

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

**REPORT OF THE BOARD OF DIRECTORS AND
CONSOLIDATED FINANCIAL STATEMENTS**

31 DECEMBER 2024

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

REPORT OF THE BOARD OF DIRECTORS

31 DECEMBER 2024

Abu Dhabi Future Energy Company PJSC (Masdar)

REPORT OF THE BOARD OF DIRECTORS

For the year ended 31 December 2024

The Board of Directors is pleased to present the audited consolidated financial statements of Abu Dhabi Future Energy Company PJSC ("Masdar" or the "Company") and its subsidiaries (collectively referred to as the "Group"), for the year ended 31 December 2024.

Financial highlights

Revenue for the year amounted to AED 3,422 million (2023: AED 3,559 million).

Profit for the year amounted to AED 412 million (2023: Loss of AED 45 million).

Total assets were AED 59,790 million as at 31 December 2024 (2023: AED 18,246 million). Total liabilities were AED 30,782 million as at 31 December 2024 (2023: AED 8,441 million).

Total equity attributable to the equity holders of the Group was AED 29,008 million as at 31 December 2024 (2023: AED 9,805 million).

Board of Directors

The Directors of the Company are:

Chairman H.E. Dr Sultan Al Jaber

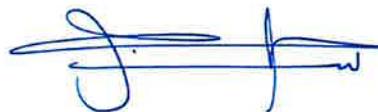
Deputy chairman Mr. Jasim Husain Thabet

Members

- Mr. Farid Al Awlaqi
- Mr. Musabbeh Al Kaabi
- Mr. Ahmed Saeed Al Calily
- Dr. Bakheet Al Katheeri
- Dr. Michele Fiorentino
- Dr Frank Possmeier (appointed 1 January 2024)
- H.E. Mohamed Al Suwaidi (resigned 1 January 2024)

To the best of our knowledge, the financial information included in these consolidated financial statements presents fairly, in all material respects, the financial position, 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 and authorised for issue on 24 March 2025.

For and on behalf of the Board of Directors.



Chairman of the Board of Directors

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

CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2024

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
ABU DHABI FUTURE ENERGY COMPANY PJSC (MASDAR)**

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Abu Dhabi Future 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 2024, and the 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 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 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

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’ *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA) together with the ethical requirements that are relevant to our audit of the 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 those matters that, in our professional judgment, were 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
ABU DHABI FUTURE ENERGY COMPANY PJSC (MASDAR) continued**

Report on the Audit of the Consolidated Financial Statements continued

Key audit matters continued

Revenue recognition

The Group recognised revenue from its contracts with customers for renewable power generation, revenue from service concession arrangements to build, operate and transfer renewable energy projects, revenue from trading activities of equipment and development income from renewable energy development activities. A significant proportion of the Group's revenues is derived from the construction activities under service concession arrangements during the year.

Revenue from renewable power generation and trading of equipment is recognised at a point in time when the energy or the equipment are supplied. Revenue from service concession arrangements and renewable energy development activities are recognised over the period of time in which the services are provided. The Group's revenue recognition accounting policy is included in note 3 to the consolidated financial statements.

The Group recognised revenue of AED 3,422 million (note 7) for the year ended 31 December 2024. Revenue recognition is considered a key audit matter given the Group's varied nature of revenue arrangements and the magnitude of the amounts involved.

The audit procedures performed over this key audit matter include the following:

- We obtained an understanding of management's revenue recognition process and underlying controls, and performed walkthroughs to confirm our understanding.
- We inspected the Group's material contracts with customers including power purchase agreements and service concession arrangements to determine the application of appropriate accounting policies as per the requirements of the IFRSs.
- We performed substantive analytical procedures over renewable power generation revenue, renewable obligation certificate (ROC) revenue and recycled ROC revenue using the price and volume data to test revenue recognition from initiation to recording.
- We carried out test of details on a sample of revenue transactions recorded in relation to the trading of equipment and renewable energy project development activities during the year by tracing to invoices, contracts with customers and other supporting documents.
- We tested the services concession revenue calculations and evaluated the appropriateness of assumptions used in the models including construction and operating margins and discount rates with reference to market information.
- We involved internal IFRS specialists to assist in evaluating the application of service concession arrangements accounting requirements as per IFRIC 12 Service Concession Arrangements.
- We assessed the adequacy of revenue disclosures in the consolidated financial statements for compliance with the requirements of the IFRSs.

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
ABU DHABI FUTURE ENERGY COMPANY PJSC (MASDAR) continued**

Report on the Audit of the Consolidated Financial Statements continued

***Key audit matters* continued**

Equity accounted investments in associates and joint ventures

The Group carries significant investments in associates and joint ventures. As at 31 December 2024, investments in associates and joint ventures amounted to AED 20,502 million (note 19).

During the year, the Group made significant investments in associates and joint ventures amounting to AED 13,242 million. Assessment of control, joint control or significant influence over the new investees involves significant judgement.

Investments in associates and joint ventures are also subject to impairment assessment when indicators of impairment exist. During the year, the Group recognised a net impairment of AED 230 million with respect to its equity accounted investments, where indicators were identified. In carrying out the impairment assessments, significant judgements and assumptions are used to determine the recoverable value of the investments, in particular estimate of future cash flows and discount rates.

The audit procedures performed over this key audit matter include the following:

- We inspected the sale and purchase agreements and the applicable operating agreements of the material equity-accounted investees to corroborate management's assessment of control, joint control or significant influence over these investments by the Group.
- We tested the carrying value and share of results recognised during the year for material equity accounted investments and involved component teams, where applicable, to perform procedures at material investees.
- We issued instructions to EY and non-EY component auditors for material equity-accounted investees detailing the scope to be covered for the purposes of our audit of the Group and obtained reporting deliverables from the component auditors to support the financial position and the results of these equity-accounted investees. In fulfilling our responsibilities as Group auditor, we directed and supervised the work performed by the component auditors, held meetings with the component teams, evaluated the key accounting judgments in the underlying investments and reviewed the working papers for key audit and accounting matters.
- We performed analytical review procedures over the financial statements and management accounts for a sample of equity-accounted investees by comparing against the prior period results, held meetings with management of the respective equity-accounted investees and performed site visits as part of our audit procedures over the equity-accounted investees.
- We tested the additions made during the year by inspecting the relevant agreements and evidence of funds transfer, and evaluating the appropriateness of equity method to account for the investments.
- We evaluated management's assessment of indicators of impairment for equity-accounted investments at 31 December 2024.
- We tested, with involvement of internal valuation specialists, the methodologies and inputs used by the Group in estimating the recoverable amount of the equity-accounted investments subject to impairment assessment including key assumptions relating to growth rates, inflation and discount rates;
- We compared the actual performance of the relevant equity-accounted investees to the assumptions applied in discounted cash flow models to assess the historical accuracy of management's estimates; and
- We assessed the adequacy of disclosure in line with the requirements of the IFRSs.

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
ABU DHABI FUTURE ENERGY COMPANY PJSC (MASDAR) continued**

Report on the Audit of the Consolidated Financial Statements continued

Other information

Other information consists of the information included in the Report of the Board of Directors, other than the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information 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, 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.

Responsibilities of management and the Board of Directors for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, and in compliance with the applicable provisions of the Articles of Association of the Company and the UAE Federal Law No. (32) of 2021, and for such internal control as management determines 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.

The Board of Directors is 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.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism 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 for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, 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 Group's internal control.

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
ABU DHABI FUTURE ENERGY COMPANY PJSC (MASDAR) continued**

Report on the Audit of the Consolidated Financial Statements continued

Auditor's responsibilities for the audit of the consolidated financial statements continued

- 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors 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 the Board of Directors 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, actions taken to eliminate threats, or safeguards applied.

From the matters communicated with the Board of Directors, 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 or regulation precludes 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 FUTURE ENERGY COMPANY PJSC (MASDAR) continued**

Report on other legal and regulatory requirements

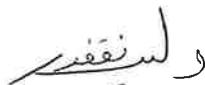
Further, as required by the UAE Federal Law No. (32) of 2021, we report that for the year ended 31 December 2024:

- i) the Company has maintained proper books of account;
- ii) we have obtained all the information and explanations we considered necessary for the purposes of our audit;
- iii) the consolidated financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Law No. (32) of 2021, and the Articles of Association of the Company;
- iv) the financial information included in the Directors' report is consistent with the books of account of the Company;
- v) note 22 reflects the material related party transactions and the terms under which they were conducted;
- vi) based on the information that has been made available to us, the Company has not purchased or invested in any shares or stocks during the financial year ended 31 December 2024, except for the investments disclosed in note 19;
- vii) 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 2024, any of the applicable provisions of the UAE 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 2024; and
- viii) there were no social contributions made by the Company during the year.

Further, as required by the Resolution of the Chairman of the Abu Dhabi Accountability Authority No. (88) of 2021 regarding financial statements Audit Standards for the Subject Entities, we report that, in connection with our audit of the consolidated financial statements for the year ended 31 December 2024, 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 2024:

- i) Its Memorandum of Association or Law of Establishment which would materially affect its activities or its consolidated financial position as at 31 December 2024; and
- ii) Relevant provisions of the applicable laws, resolutions and circulars organising the Group's operations.

For Ernst & Young



Walid J Nakfour
Registration No: 5479

8 April 2025
Abu Dhabi, United Arab Emirates

Abu Dhabi Future Energy Company PJSC (Masdar)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2024

	Notes	2024 AED '000	2023 AED '000
Revenues	7	3,421,872	3,559,489
Direct costs	10	(1,908,297)	(2,713,962)
Gross profit		1,513,575	845,527
Income from government grants	8	61,602	84,571
Other income	9	57,034	165,032
General and administrative expenses	11	(704,306)	(567,689)
Project expenses	12	(244,380)	(143,741)
Share of results of equity-accounted investees, net	19	520,098	(48,256)
Impairment loss on equity-accounted investees	19	(230,000)	(183,444)
Fair value changes of financial assets carried at fair value through profit or loss	23	(797)	(2,265)
Fair value changes of derivatives	33.1	13,165	5,077
Finance income	13	223,734	97,622
Finance expenses	13	(637,958)	(208,061)
Net foreign exchange loss		<u>(18,400)</u>	<u>(34,950)</u>
Profit before tax		553,367	9,423
Income tax expenses	14	<u>(140,869)</u>	<u>(54,137)</u>
PROFIT (LOSS) FOR THE YEAR		<u>412,498</u>	<u>(44,714)</u>
Attributable to:			
Equity holders of the parent		403,738	(43,082)
Non-controlling interest		<u>8,760</u>	<u>(1,632)</u>
PROFIT (LOSS) FOR THE YEAR		<u>412,498</u>	<u>(44,714)</u>
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation differences arising from foreign operations		(484,626)	115,694
Changes in fair value of derivatives	35	97,256	(97,058)
Share of movement in hedging reserves of equity-accounted investees	19 & 35	(27,821)	(20,835)
Share of other comprehensive (loss) income from equity-accounted investees	19	<u>(28,680)</u>	<u>23,975</u>
Other comprehensive (loss) income for the year, net of income tax		<u>(443,871)</u>	<u>21,776</u>
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		<u>(31,373)</u>	<u>(22,938)</u>
Attributable to:			
Equity holders of the parent		(35,299)	(21,306)
Non-controlling interest		<u>3,926</u>	<u>(1,632)</u>
		<u>(31,373)</u>	<u>(22,938)</u>

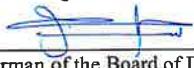
The accompanying notes 1 to 37 form an integral part of these consolidated financial statements.

Abu Dhabi Future Energy Company PJSC (Masdar)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

	Notes	2024 AED '000	2023 AED '000
ASSETS			
Non-current assets			
Property, plant and equipment	16	15,291,665	1,781,770
Right-of-use assets	17	475,539	265,428
Intangible assets and goodwill	18	5,936,396	226,416
Investments in associates and joint ventures	19	20,502,434	7,581,930
Operating financial assets	20	4,604,295	3,109,069
Finance lease receivables	21	47,096	47,033
Loans to related parties	22	2,306,953	573,020
Derivative financial assets	33	254,890	169,671
Other non-current financial assets	23	98,371	<u>35,642</u>
		49,517,639	<u>13,789,979</u>
Current assets			
Operating financial assets	20	305,719	27,184
Finance lease receivables	21	8,053	9,821
Loans to related parties	22	508,507	350,023
Due from related parties	22	420,000	151,991
Derivative financial assets	33	79,301	70,607
Trade and other receivables	24	2,217,245	1,366,907
Cash and cash equivalents	25	6,733,595	<u>2,479,634</u>
		10,272,420	<u>4,456,167</u>
TOTAL ASSETS		59,790,059	<u>18,246,146</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	26	8,000,000	8,000,000
Additional capital contribution	27	22,414,696	4,393,038
Reserves	28	75,549	474,212
Accumulated losses		(2,696,548)	<u>(3,059,912)</u>
Equity attributable to equity holders of the parent		27,793,697	9,807,338
Non-controlling interest	29	1,213,916	<u>(2,015)</u>
Total equity		29,007,613	<u>9,805,323</u>
Non-current liabilities			
Interest bearing loans and borrowings	30	20,814,783	5,226,403
Lease liabilities	17	507,383	282,605
Derivative financial liabilities	33	66,886	41,347
Deferred tax liabilities	14	1,803,926	177,411
Other non-current liabilities	31	1,497,995	<u>207,951</u>
		24,690,973	<u>5,935,717</u>
Current liabilities			
Interest bearing loans and borrowings	30	3,155,996	1,160,272
Due to related parties	22	89,533	65,812
Derivative financial liabilities	33	26,214	4,808
Lease liabilities	17	14,142	8,608
Trade and other payables	32	2,805,588	<u>1,265,606</u>
		6,091,473	<u>2,505,106</u>
Total liabilities		30,782,446	<u>8,440,823</u>
TOTAL EQUITY AND LIABILITIES		59,790,059	<u>18,246,146</u>

 Chairman of the Board of Directors

 Chief Executive Officer

The accompanying notes 1 to 37 form an integral part of these consolidated financial statements.

Abu Dhabi Future Energy Company PJSC (Masdar)

CONSOLIDATED STATEMENT OF CHANGE IN EQUITY
For the year ended 31 December 2024

	<i>Share capital AED '000</i>	<i>Additional capital contribution AED '000</i>	<i>Reserves AED '000</i>	<i>Accumulated losses AED '000</i>	<i>Total AED '000</i>	<i>Non-controlling interest AED '000</i>	<i>Total equity AED '000</i>
Balance on 1 January 2023	8,000,000	1,083,683	452,436	(3,016,830) (43,082)	6,519,289 (43,082) 21,776	(383) (1,632)	6,518,906 (44,714) 21,776
Loss for the year	-	-	-	-	-	-	-
Other comprehensive income for the year	-	-	21,776	-	-	-	-
Total comprehensive income (loss) for the year	-	-	21,776	(43,082)	(21,306) 3,309,355	(1,632)	(22,938) 3,309,355
Contribution from shareholders (note 27)	-	3,309,355	-	-	-	-	-
Balance at 31 December 2023	<u>8,000,000</u>	<u>4,393,038</u>	<u>474,212</u>	<u>(3,059,912)</u>	<u>9,807,338</u>	<u>(2,015)</u>	<u>9,805,323</u>
Balance on 1 January 2024	8,000,000	4,393,038	474,212	(3,059,912) 403,738	9,807,338 403,738 (439,037)	(2,015) 8,760 (4,834)	9,805,323 412,498 (443,871)
Profit for the year	-	-	-	-	-	-	-
Other comprehensive loss for the year	-	-	(439,037)	-	-	-	-
Total comprehensive income (loss) for the year	-	-	(439,037)	403,738 (40,374)	(35,299) - - 18,021,658	3,926 - - 1,212,005 - 18,021,658	(31,373) - - 1,212,005 - 18,021,658
Transfer to statutory reserve	-	-	-	-	-	-	-
Acquisition of subsidiaries (note 6)	-	-	-	-	-	-	-
Contribution from shareholders (note 27)	-	18,021,658	-	-	-	-	-
Balance at 31 December 2024	<u>8,000,000</u>	<u>22,414,696</u>	<u>75,549</u>	<u>(2,696,548)</u>	<u>27,793,697</u>	<u>1,213,916</u>	<u>29,007,613</u>

The accompanying notes 1 to 37 form an integral part of these consolidated financial statements.

Abu Dhabi Future Energy Company PJSC (Masdar)

CONSOLIDATED STATEMENT OF CASH FLOWS continued
For the year ended 31 December 2024

	Notes	2024 AED '000	2023 AED '000
OPERATING ACTIVITIES			
Profit before tax		553,367	9,423
Adjustments for:			
Depreciation of property, plant and equipment and right-of-use assets	16 & 17	228,223	121,791
Amortisation of intangible assets	18	14,363	4,074
Share of results of equity-accounted investees, net	19	(520,098)	48,256
Impairment loss on associates and joint ventures	19	230,000	183,444
Dividend income	9	-	(98,815)
Changes in fair value of financial assets carried at fair value through profit or loss	23	797	2,265
Changes in fair value of derivatives	33.1	(13,165)	(5,077)
Provision for expected credit losses on finance lease receivables, related parties, net and operating financial assets	11	60,202	4,986
Provision for employees' end of service benefits	31	12,130	9,521
Revenue from operating financial assets	20	(2,029,475)	(2,893,226)
Finance lease income	21	(3,728)	(4,057)
Finance income	13	(223,734)	(97,622)
Finance expense	13	637,958	<u>208,061</u>
Operating cash flows before changes in working capital		(1,053,160)	(2,506,976)
Working capital adjustments:			
Trade and other receivables		807,196	(295,359)
Due from related parties		(268,009)	(57,755)
Due to related parties		23,721	24,709
Trade and other payables		(2,243,720)	334,720
Cash received from operating financial assets	20	236,986	26,949
Cash received from financial lease receivables	21	5,696	-
Cash received from pre-hedge settlements	33	40,794	-
		(2,450,496)	(2,473,712)
Income tax paid		(101,379)	(24,805)
Employees' end of service benefit paid	31	(5,858)	(316)
Net cash used in operating activities		(2,557,733)	(2,498,833)
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(117,285)	(883,503)
Addition in intangibles	18	(529)	(848)
Acquisition of subsidiaries, net of cash acquired		(8,060,623)	(29,413)
Acquisition of associates and joint ventures		(10,652,965)	(2,884,876)
Investment in associates and joint ventures		(2,056,686)	(1,352,902)
Investment in financial assets carried at fair value through profit or loss	23	(34,534)	(14,088)
Dividends from investments in associates and joint ventures	9 & 19	506,192	338,444
Loans provided to related parties	22	(2,184,929)	(364,431)
Proceeds from loan to related parties		74,306	39,335
Finance income received		201,799	<u>30,838</u>
Net cash used in investing activities		(22,325,254)	(5,121,444)

Abu Dhabi Future Energy Company PJSC (Masdar)

CONSOLIDATED STATEMENT OF CASH FLOWS continued
For the year ended 31 December 2024

	Notes	2024 AED '000	2023 AED '000
FINANCING ACTIVITIES			
Proceeds from borrowings	30	13,487,195	5,891,868
Repayment of borrowings	30	(1,946,362)	(2,055,607)
Shareholder's contribution	27	18,021,658	3,309,355
Finance expense paid		(546,262)	(141,530)
Repayment of lease liabilities	17	<u>(47,176)</u>	<u>(33,487)</u>
Net cash generated from financing activities		<u>28,969,053</u>	<u>6,970,599</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		4,086,066	(649,678)
Cash and cash equivalents on 1 January		2,479,634	3,150,649
Net foreign exchange difference		<u>167,895</u>	<u>(21,337)</u>
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	25	<u>6,733,595</u>	<u>2,479,634</u>
Significant non-cash transactions not included in the consolidated statement of cash flows are as follows:			
Recognition of right of use assets and lease liabilities	17	17,952	18,852
Deferred consideration		532,483	-
Decommissioning liability	31.2	74,969	-
Contract liability	31.3	362,968	-
Conversion of loan to joint venture into investment	22.1	187,298	-

The accompanying notes 1 to 37 form an integral part of these consolidated financial statements.

Abu Dhabi Future Energy Company PJSC (Masdar)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2024

1 GENERAL INFORMATION

Abu Dhabi Future Energy Company PJSC (Masdar) (the “Company”) is registered as a public joint stock company in the Emirate of Abu Dhabi. The Company was incorporated on 9 December 2007.

The ownership structure of the Company is as follows:

<i>Name of the shareholders (the “Parent”)</i>	<i>2024</i>	<i>2023</i>
Abu Dhabi National Energy Company PJSC (“TAQA”)	43%	43%
Mamoura Diversified Global Holding PJSC (“Mubadala”)	33%	33%
Abu Dhabi National Oil Company PJSC (“ADNOC”)	24%	24%

These consolidated financial statements include the financial performance and position of the Company and its subsidiaries (together, the “Group”) and the Group’s interest in its equity-accounted investees (note 5).

The principal activities of the Company and its subsidiaries (the “Group”) are to invest in or acquire participations in entities within UAE or abroad in the renewable energy, energy efficiency, carbon reduction, carbon capture and storage and other forms of sustainability related technologies and provision of services for the reduction of carbon emissions. The Company was formed for the purpose of implementing the Masdar initiative.

The Masdar initiative has four primary objectives:

- to reduce the carbon footprint of Abu Dhabi;
- to enhance the Abu Dhabi brand in the new energy and sustainability markets;
- to foster the development of a knowledge-based economy in Abu Dhabi; and
- to be profitable.

The registered office of the Company is P.O. Box 54115, Abu Dhabi, United Arab Emirates. The Government of Abu Dhabi is the Ultimate Parent of the Company.

The Company has not made any social contributions during the year ended 31 December 2024 (2023 : nil).

These consolidated financial statements were approved and authorised for issue on 24 March 2025.

2 BASIS OF PREPARATION

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with IFRS accounting standards as issued by International Accounting Standards Board (IASB), and the applicable requirements of the UAE Federal Law No. (32) of 2021. The Group has prepared the financial statements on the basis that it will continue to operate as a going concern.

