its recoverable amount.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

### 2 BASIS OF PREPARATION AND ACCOUNTING POLICIES continued

#### 2.2 MATERIAL ACCOUNTING POLICIES continued

##### Interests in joint operations

A joint operation is a joint arrangement whereby parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the IFRSs applicable to the particular assets, liabilities, revenues and expenses.

Certain of the Group's activities in the oil and gas segment are conducted through joint operations where the partners have a direct ownership interest in and jointly control the underlying assets of the joint operation. The Group accounts for its share of the jointly controlled assets, any liabilities it has incurred, its share of any liabilities jointly incurred with other partners, income from the sale or use of its share of the joint operation's output, together with its share of the expenses incurred by the joint operation, and any expenses it incurs in relation to its interest in the joint operation.

##### Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date. The arrangement is assessed for whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

##### a) Group as a lessee - Right of use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

##### b) Group as a lessee - Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period in which the event or condition that triggers the payment occurs.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

### 2 BASIS OF PREPARATION AND ACCOUNTING POLICIES continued

#### 2.2 MATERIAL ACCOUNTING POLICIES continued

##### Leases continued

###### b) Group as a lessee - Lease liabilities continued

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

###### c) Group as a lessor - Finance leases

Leases where the Group transfers substantially all the risks and benefits of ownership of the asset are classified as financial leases. The amounts due from the lessee are recorded in the consolidated statement of financial position as financial assets and are carried at the amount of the net investment in the lease after making provision for expected credit losses.

###### d) Group as a lessor - Operating leases

Leases where the Group does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

##### Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.

The useful lives of intangible assets are assessed to be either finite or indefinite. Amortisation for intangible assets with finite lives is calculated on a straight-line basis as follows:

• Computer software	3 years
• Power (& water) purchase agreements	1-22 years
• Reacquired connection rights	1-8 years
• Power & water distribution licences	Indefinite

The expected useful lives of intangible assets are reviewed on an annual basis and, if necessary, changes in useful lives are accounted for prospectively.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the profit or loss when the intangible asset is derecognised.

Intangible assets with indefinite useful lives are not amortised but are tested for impairment annually. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to definite is made on a prospective basis.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

### 2 BASIS OF PREPARATION AND ACCOUNTING POLICIES continued

#### 2.2 MATERIAL ACCOUNTING POLICIES continued

##### Oil and natural gas exploration, evaluation and development expenditure

###### a) Exploration & evaluation costs - capitalisation

Pre-license costs and geological and geophysical exploration costs incurred prior to obtaining the rights to explore are recognised in profit or loss when incurred. Exploration licences are recognised as an exploration and evaluation ("E&E") asset. The cost of that licence includes the directly attributable costs of its acquisition. Examples of such costs may include non-refundable taxes and professional and legal costs incurred in obtaining the licence. Costs incurred after the rights to explore have been obtained, such as geological and geophysical costs, drilling costs, appraisal and development study costs and other directly attributable costs of exploration and evaluation activity, including technical and administrative costs for each exploration asset, are capitalised as intangible E&E assets. E&E costs are not amortised prior to the conclusion of appraisal activities.

At completion of appraisal activities if technical feasibility is demonstrated and commercial reserves are discovered then, following development sanction, the carrying value of the relevant E&E asset is reclassified as a development and production ("D&P") asset. This category reclassification is only performed after the carrying value of the relevant E&E asset has been assessed for impairment, and where appropriate, its carrying value adjusted. If commercial reserves are not discovered at the completion of appraisal activity of each asset and it is not expected to derive any future economic benefits, the E&E asset is written off to profit or loss.

###### b) Development costs

Expenditure on the construction, installation or completion of infrastructure facilities such as platforms, pipelines and the drilling of development wells, including unsuccessful development or delineation wells, is capitalised within oil and gas properties.

##### Property, plant and equipment

###### a) Property, plant and equipment - general

Property, plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses, if any. The present value of the expected cost for the decommissioning obligation of an asset at the end of its useful life is included in the cost of the respective asset if the recognition criteria for a provision are met. Depreciation is calculated so as to write off the cost of property, plant and equipment over the expected useful economic lives of the assets concerned. If significant parts of an item of property, plant and equipment have different useful lives, these significant parts are accounted for as separate items (major components) of property, plant and equipment. The estimated useful lives of assets as follows:

- Buildings, equipment and plant and machinery - 3 to 40 years (Depreciation: Straight line basis)
- Plant spares - 5 to 40 years (Depreciation: Straight line basis)
- Right of use assets – 1 to 5 years / Lower of useful life and lease term (Depreciation: Straight line basis)
- Oil and gas properties - Unit of production (Depreciation: Unit of production basis)

The assets' residual values, useful lives and methods of depreciation are reviewed, and adjusted if appropriate, at each reporting date, with the effect of any changes in estimate accounted for a prospective basis.

The cost of spare parts held as essential for the continuity of operations and which are designated as strategic spares are depreciated on a straight line basis over their estimated operating life. Spare parts used for normal repairs and maintenance are expensed when issued.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

### 2 BASIS OF PREPARATION AND ACCOUNTING POLICIES continued

#### 2.2 MATERIAL ACCOUNTING POLICIES continued

##### Property, plant and equipment continued

###### a) Property, plant and equipment – general continued

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period the asset is derecognised.

###### b) Property, plant and equipment - oil and gas properties

Oil and gas properties in the development and production phase ("D&P" assets) and other related assets are stated at cost, less accumulated depreciation and accumulated impairment losses (net of reversal of previously recognised impairment losses, if any). The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into operation and the estimate of the decommissioning obligation. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset.

Oil and gas properties are depreciated on a unit-of-production basis over the proved and probable ("2P") reserves of the field concerned. The unit-of-production rate for the amortisation of field development costs takes into account expenditures incurred to date, together with estimated future development expenditure. Depreciation on oil and gas properties does not commence until the commencement of production from the property.

###### c) Property, plant and equipment - major maintenance and repairs

Expenditure on major maintenance refits or repairs comprises the cost of replacement assets or parts of assets, inspection costs and overhaul costs. Where an asset or part of an asset that was separately depreciated and is now written off is replaced and it is probable that future economic benefits associated with the item will flow to the group, the expenditure is capitalised. Where an asset or part of an asset was not separately considered as a component, the replacement value is used to estimate the carrying amount of the replaced asset (or asset part) which is immediately written off.

Inspection costs associated with major maintenance programs are capitalised when the recognition criteria are met and amortised over the period to the next inspection. Day to day servicing and maintenance costs are expensed as incurred in profit or loss.

###### d) Property, plant and equipment - capital work in progress

Capital work in progress is included in property, plant and equipment at cost on the basis of the percentage completed at the reporting date. The capital work in progress is transferred to the appropriate asset category and depreciated in accordance with the above policies when construction of the asset is completed and commissioned.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

### 2 BASIS OF PREPARATION AND ACCOUNTING POLICIES continued

#### 2.2 MATERIAL ACCOUNTING POLICIES continued

##### Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal (FVLCD) and its value in use (VIU). Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or cash generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing VIU, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In the case of VIU calculations, assumptions are also made regarding the cash flows from each asset's ultimate disposal. In determining FVLCD, recent appropriate market transactions are taken into account, if available.

If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators. Impairment losses are recognised in the statement of profit or loss in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date to determine whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss.

For the purpose of E&E asset impairment testing, cash generating units are grouped at the operating segment level. An impairment test performed in the E&E phase therefore involves grouping all E&E assets within the relevant segment with the development & production (D&P) assets belonging to the same segment. The combined segment carrying amount is compared to the combined segment recoverable amount and any resulting impairment loss identified within the E&E asset is written off to profit or loss. The recoverable amount of the segment is determined as the higher of its FVLCD and its VIU.

Intangible assets with an indefinite useful life are tested for impairment at least annually and whenever there is an indication at the end of a reporting period that the asset may be impaired. Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the statement of profit or loss.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

### 2 BASIS OF PREPARATION AND ACCOUNTING POLICIES continued

#### 2.2 MATERIAL ACCOUNTING POLICIES continued

##### Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

##### Inventories

Inventories of oil and oil products, which represent production from oil and gas facilities of the Group which are tanked at storage facilities awaiting sale, are valued at market value.

All other items of inventory are valued at the lower of cost, determined on the basis of weighted average cost, and net realisable value. Costs are those expenses incurred in bringing each item to its present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

##### Deferred income

This represents the value of property, plant and equipment received as a grant and is recognised as income over the period necessary to match with the related costs of property, plant and equipment which are subject to compensation.

##### Customer and meter deposits

Customer and meter deposits from electricity and water customers are recognised as liability when they are received and are normally settled at the time of disconnecting the customer from the Group's distribution network.

##### Service concessions

The Group accounts for service concession arrangements under IFRIC 12 when the following conditions are met:

- the grantor (usually a government entity) controls or regulates what services the operator must provide with the infrastructure, to whom it must provide them, and at what price; and
- the grantor (usually a government entity) controls - through ownership, beneficial entitlement or otherwise - any significant residual interest in the infrastructure at the end of the term of the arrangement.

In view of the above, concession infrastructure that does not meet the requirements of IFRIC 12 is presented as property, plant and equipment. Under IFRIC 12, the operator's rights over the plant operated under concession arrangements are accounted for based on the party primarily responsible for payment:

- the "intangible asset model" is applied when users have primary responsibility to pay for the concession services; and
- the "financial asset model" is applied when the grantor has the primary responsibility to pay the operator for the concession services.

Where the grantor guarantees the amounts that will be paid over the term of the contract (e.g. via a guaranteed internal rate of return), the financial asset model is used to account for the concession infrastructure, since the grantor is primarily responsible for payment. The financial asset model is used to account for Build, Operate and Transfer (BOT) contracts entered into with the grantor. The Group recognises financial assets from service concession arrangements in the statement of financial position as operating financial assets at amortised cost.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

### 2 BASIS OF PREPARATION AND ACCOUNTING POLICIES continued

#### 2.2 MATERIAL ACCOUNTING POLICIES continued

##### Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

##### a) Financial assets

###### Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (FVOCI), or fair value through profit or loss (FVTPL).

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 - Revenue from Contracts with Customers.

When the fair value of financial assets and liabilities differs from the transaction price on initial recognition, the Group recognises the difference as follows:

- When the fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e. a level 1 input) or based on a valuation technique that uses only data from observable markets, the difference is recognised as a gain or loss.
- In all other cases, the difference is deferred and the time of recognition of deferred day one profit or loss is determined individually. It is either amortised over life of the instrument, deferred until the instrument's fair value can be determined using market observable inputs, or realised through settlement.

In order for a financial asset to be classified and measured at amortised cost or FVOCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

### 2 BASIS OF PREPARATION AND ACCOUNTING POLICIES continued

#### 2.2 MATERIAL ACCOUNTING POLICIES continued

##### Financial instruments continued

##### a) Financial assets continued

###### Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at FVOCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at FVOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

##### Financial assets at amortised cost (debt instruments)

The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

##### Financial assets at fair value through OCI (debt instruments)

The Group measures debt instruments at FVOCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at FVOCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

##### Financial assets designated at FVOCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at FVOCI when they meet the definition of equity under IAS 32 - Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at FVOCI are not subject to impairment assessment.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

### 2 BASIS OF PREPARATION AND ACCOUNTING POLICIES continued

#### 2.2 MATERIAL ACCOUNTING POLICIES continued

##### Financial instruments continued

##### a) Financial assets continued

###### Financial assets at FVTPL

Financial assets at FVTPL include financial assets held for trading, financial assets designated upon initial recognition at FVTPL, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. The detailed accounting treatment of derivatives is described in the accounting policy of derivative financial instrument and hedging activities. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at FVTPL, irrespective of the business model.

Notwithstanding the criteria for debt instruments to be classified at amortised cost or at FVOCI, as described above, debt instruments may be designated at FVTPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at FVTPL are carried in the statement of financial position at fair value with net changes in fair value recognised in profit or loss.

###### Cash and short-term deposits

Cash and short-term deposits in statement of financial position comprise of cash at banks and on hand and short term deposits with an original maturity of three months or less. For the purpose of statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts.

###### Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:
  - The Group has transferred substantially all the risks and rewards of the asset, or
  - The Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

### 2 BASIS OF PREPARATION AND ACCOUNTING POLICIES continued

#### 2.2 MATERIAL ACCOUNTING POLICIES continued

##### Financial instruments continued

###### a) Financial assets continued

###### Impairment

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at FVTPL. The Group measures loss allowances at an amount equal to lifetime ECL, except for those financial instruments on which the counter-party has an investment grade credit rating or credit risk has not increased significantly since their initial recognition, in which case 12-month ECL is measured. 12-month ECL are the portion of ECL that result from default events on a financial instrument that are possible within the 12 months after reporting date

The Group uses a provision matrix to calculate ECLs for financial assets. The provision rates are calculated based on estimates including the probability of default (PD) and the loss incurred in default positions (LGD). These estimates are allocated by assessing the counterparty credit ratings. The Group calibrates the matrix to adjust the provision rates with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are projected to change then the historical default rates are adjusted. At every reporting date, the counterparty credit ratings are updated and changes in the forward-looking estimates are analysed. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

For debt instruments at FVOCI, the Group applies the low credit risk simplification. At every reporting date, the Group evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the internal credit rating of the debt instrument. In addition, the Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

###### Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

The Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

- The financial instrument has a low risk of default,
- The borrower has a strong capacity to meet its contractual cash flow obligations in the near term, and
- Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

###### Definition of default

The Group employs statistical models to analyse the data collected and generate estimates of PD of exposures with the passage of time. This analysis includes the identification for any changes in default rates and changes in key macro-economic factors across various geographies of the Group.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

### 2 BASIS OF PREPARATION AND ACCOUNTING POLICIES continued

#### 2.2 MATERIAL ACCOUNTING POLICIES continued

##### Financial instruments continued

###### a) Financial assets continued

###### Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

###### Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, and all the efforts for collection of the receivables are exhausted. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in the consolidated profit or loss.

###### Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the PD, loss given default (LGD) (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the PD and LGD is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Group's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

###### b) Financial liabilities

###### Initial recognition and measurement

At initial recognition, the Group measures a financial liability not classified as FVTPL, at its fair value minus transaction costs that are incremental and directly attributable to the acquisition or issue of the financial liability. Transaction costs of financial liabilities carried at FVTPL are expensed in profit or loss.

###### Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at amortised cost
- Financial liabilities at FVTPL

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

### 2 BASIS OF PREPARATION AND ACCOUNTING POLICIES continued

#### 2.2 MATERIAL ACCOUNTING POLICIES continued

##### Financial instruments continued

##### b) Financial liabilities continued

##### Financial liabilities subsequently measured at amortised cost

The Group measures financial liabilities that are not held-for-trading and are not designated as at FVTPL at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the finance costs in the statement of profit or loss.

##### Financial liabilities subsequently measured at FVTPL

The Group measures financial liabilities that are classified as held for trading, i.e. if they are incurred for the purpose of repurchasing in the near term, at FVTPL. This category also includes derivative financial instruments, including separated embedded derivatives, entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Financial guarantee contracts and loan commitments issued by the Group are also designated by the Group as financial liabilities at FVTPL. Gains or losses on financial liabilities at FVTPL are recognised in profit or loss.

##### Derecognition

The Group derecognises financial liabilities when the obligation is discharged, cancelled or expires. Any difference between carrying value of financial liability extinguished and the consideration paid is recognised in profit or loss.

##### c) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

##### d) Derivative financial instruments and hedge accounting

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts and interest rate swaps. Further details of derivative financial instruments are disclosed in note 32.

Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

##### Hedge accounting

At the inception of a hedge relationship that qualifies for hedge accounting, the Group formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

### 2 BASIS OF PREPARATION AND ACCOUNTING POLICIES continued

#### 2.2 MATERIAL ACCOUNTING POLICIES continued

##### Financial instruments continued

##### Hedge accounting continued

A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is 'an economic relationship' between the hedged item and the hedging instrument.
- The effect of credit risk does not 'dominate the value changes' that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

Hedges that meet all the qualifying criteria for hedge accounting are accounted for, as described below:

##### Fair value hedges

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The change in the fair value of the hedging instrument and the change in the hedged item attributable to the hedged risk are recognised in the line of the statement of profit or loss relating to the hedged item.

