TAQA ENERGY B.V.
ALKMAAR, THE NETHERLANDS

ANNUAL REPORT

YEAR ENDED DECEMBER 31, 2021

CONTENTS

DIRECTORS' REPORT

TAQA Energy ("the Company") is a subsidiary of the TAQA PJSC Group of companies ("TAQA") and is active in the Dutch oil and gas market. TAQA Energy's business is in oil & gas production, transportation and gas storage and therefore turnover and profits are dependent on supply and demand and market prices for these products. In the report all amounts are reported in EUR thousands except when otherwise indicated.

2021 Performance

The production performance in 2021 was in line prior year. The production volumes were lower than prior year (3.4 mboed in 2021 vs 3.8 mboed in 2020). Revenues from the oil and gas activities increased by 277.0% compared to 2020, as sales volumes decreased by 9.9% combined with 337.7% higher commodity prices. Gas storage revenues and transportation revenues decreased by 36.7% due to lower Summer-Winter spreads and operational issues at GSB.

The financial results for 2021 show a positive financial performance thanks to good Oil & Gas performance despite low Storage revenue, leading to a net profit of 41,694 (2020: 36,703).

The production of the various producing assets within the mature fields declined. There were no new discoveries and improvements on existing fields resulting in a reserves replacement ratio of 50% (2020: 46%).

The net profit for the year increased the Group equity to 528,486 (2020: 486,792) compared to total assets of 734,612 (2020: 689,407); presenting an improvement in solvability. The current assets are significantly higher than the current liabilities. The liquidity is managed on a group basis and includes a current account due from TAQA Financial Services B.V. of 278,860 (2020: 220,596) presented under Receivables.

Risk management

Effective risk management forms an integral part of how the Company operates as a business and is embedded in day-to-day operations. Line management is primarily responsible for identification of potential strategic, operational, reporting and compliance risks, and for implementing fit-for-purpose responses. The ultimate responsibility for the TAQA risk management system ("TRMS") being in place and effectively working lies with the board of the ultimate parent company.

Risk profile

The Company is active in the Dutch offshore Oil & Gas business and onshore gas storage. In recent years there has been increased media, social and political attention to the onshore Groningen gas production. The increasingly negative perception in society regarding onshore gas production has led to further restrictive measures such as limitations on production, onshore drilling activities and gas storage capacity. By nature, the oil and gas production from existing fields is declining which requires the need for further development in existing fields, enhanced recovery techniques and exploration for new resources to prevent the decline in production.

Risk appetite

The risk appetite of the Company is determined by the Oil & Gas business it operates in. Key to determining the risk appetite is the nature of the risks:

Strategic: Strategic choices are governed by the strategy of the ultimate parent company.

Operational: Depending on the type of operational risk, the Company is cautious to averse. In particular, ensuring its employees' and contractors' safety and protecting its reputation have priority over any other business objective.

Reporting: The Company is averse to any risks that could jeopardise the integrity of its reporting.

Financial: The Company's appetite for financial risks is low. The Company assessed its exposures as limited and currently does not use derivatives to hedge. Reference is made to note 13 in the consolidated financial statements.

Compliance: The Company is averse to the risk of non-compliance with applicable laws or regulations, as well as with the Company's Code of Business Ethics.

Risk management framework

The TAQA Governance, Risk and Compliance activities are an integral part of the framework. The framework provides an overview of how TAQA's vision, purpose and values lie at the core of the Company's strategic priorities, organisation structure and behaviours. Translating this into policies and procedures, the Code of Business Ethics, TRMS enable the achievement of the Company's strategic priorities while protecting the Company's employees, assets and reputation.

The TRMS has been put in place to ensure identification and appropriate response to any significant threat to the safety of its employees, the Company's reputation, its assets and the achievement of its strategic objectives. Within TRMS risks are identified, assessed, prioritized and managed on a continuous and systematic basis. Implementation of adequate responses and progress of risk mitigating measures is monitored on a regular basis and escalated to higher levels in the organisation where applicable. Accountability for mitigating, monitoring and reporting on each of the most significant risks is assigned to the applicable management.

Main risks

The following risk overview highlights the main risks that could hinder the Company in achieving its financial and strategic objectives or could represent a threat to the business. The financial risks are dealt with separately in note 13 to the Financial Statements.

Strategic risks

Continuous low commodity prices
Low commodity prices directly influence the profitability of the Company, the recoverability of the existing reserves and the investment possibility in drilling / production activities. This may impact production levels in the future. To mitigate this there is a rigid focus on costs without jeopardizing safety. Where possible alternative use of existing offshore infrastructure is reviewed to postpone the decommissioning and retain the infrastructure for future production.

The volatile commodity prices have a positive impact on the difference between Summer and Winter TTF gas prices, the so-called Summer-Winter spread, which has a direct influence on the profitability of the Gas Storage business of the Company. To mitigate the risk of low Summer-Winter spreads alternative storage services are explored and an increase in capacity at no material incremental expense is pursued.

Potential resources
Production of the existing oil and gas reserves is declining and prospects for exploration are limited. Where possible existing seismic information is reviewed using newer technology to re-assess the drilling prospects.

Operational risk

Health, Safety and Environment (HSE)
The Company is committed to provide a safe workplace for all staff and contractors. Potential risk inherent to the business activities are incidents and accidents at site with unwanted impact on health, safety and the environment. Given the potential high impact the risk appetite is averse and there is a zero tolerance for unsafe situations and actions. Special attention is given to preventing incidents such that there is no harm to people, the public, the environment or the Company's assets. Environmental aspects are monitored and reported monthly, including any environmental spills or non-compliance with environmental permits, to ensure that corrective action is taken when needed.

Business continuity

The operations of the Group might be impacted by outside events, such as the current COVID-19 pandemic. Such events may disrupt operations or postpone operations at location. The Group has taken measures, including working from home when possible.

Other

The Company is not involved in any research and development activities (2020: nil).

In 2020 the permit for the increase in reservoir pressure of the Gas Storage Bergermeer in line with the design capacity has been received. This updated permit allows an increase in the working volume of the gas storage by approximately 20%.

With respect to the composition of the management board, the legislation regarding diversity will be considered when appointing new management board members. As the Management Board only consists of one person, diversity is a challenge.

Outlook

TAQA's corporate strategy, which was announced in March 2021, is heavily focused on a low carbon environmental performance.