2.2 Basis of measurement

The consolidated financial statements have been prepared on an historical cost basis, except for investments in financial assets carried at fair value through profit or loss and derivative financial instruments which are stated fair value.

2.3 Functional and presentation currency

These consolidated financial statements have been presented in United Arab Emirates Dirham (“AED”) which is the currency of the primary economic environment in which the Company operates. Each entity in the Group determines its own functional currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

2 BASIS OF PREPARATION continued

2.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2024. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements; and/or
- The Group's voting rights and potential voting rights

The Group re-assesses 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. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income, and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

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 OCI are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses, and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest, and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

The consolidated financial statements of the Group include subsidiaries identified in note 5 to the consolidated financial statements.

3 MATERIAL ACCOUNTING POLICIES

The principal accounting policies applied by the Group in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in general and administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances, and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured, and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognized in profit or loss.”

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is more than the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in consolidated statement of profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

A contingent liability recognized in a business combination is initially measured at its fair value. Subsequently, it is measured at the higher of the amount that would be recognized in accordance with the requirements for provisions in IAS 37 Provisions, Contingent Liabilities and Contingent Assets or the amount initially recognized less (when appropriate) cumulative amortisation recognized in accordance with the requirements for revenue recognition.

Current versus non-current classification

The Group presents assets and liabilities in the consolidated statement of financial position based on current/ non-current classification.

An asset is classified as current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

3 MATERIAL ACCOUNTING POLICIES continued

Current versus non-current classification continued

A liability is classified as current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Group classifies all other liabilities as non-current.

Revenue recognition

Revenue from contracts with customers

The Group recognises revenue from contracts with customers based on a five-step model as set out in IFRS 15:

Step 1 Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2 Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

Step 3 Determine the transaction price: The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4 Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Group allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.

Step 5 Recognise revenue when (or as) the Group satisfies a performance obligation.

The Group satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

- a) The Group's performance does not create an asset with an alternate use to the Group and the Group has as an enforceable right to payment for performance completed to date.
- b) The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.
- c) The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs.

For performance obligations where none of the above conditions are met, revenue is recognised at the point in time at which the performance obligation is satisfied.

Special projects

Special projects include management consulting fees and supply of solar panels. The Group acts as a project management consultant for some projects which are completed for other parties. Revenue from special projects is recognised at point in time.

3 MATERIAL ACCOUNTING POLICIES continued

Revenue recognition continued

Development fee

Revenue from development fee is recognised at point in time, when the right to receive payment has been established.

Renewable power generation

Revenue is recognised, net of Value Added Tax (VAT), based on net electricity supplied during the period based on meter readings and market prices as specified under contract terms. Revenue is recognised at a single point in time when electricity is supplied, and the performance obligation is met.

Revenue is recognised when the quantity and rates can reasonably be determined, and control has been transferred to a third party.

Income from sales of Renewable Obligation Certificates (ROCs), Levy Exemption Certificates and Recycled Buyouts is recognised based on market rates unless specified otherwise under contract terms, net of Value Added Tax.

Finance lease income

The Group's policy for recognition of revenue from finance leases is described in leases accounting policy.

Trading revenue

Revenue from sale of equipment is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the equipment at the customer's location. The Group does not have control of the equipment before it is being transferred to the customer. The Group is acting as an agent and recognises revenue at the net amount that is retained for these arrangements.

Service concession revenues

Revenue related with construction or upgrade services under a service concession arrangement is recognized over time. Operation or service revenue is recognized in the period in which the services are provided by the Group. Interest income on such financial assets is recognized using the effective interest method, which applies a discount rate that accurately distributes estimated future cash receipts over the asset's expected life, ensuring alignment with its net carrying amount.

Under the term of IFRIC12 "Service Concession Arrangements", a concession operator has a twofold activity.

- A construction activity in respect of its obligation to design, construct, finance and own the plant and, prior to the Commercial Operations Date ("COD"), the interconnection facilities; and
- An operating and maintenance activity in respect of the concession asset after the COD.

Revenue is recognised in accordance with IFRS15. In return for its activities, the operator i.e. the Company receives remuneration from the grantor; the financial assets model applies.

The Company determines the stand-alone selling price of construction and operating services underlying each performance obligation to allocate the transaction price to each performance obligation. As the stand-alone selling price of construction service is not directly observable, the Company estimates the price by using expected costs plus margin method. The Company applies a margin on project cost to determine construction revenue.

The Company generates revenue from operating and maintenance (O&M) services using the O&M contractors to generate electric power and dispatch it to the national grid. Operation services entail the Company to generate and to deliver electric power to the national grid, which simultaneously receives and consumes the entire electric power output. The Company transfers the benefit of the service to the national grid as it performs, and therefore satisfies its performance obligation over time. The Company's selling price of operation services is allocated over time of the project operations. During the operation services phase, the Company allocates the actual cash receipts between revenue for providing operation services in the reporting period and the remaining part to settle concession asset for the construction services.

3 MATERIAL ACCOUNTING POLICIES continued

Revenue recognition continued

Service concession revenues continued

In reference to operating services, the Company estimated the price of operating services on contract and benchmarked to industry practise which is reflective of standalone selling price. The Company allocated the actual cash receipts received in the period between operating services revenue and the remaining part to settle concession asset for the construction services.

The Group recognises a financial asset arising from a service concession arrangement when it has an unconditional contractual right to receive cash from or at the direction of the grantor for the construction or upgrade services provided, and the right to receive cash depends only on the passage of time. Such financial assets are measured at fair value on initial recognition and classified as financial assets measured at amortised cost.

If the Group is paid for the construction services, partly by a financial asset and partly by an intangible asset, then each component of the consideration is accounted for separately and is initially recognised at the fair value of the consideration.

The right to receive cash from the grantor is conditional on the company's future performance and depends on the factual power generation during the contractual period. Thus, the Group presents a contract asset in the statement of financial position.

Other income

Other income is recognised when the performance obligation is satisfied and the right to receive payment has been established.

Finance income

Finance income comprises interest income on fixed deposits and related party loans recognized using the effective interest method.

Project expenses

Project expenses comprise expenses incurred on screening, feasibility studies and pre-development phases of various projects undertaken by the Group. Such expenditure is charged to consolidated profit or loss as incurred, other than expenditure on project related property, plant and equipment, which is carried as an asset in the consolidated statement of financial position when there is reasonable certainty that the project will be developed, and future economic benefits will flow to the Group. In the absence of such certainty, these expenses are charged to consolidated profit or loss, cost related to feasibility studies is expensed out even if the development criteria are met.

Foreign currencies

The Group's consolidated financial statements are presented in AED, which is also the Parent company's functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Transactions in foreign currencies are translated into the respective functional currencies of Group companies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss and presented within finance costs.

3 MATERIAL ACCOUNTING POLICIES continued

Foreign currencies continued

However, foreign currency differences arising from the translation of the following items are recognised in OCI:

- an investment in equity securities designated as at FVOCI (except on impairment, in which case foreign currency differences that have been recognised in OCI are reclassified to profit or loss).
- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is and
- qualifying cash flow hedges to the extent that the hedges are effective.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into AED at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into AED at the exchange rates at the dates of the transactions. Foreign currency differences are recognised in OCI and accumulated in the translation reserve, except to the extent that the translation difference is allocated to NCI. When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to NCI. When the Group disposes of only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

Foreign exchange gain/loss arising from foreign currency contracts is recognized as other operating income/other expense, and are reported on a net basis.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur.

Income taxes

Income tax expense/benefit comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity or in other comprehensive income.

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the 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 the consolidated statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

3 MATERIAL ACCOUNTING POLICIES continued

Income taxes continued

Deferred tax continued

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss. In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred 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 tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Value added tax (VAT)

Expenses and assets are recognised net of the amount of VAT, except:

- When VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- When receivables and payables are stated with the amount of VAT included

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the consolidated statement of financial position.

Property, plant and equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects only if it is probable that the future economic benefits associated with the expenditure will flow to the Group. When significant parts of property, plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment as a replacement only if it is probable that the future economic benefits associated with the expenditure will flow to the Group. All other repair and maintenance costs are recognised in consolidated profit or loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met. Refer to significant accounting judgements, estimates and assumptions (note 4) and other non-current liabilities (note 31) for further information about the recognised decommissioning provision.

3 MATERIAL ACCOUNTING POLICIES continued

Property, plant and equipment continued

Depreciation is calculated using the straight-line method and is recognized in profit and loss to allocate the assets' cost to their residual values over their estimated useful lives as follows:

	<i>Years</i>
Buildings	8 – 30
Plant and machinery	3 – 30
Furniture and fixtures	3-12

Freehold land is not depreciated.

An item of property, plant and equipment and any significant part initially recognised 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 the consolidated statement of profit or loss when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Capital work in progress

Properties or assets during construction for production, supply or administrative purposes, are carried at cost, less any recognised impairment loss. Cost includes all direct costs attributable to the design and construction of the property including related staff costs, and for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. When the assets are ready for intended use, the capital work in progress is transferred to the appropriate property, plant and equipment category and is accounted in accordance with the Group's policies. Capital work in progress is not depreciated.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) 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.

3 MATERIAL ACCOUNTING POLICIES continued

Leases continued

Group as a lessee continued

i) Right-of-use assets continued

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

	<i>Years</i>
Land	10-20
Building	3 - 30
Vessels	5-12
Plant and machinery	3-25
Office equipment	3-12

The right-of-use assets are also subject to impairment. Refer to the accounting policies for *Impairment of non-financial assets*.

ii) 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 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 the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs. Contracts may contain both lease and non-lease components. The group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date where 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 lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

iii) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Group as a lessor

Leases where the Group transfers substantially all of the risks and benefits of ownership of the asset through its contractual arrangements to the customer are considered as a finance lease. The amounts due from lessees under finance leases are initially recognised as receivables at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding receivable from the lessee is included in the consolidated statement of financial position as a finance lease receivable, or as due from a related party, where applicable, and is carried at the amount of the net investment in the lease after making provision for impairment. Finance lease income is recognised over the term of the lease using the net investment method (before tax) to give a constant rate of return on the net investment in the leases.

3 MATERIAL ACCOUNTING POLICIES continued

Leases continued

Group as a lessor continued

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging 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 accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the consolidated statement of profit or loss in the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. 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 finite is made on a prospective basis.

Gains or losses arising from derecognition 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 consolidated statement of profit or loss when the asset is derecognized.

Software

Acquired computer software licences are capitalised based on the costs incurred to acquire and bring to use the specific software. These costs are amortised on a straight-line basis over their estimated useful lives which is normally a period of three to five years.

Licenses

Acquired licenses are shown at historical cost. Licenses have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of licenses over their estimated useful lives.

The estimated useful lives of intangible assets are as follows:

	<i>Years</i>
Software	3-5
Rights and licenses	24-30

Licenses represent the right to own and operate renewable energy plants and farms, which are being amortised from the date of commercial operation of the windfarm.

3 MATERIAL ACCOUNTING POLICIES continued

Intangible assets continued

Internally generated intangible assets

Research costs are expensed as incurred. Development expenditures on an individual project are recognized as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability and intention to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete, and the asset is available for use. It is amortized over the period of expected future benefit. Amortization is recorded in cost of sales. During the period of development, the asset is tested for impairment annually.

Investment in associates and joint ventures

The Group has investments in equity-accounted investees including associates and joint ventures.

An associate is an entity over which the Group has significant influence. 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 type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

On acquisition of an associate or a joint venture, the Group undertakes a provisional purchase price allocation (PPA), identifying and valuing assets and liabilities of the associate or joint venture, as if it had acquired a business. These fair value adjustments are not recorded separately, because the investment itself is a single line item. However, the fair values identified form the basis for additional depreciation, amortisation and similar adjustments that are reflected in the investor's share of the results in subsequent years. Adjustments in the provisional purchase price allocation include assets not recognised by the associate or joint venture (such as internally developed intangible assets and similar assets).

Adjustments might also be made to recognise the fair value of assets carried by the investee at cost (such as property, plant and equipment) and to recognise liabilities at appropriate values.

Where the Group acquires an associate or joint venture, it might be necessary to use provisional figures to undertake a provisional PPA to report the acquisition at the reporting date. The Group will finalise the fair values and PPA, within one-year from the date of acquisition and will report in the following reporting period.

The Group's investments in its associate and joint venture are accounted for using the equity method.

Under the equity method, the investment in an associate or a joint venture is initially recognised at cost including any transaction costs. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment separately.

The consolidated statement of profit or loss reflects the Group's share of the results of operations of the associate or joint venture. Appropriate adjustments to the Group's share of the results of associate or joint venture after acquisition are made in order to account, for example, for amortisation of the intangible assets acquired based on their fair values at the acquisition date. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

3 MATERIAL ACCOUNTING POLICIES continued

Investment in associates and joint ventures continued

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the consolidated statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture.

The financial statements of the associates or joint ventures are prepared for the same reporting period.

When necessary, adjustments are made to bring the accounting policies in line with those of the Group. After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognises the loss as 'Provision for impairment on equity accounted investees' in the consolidated statement of profit or loss.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognized in consolidated profit or loss.

Interests in joint operations

A joint operation is a joint arrangement whereby the 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.

When a group entity undertakes its activities under joint operations, the Group as a joint operator recognizes in relation to its interest in a joint operation:

- its assets, including its share of any assets held jointly.
- its liabilities, including its share of any liabilities incurred jointly.
- its revenue from the sale of its share of the output arising from the joint operation.
- its share of the revenue from the sale of the output by the joint operation; and
- its expenses, including its share of any expenses incurred jointly.

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 assets, liabilities, revenues and expenses.

When a group entity transacts with a joint operation in which a group entity is a joint operator (such as a sale or contribution of assets), the Group is conducting the transaction with the other parties to the joint operation, and gains and losses resulting from the transactions are recognized in the Group's consolidated financial statements only to the extent of other parties' interests in the joint operation.

Tax equity partnerships

The Group has equity investments in certain companies in the United States of America, which also comprise investors whose investment participation in those entities, typically via a different class of shares governed through tax equity partnerships arrangements, is principally in return for a certain level of tax benefits expected during the initial years of operations of these entities in the form of Production Tax Credits and Investment Tax Credits. Once those investors have achieved the targeted returns specified in the underlying investment agreements their interest in the cash or other entitlements associated with their investment stake flips to either a nominal amount or their interests are acquired by the other equity investors in those entities. The Group considers the tax investors' entitlements using the Hypothetical Liquidated Book Value (HLBV) models prepared by the developer of the projects.

3 MATERIAL ACCOUNTING POLICIES continued

Tax equity partnerships continued

The Group considers the net interest attributable to tax equity investors as a liability and assess the financing obligation by adjusting accretion of interest on the investment made by tax equity investors, cash distributions and allocated tax benefits. Net interest in the equity accounted investments adjusted for financing obligation associated with tax investor determined using amortised cost models are used in accounting for the periodic results from the investments.

Inventories

The Group's inventories consist of raw and auxiliary materials, spare parts, and finished or semi-finished goods and are valued at the lower of cost, determined on a weighted average basis, and net realizable value. Cost includes all expenses incurred to bring the inventory to its current location and condition, while net realizable value represents the estimated selling price in the ordinary course of business, less estimated costs to complete and sell.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise petty cash fund, current accounts and term deposits with banks with original maturities of less than three months.

Provisions

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 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 a provision presented in the consolidated 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, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

Decommissioning liabilities

The Group records a provision for decommissioning costs of a facility or an item of plant and to restore the site on which it is located. Decommissioning costs are provided for at the present value of expected costs to settle the obligation using estimated cash flows and are recognised as part of the cost of the relevant asset. The cash flows are discounted at a current pre-tax rate that reflects the risks specific to the decommissioning liability. The unwinding of the discount is expensed as incurred and recognised in the consolidated statement of profit or loss as a finance cost. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs, or in the discount rate applied, are added to or deducted from the cost of the asset.

Employee benefits

An accrual is made for the estimated liability for employees' entitlement to annual leave as a result of services rendered by eligible employees up to the end of the year.

Provision is also made for the full amount of end of service benefits in accordance with the provisions of IAS 19, management carries out an exercise to assess the present value of its obligations using the projected unit credit method, in respect of employees' end of service benefits payable under the employment law in the respective jurisdiction, for their period of service up to the end of the year. The accrual relating to annual leave is disclosed as a current liability, while the provision relating to end of service benefit is disclosed as a non-current liability. 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 the statement of financial position with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

3 MATERIAL ACCOUNTING POLICIES continued

Employee benefits continued

Pension contributions are made in respect of UAE national employees to the UAE General Pension and Social Security Authority in accordance with the UAE Federal Law No. (2), 2000 for Pension and Social Security and also according to the local regulations of the countries the Group operates in including Greece and Spain. Such contributions are charged to the consolidated statement of profit or loss during the employees' period of service.

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.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants where the government is deemed by the Group to be acting in the capacity of a government, as opposed to an ultimate shareholder, are recognised in consolidated statement of profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate; such as grants for the Group to purchase, construct or otherwise acquire non-monetary assets are recognised as deferred government grant in the consolidated statement of financial position and transferred to consolidated statement of profit or loss on a systematic and rational basis over the useful lives of the related assets. Where the government is deemed by the Group to be acting in the capacity of an ultimate shareholder, Government grants are recognised as additional shareholder contribution in the consolidated statement of changes in equity.

Government grants that are receivable as compensation for expenses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in consolidated statement of profit or loss in the period in which they become receivable.

The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

Land granted by the Government of Abu Dhabi is recognised at nominal value.

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.

i). 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 (OCI), and fair value through profit or loss.

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. Except for 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 fair value through profit or loss, transaction costs. 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.

3 MATERIAL ACCOUNTING POLICIES continued

Financial instruments continued

i. **Financial assets** continued

Initial recognition and measurement continued

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, 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.

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument. The Group provides loans to related parties, including joint ventures and associates, under various commercial terms and conditions. When loans are granted at below-market interest rates, the difference between fair value of the loan and the transaction price is recognised as an additional capital contribution in the related entity. The loan is subsequently measured at amortized cost.

Purchases or sales of financial assets that require delivery of assets by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at fair value through profit or loss
- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses upon derecognition (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments).

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 payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognised in the interim statement of comprehensive income when the asset is derecognised, modified, or impaired.

Financial assets at fair value through profit or loss

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL

This category includes debt investments and equity investments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on equity investments are recognised as other income in the statement of profit or loss when the right of payment has been established.

3 MATERIAL ACCOUNTING POLICIES continued

Financial instruments continued

i. Financial assets continued

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 consolidated 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 (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the assets.

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 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.

Impairment of financial assets

The Group records an allowance for ECLs for all financial instruments not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

The Group recognises loss allowances for ECLs on financial assets measured at amortised cost which comprise of finance lease receivables, loans to related parties, operating financial assets, trade receivables and due from related party balances.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- the debt securities and bank balances for which credit risk (i.e., the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

3 MATERIAL ACCOUNTING POLICIES continued

Financial instruments continued

i. Financial assets continued

Impairment of financial assets continued

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

The Group considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECL

ECLs are recognised in two stages:

a) Stage 1

For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL).

For due from related parties and trade receivables that do not contain a significant financing component, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

For finance lease receivables, loans to related parties and receivables under payment plan, the Group measures ECL on an individual basis. The measurement of the loss allowance is based on the present value of the asset's expected cash flows using the asset's original EIR, regardless of whether it is measured on an individual basis or a collective basis.

b) Stage 2 and Stage 3

For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e., the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

3 MATERIAL ACCOUNTING POLICIES continued

Financial instruments continued

i). **Financial assets** continued

Impairment of financial assets continued

b) *Stage 2 and Stage 3* continued

The key inputs into the measurement of ECLs are the term structures of the following variables:

- Probability of default (PD).
- Loss given default (LGD).
- Exposure at default (EAD).
- Definition of default.
- Significant increase in credit risk; and
- Expected life.

These parameters are derived from the Group's internally developed statistical models and other historical data and are explained in detail in note 4.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer.
- a breach of contract such as a default or being more than 90 days past due.
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise.
- it is probable that the borrower will enter bankruptcy or another financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Write-off

Financial assets are written off (either partially or in full) when there is no realistic prospect of recovery. This is generally the case when the Group has exhausted all legal and remedial efforts to recover from the customers. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

The group has the following financial assets that are subject to ECL:

- Finance lease receivables
- Loans to related parties
- Trade and other receivables
- Due from related parties
- Cash and cash equivalents
- Operating financial assets

3 MATERIAL ACCOUNTING POLICIES continued

Financial instruments continued

ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified as measured at amortised cost or fair value through profit and loss.

Financial liability is initially measured at fair value plus or minus, for an item not at FVTPL transaction costs that are directly attributable to its acquisition or issue, all financial liabilities are recognised initially at fair value and, in the case of borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables (except deferred income), bank borrowings, due to related parties (except deferred government grants), lease liabilities and derivative financial liability.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

A Financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition

Financial liabilities at amortized cost

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss. This category generally applies to interest-bearing loans and borrowings.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability at fair value. The difference in the respective carrying amounts is recognised in the interim consolidated statement of comprehensive income.

Derivative financial instruments

Initial recognition and subsequent measurement

The Group uses derivative financial instruments, such as interest rate swaps, to hedge its interest rate risk. Such 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.

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment;
- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment; and
- Hedges of a net investment in a foreign operation.

At the inception of a hedge relationship, 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.

3 MATERIAL ACCOUNTING POLICIES continued

Derivative financial instruments continued

Initial recognition and subsequent measurement continued

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). A hedging relationship qualifies for hedge accounting if it meets all 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 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

The change in the fair value of a hedging instrument is recognised in the consolidated statement of profit or loss as other expense. The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognised in the consolidated statement of profit or loss as other expense.

For fair value hedges relating to items carried at amortised cost, any adjustment to carrying value is amortised through profit or loss over the remaining term of the hedge using the EIR method. The EIR amortisation may begin as soon as an adjustment exists and no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

If the hedged item is derecognised, the unamortised fair value is recognised immediately in profit or loss.

When an unrecognised firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognised as an asset or liability with a corresponding gain or loss recognised in profit or loss.