Hedge accounting is discontinued when the Group revokes the hedging relationship, when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to profit or loss from that date.

##### Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in the consolidated statement of comprehensive income and accumulated under the heading of changes in fair values of derivative instruments in cash flow hedges. The gain or loss relating to the ineffective portion is recognised immediately in statement of profit or loss, and is included in the other income line item.

Amounts previously recognised in other comprehensive income/(loss) and accumulated in equity are reclassified to the profit or loss in the periods when the hedged item is recognised in profit or loss, in the same line of the statement of profit or loss as the recognised hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognised in other comprehensive income/(loss) and accumulated in equity are transferred from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability.

Hedge accounting is discontinued when the Group revokes the hedging relationship, when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income/(loss) and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

### 2 BASIS OF PREPARATION AND ACCOUNTING POLICIES continued

#### 2.2 MATERIAL ACCOUNTING POLICIES continued

##### Employees benefits

###### a) Annual leave and leave passage

An accrual is made for estimated liability for employees' entitlement to annual leave and leave passage as a result of services rendered by eligible employees up to the end of the reporting period.

###### b) End of service benefits

###### Defined contribution plans

The Group provides end of service benefits to certain employees. The entitlement to these benefits is based upon the employees' final salary and length of service, subject to the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment. With respect to its UAE national employees, the Group makes contributions to the Abu Dhabi Retirement Pensions and Benefits Fund calculated as a percentage of the employees' salaries. Where the Group's obligations are limited to these contributions made to pension and benefit funds, these contributions are expensed on a monthly basis and paid when due.

###### Defined benefit plans

The cost of defined benefit pension plans and other post employment medical benefits and the present value of the pension obligation are determined using actuarial valuations. The cost of providing benefits under defined benefit plans is determined using the projected unit credit method. Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in statement of financial position with a corresponding debit or credit to retained earnings through other comprehensive income/(loss) in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

##### Provisions

###### a) General

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in statement of profit or loss net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects the time value of money and where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

### 2 BASIS OF PREPARATION AND ACCOUNTING POLICIES continued

#### 2.2 MATERIAL ACCOUNTING POLICIES continued

##### Provisions continued

###### b) Asset retirement obligations (ARO) / decommissioning liability

Certain subsidiaries have legal obligations in respect of site restoration and abandonment of their power generation and water desalination assets and oil and gas properties at the end of their useful lives (decommissioning costs). The Group records a provision for the site restoration and abandonment based upon estimated costs at the end of their useful lives. Accordingly, a corresponding asset is recognised in property, plant and equipment. Decommissioning costs are recorded at the present value of expected costs to settle the obligations using estimated cash flows and are recognised as part of the cost of each specific asset. The cash flows are discounted at a rate that reflects the risks specific to the decommissioning liability. The accretion is expensed as incurred and recognised in the statement of profit or loss as a finance cost. The estimated future costs of the asset retirement obligation are reviewed annually and adjusted as appropriate. Changes to provisions based on revised costs estimates or discount rate applied charges are added to or deducted from the cost of the relevant asset.

###### c) Production bonuses

Under the terms of the relevant production sharing arrangements, the Group's European (TAQA Bratani and TAQA Energy) and North American (TAQA North) oil and gas assets are entitled to its participating share in hydrocarbon production based on the Group's working interest. The Group's oil assets in the Kurdistan region of Iraq (TAQA Atrush) are entitled to its participating interest in the crude oil production based on the Group's participating interest.

For the Group's investment in TAQA Atrush, the production sharing contract contains a legal obligation for production bonuses to be paid to the Kurdistan Regional Government when certain production targets are achieved. The Group records a provision for these bonuses when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. This is assessed based on the Group's share of proved and probable reserves under the production sharing contract.

##### Contingencies

From time to time, the Group receives claims in the ordinary course of business. Liabilities and contingencies in connection with these matters are periodically assessed based upon the latest information available, usually with the assistance of lawyers and other specialists. A liability is accrued only if an adverse outcome is more likely than not and the amount of the loss can be reasonably estimated. If one of these conditions is not met, the claim is disclosed as a contingent liability, if material. The actual outcome of a claim may differ from the estimated liability and consequently may affect the financial performance and position of the Group.

##### Non-current assets held for sale

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell. Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification. When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale. When the Group is committed to a sale plan involving disposal of an investment in an associate or, a portion of an investment in an associate, the investment, or the portion of the investment in the associate, that will be disposed of is classified as held for sale when the criteria described above are met. The Group then ceases to apply the equity method in relation to the portion that is classified as held for sale. Any retained portion of an investment in an associate that has not been classified as held for sale continues to be accounted for using the equity method.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

### 2 BASIS OF PREPARATION AND ACCOUNTING POLICIES continued

#### 2.3 MATERIAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

In the application of the Group's accounting policies, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

#### Significant judgements in applying accounting policies

The management has made the following judgements, which have the most significant effect on the amounts recognised in these consolidated financial statements:

##### Revenue recognition - Connection and supply of water and electricity

Significant judgement was exercised in determining whether the connection and supply of water/electricity are considered to be two distinct performance obligations as that can have a considerable impact on how the related revenue is recognised. Management considered the detailed criteria of IFRS 15 Revenue from Contracts with Customers along with a variety of factors including, but not limited to, the connection and supply agreements, tariffs charged, etc.

In light of the facts and circumstances, management believes that connection and supply are two distinct performance obligations, hence revenue should be recognised as and when each one of the obligations are satisfied. For connection fees, the obligation is fulfilled once the connection is complete after which the Group has the right to receive consideration in full. As a result, revenue related to connection charges is recognised upon initiation of the connection at a point in time. Since the obligation of supply of water/electricity is fulfilled as the product/service is provided, related revenue is also recognised at a point in time upon supply. Conversely if the connection and supply were considered to be one performance obligation, the related connection charges would be deferred over the useful life of the assets installed to provide the connection.

##### Power and Water Purchase Agreements

###### a) Service concession agreements

Some of the Group's foreign subsidiaries have entered into Power Purchase Agreements ("PPA") with offtakers in countries where they are operating. Management has determined these arrangements to be service concession arrangements under IFRIC 12 - Service Concession Arrangements by applying the requirements of the interpretation to the facts and circumstances in each location. The Group's domestic (United Arab Emirates) subsidiaries have also entered into long-term Power and Water Purchase Agreements ("PWPA") and PPAs with EWEC. Based on the terms of the PWPAs/PPAs, management has determined that EWEC does not control any residual interest in the respective plants at the end of the term of the PWPAs/PPAs and therefore does not consider the PWPAs/PPAs to fall within the scope of IFRIC Interpretation 12 Service Concession Arrangements.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

### 2 BASIS OF PREPARATION AND ACCOUNTING POLICIES continued

#### 2.3 MATERIAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS continued

#### Significant judgements in applying accounting policies continued

##### Power and Water Purchase Agreements continued

###### b) Operating lease commitments - Subsidiaries as lessor

As mentioned above, the Group's domestic subsidiaries have entered into PWPAs/PPAs. Under the PWPAs/PPAs, the subsidiaries receive payment for the provision of power and water capacity, whether or not the offtaker EWEC requests power or water output ("capacity payments"), and for the variable costs of production ("energy and water payments"). The Group has determined the PWPAs/PPAs are lease arrangements as management considers that the Group retains the principal risks and rewards of ownership of the plants, based on management's estimate of the useful life and residual value of the assets, and so accounts for the PWPAs/PPAs as operating leases. An estimate of the useful life of the asset and residual value is made and reviewed annually. The effects of changes in useful life are recognised prospectively, over the remaining life of the asset. When there are amendments to the PWPAs/PPAs, management reconsiders whether the Group continues to retain the principal risks and rewards of ownership of the plants.

#### Equity or liability classification

Interest free loans are classified either as financial liabilities or as equity in accordance with the substance of the contractual arrangement and criteria of IAS 32. Unsecured amounts without defined interests and repayment terms are treated as equity contribution.

#### Capitalisation of project costs

##### a) Transmission network

In determining the timing of recording of assets and commencing the depreciation, management has considered the principles laid down in IAS 16 - Property, Plant and Equipment, the time of the completion of the commissioning and the time when the asset is ready for its intended use i.e. it is probable that economic benefits will flow to the Group and assets are operational and under the use of the Group.

Project costs, related to the transmission network of the Group, capitalised under capital work in progress are transferred to the relevant category of property, plant and equipment when the following criteria are met:

- the distribution network is connected to the transmission network,
- the project capitalisation form is approved by the asset management directorate, and
- the provisional acceptance certificate is issued to the contractor.

Any revision in the engineer's estimates are adjusted prospectively with the recorded project costs. The Group recognises funded transmission and despatch projects once the respective work is completed, all the regulatory approvals are obtained from the Regulation and Supervision Bureau, the transmission and despatch asset transfer agreements are signed and the transmission and despatch assets are made available for use. The Group signed a Memorandum of Understanding (MOU) with the transferor in prior years. The MOU states that the transferor bears the risks and title to transmission and despatch project construction assets until successful completion of the commissioning of the respective stage. Accordingly, management has determined that the transfer of these transmission and despatch project construction assets have not taken place in accordance with the accounting policies of the Group, MOU's and asset transfer agreement.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

### 2 BASIS OF PREPARATION AND ACCOUNTING POLICIES continued

#### 2.3 MATERIAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS continued

##### Significant judgements in applying accounting policies continued

###### Capitalisation of project costs continued

###### b) Major development projects - Distribution assets

In determining the timing of recording of these distribution assets which are received from various developers and commencing the depreciation, management has considered the principles laid down in IAS 16, the time of completion of commissioning and the time when the assets are ready for its intended use i.e. it is probable that economic benefits flow to the Group given its exclusive distribution license and the distribution assets are operational and under the use of the Group.

During the year, management has considered the detailed criteria of IAS 16 and reviewed the transfer agreements and the correspondences with developers and consultants of these projects to obtain the justification for their recognition in the Group's consolidated financial statements. Management believes that these distribution assets meet the conditions mentioned in IAS in terms of capitalising these distribution assets and consequently depreciating them from the date when these distribution assets were available for use.

###### Capitalisation of staff costs

Management determines whether the Group will recognise an asset from the staff costs incurred to fulfil a project if such costs meet all the following criteria:

- the costs relate directly to a project that the Group can specifically identify;
- the costs generate or enhance resources of the Group that will be used in satisfying performance obligations in the future; and
- the costs are expected to be recovered.

Such staff costs will be amortised on a systematic basis over the useful life of the asset recognised.

###### Determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the Group.

###### Assessment of fair value of investments carried through other comprehensive income

On 15 February 2023, the Group signed a Share Transfer Deed with Abu Dhabi National Oil Company PJSC ("ADNOC"), whereby ADNOC transferred 5% shares in ADNOC Gas plc to the Group without any consideration. This transfer was a recognition of the long-standing strategic partnership between the two companies, actively collaborating in the past and continuing to work closely to drive the energy transition in the UAE, with a focus on renewable energy and other low-carbon solutions.

In the absence of any specific conditions or any current or future obligations stipulated in the Share Transfer Deed, management have assessed all relevant facts to reach a judgement on the appropriate timing of recognition of the receipt of shares as a gain in the profit and loss statement. Management have concluded that it is appropriate to consider it to relate to achievements of the partnership to date, and account for the one-time gain in the consolidated profit or loss within "gain on recognition of an investment" on receipt.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

### 2 BASIS OF PREPARATION AND ACCOUNTING POLICIES continued

#### 2.3 MATERIAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS continued

##### Significant judgements in applying accounting policies continued

###### Business model assessment

Classification and measurement of financial assets depends on the results of the SPPI and the business model test (please see policy for financial assets sections in Note 2.2). The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective.

This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Group monitors financial assets measured at amortised cost that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Group's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets. No such changes were required during the periods presented.

###### Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

###### Impairment testing of non-financial assets

Management determines at each reporting date whether there are any indicators of impairment relating to the Group's property, plant and equipment and intangible assets including exploration and evaluation assets, power (and water) purchase agreements and distribution licenses. A broad range of internal and external factors are considered as part of the indicator review process.

The Group's impairment testing for non-financial assets is based on calculating the recoverable amount of each cash generating unit or group of cash generating units being tested. Recoverable amount is the higher of value in use (VIU) and fair value less costs of disposal (FVLCD). VIU for relevant cash generating units is derived from projected cash flows as approved by management and do not include restructuring activities that the group is not yet committed to or significant future investments that will enhance the asset base of the cash generating unit being tested. FVLCD for relevant cash generating units is generally derived from discounted cash flow models using market based inputs and assumptions. Recoverable amount is most sensitive to commodity price assumptions, regulatory framework regimes, foreign exchange rate assumptions, inflation and discount rates used in the cash flow models.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES continued

2.3 MATERIAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS continued

**Key sources of estimation uncertainty** continued

### Estimation of oil and gas reserves

Oil and gas reserves and resources used for accounting purposes are estimated using internationally accepted methods and standards. The Group's annual oil and gas reserves and resources review process includes an external audit process conducted by appropriately qualified parties. All reserve estimates are subject to revision, either upward or downward, based on new information, such as from development drilling and production activities or from changes in economic factors, including product prices, contract terms or development plans. In general, changes in the technical maturity of hydrocarbon reserves resulting from new information becoming available from development and production activities have tended to be the most significant cause of annual revisions. Changes in oil and gas reserves are an important indication of impairment or reversal of impairment and may result in subsequent impairment charges or reversals as well as affecting the unit-of-production depreciation charge in the profit or loss.

### Provision for decommissioning

Decommissioning costs will be incurred by the Group at the end of the operating life of certain of the Group's facilities and properties. The ultimate decommissioning costs or asset retirement obligations are uncertain and cost estimates can vary in response to many factors including changes to relevant legal requirements, the emergence of new restoration techniques or experience at production sites. The expected timing of expenditure can also change, for example in response to changes in laws and regulations or their interpretation, and/or due to changes in commodity prices. The provision is most sensitive to commodity price assumptions, foreign exchange rate assumptions, inflation and discount rates used in the cash flow models.

### Allowance for expected credit losses

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

The following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- An actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- Existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- An actual or expected significant deterioration in the operating results of the debtor;
- Significant increases in credit risk on other financial instruments of the same debtor;
- An actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations. Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 90 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

### Allowance for slow moving and obsolete inventories

Management assess loss (if any) on items of inventory on account of slow moving and obsolescence on a regular basis. In determining whether provision for obsolescence should be recorded in profit or loss, the Group makes judgements as to whether there is any observable data indicating that there is a future consumption of the item. Based on the factors, management has identified inventory items as slow moving and obsolete to calculate the allowance for slow moving and obsolete inventories.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES continued

2.3 MATERIAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS continued

**Key sources of estimation uncertainty** continued

### Fair value of financial instruments

Where the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived based on quoted prices from active markets, their fair value is determined using valuation techniques including discounted cash flows models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. The judgements include consideration of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

### Income taxes

The Group recognises the net future tax benefit to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires the Group to make significant assumptions related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Group to realise the net deferred tax assets recorded at the reporting date could be impacted. Additionally, future changes in tax laws in the jurisdictions in which the Group operates could limit the ability of the Group to obtain tax deductions in future periods.

### Useful lives of property, plant and equipment

Management determines the estimated useful lives of property, plant and equipment. This estimate is determined after considering the expected usage of the asset or physical wear and tear. Management reviews the residual value and useful lives annually and the future depreciation charge is adjusted where management believes that the useful lives differ from previous estimates. During the year ended 31 December 2023, the Group has revised the estimated useful lives of certain items in property, plant, and equipment effective within the Transmission and Distribution operating segment. The revision was effective 1 January 2023 and based on a review of the asset portfolio and industry standards. The financial effect of this reassessment, assuming the assets are held until the end of their useful lives, is a decrease in depreciation expense in the current financial year of AED 231 million. During the year ended 31 December 2022, the Group performed a similar review which resulted in a decrease in depreciation expense of AED 263 million and was effective 1 January 2022.