In the Netherlands, the Company is looking at its primary processes and how to improve the environmental impact of its activities. As a society, natural gas is still needed for many years to come. The Company's gas storages will play an increasing role in providing back up energy for renewable energy sources and contribute to the security of supply.

As a sector, the energy transition and the contribution oil and gas companies can make to the climate goals is seen as follows:
- Today, safe and reliable production of Dutch natural gas from small fields;
- Tomorrow, deploying knowledge and infrastructure for new applications such as hydrogen pilots, New Energy Hubs and the transport and storage of CO_2 in empty gas fields in the North Sea; and
- The day after tomorrow, it will be a transformed sector forming part of the new energy system, e.g. in the form of green gas and the production and storage and transport of hydrogen.

The Company expects no material change in the number of employees for the coming years. With current high commodity prices expected to come down, the Cash Flow and Net Income are still expected to remain positive due to the financial restructuring and continuous strong cost focus.

Future investments will be financed either within the Company or in the wider TAQA Group.

2021 has been a challenging year for the Company with positive operational results despite Covid-19 and technical issues at GSB, but good cost performance and benefit from high gas prices. This significant achievement largely is a result of the commitment and dedication of all the people working for TAQA Energy, staff and contractors. The Company will continue its business and faces the new challenges and opportunities with full confidence.

Covid19

During 2021, the Covid-19 health crisis continued and has caused significant disruption in the global economy. The Company has implemented the guidance from the National Institute for Public Health and the Environment (RIVM) to secure the health of all personnel. That means that the office personnel are working from home. Offshore and Onshore operations personnel were reduced on sites to avoid personal contact and persons with signs of illness and relatives with Corona must stay home. In addition, a specific crisis team has been set up that met frequently. The aim of this team was to safeguard the critical processes within TAQA and, where necessary, to take decisions to the limit the risks.

The Company has not applied for government support.

Operational activities have been impacted by the Covid-19 measures by reduced workforces leading to a reduction of planned activities, but the production is not impacted. When and where possible increase of workforce was applied under strict Covid-19 measures like preventive testing and safe distance and application of mouth masks.

Subsequent Events

On October 6, 2022 TAQA announced the sale of 100% of TAQA Energy's ownership in the Netherlands upstream oil and gas business. The transaction includes TAQA Offshore BV and TAQA Transportation BV and is subject to obtaining applicable regulatory and other third-party approvals. Expectation is that transaction will be completed early 2023. From a financial point of view the expectation is that the transaction will have a positive contribution to the results of the Company in 2023.

No events have occurred after December 31, 2021, which have a material impact on the financial statements as per December 31, 2021.

Alkmaar, December 21, 2022

Directors

5.1.2.e

TAQA International B.V.

5.1.2.e

CONSOLIDATED BALANCE SHEET AT DECEMBER 31, 2021
(after proposed appropriation of the result for the year)

		2021	2020
		EUR'000	EUR'000
Assets			
Fixed assets			
Intangible fixed assets	**3**	357	591
Tangible fixed assets	**4**	374,773	392,777
Financial fixed assets	**5**	33,301	41,938
		408,431	435,306
Current assets			
Inventories	**6**	6,071	3,688
Receivables	**7**	317,003	245,692
Cash and banks	**8**	3,107	4,721
		326,181	254,101
Total assets		**734,612**	**689,407**
Group equity and liabilities			
Group equity	**9**	528,486	486,792
Provisions	**10**	172,902	179,760
Current liabilities	**11**	33,224	22,855
Total group equity and liabilities		**734,612**	**689,407**

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2021

		2021		2020	
		EUR'000	EUR'000	EUR'000	EUR'000
Revenues	**14**		195,683		122,743
Cost of sales	**15**		(125,636)		(69,868)
Gross profit			**70,047**		**52,875**
General and administrative expenses		1,543		(12,121)	
Dry hole expenses	**4**	(13)		(8,824)	
Reversal of Impairment of assets	**4**	-		-	
Other operating expenses		(2,422)		(987)	
			(892)		**(21,932)**
Operating profit/ (loss)			**69,155**		**30,943**
Interest income	**16**	1		81	
Interest expense	**16**	(4,431)		(3,785)	
Foreign currency profit/(loss), net		1,108		555	
Gain on sale of associate / asset		212		-	
Financial income and expenses			(3,110)		(4,259)
Income/ (loss) before taxation			**66,045**		**26,684**
Taxation	**17**		(24,351)		10,019
Net profit/ (loss)			**41,694**		**36,703**

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2020

		2021		2020	
		EUR'000	EUR'000	EUR'000	EUR'000
Net profit/ (loss)			**41,694**		**36,703**
Actuarial differences through equity	**10**	-		924	
Income tax effect on above	**5**	**-**		(145)	
Net income recognized directly in group equity			**-**		779
Total comprehensive income			**41,694**		**37,482**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 General

TAQA Energy B.V. ('the Company') was incorporated on July 7, 1994 and is engaged in the exploration, development, production, storage and transport of oil and natural gas in the Netherlands via its Dutch subsidiaries. The Company is registered at the Chamber of Commerce in Alkmaar with number 27149802.

The Company is a wholly owned subsidiary of TAQA International B.V.; a company registered in Alkmaar, The Netherlands. The ultimate parent company is Abu Dhabi National Energy Company PJSC "TAQA", a company registered in Abu Dhabi, United Arab Emirates, from which consolidated group accounts can be obtained.

The Company's registered office is at Kruseman van Eltenweg 1, 1817 BC Alkmaar, The Netherlands.

2 Summary of significant accounting policies

General

The financial statements have been prepared in accordance with Part 9, Book 2 of the Netherlands Civil Code and are based on the historical cost convention. The description and classification of certain amounts have been adopted to reflect more closely the characteristics of the oil and gas industry. All amounts are reported in EUR thousands except when otherwise indicated.

The financial statements have been prepared on a going concern basis.

Accounting error

The financial statements for the year ended 31 December 2020 and the year ended 31 December 2019 contain an error which is considered to be material.

As per the accounting principles of the Company negative Decommissioning asset book values due to changes in estimates are first netted against positive book values of the corresponding asset/equipment. in case this would lead to a negative book value of the corresponding asset the negative value is released to the Income Statement under depreciation. By mistake the remaining negative book value at year end 2020 of some assets, caused by 2020 year end changes in estimates, was not released to the Income Statement. Next to this, the wrong basis for depreciation has been applied to several Fixed Assets.