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the consolidated statement of profit or loss. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

The Group uses forward currency contracts as hedges of its exposure to foreign currency risk in forecast transactions and firm commitments. The ineffective portion relating to foreign currency contracts is recognised as other expense.

The Group designates only the spot element of forward contracts as a hedging instrument. The forward element is recognised in OCI and accumulated in a separate component of equity under cost of hedging reserve.

The amounts accumulated in OCI are accounted for, depending on the nature of the underlying hedged transaction. If the hedged transaction subsequently results in the recognition of a non-financial item, the amount accumulated in equity is removed from the separate component of equity and included in the initial cost or other carrying amount of the hedged asset or liability. This is not a reclassification adjustment and will not be recognised in OCI for the period. This also applies where the hedged forecast transaction of a non-financial asset or non-financial liability subsequently becomes a firm commitment for which fair value hedge accounting is applied.

For any other cash flow hedges, the amount accumulated in OCI is reclassified to profit or loss as a reclassification adjustment in the same period or periods during which the hedged cash flows affect profit or loss.

3 MATERIAL ACCOUNTING POLICIES continued

Derivative financial instruments continued

Cash flow hedges continued

If cash flow hedge accounting is discontinued, the amount that has been accumulated in OCI must remain in accumulated OCI if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to profit or loss as a reclassification adjustment. After discontinuation, once the hedged cash flow occurs, any amount remaining in accumulated OCI must be accounted for depending on the nature of the underlying transaction as described above.

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 assets or CGU's fair value less costs of disposal and its value in use. The 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 CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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. In determining fair value less costs of disposal, recent market transactions are taken into account. 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 companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover or exceeds a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the assets or CGU's recoverable amount. A previously recognized 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 recognized. 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 recognized for the asset in prior years.

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

Intangible assets with indefinite useful lives are tested for impairment annually at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

Fair value measurement

The Group measures financial instruments such as derivatives, and non-financial assets such as investment properties, at fair value at each balance sheet date.

3 MATERIAL ACCOUNTING POLICIES continued

Fair value measurement continued

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 at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the consolidated financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities based on the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

Fair-value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed, are summarized in note 33.

Assets held for sale and discontinued operations

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification 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. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

3 MATERIAL ACCOUNTING POLICIES continued

Assets held for sale and discontinued operations continued

Property, plant and equipment and intangible assets are not depreciated or amortized once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- Represents a separate major line of business or geographical area of operations.
- Is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or
- Is a subsidiary acquired exclusively with a view to resale

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit or loss.

New standards, interpretations and amendments adopted by the Group

The accounting policies adopted are consistent with those of the previous financial year, except for the following new standards, interpretations and amendments effective as of 1 January 2024. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

- Amendments to IFRS 16 - Lease Liability in a Sale and Leaseback
- Amendments to IAS 1 - Classification of Liabilities as Current or Non-current
- Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7

These amendments had no material impact on the consolidated financial statements of the Group.

New standards, interpretations and amendments but not yet effective

The Group is the process of assessing if the adoption of these new and amended standards and interpretations will have a material impact on its consolidated financial statements.

- IFRS 18 Presentation and Disclosure in Financial Statements
- IFRS 19 Subsidiaries without Public Accountability: Disclosures
- Amendments to IAS 7 and IFRS 7: Supplier Finance Arrangements
- Amendments to IAS 21: Lack of Exchangeability

4 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgments

Significant judgments made by management that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are:

Government grants

The Group receives land grants from the Government of Abu Dhabi and applies various judgments with respect to the accounting for such grants. The Group recognizes the land grants in the consolidated financial statements initially at nominal value i.e., AED 1. The Group exercises judgment and estimation for associated future economic benefits related to the recognised grants between the following categories: future economic benefits established; future economic benefits uncertain; or no future economic benefits, which impacts subsequent costs allocated to each grant. Costs are only assigned to the category where future economic benefits have been established.

Significant judgment is also required to determine whether the Government of Abu Dhabi in granting land banks to the Group is acting in its capacity as a shareholder or in its capacity as a government. This determination involves significant judgement.

Financial assets from service concession arrangements

The Group recognizes financial assets arising from its service concession arrangements on the basis that it has unconditional contractual right to receive cash from or at the direction of the grantor for the construction services provided, and the right to receive cash depends only on the passage of time. The financial assets are measured at fair value on initial recognition and subsequently, at amortised cost.

Classification of investees as joint ventures

For assessing joint control, the Group has considered the contractual agreement of sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. The Group has determined that it has joint control over the investees identified as joint ventures and joint operations in note 5.

Joint control is assessed on the basis that decisions about relevant activities are taken jointly with other venturers. Where the Group has more or less than 50% ownership interest, but decisions require unanimous approval of all participants then the Group considers it does not have control and investments are considered joint ventures.

Most of the above investees are limited liability companies whose legal form confers separation between the parties to the joint arrangement and the companies themselves. Furthermore, there is no contractual arrangement or any other facts and circumstances that indicate that the parties to the joint arrangement have rights to the assets and obligations for the liabilities of the joint arrangement.

Significant influence over investments in associates

Significant influence is presumed to exist when the Group holds 20% or more of the voting power of investee. When the voting power is less than 20%, the Group considers other factors that give rise to significant influence, such as the ability to participate in the financial and operating policy decisions of the investee.

The Group has determined that although it holds less than 20% of the voting power in PT Pertamina Geothermal Energy Tbk, significant influence exists due to having a representation on the Board of Directors and participation in decisions over the relevant activities of the entity. The Group has determined that it has significant influence over the investees identified as associates in note 5.

4 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS continued

Judgments continued

Project expenses

Project expenses comprise expenses incurred on screening, feasibility studies and pre-development phases of various projects undertaken by the Group. As stated in note 3 to the consolidated financial statements, the portion of such expenditure relating to property, plant and equipment is capitalised when there is reasonable certainty that projects will be developed in the future and future economic benefits will flow to the Group. The process of estimating the degree of certainty involves significant judgments on the part of senior management. Some of these projects tend to have long gestation periods and in certain cases depend on some form of government support. Furthermore, in some instances, the project size and economics are reassessed in the light of the changing economic climate, resulting in an increase in the overall project development timeline, or a downsizing of the project or certain of its component. Management periodically assesses the likelihood of such projects proceeding and uses the results of such assessments to determine whether any provision for impairment losses are required. The estimates and underlying judgments are reviewed on an ongoing basis. Actual results may differ from these estimates and judgments.

Finance leases

The Group has entered into Musataha lease arrangements over a plot of land in Jebel Al Dannah. In accordance with the guidance set out in IFRS 16 Leases, the Group has determined, based on an evaluation of the terms and conditions of the arrangements, that the exercise of the lease renewal option is reasonably certain and that the present value of the minimum lease payments constitute substantially all of the fair value of the leased asset. Therefore, the Group does not retain all significant risks and rewards of ownership of these properties and accordingly, the Group accounts for these lease arrangements as finance leases as described in note 21 to the consolidated financial statements.

Business combinations

Accounting for the acquisition of a business requires the allocation of the purchase price to the various assets and liabilities of the acquired business. For most assets and liabilities, the purchase price allocation is accomplished by recording the asset or liability at its estimated fair value. Determining the fair value of assets acquired and liabilities assumed requires judgment by management and often involves the use of significant estimates and assumptions, including assumptions with respect to future cash inflows and outflows, discount rates, the useful lives of assets and market multiples. The Group's management uses all available information to make these fair value determinations.

Uncertain tax positions

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences may arise between the actual results and adjustments to tax income and expense already recorded. Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Assessing the recoverability of deferred income tax assets requires the Group to make 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.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, 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:

Allowance for expected credit losses ("ECL")

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.

4 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS continued

Key sources of estimation uncertainty continued

Allowance for expected credit losses ("ECL") continued

The following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- a) An actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- b) 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;
- c) An actual or expected significant deterioration in the operating results of the debtor;
- d) Significant increases in credit risk on other financial instruments of the same debtor;
- e) 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.

Impairment losses on investments in equity-accounted investees

After the application of the equity method of accounting, the Group determines whether it is necessary to recognise any additional impairment loss on the carrying value of the investment in equity-accounted investees by comparing its recoverable amount with the higher of value in use or fair value less costs to sell with its carrying amount.

In determining the value in use of the investment, the Group estimates:

- its share of the present value of the estimated future cash flows expected to be generated by the associates, including the cash flows from the operations of the associates and the proceeds on the ultimate disposal of the investment; or
- the present value of the estimated future cash flows expected to arise from dividends to be received from the investment and from its ultimate disposal.

The Group recognizes the loss within 'share of profit of an associate and a joint venture' in the statement of profit or loss.

Impairments are reversed if conditions for impairment are no longer present. Evaluating whether an impairment should be reversed requires the selection of key assumptions about the future.

Accumulated impairment losses on investment in equity accounted investees recognised on the consolidated statement of financial position as at 31 December 2024 is AED 586.6 million (2023: AED 356.6 million).

Leases - estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

4 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS continued

Key sources of estimation uncertainty continued

Useful lives of property, plant and equipment and intangible assets

The Group's management determines the estimated useful lives of its property, plant and equipment and intangible assets for calculating depreciation / amortisation. 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 / amortisation charge would be adjusted where management believes that the useful lives differ from previous estimates. Where management determines that the useful life or residual value of an asset requires amendment, the net book amount in excess of the residual value is depreciated / amortised over the revised remaining useful life.

Impairment of property, plant and equipment, intangible assets and capital work in progress

Properties classified under property, plant and equipment and capital work in progress are assessed for impairment based on the assessment of cash flows on individual cash-generating units when there is an indication that those assets have suffered an impairment loss. Cash flows are determined with reference to recent market conditions, prices existing at the end of the reporting period, contractual agreements, and estimations over the useful lives of the assets and discounted using a range of discounting rates that reflects current market assessments of the time value of money and the risks specific to the asset. The net present values are compared to the carrying amounts to assess any probable impairment.

Accumulated impairment losses as at 31 December 2024 on property, plant and equipment are nil (2023: nil) and accumulated impairment losses on intangible assets are AED 80.5 million (2023: AED 80.5 million).

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the consolidated statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow (DCF) model. 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. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments.

Decommissioning liability

The provision for decommissioning costs is based on current legal and constructive requirements, technology, price levels and expected plans for remediation. Management bases these estimates on its best knowledge and reports from independent experts. Actual costs and cash outflows can differ from estimates because of changes in laws and regulations, public expectations, market conditions, discovery and analysis of site conditions and changes in technology.

Deferred taxes

The Group operates in a number of tax jurisdictions and is, therefore, required to estimate its income taxes in each of these tax jurisdictions in preparing its consolidated financial statements. In calculating income taxes, consideration is given to factors such as tax rates based on the tax legislation in force at the end of the reporting period in the different jurisdictions, non-deductible expenses, valuation allowances, changes in tax law and management's expectations of future operating results.

The Group estimates deferred income taxes based on temporary differences between the income and losses reported in its consolidated financial statements and its taxable income and losses as determined under the applicable tax laws. The tax effect of these temporary differences is recorded as deferred tax assets or liabilities in the consolidated financial statements. Deferred taxes are determined using tax rates approved or about to be approved at the end of the reporting period of each company and expected to apply when the corresponding deferred tax asset is realised, or the deferred tax liability is settled.

Service concession arrangements – Standalone selling prices

The Group determines the standalone selling prices (mark-up) for the construction and operating components of its service concessions arrangements based on terms specific to the contracts and applicable market factors.

4 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS continued

Key sources of estimation uncertainty continued

Service concession arrangements - Significant financial component

The Group estimated the significant financing component associated with its service concession arrangements using the discount rates implied in the respective contracts after considering the standalone selling prices for the construction and operating components. The Group arrived at an interest rate range between 2.32% to 6.61% per annum, depending on contract inception dates, to discount the expected cashflows over the term of the service concession arrangements.

Revenue from sale of equipment

The Group recognises revenue from sale of equipment at the point in time when control of the asset is transferred to the customer, generally on delivery of the equipment at the customer's location. The Group determined that it is the agent for such transactions, as a result, revenue is recognized on a net basis.

The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to goodwill recognised by the Group.

5 SUBSIDIARIES, EQUITY-ACCOUNTED INVESTEES AND JOINT OPERATIONS

Details of the Group's subsidiaries, equity-accounted investees and joint operations at the end of the reporting period are as follows:

<i>Subsidiaries</i>	<i>Domicile</i>	<i>Principal activities</i>	<i>Ownership interest</i>	
			2024	2023
Masdar Azerbaijan LLC	Azerbaijan	Renewable energy	100%	100%
Masdar Azerbaijan Energy LLC	Azerbaijan	Renewable energy	100%	100%
Masdar Power Services Azerbaijan LLC (MPSA)	Azerbaijan	Renewable energy	100%	100%
Shamol Zarafshan Energy FE LLC	Uzbekistan	Renewable energy	100%	100%
Masdar Power Services	Uzbekistan	Renewable energy	100%	100%
Nur Navoi Solar LLC	Uzbekistan	Renewable energy	100%	100%
Shamol Zarafshan LLC	Uzbekistan	Renewable energy	100%	100%
Nur Jizzak Solar PV FE LLC	Uzbekistan	Renewable energy	100%	100%
Nur Sherabad Solar PV FE LLC	Uzbekistan	Renewable energy	100%	100%
Nur Samakand Solar PV FE LLC	Uzbekistan	Renewable energy	100%	100%
Nur Kashkadarya Solar PV FE	Uzbekistan	Renewable energy	100%	100%
Masdar Uzbekistan LLC FE	Uzbekistan	Renewable energy	100%	100%
Masdar Power Services LLC	Uzbekistan	Renewable energy	100%	100%
Masdar Solar & Wind Cooperatief U.A.	Netherlands	Investment in renewable energy	100%	100%
Masdar Energy BV	Netherlands	Investment in renewable energy	100%	100%
Masdar Finance BV	Netherlands	Services	100%	100%
Masdar Egypt BV	Netherlands	Renewable energy	100%	100%
Masdar CES Europe B.V.	Netherlands	Renewable energy	100%	100%
Trading Company Limited	UAE	Trading	100%	100%
Masdar Specialised Technical Services LLC	UAE	Services	100%	100%
Masdar UK charging infrastructure SPV Restricted Limited	UAE	Investment	100%	100%
Masdar Global Offshore Wind Holding RSC Limited	UAE	Renewable energy	100%	100%
Al Dhafra Wind Energy Company	UAE	Renewable energy	100%	100%
Technical Service LLC Abu Dhabi Branch	UAE	Renewable energy	100%	100%
Noor One Solar Power Company LLC	UAE	Renewable energy	100%	100%
Invest Company 1 Limited	UAE	Renewable energy	100%	100%
Source Trading Company Limnited	UAE	Renewable energy	100%	100%
Masdar Offshore Wind UK Limited	UK	Investment in renewable energy	100%	100%
Masdar Offshore Wind UK II Limited	UK	Renewable energy	100%	100%
Masdar Energy UK Limited	UK	Renewable energy	100%	100%
Masdar Energy UK II Limited	UK	Renewable energy	100%	100%
Masdar Offshore Wind Scotland Limited	UK	Renewable energy	100%	100%
Masdar UK Offshore Wind Holding Limited	UK	Renewable energy	100%	100%
Masdar Arlington Energy Storage UK Holdco Ltd	UK	Renewable energy	100%	100%
Masdar Energy Storage Development UK Ltd	UK	Renewable energy	100%	100%
ARL 016 Limited	UK	Renewable energy	95%	90%
ARL Energy Development Limited	UK	Renewable energy	95%	90%

Abu Dhabi Future Energy Company PJSC (Masdar)

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31 December 2024

5 SUBSIDIARIES, EQUITY-ACCOUNTED INVESTEES AND JOINT OPERATIONS continued

<i>Subsidiaries</i>	<i>Domicile</i>	<i>Principal activities</i>	<i>Ownership interest</i>	
			2024	2023
AVE 002 Limited	UK	Renewable energy	95%	90%
Arlington Group Services Ltd	UK	Renewable energy	95%	90%
ADV 003 Limited	UK	Renewable energy	95%	90%
ADV 004 Limited	UK	Renewable energy	95%	90%
ADV 005 Limited	UK	Renewable energy	95%	90%
ADV 006 Limited	UK	Renewable energy	95%	90%
MAS 001 Limited	UK	Renewable energy	99%	99%
MAS 002 Limited	UK	Renewable energy	99%	99%
MAS 003 Limited	UK	Renewable energy	99%	99%
MAS 004 Limited	UK	Renewable energy	99%	99%
MAS 005 Limited	UK	Renewable energy	99%	99%
MAS 007 Limited	UK	Renewable energy	99%	99%
MAS 008 Limited	UK	Renewable energy	99%	99%
ESL 001 Limited	UK	Renewable energy	95%	90%
ESL 002 Limited	UK	Renewable energy	95%	90%
Masdar UK Development Company Limited	UK	Renewable energy	100%	100%
Masdar DBS East Limited	UK	Renewable energy	100%	100%
Masdar DBS West Limited	UK	Renewable energy	100%	100%
Masdar Americas LLC	USA	Renewable energy	100%	100%
Masdar Miligan Holding LLC	USA	Renewable energy	100%	100%
Rocksprings Wind Masdar Opcp LLC	USA	Renewable energy	100%	100%
Sterling Wind Masdar Opcp LLC	USA	Renewable energy	100%	100%
Masdar TG Merger Corporation	USA	Renewable energy	100%	100%
Masdar APAC Pte Ltd	Singapore	Renewable energy	100%	100%
Masdar Europe SLU	Spain	Renewable energy	100%	100%
Almenara Power SLU	Spain	Renewable energy	100%	100%
Masdar Renewable Power Services d.o.o. (MRPS)	Serbia	Renewable energy	100%	100%
PT Masdar Clean Energy Indonesia LLC	Indonesia	Renewable energy	100%	100%
Masdar Baltic Eagle Germany GmbH	Germany	Renewable energy	100%	100%
Source Masdar PV GmbH	Germany	Manufacturing	100%	100%
Esnad Masdar for Energy LLC	Saudi Arabia	Renewable energy	100%	100%
Abu Dhabi Future Energy Holding Company LLC	Saudi Arabia	Renewable energy	100%	100%
ADFEC Morocco SARLAU	Morocco	Renewable energy	100%	100%
Yas Energy Company SAE	Egypt	Renewable energy	100%	100%
Masdar Oman Holding Limited	Oman	Renewable energy	100%	100%
<i>Subsidiaries incorporated during the year</i>				
Abu Dhabi Renewable Energy Complex Limited	UAE	Renewable energy	100%	-
Masdar TG Merger Corporation	USA	Renewable energy	100%	-
Masdar Hellas Single Member SA	Greece	Renewable energy	100%	-
Masdar Espana Renewables 1, S.L.	Spain	Renewable energy	100%	-
Qazaq Wind Power LLP	Kazakhstan	Renewable energy	100%	-
Bilasuvan Solar SPV Limited Liability Company	Azerbaijan	Renewable energy	100%	-
<i>Subsidiaries acquired during the year</i>				
Terna Energy Group and its subsidiaries	Greece	Renewable energy	87%	-
Terp Spanish Holdco, S.L.U. (Saeta Yield) and its subsidiaries	Spain	Renewable energy	100%	-
<i>Associates</i>				
London Array Limited	UK	Renewable energy	20%	20%
Baltic Eagle GmbH	UK	Renewable energy	49%	49%
PT Pertamina Geothermal Energy Tbk	Indonesia	Renewable energy	15%	15%
Sharjah Waste to Energy Plant Maintenance	UAE	Renewable energy	25%	25%
<i>Associates acquired during the year</i>				
Enel Green Power España Solar 1 S.L.	Spain	Renewable energy	49.99%	-

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5 SUBSIDIARIES, EQUITY-ACCOUNTED INVESTEES AND JOINT OPERATIONS continued