### Other operating revenue – Transmission & Distribution

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

### Unbilled revenue

The Group estimates the amount of unbilled consumption individually for each customer account based on historical meter readings. Unbilled consumption is calculated based on the average consumption for the period between the date of the last meter reading and the year end.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

### 2 BASIS OF PREPARATION AND ACCOUNTING POLICIES continued

#### 2.4 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED BY THE GROUP

The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2023.

- IFRS 17 Insurance Contracts
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)
- Definition of Accounting Estimates (Amendments to IAS 8)
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)
- Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4)
- International Tax Reform- Pillar Two Model Rules (Amendments to IAS 12).

These amendments had no material impact on the consolidated financial statements of the Group for the current and prior years but may affect the accounting for future transactions or arrangements.

#### 2.5 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS BUT NOT YET EFFECTIVE

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.

- 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)
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16) (effective from 1 January 2024)
- Non-current Liabilities with Covenants (Amendments to IAS 1) (effective from 1 January 2024)
- Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7) (effective from 1 January 2024)
- IFRS S1 General requirements for Disclosure of Sustainability-related Financial Information (effective 1 January 2024, subject to adoption by jurisdiction)
- IFRS S2 Climate-related Disclosures (effective 1 January 2024, subject to adoption by jurisdiction)
- Lack of Exchangeability (Amendments to IAS 21) (effective from 1 January 2025).

There are no other applicable new standards and amendments to published standards or IFRIC interpretations that have been issued that would be expected to have a material impact on the consolidated financial statement of the Group.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

### 3 REVENUE

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

	31 December	
	2023 AED million	2022 AED million
Operating lease revenue	5,911	5,786
Revenue from operating financial assets (note 13)	1,565	1,401
Sale of power	-	833
Energy payments and other related revenue	1,693	1,633
Fuel revenue*	2,969	3,774
Others	577	396
	<b>12,715</b>	<b>13,823</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 and development fee revenue within "other revenue" which is recognised over time.

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

	31 December	
	2023 AED million	2022 AED million
TUOS charges for unlicensed activities	1,078	976
Revenue from supply and distribution of power and water	15,017	13,765
Distribution connection and meter installation fees	285	291
Water coupons	81	82
Other operating revenue	14,493	10,977
	<b>30,954</b>	<b>26,091</b>

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 Framework (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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

### 3 REVENUE continued

#### 3.3 Revenue from oil and gas

	31 December	
	2023 AED million	2022 AED million
Gross oil and gas revenue	7,035	11,094
Less: royalties	(334)	(631)
	6,701	10,463
Gas storage revenue	1,076	318
Net processing income	195	229
Others	250	7
	8,222	11,017
Oil and gas net revenue in discontinued operations (note 35)	(174)	(880)
	8,048	10,137

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 OPERATING EXPENSES

	31 December	
	2023 AED million	2022 AED million
Salaries and related expenses	1,866	1,798
Repairs, maintenance and consumables used	3,158	3,075
Bulk supply tariff (note 30)	18,851	15,102
Fuel expenses	3,309	4,119
Charges by operating and maintenance contractors	887	1,106
Oil and gas operating costs	650	995
Transportation costs	453	368
Insurance costs	189	174
Expected credit loss movements	430	164
Others	261	288
	30,054	27,489
Operating expenses in discontinued operations (note 35)	(81)	5
	29,973	27,494

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

### 5 DEPRECIATION, DEPLETION AND AMORTISATION

	31 December	
	2023 AED million	2022 AED million
Depreciation of property, plant and equipment and depletion of oil and gas assets (note 12)	8,002	8,444
Amortisation of intangible assets (note 14)	1,251	1,135
	9,253	9,579
Depreciation, depletion and amortisation in discontinued operations (note 35)	(41)	(106)
	9,212	9,473

### 6 GENERAL AND ADMINISTRATIVE EXPENSES

	31 December	
	2023 AED million	2022 AED million
Salaries and related expenses	1,751	1,735
Professional fees and business development expenses	529	404
IT and communications	209	223
Corporate social contributions	3	2
Others	482	377
	2,974	2,741
Cost recoveries from JV partners	(607)	(573)
	2,367	2,168
General and administrative expenses in discontinued operations (note 35)	(33)	(34)
	2,334	2,134

### 7 FINANCE COSTS

	31 December	
	2023 AED million	2022 AED million
Finance costs relating to bonds and global medium term notes	1,402	1,023
Finance costs relating to interest bearing loans and borrowings and Islamic loans	1,164	1,062
Interest (credit) expense on interest rate swaps	(170)	371
Asset retirement obligations accretion expense (note 27)	449	474
Lease liability interest	28	37
	2,873	2,967
Finance costs in discontinued operations (note 35)	(1)	(1)
	2,872	2,966

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

### 8 OTHER INCOME

	31 December	
	2023 AED million	2022 AED million
Deferred income - grant released	45	64
Gain on sale of land, oil and gas and other assets	11	128
Asset retirement obligation relief deed income (expense)	30	(316)
Fines, penalties and compensation	25	(2)
Others	278	210
	<b>389</b>	<b>84</b>

### 9 INCOME TAX

The major components of income tax expense (credit) for the years ended 31 December 2023 and 2022 are:

	31 December	
	2023 AED million	2022 AED million
<b>CONSOLIDATED PROFIT OR LOSS</b>		
<b>CURRENT INCOME TAX:</b>		
Current income tax charge	1,072	2,138
Adjustment in respect to income tax of previous years	(56)	(79)
<b>DEFERRED INCOME TAX:</b>		
Relating to origination and reversal of temporary differences	317	(1,047)
Adjustment in respect to deferred tax of previous years	98	1
Relating to enactment of UAE corporate income tax*	1,198	-
	<b>2,629</b>	<b>1,013</b>

\*The deferred income tax expense for the year ended 31 December 2023 of AED 1,198 million (31 December 2022: nil) relates to the initial recognition of a deferred tax liability in respect of Purchase Price Allocation (PPA) adjustments carried on the Group's consolidated statement of financial position and attributable to certain UAE-based Group entities. While the PPA adjustments relate to a corporate transaction completed in prior accounting periods, the deferred tax liability arises due to the introduction of the UAE CT Law in the UAE, and on the basis that the UAE-based entities to which those PPA adjustments are attributed should be subject to UAE CT in the future.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

### 9 INCOME TAX continued

The reconciliation between tax expense (credit) and the product of accounting profit including discontinued operations profit multiplied by the applicable statutory tax rate for the years ended 31 December 2023 and 2022 is as follows:

	31 December	
	2023 AED million	2022 AED million
Profit before tax	19,449	9,136
Non-taxable profit (including income in non-taxable jurisdictions)	(15,637)	(3,672)
<b>TOTAL TAXABLE PROFIT</b>	<b>3,812</b>	<b>5,464</b>
Applicable tax charge at statutory rates – weighted average of 52% (2022: 30%)	1,998	1,665
Adjustment in respect to income tax of previous years	(56)	(79)
Adjustment in respect to deferred income tax of previous years	98	1
Deferred tax recognition due to changes in estimates	-	(1,415)
Relating to enactment of UAE corporate income tax	1,198	-
Withholding taxes	28	15
Tax incentives	(14)	(5)
Special production taxes on upstream activities	(70)	630
Tax effect on non deductible expenses	(187)	16
Other	(366)	185
<b>INCOME TAX EXPENSE REPORTED IN THE PROFIT OR LOSS</b>	<b>2,629</b>	<b>1,013</b>

#### Deferred tax

Deferred income tax at 31 December relates to the following:

	Consolidated statement of financial position		Consolidated statement of profit or loss	
	2023 AED million	2022 AED million	2023 AED million	2022 AED million
<b>DEFERRED TAX ASSETS:</b>				
Temporary difference on property, plant and equipment	454	625	288	437
Temporary difference arising on asset retirement obligations	3,794	3,907	175	(993)
Tax losses	743	1,389	(33)	(482)
Petroleum revenue tax temporary differences	1,231	1,332	113	(41)
Others	(124)	(538)	(35)	(30)
	<b>6,098</b>	<b>6,715</b>	<b>508</b>	<b>(1,109)</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

### 9 INCOME TAX continued

	Consolidated statement of financial position		Consolidated statement of profit or loss	
	2023 AED million	2022 AED million	2023 AED million	2022 AED million
<b>DEFERRED TAX LIABILITIES:</b>				
Temporary difference on property, plant and equipment	1,301	1,337	(48)	72
Relating to enactment of UAE corporate income tax	1,198	-	1,198	-
Others	(82)	(7)	(47)	(9)
	<b>2,417</b>	<b>1,330</b>	<b>1,103</b>	<b>63</b>

Based on the latest available forecast of future profits, the Group has determined AED 2,390 million of tax losses (2022: AED 2,963 million) are unlikely to be utilised in the foreseeable future. Hence, no deferred tax benefit has been recognised, though these losses remain available for offset against future taxable profits. Unutilised tax losses of AED nil (2022: nil) will expire in the next five year period.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

### 10 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 year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

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 year, adjusted for the effects of dilutive instruments.

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

	31 December	
	2023	2022
Profit for the year attributable to equity holders of the parent from continuing and discontinued operations (AED million)	16,647	8,030
Weighted average number of ordinary shares issued (million)	112,434	112,434
Basic earnings per share from (AED)	0.15	0.07

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 CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

### 11 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, and Saudi Arabia. It also includes investments in joint ventures and associates which hold a number assets focused in renewable energy and sustainable development in various countries.

#### 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:

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

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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

### 11 OPERATING SEGMENT INFORMATION continued

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

	Transmission & Distribution AED million	Generation AED million	Oil & Gas AED million	Adjustments, eliminations & unallocated AED million	Consolidated AED million
<b>YEAR ENDED 31 DECEMBER 2023:</b>					
Revenue from external customers	30,954	12,715	8,048	-	51,717
Operating expenses	(20,949)	(5,180)	(3,862)	18	(29,973)
Depreciation, depletion and amortisation	(3,624)	(4,515)	(1,102)	29	(9,212)
<b>GROSS PROFIT</b>	<b>6,381</b>	<b>3,020</b>	<b>3,084</b>	<b>47</b>	<b>12,532</b>
General and administrative expenses	(1,254)	(298)	(177)	(605)	(2,334)
Finance costs	(3)	(1,629)	(393)	(847)	(2,872)
Share of results of associates and joint ventures	-	182	-	9	191
Other income (loss)	181	171	50	(13)	389
Gain on recognition of an investment	-	-	-	10,784	10,784
Dividend income from an investment	-	-	-	298	298
Net foreign exchange gain (loss)	-	38	13	(106)	(55)
Interest income	154	280	323	(259)	498
Income tax expense	(1,036)	(454)	(1,408)	269	(2,629)
Profit for the year from discontinued operations	-	-	18	-	18
<b>PROFIT FOR THE YEAR</b>	<b>4,423</b>	<b>1,310</b>	<b>1,510</b>	<b>9,577</b>	<b>16,820</b>
Non-controlling interests	-	(173)	-	-	(173)
<b>PROFIT FOR THE YEAR ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT</b>	<b>4,423</b>	<b>1,137</b>	<b>1,510</b>	<b>9,577</b>	<b>16,647</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

### 11 OPERATING SEGMENT INFORMATION continued

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

	Transmission & Distribution AED million	Generation AED million	Oil & Gas AED million	Adjustments, eliminations & unallocated AED million	Consolidated AED million
<b>YEAR ENDED 31 DECEMBER 2022:</b>					
Revenue from external customers	26,091	13,823	10,137	-	50,051
Operating expenses	(17,013)	(6,756)	(3,748)	23	(27,494)
Depreciation, depletion and amortisation	(3,952)	(4,606)	(943)	28	(9,473)
<b>GROSS PROFIT</b>	<b>5,126</b>	<b>2,461</b>	<b>5,446</b>	<b>51</b>	<b>13,084</b>
General and administrative expenses	(1,181)	(270)	(181)	(502)	(2,134)
Finance costs	(4)	(1,774)	(484)	(704)	(2,966)
Share of results of associates and joint ventures	-	373	-	(52)	321
Other income (loss)	226	266	(314)	(94)	84
Net foreign exchange (loss) gain	-	(208)	5	34	(169)
Interest income	44	88	93	(53)	172
Income tax expense	-	(365)	(598)	(50)	(1,013)
Profit for the year from discontinued operations	-	-	744	-	744
<b>Profit (loss) for the year</b>	<b>4,211</b>	<b>571</b>	<b>4,711</b>	<b>(1,370)</b>	<b>8,123</b>
Non-controlling interests	-	(93)	-	-	(93)
<b>PROFIT (LOSS) FOR THE YEAR ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT</b>	<b>4,211</b>	<b>478</b>	<b>4,711</b>	<b>(1,370)</b>	<b>8,030</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

### 11 OPERATING SEGMENT INFORMATION continued

The following table presents segment assets and liabilities of the Group's operating segment:

	Transmission & Distribution AED million	Generation AED million	Oil & Gas AED million	Adjustments, eliminations & unallocated AED million	Consolidated AED million
<b>At 31 December 2023</b>					
Property, plant and equipment	82,913	27,575	4,905	(17)	115,376
Operating financial assets	-	8,786	-	-	8,786
Investment in associates, joint ventures and related balances	797	7,109	-	303	8,209
Intangible assets	4,755	10,710	132	-	15,597
Deferred tax assets	-	-	5,996	102	6,098
Other assets	4,995	8,952	1,726	23,319	38,992
Assets classified as held for sale	-	-	942	-	942
<b>SEGMENT ASSETS</b>	<b>93,460</b>	<b>63,132</b>	<b>13,701</b>	<b>23,707</b>	<b>194,000</b>
Liabilities directly associated with assets classified as held for sale	-	-	346	-	346
<b>SEGMENT LIABILITIES</b>	<b>20,403</b>	<b>36,310</b>	<b>16,385</b>	<b>31,981</b>	<b>105,079</b>
<b>Other disclosures at 31 December 2023</b>					
Additions-property, plant and equipment	3,676	216	1,332	1	5,225
Additions-intangible assets	-	-	124	15	139

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

### 11 OPERATING SEGMENT INFORMATION continued

The following table presents segment assets and liabilities of the Group's operating segment:

	Transmission & Distribution AED million	Generation AED million	Oil & Gas AED million	Adjustments, eliminations & unallocated AED million	Consolidated AED million
<b>At 31 December 2022</b>					
Property, plant and equipment	82,147	30,508	4,811	4	117,470
Operating financial assets	-	9,170	-	-	9,170
Investment in associates, joint ventures and related balances	797	5,366	-	352	6,515
Intangible assets	4,755	11,927	26	-	16,708
Deferred tax assets	63	-	6,517	98	6,678
Other assets	4,851	10,073	2,350	7,573	24,847
Assets classified as held for sale	-	-	234	-	234
<b>SEGMENT ASSETS</b>	<b>92,613</b>	<b>67,044</b>	<b>13,938</b>	<b>8,027</b>	<b>181,622</b>
Liabilities directly associated with assets classified as held for sale	-	-	818	-	818
<b>SEGMENT LIABILITIES</b>	<b>17,114</b>	<b>39,199</b>	<b>16,723</b>	<b>30,597</b>	<b>103,633</b>
<b>Other disclosures at 31 December 2022</b>					
Additions-property, plant and equipment	2,607	183	1,132	10	3,932
Additions-intangible assets	-	-	9	10	19

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

### 11 OPERATING SEGMENT INFORMATION continued

#### Geographical information

The following tables present revenue, certain asset information relating to the Group based on geographical location of the subsidiaries at 31 December:

	UAE AED million	North America AED million	Europe AED million	Africa AED million	Others AED million	Total AED million
<b>2023</b>						
Revenue	39,013	2,618	5,431	4,483	172	51,717
Non-current assets	126,602	3,957	1,399	7,415	227	139,600
<b>2022</b>						
Revenue	33,852	3,897	7,073	5,003	226	50,051
Non-current assets	130,267	3,222	1,313	7,694	488	142,984

Non-current assets for this purpose consist of property, plant and equipment, operating financial assets, intangible assets and other assets.

