

CHAIRMAN'S STATEMENT



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Focus. Strength. Ambition.

In 2021, TAQA Group set out to transform the utilities and energy sector as the recognized champion for low carbon power and water, with an integral role to play in the UAE's journey to achieve net zero emissions by 2050.

As the world becomes increasingly more attuned to climate concerns and the importance of meeting growing energy demand, the accelerated transition towards clean energy is an opportunity for the UAE – and TAQA – building on our track record and using it to drive economic growth in the country and value for shareholders.

TAQA's 2021 Annual Report details our journey of focus, strength and ambition – the theme for this year's report. Our focus was born out of the launch of TAQA's strategy, which created a roadmap against which we can measure clear and tangible progress for sustainable and profitable growth. This year we have seen TAQA playing to its strengths in financial stewardship, development, operations and digital competencies while pursuing growth in power, water and network capacity in markets where we can add value. TAQA is taking a more visible position in the market and is demonstrating its ambition to be a regionally leading, fully integrated utility that champions a more sustainable future for the UAE and beyond.

The company is already progressing with its ambitions. In December 2021, His Highness Sheikh Mohamed bin Zayed Al Nahyan, Crown Prince of Abu Dhabi and Deputy Supreme Commander of the UAE Armed Forces, unveiled a global clean energy powerhouse that will bring together TAQA, Mubadala and ADNOC to combine our efforts in renewable energy and green hydrogen under the Masdar brand. This partnership will spearhead the UAE's drive towards net zero and will position Masdar as one of the world's largest renewable energy companies, transforming the industry on a global scale.

A further drive towards growth included a partnership with ADNOC to significantly decarbonize the national oil company's offshore operations. These projects complement ongoing activities across TAQA's businesses to dramatically reduce carbon emissions.

Decarbonization of the energy and water system provides huge opportunities for growth. As the UAE continues to demonstrate its leadership and innovation in the global energy transition as it prepares to host the 28th Conference of the Parties (COP28) in 2023, TAQA will play an active role in contributing to national objectives. Building upon this monumental year for TAQA, I am confident that 2022 will usher in even more opportunities for growth, delivering value to our shareholders and community alike.

Lastly, on behalf of my fellow Board Directors and TAQA's Executive Management team, I would like to thank everyone who contributed to our success this year, from our customers and shareholders to our partners and colleagues. Thank you for your support.

Mohamed Hassan Alsuwaidi
Chairman of the Board of Directors

GROUP CEO AND MANAGING DIRECTOR'S STATEMENT



Our financial performance allowed us to deliver on our promise to our shareholders, with cash dividends being paid as part of our quarterly progressive dividend policy – a first for the UAE.

Growth for a sustainable future

TAQA Group's financial and operational performance in 2021 speaks to the strength of our business model and the opportunities unlocked by our 2030 strategy. We remained focused on operational efficiency and optimization while continuing to strengthen our financials. This has allowed us to progress with our ambitious strategic growth plans to further enhance value to our stakeholders.

TAQA delivered strong financial and operational results in 2021, reflecting partial economic recovery across our markets and the strength of our new strategic direction. The company declared its bold ambitions to become a low carbon power and water champion for Abu Dhabi and beyond, grounded in ESG and backed by a corporate culture of doing the right thing for each other and our communities.

TAQA's revenues increased by 11% to AED 45.7 billion on the back of stronger realized prices in our Oil & Gas business as well as higher revenues in Transmission & Distribution, with adjusted EBITDA of AED 19.7 billion, up 23% compared to 2020.

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Operationally, our Generation business has seen growth in the UAE, where we entered the green hydrogen space with a memorandum of understanding with Abu Dhabi Ports and another with Emirates Steel. We further leveraged partnerships to expand in our home market including a partnership with ADNOC to develop the utilities facility for TA'ZIZ, a new world-scale chemicals production hub and industrial ecosystem in Ruwais, Abu Dhabi.

Those relationships extended beyond the UAE as we partnered with Saudi Aramco and Marubeni to develop a cogeneration power and water desalination project in Jubail, Saudi Arabia. To further our international plans as well as accelerating our clean energy ambitions, TAQA has partnered with Mubadala and ADNOC to combine our efforts in green hydrogen and renewable energy to position the Masdar brand as a global clean energy powerhouse. This deal will see TAQA take a major stake in Masdar and is expected to be finalized in the first half of 2022.

Sustainability and infrastructure development have been priorities within our Transmission & Distribution business. Following the seamless integration and synchronization of clean energy from Unit 1 of the Barakah Nuclear Energy Plant into the UAE grid via the TRANSCO power network in 2020, commercial operations

of Unit 1 in 2021 marked a significant milestone for the UAE's clean energy ambitions. We also announced a partnership with ADNOC to power and decarbonize ADNOC's offshore production operations through the development and operation of a first-of-its-kind for the MENA region high-voltage, direct current subsea transmission system. For distribution, more than 15 infrastructure projects were completed in Al Ain to meet the expected increase in power and water demand reliably and sustainably. TAQA set out to grow our energy services business, with ADES signing several agreements with key Abu Dhabi entities to support retrofitting infrastructure for more efficient electricity and water use.

Our Oil & Gas business explored opportunities to reduce carbon emissions and enhance efficiency across assets. In the UK, Brae Bravo set an industry benchmark for sustainable decommissioning in the Northern North Sea. Following offshore removal work in 2021, the program targeted a 95% recycling rate of tens of thousands of tons of material. In Canada, we completed a new acid gas injection well at our Crossfield plant, resulting in a 70% reduction of emissions. Our Netherlands business also led important sustainability projects, including moving Europe's largest open-access gas storage facility to certified green electricity.

I am proud of the incredible progress we have made in 2021, and looking ahead, we will continue to leverage our expertise to make our business even more sustainable and efficient. We will continue to engage our peers to lead the energy transition in the UAE and beyond. As part of this, we will host the inaugural edition of the World Utilities Congress to discuss business-critical needs of our sector and identify new solutions and opportunities.

I would like to take this opportunity to express my gratitude to our Board for their guidance throughout 2021.

I also wish to thank our customers for their continued trust and our dedicated employees working across our entire business for their commitment to our shared success.

As TAQA further delivers on its strategy for sustainable and profitable growth, we will adapt and excel as our sector evolves, taking advantage of opportunities that play to our strengths and contribute to our ambitions.

Jasim Husain Thabet

Group Chief Executive Officer and Managing Director