In addition to this a condensate delivery from end of December 2020 was reported upon receipt in January 2021 and not accrued for in 2020 as per the accounting policy.

Depreciation as per the accounting principles of the Company has been applied to the corrections retrospectively in the current period. The opening statement of financial position of the earliest comparative period presented (1 January 2020) and the comparative figures have been accordingly restated. The changes that impacted the Company include the following:

The Company has not released the negative book value of certain assets to the Income Statement and applied the wrong depreciation rate on several statutory adjustments. As a consequence, Intangible Fixed Assets were overstated whereas Tangible Fixed Assets were understated. As a result of this EUR 2.6mln net of tax has been added to Retained Earnings for the year ended 31 December 2020.

The under accrual of condensate sales in 2020 has been adjusted in the Sales and Cost of Sales of 2020 which resulted in a net of tax addition to the Retained Earnings for the year ended 31 December 2020 of EUR 0.1mln.

Impact on Income Statement and Statement other comprehensive income
increase/(decrease) in profit/other comprehensive income (in EUR 000)

	2020 Reported	**Adjust-ment**	**2020 Adjusted**
Statement of profit or loss			
Revenues	121,721	1,022	122,743
Cost of Sales	(73,942)	4,074	(69,868)
Gross profit	**47,779**	**5,096**	**52,875**
Income / (Loss) before taxation	21,588	5,096	26,684
Income tax	12,252	(2,233)	10,019
Net Profit / (Loss)	**33,840**	**2,863**	**36,703**
Total comprehensive income for the year	**34,619**	**2,863**	**37,482**

	Reported	**01 Jan 2020 Adjustm.**	**Adjusted**
Fixed Assets			
Intangible Fixed Assets	2,777	(1,476)	1,301
Tangible Fixed Assets	406,948	-	406,948
Financial Fixed Assets	26,084	369	26,453
Total Fixed Assets	**435,809**	**(1,107)**	**434,702**

	Reported	01 Jan 2020 Adjustm.	Adjusted
Net Equity			
Common shares	386	-	386
Share premium	235,048	-	235,048
Legal reserve	859	25	884
Retained earnings	214,123	(1,131)	212,992
Total Shareholders' equity	**450,416**	**(1,107)**	**449,309**

	Reported	31 Dec 20 Adjustm.	Adjusted
Fixed Assets			
Intangible Fixed Assets	2,477	(1,886)	591
Tangible Fixed Assets	387,242	5,535	392,777
Financial Fixed Assets	43,869	(1,931)	41,938
Total Fixed Assets	**433,588**	**1,718**	**435,306**
Current Assets			
Inventories	2,642	(1,051)	1,591
Receivables: Prepaid expenses and accrued income	13,021	1,022	14,043
Receivables: Taxes	6,464	67	6,531
Total Fixed Assets	**22,127**	**38**	**22,165**
Net Equity			
Common shares	386	-	386
Share premium	235,048	-	235,048
Legal reserve	684	(62)	622
Retained earnings	248,917	1,819	250,736
Total Shareholders' equity	**485,035**	**1,756**	**486,791**

	Year ended December 31, 2020		
	Reported	**Adjustm.**	**Adjusted**
Revenues – Oil and Gas	22,425	1,022	23,447
Cost of Sales – Other direct operating expenses	42,239	1,051	43,290
Cost of Sales – Depreciation, depletion and amortization	27,942	(5,125)	22,817
Taxation – Current tax current year	5,678	(67)	5,611
Taxation – Deferred tax	(17,930)	2,300	(15,630)
Total Net Income		**2,863**	

Consolidation and Cash Flow statement

The consolidated financial statements comprise the accounts of the Company and its wholly owned subsidiaries which are fully consolidated. Reference is made to the notes to the Company financial statements for information concerning consolidated subsidiaries. Intercompany transactions and balances are eliminated upon consolidation.

Since the consolidated financial statements of Abu Dhabi National Energy Company PJSC "TAQA" for the year ended December 31, 2021 which include the financial data and the cash flow statement of the Company and its subsidiaries, are filed with the Chamber of Commerce in Alkmaar or can be obtained at www.TAQA.com/investors/announcements/, no cash flow statement is included in the financial statements of the Company.

TAQA Energy B.V. makes use of the exemption provided for in article 402, Part 9, Book 2 of the Dutch Civil Code, which allows a condensed income statement for the Company itself.

Transactions in foreign currencies

Transactions arising in foreign currencies are translated in Euro at exchange rates prevailing at the date of the transaction. Assets and liabilities denominated in foreign currencies are translated into Euro at the exchange rates at the year-end. Exchange gains and losses are reflected in the statement of income.

Oil and gas related assets

As is common in the industry, these assets are held via joint ventures. The assets in the balance sheet reflect the Company's share in each asset.

The Company applies the successful efforts method of accounting for exploration and development costs. The costs of geological, geophysical, engineering and pre-development studies are charged to the profit and loss account in the year in which they are incurred under exploration costs and reported under other operating expenses. The costs of exploration and appraisal drillings are initially capitalized on the balance sheet as tangible fixed assets. When commercially viable reserves of oil and natural gas are determined and development is sanctioned, the relevant expenditure is transferred to depletable production assets. All exploration expenditures determined as unsuccessful or economical not viable are charged to the income statement as dry hole expenses. Costs of property acquisitions, support equipment and facility development costs are capitalized.

Intangible fixed assets

Licenses are valued at cost. When proven reserves of oil and natural gas are determined and development is sanctioned, the relevant intangible fixed assets are transferred to tangible fixed assets.

Software licenses are valued at cost and are amortized on a straight-line basis over the estimated holding periods of 3 years. Capital expenditure that is directly related to the development of application software is recognized as an intangible fixed asset and amortized over its estimated useful life. Within the shareholders' equity a legal reserve is recorded with the same value as the in-house developed application software.

Other Tangible fixed assets

Other Tangible fixed assets are valued at historical cost less accumulated depreciation. Ordinary maintenance and repairs are expensed as incurred. Significant replacements and improvements are capitalized.

Depreciation and impairment

Depreciation of goodwill and tangible fixed assets, other than oil and gas related assets, is calculated on a straight-line basis over the estimated economic lives of the related assets, as follows:

- buildings 20 to 40 years
- gas storage infrastructure 30 years
- other 3 to 20 years
- land is not depreciated

The Company's assets in relation to Piek Gas Installation (PGI) are depreciated on a straight-line basis over the contract period.