#### Other information

The Group has one major customer that contributed more than 10% towards the Group's revenue during the year ended 31 December, as presented in the following table:

	Transmission & Distribution AED million	Generation AED million	Oil & Gas AED million	Adjustments, eliminations & unallocated AED million	Consolidated AED million
<b>2023</b>					
Customer 1	1,095	7,901	-	-	8,996
	1,095	7,901	-	-	8,996
<b>2022</b>					
Customer 1	976	7,705	-	-	8,681
	976	7,705	-	-	8,681

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

## 12 PROPERTY, PLANT AND EQUIPMENT

	Buildings, equipment and plant and machinery AED million	Oil and gas assets AED million	Capital spares AED million	Capital work in progress AED million	Right of use assets AED million	Total AED million
<b>2023</b>						
<b>Cost:</b>						
<b>At 1 January 2023</b>	186,702	19,066	244	9,792	860	216,664
Additions	936	1,252	30	2,870	138	5,226
Revision of ARO	-	281	-	-	-	281
Disposals of assets	(113)	(258)	-	-	(6)	(377)
Transfers	1,699	-	4	(948)	-	755
Exchange adjustment	101	90	-	(2)	1	190
<b>At 31 December 2023</b>	189,325	20,431	278	11,712	993	222,739
<b>Depreciation and depletion:</b>						
<b>At 1 January 2023</b>	83,036	15,482	147	-	460	99,125
Charge for the year (note 5)	6,787	948	23	-	244	8,002
Disposals of assets	(69)	(264)	(1)	-	(6)	(340)
Exchange adjustment	38	75	-	-	-	113
<b>At 31 December 2023</b>	89,792	16,241	169	-	698	106,900
PPE classified as held for sale (note 35)	-	(463)	-	-	-	(463)
<b>Net carrying amount:</b>						
<b>At 31 December 2023</b>	99,533	3,727	109	11,712	295	115,376

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

## 12 PROPERTY, PLANT AND EQUIPMENT continued

	Buildings, equipment and plant and machinery AED million	Oil and gas assets AED million	Capital spares AED million	Capital work in progress AED million	Right of use assets AED million	Total AED million
<b>2022</b>						
<b>Cost:</b>						
<b>At 1 January 2022</b>	184,628	18,776	238	9,670	708	214,020
Additions	1,620	1,013	4	1,138	157	3,932
Revision of ARO	48	(626)	-	-	-	(578)
Disposals of assets	(627)	-	-	-	(1)	(628)
Transfers	1,454	8	2	(1,007)	-	457
Exchange adjustment	(421)	(105)	-	(9)	(4)	(539)
<b>At 31 December 2022</b>	186,702	19,066	244	9,792	860	216,664
<b>Depreciation and depletion:</b>						
<b>At 1 January 2022</b>	76,474	14,708	125	-	316	91,623
Charge for the year (note 5)	7,356	920	22	-	146	8,444
Disposals of assets	(223)	-	-	-	(1)	(224)
Exchange adjustment	(571)	(146)	-	-	(1)	(718)
<b>At 31 December 2022</b>	83,036	15,482	147	-	460	99,125
PPE classified as held for sale (note 35)	-	(69)	-	-	-	(69)
<b>Net carrying amount:</b>						
<b>At 31 December 2022</b>	103,666	3,515	97	9,792	400	117,470

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

### 12 PROPERTY, PLANT AND EQUIPMENT continued

Property, plant and equipment with a carrying amount of AED 27,537 million (2022: AED 30,433 million) are pledged as security for the related loans.

#### Oil and gas assets - impairment approach and key assumptions

The calculation of recoverable amount for oil and gas assets is based upon the following key assumptions:

- Reserve and resource volumes.
- Inflation rates.
- Cash flows relating to gas storage
- Discount rates.
- Foreign exchange rates.
- Commodity prices.

It is management's view that the impairment calculations are not materially sensitive to reasonable possible changes in the assumptions. In the impairment calculations, assumptions are also made regarding the cash flows from each asset's ultimate disposal.

#### Reserve and resource volumes

Reserve and resource volumes form the basis of the production profiles within the discounted cash flow models. The Group's annual oil and gas reserves (proved, probable and possible) and resources review process includes an external audit process conducted by appropriately qualified parties. Where significant, the contingent resources within a segment are also reviewed and reported on. The data generated for each field and location takes into consideration the development plans approved by senior management and reasonable assumptions that an external party would apply in appraising the assets.

#### Inflation rates

Estimates are obtained from published indices for the countries from which products and services are originated, as well as data relating to specific commodities. Forecast figures are used if data is publicly available. The Company assumed inflation rates ranging from 2% to 4% in perpetuity (2022: 2% to 5%).

#### Cash flows relating to gas storage

Cash flows relating to gas storage are based on assumptions on delivery capacity, injection capacity, working volumes and expected availability. The assumptions are supported by non-binding expressions of interests on demand for working volumes.

#### Discount rates

Discount rates used reflect the estimated weighted average cost of capital rates for potential acquirer group companies developed for each of the locations. The assets are valued on a FVLCD methodology and therefore post-tax discount rates ranging from 4.3% to 20.0% (2022: 4.3% to 20.0%), were used to calculate the recoverable amounts at the reporting date.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

### 12 PROPERTY, PLANT AND EQUIPMENT continued

#### Oil and gas assets - impairment approach and key assumptions continued

##### Foreign exchange rates and commodity prices

A summary of the 2023 key assumptions are provided below:

	2024	2025	2026	2027	2028
<b>Commodity prices</b>					
WTI (US\$/bbl) <sup>(1)</sup>	67.00	62.00	62.00	60.00	60.00
AECO (US\$/mmbtu) <sup>(1)</sup>	2.20	2.27	2.80	2.90	2.90
Brent (US\$/bbl) <sup>(1)</sup>	72.00	67.00	67.00	65.00	65.00
Summer/Winter gas spread (Euro/MWh)	3.30	2.20	2.20	2.20	2.20
<b>Foreign exchange rates</b>					
CAD\$/US\$	1.32	1.29	1.27	1.26	1.26
EUR/US\$	0.88	0.86	0.85	0.85	0.85
GBP/US\$	0.79	0.77	0.76	0.75	0.74

<sup>(1)</sup> Prices are escalated at 2% thereafter.

#### Power and water assets - impairment approach and key assumptions

The recoverable amount for power and water assets is based on FVLCD. In determining FVLCD, a discounted cash flow valuation model was used, incorporating market-based assumptions. The key assumptions for FVLCD calculations are outlined below together with the approach management has taken in determining the value to ascribe to each. Management believes it is appropriate to use cash flow forecasts over such periods due to the long-term power and water purchase agreements associated with the facilities.

The calculation of FVLCD for power and water generation assets is most sensitive to the following assumptions:

- Future cash flows throughout the term of the current PWPAs.
- Inflation rates.
- Discount rates.

##### Future cash flows throughout the term of the current PWPAs

The Group's expected future cash flows have been estimated based on work performed by an internal expert. In doing so, management has considered key trends in the relevant power and water sectors and the recovery of the residual values.

#### Inflation rates

Estimates are obtained from published indices for the countries from which products and services are originated. Forecast figures are used if data is publicly available. The Group assumed inflation rates ranging from 2% to 5% in perpetuity (2022: 2% to 5%).

#### Discount rates

Discount rates used represent the current market assessment of the risks specific to the assets, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The assets are valued using a FVLCD methodology, future cash flows are discounted using post-tax rates ranging from 3.9% to 10.0% (2022: 3.9% to 10.0%).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

### 13 OPERATING FINANCIAL ASSETS

The movement in operating financial assets is as follows:

	31 December	
	2023 AED million	2022 AED million
At 1 January	9,170	10,322
Recognised during the year (note 3.1)	1,565	1,401
Consideration received during the year	(2,029)	(1,963)
Movement in expected credit loss (ECL) provision	(65)	(217)
Exchange gain (losses) recognised in the consolidated income statement	145	(373)
	<b>8,786</b>	<b>9,170</b>

Analysed in the consolidated statement of financial position as follows:

	31 December	
	2023 AED million	2022 AED million
Non-current portion	7,573	7,917
Current portion	1,213	1,253
	<b>8,786</b>	<b>9,170</b>

TAQA manages three concession contracts as defined by IFRIC 12, mainly covering electricity generation. The foreign subsidiaries, namely TAQA Morocco (formerly Jorf Lasfar Energy Company SCA (JLEC)), TAQA Neyveli Power Company Pvt Ltd (Neyveli) and Takoradi International Company (Takoradi), have entered into power purchase agreements (PPA) with offtakers in the countries where they are operating. Under the PPA the foreign subsidiaries undertake to make available, and the offtakers undertake to purchase, the available net capacity of the plant for a period of time in accordance with various agreed terms and conditions as specified in the PPA as follows:

#### TAQA Morocco:

The subsidiary had the right of possession for the site and the plant units (units 1 to 4) for a period of 30 years ending in September 2027. On 24 January 2021, TAQA Morocco with Office National de l'Electricité ("ONE") signed an extension to the PPA for a further 17 years from 2027 to 2044. At the end of the PPA, the ownership of the site and the plants will be transferred to the offtaker. During 2009, ONE and TAQA Morocco signed a strategic partnership agreement to extend the capacity of the plant by constructing two new units (units 5&6) with an approximate gross capacity of 350 MW each. In June 2014, the two new units were completed and a 30 year PPA ending 2044 was entered into.

#### Neyveli:

The subsidiary has a 30 year PPA with the offtaker ending in December 2032. On the expiry date of the PPA, the offtaker has the option to acquire the plant at a price equal to 50% of the terminal value as defined in the PPA.

#### Takoradi:

The subsidiary had originally signed a 25 year PPA with the offtaker ending in March 2024. On expiry date of the PPA, the plant is to be transferred to the offtaker at a nominal amount. The expansion project has increased the existing 220 MW capacity to 330 MW. As a result of the expansion, the PPA term has been extended to 2039.

Operating financial assets with a carrying amount of AED 8,590 million (2022: AED 8,908 million) are pledged as security for the related borrowings in the subsidiaries.

An ECL provision of AED 493 million (2022: AED 428 million) is recognised against the operating financial assets. A provision of AED 65 million was taken in 2023 at Neyveli due to a higher risk of recoverability. A provision of AED 230 million was taken in 2022 at Takoradi due to a higher risk of recoverability from the offtaker and movement in a related credit rating in December 2022.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

### 14 INTANGIBLE ASSETS

	Exploration and evaluation assets AED million	Distribution licences AED million	Power (and water) purchase agreements AED million	Connection rights AED million	Tolling agreement and other AED million	Total AED million
<b>2023 Cost:</b>						
<b>At 1 January 2023</b>	4	4,755	14,170	676	981	<b>20,586</b>
Additions	6	-	-	-	133	<b>139</b>
Derecognised during the year	(1)	-	-	-	-	<b>(1)</b>
Exchange adjustment	(1)	-	-	-	-	<b>(1)</b>
<b>At 31 December 2023</b>	<b>8</b>	<b>4,755</b>	<b>14,170</b>	<b>676</b>	<b>1,114</b>	<b>20,723</b>
<b>Amortisation:</b>						
<b>At 1 January 2023</b>	-	-	2,561	467	847	<b>3,875</b>
Amortisation for the year (note 5)	-	-	1,030	251	13	<b>1,294</b>
Intercompany eliminations	-	-	-	(43)	-	<b>(43)</b>
Exchange adjustment	-	-	-	-	-	<b>-</b>
<b>At 31 December 2023</b>	<b>-</b>	<b>-</b>	<b>3,591</b>	<b>675</b>	<b>860</b>	<b>5,126</b>
<b>Net carrying amount:</b>						
<b>At 31 December 2023</b>	<b>8</b>	<b>4,755</b>	<b>10,579</b>	<b>1</b>	<b>254</b>	<b>15,597</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

## 14 INTANGIBLE ASSETS continued

	Exploration and evaluation assets AED million	Distribution licences AED million	Power (and water) purchase agreements AED million	Connection rights AED million	Tolling agreement and other AED million	Total AED million
<b>2022</b>						
<b>Cost:</b>						
<b>At 1 January 2022</b>	4	4,755	14,170	843	976	20,748
Additions	3	-	-	-	16	19
Derecognised during the year	(1)	-	-	(167)	(11)	(179)
Exchange adjustment	(2)	-	-	-	-	(2)
<b>At 31 December 2022</b>	4	4,755	14,170	676	981	20,586
<b>Amortisation:</b>						
<b>At 1 January 2022</b>	-	-	1,532	407	801	2,740
Amortisation for the year (note 5)	-	-	1,029	103	46	1,178
Intercompany eliminations	-	-	-	(43)	-	(43)
Exchange adjustment	-	-	-	-	-	-
<b>At 31 December 2022</b>	-	-	2,561	467	847	3,875
Fair value adjustment on effective fair value hedges (note 32.2 (iv))	-	-	-	-	(3)	(3)
<b>Net carrying amount:</b>						
<b>At 31 December 2022</b>	4	4,755	11,609	209	131	16,708

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

## 14 INTANGIBLE ASSETS continued

## Distribution licences

The Distribution companies (DisCos) in the UAE have licence agreements with the DoE. These licenses commenced in 1999 and gave the DisCos the exclusive right to distribute power and water throughout the Emirate of Abu Dhabi. These licenses can only be revoked after a 25 year notice period. As a result, the licenses are considered as an indefinite lived intangible asset and is subject to an annual impairment test. The key assumption for the impairment calculations are detailed below and are not materially sensitive.

## • Discount rate

The fair value of each DisCo is determined based on the discounted free cash flows and the terminal value of the respective entity. The discount rate used represent the current market assessment of the risks specific to the assets, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The post-tax rate used was 6.40% (2022: 6.07%).

## • Inflation rates

Estimates are obtained from published indices for the countries from which products and services are originated. Forecast figures are used if data is publicly available. The Company assumed long-term growth rate of 2.0% (2022: 2.0%).

## Power (and water) purchase agreements (P(W)PAs)

All the I(W)PP assets in the UAE has separate P(W)PAs in place with EWEC with an average term of 25 years. Under the respective P(W)PA, each asset is entitled to sell electricity and water (as applicable) generated by the facility to EWEC at the agreed contractual prices and EWEC is obliged to make capacity payments for both electricity and water as defined in the respective contracts. The key assumptions for the power and water asset VIU calculations are outlined in note 12 together with the approach management has taken in determining the value to ascribe to each.

## Connection rights

The intangible assets arose from the transfer, made by a number of the Group's subsidiaries, of certain assets to a related party in accordance with the terms of individual agreements and represent the acquisition cost of the right of connection to the transmission systems at the connection sites for a period of 1 to 8 years. The connection rights cost are being amortised on a straight line basis over the same period, being the expected period of benefit.

## Tolling agreement

The Group has a fuel conversion services, capacity and ancillary services purchase agreement ("Tolling Agreement") relating to the acquisition of BE Red Oak Holding LLC. Under the terms of the Tolling Agreement, the Group is entitled to the economic rights (revenue from sale of electricity, capacity payments and any other ancillary services) of a power plant located in New Jersey, USA and the Group is obligated to supply the fuel and also make certain fixed and variable payments to the operator. The tolling agreement cost is being amortised on a straight line basis over the term of the agreement. The Tolling Agreement expired on 31 August 2022.