<i>Joint ventures</i>	<i>Domicile</i>	<i>Principal activities</i>	<i>Ownership interest</i>	
			<i>2024</i>	<i>2023</i>
Dudgeon Holding Limited (Dudgeon Offshore Wind Limited) ("Dudgeon")	UK	Renewable energy	35%	35%
Dudgeon Extension Limited	UK	Renewable energy	35%	35%
Hywind Scotland Limited ("Hywind")	UK	Renewable energy	25%	25%
Big Beau Power Purchaser LLC	USA	Renewable energy	50%	50%
Big Beau Solar LLC	USA	Renewable energy	50% class B	50% class B
Blue Palm Holdings*	USA	Renewable energy	50% class B	50% class B
Blue Palm Class B Solar Hold Co*	USA	Renewable energy	50% class B	50% class B
Sterling Wind Phase 1 Holdings LLC*	USA	Renewable energy	100% class A	100% class A
AEM Wind LLC*	USA	Renewable energy	100% class B	100% class B
Rocksprings Val Verde Wind LLC*	USA	Renewable energy	100% class B	100% class B
Val Verde Wind Holdco LLC	USA	Renewable energy	50%	50%
Verde Wind Holdco II LLC	USA	Renewable energy	50%	50%
Shams Power Company PJSC	UAE	Renewable energy	51%	51%
Sharjah Waste to Energy Company LLC	UAE	Renewable energy	50%	50%
Emirates Waste to Energy Company LLC	UAE	Renewable energy	50%	50%
Masdar Green Hydrogen LLC*	UAE	Renewable energy	55.8%	55.8%
Emerge Limited*	UAE	Renewable energy	51%	51%
Noor Midelt 1 Procurement Company DMCC*	UAE	Renewable energy	54%	54%
Energize O&M Company LLC*	UAE	Renewable energy	60%	60%
Dhafrah Solar Energy Holding Company LLC	UAE	Renewable energy	33.34%	33.34%
Dhafrah PV2 Energy Company LLC	UAE	Renewable energy	20%	20%
Shuaa Energy 2 PSC	UAE	Renewable energy	24%	24%
Shuaa Energy 4 P.S.C	UAE	Renewable energy	40%	40%
Emirates Solar Power Company LLC *	UAE	Renewable energy	60%	60%
MW Energy Limited	UAE	Renewable energy	50%	50%
Infinity Power Holding BV	Netherlands	Renewable energy	49%	49%
Tesla Wind B.V.	Netherlands	Renewable energy	50%	50%
Bayouna Solar Energy PSC*	Jordan	Renewable energy	70%	70%
Jordan Wind Power Company PSC	Jordan	Renewable energy	50%	50%
Dumat Al Jandal Wnd Energy Company LLC	Saudi Arabia	Renewable energy	34.3%	34.3%
Dumat Wind Contracting Company LLC	Saudi Arabia	Renewable energy	34.3%	34.3%
South Jeddah Noor PV Energy Company LLC	Saudi Arabia	Renewable energy	36%	36%
Noor Jeddah Energy Service Company LLC	Saudi Arabia	Renewable energy	35.7%	35.70%
Sana Taibah for Renewable Energy	Saudi Arabia	Renewable energy	40%	40%
PV Energy Maintenance Company LLC	Saudi Arabia	Renewable energy	36%	36%
Al Shorouq Sustainable Energy Company	Saudi Arabia	Renewable energy	50%	50%
Elecion Rockingham RRF Project Co PTY Ltd	Australia	Renewable energy	37%	37%
Masdar Tribe Australia PTY Ltd	Australia	Renewable energy	50%	50%
Noor Midelt Solar Hybrid 1 Company	Morocco	Renewable energy	30%	30%
Noor Midelt O&M1 Company	Morocco	Renewable energy	37%	37%
Dimona Solar Park Ltd	Israel	Renewable energy	49%	49%
Dimona Sun Ltd	Israel	Renewable energy	49%	49%
PT Masdar Mitra Solar Radiance	Indonesia	Renewable energy	47.5%	47.5%
PT Pembangkitan Jawa Bali Masdar Solar Energi	Indonesia	Renewable energy	49%	49%
Masdar Armenia 1 CJSC*	Armenia	Renewable energy	85%	85%
Masdar Georgia Energy LLC*	Georgia	Renewable energy	90%	90%
Krnovo HoldCo d.o.o ("Krnovo")	Montenegro	Renewable energy	49%	49%
Cibuk 2 HoldCo d.o.o Beograd	Serbia	Renewable energy	50%	50%
Cibuk 2 Wind Energy d.o.o Beograd	Serbia	Renewable energy	50%	50%
Masdar Taaleri Generation d.o.o	Serbia	Renewable energy	50%	50%
Wind Energy Balkan Group Beograd*	Serbia	Renewable energy	60%	60%
Ekoenergia Solar 4 sp.z.o.o	Poland	Renewable energy	50%	50%
Karif Investment sp.z.o.o	Poland	Renewable energy	50%	50%
Fonnes SP. z.o.o	Poland	Renewable energy	50%	50%
P. Wind sp. z.o.o	Poland	Renewable energy	50%	50%
Rebat sp. z.o.o	Poland	Renewable energy	50%	50%
Szamat Investment sp. z.o.o	Poland	Renewable energy	50%	50%
Virazon Sp. z.o.o	Poland	Renewable energy	50%	50%
B. Wind Sp. z.o.o	Poland	Renewable energy	50%	50%
Surazo Sp. z.o.o	Poland	Renewable energy	50%	50%
Contino Omikron Sp. z.o.o	Poland	Renewable energy	50%	50%
Pileus Energy SP. z.o.o	Poland	Renewable energy	50%	50%

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5 SUBSIDIARIES, EQUITY-ACCOUNTED INVESTEES AND JOINT OPERATIONS continued

<i>Joint venture</i>	<i>Domicile</i>	<i>Principal activities</i>	<i>Ownership interest</i>	
			2024	2023
<i>Joint ventures acquired during the year</i>				
RWE Renewables UK Dogger Bank South (East) Ltd	UK	Renewable energy	49%	-
RWE Renewables UK Dogger Bank South (West Ltd	UK	Renewable energy	49%	-
Terra-Gen Power Holdings II LLC	USA	Renewable energy	50%	-
<i>Joint ventures incorporated during the year</i>				
Amaala Sustainable Company for Energy	Saudi Arabia	Renewable energy	43%	-
Al Ajban PV3 Energy LLC*	UAE	Renewable energy	60%	-
MNE Trading Company	UAE	Trading	40%	-
Amaala Trading Company	UAE	Trading	50%	-
<i>Joint operations</i>				
London Array Project (unincorporated)	UK	Renewable energy	20%	20%

The Group's partly owned subsidiaries are disclosed in note 29.

The Group's investments in associates and joint ventures are accounted for using the equity method of accounting. The summarised financial information of material equity-accounted investees is disclosed in note 19 to the consolidated financial statements.

* The entities where the Group has equal to or more than 50% shareholding are classified as joint ventures due to absence of control and insignificant voting rights.

6 BUSINESS COMBINATIONS

6.1 Acquisition of Terna Energy

On 28 November 2024, the Company completed the acquisition of 70% interest in Terna Energy ("Terna"), a Greek listed entity for a cash consideration of EUR 2 billion (AED 6.6 billion). Terna is a leading European clean energy platform with a track record of more than 25 years of delivering innovative and sustainable projects in renewable energy. The company specializes in financing, developing, constructing and operating renewable energy facilities, focused on wind, solar, hydroelectric and pumped storage projects.

Following the closing of the transaction, Masdar made an all-cash mandatory tender offer ("MTO") and acquired an additional 17% interest in Terna for a value of EUR 340 million (AED 1.3 billion) as at 31 December 2024.

The acquisition was funded by shareholder contributions and EUR 600 million of bank borrowings.

The Group has elected to measure the non-controlling interests in the acquiree at fair value, amounting to EUR 20 per share.

The net assets recognized are based on a provisional assessment of the fair value of identifiable assets and liabilities as at the acquisition date. Additional analysis is required to determine the acquisition date fair values of the assets and liabilities acquired. Thus, the assets and liabilities may be subsequently adjusted, with a corresponding adjustment to goodwill prior to the completion of 12 months from the acquisition date.

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6 BUSINESS COMBINATIONS continued

6.1 Acquisition of Terna Energy continued

The identifiable assets acquired, and liabilities assumed at the acquisition date are as follows:

	28 November 2024 AED'000
Property plant and equipment & right of use assets	11,891,077
Intangible assets	260,426
Investment in joint ventures	1,722
Cash and cash equivalent	2,420,450
Other non-current financial assets	31,432
Inventories	41,398
Account receivables, prepayments, and other assets	1,325,075
Account payable, accruals, and other liabilities	(3,934,057)
Decommissioning liabilities	(213,726)
Deferred tax liabilities	(1,305,612)
Lease liabilities	(134,494)
Interest bearing loans and borrowings	<u>(4,300,721)</u>
 Total identifiable net assets acquired	 <u>6,082,970</u>
 <i>Goodwill arising from the acquisition has been recognized as follows:</i>	
Consideration transferred	7,932,415
Non-controlling interest measured at fair value	1,212,005
Identifiable net assets acquired	<u>(6,082,970)</u>
 Provisional goodwill on acquisition	 <u>3,061,450</u>

The provisional goodwill of AED 3.1 billion comprises the value of expected synergies from the acquisition, repowering of existing projects and pipeline projects.

From the date of acquisition, Terna contributed AED 105 million of revenue and AED 32 million of profit before tax from continuing operations to the Group. If the combination had taken place at the beginning of 2024, the contribution to Group's profit before tax from continuing operations would have been AED 115 million.

6 BUSINESS COMBINATIONS continued

6.2 Acquisition of Terp Spanish Holdco, S.L.U. (Saeta Yield)

On 20 December 2024, the Company completed the acquisition of 100% interest in Saeta Yield (“Saeta”), an established renewables platform in the Iberian Peninsula with a portfolio of 745MW of predominantly wind assets, and a 1.6 GW development pipeline in Spain and Portugal for cash consideration amounting AED 2.7 billion (EUR 698 million).

The net assets recognized are based on a provisional assessment of the fair value of identifiable assets and liabilities as at the acquisition date. Additional analysis is required to determine the acquisition date fair values of the assets and liabilities acquired. Thus, the assets and liabilities may be subsequently adjusted, with a corresponding adjustment to goodwill prior to the completion of 12 months from the acquisition date.

The identifiable assets acquired, and liabilities assumed at the acquisition date are as follows:

	<i>20 December 2024 AED'000</i>
Property plant and equipment & right of use assets	2,449,544
Intangible assets	1,566,918
Cash and cash equivalent	106,794
Account receivables, prepayments, and other assets	324,569
Account payable, accruals, and other liabilities	(299,809)
Interest bearing loans and borrowings	(2,034,770)
Deferred tax liabilities	(282,377)
Lease liabilities	<u>(118,687)</u>
 Total identifiable net assets acquired	 1,712,182
 <i>Goodwill arising from the acquisition has been recognized as follows:</i>	
Consideration transferred	2,655,452
Identifiable net assets acquired	<u>(1,712,182)</u>
 Provisional goodwill on acquisition	 <u>943,270</u>

The provisional goodwill of AED 0.9 billion comprises the value of expected synergies from the acquisition, repowering of existing projects and pipeline projects.

Saeta contributed nominal revenue and profit during the year to the Group as the acquisition closed on 20 December 2024. If the combination had taken place at the beginning of 2024, the contribution to Group's profit before tax from continuing operations would have been AED 76.3 million.

Abu Dhabi Future Energy Company PJSC (Masdar)

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7 REVENUES

	<i>Year ended 31 December 2024 AED '000</i>	<i>Year ended 31 December 2023 AED '000</i>
Revenue from contracts with customers	3,417,731	3,554,976
Finance lease income (note 21.1)	3,728	4,057
Others	<u>413</u>	<u>456</u>
	<u>3,421,872</u>	<u>3,559,489</u>
Revenue from contracts with customers:		
Renewable power generation	582,888	442,976
Concession revenue (i)	2,029,475	2,893,226
Special projects	41,557	27,621
Trading income	370,691	158,634
Development fee income	<u>393,120</u>	<u>32,519</u>
	<u>3,417,731</u>	<u>3,554,976</u>
Geographical markets		
Uzbekistan	2,030,734	3,031,476
United Arab Emirates	619,915	50,697
United Kingdom	413,094	442,957
Kingdom of Saudi Arabia	172,085	1,415
Greece	111,477	-
Azerbaijan	56,463	5,205
Poland	5,858	-
Spain	4,008	-
Serbia	2,429	2,716
Bulgaria	1,634	-
Germany	34	-
Jordan	<u>-</u>	<u>20,510</u>
	<u>3,417,731</u>	<u>3,554,976</u>
Timing of revenue recognition:		
Over time	2,029,475	2,893,226
At a point in time	<u>1,388,256</u>	<u>661,750</u>
	<u>3,417,731</u>	<u>3,554,976</u>

(i) Concession revenue (note 20)

	<i>Year ended 31 December 2024 AED '000</i>	<i>Year ended 31 December 2023 AED '000</i>
Revenue from construction	1,803,128	2,833,969
Interest income from service concession	219,824	51,015
Revenue from operation	<u>6,523</u>	<u>8,242</u>
	<u>2,029,475</u>	<u>2,893,226</u>

Trade receivables and operating financial assets from contracts with customers are included in notes 20 & 24.

Abu Dhabi Future Energy Company PJSC (Masdar)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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8 GOVERNMENT GRANTS

8.1 Income from Government grants

	<i>Year ended 31 December 2024</i> <i>AED '000</i>	<i>Year ended 31 December 2023</i> <i>AED '000</i>
Income from Government grants	61,602	84,571
Expenses incurred in relation to Government grants (note 11)	<u>(61,602)</u>	<u>(84,571)</u>
	<hr/> <hr/>	<hr/> <hr/>

Income from Government grants mainly represents the annual budgetary grants related to income for operation of the IRENA and Zayed Sustainability Prize. Grants related to assets or activities which are yet to be undertaken are included within amounts due to related parties and amount to AED 74.7 million (2023: AED 55.4 million).

8.2 Land grants

The Group has received the following parcels of land by way of Government grants, which have been classified into the 'future economic benefits established', 'no future economic benefits' and 'future economic benefits uncertain' categories. Where future economic benefit has been established, land is recognised as property, plant and equipment ("PPE").

<i>Land identification</i>	<i>Granted year</i>	<i>Area in square ft</i>	<i>Carrying value as at 31 December 2024</i> <i>AED '000</i>	<i>Carrying value as at 31 December 2023</i> <i>AED '000</i>
<i>Future economic benefits established</i>				
Madinat Zayed	2008	26,909,776	-	-
Hai Al Dawood	2009	1,076	-	-
Hamran	2009	1,076	-	-

Future economic benefits established

The part of the Madinat Zayed land that has been identified and used for the purpose of construction and operation of a solar power station has been recorded as property, plant and equipment at nominal value.

The Hai Al Dawood and Hamran land have been identified for the purpose of testing of solar radiation in relation to solar plants projects and, accordingly, have been recorded as property, plant and equipment at nominal value. The remainder of the land has been classified as 'future economic benefits uncertain' as discussed below.

Future economic benefits uncertain

The Group is of the view that the future economic benefits from the use of the remaining Madinat Zayed land of 116,202,049 square ft is uncertain as the future use of this land is unknown and the Group may not comply with the conditions attaching to them or there is a possibility that it will not be used for commercial purposes and may, possibly, revert to the Government. Accordingly, it is uncertain that future economic benefits will flow to the Group from the ownership of the Madinat Zayed land and the respective land plot is not recognised as at 31 December 2024.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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9 OTHER INCOME

	<i>Year ended 31 December 2024 AED '000</i>	<i>Year ended 31 December 2023 AED '000</i>
Dividend income from a joint venture (i)	-	98,815
Others (ii)	<u>57,034</u>	<u>66,217</u>
	<u>57,034</u>	<u>165,032</u>

(i) During 2023, the Group recognized dividend income amounting to AED 98.8 million from a joint venture, being the value exceeding the carrying amount of the investment in joint venture, recognised directly through the consolidated statement of comprehensive income.

(ii) During the year, others include sponsorship income of AED 20 million, sale of urban emission reduction (UER) credits of AED 21 million and other miscellaneous income AED 16 million (2023: Others include Blue Palm indemnity income of AED 20 million, sponsorship income of AED 24 million, sale of UER credits of AED 16 million, digital technology and other miscellaneous income AED 6 million)

10 DIRECT COSTS

	<i>Year ended 31 December 2024 AED '000</i>	<i>Year ended 31 December 2023 AED '000</i>
Service concession cost of sale - construction	1,608,515	2,533,594
Service concession cost of sale – operation	4,645	8,079
Depreciation of property, plant and equipment (note 16)	178,296	85,328
Operation and maintenance	64,932	51,500
Depreciation of right-of-use assets (note 17)	28,963	21,359
Others	<u>22,946</u>	<u>14,102</u>
	<u>1,908,297</u>	<u>2,713,962</u>

11 GENERAL AND ADMINISTRATIVE EXPENSES

	<i>Year ended 31 December 2024 AED '000</i>	<i>Year ended 31 December 2023 AED '000</i>
Staff cost	442,239	314,721
Advertising, publicity, and events	104,350	151,809
Expected credit losses (note (i))	60,202	4,986
Depreciation (note 16)	14,490	10,488
Amortization of intangible assets (note 18)	14,363	4,074
Depreciation of right-of-use assets (note 17)	6,474	4,616
Research and development expenses	1,261	1,774
Others	<u>60,927</u>	<u>75,221</u>
	<u>704,306</u>	<u>567,689</u>

General and administrative expenses during the year included AED 61.6 million (2023: AED 84.6 million) charged as expenses incurred in relation to Government grants (note 8).

Abu Dhabi Future Energy Company PJSC (Masdar)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2024

11 GENERAL AND ADMINISTRATIVE EXPENSES continued

	<i>Year ended 31 December 2024 AED '000</i>	<i>Year ended 31 December 2023 AED '000</i>
<i>Note (i)</i>		
Expected credit losses (ECL)		
Provision for (reversal of) ECL on loans to related parties, net (note 22.1)	41,737	(26,606)
Reversal of provision for ECL on financial lease receivables (note 21)	(263)	(596)
Provision for ECL on operating financial assets (note 20)	<u>18,728</u>	<u>32,188</u>
	<u><u>60,202</u></u>	<u><u>4,986</u></u>

Included in other expenses is fees incurred by the Group towards the assurance services provided by the Group's auditors, as follows:

	<i>Year ended 31 December 2024 AED '000</i>	<i>Year ended 31 December 2023 AED '000</i>
Fees to statutory auditor, UAE		
Fees for auditing the statutory financial statements of the Company and its subsidiaries	2,969	2,468
Fees to statutory auditor, other		
Fees for auditing the statutory financial statements of the subsidiaries overseas	<u>5,941</u>	<u>2,682</u>
	<u><u>8,910</u></u>	<u><u>5,150</u></u>

12 PROJECT EXPENSES

	<i>Year ended 31 December 2024 AED '000</i>	<i>Year ended 31 December 2023 AED '000</i>
Project expense	<u>244,380</u>	<u>143,741</u>

Project expenses are related to legal, technical, financial and tax consultancies for upcoming projects. Included in the project expenses is fees incurred by the Group towards the services provided by the Group's auditors, as follows:

	<i>Year ended 31 December 2024 AED '000</i>	<i>Year ended 31 December 2023 AED '000</i>
Fees to statutory auditor, UAE		
Fees for services required by legislation or contractual arrangements, to be provided by auditors	<u>6,880</u>	<u>3,257</u>

Abu Dhabi Future Energy Company PJSC (Masdar)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2024

13 FINANCE INCOME AND EXPENSES

13.1 Finance income

	<i>Year ended 31 December 2024 AED '000</i>	<i>Year ended 31 December 2023 AED '000</i>
Interest income from fixed deposits	73,065	29,382
Interest income from loans to related parties (note 22.1)	<u>150,669</u>	<u>68,240</u>
	<u>223,734</u>	<u>97,622</u>

13.2 Finance expenses

	<i>Year ended 31 December 2024 AED '000</i>	<i>Year ended 31 December 2023 AED '000</i>
Interest expense on interest bearing loans and borrowings	545,915	167,192
Bank charges	33,013	9,883
Amortization of deferred financing cost	39,796	14,776
Interest expense on lease liabilities (note 17)	15,166	13,590
Accretion expense of decommissioning liability (note 31.2)	<u>4,068</u>	<u>2,620</u>
	<u>637,958</u>	<u>208,061</u>

14 TAXATION

The Group's subsidiaries in the United Arab Emirates, United Kingdom, Uzbekistan, Azerbaijan, Greece and other countries are subject to taxation. Income tax for the current year is provided on the basis of estimated taxable income computed by the Group using tax rates, enacted or substantially enacted at the reporting date, applicable in the respective countries in which the subsidiaries operate and any adjustment to tax in respect of previous years.

14.1 Income tax recognised in consolidated statement of comprehensive income

Major components of taxation are:

	<i>Year ended 31 December 2024 AED '000</i>	<i>Year ended 31 December 2023 AED '000</i>
Tax expense		
Income tax	(114,293)	(20,016)
Deferred tax	<u>(26,576)</u>	<u>(34,121)</u>
Total income tax expense recognised for the year	<u>(140,869)</u>	<u>(54,137)</u>

The Group incurred net income tax expense of AED 140.9 million during the year (2023: AED 54.1 million). Deferred tax assets primarily relate to taxable losses, and the deferred tax liability relates to capital allowances in advance of depreciation.

Abu Dhabi Future Energy Company PJSC (Masdar)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2024

14 TAXATION continued

14.1 Income tax recognised in consolidated statement of comprehensive income continued

The income tax expense for the year can be reconciled to the accounting profit as follows:

	<i>Year ended 31 December 2024 AED '000</i>	<i>Year ended 31 December 2023 AED '000</i>
Profit before income tax	553,367	9,423
Profit exempt from income tax	<u>—</u>	<u>299,540</u>
Profit subject to income tax	553,367	308,963
Income tax expense on accounting profit at effective tax rate 9% (2023: 22%)	(49,803)	(67,317)
Non-deductible expenses	(72,494)	7,870
Dividend Income from joint venture's eligible for participation exemption	13,572	—
Group tax relief and utilization of tax losses	14,100	(27,816)
Rate differential on foreign jurisdictions	(22,453)	31,993
Other adjustments	<u>(23,791)</u>	<u>1,133</u>
Income tax expense recognised in consolidated statement of profit or loss	<u>(140,869)</u>	<u>(54,137)</u>

The tax rate used for 31 December 2024 reconciliations above is the effective corporate tax rate of 9% of United Arab Emirates. Effective tax rate for the year ended 31 December 2023 is blended average of corporate tax rates of United Kingdom and Uzbekistan since income tax was only applicable for these locations in 2023.

14.2 Deferred tax balances

The following is the analysis of deferred tax assets & liabilities presented in the consolidated statement of financial position:

	<i>2024 AED '000</i>	<i>2023 AED '000</i>
Deferred tax liabilities	<u>(1,803,926)</u>	<u>(177,411)</u>

CONSOLIDATED STATEMENT OF CHANGE IN EQUITY
For the year ended 31 December 2024

14 TAXATION continued

14.2 Deferred tax balances continued

	<i>At 1 January AED '000</i>	<i>Acquisition of subsidiaries AED '000</i>	<i>Recognised in profit and loss AED '000</i>	<i>Recognised in other reserves AED '000</i>	<i>Purchase price allocation AED '000</i>	<i>Effect of movement in exchange rate AED '000</i>	<i>At 31 December AED '000</i>
2024:							
<i>Deferred tax liabilities in relation to:</i>							
Property, plant and equipment							
Others	(240,872) (72,899)	(359,989) (202,382)	(169,336) (9,958)	1,041			2,958 106
							(767,239) (284,092)
<i>Purchase price allocation for:</i>							
Saeia							
Tema							
	(313,771)	(562,371)	(179,294)	1,041	(220,169) (1,178,483)		- -
							(220,169) (1,178,483)
<i>Deferred tax assets in relation to:</i>							
Tax losses							
Others	136,360	34,324 <u>324,576</u>	90,967 <u>61,751</u>	(2,453)		(170) <u>712</u>	261,481 <u>384,576</u>
	<u>136,360</u>	<u>358,900</u>	<u>152,718</u>	<u>(2,453)</u>		<u>542</u>	<u>646,057</u>
Deferred tax liabilities, net	(177,411)	(203,471)	(26,576)	(1,422)	(1,398,652)	3,606	(1,803,926)

Abu Dhabi Future Energy Company PJSC (Masdar)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2024

14 TAXATION continued

14.2 Deferred tax balances continued

	At 1 January AED '000	Recognised in profit and loss AED '000	Recognised in other reserve AED '000	Effect of movement in exchange rate AED '000	At 31 December AED '000
2023:					
<i>Deferred tax liabilities in relation to:</i>					
Property, plant and equipment	(197,053)	(32,408)	-	(11,411)	(240,872)
Others	(59,022)	(27,218)	16,427	(3,086)	(72,899)
	(256,075)	(59,626)	16,427	(14,497)	(313,771)
<i>Deferred tax assets in relation to:</i>					
Tax losses	103,599	29,815	-	2,946	136,360
Others	4,394	(4,310)	-	(84)	-
	107,993	25,505	-	2,862	136,360
Deferred tax liabilities, net	(148,082)	(34,121)	16,427	(11,635)	(177,411)

Tax losses carried forward of AED 1,586.4 million at 31 December 2024 (2023: AED 718.9 million) do not have any expiry period and are applied at an average tax rate of 25% for the tax losses in United Kingdom, 15% for the tax losses in Uzbekistan, 25% for the tax losses in Spain and 22% for the tax losses in Greece (2023: 25% for the tax losses in United Kingdom and 15% for the tax losses in Uzbekistan.), giving rise to a deferred tax asset of AED 261.48 million (2023: AED 136.4 million).