The costs of producing oil and gas properties and well equipment is depreciated on a field by field basis using the unit-of-production method, based upon proved and probable reserves. The effect of changes in estimated reserve quantities are recognized prospectively.

The Company undertakes a review for impairment fixed assets if events or changes in circumstances indicate that the carrying amount of the assets or cash generating unit may not be recoverable. To the extent that the carrying amount exceeds the recoverable amount, the assets are written down to the recoverable amount. An impairment of a fixed asset is, partially, reversed when the recoverable amount exceeds the carrying amount in case of an update review. In general, the Company determines a cash generating unit as a group of assets which operate as one unit. The recoverable amount is based on either their fair value less costs of disposal ("FVLCD") or their value in use ("VIU"). In determining the FVLCD and VIU appropriate discounted cash flows models are used, incorporating market-based assumptions.

The post-tax discount rate is based on the market interest plus a mark-up for the company, the post-tax discount rated used for 2021 is 6.75% (2020: 6,75%). Based on a gross up, using the actual tax rate, the pre-tax impairment charge is determined.

Work in progress

Work in progress is valued at cost incurred at the reporting date. The work in progress is transferred to the appropriate asset category and depreciated in accordance with the relevant policy when construction of the asset is completed and commissioned.

Decommissioning

At the end of the producing life of the field, costs are incurred in removing and decommissioning production facilities. The Company recognizes the full discounted cost of decommissioning as an asset and liability at the date on which production commenced or the date on which the asset was acquired. The decommissioning asset is included within fixed assets with the cost of the related installation. The liability is included within provisions. The amortization of the asset calculated on a unit-of-production basis based on proved and probable reserves, is shown as cost of sales in the income statement and the unwinding of discount is included in interest expense.

Any change in the underlying estimates (estimated costs, year of abandonment, discount rate) is reflected as an adjustment to the provision and the asset and recognized prospectively.

Financial fixed assets

Deferred tax assets are recognized for temporary differences between commercial and fiscal valuation of fixed assets and provisions considering both corporate income tax and state profit share on the understanding that deferred tax assets are only recognised insofar as it is probable that future taxable profits will be available to offset the temporary differences and available tax losses.

The calculation of the deferred tax assets is based on the tax rates prevailing at the end of the reporting year or the rates applicable in future years, to the extent that they have already been enacted by law. Deferred income taxes are recognised at nominal value.

Inventories

Crude and condensate inventories are valued at the lower of cost or net realisable value, where cost is defined as the average annual production cost plus incidental costs. Injected gas is valued at the lower of cost or net realizable value whereas cost is determined by applying the first-in first-out (FIFO) method. Materials and supplies are valued at cost.

Receivables

Receivables are initially measured at fair value and subsequently carried at amortized cost less a provision for doubtful debts.

Post-employment benefit obligations

As per January 2021 the company has changed the pension plan from a defined benefit pension plan to a defined contribution plan. As a result of that the required IAS19R accounting method is not applicable anymore and the related provisions have been released to the Income Statement in 2021.

Until 2021 the Company operated a defined benefit pension plan, which required contributions to be made to a separately administered fund. The employee benefits were accounted for in line with IAS19R Employee benefits. The cost of providing benefits under the defined benefit plan were determined using the projected unit credit method.
Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding net interest and the return on plan assets (excluding net interest), were recognised immediately in the Post-employment benefit obligations with a corresponding debit or credit (net of tax) to equity in the period in which they occur. Re-measurements were not reclassified to profit or loss in the subsequent periods.

Past service costs were recognised in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Company recognises restructuring-related costs

Net interest was calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognised the following changes in the net defined benefit obligation under "general and administrative costs" in the Consolidated Income Statement:

- Service costs comprising current service cost, past service costs, gains and losses on curtailments and non-routine settlements
- Net interest expense or income

The defined benefit assets and liabilities comprised the present value of the defined benefit obligation, less past service costs not yet recognized and less the fair value of the plan assets out of which the obligations are to be settled. Plan assets were assets that are held by qualifying insurance policies. Plan assets were not available to the creditors of the Company nor can they be paid directly to the Company.

Loans

Loans are initially recognized at fair value including directly attributable transaction costs. After initial recognition, interest bearing loans are measured at amortized cost using the effective interest rate method. Interest expenses are accrued for and recorded in income statement for each period.

Other assets and liabilities

Other assets and liabilities are stated at the amounts at which they were acquired or incurred.

Income and expense

Oil and gas sales are recognized on delivery to customers, and are stated net of VAT, royalties and excise duties.

Trade sales are recognized in the period the contract matures and are stated net of VAT. Since all Trade sales are matched with a purchase contract, the costs of goods sold are based on the corresponding purchase contracts.

The income from the PGI is accounted for in accordance with the invoicing schedule (i.e. 20% of revenues are recognized each month of the heating season).

Other income and expenses are allocated to the year to which they relate. Losses are accounted for in the year in which they are identified.

Leasing

Assessing whether an agreement contains a lease is based on the substance at the inception date of the agreement. The agreement is regarded as a lease if the fulfilment of the agreement depends on the use of a specific asset, or on whether the lease contains the right of use of a specific asset.

The Company as lessee

Under operating leases, the lease payments are charged to the profit and loss account on a straight-line basis over the term of the lease.

The Company as lessor

Under operating leases, the lease income is taken evenly to the income statement over the term of the lease. Initial direct costs are amortized over the term of the lease against the lease income.

Taxation

The Company and its subsidiaries are part of a fiscal unity for corporate income tax headed by TAQA International B.V. Tax is calculated within the tax group on a notional stand-alone basis. The entities will settle their corporate income tax position with TAQA International B.V. via the intercompany account. For a list of subsidiaries included in the fiscal unity, reference is made to the Note 2 to the Company financials statements.

Deferred tax liabilities are recognized for temporary differences between commercial and fiscal valuation of fixed assets and provisions considering both corporate income tax and state profit share.

Deferred tax assets from carry forward losses are calculated based on the statutory tax rate at year end to the extent they are expected to be utilized against future taxable income. Deferred tax assets are valued at nominal value and are recognized under Financial fixed assets.