The fair value of the contract is based on estimated forward commodity prices, estimated correlation of commodity prices, volatility factors, and other typical option valuation parameters over the term of the tolling contract.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

### 15 INVESTMENT IN AND LOANS TO ASSOCIATES AND JOINT VENTURES

The Group has the following investments:

	Country of incorporation Ownership and operation	2023	2022
<b>ASSOCIATES</b>			
Massar Solutions PJSC (note i)	UAE	49.0%	49.0%
Jubail Energy Company (note ii)	Saudi Arabia	25.0%	25.0%
Sohar Aluminium Company LLC (note iii)	Oman	40.0%	40.0%
Abu Dhabi Offshore Power Infra Limited LLC (iv)	UAE	30.0%	30.0%
Mirfa Seawater Treatment and Supply Local Holding MSTs Company (v)	UAE	50.0%	-
<b>JOINT VENTURE</b>			
LWP Lessee LLC (note vi)	USA	50.0%	50.0%
Taweelah RO Holding Company LLC (note vii)	UAE	33.0%	33.0%
Fujairah Energy Holding Company LLC (note viii)	UAE	67.0%	67.0%
Dhafrah Solar Energy Holding Company LLC (note ix)	UAE	67.0%	67.0%
Tanajib Cogeneration Holding Company Limited (note x)	UAE	49.0%	49.0%
Abu Dhabi Future Energy Company PJSC (note xi)	UAE	43.0%	43.0%

(i) Massar Solution PJSC (formerly Al Wathba Company for Central Services PJSC) is mainly involved in the leasing and management of vehicles and equipment.

(ii) Jubail Energy Company ("Jubail") is involved in the generation of electricity.

(iii) Sohar Aluminium Company LLC ("Sohar") is involved in the construction, ownership and operation of an aluminium smelter and an associated combined cycle power plant.

(iv) Abu Dhabi Offshore Power Infra Limited LLC is involved with the transmission of electricity.

(v) Mirfa Seawater Treatment and Supply Local Holding MSTs Company is involved with the development and operation of a seawater treatment plant and transportation pipelines.

(vi) LWP Lessee LLC ("Lakefield") is involved in wind power.

(vii) Taweelah RO Holding Company LLC is involved in the production of desalinated water.

(viii) Fujairah Energy Holding Company LLC is involved in the generation of electricity. Despite 67% ownership, TAQA recognises its investment in this entity as a joint venture. Through the entity's Articles of Association and Board structure, all shareholders have equal and joint ability to direct the relevant activities of this entity.

(ix) Dhafrah Solar Energy Holding Company LLC is involved in solar power generation. Despite 67% ownership, TAQA recognises its investment in this entity as a joint venture. Through the entity's Articles of Association and Board structure, all shareholders have equal and joint ability to direct the relevant activities of this entity.

(x) Tanajib Cogeneration Holding Company Limited is involved in the generation of electricity and water desalination.

(xi) Abu Dhabi Future Energy Company PJSC ("Masdar") is involved in advancing the development and deployment of renewable energy to address global sustainability challenges.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

### 15 INVESTMENT IN AND LOANS TO ASSOCIATES AND JOINT VENTURES continued

Summary information for associates and joint ventures:

	Massar Solutions (i) AED million	Sohar Aluminium (iii) AED million	LWP Lessee (vi) AED million	Taweelah RO (vii) AED million	Fujairah Energy (viii) AED million	Dhafrah Solar (ix) AED million	Masdar (xi) AED million	Others (ii,v,x) AED million
<b>Year ended 31 December 2023:</b>								
Revenue	390	3,373	142	176	400	158	3,191	49
Profit for the year	17	366	33	76	5	83	(63)	2
<b>As at 31 December 2023:</b>								
Non-current assets	616	3,747	767	3,322	7,941	4,111	15,623	131
Current assets	397	1,396	107	249	585	798	5,632	112
Non-current liabilities	(167)	(2,437)	(826)	-	(6,406)	(3,641)	(7,186)	(65)
Current liabilities	(222)	(607)	(8)	(2,941)	(513)	(1,045)	(1,990)	(13)
Net assets of Associate/JV	624	2,099	40	630	1,607	223	12,079	165
TAQA share of net assets	306	840	20	126	643	89	5,194	41
Equity accounting adjustments	(3)	(167)	109	3	(180)	4	55	24
Classified as loans/advances	-	-	-	(73)	(274)	-	(1,424)	-
TAQA carrying amount of investment	303	673	129	56	189	93	3,825	65

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

### 15 INVESTMENT IN AND LOANS TO ASSOCIATES AND JOINT VENTURES continued

Summary information for associates and joint ventures: continued

	Massar Solutions (i) AED million	Sohar Aluminium (iii) AED million	LWP Lessee (vi) AED million	Taweelah RO (vii) AED million	Fujairah Energy (viii) AED million	Dhafrah Solar (ix) AED million	Masdar (xi) AED million	Others (ii,v,x) AED million
<b>Year ended 31 December 2022:</b>								
Revenue	366	4,148	191	51	-	2	59	45
Profit for the year	11	896	56	93	-	5	(38)	9
<b>As at 31 December 2022:</b>								
Non-current assets	610	3,981	7	3,150	3,930	3,367	8,657	128
Current assets	431	1,504	104	376	70	457	4,823	111
Non-current liabilities	(122)	(2,549)	(62)	(2,736)	(2,941)	(3,329)	(1,677)	(65)
Current liabilities	(201)	(651)	(6)	(166)	(71)	(491)	(2,275)	(37)
Net assets of Associate/JV	718	2,285	43	624	988	4	9,528	137
TAQA share of net assets	352	914	22	125	395	2	4,097	34
Equity accounting adjustments	-	(156)	122	1	(15)	18	(212)	14
Classified as loans/advances	-	-	-	(70)	(274)	-	-	-
TAQA carrying amount of investment	352	758	144	56	106	20	3,885	48

The following entities are included within 'Others' and are currently individually immaterial at 31 December 2023 and 31 December 2022:

- Jubail Energy Company (note ii);
- Mirfa Seawater Treatment and Supply Local Holding MSTs Company (note v); and
- Tanajib Cogeneration Holding Company Limited (note x).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

### 15 INVESTMENT IN AND LOANS TO ASSOCIATES AND JOINT VENTURES continued

The Group's associates and joint venture are accounted for using the equity method and the reporting dates of the associates are identical to TAQA. The following table analyses the carrying amount and share of profit and other comprehensive income of TAQA's associates and joint ventures.

	31 December	
	2023 AED million	2022 AED million
Carrying amount of investments	5,333	5,369
Group's share of the associates' and joint ventures:		
Profit for the year	191	321
Other comprehensive income	44	328
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>235</b>	<b>649</b>

Included in the profit for the year ended 31 December 2022 is an impairment of AED 57 million on the Massar Solutions PJSC associate taken on equity accounting adjustments.

In order for the associates and joint ventures to reduce its exposure to interest rates fluctuations on loans from banks, a number of the entities have entered into an interest rate arrangements with counter-party banks for a notional amount that mirrors the draw down and repayment schedule of the loans.

The Group has the following loans to associates and joint ventures:

	31 December	
	2023 AED million	2022 AED million
Advance non – current	2,876	1,146
	2,876	1,146

The balances above mainly arise from the loans and advances made to Abu Dhabi Offshore Power Infra Limited LLC, Abu Dhabi Future Energy Company PJSC, Taweelah RO Holding Company LLC, Fujairah Energy Holding Company LLC and Mirfa Seawater Treatment and Supply Local Holding MSTs Company.

#### 2023

During the year ended 31 December 2023, TAQA provided a shareholder loan of AED 1,424 million to Abu Dhabi Future Energy Company PJSC. The loan has no set repayment date and bears no interest. The proceeds of the loan will be used in connection with investments approved in accordance with the Borrower's delegation of authority. TAQA also provided a shareholder loan of AED 304 million to Mirfa Seawater Treatment and Supply Local Holding MSTs LLC to pay for project costs. The loan has a set repayment date and bears interest of 5.84% per annum.

#### 2022

During the year ended 31 December 2022, TAQA provided a shareholder loan of AED 797 million to Abu Dhabi Offshore Power Infra Limited LLC. The loan has no set repayment date and includes interest of 5.11% per annum. The proceeds of the loan will be used to comply with equity obligation to Abu Dhabi Offshore Power Transmission Company Limited LLC and used to further the development and operations of a subsea transmission system which will power ADNOC's offshore production operations.

An ECL provision of nil (2022: nil) is recognised against the loans.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

### 15 INVESTMENT IN AND LOANS TO ASSOCIATES AND JOINT VENTURES *continued*

On 21 June 2022, TAQA, Abu Dhabi National Oil Company (ADNOC) and Mubadala Investment Company (Mubadala) entered into binding agreements for TAQA and ADNOC to purchase stakes in Abu Dhabi Future Energy Company (Masdar) from Mubadala. The partnership creates a global clean energy powerhouse that consolidates the renewable energy efforts of TAQA, Mubadala and ADNOC under the Masdar brand. TAQA acquired a 43% stake in Masdar's renewables business with Mubadala and ADNOC owning a 33% and 24% interest respectively. The transaction closed on 1 December 2022 and has been accounted for as a joint venture as all shareholders have joint control over the decision making of the company. The fair value of TAQA's share of identifiable assets and liabilities of Masdar at the acquisition date based on the purchase price allocation was the following:

	<b>1 December 2022 AED million</b>
<b>ASSETS</b>	
Current assets	4,567
Non-current assets	8,699
<b>LIABILITIES</b>	
Current liabilities	1,317
Non-current liabilities	3,363
Net assets	8,586
TAQA share of net assets	3,692
Equity accounting adjustments	55
Cost of investment	3,747

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

### 16 INVESTMENTS CARRIED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

On 15 February 2023, the Company received a 5% holding of the total issued share capital of ADNOC Gas plc for no consideration. ADNOC Gas plc is majority owned by the ADNOC group which in turn is wholly owned by the Abu Dhabi government. The fair value of the investment on initial recognition of AED 10,784 million was assessed based on the closing share price on the first day of trading on the Abu Dhabi Stock Exchange (ADX) of AED 2.81 per share and a corresponding gain was recognised in the consolidated statement of profit or loss. Based on the facts and circumstances of the transaction, management has concluded and is satisfied that the transfer of the shares is appropriately recognised in the consolidated statement of profit or loss.

At initial recognition, the Company made an irrevocable election to recognise the investment at fair value through other comprehensive income (FVOCI) and therefore subsequent gains or losses will be recognised within the statement of comprehensive income. FVOCI has been elected by the Group as this is a strategic investment and the shares are not held for trading. The impact on the consolidated financial statements is as follows:

	<b>31 December</b>	
	<b>2023 AED million</b>	<b>2022 AED million</b>
Investments carried at fair value through other comprehensive income	11,858	-

The investments are recorded at fair value using the fair value techniques disclosed in note 32.4. Movement in investments in financial assets carried at fair value through other comprehensive income is as follows:

	<b>31 December</b>	
	<b>2023 AED million</b>	<b>2022 AED million</b>
At 1 January	-	-
Additions during the year	10,784	-
Change in fair value	1,074	-
Movement in expected credit loss (ECL) provision	11,858	-

### 17 OTHER ASSETS

	<b>31 December</b>	
	<b>2023 AED million</b>	<b>2022 AED million</b>
Deposit receivable	66	67
Advances to contractors	521	498
Asset retirement obligation relief deed receivable	145	119
Non-current financial assets*	113	138
Others	209	67
	<b>1,054</b>	<b>889</b>

\*On 1 January 2022, the Load and Dispatch Centre (LDC) was transferred from Transco to EWEC to manage as part of the Abu Dhabi energy network. Whilst the control of the assets has passed, Transco retains the rights to receive future returns for the initial construction and development of these assets as part of its regulated assets base.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

### 18 INVENTORIES

	31 December	
	2023 AED million	2022 AED million
Fuel and crude oil	1,633	1,808
Spare parts and consumables	2,725	2,717
	4,358	4,525
Provision for slow moving and obsolete items	(1,156)	(1,099)
	3,202	3,426
Inventories classified as held for sale (note 35)	-	(24)
	3,202	3,402

The cost of inventories recognised as an expense in the consolidated statement of profit or loss is AED 264 million (2022: AED 1,941 million).

Inventories with a carrying amount of AED 2,471 million (2022: AED 2,734 million) are pledged as security for loans of the UAE domestic subsidiaries and certain foreign subsidiaries in the power business. Movements in the provision for slow moving and obsolete items are as follows:

	31 December	
	2023 AED million	2022 AED million
At 1 January	1,099	1,221
Provision for the year	57	(122)
At 31 December	1,156	1,099

### 19 ACCOUNTS RECEIVABLE, PREPAYMENTS AND OTHER RECEIVABLES

	31 December	
	2023 AED million	2022 AED million
Net trade receivables (note (i))	3,135	4,104
Accrued revenue	1,657	2,036
Crude stock underlift	569	432
Deposits	62	74
Advances to suppliers	143	106
Prepaid expenses	564	510
Other receivables	180	175
	6,310	7,437
Accounts receivable and prepayments classified as held for sale (note 35)	(436)	(104)
	5,874	7,333

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

### 19 ACCOUNTS RECEIVABLE, PREPAYMENTS AND OTHER RECEIVABLES continued

#### (i) Trade receivables

As at 31 December 2023, trade receivables at nominal value of AED 1,096 million (2022: AED 644 million) were impaired and provided for under the ECL mechanism. Trade receivables are non-interest bearing and are recoverable within 30 - 90 working days. Movements in the provision for impairment of receivables are as follows:

	31 December	
	2023 AED million	2022 AED million
At 1 January	644	766
Expected credit loss movement for the year	452	(122)
At 31 December	1,096	644

As at 31 December, the ageing analysis of trade receivables is as follows:

	Total AED million	Not Past Due AED million	Past due			
			30-60 Days AED million	60-90 Days AED million	90-120 Days AED million	>120 Days AED million
<b>2023</b>						
Net trade receivables	3,135	1,024	581	362	391	777
Expected credit loss provision	1,096	210	30	17	38	801
<b>2022</b>						
Net trade receivables	4,104	1,252	1,288	246	384	934
Expected credit loss provision	644	200	82	53	131	178

Subsequent to the balance sheet date, the Group collected AED 25 million (2022: AED 13 million) of balances past due for more than 120 days. Trade receivables net of provisions are expected, on the basis of past experience, to be fully recoverable.

### 20 CASH AND CASH EQUIVALENTS

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

	31 December	
	2023 AED million	2022 AED million
Cash at banks and on hand	3,671	5,810
Short term deposits	10,449	4,612
Cash at banks and on hand classified as held for sale (note 35)	(43)	-
Total cash and short term deposits	14,077	10,422
Restricted cash	(239)	(262)
Bank overdrafts	(3)	(37)
Cash at banks and on hand classified as held for sale (note 35)	43	-
Net cash and cash equivalents	13,878	10,123

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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

### 20 CASH AND CASH EQUIVALENTS continued

At 31 December 2023, the Group had available AED 13,584 million (2022: AED 13,582 million) of undrawn committed borrowing facilities in respect of which all conditions precedent have been met.

Balances with banks are assessed to have low credit risk of default since these banks are highly regulated by Central Bank of the respective countries. Accordingly, management of the Group estimates the loss allowance on balances with banks at the end of the reporting period at an amount equal to 12 month ECL. None of the balances with banks at the end of the reporting period are past due, and taking into account the historical default experience and the current credit ratings of the banks, the management of the Company have booked an ECL provision of AED 2 million (2022: AED 2 million) is recognised against cash and cash equivalents.

### 21 SHARE CAPITAL

	31 December	
	2023 AED million	2022 AED million
Share capital	112,434	112,434

### 22 OTHER EQUITY

	31 December	
	2023 AED million	2022 AED million
Statutory reserve (i)	3,445	1,780
Merger reserve (ii)	(56,443)	(56,443)

#### (i) Statutory reserve

As required by the UAE Federal Law No. 32 of 2021 and Article 48 of the Articles of Association of TAQA, 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.