14.3 Domestic Minimum Top-up Tax under Pillar 2 Globe Rules

The Organisation for Economic Co-operation and Development (“OECD”)/G20 Inclusive Framework on Base Erosion and Profit Shifting published the Pillar Two model (“Pillar Two”) rules designed to address the tax challenges arising from the digitalisation of the global economy.

The UAE recently implemented a Domestic Minimum Top-up Tax (“DMTT”) effective from 1 January 2025. As the UAE has only recently published the relevant regulations, the Company is in the process of reviewing the impacts of this on the Group but expects this to be not material for 2024.

The Group has applied the IAS 12 exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes.

15 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 CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer of Masdar.

For this purpose, the Group is currently organized as a single business unit of renewable power generation across different geographies and accordingly, the CODM reviews the results of operating activities of the Group as a single business segment.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2024

15 OPERATING SEGMENT INFORMATION continued

The following tables present revenue and certain asset information relating to the Group based on geographical location as at 31 December:

	<i>United Arab Emirates AED '000'</i>	<i>Europe AED '000'</i>	<i>Central Asia AED '000'</i>	<i>Indonesia AED '000'</i>	<i>United States of America AED '000'</i>	<i>Egypt AED '000'</i>	<i>Others AED '000'</i>	<i>Total AED '000</i>
2024								
Revenues	624,056	536,105	2,087,197	-	-	-	174,514	3,421,872
Non-current assets	1,962,728	30,037,742	5,277,198	1,491,330	8,126,720	1,203,793	1,064,867	49,164,378
2023								
Revenues	55,210	442,957	3,036,681	-	-	-	24,641	3,559,489
Non-current assets	775,880	3,831,018	3,794,666	1,488,336	2,082,675	1,449,618	162,473	13,584,666

Reconciliation of total non-current assets:

	<i>2024 AED '000</i>	<i>2023 AED '000</i>
Non-current assets allocated to geographical locations	49,164,378	13,584,666
Derivative financial assets	254,890	169,671
Other non-current financial assets	<u>98,371</u>	<u>35,642</u>
Total non-current assets	<u>49,517,639</u>	<u>13,789,979</u>

Other information

The Group has 2 major customers that contributed more than 10% towards the Group's revenue during the year ended 31 December, as presented in the following table.

	<i>AED '000</i>
2024	
Customer 1	2,029,524
Customer 2	413,094
2023	
Customer 1	3,031,476
Customer 2	442,957

Abu Dhabi Future Energy Company PJSC (Masdar)

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16 PROPERTY, PLANT AND EQUIPMENT

	<i>Land and building AED '000</i>	<i>Plant and machinery AED '000</i>	<i>Furniture and fixtures AED '000</i>	<i>Capital work in progress AED '000</i>	<i>Total AED '000</i>
2024					
Cost:					
At 1 January 2024	6,420	1,967,486	57,245	717,863	2,749,014
Additions	-	63,089	3,275	125,890	192,254
Transfers	-	693,802	-	(693,802)	-
Acquisition of subsidiaries (note 6)	1,073,018	11,859,251	11,434	1,161,179	14,104,882
Exchange adjustment	(79,123)	(468,099)	(2)	(64,021)	(611,245)
At 31 December 2024	1,000,315	14,115,529	71,952	1,247,109	16,434,905
Accumulated depreciation:					
At 1 January 2024	3,699	918,999	44,546	-	967,244
Depreciation charge for the year	4,059	177,064	11,663	-	192,786
Exchange adjustment	(69)	(16,719)	(2)	-	(16,790)
At 31 December 2024	7,689	1,079,344	56,207	-	1,143,240
Carrying amount:					
At 31 December 2024	992,626	13,036,185	15,745	1,247,109	15,291,665
2023					
Cost:					
At 1 January 2023	6,093	1,859,907	57,652	322,115	2,245,767
Additions	-	4,852	4,293	874,358	883,503
Transfers	-	-	-	(478,674)	(478,674)
Disposal	-	-	(4,707)	-	(4,707)
Exchange adjustment	327	102,727	7	64	103,125
At 31 December 2023	6,420	1,967,486	57,245	717,863	2,749,014
Accumulated depreciation:					
At 1 January 2023	3,227	787,017	40,522	-	830,766
Depreciation charge for the year	268	86,824	8,724	-	95,816
Disposals	-	-	(4,707)	-	(4,707)
Exchange adjustment	204	45,158	7	-	45,369
At 31 December 2023	3,699	918,999	44,546	-	967,244
Carrying amount:					
At 31 December 2023	2,721	1,048,487	12,699	717,863	1,781,770

No specific property, plant and equipment has been pledged against the existing loans. The loans granted are senior secured. Refer to note 30.

During the year, the Group capitalised borrowing costs of AED 2.5 million (2023: 18.2 million) with respect to Masdar Azerbaijan 230 MW PV plant.

Included in plant and machinery are corresponding decommissioning liabilities relating to the London Array Project, Masdar Azerbaijan Energy LLC, Terna Energy Group and Terp Spanish Holdco SL amounting to AED 357.3 million as at 31 December 2024 (2023: AED 68.9 million) (note 31.2).

Abu Dhabi Future Energy Company PJSC (Masdar)

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16 PROPERTY, PLANT AND EQUIPMENT continued

Capital work in progress relates to the following projects:

	2024 AED '000	2023 AED '000
Terna Energy Pump Storage Project Etoloakarnania	1,089,948	-
Arlington Group Services battery energy storage	102,529	12,510
Corporate business support and digital technology assets	35,112	17,530
Lestenergia Repowering wind farm	8,321	-
Masdar Azerbaijan 230 MW PV plant	-	681,910
Others	<u>11,199</u>	<u>5,913</u>
	<u>1,247,109</u>	<u>717,863</u>

Depreciation charge has been allocated to cost of sales and general and administrative expenses as follows:

	Year ended 31 December 2024 AED '000	Year ended 31 December 2023 AED '000
Direct costs (note 10)	178,296	85,328
General and administrative expenses (note 11)	<u>14,490</u>	<u>10,488</u>
	<u>192,786</u>	<u>95,816</u>

17 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

Set out below are the carrying amounts of the Group's right-of-use assets and lease liabilities and the movements during the year:

Right-of-use assets

	Land AED '000	Building AED '000	Vessels AED '000	Plant and machinery AED '000	Office equipment AED '000	Total AED '000
2024						
Cost:						
At 1 January 2024	24,313	30,114	8,090	310,253	1,616	374,386
Additions	6,821	11,115	16	-	-	17,952
Acquisition of subsidiaries (note 6)	226,709	7,757	1,273	-	-	235,739
Exchange adjustments	<u>(5,172)</u>	<u>(345)</u>	<u>(153)</u>	<u>(5,226)</u>	<u>(662)</u>	<u>(11,558)</u>
At 31 December 2024	<u>252,671</u>	<u>48,641</u>	<u>9,226</u>	<u>305,027</u>	<u>954</u>	<u>616,519</u>
Accumulated depreciation:						
At 1 January 2024	7,717	6,983	8,090	85,874	294	108,958
Depreciation charge for the year	2,934	12,436	147	19,732	188	35,437
Exchange adjustments	<u>(1,645)</u>	<u>(160)</u>	<u>(143)</u>	<u>(1,346)</u>	<u>(121)</u>	<u>(3,415)</u>
At 31 December 2024	<u>9,006</u>	<u>19,259</u>	<u>8,094</u>	<u>104,260</u>	<u>361</u>	<u>140,980</u>
Carrying amount						
At 31 December 2024	<u>243,665</u>	<u>29,382</u>	<u>1,132</u>	<u>200,767</u>	<u>593</u>	<u>475,539</u>

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17 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES continued

Right-of-use assets continued

	Land AED '000	Building AED '000	Vessels AED '000	Plant and machinery AED '000	Office equipment AED '000	Total AED '000
2023						
<i>Cost:</i>						
At 1 January 2023	23,075	32,128	7,677	294,454	294	357,628
Additions	-	18,852	-	-	1,322	20,174
Lease terminations (i)	-	(21,022)	-	-	-	(21,022)
Exchange adjustments	1,238	156	413	15,799	-	17,606
At 31 December 2023	<u>24,313</u>	<u>30,114</u>	<u>8,090</u>	<u>310,253</u>	<u>1,616</u>	<u>374,386</u>
<i>Accumulated depreciation:</i>						
At 1 January 2023	4,752	820	6,860	65,771	294	78,497
Depreciation charge for the year	1,422	6,130	955	17,468	-	25,975
Exchange adjustments	1,543	33	275	2,635	-	4,486
At 31 December 2023	<u>7,717</u>	<u>6,983</u>	<u>8,090</u>	<u>85,874</u>	<u>294</u>	<u>108,958</u>
<i>Carrying amount:</i>						
At 31 December 2023	<u>16,596</u>	<u>23,131</u>	<u>-</u>	<u>224,379</u>	<u>1,322</u>	<u>265,428</u>

Lease liabilities

	2024 AED '000	2023 AED '000
As at 1 January	<u>291,213</u>	<u>299,891</u>
Additions	<u>17,952</u>	<u>18,852</u>
Acquisition of subsidiaries (note 6)	<u>253,181</u>	<u>-</u>
Lease terminations (i)	-	(21,022)
Interest expense (note 13.2)	<u>15,166</u>	<u>13,590</u>
Payments made during the year	<u>(47,176)</u>	<u>(33,487)</u>
Effect of movement in exchange rate	<u>(8,811)</u>	<u>13,389</u>
As at 31 December	<u>521,525</u>	<u>291,213</u>

Lease liabilities are disclosed in the consolidated statement of financial position as:

	2024 AED '000	2023 AED '000
Current	<u>14,142</u>	<u>8,608</u>
Non-current	<u>507,383</u>	<u>282,605</u>
	<u>521,525</u>	<u>291,213</u>

(i) During 2023, the Group exited 3 office premise leases in Masdar City as part of the transfer of Masdar City related entities to the shareholder, Mamoura Diversified Global Holding PJSC. Accordingly, the Group derecognised the respective right-of-use assets and lease liabilities associated with these lease contracts.

The average effective interest rate applied for calculating lease liabilities ranges between 2% to 6.4% (2023: 2% to 5%) per annum.

Maturity analysis of lease liabilities is disclosed in note 35.

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17 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES continued

The following are the amounts recognised in the consolidated statement of comprehensive income:

	Year ended 31 December 2024 AED '000	Year ended 31 December 2023 AED '000
Depreciation of right-of-use assets	35,437	25,975
Interest expense on lease liabilities (note 13.2)	15,166	13,590
Expense relating to short term or low value leases	—	324
Total amount recognised in profit or loss	<u>50,603</u>	<u>39,889</u>

Depreciation of right of use assets in the consolidated statement of comprehensive income is as follows:

	Year ended 31 December 2024 AED '000	Year ended 31 December 2023 AED '000
Direct costs (note 10)	28,963	21,359
General and administrative expenses (note 11)	<u>6,474</u>	<u>4,616</u>
	<u><u>35,437</u></u>	<u><u>25,975</u></u>

18 INTANGIBLE ASSETS AND GOODWILL

	Software AED '000	License AED '000	Goodwill AED '000	Total AED '000
2024				
<i>Cost:</i>				
At 1 January 2024	22,951	156,550	179,219	358,720
Additions	8	521	—	529
Acquisition of subsidiaries (note 6)	2,641	1,824,703	4,004,720	5,832,064
Exchange adjustments	—	(1,242)	(107,714)	(108,956)
At 31 December 2024	<u>25,600</u>	<u>1,980,532</u>	<u>4,076,225</u>	<u>6,082,357</u>
<i>Accumulated amortisation and impairment:</i>				
At 1 January 2024	22,028	110,276	—	132,304
Amortization for the year	500	13,863	—	14,363
Exchange adjustments	—	(706)	—	(706)
At 31 December 2024	<u>22,528</u>	<u>123,433</u>	<u>—</u>	<u>145,961</u>
<i>Carrying amount:</i>				
At 31 December 2024	<u><u>3,072</u></u>	<u><u>1,857,099</u></u>	<u><u>4,076,225</u></u>	<u><u>5,936,396</u></u>

18 INTANGIBLE ASSETS AND GOODWILL continued

	<i>Software</i> AED '000	<i>License</i> AED '000	<i>Goodwill</i> AED '000	<i>Total</i> AED '000
2023				
<i>Cost:</i>				
At 1 January 2023	22,103	153,231	164,132	339,466
Addition	848	-	-	848
Acquisition of subsidiaries (note 6)	-	-	5,663	5,663
Exchange adjustments	-	3,319	9,424	12,743
At 31 December 2023	<u>22,951</u>	<u>156,550</u>	<u>179,219</u>	<u>358,720</u>
<i>Accumulated amortisation and impairment:</i>				
At 1 January 2023	20,721	106,177	-	126,898
Amortization for the year	1,307	2,767	-	4,074
Exchange adjustments	-	1,332	-	1,332
At 31 December 2023	<u>22,028</u>	<u>110,276</u>	<u>179,219</u>	<u>132,304</u>
<i>Carrying amount:</i>				
At 31 December 2023	<u>923</u>	<u>46,274</u>	<u>179,219</u>	<u>226,416</u>

Impairment of goodwill

The Group performs goodwill impairment testing on an annual basis, at the reporting date, and when there are indicators of impairment.

Arlington Group Services Limited

For the purpose of impairment testing, goodwill acquired through business combination is allocated to Arlington Group Services Limited's network of battery energy storage systems (BESS), which is the smallest identifiable group of assets capable of generating independent cashflows i.e. cash-generating-unit (CGU). Recoverable value of the CGU is determined based on a value in use calculation using cash flow projections from financial budgets approved by senior management covering the useful life of the BESS (32 years). The pre-tax discount rate applied to the cash flow projections is 9.7% (2023: 9.0%).

Terna Energy Group and Saeta Yield SL

During the year, the Group acquired Terna Energy Group and Saeta Yield SL (note 6) near the reporting date. The Purchase Price Allocation (PPA) exercise is in progress to determine the fair values of the acquired assets, liabilities, and goodwill. Given the complexity of valuing renewable energy assets, including power purchase agreements, regulatory considerations, and forecasted cash flows, the final allocation is expected to be completed within the 12-month measurement period. At this stage, no impairment indicators have been identified, as the acquisition was completed close to the year-end, and the carrying value of goodwill remains provisional.

Sensitivity to changes in assumptions

The impairment tests are particularly sensitive to commodity prices, foreign exchange rates and discount rates. Management believes that no reasonably possible adverse change in these assumptions would cause the carrying value of the cash-generating unit to materially exceed its recoverable amount.

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19 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

The Group's investments in associates and joint ventures at 31 December are as follows:

	2024			2023		
	Joint		Total AED '000	Joint		Total AED '000
	Associates AED '000	ventures AED '000		Associates AED '000	ventures AED '000	
At 31 December	<u>6,870,111</u>	<u>13,632,323</u>	<u>20,502,434</u>	<u>2,996,465</u>	<u>4,585,465</u>	<u>7,581,930</u>

The movement in investments in associates and joint ventures is set out below:

	Associates AED '000	Joint ventures AED '000	Total AED '000
At 1 January 2024	2,996,465	4,585,465	7,581,930
Investments during the year (i)	4,061,325	9,180,809	13,242,134
Additions through acquisition of subsidiaries (note 6.1)	-	1,722	1,722
Share of results of equity-accounted investees	49,466	470,632	520,098
Dividends received (ii)	(66,449)	(439,743)	(506,192)
Share of movement in hedging reserves	-	(27,821)	(27,821)
Share of movement in foreign exchange reserves	(170,696)	(67,359)	(238,055)
Share of other comprehensive loss	-	(28,680)	(28,680)
Reclassification (iii)	-	187,298	187,298
Impairment (iv)	-	(230,000)	(230,000)
At 31 December 2024	<u>6,870,111</u>	<u>13,632,323</u>	<u>20,502,434</u>
At 1 January 2023	3,389	3,688,449	3,691,838
Investments during the year (i)	2,891,047	1,346,731	4,237,778
Share of results of equity-accounted investees	112,314	(160,570)	(48,256)
Dividends received (ii)	(12,345)	(228,951)	(241,296)
Share of movement in hedging reserves	-	(20,835)	(20,835)
Share of movement in foreign exchange reserves	182	88,808	88,990
Share of other comprehensive gain	1,878	22,097	23,975
Reclassification (iii)	-	33,180	33,180
Impairment (iv)	-	(183,444)	(183,444)
At 31 December 2023	<u>2,996,465</u>	<u>4,585,465</u>	<u>7,581,930</u>

In 2023, the Group's investment in Baltic Eagle of AED 1,570 million was classified as a joint venture. Following a reassessment in 2024, based on governance rights and decision-making influence, it was determined that the Group exercises significant influence rather than joint control. Accordingly, the investment has been reclassified as an associate under IAS 28.

(i) During the year, the Group has made the following significant investments:

Terra-Gen Power Holdings II LLC

On 30 September 2024 the Company completed the purchase of a 50% interest in Terra-Gen Power Holdings II LLC ("Terra-Gen"), a joint venture, for USD 1,498.4 million (AED 5,504.5 million). Terra-Gen's gross operating portfolio comprises 3.8GW of wind, solar and battery storage projects, including 5.1GWh of energy storage facilities across 30 renewable power sites. The acquisition was funded by additional shareholder contributions.

The net assets recognized are based on a provisional assessment of the fair value of identifiable assets and liabilities as at the acquisition date. Additional analysis is required to determine the acquisition date fair values of the assets and liabilities acquired. Thus, the assets and liabilities may be subsequently adjusted, with a corresponding adjustment to goodwill prior to the completion of 12 months from the acquisition date.

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19 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES continued

Terra-Gen Power Holdings II LLC continued

The fair value of Masdar's share of identifiable assets and liabilities of Terra-Gen at the acquisition date based on the purchase price allocation was as follows:

	<i>30 September 2024 AED'000</i>
<i>Assets</i>	
Current assets	765,491
Non-current assets	16,889,793
<i>Liabilities</i>	
Current liabilities	2,993,784
Non-current assets	<u>5,672,005</u>
Net assets	<u>8,989,495</u>
Masdar's share of net assets	<u>4,494,747</u>
<i>Goodwill arising from the acquisition has been recognized as follows:</i>	
Purchase consideration	5,504,534
Share of identifiable net assets acquired	<u>(4,494,747)</u>
Provisional goodwill on acquisition	<u>1,009,787</u>

Enel Green Power España Solar 1 S.L.

On 23 December 2024, the Group completed the purchase of 49.99% ownership interest in Enel Green Power España Solar 1 S.L. (“EGPE Solar”), an associate for EUR 852.1 million (AED 3,288.2 million) with a portfolio of approximately 2.5 GW of solar and battery energy storage systems hybridization capacity in Spain. The acquisition was funded by additional shareholder contributions and a senior debt.

The net assets recognized are based on a provisional assessment of the fair value of identifiable assets and liabilities as at the acquisition date. Additional analysis is required to determine the acquisition date fair values of the assets and liabilities acquired. Thus, the assets and liabilities may be subsequently adjusted, with a corresponding adjustment to goodwill prior to the completion of 12 months from the acquisition date.

The fair value of Masdar's share of identifiable assets and liabilities of EGPE Solar at the acquisition date based on the purchase price allocation was as follows:

	<i>31 December 2024 AED'000</i>
<i>Assets</i>	
Current assets	590,409
Non-current assets	6,850,889
<i>Liabilities</i>	
Current liabilities	250,827
Non-current liabilities	<u>824,215</u>
Net assets	<u>6,366,256</u>
Masdar share of net assets	<u>3,182,491</u>
<i>Goodwill arising from the acquisition has been recognized as follows:</i>	
Purchase consideration	3,288,187
Share of identifiable net assets acquired	<u>(3,182,491)</u>
Provisional goodwill on acquisition	<u>105,696</u>

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19 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES continued

Dogger Bank South East Limited and Dogger Bank South West Limited

On 29 February 2024, the Group completed the acquisition of 49% ownership interest in RWE Renewables UK Dogger Bank Southwest Limited and RWE Renewables UK Dogger Bank South East Limited (together known as "Project Falke") ("DBS"), a joint venture, for a consideration of GBP 515.7 million (AED 2,392.7 million). This amount includes a deferred consideration of GBP 102.5 million (AED 475.9 million). During the year, an additional contribution of GBP 86.0 million (AED 398.4 million) was paid into the investee.

The net assets recognized are based on a provisional assessment of the fair value of identifiable assets and liabilities as at the acquisition date. Additional analysis is required to determine the acquisition date fair values of the assets and liabilities acquired. Thus, the assets and liabilities may be subsequently adjusted, with a corresponding adjustment to goodwill prior to the completion of 12 months from the acquisition date.