3 Intangible fixed assets

Intangible fixed assets consist of acquisition of software licenses. The amortization is recognized in the consolidated income statement under cost of sales.
Movements in intangible fixed assets can be summarized as follows (in EUR'000):

	At cost	Amortization	Total
At cost			
Balance at January 1, 2021	6,348	(5,757)	591
Additions / Charge for the year	-	(234)	(234)
Balance at December 31, 2021	6,348	(5,991)	**357**

4 Tangible fixed assets

Movements in tangible fixed assets can be summarized as follows (in EUR'000):

	Land and buildings	Machinery and technical equipment	Work in progress	Decom-missioning assets	Other fixed assets	Total
At cost						
Balance at January 1, 2021	31,757	1,321,670	-	86,986	11,265	1,451,678
Additions	1,999	4,539	13	-	2,705	9,256
Change in estimated abandon-ment timing and costs	-	-	-	1,663	-	1,663
Exploration write-offs	-	-	(13)	-	-	(13)
Balance at December 31, 2021	33,756	1,326,209	-	88,649	13,970	1,462,584
Accumulated Depreciation and Impairment						
Balance at January 1, 2021	673	986,262	-	61,310	10,656	1,058,901
Depreciation charge for the year	70	23,653	-	5,019	168	28,910
Transfers	-	1,225	-	(1,225)	-	-
Balance at December 31, 2021	743	1,011,140	-	65,104	10,824	1,087,811
Net book value at December 31, 2021	**33,013**	**315,069**	**-**	**23,545**	**3,146**	**374,773**
Net book value at December 31, 2020	31,084	335,408	-	25,676	609	392,777

Included in the cost of tangible fixed assets at December 31, 2021 is accumulated capitalized interest of EUR 79.1 million (2020: EUR 79.1 million) relating to the financing during the construction period. The Company does not hold capitalized leased assets (i.e. financial leases).

5 Financial fixed assets

Financial fixed assets comprise of deferred tax assets which are primarily related to the temporary differences between the commercial and the fiscal value.

At December 31 the deferred taxes can be summarized as follows (in EUR'000):

	2021	2020
Temporary difference on property, plant and equipment	30,660	25,322
Temporary difference arising on asset retirement obligations	(6,542)	(10,153)
Tax loss carry forward	10,419	25,517
Others	(1,236)	1,252
Balance at December 31	**33,301**	41,938

Movements in deferred taxes are as follows (in EUR'000):

	2021	2020
Balance at January 1	41,938	26,453
Deferred income tax for the year	5,808	15,630
Utilization of Loss c/f	(11,800)	-
Prior year adjustment	(3,298)	-
Deferred income tax reclassified from Taxes receivable	653	-
Deferred income tax through equity	-	(145)
Balance at December 31 receivable / (payable)	**33,301**	41,938

The long-term portion of the deferred tax assets is estimated at EUR 26,6 million (2020: EUR 43.2 million).

As at December 31, 2021 the Company has filed final corporate income tax and state profit share returns for the years up to 2018.

6 Inventories

(in EUR'000)	**2021**	2020
Injected gas	540	472
Crude and Condensate	3,646	1,591
Materials & supplies	2,109	1,849
Provision for obsolete Material & Supplies	(224)	(224)
	6,071	3,688

7 Receivables

(in EUR'000)	**2021**	2020
Trade receivables	10,350	4,123
Taxes	2,543	6,531
Amounts due from TAQA Financial Services B.V.	278,860	220,596
Other receivables	1,854	399
Prepaid expenses and accrued income	23,396	14,043
	317,003	245,692

All amounts receivable are expected to be recovered within one year after the balance sheet date. The amounts due from TAQA Financial Services B.V. represented the balance on interest bearing (LIBOR / Euribor) current accounts. The average interest rate during 2021 was 0.00% (2020: 0.06%). The receivable taxes represent VAT whereas 2020 also includes State Profit Share.

8 Cash and Banks

Cash and banks comprise cash and short-term deposits with banks and are at the Company's free disposal.

9 Group equity

See the notes to the Company Financial Statements.

10 Provisions

Provisions can be analysed as follows (in EUR'000):

	2021	2020
Decommissioning provision	172,902	171,777
Post-employment benefit obligations	-	7,983
	172,902	179,760

Decommissioning provision

Movements in the decommissioning provision can be analysed as follows (in EUR'000):

	2021	2020
Balance at January 1	171,777	156,771
Unwinding	3,398	3,236
Utilized	(4,194)	(53)
Change in estimated abandonment timing and costs	1,921	11,823
Balance at December 31	**172,902**	171,777

The decommissioning provision is discounted at 2% (2020: 2%) and no inflation is taken into account.

Post-employment benefit obligations

(in EUR '000)	Pension	Total
Balance at January 1, 2021	7,983	7,983
Movement	(7,983)	(7,983)
Balance at December 31, 2021	**-**	**-**

Movements in pension (in EUR'000):

	2021	2020
Actual contributions	-	(3,186)
Net service cost	-	4,101
Termination of DB scheme	(7,983)	
Finance cost (related to DBO)	-	949
Finance cost (related to FVA)	-	(851)
Actuarial results	-	(924)
Addition / (Release) in Pension	**(7,983)**	89

The following summarizes the components of the net benefit expenses applicable to the pension scheme recognized in the consolidated income statement:

		2021	2020
Component:	Included in:		
Net service cost	General and Administrative expenses	-	4,101
Termination of DB scheme	General and Administrative expenses	(7,983)	-
Finance cost (related to DBO)	Interest expense	-	949
Finance cost (related to FVA)	Interest expense	-	(851)
		(7,983)	4,199

The following summarizes the components of the net benefit expenses applicable to the pension scheme recognized directly in group equity:

		2021	2020
Component:	Included in:		
Actuarial results	Actuarial difference through equity	-	(924)
		-	(924)

Movements in defined benefit obligation (in EUR'000):	**2021**	2020
Defined benefit obligation as at January 1	94,582	83,927
Net service cost	-	4,101
Contributions by employees and administrative expenses	-	201
Benefits paid	-	(815)
Interest cost	-	949
Termination of DB scheme	(94,582)	-
Actuarial (gain)/loss	-	6,219
Defined benefit obligation as at December 31	**-**	94,582

Changes in the fair value of plan assets are as follows (in EUR'000):	**2021**	2020
Fair value of plan as at January 1	86,599	76.033
Actual contributions	-	3,388
Expected return on plan assets	-	851
Benefits paid	-	(815)
Termination of DB scheme	(86,599)	
Actuarial gain/(loss)		7,142
Fair value of plan assets as at December 31	**-**	86,599

The distribution of the plan assets at balance sheet date is as follows:	**2021**	2020
Fair value with issuers/ insurance	-	100%
Equity	-	0%
Bonds	-	0%
Cash	-	0%

At December 31 the pension provision can be summarized as follows:

(in EUR'000):	**2021**	2020
Defined Benefit Obligation	-	(94,582)
Fair Value plan asset	-	87,598
Pension provision as at December 31	**-**	(7,983)

Assumptions	**2021**	2020
	%	**%**
Discount rate	-	0.62
Expected return on assets	-	0.62
Expected general salary increases	-	3.00
Inflation	-	2.00
Average remaining period of service employees (years)	-	12.9

Mortality table: AG 2020 projection table with 1 year setback. Starting year for projection: 2021.