#### (ii) Merger reserve

On 1 July 2020, the Company completed a transaction whereby ADPC contributed the majority of its power and water generation, transmission and distribution assets to TAQA. In this transaction, Abu Dhabi Transmission & Despatch Company PJSC (TransCo) was determined to be the accounting acquirer (or legal acquiree) given its relative size within the combining entities and TAQA was determined to be the legal acquirer (or the accounting acquiree) which resulted in a reverse acquisition. In accordance with IFRS 3 and per the principles of reverse acquisition, the equity structure appearing in these 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. This resulted 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).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

### 23 NON-CONTROLLING INTERESTS

Financial information of subsidiaries that have material non-controlling interests are provided below:

	Proportion of equity interests held by non-controlling interests		
	Country of incorporation and operation	2023	2022
Gulf Total Tractebel Power Company PJSC	UAE	40.0%	40.0%
Arabian Power Company PJSC	UAE	40.0%	40.0%
Shuweihat CMS International Power Company PJSC	UAE	40.0%	40.0%
Taweelah Asia Power Company PJSC	UAE	30.0%	40.0%
Emirates SembCorp Water and Power Company PJSC	UAE	40.0%	40.0%
Fujairah Asia Power Company PJSC	UAE	40.0%	40.0%
Ruwais Power Company PJSC	UAE	40.0%	40.0%
Emirates CMS Power Company PJSC	UAE	40.0%	40.0%
Sweihan PV Power Company PJSC	UAE	40.0%	40.0%
Shuweihat Asia Power Company PJSC	UAE	40.0%	40.0%
Mirfa International Power and Water Company PJSC	UAE	40.0%	40.0%

During the year ended 31 December 2023, the Company acquired an additional 10% ownership stake in Taweelah Asia Power Company PJSC. 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.

	31 December	
	2023 AED million	2022 AED million
Revenue	7,901	7,705
Profit	502	238
Other comprehensive income	93	2,553
Total comprehensive income	595	2,791
Profit allocated to non-controlling interests	189	95
Other comprehensive income allocated to non-controlling interests	34	1,021
Cash flows from operating activities	6,283	5,852
Cash flows used in/ from investing activities	(232)	45
Cash flows used in financing activities	(6,198)	(5,937)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(147)	(40)
DIVIDENDS PAID TO NON-CONTROLLING INTERESTS	(860)	(875)
Non-current assets	39,669	44,094
Current assets	5,217	5,642
Non-current liabilities	26,081	24,110
Current liabilities	3,748	8,594
<b>TOTAL EQUITY</b>	<b>15,057</b>	<b>17,032</b>
Equity attributable to parent	9,144	10,373
Equity attributable to non-controlling interests	5,912	6,659

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

### 24 LOANS FROM NON-CONTROLLING INTEREST SHAREHOLDERS IN SUBSIDIARIES

	31 December	
	2023 AED million	2022 AED million
S2 Offshore Holding Company	-	16
Fujairah F2 CV	-	-
Shuweihat Asia Power Investment B.V.	30	36
M Power Holding Company	59	69
Sweihaan Solar Holding Company	22	44
	111	165

The above loans are interest free, with no repayment terms and are unsecured and are subject to terms of repayment as resolved by the Board of Directors of the subsidiaries. Accordingly they have been treated as equity within NCI.

### 25 INTEREST BEARING LOANS AND BORROWINGS

	31 December	
	2023 AED million	2022 AED million
Abu Dhabi National Energy Company Global Medium Term notes (note i)	27,447	25,885
Revolving credit facilities (note ii)	-	-
Abu Dhabi National Energy Company bonds (note iii)	4,222	4,290
Other subsidiaries' bonds (note iv)	8,412	8,547
Term loans (note v)	21,147	22,891
	61,228	61,613

Analysed in the consolidated statement of financial position as follows:

	31 December	
	2023 AED million	2022 AED million
Non-current portion	55,017	50,484
Current portion	6,211	11,129
	61,228	61,613

The Group's interest bearing loans and borrowings (before purchase price allocation fair value adjustments and deducting prepaid finance costs) are repayable as follows:

	31 December	
	2023 AED million	2022 AED million
Within 1 year	6,076	11,968
Between 1-2 years	5,151	5,070
Between 2-3 years	5,989	4,905
Between 3-4 year	2,383	5,558
Between 4-5 year	5,040	1,745
After 5 years	36,193	32,025
	60,832	61,271

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

### 25 INTEREST BEARING LOANS AND BORROWINGS continued

Changes in liabilities arising from financing activities

	1 January 2023 AED million	Cash flows (note i) AED million	Other (note ii) AED million	31 December 2023 AED million
<b>2023</b>				
<b>Current</b>				
Interest bearing loans and borrowings	11,129	(6,538)	1,620	6,211
Islamic loans	92	(92)	-	-
Lease liabilities	125	(193)	298	230
	11,346	(6,823)	1,918	6,441
<b>Non-current:</b>				
Interest bearing loans and borrowings	50,484	6,410	(1,877)	55,017
Islamic loans	-	-	-	-
Lease liabilities	443	-	(178)	265
	50,927	6,410	(2,055)	55,282
	62,273	(413)	(137)	61,723

	1 January 2022 AED million	Cash flows (note i) AED million	Other (note ii) AED million	31 December 2022 AED million
<b>2022</b>				
<b>Current</b>				
Interest bearing loans and borrowings	2,843	(2,322)	10,608	11,129
Islamic loans	661	(655)	86	92
Lease liabilities	138	(98)	85	125
	3,642	(3,075)	10,779	11,346
<b>Non-current:</b>				
Interest bearing loans and borrowings	61,369	680	(11,565)	50,484
Islamic loans	92	-	(92)	-
Lease liabilities	388	-	55	443
	61,849	680	(11,602)	50,927
	65,491	(2,395)	(823)	62,273

(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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

### 25 INTEREST BEARING LOANS AND BORROWINGS continued

#### (i) Abu Dhabi National Energy Company Global Medium Term Notes

Abu Dhabi National Energy Company global medium term notes are recorded at amortised cost using effective interest rates and are direct, unconditional, and unsecured obligations of TAQA. The following table summarises the terms of the notes payable net of discount/premium and transaction costs:

	Issue Rate %	Effective Interest Rate %	Repayment date	2023 AED million	2022 AED million
<b>Current liabilities</b>					
US \$1,000,000,00	99.40%	3.75%	January 2023	-	3,631
Euro 180,000,000	97.62%	3.10%	May 2024	738	-
US \$750,000,000	99.37%	4.02%	May 2024	2,749	-
				<b>3,487</b>	<b>3,631</b>
<b>Non-current liabilities</b>					
Euro 180,000,000	97.62%	3.10%	May 2024	-	735
US \$750,000,000	99.37%	4.02%	May 2024	-	2,838
US \$750,000,000	99.95%	4.38%	April 2025	2,873	2,910
US \$500,000,000	99.00%	4.60%	June 2026	1,860	1,950
US \$500,000,000	104.60%	3.84%	June 2026	2,016	2,046
US \$750,000,000	99.80%	2.03%	April 2028	2,743	2,741
US \$500,000,000	99.39%	4.38%	January 2029	1,817	-
US \$1,000,000,000	99.96%	4.88%	April 2030	4,224	4,255
US \$1,000,000,000	100.00%	4.70%	April 2033	3,655	-
US \$500,000,000	100.00%	4.00%	October 2049	2,029	2,036
US \$750,000,000	100.00%	3.40%	April 2051	2,743	2,743
				<b>23,960</b>	<b>22,254</b>
				<b>27,447</b>	<b>25,885</b>

The term notes liability is stated net of transaction costs amounting to AED 66 million (2022: AED 37 million), which are amortised over the repayment period using the effective interest rate method.

On 18 April 2023, the Group issued an aggregate AED 5,509 million (US \$1,500 million) in 5 year and 10 year dual tranche senior unsecured notes. The 10 year notes at AED 3,673 million (US \$1,000 million) were issued with a coupon rate of 4.696% per annum and are a green bond issuance. The 5 year notes at AED 1,836 million (US \$500 million) were issued as conventional bonds at a coupon rate of 4.375% per annum.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

### 25 INTEREST BEARING LOANS AND BORROWINGS continued

#### (ii) Revolving credit facilities

The following table summarises drawn revolving credit facilities net of transaction costs:

	2023 AED million	2022 AED million
<b>Non-current liabilities</b>		
US \$3.5 billion facility	-	-

On 6 March 2023, the Group utilised AED 2,754 million (US \$750 million) of its revolving credit facility. Amounts borrowed carry interest of SOFR plus a margin. As at 31 December 2023, it has been fully repaid.

On 30 September 2022, TAQA refinanced its AED 12.9 billion (US \$3.5 billion) revolving credit facility with a syndicate of 20 banks. Amounts borrowed under revolving credit facility carry interest of SOFR plus a margin. This extended the maturity from 2024 to 2027.

Prepaid transaction costs relating to the facility amounted to AED 43 million as at 31 December 2023 (2022: AED 54 million) and is recorded within prepaid expenses in current assets. This cost is amortised in the consolidated statement of profit or loss over the term of the facility using the effective interest rate method.

#### (iii) Abu Dhabi National Energy Company bonds

The bonds are recorded at amortised cost using effective interest rates and are direct, unconditional, and unsecured obligations of the Company. Interest on the US dollar bonds is payable semi-annually. Accrued interest is included under accruals and other liabilities. The following table summarises the bonds net of discount and transaction costs:

	Issue Rate %	Effective Interest Rate %	Repayment date	2023 AED million	2022 AED million
<b>Non-current liabilities</b>					
US \$1,500,000,000	99.50%	6.60%	October 2036	4,222	4,290

The bonds liability is stated net of transaction costs amounting to AED 29 million (2022: AED 31 million), which are amortised over the repayment period using the effective interest rate method.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

### 25 INTEREST BEARING LOANS AND BORROWINGS continued

#### (iv) Other subsidiaries' bonds

The bonds are recorded at amortised cost using the effective interest rate and are secured by a number of security documents including the subsidiaries contractual rights, cash deposits, other assets and guarantees. Interest on the bonds is payable semi-annually. The following table summarises the bonds net of discount and transaction costs:

	Issue Rate %	Effective Interest Rate %	Repayment date	2023 AED million	2022 AED million
<b>Non-current liabilities</b>					
<b>Emirates Sembcorp Water &amp; Power Company</b>			February 2029 to August 2035		
US 400,000,000\$	4.45%	4.79%		1,578	1,588
<b>Ruwais Power Company</b>			August 2036		
US 825,000,000\$	6.0%	6.18%		3,627	3,675
<b>Sweihan PV Power Company PJSC</b>			January 2049		
US 700,800,000\$	3.63%	3.63%		2,462	2,522
<b>TAQA Morocco</b>			March 2038		
MAD 2,700,000,000	3.75%	3.82%		745	762
				<b>8,412</b>	<b>8,547</b>

The bonds liability is stated net of transaction costs amounting to AED 100 million (2022: AED 111 million), which are amortised over the repayment period using the effective interest rate method.

On 17 January 2022, Sweihan PV Power Company PJSC refinanced its existing debt facilities with green senior secured bonds of AED 2,574 million (US \$700.8 million).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

### 25 INTEREST BEARING LOANS AND BORROWINGS continued

#### (v) Term loans

All term loans are shown at amortised cost and carry an effective interest rate of SOFR or an alternative term benchmark plus the margin stated unless noted otherwise.

	Currency	Effective Interest Rate %	Repayment date	2023 AED million	2022 AED million
<b>Current liabilities</b>					
Gulf Tractebel Power Company PJSC <sup>1</sup>	USD	+0.80%	2024	268	248
Arabian Power Company PJSC <sup>1</sup>	USD	+1.65%	2024	-	315
Taweelah Asia Power Company PJSC					
Term loan (1) <sup>1</sup>	USD	+1.65%	2024	313	291
Term loan (2) <sup>1</sup>	USD	+1.65%	2024	408	379
Emirates SembCorp Water and Power Company PJSC <sup>2</sup>	USD	+1.28% - 1.63%	2024	246	209
Fujairah Asia Power Company PJSC					
Term loan (1) <sup>1</sup>	USD	+1.18%	2024	183	1,839
Term loan (2) <sup>1</sup>	USD	+0.93%	2024	275	2,726
Ruwais Power Company PJSC <sup>1</sup>	USD	+2.53% - 2.79%	2024	312	253
TAQA Morocco <sup>2</sup>	MAD	5.78%	2024	94	224
TAQA Morocco working capital facility (WCF)	MAD	4.00%	2024	-	86
Jorf Lasfar Energy Company 5&6 S.A. <sup>3</sup>	MAD	4.75%	2024	129	275
Jorf Lasfar Energy Company 5&6 S.A. WCF	MAD	3.6%	2024	-	86
Takoradi International Company <sup>4</sup>	USD	+4.25% - 4.35%	2024	101	81
Shuweihat Asia Power Company PJSC <sup>1</sup>	USD	+1.82% - 2.76%	2024	198	371
Mirfa International Power and Water Company PJSC <sup>1</sup>	USD	+1.3%	2024	132	115
				<b>2,659</b>	<b>7,498</b>
<b>Non-current liabilities</b>					
Gulf Tractebel Power Company PJSC <sup>1</sup>	USD	+0.80% - 0.95%	2029	1,269	1,536
Taweelah Asia Power Company PJSC					
Term loan (1) <sup>1</sup>	USD	+1.65%	2025	160	384
Term loan (2) <sup>1</sup>	USD	+1.65%	2025	208	705
Emirates SembCorp Water and Power Company PJSC <sup>1</sup>	USD	+1.28% - 1.63%	2029	1,244	1,488
Fujairah Asia Power Company PJSC					
Term loan (1) <sup>1</sup>	USD	+1.18%	2030	1,484	-
Term loan (2) <sup>1</sup>	USD	+0.93%	2030	2,187	-
Ruwais Power Company PJSC <sup>1</sup>	USD	+2.53% - 2.93%	2031	2,891	3,199
TAQA Morocco <sup>2</sup>	MAD	5.78%	2034	378	395
Jorf Lasfar Energy Company 5&6 S.A. <sup>3</sup>	MAD	4.34% - 5.49%	2042	2,246	1,023
Takoradi International Company <sup>4</sup>	USD	+4.25% - 4.35%	2028	325	430
Shuweihat Asia Power Company PJSC <sup>1</sup>	USD	+1.82% - 2.76%	2034	2,514	2,524
Mirfa International Power and Water Company PJSC <sup>1</sup>	USD	+1.3% - 2.10%	2042	3,582	3,709
				<b>18,488</b>	<b>15,393</b>
				<b>21,147</b>	<b>22,891</b>

The term loans liability is stated net of transaction costs amounting to AED 104 million (2022: AED 112 million), which are amortised over the repayment period using the effective interest rate method.

On 26 May 2023, Jorf Lasfar Energy Company 5&6 S.A. drew down a bridge loan of AED 1,224 million (MAD 3,300 million) in order to repay the maturing senior loan on 31 May 2023. The bridge loan has since been repaid and long-term debt issued. Long-term debt of AED 2,350 million (MAD 6,600 million) was issued with a maturity of 19 years. The debt carries a floating interest rate and incorporates a cap and collar arrangement designed to mitigate exposure to interest rate risk. The initial interest rate, which is fixed annually within defined interest rate boundaries, is set at 4.75% per annum.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

### 25 INTEREST BEARING LOANS AND BORROWINGS continued

#### (v) Term loans continued

On 21 September 2022, Mirfa International Power & Water Company PJSC refinanced its existing debt facilities with project financing of AED 4,004 million (US \$1,090 million).

At 31 December 2022, Fujairah Asia Power Company PJSC (FAPCO) was in breach of a loan covenant. This covenant breach was a result of a delay in the restructuring of the international shareholder interests in FAPCO. As a result of the breach, the full amount of the debt was classified as current liabilities in the statement of financial position. This has been resolved and the debt at 31 December 2023 is split between current and non-current liabilities in the statement of financial position.