The identifiable assets acquired, and liabilities assumed at the acquisition date are as follows:

		29 February 2024 AED '000
<i>Assets</i>		
Current assets		109,695
Non-current assets		4,564,723
<i>Liabilities</i>		
Current liabilities		66,905
Non-current liabilities		<u>316,882</u>
Net assets		<u>4,290,631</u>
Masdar's share of net assets		<u>2,102,409</u>
<i>Goodwill arising from the acquisition has been recognized as follows:</i>		
Purchase consideration		2,392,747
Identifiable net assets acquired		<u>(2,102,409)</u>
Provisional goodwill on acquisition		<u>290,338</u>

During 2024, the Group has made the following significant additional capital contribution to its equity accounted investees.

- Baltic Eagle GmbH, an associate, for a consideration of EUR 194.1 million (AED 773.1 million)
- Al Dhafra PV2, a joint venture, for a consideration of AED 139.7 million.
- Masdar Green Hydrogen, a joint venture, for a consideration of AED 36.9 million
- Infinity Power Holdings BV, a joint venture, for a consideration of USD 9.2 million (AED 33.7 million)
- Dudgeon Extension Limited, a joint venture, for a consideration of GBP 4.5 million (AED 25.1 million)
- Several other investments in project companies amounting to AED 23.5 million

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19 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES continued

During 2023, the Group has made the following significant investments:

- Additional contribution in Infinity Power Holdings BV, a joint venture, for a consideration of USD 251.5 million (AED 924.1 million)
- Additional contribution in Dudgeon Extension Limited, a joint venture, for a consideration of GBP 4.5 million, (AED 20.8 million)
- 49% ownership interest in Baltic Eagle GmbH, an associate, for EUR 387.1 million (AED 1,499.3 million)
- 15% ownership interest in PT Pertamina Geothermal Energy, an associate, for Indonesian Rupee 5,433 billion (AED 1,321.4 million)
- 50% ownership interest in Big Beau Holdings, a joint venture, for USD 85.8 million (AED 315.0 million)
- 50% ownership in Project Fluid for EUR 16.4 million (AED 64.1 million)
- 55% ownership interest in Masdar Green Hydrogen LLC for USD 20.7 million (AED 75.9 million)

Baltic Eagle GmbH

On 2 November 2023, the Group acquired 49% of Baltic Eagle GmbH from Iberdrola for EUR 387.1 million (AED 1,499.3 million). The wind farm, scheduled to commence operations by the end of 2024, has a minimum regulated tariff of EUR 64.6/MWh for the first 15 years.

The fair valuation of net identifiable assets and liabilities has been performed in year 2024 and is presented below:

		20 November 2023 AED '000
<i>Assets</i>		
Current assets		241,747
Non-current assets		4,286,624
<i>Liabilities</i>		
Current liabilities		1,560,399
Non-current assets		<u>116,458</u>
Net assets		<u>2,851,514</u>
Masdar's share of net assets		<u>1,397,242</u>
<i>Goodwill arising from the acquisition has been recognized as follows:</i>		
Consideration transferred		1,499,313
Identifiable net assets acquired		<u>(1,397,242)</u>
Goodwill on acquisition		<u>102,071</u>

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19 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES continued

(iii) During the year, the Group received dividends from the following investments:

	<i>Year ended 31 December 2024 AED'000</i>	<i>Year ended 31 December 2023 AED'000</i>
Dudgeon Offshore Wind UK Limited	145,939	-
Big Beau Holdco LLC	70,871	19,529
MNE Trading Ltd	67,990	-
PT Pertamina Geothermal Energy TBK	66,449	12,345
Shams Power Company PJSC	57,507	49,460
Jordan Wind Power Company PJSC	26,082	20,471
Rocksprings Val Verde Wind LLC	23,051	-
Blue Palm Holdings	15,497	4,001
Tesla Wind d.o.o.	30,745	45,001
Sterling Wind Phase 1 Holdings LLC	2,061	4,738
Sharjah Waste to Energy Company LLC	-	50,000
Hywind Scotland Limited	-	22,268
Emirates Solar Power Company LLC	-	11,190
MSTS Energize O&M	-	2,293
	<u>506,192</u>	<u>241,296</u>

(iii) These represent amounts reclassified from loans to related parties to investments in associates and joint ventures. During the year, a majority of the movement related to a loan balance of AED 187 million outstanding from Shuaa Energy IV (2023: nil) were transferred to investments in associates and joint ventures (2023: During the year, a loan balance of AED 8.3 million outstanding from Emerge Limited and a loan balance of AED 24.8 million outstanding from Dumat al Jandal were transferred to investments in associates and joint ventures).

(iv) The movement in the impairment losses on investments in associates and joint ventures is as follows:

	<i>2024 AED '000</i>	<i>2023 AED '000</i>
At 1 January	356,594	169,095
Impairment losses recognised during the year, net	230,000	183,444
Reclassifications, net	-	4,055
At 31 December	<u>586,594</u>	<u>356,594</u>

Net impairment losses recognised during the year are related to the following investments:

	<i>Year ended 31 December 2024 AED '000</i>	<i>Year ended 31 December 2023 AED '000</i>
Dumat Al Jandal Wind Energy Company LLC	160,000	33,389
Shuaa Energy 2 PJSC	70,000	-
East Rockingham Holdco Pty Ltd	-	147,344
Rocksprings Val Verde Wind LLC	-	(146,823)
Masdar Blue Palm Holdings LLC	-	149,534
	<u>230,000</u>	<u>183,444</u>

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19 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES continued

2024:

The Group carried out impairment testing on its equity accounted investments in Shuaa Energy 2 and Dumat Al Jundal Wind Energy Company LLC as a result of indicators of impairment identified by management.

Dumat Al Jundal Wind Energy Company LLC

Dumat Al Jundal is a wind energy project in Saudi Arabia. During 2023, the Group had fully impaired this project as a result of delays, cost overruns and a reduction in production forecast due to lower overall wind levels that resulted in a lower forecast net cash generation in the joint venture. During the year, the Group further impaired AED 160 million (US\$ 43.5 million) of its additional investment on payment of recourse equity bridge loan.

Shuaa Energy 2

Shuaa Energy 2 is a solar PV project in the United Arab Emirates. During 2024, UAE recorded its heaviest rainfall in 75 years with high winds and heavy rains which caused floods in Dubai impacting the project's solar plant. Due to the physical damage to the assets, a physical assessment was conducted to evaluate the condition of the affected assets. In addition, management performed an impairment assessment to determine the carrying value of the investment in the project.

Based on management's assessment of recoverability of the investment, a provision for impairment of AED 70 million was recognised during the year which is equal to the carrying value of the investment.

Recoverable amounts of the investments are determined based on value in use (VIU) calculations using prospective financial information based on approved budgets, over the useful lives of the underlying assets. Pre-tax discount rate of 7.5% was used. Revenue forecast is based on average market price curves through to the end of the project's useful life, with adjustments for availability and congestion. Operational costs were forecasted based on operations and maintenance agreements.

2023:

The Group carried out impairment testing on its equity accounted investments in Masdar Blue Palm Holdings LLC, East Rockingham Holdco Pty Ltd and Dumat Al Jundal Wind Energy Company LLC as a result of indicators of impairment identified by management.

The Group also assessed the recoverable amount of its investment in Rocksprings Val Verde Wind LLC at 31 December 2023 based on evidence of improved performance and partially reversed previously recognised impairment losses.

Recoverable amounts of the investments are determined based on value in use (VIU) calculations using prospective financial information based on approved budgets, over the useful lives of the underlying assets. Key assumptions applied in calculating the recoverable amounts under VIU method are as follows:

Equity accounted investment	Pre-tax discount rate	Growth rate over revenue and earnings before interest, depreciation, and amortisation (EBITDA)
Masdar Blue Palm Holdings LLC	6.7%	<p>Revenue forecasts are based on applicable power purchase agreements, energy hedge agreements for the wind farms and market price curves, with adjustments for availability and congestion. Restructuring measures have also been considered in forecasting revenue and EBITDA.</p> <p>Operational costs are forecast based on operations and maintenance agreements.</p>
Rocksprings Val Verde Wind LLC	6.7%	<p>Revenue forecast is based on average market price curves through the end of the project's useful life, with adjustments for availability and congestion.</p> <p>Operational costs are forecast based on operations and maintenance agreements.</p>

19 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES continued

Investments in East Rockingham Holdco Pty Ltd (East Rockingham) and Dumat Al Jandal Wind Energy Company LLC (Dumat Al Jandal) were fully impaired during the year.

East Rockingham is a waste to energy project in Australia. The project is significantly delayed in completion of development (COD). The Group is negotiating settlement agreements with the contractors and a restructuring plan for the project with its joint venture partner.

Dumat Al Jandal is a wind energy project in Saudi Arabia. This project had delays, cost overruns and a reduction in production forecast due to lower overall wind levels that resulted in a lower forecast net cash generation in the joint venture. Based on management's assessment of recoverability of the investment, a provision for impairment was recognised during the year which is equal to the carrying value of the investments.

Summarised financial information in respect of the Group's material equity-accounted investees, not adjusted for the percentage ownership held by the Group, is set out below.

19 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES continued

The summarised financial information below represents amounts shown in the equity-accounted investees' financial statements prepared in accordance with the IFRSs.

Classification	Current assets AED '000	Non-current assets AED '000	Current liabilities AED '000	Non-current liabilities AED '000	Net assets AED '000	Current liabilities	Non-current liabilities other than trade and other payable and provisions AED '000
						Other than trade and other payables and provisions AED '000	Cash and cash equivalents AED '000
<i>Year ended 31 December 2024</i>							
Terra-Gen Power Holdings II LLC	Joint venture	823,979	14,873,561	2,993,784	5,589,498	7,114,258	169,955
PT Pertamina Geothermal Energy TBK	Associate	3,212,843	7,772,020	822,864	2,793,329	7,368,670	642,569
Enel Greenpower España Solar 1 S.I.	Associate	531,844	6,134,071	247,188	657,901	5,810,826	30,525
Dogger Bank Limited	Joint venture	684,257	3,493,656	62,804	364	4,114,745	141,693
Baltic Eagle GmbH	Associate	358,871	4,874,271	1,414,709	79,118	3,739,315	211,334
Blue Palm Holdings Private Limited	Joint venture	186,218	4,352,145	165,290	1,332,554	3,040,519	85,188
Infinity Power Holdings BV	Joint venture	740,798	8,060,661	1,799,269	5,387,254	1,614,936	425,336
Hywind Scotland Limited	Joint venture	228,171	1,118,192	42,060	347,540	956,763	17,998
Al Dhafra PV2	Joint venture	694,313	3,957,303	927,614	3,226,880	497,122	126,601
Big Beau Holdco LLC	Joint venture	96,439	861,602	59,184	232,236	666,621	32,751
Shuaa Energy 4	Joint venture	118,276	3,338,032	99,754	2,811,429	545,125	22,657
Shams Power Company PJSC	Joint venture	177,977	1,563,202	158,207	1,170,727	412,245	76,799
Rocksprings Val Verde Wind LLC	Joint venture	70,123	658,521	7,989	285,330	435,325	40,593
Amaala Sustainable Company for Energy	Joint venture	521,506	-	168,354	353,152	189,523	66,739

19 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES continued

Classification	Current assets AED '000	Non-current assets AED '000	Current liabilities AED '000	Non-current liabilities AED '000	Net assets AED '000	Current liabilities	Non-current liabilities	Other than other than trade and other payable and provisions AED '000
						Net assets AED '000	Cash and cash equivalents AED '000	trade and other payable and provisions AED '000
<i>Year ended 31 December 2023</i>								
PT Pertamina Geothermal Energy TBK	3,171,252	7,717,520	896,716	2,750,647	7,241,409	2,489,593	610,268	2,750,647
Infinity Power Holdings BV	872,453	8,906,559	1,059,420	5,792,621	2,926,971	531,379	938,392	5,792,621
Masdar Blue Palm Holdings LLC	143,275	5,186,364	96,656	2,216,126	3,016,857	85,388	96,656	2,216,126
Joint venture	256,836	3,854,724	1,657,789	11,116	2,442,655	249,193	1,625,779	10,953
Joint venture	131,481	985,415	8,375	199,705	908,816	61,867	5,529	199,705
Joint venture	90,883	996,832	107,811	326,292	653,612	31,473	96,980	322,478
Joint venture	91,715	1,185,839	1,789	873,953	401,812	87,847	-	873,953
Joint venture	159,271	1,592,404	142,063	1,229,724	379,888	90,380	120,263	1,129,724
Joint venture	81,870	695,262	7,690	537,770	231,672	68,746	4,058	-
Joint venture	93,298	984,210	9,500	879,717	188,291	80,853	-	879,717
Joint venture	208,203	746,039	97,136	670,597	186,509	194,619	74,538	50,951
Joint venture	89,044	904,859	86,710	727,454	179,739	7,924	86,709	727,454
Joint venture	72,878	651,451	82,148	484,448	157,733	40,948	-	484,448
Joint venture	37,013	45,674	39,752	42,935	42,935	1,616	39,746	-

19 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES continued

		Depreciation and amortization AED '000	Interest expense AED '000	Interest tax expense AED '000	(Loss) profit for the year AED '000	Other comprehensive income for the year AED '000	Group's share of comprehensive income / (loss) for the year AED '000	Group's share of comprehensive income / (loss) for the year AED '000	Dividend received by the Group AED '000
31 December 2024									
Terra-Gen Power Holdings II LLC	251,337	143,970	8,278	75,334	(22,365)	-	(11,183)	-	66,449
PT Pertamina Geothermal Energy TBK	1,493,792	340,859	97,163	237,966	569,429	-	68,924	-	-
Enei Greenpower España Solar 1 S.L.	682,990	214	3,816	57,234	160,255	-	-	-	-
Dogger Bank Limited	-	-	-	-	(29)	-	(14)	-	-
Baltic Eagle GmbH	98,320	41,515	3,355	227	(43,867)	-	(21,495)	-	-
Blue Palm Holdings Private Limited	238,250	227,069	12,577	-	135,636	(355,349)	27,329	(113,990)	15,497
Infinity Power Holdings BV	1,004,166	375,733	634,597	10,972	(355,349)	(232,633)	(174,121)	-	-
Hywind Scotland Limited	379,772	261,885	9,554	17,446	63,256	-	14,304	-	-
Al Dhafrah PV2	229,158	111,554	206,199	-	18,917	(80,779)	5,298	(26,922)	70,871
Big Beau Holdco LLC	176,357	41,989	26	53,173	165,051	-	77,372	-	-
Shauaa Energy 4	-	-	-	-	(6,942)	72,122	(2,777)	28,849	-
Shams Power Company PJSC	401,064	108,534	81,932	-	134,856	14,467	67,337	7,378	57,507
Rocksprings Val Verde Wind LLC	51,902	36,741	263	276	(30,626)	-	(15,313)	52,525	23,051
Amaala Sustainable Company for Energy	521,454	-	59	-	353,102	105,050	176,551	(4,331)	272,817
Other investments (i)	-	-	-	-	307,886	-	-	-	-
Total						520,098	(56,501)	506,192	

Note (i)

Included within share of results from other investment amounting to AED 449 million are share of profits from Dudgeon Offshore Wind of AED 212 million, MNE Trading Ltd of AED 125 million, Amaala a Trading Company of AED 177 million and share of loss from Masdar Green Hydrogen AED 65 million.

19 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES continued

	<i>Revenue AED '000</i>	<i>Depreciation and amortization AED '000</i>	<i>Interest expense AED '000</i>	<i>Interest tax expense AED '000</i>	<i>(Loss) profit for the year AED '000</i>	<i>Other comprehensive income for the year AED '000</i>	<i>Group's share of comprehensive income / (loss) for the year AED '000</i>	<i>Group's share of other comprehensive income / (loss) for the year AED '000</i>	<i>Dividend received by the Group AED '000</i>
31 December 2023									
PT Pertamina Geothermal Energy TBK	1,492,499	406,403	88,954	284,296	600,874	12,520	112,314	1,878	12,345
Infinity Power Holdings BV	833,829	264,723	573,584	(20,634)	(247,953)	230,625	(56,999)	113,006	-
Masdar Blue Palm Holdings LLC	128,012	227,069	726	-	(174,074)	4,911	(171,131)	-	-
Hywind Scotland Limited	165,075	28,711	5,816	16,396	49,083	-	10,385	-	22,268
Big Beau Holdco LLC	102,531	41,989	13	-	46,281	-	31,290	-	-
East Rockingham Holdco Pty Ltd	-	-	-	-	(8,193)	-	(2,042)	-	-
Shams Power Company PJSC	372,853	107,496	110,733	-	134,153	(1,382)	66,302	(341)	49,460
Rocksprings Val Verde Wind LLC	59,394	36,741	-	-	(7,898)	-	(29,647)	-	-
Sharjah Waste to Energy Company LLC	138,218	1,705	62,430	-	3,912	(10,718)	1,883	(5,359)	50,000
Baynouma Solar Energy PSC	121,476	40,629	46,959	-	18,692	(26,617)	13,085	(18,632)	-
Tesla Wind Doo	180,591	40,934	54,268	-	35,697	(23,368)	21,418	(14,021)	45,001
Jordan Wind Power Company PJSC	145,156	49,138	40,343	-	54,737	(21,144)	26,639	(10,572)	20,471
Emirates Solar Power Company LLC	-	-	-	-	7,612	(4,116)	4,567	(2,470)	11,190
Other investments	-	-	-	-	-	(76,320)	(60,349)	<u>30,561</u>	-
Total					(48,256)		3,140		<u>241,296</u>

19 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES continued

Reconciliation of the summarised financial information to the carrying amount of the Group's interest in equity-accounted investee recognised in the consolidated financial statements:

	<i>Ownership interest</i> <i>AED '000</i>	<i>Net assets</i> <i>AED '000</i>	<i>Group's share of net assets</i> <i>AED '000</i>	<i>Carrying amount</i> <i>AED '000</i>	<i>Fair value adjustments from purchase price allocation, amortization of intangibles and impairment adjustments</i> <i>AED '000</i>
31 December 2024					
Terra-Gen Power Holdings II LLC	50%	7,114,258	3,557,129	2,504,525	6,061,654
PT Pertamina Geothermal Energy TBK	1.5%	7,368,669	1,105,300	320,442	1,425,742
Enel Greenpower España Solar 1 S.L.	50%	5,810,826	2,904,832	335,647	3,240,479
Dogger Bank Limited	49%	4,114,745	2,016,225	749,890	2,766,115
Baltic Eagle GmbH	49%	3,739,315	1,832,264	366,006	2,198,270
Blue Palm Holdings Private Limited	50%	3,040,520	1,520,260	(60,585)	1,459,675
Infinity Power Holdings BV	49%	1,614,935	791,318	791,318	-
Hywind Scotland Limited	25%	956,764	239,191	24,432	263,623
Al Dhafrah PV2	20%	497,122	165,740	-	165,740
Big Beau Holdco LLC	50%	666,621	333,310	-	333,310
Shuaa Energy 4	40%	545,125	218,050	(70,000)	148,050
Shams Power Company PJSC	51%	412,245	210,245	21,993	232,238
Rocksprings Val Verde Wind LLC	50%	435,325	217,662	(15,054)	202,608
Amaala Trading Company Limited	50%	353,152	176,576	-	176,576
Other investments					1,037,036
Total					20,502,434

Fair value adjustments from purchase price allocation represent difference between the fair value of the net assets at acquisition and the carrying value. The Group is in the process of completing purchase price allocation for acquisitions made during the year, where provisional amounts are recognized as at 31 December 2024.

19 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES continued

	<i>Ownership interest</i> <i>AED '000</i>	<i>Net assets</i> <i>AED '000</i>	<i>Group's share of net assets</i> <i>AED '000</i>	<i>Fair value adjustments from purchase price allocation, amortization of intangibles and impairment adjustments</i> <i>AED '000</i>	<i>Carrying amount</i> <i>AED '000</i>
31 December 2023					
PT Pertamina Geothermal Energy TBK	15%	7,241,409	1,086,211	337,056	1,423,267
Infinity Power Holdings BV	49%	2,926,971	1,078,989	-	1,078,989
Masdar Blue Palm Holdings LLC	50%	3,016,857	1,508,428	(60,585)	1,447,843
Baltic Eagle GmbH	49%	2,442,655	1,196,901	372,727	1,569,628
Hywind Scotland Limited	25%	908,816	227,204	26,774	253,978
Big Beau Holdco LLC	50%	653,612	326,806	326,806	326,806
East Rockingham Holdco Pty Ltd	37%	401,812	147,344	(147,344)	-
Shams Power Company PJSC	51%	379,888	193,743	21,287	215,030
Rocksprings Val Verde Wind LLC	50%	231,672	256,027	(15,054)	240,973
Sharjah Waste to Energy Company LLC	50%	188,291	94,146	94,146	94,146
Baynoura Solar Energy PSC	70%	186,509	130,556	-	130,556
Tesla Wind Doo	60%	179,739	107,843	-	107,843
Jordan Wind Power Company PJSC	50%	157,733	78,867	44,106	122,973
Emirates Solar Power Company LLC	60%	42,935	25,761	160,256	186,017
Other investments				383,881	383,881
Total					7,581,930

Fair value adjustments from purchase price allocation represent difference between the fair value of the net assets at acquisition and the carrying value.

Abu Dhabi Future Energy Company PJSC (Masdar)

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31 December 2024

20 OPERATING FINANCIAL ASSETS

Service concession receivable related with the Group's operations in Uzbekistan are as follows:

	<i>2024</i> <i>AED '000</i>	<i>2023</i> <i>AED '000</i>
As at 1 January	3,136,253	324,272
Concession revenue (note 7 (i))	1,809,651	2,842,211
Finance income (note 7(i))	219,824	51,015
Consideration received	(236,986)	(26,949)
Provision for expected credit losses ("ECL") (note 11)	(18,728)	(32,188)
Effect of movement in exchange rates	—	(22,108)
As at 31 December	<u>4,910,014</u>	<u>3,136,253</u>

Analysed in the consolidated statement of financial position as follows:

Non-current	4,604,295	3,109,069
Current	<u>305,719</u>	<u>27,184</u>
	<u>4,910,014</u>	<u>3,136,253</u>

The Group as operator is obligated to deliver the electricity to grantor JSC National Electric Grid – Uzbekistan based on specified power generation capacity of each plant and grantor is obligated to pay the agreed minimum price as per purchase price agreement.