Quantitative sensitivity analysis for the significant assumptions as at 31 December 2020

The following table shows the effect on the Defined Benefit Obligation:

(in EUR'000) Assumption	Rate at Balance Sheet date	Increased rate	Effect of increased rate	Decreased rate	Effect of decreased rate
Discount rate	0.62%	1.12%	(9,771)	0.12%	12,363
Basic salary increase	3.00%	3.50%	760	2.50%	(766)
Mortality rate		25.0%	(6,450)	25.0%	8,698

The average duration of the defined benefit plan obligation at the end of 2020 was 24.0 years.

11 Current liabilities

(in EUR'000)	**2021**	2020
Accounts payable trade	2,744	3,284
Amounts owed to associated companies	4,048	-
Taxes	2,271	912
Gas Storage Bergermeer purchase accruals	-	490
Other payables and accruals	24,161	18,169
	33,224	22,855

The Other payables and accruals represent liabilities for work performed and products or materials delivered but not yet invoiced. The Gas Storage Bergermeer purchase accruals in 2020 represents purchase commitments for gas purchased during the year. Taxes payable represent Insurance taxes and wage taxes whereas 2021 also includes State Profit Share.
No securities have been given for any of the current liabilities except for the guarantees mentioned under note 12.

12 Commitments and contingent liabilities

As common in the industry, the Company has a sole and shared liability for certain commitments entered into on accounts of or by the joint ventures, such as the decommissioning of facilities and the liability to pay State Profit Share. These commitments arise in the ordinary course of business and have further not been disclosed separately. These commitments are largely linked to the life period of the various fields and related licenses. The Company is not aware of any conditions as a result of which it may be held liable for the commitments of its joint venture partners.

The Company has accepted joint and several liability for the debts and liabilities of its subsidiaries TAQA Offshore B.V., TAQA Onshore B.V., TAQA Piek Gas B.V., TAQA Gas Storage B.V. and TAQA Energy Transportation B.V., in accordance with article 403 of Book 2 of the Dutch Civil Code.

Leases

Lease and rental contracts have been concluded with respect to certain transportation equipment and for office space. The rental and lease obligations under these contracts amount to a total of EUR 18.3 million (2020: EUR 7.1 million) over the next years.

Minimum annual rental payments arising under long-term non-cancellable operating leases are as follows (in EUR '000):

	2021	2020
Within one year	3,812	3,373
After one year but no more than five years	14,461	3,694
More than five years	39	88
	18,312	7,155
Payments during the current year	3,405	3,287

Contractual commitments

Based upon existing agreements for the Bergen concession and the offshore blocks A12, A18, B13, F3-FB, G14C, P/15, P/18 and Q1 the Company has the obligation to sell the entire natural gas production from these blocks to GasTerra B.V.

The Company is part of the fiscal unity headed by TAQA International B.V. for corporate tax. As a result, the Company is severally liable for corporate tax liabilities of the fiscal unity.

As at December 31, 2021, irrevocable contractual capital commitments have been made for a total of EUR 2,872 (2020: none) in relation to installation upgrades.

As at December 31, 2021, the Company has no fixed price purchase contracts (2020: EUR 1.5 million) and no forward sales contracts at fixed prices (2020: EUR 0.8 million).

Guarantees

The Company has issued guarantees related to future decommissioning expenses of miscellaneous operations for a total of EUR 108,439 (2020: EUR 64,846) at December 31, 2021.

13 Financial Risks

The Company has exposure to the following risks as they arise in the normal course of business:

Commodity risk

The Company is exposed to changes in oil and gas prices related to the upstream production as well as changes in the Summer-Winter spread of TTF gas prices related to the GSB capacity fees.

In accordance with the TAQA corporate policy no hedging is done at the Company level and therefore commodity price changes have a direct positive or negative impact on the pre-tax income.

Foreign currency risk

The Company is exposed to foreign currency risk primarily on the receivables of sale of crude oil and condensate which are denominated in US Dollar. Crude oil and condensate sales are evenly spread over the year and have relative short payment terms which makes the risk exposure limited. This exposure is not hedged on the level of the Company in accordance with the TAQA corporate policy. At year end there were no US Dollar denominated outstanding receivables or payables.

Interest rate risk

The company is not exposed to interest rate risk as there are on interest bearing liabilities.

Liquidity risk

A non-limited current account with TAQA is in place as per note 7 and projected cash flows are positive. The current assets exceed the current liabilities.

Credit risks

The Company has no significant credit risks or any concentrations of credit risks with a single customer, JV partner or in an industry or geographical region, which carries an unusually high credit risk.

The Company has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Under the credit policy, all gas storage customers are reviewed, and new customers are analysed individually for creditworthiness, before access to storage capacity is offered. The review includes external ratings and internal assessments. Purchase limits are established for each customer and these limits are reviewed regularly. Customers that fail to meet the Company's creditworthiness may transact only on a prepayment or standby letter of credit basis.

The credit risk on the in-house bank account with TAQA Financial Services is not material as the funds are guaranteed by the ultimate parent company.

Fair values

In view of their short-term nature, the fair values of financial instruments included under current receivables and current liabilities approximate their carrying amounts.

14 Revenues

Revenues are primarily attributable to the delivery and storage of natural gas. All revenues are realized in the oil and gas business segment and in the Dutch market. Revenues can further be summarized as follows (in EUR'000):

	2021	2020
Oil and gas sales	88,395	23,447
Trade sales	50,374	7,653
Gas Storage and transportation services	56,537	91,266
Other income	377	377
	195,683	122,743

Trade sales represent the sale of (reproduced) injected gas from the Bergermeer field.