- The loans are secured, subject to various covenants and there are requirements to enter into interest rate swap agreements (note 32).
- The loans are secured by a number of security documents.
- The loan is secured and there are requirements to enter into interest rate swap agreements as well as foreign exchange swap agreements (note 32).
- The loan is secured and there are requirements to enter into interest rate swap agreements (note 32).

### 26 ISLAMIC LOAN

Islamic loans are with respect to the following subsidiary:

	2023 AED million	2022 AED million
Arabian Power Company PJSC	-	92

Analysed in the consolidated statement of financial position as follows:

	2023 AED million	2022 AED million
Current portion	-	92

The Group's Islamic loan (before purchase price allocation fair value adjustments and deducting prepaid finance) are repayable as follows:

	2023 AED million	2022 AED million
Within a year	-	92

The Islamic loan carried an effective rental rate of LIBOR plus the margin stated.

	Currency	Effective Interest Rate %	Repayment date	2023 AED million	2022 AED million
<b>Current liabilities</b>					
Arabian Power Company PJSC	USD	+1.65%	2023	-	92

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

### 27 ASSET RETIREMENT OBLIGATIONS

As part of the land lease agreements between ADPC and the Group's domestic subsidiaries, the subsidiaries have a legal obligation to remove the power and water desalination plants at the end of the plants' useful lives, or before if the subsidiaries became unable to continue their operations to that date, and to restore the land. The subsidiaries shall at their sole cost and expense dismantle, demobilise, safeguard and transport the assets, eliminate soil and ground water contamination, fill all excavation and return the surface to grade of the designated areas. The fair value of the ARO liability has been calculated using an expected present value technique. This technique reflects assumptions such as costs, plant useful life, inflation and profit margin that third parties would consider to assume the settlement of the obligation.

In addition, the Group's foreign subsidiaries involved in the oil and gas sector make provision for the future cost of decommissioning oil and gas properties and facilities at the end of their economic lives. The economic life and the timing of the decommissioning liabilities are dependent on Government legislation, commodity prices and the future production profiles of the respective assets. In addition, the costs of decommissioning are subject to inflationary/ deflationary pressures in the cost of third party service provision.

	31 December	
	2023 AED million	2022 AED million
At 1 January	15,877	17,028
Utilised during the year	(1,002)	(1,047)
Provided during the year	(17)	(5)
Accretion expense (note 7)	449	474
Revision in estimated cash flows	297	(435)
Disposal of assets	-	(4)
Exchange adjustment	57	(134)
	15,661	15,877
<b>ARO directly associated with assets classified as held for sale (note 35)</b>	<b>(96)</b>	<b>(675)</b>
	15,565	15,202

Analysed in the consolidated statement of financial position as follows:

	31 December	
	2023 AED million	2022 AED million
Non-current portion	13,471	13,989
Current portion (note 29)	2,094	1,213
	15,565	15,202

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

### 28 OTHER LIABILITIES

	31 December	
	2023 AED million	2022 AED million
Deferred income-grant*	1,339	602
Development capex	183	186
Employee's end of service benefits	401	375
Loan from related party (note 30)	17	26
Lease liabilities	231	319
Others	376	345
	2,547	1,853

\*Deferred income relates to the fair value of assets transferred in prior years from Emirates CMS Power Company PJSC, Taweelah Asia Power Company PJSC, Shuweihat CMS International Power Company PJSC, the Private Department Al Ain and Arabian Power Company. Deferred income also includes an amount received in prior years from Fujairah Asia Power Company PJSC for procurement and installation of additional water storage tanks. The additional deferred income-grant recognised in the year ended 31 December 2023 is due to ENEC and reverse osmosis projects.

### 29 ACCOUNTS PAYABLE, ACCRUALS AND OTHER LIABILITIES

	31 December	
	2023 AED million	2022 AED million
Trade payables	1,669	2,014
Retention creditors	600	519
Mega development projects payable	7,146	6,881
Contract accruals for capital expenditure	1,020	869
Customer deposits	818	777
Accrued interest expenses	567	622
Accrual for operating costs	1,286	1,189
Payable for capital expenditure	250	308
Deferred income- grant and connection fees	135	113
Crude stock overlift	363	312
Dividend payable to non controlling interests	49	110
Lease liability	265	249
Asset retirement obligations – current (note 27)	2,094	1,213
Accrued employee related expenses	544	556
Advances from customers	324	475
Deferred revenue	401	243
Others	1,796	1,655
	19,327	18,105
Accounts payable directly associated with assets held for sale (note 35)	(250)	(58)
	19,077	18,047

#### Terms and conditions of the above liabilities:

- Trade payables are non-interest bearing and are normally settled between 30 to 60 day terms.
- Payables to joint venture partners are non-interest bearing and have an average term of 60 days.
- Interest payable is normally settled throughout the financial year in accordance with the terms of the loans.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

### 30 RELATED PARTY BALANCES

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 consolidated statement of profit or loss during the year:

	31 December	
	2023 AED million	2022 AED million
<b>Emirates Water and Electricity Company:</b>		
TUOS and connection charges for unlicensed activity	1,078	976
Revenue from electricity and water	7,901	7,705
Energy costs	(142)	(110)
Electricity and water bulk supply tariff	(18,851)	(15,102)
	(10,014)	(6,531)
Other operating revenue	14,493	10,977
Recycled water bulk supply tariff	(114)	-
<b>Other transactions</b>		
License fees to DOE	(97)	(98)
Massar vehicle leasing	(25)	(44)
Charges for provision of IT support services	(18)	(77)
Finance costs	(13)	(17)
Interest income	41	20

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

### 30 RELATED PARTY BALANCES continued

#### Balances with related parties

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

	31 December	
	2023 AED million	2022 AED million
<b>NON-CURRENT ASSET</b>		
Advance and loans to associates and joint ventures	2,876	1,146
<b>CURRENT ASSETS</b>		
Bank balances with UAE government banks	8,177	7,019
Amounts due from Emirates Water and Electricity Company (EWEC) (note (i))	1,578	1,385
Amounts due from Abu Dhabi Power Corporation (ADPC) (note (i))	161	343
Amounts due from other related parties (note (i))	165	32
	1,904	1,760
<b>NON-CURRENT LIABILITIES</b>		
Loan from Abu Dhabi Power Corporation (ADPC)	17	26
Bank loans with government owned bank	125	107
	142	133
<b>CURRENT LIABILITIES</b>		
Amounts due to Emirates Water and Electricity Company (EWEC)	2,724	1,976
Amounts due to Abu Dhabi Power Corporation (ADPC)	126	129
Amounts due to Abu Dhabi Sustainable Water Solutions Company PJSC	114	-
Amounts due to other related parties	1,624	2,024
	4,588	4,129
<b>AVAILABLE UNDRAWN BANK FACILITIES WITH UAE GOVERNMENT BANKS</b>	<b>470</b>	<b>470</b>

#### Terms and conditions of transactions with related parties

The sales to and purchases from related parties are made on terms approved by the management. Outstanding balances at the year end are unsecured, interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. Amounts due from related parties, net of provisions, are expected, on the basis of past experience, to be fully recoverable. Management has determined that the provision made against these amounts are appropriate as these are receivable from government entities with low probability of default and loss given default.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

### 30 RELATED PARTY BALANCES continued

#### (i) Amounts due from related parties

As at 31 December 2023, related parties receivables at nominal value of AED 6 million (2022: AED 5 million) were impaired and fully provided for. The amounts due from EWEC, a fellow subsidiary of ADPC, in respect of available capacity and supply of water and electricity, are payable within 30 - 90 working days. Movements in the provision for impairment of related party receivables are as follows:

	31 December	
	2023 AED million	2022 AED million
At 1 January	5	14
Provision/ECL for the year	1	(9)
At 31 December	6	5

As at 31 December, the ageing analysis of related party receivables is as follows:

	Total AED million	Neither past due or impaired AED million	Past due but not impaired			
			30-60 Days AED million	60-90 Days AED million	90-120 Days AED million	>120 Days AED million
2023	1,904	1,583	244	1	-	76
2022	1,760	1,294	381	1	-	84

#### Compensation of key management personnel

The remuneration of senior key management personnel of the Group during the year was as follows:

	31 December	
	2023 AED million	2022 AED million
Short term benefits	46	35
Long term benefits	18	12
	64	47

### 31 COMMITMENTS AND CONTINGENCIES

#### (i) Capital expenditure commitments

The authorised contracted capital expenditure contracted for at 31 December 2023 but not provided for amounted to AED 5,185 million (31 December 2022: AED 5,040 million).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

### 31 COMMITMENTS AND CONTINGENCIES continued

#### (ii) Operating lease commitments

Group as a lessor:

Future capacity payments to be received by the Group under the power and water purchase agreement ("PWPA") based on projected plant availability as at 31 December are as follows:

	31 December	
	2023 AED million	2022 AED million
Within one year	6,094	5,296
After one year but not more than five years	22,516	21,746
More than five years	23,591	27,475
At 31 December	52,201	54,517

#### (iii) 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 756 million as at 31 December 2023 (31 December 2022: AED 837 million).

The Group's associates and joint ventures have capital commitments of AED 930 million as at 31 December 2023 (31 Dec 2022: AED 541 million).

#### (iv) Contingencies

- 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.

- 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.
- 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.
- 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

### 32 FINANCIAL INSTRUMENTS

#### 32.1 Hedging Activities

	31 December 2023			31 December 2022		
	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>						
Interest rate swaps - hedged	9,975	96	355	12,634	82	369
Forward foreign exchange contracts	486	10	35	1,355	111	65
		106	390		193	434
<b>Assets</b>						
Interest rate swaps- hedged	8,631	99	268	8,520	106	488
Forward foreign exchange contracts	1,613	49	38	448	-	23
Future and forward contracts		42	-		-	-
		190	306		106	511

#### (i) Interest Rate Swaps – Cash flow hedge

In order to reduce their exposure to interest rate fluctuations on variable interest bearing loans and borrowings (note 25) certain subsidiaries have entered into interest rate swap arrangements with counter-party banks for a notional amount that matches the outstanding interest bearing loans and borrowings and Islamic loans. The derivative instruments were designated as cash flow hedges. The following table summarises certain information relating to the derivatives for each subsidiary as of 31 December 2023 and 31 December 2022:

Subsidiary	Notional amount		Derivative liabilities		Derivative assets		Fix Leg on instrument 2023	Fix Leg on instrument 2022
	2023 AED million	2022 AED million	2023 AED million	2022 AED million	2023 AED million	2022 AED million		
GTPPC	1,344	1,614	-	-	43	61	2.63% to 3.76%	2.63% to 3.76%
APC	-	326	-	-	-	-	-	4.60% to 4.89%
TAPCO	1,847	1,847	-	22	12	-	3.64% to 4.10%	3.64% to 5.28%
ESWPC	1,501	1,917	-	-	47	73	2.80% to 5.85%	2.80% to 5.85%
FAPCO	3,960	4,378	248	196	-	114	0.84% to 5.72%	0.84% to 5.72%
MIPCO	3,630	3,745	3	6	251	275	2.67% to 2.80%	Average 2.66%
SAPCO	2,732	2,541	68	73	-	11	1.63% to 5.10%	1.63% to 5.14%
RPC	3,283	3,542	132	154	-	-	4.62% to 5.40%	4.62% to 5.40%
JLEC 6&5	-	874	-	-	-	38	-	1.92% to 2.12%
TICO	309	370	-	-	14	22	2.20% to 2.31%	2.20% to 2.31%
	18,606	21,154	451	451	367	594		

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

### 32 FINANCIAL INSTRUMENTS continued

#### 32.1 Hedging Activities continued

##### (ii) Cross currency Swaps – Cash flow hedges

The Group had entered into a cross currency rate swap agreement to hedge the Group's exposure on the Malaysian Ringgit Sukuk. During 2022 the cross currency swap was settled and the MYR 650 million loan fully repaid. The derivative instrument is nil at 31 December 2023 (2022: nil).

##### (iii) Forward Foreign Exchange Contracts

Certain subsidiaries use forward foreign exchange contracts to hedge their risk associated with foreign currency fluctuations relating to scheduled maintenance cost payments to overseas suppliers. The derivative instruments were designated as cash flow hedges. The following table summarises certain information relating to the derivatives for each subsidiary as of 31 December 2023 and 31 December 2022:

Subsidiary	Notional amount		Derivative liabilities		Derivative assets	
	2023	2022	2023	2022	2023	2022
	AED million	AED million	AED million	AED million	AED million	AED million
SAPCO	223	263	35	48	-	-
TAQA Bratani Limited	1,876	1,540	10	128	87	23
	2,099	1,803	45	176	87	23

##### (iv) Future and Forward Contracts

TAQA Energy B.V. employs a hedging strategy utilizing future and forward contracts to manage the exposure to commodity price risk. The derivative instruments were designated as cash flow hedges. As at 31 December 2023, the derivative instrument has a positive fair value of AED 42 million (2022: AED nil). The notional amount associated with the gas volumes covered by the derivative instrument is 670 GWh.

#### 32.2 Hedging activities – Fair Value hedges

TAQA GEN X LLC, a subsidiary of TAQA utilised derivative instruments, which included futures and forwards as a hedging strategy to manage the exposure in the fair value of the underlying Tolling Agreement. Forward and future transactions are contracts for delayed delivery of commodity instruments in which the counterpart agreed to make or take delivery at a specified price. The Tolling Agreement expired on 31 August 2022.

As at 31 December 2023, the net fair value of exchange-traded derivative instruments was nil (2022: nil). The net realised and unrealised gain/loss recognised in the consolidated profit and loss relating to such instruments are nil for the year ended 31 December 2023 (2022: AED 98 million loss).

The Tolling Agreement recognised as an intangible at acquisition was adjusted for the change in fair value for movements in the designated hedge risk in a fair value hedge relationship. The changes in the fair value of the Tolling Agreement attributable to the hedged risk (note 14), for the year ended 31 December 2023 was nil (2022: AED 31 million gain) which was recognised in the consolidated statement of profit and loss.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

### 32 FINANCIAL INSTRUMENTS continued

#### 32.3 Fair values

The fair values of the financial instruments of the Group are not materially different from their carrying values at the reporting date except for certain fixed interest borrowings and operating financial assets. Set out below is a comparison of the carrying amounts and fair values of fixed interest borrowings and operating financial assets:

	Carrying amount		Fair value	
	2023 AED million	2022 AED million	2023 AED million	2022 AED million
Operating financial assets (note i)	8,786	9,170	8,898	9,232
Interest bearing loans and borrowings (note ii)	40,067	38,707	35,089	34,463

(i) The fair value of operating financial assets is estimated by discounting the expected future cash flows using appropriate interest rates for assets with similar terms, credit risk and remaining maturities.

(ii) Interest bearing loans and borrowings relates to the Abu Dhabi National Energy Company Global Medium Term notes, Abu Dhabi National Energy Company bond and other subsidiaries' bonds. The fair value of the interest bearing loans and borrowings is based on price quotations at the reporting date.

#### 32.4 Fair Values hierarchy

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.

	Fair Value AED million	Carrying Value AED million	Fair Value Hierarchy
<b>AT 31 DECEMBER 2023</b>			
<b>Financial assets measured at fair value</b>			
Interest rate swaps- hedged	367	367	Level 2
Forward foreign exchange contracts	87	87	Level 2
Future and forward contracts	42	42	Level 2
Listed equity investments	11,858	11,85	Level 1
<b>Financial assets disclosed at fair value</b>			
Operating financial assets	8,898	8,786	Level 3
<b>Financial liabilities measured at fair value</b>			
Interest rate swaps – hedged	451	451	Level 2
Forward foreign exchange contracts	45	45	Level 2
<b>Financial liabilities disclosed at fair value</b>			
Interest bearing loans and borrowings	35,089	40,067	Level 1

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

### 32 FINANCIAL INSTRUMENTS continued

#### 32.4 Fair Values hierarchy continued

	Fair Value AED million	Carrying Value AED million	Fair Value Hierarchy
<b>AT 31 DECEMBER 2022</b>			
<b>Financial assets measured at fair value</b>			
Interest rate swaps- hedged	594	594	Level 2
Forward foreign exchange contracts	23	23	Level 2
<b>Financial assets disclosed at fair value</b>			
Operating financial assets	9,232	9,170	Level 3
<b>Financial liabilities measured at fair value</b>			
Interest rate swaps – hedged	451	451	Level 2
Forward foreign exchange contracts	176	176	Level 2
<b>Financial liabilities disclosed at fair value</b>			
Interest bearing loans and borrowings	34,463	38,707	Level 1

During the year ended 31 December 2023 and 2022 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.