<i>Project</i>	<i>Technology</i>	<i>Capacity</i>	<i>Duration</i>
Nur Navoi Solar FE	Solar Photovoltaic Plant	100 MW	25 years
Shamol Zarafshan Energy FE LLC	Wind Power	500 MW	25 years
Nur Jizzak Solar PV FE LLC	Solar Photovoltaic Plant	220 MW	25 years
Nur Samarkand Solar PV FE LLC	Solar Photovoltaic Plant	220 MW	25 years
Nur Sherabad Solar PV FE LLC	Solar Photovoltaic Plant	457 MW	30 years
Nur Bukhara Solar PV FE LLC	Solar Photovoltaic Plant	250 MW	25 years

	<i>2024</i> <i>AED '000</i>	<i>2023</i> <i>AED '000</i>
Gross receivable	4,960,930	3,168,441
Provision for ECL	<u>(50,916)</u>	<u>(32,188)</u>
	<u>4,910,014</u>	<u>3,136,253</u>

An ECL provision of AED 19 million (2023: AED 32 million) is recognised during the year against the operating financial asset due to a higher risk of recoverability from the offtaker and related credit rating.

Abu Dhabi Future Energy Company PJSC (Masdar)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2024

21 FINANCE LEASE RECEIVABLES

21.1 Leasing agreements

The Group has entered Musataha lease agreements for a plot of land in Jebel Al Dannah. The underlying lease has a lease term of 50 years, as per the lease term and other terms and conditions of the agreement, this has been accounted for as finance lease.

	2024 <i>AED '000</i>	2023 <i>AED '000</i>
Finance lease receivables:		
Gross receivables	55,978	57,946
Provision for expected credit losses	<u>(829)</u>	<u>(1,092)</u>
	<u>55,149</u>	<u>56,854</u>
Non-current	47,096	47,033
Current	<u>8,053</u>	<u>9,821</u>
	<u>55,149</u>	<u>56,854</u>

Movement in the finance lease receivables during the year was as follows:

	2024 <i>AED '000</i>	2023 <i>AED '000</i>
As at 1 January	56,854	52,201
Finance lease income recognised during the year (note 7)	3,728	4,057
Consideration received during the year	<u>(5,696)</u>	-
Reversal of provision for expected credit losses (note 11)	<u>263</u>	<u>596</u>
As at 31 December	<u>55,149</u>	<u>56,854</u>

The movement in the provision for expected credit losses is as follows:

	2024 <i>AED '000</i>	2023 <i>AED '000</i>
As at 1 January	1,092	1,688
Reversal of expected credit losses (note 11)	<u>(263)</u>	<u>(596)</u>
As at 31 December	<u>829</u>	<u>1,092</u>

Past due finance lease receivables as at 31 December 2024 amounted to AED 4.1 million (2023: AED 5.9 million).

Abu Dhabi Future Energy Company PJSC (Masdar)

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31 December 2024

21 FINANCE LEASE RECEIVABLES continued

21.2 Amounts receivable under finance leases

	<i>Minimum lease payments</i>	
	2024 AED '000	2023 AED '000
Less than one year	8,053	9,821
One to five years	15,712	15,712
Later than five years	<u>143,387</u>	<u>147,315</u>
Total	167,152	172,848
Less: unearned finance income	(111,174)	(114,902)
Present value of minimum lease payments	<u>55,978</u>	<u>57,946</u>

The interest rate inherent in the leases is fixed at the contract date for the entire lease term. The average effective interest rate is 10% (2023: 10%) per annum.

22 RELATED PARTY TRANSACTIONS AND BALANCES

Related parties represent the Government of Abu Dhabi and related departments and institutions, associated companies, joint ventures, shareholders, directors and key management personnel of the Group, management entities engaged by the Group, and entities controlled, jointly controlled, or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Group's management and mutually agreed with the related parties.

Group's major shareholders are Government-owned entities, and the Group enters into transactions with them and other related parties in the ordinary course of business at mutually agreed terms. The Group also maintains significant balances with the shareholders and other related parties which arise from commercial transactions.

22.1 Loans to related parties

Loans to related parties are classified as follows:

	2024 AED '000	2023 AED '000
Gross receivables	2,902,868	969,194
Less: provision for expected credit losses	<u>(87,408)</u>	<u>(46,151)</u>
	<u>2,815,460</u>	<u>923,043</u>
Non-current	2,306,953	573,020
Current	<u>508,507</u>	<u>350,023</u>
	<u>2,815,460</u>	<u>923,043</u>

Abu Dhabi Future Energy Company PJSC (Masdar)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2024

21 FINANCE LEASE RECEIVABLES continued

22.1 Loans to related parties continued

Movement in the loans to related parties balance was as follows:

	2024 AED '000	2023 AED '000
At 1 January	969,194	603,718
Addition	2,184,929	364,431
Interest (note 13.1)	150,669	68,240
Repayments	(203,040)	(39,335)
Conversion to investment in equity accounted investees (note 19)	(187,298)	(33,180)
Effect of movement in exchange rates	<u>(11,586)</u>	<u>5,320</u>
At 31 December	<u>2,902,868</u>	<u>969,194</u>

Movement in the provision for expected credit losses is as follows:

	2024 AED '000	2023 AED '000
At 1 January	46,151	73,642
Provision for expected credit losses	61,040	12,685
Reversal of provision for expected credit losses	(19,303)	(39,291)
Effect of movement in exchange rates	<u>(480)</u>	<u>(885)</u>
At 31 December	<u>87,408</u>	<u>46,151</u>

Expected credit losses on loans to related parties were determined based on external credit ratings and twenty-year default rates applicable for the respective related entities.

Abu Dhabi Future Energy Company PJSC (Masdar)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2024

22 RELATED PARTY TRANSACTIONS AND BALANCES continued

22.1 Loans to related parties continued

Summarised below are the key terms of the loans to related parties as at 31 December, net of provision:

Parties	Currency	Interest rate	Year of maturity	2024 AED '000	2023 AED '000
Shuaa Energy 4 P.S.C	USD	5.50%	2030	545,069	-
Amaala Sustainable Company for Energy	USD	SOFR+margin	2051	446,408	-
Infinity Power Holdings BV	USD	10%	2035	412,281	370,629
Sana Taibah for Renewable Energy Company	USD	SOFR+margin	On demand	389,944	-
Ajban PV3	USD	4.782%	On demand	338,135	-
Cibuk 2 Wind Energy d.o.o Beograd	EUR	6.23%	On demand	120,445	5,183
Emerge Limited	AED	7% to 8.23%	On demand	107,316	49,939
Sharjah Waste to Energy LLC	AED	6.13%	On demand	106,725	138,071
Krnovo Green Energy d.o.o.	EUR	8.45%	2038	98,193	127,671
Shams Power Company PJSC	AED	-	2038	65,541	64,978
Hywind Scotland Limited	GBP	SONIA+margin	2027	49,997	-
PT Pembangkitan Jawa Bali					
Masdar Solar Energi (Cirata)	USD	2.50%	On demand	31,903	29,700
MW Energy Limited	AED	-	On demand	29,541	9,414
Masdar CES Europe BV (Project Fluid)	EUR	9%	On demand	23,117	3,456
Blue Palm Holdco LLC.	USD	8%	On demand	12,812	11,647
Baynouna Holdings B.V	USD	-	On demand	10,896	91,133
Contino Omikron Sp. z.o.o	EUR	4%	2030	7,115	4,358
Tesla Vetroelektrane Balkana d.o.o.	EUR	4%	On demand	4,558	6,852
Pileus Energy SP. z.o.o	EUR	4%	2030	4,267	5,294
Sistema Eléctrico de Conexión Valcaire	EUR	6.53%	On demand	3,058	-
Al Shorouk Sustainable Energy Limited	AED	7.49%	On demand	3,052	-
Surazo sp. z.o.o.	EUR	9%	On demand	2,999	-
Sharjah Waste to Energy Plant Maintenance LLC	AED	6.13%	On demand	1,551	-
Masdar Armenia 1 CJSC	USD	-	On demand	537	522
Masdar Tribe Australia Holding	AUD	-	On demand	-	3,046
Jordan Wind Project Company PJSC	USD	9%	On demand	-	1,060
Fonnes Sp z.o.o	EUR	3%	2031	-	90
Total				2,815,460	923,043

Loans to related parties are unsecured and have been provided at mutually agreed interest rates benchmarked to prevailing market rates.

22.2 Due from related parties

Due from related parties are classified as follows:

	2024 AED '000	2023 AED '000
<i>Shareholder</i>		
Abu Dhabi National Oil Company (“ADNOC”)	-	6,431
<i>Other related parties</i>		
MDC General Services Holding Company	807	-
Department of Finance Government of Abu Dhabi	248	248
SP - Bab al Shams 1.2 MW	8	-
Abu Dhabi Crown Price Court	-	20,214
Masdar City Service LLC	-	13,924
Abu Dhabi Fund for Development	-	7,018
Abu Dhabi Ports Company	-	4,125
Ministry of Foreign Affairs	-	22
	1,063	45,551

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22 RELATED PARTY TRANSACTIONS AND BALANCES continued

22.2 Due from related parties continued

	2024 <i>AED '000</i>	2023 <i>AED '000</i>
<i>Equity-accounted investees</i>		
Masdar Green Hydrogen LLC	138,829	50,246
SEC Valcaire	117,659	-
MNE Trading Ltd	91,378	-
Dudgeon Offshore Wind Limited	42,931	32,730
MW Energy Limited	9,667	-
Noor Midelt 1 Procurement Company DMCC		154
Dumat Wind Contracting Company LLC.	3,708	3,728
Shuaa Energy 2 PSC	2,433	1,032
Emirates Solar Power Company LLC	2,374	1,987
Sana Taibah for Renewable	2,284	-
Baynouma Holdings B.V.	1,700	2,304
Shams Power Company PJSC	1,595	12
Infinity Power Holding BV	1,364	2,250
Others	<u>3,015</u>	<u>5,566</u>
	<u>418,937</u>	<u>100,009</u>
Total	<u>420,000</u>	<u>151,991</u>

22.3 Due to related parties

	2024 <i>AED '000</i>	2023 <i>AED '000</i>
<i>Shareholders</i>		
Mamoura Diversified Global Holding PJSC	1,645	882
<i>Other related parties</i>		
Solutions Plus	12,441	2,161
MDC General Services Holding Company L.L.C.	-	5,848
SEC Valcaire S.L.	738	-
Emirates Telecommunications Corporation – Etisalat	-	1,200
Abu Dhabi National Hotel Company	-	275
Department of Finance of the Government of Abu Dhabi (note 8.1)	<u>74,709</u>	<u>55,446</u>
	<u>89,533</u>	<u>65,812</u>

22.4 Other related party balances

	2024 <i>AED '000</i>	2023 <i>AED '000</i>
Cash and bank balances	2,892,729	1,407,659
Project advances (note 32)	1,276,174	711,144
Deferred income	-	7,046

Cash and bank balances comprise call, current, and deposit accounts and term deposits with UAE government banks.

Abu Dhabi Future Energy Company PJSC (Masdar)

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22 RELATED PARTY TRANSACTIONS AND BALANCES continued

22.5 Transactions with related parties

Significant transactions with related parties during the year were as follows:

	2024 AED '000	2023 AED '000
<i>Entities under common control:</i>		
Recharge of costs from MDC General Services Holding Company	5,953	1,572
Recharge of costs from Solutions Plus	1,452	6,466
Other income	8,695	9,211

Key management personnel compensation is as follows:

	2024 AED '000	2023 AED '000
Salaries	29,281	22,755
Other benefits – direct allowances	20,780	16,468
Other long-term benefits – pension	2,273	3,300
Post-employment end of service benefits	<u>3,931</u>	<u>3,300</u>
	<u>56,265</u>	<u>45,823</u>

Refer to note 27 for other related party transactions.

UAE is a market dominated by entities directly or indirectly controlled by the Government of Abu Dhabi through its government authorities, agencies, affiliations and other organizations, collectively referred to as government-related entities. The Group, in the ordinary course of its business, carries out transactions with several government-related entities.

The Company has issued guarantees for and on behalf of its related parties. These guarantees are disclosed under commitments and contingencies in note 34.

For the year ended 31 December 2024, the Group has not recorded any impairment of amounts owed by related parties (2023: nil). This assessment is undertaken each financial year through examining the financial position of the related parties and the market in which the related parties operate.

23 OTHER NON - CURRENT FINANCIAL ASSETS

	2024 AED '000	2023 AED '000
Financial assets carried at fair value through profit or loss (i)	82,970	35,642
Equity instruments designated at fair value through OCI (ii)	<u>15,401</u>	—
	<u>98,371</u>	<u>35,642</u>

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23 OTHER NON- CURRENT FINANCIAL ASSETS continued

(i) Financial assets carried at fair value through profit or loss

Unquoted equity investments

	2024 AED '000	2023 AED '000
Zouk Charging Infrastructure Investment Fund LP	68,052	35,642
National Bank of Greece	<u>14,918</u>	-
	<u>82,970</u>	<u>35,642</u>

Movement in the financial assets carried at fair value through profit or loss during the year was as follows:

	2024 AED '000	2023 AED '000
As at 1 January	35,642	21,961
Additions	34,534	14,088
Addition through business combination (note 6)	16,514	-
Changes in fair value through profit or loss	(797)	(2,265)
Effect of movement in exchange rate	<u>(2,923)</u>	<u>1,858</u>
As at 31 December	<u>82,970</u>	<u>35,642</u>

During the year, the Group contributed AED 34.5 million (2023: AED 14.1 million) to the Zouk Charging Infrastructure Investment Fund LP (“Zouk”). No redemptions were made by the Group during the year (2023: nil). The fund is unquoted and a change in fair value of AED 0.8 million (2023: AED 2.3 million) has been recognized in the consolidated statement of comprehensive income for the year ended 31 December 2024. The investment in National Bank of Greece is acquired though the business combination of Terna Energy Group (note 6)

(ii) Financial assets carried at fair value through OCI

Unquoted equity investments

	2024 AED '000	2023 AED '000
EOS Hellenic fund	13,111	-
Fund Karamouzi	<u>2,290</u>	-
	<u>15,401</u>	-

The investments in unlisted securities that are carried at fair value through other comprehensive income are acquired though the acquisition of Terna Energy Group (note 6)

24 TRADE AND OTHER RECEIVABLES

	2024 <i>AED '000</i>	2023 <i>AED '000</i>
Trade receivables (note 24.1)	468,286	182,648
Term deposits	674,912	210,486
Short term advances	309,033	567,888
Tax receivables	276,195	99,327
Accrued income	139,686	163,242
Prepayments	36,420	21,885
Inventory (note 24.2)	40,556	-
Staff receivables	23,337	18,212
Other receivables	<u>248,820</u>	<u>103,219</u>
	<u>2,217,245</u>	<u>1,366,907</u>

Other receivables mainly include development expenses which are recoverable from various project on financial close.

Term deposits with an original maturity of more than ninety days from opening date are presented as term deposits and earn interest on market rates.

24.1 Trade receivables

Trade receivables mainly represent amounts due from renewable power generation and energy services, net of provision for expected credit losses. The average credit period on sale of goods or services is 60 days. No interest is charged on trade receivables.

	2024 <i>AED '000</i>	2023 <i>AED '000</i>
<i>Ageing of trade receivables:</i>		
Not past due	263,395	113,870
<i>Past due but not impaired:</i>		
Due for 61 to 120 days	69,862	52,582
Due for 121 to 360 days	110,808	15,838
Due for more than 360 days	<u>24,221</u>	<u>358</u>
	<u>204,891</u>	<u>68,778</u>
	<u>468,286</u>	<u>182,648</u>

The Group recognises expected credit loss (ECL) for trade receivables based on simplified approach. Management considers factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money, where appropriate.

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24 TRADE AND OTHER RECEIVABLES continued

24.1 Trade receivables continued

Movement in the provision for ECL on trade receivables is as follows:

	2024 AED '000	2023 AED '000
As at 1 January	1,182	1,182
Acquired provision for expected credit losses (i)	<u>17,377</u>	-
As at 31 December	<u>18,559</u>	<u>1,182</u>

(i) During the year, trade and other receivables, along with its associated provision for ECL was acquired as part of the acquisition of subsidiaries (note 6)

	2024 AED '000	2023 AED '000
<i>Provision of expected credit losses on trade receivables:</i>		
Not past due	-	-
<i>Past due but not impaired:</i>		
Due for 61 to 120 days	-	-
Due for 121 to 360 days	17,377	-
Due for more than 360 days	<u>1,182</u>	1,182
	<u>18,559</u>	<u>1,182</u>

24.2 Inventories

	2024 AED '000	2023 AED '000
Raw and auxiliary materials	3,237	-
Spare parts	<u>37,759</u>	-
	<u>40,996</u>	-
Provision for slow moving and obsolete items	<u>(440)</u>	-
As at 31 December	<u>40,556</u>	-

During the year, inventories amounting to AED 41.4 million were acquired as part of the acquisition of subsidiaries (note 6). The inventories include spare parts for machinery and raw and auxiliary materials for wind farms. Inventories are valued at a lower cost and net realizable value. The cost of raw materials, in-process and ready-made products is determined using the weighted average cost method. Appropriate provisions are made for obsolete inventories, if necessary. Write-downs of inventories to net realizable value and other losses on inventories is recognized in consolidated statements of comprehensive income in the year in which they occur.

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25 CASH AND CASH EQUIVALENTS

	2024 AED '000	2023 AED '000
Cash at banks and on hand	5,502,819	2,479,634
Short-term deposits	<u>1,230,776</u>	-
	<u>6,733,595</u>	<u>2,479,634</u>

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 at market rates.

Balances with banks are assessed to have a 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, management of the Company have booked a nominal ECL provision recognised against cash and cash equivalents.

26 SHARE CAPITAL

Share capital comprises 8,000,000,000 (2023: 8,000,000,000) authorised, issued and fully paid-up ordinary shares with a par value of AED 1 each.

27 ADDITIONAL CAPITAL CONTRIBUTION

Additional capital contribution represents additional capital contributions received from the shareholders of the Group to fund the Group's acquisitions. This balance is interest free and there are no contractual repayment obligations. During the year, the Company received AED 18,022 million (2023: AED 3,309 million) of additional capital contribution from shareholders for financing of investments.

28 RESERVES

Investment reserve

Investment reserve reflects funds received by the Group from Mubadala, the initial Shareholder and disbursed to Masdar Clean Tech Fund for investment purposes. An amount of AED 246,321 thousand (2023: AED 246,321 thousand) is held as a non-distributable capital reserve which is funded by the Government of Abu Dhabi.

Statutory reserve

In accordance with UAE Federal Law No. (32) of 2021 and the Company's Articles of Association, the Company has established a statutory reserve, amounting to AED 282,699 thousand (2023: AED 242,325 thousand) by appropriation of 10% of profit for each year until the reserve equals 50% of the share capital. This reserve is not available for distribution except as stipulated by the law.

Other reserves

	2024 AED '000	2023 AED '000
Hedging reserve (note 35.2)	418,547	378,073
Exchange rate fluctuation reserve	(867,313)	(416,482)
Fair value reserve	1,882	1,882
Other reserve	<u>(6,587)</u>	<u>22,093</u>
	<u>(453,471)</u>	<u>(14,434)</u>

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29 NON-CONTROLLING INTERESTS

Financial information of subsidiaries that have non-controlling interests are provided below:

<i>Name of subsidiary</i>	<i>Country of incorporation and operation</i>	<i>Proportion of equity interests held by non-controlling interests</i>	
		2024	2023
		<i>Year ended 31 December 2024</i>	<i>Year ended 31 December 2023</i>
		<i>AED '000</i>	<i>AED '000</i>
Revenue		114,965	-
Profit (loss)		25,769	(16,320)
Profit (loss) allocated to non-controlling interest		8,760	(1,632)
Cashflows from operating activities		855,445	13,489
Cashflows (used in) from investing activities		(112,931)	9,113
Cashflows used in financing activities		(594,855)	(47,377)
Net increase (decrease) in cash and cash equivalents		147,659	(24,775)
Dividends paid to non-controlling interests		—	—
		<i>2024</i>	<i>2023</i>
		<i>AED '000</i>	<i>AED '000</i>
Non-current assets		11,484,498	42,646
Current assets		4,232,843	13,671
Non-current liabilities		(5,649,429)	-
Current liabilities		(3,990,773)	(76,467)
Total equity		6,077,139	(20,150)
Equity attributable to parent		4,863,223	(18,135)
Equity attributable to non-controlling interests		1,213,916	(2,015)

30 INTEREST BEARING LOANS AND BORROWINGS

	<i>2024</i>	<i>2023</i>
	<i>AED '000</i>	<i>AED '000</i>
Revolving credit facilities (note i)	459,063	-
Green bonds (note ii)	6,363,885	2,725,419
Term loans (note iii)	17,147,831	3,661,256
	23,970,779	6,386,675

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30 INTEREST BEARING LOANS AND BORROWINGS continued

Analysed in the consolidated statement of financial position as follows:

	2024 AED '000	2023 AED '000
Current	3,155,996	1,160,272
Non-current:	<u>20,814,783</u>	<u>5,226,403</u>
	<u>23,970,779</u>	<u>6,386,675</u>

During the year, there has been a technical breach related to loan covenants associated with term loans secured from a consortium of lenders. The breach of covenants is associated with a non-financial covenant requirement of signing operating and maintenance agreements and entry into the movables pledge for the underlying projects in Uzbekistan namely: Jizzakh, Samarkand, Sherabad, and Bukhara. Total loan balance associated with the respective projects amounting to AED 1,728 million has been reclassified from non-current to current at 31 December 2024.