15 Cost of sales

Cost of sales can be further analysed as follows (in EUR'000):

	2021	2020
Depreciation, depletion and amortisation	29,144	22,817
Other direct operating expenses	45,348	43,290
Other direct trade costs	51,144	3,761
Total cost of sales	**125,636**	**69,868**

16 Interest income and expenses

Interest income and expenses can be further analysed as follows (in EUR'000):

Income	**2021**	2020
Intercompany interest income on current account	1	74
Other interest income	-	7
Total interest income	**1**	81

Expense	**2021**	2020
Unwinding of decommissioning liability	3,398	3,236
Finance cost (net) of DB pension plan	-	98
Intercompany interest expense on loans and current account	2	7
Other interest expense	1,031	444
Total interest expenses	**4,431**	3,785

17 Taxation

Taxation can be analysed as follows (in EUR'000):

	2021	2020
Current tax current year	15,714	5,611
Deferred tax	8,637	(15,630)
Tax charge / (benefit)	**24,351**	(10,019)

The effective tax rate for 2021 is 36.9% (2020: 37.5%) and differs from the statutory income tax rate of 25% (2020: 25%) and can be analysed as follows (in EUR '000):

	2021	2020
Taxation at Statutory income tax rate	16,511	6,671
State profit share ("SPS")	8,381	(8,093)
Prior year adjustment	2,394	(3,762)
Corporate Income Tax rate change in future years	(1,310)	(5,234)
Pension	(1,020)	-
Other	(605)	399
Tax charge	**24,351**	(10,019)

The effective tax rate is mainly impacted by:

State Profit Share ('SPS')
SPS is a tax levied at a rate of 50% on Dutch Upstream Oil & Gas activities and calculated on a basis similar to Corporate Income Tax (CIT), with SPS being deductible for CIT purposes and CIT being creditable for SPS purposes.

Corporate Income Tax rate change in future years
In December 2021 the decision was made by the Dutch government to increase the CIT rate to 25.8% as from 2022 onwards (initially the enacted CIT rate for FY 2021 and onwards was 25.0%).

The SPS tax losses (including deemed CIT credits carried forward) are fully recognized. These can both be carried forward indefinitely.

18 Employee information

Employee information, prior to charge out to joint venture partners, can be analysed as follows:

(in EUR'000)	**2021**	2020
Salaries and wages	14,733	14,297
Social security costs	1,021	1,751
Pension costs	(7,099)	4,534
	8,655	20,582

Pension costs can be further analysed as follows:

(in EUR'000)	**2021**	2020
Defined Benefit scheme	(7,983)	4,101
Defined Contribution scheme	884	433
Total pension costs	**(7,099)**	4,534

The average number of employees is analysed as follows:

	2021	2020
Operations	43	44
Technical support	37	44
General business support	45	50
	125	138

All employees, except one, are employed in The Netherlands.

Remuneration of directors

The Directors' remuneration in total amounts to EUR 570 (2020: EUR 674).

19 Auditor's fees

The auditor's fees for services rendered (in EUR'000)

	2021	2020
Audit of the financial statements	179	172
Other services	-	11
Total auditor's fees	179	183

20 Related party transactions

During the year the Company entered into various transactions in the ordinary course of business with other group companies. These transactions are in principle carried out on an arm's length basis and laid down in (written) service agreements.

The following transactions with Group companies took place (in EUR '000):

	2021	2020
Interest income	1	74
Interest expense	2	7
Services provided by Group companies	3,922	3,461

21 Subsequent events

On October 6, 2022 TAQA announced the sale of 100% of TAQA Energy's ownership in the Netherlands upstream oil and gas business. The transaction includes TAQA Offshore BV and TAQA Transportation BV and is subject to obtaining applicable regulatory and other third-party approvals. Expectation is that transaction will be completed early 2023. From a financial point of view the expectation is that the transaction will have a positive contribution to the results of the Company in 2023.

No events have occurred after December 31, 2021, which have a material impact on the financial statements as per December 31, 2021.

COMPANY BALANCE SHEET AT DECEMBER 31, 2021
(after proposed appropriation of the result for the year)

		2021	2020
		EUR'000	EUR'000
A s s e t s			
Fixed assets			
Intangible fixed assets		495	495
Tangible fixed assets		3,268	732
Financial fixed assets	**2**	325,837	291,156
		329,600	292,383
Current assets			
Receivables	**3**	774,963	735,000
Cash and banks		78	75
		775,041	735,075
Total assets		**1,104,641**	1,027,458
S h a r e h o l d e r ' s e q u i t y a n d l i a b i l i t i e s			
Shareholder's equity	**4**		
Share capital		386	386
Share premium		235,048	235,048
Legal reserve		357	622
Retained earnings		292,695	250,736
		528,486	486,792
Provisions	**5**	-	7,983
Current liabilities	**6**	576,155	532,683
Total shareholder's equity and liabilities		**1,104,641**	1,027,458

COMPANY INCOME STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2021

		2021	2020
		EUR'000	EUR'000
Result from financial fixed assets	**2**	34,681	37,436
Other results after taxation		7,013	(733)
Net profit after taxation		**41,694**	36,703

NOTES TO THE COMPANY FINANCIAL STATEMENTS

1 Summary of significant accounting policies

General

The accounting policies are the same as those for the consolidated financial statements except for financial fixed assets, as outlined below.

Accounting error

The accounting error as mentioned in the notes to the Consolidated report have impacted the results of the subsidiaries. As a consequence, the Financial Fixed Assets were overstated.

Impact on Income Statement
increase/(decrease) in profit (in EUR 000)

	2020 Reported	**Adjust-ment**	**2020 Adjusted**
Statement of profit or loss			
Result from financial fixed assets	34,573	2,863	37,436
Other results after taxation	(733)	-	(733)
Net Profit / (Loss) after taxation	**33,840**	**2,863**	**36,703**

	Reported	**01 Jan 20 Adjustm.**	**Adjusted**
Financial Fixed Assets	**254,827**	**(1,107)**	**253,720**
Shareholders' equity			
Common shares	386	-	386
Share premium	235,048	-	235,048
Legal reserve	859	25	884
Retained earnings	214,123	(1,131)	212,992
Total Shareholders' equity	**450,416**	**(1,107)**	**449,309**

	Reported	**31 Dec 20 Adjustm.**	**Adjusted**
Financial Fixed Assets	**289,400**	**1,756**	**291,156**

	Reported	31 Dec 20 Adjustm.	Adjusted
Net Equity			
Common shares	386	-	386
Share premium	235,048	-	235,048
Legal reserve	684	(62)	622
Retained earnings	248,917	1,819	250,736
Total Shareholders' equity	**485,035**	**1,757**	**486,792**

Financial Fixed Assets

Participating interests over whose financial and operating policies the company exercises significant influence are valued using the net asset value method. Under this method, participating interests are carried at the Company's share in their net asset value plus its share in the results of the participating interests as from the acquisition date, determined in accordance with the accounting policies disclosed in these financial statements. The Company's share in the results of the participating interests is recognized in the profit and loss account.