Listed equity investments designated at fair value through OCI include shares held in ADNOC Gas plc. The Company holds a non-controlling interest (5%) and the investment is considered strategic in nature.

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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

### 33 SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES

These consolidated financial statements include the following major operating subsidiaries, joint ventures and associates and their effective ownership as at 31 December 2023 are listed below:

Foreign Subsidiaries	Effective Ownership %	Country of incorporation	Principal activities
<b>FOREIGN SUBSIDIARIES</b>			
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 6&5 S.A	91%	Morocco	Power generation
Takoradi International Company	90%	Cayman Islands	Power generation
TAQA Neyveli Power Company Private Limited	100%	India	Power generation
<b>DOMESTIC SUBSIDIARIES</b>			
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)	70%	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	
Ruwais Power Company PJSC (RPC)	60%	UAE	
Taweelah Shared Facilities Company LLC	60%	UAE	Operating & maintenance
Shuweihat Shared Facilities Company LLC	52%	UAE	Operating & maintenance
<b>ASSOCIATES</b>			
Massar Solutions PJSC	49%	UAE	Lease management
Abu Dhabi Offshore Power Infra Limited LLC	30%	UAE	Transmission of electricity
Jubail Energy Company LLC	25%	KSA	Generation of electricity
Mirfa Seawater Treatment and Supply Local Holding MSTs Company	50%	UAE	Seawater Treatment
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
Tanajib Cogeneration Holding Company Limited	49%	UAE	Generation of electricity
Abu Dhabi Future Energy Company PJSC (Masdar)	43%	UAE	Renewable energy

During the year ended 31 December 2023, the Company acquired an additional 10% ownership stake in Taweelah Asia Power Company PJSC and a stake in Mirfa Seawater Treatment and Supply Local Holding MSTs Company (note 15). There were no other changes in the major operating subsidiaries, joint ventures, and associates.

During the year ended 31 December 2022, the Company acquired a stake in Abu Dhabi Future Energy Company PJSC (note 15). There were no other changes in major operating subsidiaries, joint ventures, and associates.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

### 34 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

#### (i) Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations and short-term deposits with floating interest rates. The Group's policy is to manage its interest cost using a mix of fixed and variable rate debts. To manage this, the Group enters into interest rate swaps, in which the Group agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed upon notional principal amount. These swaps are designated to hedge underlying debt obligations. At 31 December 2023, after taking into account the effect of interest rate swaps, approximately 99% of the Group's borrowings are at a fixed rate of interest (2022: 98%).

#### Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings and deposits, after the impact of hedge accounting. With all other variables held constant, the Group's profit before tax and equity is affected as follows:

	Effect on profit before tax AED million	Effect on equity AED million
<b>2023</b>		
+15 basis points increase in interest rate	(4)	33
-15 basis points decrease in interest rate	4	(33)
<b>2022</b>		
+15 basis points increase in interest rate	(5)	29
-15 basis points decrease in interest rate	5	(29)

In 2023, the Group transitioned the majority of its term loans to US secured overnight financing rate ("SOFR"). The additional fixed spread added was in the range of 0.26% bps to 0.43% bps. No other terms were amended as part of the transition. The Group accounted for the change to SOFR using the practical expedient in IFRS 9, which allow the Group to change the basis for determining the contractual cash flows prospectively by revising the effective interest rate. The remaining term loans in transition are not expected to have materially different contract terms than those already transitioned within the Group.

#### (ii) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to risk of changes in foreign exchange rates relates primarily to the operating activities (when revenue or expense are denominated in a different currency from the functional currencies of the subsidiaries), carrying values of assets and liabilities in Canadian Dollars, Euros, Moroccan Dirhams and Indian rupees and the Group's net investment in foreign subsidiaries.

The Group hedges part of its net exposure to fluctuations on the translation into AED of its foreign operations by holding certain borrowings in foreign currencies, primarily in Euros.

The following table demonstrates the sensitivity to a reasonably possible change in the Euro, GBP, CAD, and Moroccan Dirham exchange rates, with all other variables held constant, of the Group's profit before tax (due to changes in the fair value of monetary assets and liabilities) and the Group's equity (due to changes in foreign currency translation reserve). The Group's exposure to foreign currency changes for all other currencies is not material.

	Increase/ decrease in Euro, GBP, Moroccan Dirham, Indian rupees, and CAD rates AED million	Effect on profit before tax AED million	Effect on equity AED million
<b>2023</b>	+5%	129	105
	-5%	(129)	(105)
<b>2022</b>	+5%	(135)	(117)
	-5%	135	117

The movement in equity arises from changes in Euro borrowings in the hedge of net investments in the Netherlands. These movements will partly offset the translation of the Netherlands' operations net assets into AED.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

### 34 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES continued

#### (iii) Commodity price risk

The Group also enters into physical commodity contracts in the normal course of business. These contracts are not derivatives and are treated as executory contracts, which are recognised and measured at cost when the transactions occur.

#### (iv) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily for trade receivables) and from its financing activities, including deposits with banks and other financial instruments.

#### Trade and other receivables

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit limits are established for all customers based on internal rating criteria. Credit quality of the customer is assessed based on an extensive credit rating scorecard.

Outstanding customer receivables are regularly monitored and any shipments to major customers are generally covered by letters of credit or other form of credit insurance. The Group's largest 2 customers account for approximately 47% of outstanding trade receivables and amounts due from related parties at 31 December 2023 (2022: 42%). The requirement for impairment is analysed at each reporting date on an individual basis for major customers. Additionally, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. All impairment considerations for trade and other receivables are performed using the expected credit loss model. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in note 19. The Group does not hold collateral as security.

#### Operating financial assets

The operating financial assets relating to the Group's international generation subsidiaries sell their products to one party, which is typically a governmental entity. These subsidiaries seek to limit their credit risk with respect to a single customer by monitoring outstanding receivables. The Group's maximum exposure to credit risk for the components of the consolidated statement of financial position at 31 December 2023 and 2022 is the carrying amounts as illustrated in note 13.

#### Other financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Group's treasury in accordance with the Group's policy. Investments of surplus funds are made only with reputable banks and financial institutions. The Group's maximum exposure to credit risk for the components of the consolidated statement of financial position at 31 December 2023 and 2022 is the carrying amounts as illustrated in note 20 except for derivative financial instruments. The Group's maximum exposure for derivative instruments is disclosed in note 32 and in the liquidity table below, respectively.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

### 34 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES continued

#### (v) Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans and other borrowings. As at 31 December 2023, 10% of the Group's debt will mature in less than one year (2022: 18%) based on the carrying value of borrowings reflected in the consolidated financial statements.

The table below summarises the maturity profile of the Group's financial liabilities at 31 December 2023 and 2022 based on contractual undiscounted payments:

	< 1 year AED million	1-5 years AED million	> 5 years AED million	Total AED million
<b>At 31 December 2023</b>				
Trade and other payables	11,425	18	-	11,443
Bank overdrafts	3	-	-	3
Interest bearing loans, borrowings and Islamic loans	6,076	18,563	36,193	60,832
Advances and loans from related parties	-	-	17	17
Amounts due to ADPC and other related parties	4,588	-	-	4,588
Derivative financial instruments	725	1,807	393	2,925
	22,817	20,388	36,603	79,808
<b>At 31 December 2022</b>				
Trade and other payables	12,636	311	-	12,947
Bank overdrafts	37	-	-	37
Interest bearing loans, borrowings and Islamic loans	12,060	17,278	32,025	61,363
Advances and loans from related parties	-	-	26	26
Amounts due to ADPC and other related parties	4,129	-	-	4,129
Derivative financial instruments	541	1,730	485	2,756
	29,403	19,319	32,536	81,258

The disclosed financial derivative instruments in the above table are the gross undiscounted cash flows. However, those amounts may be settled gross or net. The following table shows the corresponding reconciliation of those amounts to their carrying amounts.

	< 1 year AED million	1-5 years AED million	> 5 years AED million	Total AED million
<b>At 31 December 2023</b>				
Inflows	783	1,788	321	2,892
Outflows	(725)	(1,807)	(393)	(2,925)
Net	58	(19)	(72)	(33)
Discounted at the applicable interbank rates	(12)	(319)	(90)	(421)
<b>At 31 December 2022</b>				
Inflows	575	1,701	448	2,724
Outflows	(541)	(1,730)	(485)	(2,756)
Net	34	(29)	(37)	(32)
Discounted at the applicable interbank rates	(11)	(259)	24	(246)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

### 34 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES continued

#### (vi) Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. There are no regulatory imposed requirements on the level of share capital which the Group has not met. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders or issue new shares. On 15 March 2023 TAQA Group's shareholders approved a new dividend policy for 2023-2025. The policy includes a quarterly dividend payment based on a combination of fixed and variable dividends. The variable dividend component will be paid annually and be based on a discretionary percentage of annual net profit from the Oil and Gas business.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. Within net debt, the Group includes interest bearing loans and borrowings, Islamic loans, less cash and cash equivalents. Equity includes total equity including non-controlling interests.

	31 December	
	2023 AED million	2022 AED million
Interest bearing loans and borrowings	61,228	61,613
Islamic loans	-	92
Less cash and cash equivalents	(13,878)	(10,123)
Net debt	47,350	51,582
Equity	88,921	77,741
Equity and net debt	136,271	129,323
Gearing ratio	35%	40%

### 35 DISCONTINUED OPERATIONS

On 22 January 2024, TAQA entered into definitive agreements with General Exploration Partners Inc. for the sale of its interest in Atrush oil field in the Kurdistan region of Iraq. The sale is expected to be completed in 2024, and is subject to obtaining applicable regulatory approvals. As at 31 December 2023, the assets in Iraq contained with the Oil & Gas operating segment were classified as a disposal group held for sale and as a discontinued operation.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

### 35 DISCONTINUED OPERATIONS *continued*

The assets contribution to the Group's results are presented below:

	31 December	
	2023 AED million	2022 AED million
Revenues	174	880
Costs	(122)	(101)
<b>GROSS PROFIT</b>	<b>52</b>	<b>779</b>
General and administrative expenses	(33)	(34)
Finance costs	(1)	(1)
<b>PROFIT BEFORE TAX FROM DISCONTINUED OPERATIONS</b>	<b>18</b>	<b>744</b>
Tax expense	-	-
<b>PROFIT FOR THE PERIOD FROM DISCONTINUED OPERATIONS</b>	<b>18</b>	<b>744</b>
Basic and diluted earnings per share attributable to equity holders of the parent (AED) from discontinued operations	0.00	0.01

The major classes of assets and liabilities of the assets held for sale are as follows:

	31 December
	2023 AED million
<b>ASSETS</b>	
Property, plant and equipment	463
Cash and bank balances	43
Accounts receivable and prepayments	436
<b>Assets classified as held for sale</b>	<b>942</b>
<b>LIABILITIES</b>	
Asset retirement obligations	96
Accounts payable, accruals and other liabilities	250
<b>Liabilities directly associated with assets classified as held for sale</b>	<b>346</b>
<b>Net assets directly associated with the disposal group</b>	<b>596</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

### 35 DISCONTINUED OPERATIONS *continued*

The net cash flows incurred by the assets are as follows:

	31 December	
	2023 AED million	2022 AED million
Net cash generated from operations	66	104
Net cash used in investing activities	(69)	(122)
Net cash used in financing activities	(1)	(1)
<b>Net increase in cash and cash equivalents</b>	<b>(4)</b>	<b>(19)</b>

The comparative consolidated statement of profit and loss has been restated due to discontinued operations.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

### 35 DISCONTINUED OPERATIONS *continued*

On 1 July 2022, the Board of Directors agreed to proceed with the sale of the upstream assets within TAQA Energy B.V.'s portfolio. Subsequent to the Board of Directors decision, TAQA entered into definitive agreements with Waldorf Energy Netherlands BV to sell 100% of its ownership in the upstream oil and gas business in the Netherlands. The sale was expected to be completed in early 2023, and was subject to obtaining approvals from applicable regulatory and other third parties. As at 31 December 2022 the upstream assets in the Netherlands contained with the Oil & Gas operating segment were classified as a disposal group held for sale and as a discontinued operation.

Subsequently, it was confirmed that the completion did not occur in accordance with its terms and the agreement was terminated on 28 March 2023. TAQA remains committed to its business in the Netherlands and will continue to contribute actively to the security of gas through its upstream and gas storage activities. Consequently, TAQA Energy B.V.'s upstream oil and gas business is no longer treated as held-for-sale under IFRS 5, and its assets and liabilities have been appropriately reclassified as at 31 December 2023.

Comparative amounts for the discontinued operations in the consolidated statement of profit or loss for prior year are reclassified to reflect the classification in the consolidated statement of profit or loss for the current year.

	<b>31 December 2022 AED million</b>
<b>ASSETS</b>	
Property, plant and equipment	69
Deferred tax asset	37
Inventories	24
Accounts receivable and prepayments	104
Assets classified as held for sale	234
<b>LIABILITIES</b>	
Asset retirement obligations	675
Income tax payable	85
Accounts payable, accruals and other liabilities	58
Liabilities directly associated with assets classified as held for sale	818
<b>Net liabilities directly associated with the disposal group</b>	<b>584</b>

Included in equity and the consolidated statement of financial position as at 31 December 2022 is an accumulated foreign currency translation reserve loss of AED 12 million directly associated with the assets held for sale.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

### 36 DIVIDENDS

#### 2023

At the General Assembly meeting in March 2023, the shareholder's approved a dividend of AED 1,350 million, being AED 0.01 per share for the year ended 31 December 2022. A special dividend was also approved by the shareholders of AED 2,363 million, being AED 0.02 per share. Both dividends were paid in the three month period ended 31 March 2023.

On 12 May 2023, the Board of Directors approved an interim dividend of AED 731 million, being AED 0.007 per share for the quarter ended 31 March 2023. The interim dividend was paid on 30 May 2023.

On 11 August 2023, the Board of Directors approved an interim dividend of AED 731 million, being AED 0.007 per share for the quarter ended 30 June 2023. The interim dividend was paid on 25 August 2023.

On 11 November 2023, the Board of Directors approved an interim dividend of AED 731 million, being AED 0.007 per share for the quarter ended 30 September 2023. The interim dividend was paid on 23 November 2023.

#### 2022

At the General Assembly meeting in March 2022, the shareholder's approved a dividend of AED 1,237 million, being AED 0.01 per share for the year ended 31 December 2021. A special dividend was also approved by the shareholders of AED 2,249 million, being AED 0.02 per share. Both dividends were paid in the three month period ended 31 March 2022.

On 11 May 2022, the Board of Directors approved an interim dividend of AED 675 million, being AED 0.006 per share for the quarter ended 31 March 2022. The interim dividend was paid on 18 May 2022.

On 9 August 2022, the Board of Directors approved an interim dividend of AED 675 million, being AED 0.006 per share for the quarter ended 30 June 2022. The interim dividend was paid on 16 August 2022.

On 11 November 2022, the Board of Directors approved an interim dividend of AED 675 million, being AED 0.006 per share for the quarter ended 30 September 2022. The interim dividend was paid on 18 November 2022.

### 37 RECLASSIFICATION OF PRIOR YEAR BALANCES

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

### 38 EVENTS AFTER REPORTING DATE

#### Dividends

On 13 February 2024, the Board of Directors proposed a final and variable dividend of AED 2,249 million, being AED 0.02 per share for the year ended 31 December 2023. The dividends will be subject to shareholder approval at the General Assembly meeting in March 2024.