2 Financial Fixed Assets

Movements in financial fixed assets can be summarized as follows (in EUR'000):

	Total
Balance at January 1, 2021	291,156
Share in subsidiaries' result	34,681
Net book value at December 31, 2021	**325,837**

At December 31, 2021, the Company has the following direct subsidiaries, no changes compared to December 31, 2020:

Name	Legal seat	Percentage Holding
TAQA Offshore B.V. [1]	Alkmaar, The Netherlands	100
TAQA Onshore B.V. [1]	Alkmaar, The Netherlands	100
TAQA Piek Gas B.V. [1]	Alkmaar, The Netherlands	100
TAQA Gas Storage B.V.[1]	Alkmaar, The Netherlands	100
TAQA Energy Transportation B.V. [1]	Alkmaar, The Netherlands	100

[1] *Included in fiscal unity with TAQA International B.V.*

3 Receivables

(in EUR'000)	**2021**	2020
Trade receivables	10,352	3,681
Amounts due from TAQA Financial Services B.V.	278,860	220,596
Amounts due from TAQA Energy companies	481,253	505,588
Amounts due from other associated companies	-	2,459
Other receivables	4,498	2,676
Total receivables	**774,963**	735,000

The amounts due from TAQA Financial Services B.V. represent the balance on interest (Euribor) bearing current accounts. The amounts due from TAQA Energy companies represent current accounts between the Company and the TAQA Energy group due to all cash transactions being done via a cash pooling system within TAQA Energy B.V. The current accounts are bearing interest based on Euribor. The average interest rate during 2021 was 0.00% (2020: 0.06%).

4 Shareholder's equity

Share capital

The authorized share capital comprises 1,930,000 shares with a nominal value of EUR 1 each of which 386,000 shares have been issued and fully paid-up at December 31, 2020. During 2020, the nominal value and the issued capital have not changed.

Shareholder's equity

(in EUR '000)	Common shares	Share premium	Legal reserve	Retained earnings	Total shareholders equity
Balance at January 1, 2020	386	235,048	884	212,992	449,310
Actuarial differences (including income tax effect)	-	-	-	779	779
Net result for 2020	-	-	(262)	36,965	36,703
Balance at December 31, 2020	386	235,048	622	250,736	**486,792**

(in EUR '000)	Common shares	Share premium	Legal reserve	Retained earnings	Total shareholders equity
Balance at January 1, 2021	386	235,048	622	250,736	486,792
Actuarial differences (including income tax effect)	-	-	-	-	-
Net result for 2021	-	-	(265)	41,959	41,694
Balance at December 31, 2021	386	235,048	357	292,695	**528,486**

Proposed appropriation of the result for the year

The management proposes that the net profit in the amount of EUR 42.0 million is added to retained earnings. This proposal has been reflected in the accounts.

5 Provisions

The provisions represent Post-employment benefit obligations and negative equity of subsidiaries the movements can be summarized as follows (in EUR'000):

	Pensions
Balance at January 1, 2021	7,983
Movement	(7,983)
Balance at December 31, 2021	-

For more details reference is made to note 10 of the consolidated financial statements.

6 Current Liabilities

(in EUR'000)	**2021**	2020
Deferred taxes	68	24
Accounts payable trade	1,451	5,809
Amounts owed to TAQA Energy companies	569,371	521,597
Amounts owed to TAQA Group companies	3,987	-
Taxes and social security	661	1,763
Other payables and accruals	617	3,490
	576,155	532,683

The amounts owed to TAQA Energy companies represent current accounts between the Company and the TAQA Energy group due to all cash transactions being done via a cash pooling system within TAQA Energy B.V. This liability is backed up by a current account with TAQA Financial Services B.V. The current accounts are bearing interest based on Euribor. The average interest during 2021 was 0.00% (2020 0.06%).

7 Employee information

All personnel are employed by TAQA Energy B.V., reference is made to item 18 in the notes to the consolidated financial statements.

8 Subsequent events

Reference is made to note 21 of the consolidated financial statements.

Alkmaar, December 21, 2022

Directors

5.1.2.e

TAQA International B.V.

5.1.2.e

OTHER INFORMATION

Statutory arrangements

Article 20 of the Company's Articles of Association states that the board of Directors determines the amount of the distributable profit to be added to the Company's reserves. The remaining balance shall be distributed to the shareholder. The board of Directors is furthermore authorized to distribute one or more interim dividends.

Independent auditor's report

To: the shareholder and management of TAQA Energy B.V.

Report on the audit of the financial statements 2021 included in the annual report

Our opinion

We have audited the financial statements 2021 of TAQA Energy B.V., based in Alkmaar.

In our opinion the accompanying financial statements give a true and fair view of the financial position of TAQA Energy B.V. as at 31 December 2021, and of its result for 2021 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

- The consolidated and company balance sheet as at 31 December 2021
- The consolidated and company income statement for 2021
- The notes comprising a summary of the accounting policies and other explanatory information

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the Our responsibilities for the audit of the financial statements section of our report.

We are independent of TAQA Energy B.V. in accordance with the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Report on other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:

- The Directors' report
- Other information pursuant to Part 9 of Book 2 of the Dutch Civil Code

Based on the following procedures performed, we conclude that the other information:

- Is consistent with the financial statements and does not contain material misstatements
- Contains the information as required by Part 9 of Book 2 of the Dutch Civil Code

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements. By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the other information, including the Director's report in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information pursuant to Part 9 of Book 2 of the Dutch Civil Code.

Description of responsibilities for the financial statements

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not have detected all material errors and fraud.

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 financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgment and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included among others:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining 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 for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control

- Obtaining 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 company's internal control
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management
- Concluding 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 company'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 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 a company to cease to continue as a going concern
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

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

Amsterdam, 21 December 2022

Ernst & Young Accountants LLP

5.1.2.e