Movement in the interest bearing loans and borrowings is as follows:

	2024 AED '000	2023 AED '000
As at 1 January	6,386,675	2,468,616
Acquisition of subsidiaries (note 6)	6,335,491	-
Drawdowns during the year	13,487,195	5,891,868
Repayments during the year	(1,946,362)	(2,055,607)
Amortisation of deferred finance costs	3,786	4,605
Foreign exchange fluctuations	<u>(296,006)</u>	<u>77,193</u>
At 31 December	<u>23,970,779</u>	<u>6,386,675</u>

Consolidated agreed-upon principal instalment schedule, net of deferred finance costs for the above mentioned bank borrowings is as follows:

	2024 AED '000	2023 AED '000
Within 1 year	2,176,291	147,991
Between 1 – 2 years	1,554,655	138,160
Between 2 – 5 years	5,041,873	706,614
More than 5 years	<u>15,197,960</u>	<u>5,393,910</u>
	<u>23,970,779</u>	<u>6,386,675</u>

i) Revolving credit facilities

	Interest rate	Security	2024 AED '000	2023 AED '000
Current liabilities				
US\$200 million facility	SOFR + margin	Unsecured	459,063	-

During the year, the Company drew down AED 459 million (USD 125 million) loan against the revolving credit facility from a consortium of 13 banks with an expiration date of 9 December 2026. The loan is repayable by January 2025.

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30 INTEREST BEARING LOANS AND BORROWINGS

ii) Green bonds

	<i>Issue price</i>	<i>Effective interest rate %</i>	<i>Repayment date</i>	2024 <i>AED '000</i>	2023 <i>AED '000</i>
<i>Non-current liabilities</i>					
US\$750 million facility	99.500%	5.016%	25 July 2033	2,725,378	2,725,419
US\$500 million facility	99.470%	5.050%	25 July 2034	1,816,533	-
US\$500 million facility	99.296%	5.063%	25 July 2029	1,821,974	-
				<u>6,363,885</u>	<u>2,725,419</u>

The Company has issued direct, unconditional and unsecured green bonds under a Euro Medium Term Note (EMTN) programme which are listed on the London Stock Exchange's International Securities Market (ISM), with a secondary listing on the Abu Dhabi Securities Exchange (ADX).

During 2023, the Company issued a 10-year green bond of USD 750 million which carries a semi-annual coupon rate of 4.875%, repayable on 25 July 2033.

During 2024, the Company issued (i) a 10-year green bond of USD 500 million which carries a semi-annual coupon rate of 5.25%, repayable on 25 July 2034, and (ii) a 5-year green bond of USD 500 million which carries a semi-annual coupon rate of 4.875%, repayable on 25 July 2029.

The Group's liability is stated net of transaction costs amounting to AED 89 million (2023: AED 30 million), which are amortised over the repayment period using the effective interest rate method.

iii) Term loans

<i>Entity</i>	<i>Currency</i>	<i>Interest rate</i>	<i>Repayment date</i>	<i>Security</i>	2024 <i>AED '000</i>	2023 <i>AED '000</i>
Masdar Energy UK Limited	GBP	SONIA + margin	2020-2032	Senior Secured	1,256,068	1,404,993
Nur Navoi Solar Holding RSC Limited	USD	SOFR + margin	2026	Unsecured	220,338	220,338
Nur Navoi Solar FE LLC	USD	SOFR + margin	2022-2040	Senior Secured	164,384	173,710
Shamol Zarafshan Energy FE LLC	USD	SOFR + margin	2026-2042	Senior Secured	1,015,954	611,206
Masdar Azerbaijan Energy LLC	USD	SOFR + margin	2024-2042	Senior Secured	396,030	226,655
Nur Jizzakh Solar PV FE LLC	USD	SOFR + margin	2026-2044	Senior Secured	315,665	281,292
Nur Samarkand Solar PV FE LLC	USD	SOFR + margin	2026-2044	Senior Secured	305,458	272,618
Nur Sherabad Solar PV FE LLC	USD	SOFR + margin	2026-2044	Senior Secured	567,622	470,444
Nur Bukhara Solar PV FE LLC	USD	SOFR + margin	2025-2045	Senior Secured	539,050	-
Masdar Baltic Eagle Germany GmbH	EUR	EURIBOR + margin	2026-2044	Senior Secured	1,666,646	-
Masdar Hellas Single Member SA	EUR	EURIBOR + margin	2025-2041	Secured	2,281,738	-
Terna Energy (multiple loans)	EUR	EURIBOR/WIBOR + margin	Multiple	Secured	4,210,906	-
TERP Spanish Holdco SLU (multiple loans)	EUR	Multiple	Multiple	Secured	2,007,741	-
Masdar Espana Renewables 1, SLU	EUR	EURIBOR + margin	2025-2034	Secured	2,200,231	-
					<u>17,147,831</u>	<u>3,661,256</u>

Nur Bukhara Solar PV FE LLC

During the year, Nur Bukhara Solar PV FE LLC, a subsidiary of the Group in Uzbekistan, raised AED 732.1 million (USD 199.2 million) of senior secured project finance debt facilities from a consortium of banks. The aggregate amount of loans outstanding at 31 December 2024 is AED 539.1 million. The facilities are repayable in semi-annual instalments from November 2025 to May 2045.

These facilities comprise floating rate loans with a rate of interest of SOFR + margin which are hedged using senior secured interest rate swaps from International Finance Corporation for their full tenure. The derivative is designated as a cashflow hedge and has been determined as effective.

30 INTEREST BEARING LOANS AND BORROWINGS continued

Masdar Baltic Eagle Germany GmbH

During the year, Masdar Baltic Eagle Germany GmbH entered into senior secured project finance debt facilities with a consortium of banks totalling EUR 473 million in connection with the Group's 49% ownership of the Baltic Eagle offshore wind farm in Germany. The aggregate amount of loans outstanding at 31 December 2024 is AED 1,666.6 million.

The facilities are repayable in semi-annual instalments from October 2026 to November 2024. These facilities comprise floating rate loans with a rate of interest of EURIBOR + margin which are hedged using senior secured interest rate swaps for their full tenure. The derivatives are designated as a hedge and have been determined as effective.

Masdar Hellas Single Member SA

During the year, Masdar Hellas Single Member SA entered into a EUR 600 million facility with a consortium of banks for the purposes of the Group acquiring Terna Energy and associated transaction costs. The aggregate amount of loans outstanding at 31 December 2024 is AED 2,281 million. The facilities are repayable in annual instalments every September from 2025 to 2041.

These facilities comprise floating rate loans with a rate of interest of EURIBOR + margin which are hedged using senior secured interest rate swaps for their full tenure. The derivatives are designated as a hedge and have been determined as effective.

Terna Energy

On 28 November 2024, Masdar acquired controlling interest in Terna Energy ("Terna") (note 6). As part of the acquisition, the Group acquired AED 4,301 million (EUR 1,107 million) of debt carried by Terna and its subsidiaries. Terna's loans are related to the financing of its activities and mainly concern the financing of the construction and operation of renewable energy sources facilities with the short term facilities used to cover liquidity needs during the wind farms construction period. The loan is secured against underlying assets including wind turbines of the wind farms, insurance contracts proceeds, receivables from the sale of electricity, debt securities and cash. Of the total long term loan, 16% are at a fixed interest rate, 60%, are floating-rate loans that have been hedged with future fixed rate payments against floating rate receipts, while 24% are floating-rate loans based on EURIBOR or WIBOR. The aggregate amount of loans outstanding at 31 December 2024 is AED 4,211 million.

TERP Spanish Holdco SLU

On 20 December 2024, Masdar acquired 100% interest in TERP Spanish Holdco SLU ("Saeta") (note 6). As part of the acquisition, the Group acquired AED 2,034 million (EUR 529 million) of debt carried by Saeta and its subsidiaries. The debt carried by Saeta or its subsidiaries is used for project financing with no recourse to the shareholder in relation to payment obligations arising from the financing agreements. The aggregate amount of loans outstanding at 31 December 2024 is AED 2,008 million.

Masdar Espana Renewables 1, SL

During the year, Masdar Espana Renewables entered into a EUR 590 million facility with a consortium of banks for the purposes of acquiring a partial stake in Enel Green Power España Solar 1, S.L.U. and associated transaction costs. The aggregate amount of loans outstanding at 31 December 2024 is AED 2,200 million. The facilities are repayable in quarterly instalments from March 2025 to September 2034. These facilities comprise floating rate loans with a rate of interest of EURIBOR + margin which are hedged using senior secured interest rate swaps for their full tenure. The derivatives are designated as a hedge and have been determined as effective.

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31 OTHER NON-CURRENT LIABILITIES

	2024 AED '000	2023 AED '000
Deferred consideration (note 31.1)	727,425	94,932
Decommissioning liability (note 31.2)	357,250	68,939
Contract liability (note 31.3)	362,968	-
Provision for employees' end of service benefits (note 31.4)	<u>50,352</u>	<u>44,080</u>
	<u>1,497,995</u>	<u>207,951</u>

31.1 Deferred consideration

Deferred consideration represents future payments contingent on certain performance criteria being met. The fair value of the deferred consideration was determined using a discounted cash flow model, incorporating relevant market data and assumptions about the probability of achieving the performance criteria. Deferred consideration is recognized as part of the cost of investment in accordance with IFRS 3. The fair value of the deferred consideration is classified as Level 3 within the fair value hierarchy, as it incorporates significant unobservable inputs. These inputs primarily relate to the assessment of future cash flows and the probability of meeting performance targets.

Masdar Arlington Energy Storage UK Holdco

As part of the acquisition of Arlington Group Services in 2022, a deferred consideration of GBP 30 million is expected to be paid by 2030 settled to the sellers based on achievement of project milestones. As of 31 December 2024, the present value (PV) of this deferred consideration is estimated at AED 105 million (GBP 23 million) (2023: AED 95 million (GBP 21 million)).

Masdar Europe Holding RSC Limited

During the year, an amount of EUR 15 million (AED 61 million) was recognized as deferred consideration relating to the acquisition of Project Fluid representing future payments based on project milestones across various solar and wind projects expected to be settled by 2029.

RWE Dogger Bank Southeast Limited and RWE Dogger Bank Southwest Limited

During the year, as part of the purchase price of RWE Renewables UK Dogger Bank Limited, a deferred consideration with the fair value of AED 497 million (GBP 108 million) payable in December 2027 was recognized to be settled upon reaching the Commercial Operation Date (COD).

Terna Energy

Following the acquisition of Terna Energy (“Terna”), an amount of AED 64 million has been recognized as deferred consideration related to Terna’s subsidiaries. This amount represents future payments associated with the acquisition of Terna’s subsidiaries and is expected to be settled in 2026.

31.2 Decommissioning liability

	2024 AED '000	2023 AED '000
As at 1 January	68,939	62,943
Acquisition of subsidiaries (note 6)	213,726	-
Additions	27,160	-
Accretion of decommissioning liability (note 13.2)	4,068	2,620
Revision of estimated cash flows	47,809	-
Effect of movement in exchange rates	<u>(4,452)</u>	<u>3,376</u>
As at 31 December	<u>357,250</u>	<u>68,939</u>

31 OTHER NON-CURRENT LIABILITIES continued

31.2 Decommissioning liability continued

The Group's foreign subsidiaries and joint operations in UK, Azerbaijan and Europe have a legal obligation to remove the plants at the end of its' useful lives, or earlier if the subsidiaries became unable to continue their operations to that date, and to restore the land. Decommissioning costs are provided for at the present value of expected costs to settle the obligation using estimated cash flows and are recognised as part of the cost of the relevant asset. 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.

31.3 Contract liability

Following the provisional purchase price acquisition of Terna, an amount of AED 363 million has been recognized as contract liability related to fair value of power purchase agreements. This amount is expected to be amortized on a long term basis over the life of power purchase agreements.

31.4 Provision for employees' end of service benefits

Movement in the provision for employees end of service benefits is as follows:

	2024 AED '000	2023 AED '000
As at 1 January	44,080	34,875
Charge for the year	12,130	9,521
Paid during the year	<u>(5,858)</u>	<u>(316)</u>
As at 31 December	<u><u>50,352</u></u>	<u><u>44,080</u></u>

32 TRADE AND OTHER PAYABLES

	2024 AED '000	2023 AED '000
Trade payables	151,380	54,722
Project advances (note i)	1,276,174	711,144
Accrued expenses, advances and other payables	1,152,902	458,024
Tax payable	225,132	34,670
Deferred income	<u>-</u>	<u>7,046</u>
	<u>2,805,588</u>	<u>1,265,606</u>

The average credit period on trade payables is 31 days. No interest is charged on trade payables. The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

Note (i)

The Group is engaged by the Crown Prince Courts ("CPC") to carry out the mandate of the Government of Abu Dhabi with respect to "Al Dhafra Wind Energy Program" which comprises the construction of 23 wind turbines and a solar plant at different locations in the UAE. In this regard, the Group acts as an agent between the CPC and the EPC contractors engaged for the development of these assets as the Group neither has control over the assets before they are transferred to CPC nor the ability to direct their use or benefit therefrom. Accordingly, the contract revenue and costs related to this arrangement have not been recorded in the consolidated financial statements of the Group. The Group does not have any profit or margin specifically linked to the EPC contracted amount.

33 FINANCIAL INSTRUMENTS

33.1 Hedging activities

The Group is exposed to certain risks relating to its ongoing business operations. The primary risks managed using derivative instruments are interest rate risk & commodity price risk.

(i) Derivatives not designated as hedging instruments

The Group has entered into various interest rate swaps associated with forecast debt (pre-hedge) denominated in USD.

These are not designated as hedging instruments. During the year, the Group recognised a gain of AED 28.7 million (2023: loss of AED 24.4 million) on pre-hedge interest rate swaps. Additionally, during the year, the Group settled pre-hedges in cash, amounting to AED 40.8 million (2023: AED 113.8 million).

	<i>Current</i> <i>2024</i> <i>AED 000</i>	<i>Non-current</i> <i>2024</i> <i>AED 000</i>	<i>Current</i> <i>2023</i> <i>AED 000</i>	<i>Non-current</i> <i>2023</i> <i>AED 000</i>
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Cash flow hedges

Assets

Interest rate swap	<u>—</u>	<u>—</u>	<u>12,143</u>	<u>—</u>
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(ii) Derivatives designated as hedging instruments

The Group has entered into various interest rate swaps in order to reduce their exposure to interest rate fluctuations on variable interest-bearing borrowings for a notional amount that matches the outstanding interest bearing loans and borrowings. The derivative financial instruments were designated as cash flow hedge. The ineffective portion of derivatives designated as hedging instruments in effective hedge contracts amounting to a loss of AED 15.5 million (2023: gain of AED 29.4 million) was recognised in the consolidated statement of comprehensive income.

	<i>Current</i> <i>2024</i> <i>AED million</i>	<i>Non-current</i> <i>2024</i> <i>AED million</i>	<i>Current</i> <i>2023</i> <i>AED million</i>	<i>Non-current</i> <i>2023</i> <i>AED million</i>
Cash flow hedges				
Assets				
Interest rate swap	<u>73,304</u>	<u>254,890</u>	<u>58,464</u>	<u>169,671</u>
Price derivatives	<u>5,997</u>	<u>—</u>	<u>—</u>	<u>—</u>
	<u>79,301</u>	<u>254,890</u>	<u>58,464</u>	<u>169,671</u>
Liabilities				
Interest rate swap	<u>25,635</u>	<u>65,305</u>	<u>4,808</u>	<u>41,347</u>
Price derivatives	<u>579</u>	<u>1,581</u>	<u>—</u>	<u>—</u>
	<u>26,214</u>	<u>66,886</u>	<u>4,808</u>	<u>41,347</u>

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33 FINANCIAL INSTRUMENTS continued

33.1 Hedging activities continued

ii). *Derivatives designated as hedging instruments* continued

Interest rate swap – cash flow hedge

The following table summarises certain information relating to the derivatives for each subsidiary as of 31 December 2024 and 31 December 2023:

Subsidiary	Notional amount		Derivative liabilities		Derivative assets		Fixed leg on instrument	
	2024 AED '000	2023 AED '000	2024 AED '000	2023 AED '000	2024 AED '000	2023 AED '000	2024 AED '000	2023 AED '000
Masdar Azerbaijan Energy LLC	298,719	176,684	-	-	16,126	2,961	3.41%	3.41%
Masdar Energy UK Limited	1,278,944	1,405,929	-	-	176,262	183,391	0.74%	0.74%
Nur Jizzakh Solar PV FE LLC	301,847	143,947	-	-	17,548	43	3.50%	3.50%
Nur Samarkand Solar PV FE LLC	292,678	139,665	-	-	17,134	25	3.50%	3.50%
Nur Sherabad Solar PV FE LLC	548,635	459,059	-	(10,780)	21,752	-	3.67%	3.67%
Nur Navoi Solar Holdings RSC Limited	220,391	220,391	-	-	15,574	19,247	0.76%	0.76%
Nur Bukhara Solar PV LLC FE	497,890	-	(751)	-	-	-	3.16%	-
Shamal Zarafshan Energy FE LLC	511,574	268,312	-	(35,375)	6,984	-	4.00%	4.00%
Nur Navoi Solar FE LLC	112,672	120,721	-	-	23,697	22,468	1.36%	1.36%
Masdar Baltic Eagle Germany GmbH	1,344,850	-	(63,445)	-	-	-	2.66%	-
Masdar Espana Renewables 1, SL	1,750,363	-	-	-	3,232	-	2.30%	-
Masdar Hellas Single Member SA	2,280,000	-	-	-	29,885	-	2.20%	-
TERP Spanish Holdco SLU	814,126	-	(4,253)	-	-	-	0.4%-2.6%	-
Terna Energy	1,824,790	-	(22,491)	-	-	-	0.4%-2.3%	-
			(90,940)	(46,155)	328,194	228,135		

Price derivatives – Cash flow hedges

TERP Spanish Holdco SLU

Terp Spanish Holdco SLU 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 2024, the derivative instrument has a negative fair value of AED 2.2 million (2023: nil). The notional amount associated with the volumes covered by the derivative instrument is 505 GWH.

Terna Energy

Terna Energy 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 2024, the derivative instrument has a positive fair value of AED 6.0 million (2023: nil). The notional amount associated with the volumes covered by the derivative instrument is 70 Mwh.

33.2 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 bearing loans and borrowings. Set out below is a comparison of the carrying amounts and fair values of fixed interest bearing loans and borrowings:

	Fair value		Carrying value	
	2024 AED '000	2023 AED '000	2024 AED '000	2023 AED '000
Interest bearing loans and borrowing	6,342,518	1,814,507	6,363,885	2,725,419

Interest bearing loans and borrowings relates to the Masdar green bonds. The fair value of the interest bearing loans and borrowings is based on price quotations at the reporting date.

33 FINANCIAL INSTRUMENTS continued

33.3 Fair value hierarchy

The following analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1 – quoted prices in active markets for assets and liabilities
- Level 2 – inputs other than quoted prices included within Level 1 are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs)

	Fair value as at		Carrying value		Fair value hierarchy
	2024 AED'000	2023 AED'000	2024 AED'000	2023 AED'000	
Financial assets measured at fair value					
Derivative financial assets	334,191	240,278	334,191	240,278	Level 2
Financial assets carried at fair value through profit or loss					
Equity investment	82,970	35,642	82,970	35,642	Level 3
Financial assets carried at fair value through OCI					
Equity investment	15,401	-	15,401	-	Level 3
Financial liabilities measured at fair value					
Derivative financial liabilities	93,100	46,155	93,100	46,155	Level 2
Deferred consideration	727,425	94,932	727,425	94,932	Level 3
Financial liabilities disclosed at fair value					
Interest bearing loans and borrowings	6,342,518	1,814,507	6,363,885	2,725,419	Level 1

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 included in the Level 2 category above have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant observable inputs being the discount rate that reflects the credit risk of counterparties.

The fair values of the financial assets and financial liabilities included in the Level 3 category above have been determined based on net asset values whereas, the fair values of the deferred consideration have been determined based on DCF method.

During the year ended 31 December 2024 and 2023 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.

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34 COMMITMENTS AND CONTINGENCIES

Capital commitments

Capital commitments as at 31 December are as follows:

	<i>1 year or less AED '000</i>
2024	
Capital commitments	<u>3,529,352</u>
Group's share in the commitments of its equity-accounted investees	<u>362,220</u>
Commitments towards financials investments	<u>69,574</u>
Group's share in the commitments of its joint operations	<u>1,668</u>
2023	
Capital commitments	<u>1,709,931</u>
Group's share in the commitments of its equity-accounted investees	<u>78,996</u>
Commitments towards financials investments	<u>104,935</u>
Group's share in the commitments of its joint operations	<u>2,078</u>

Guarantees

As at 31 December 2024, the Group had issued corporate guarantees which benefit lenders in respect of USD-denominated equity bridge loan facilities amounting to AED 671 million (2023: AED 825 million) for the purposes of funding its equity commitments on the Dumat Al Jandal Wind Energy Company LLC (refer to note 19(iv)), Noor Jeddah Energy and Nur Navoi Solar Holding.

The Group has issued performance guarantees amounting to AED 3,025 million against various projects as at 31 December 2024 (2023: AED 4,626 million).

As at 31 December 2024, the banks have issued guarantees and letters of credit for the Group under various uncommitted trade finance facilities with banks including Abu Dhabi Commercial Bank, First Abu Dhabi Bank, Societe Generale, Emirates NBD and MUFG amounting to AED 3,531 million (2023: AED 2,317 million).

35 FINANCIAL RISK MANAGEMENT

35.1 Capital management

The policy of the Board of Directors is to maintain a strong capital base to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital.

The Company and its subsidiaries incorporated in the UAE are subject to certain capital requirements of the UAE Federal Decree Law No. (32) of 2021, which they are compliant with. Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

The capital structure of the Group consists of net debt (bank borrowings offset by cash and bank balances, excluding restricted cash) and equity of the Group (comprising share capital, additional capital contribution and reserves, offset by accumulated losses).

35 FINANCIAL RISK MANAGEMENT continued

35.1 Capital management continued

Gearing ratio

The gearing ratio as at 31 December is as follows:

	2024 AED '000	2023 AED '000
Debt (i)	24,492,304	6,677,888
Cash and cash equivalents	<u>(6,733,595)</u>	<u>(2,479,634)</u>
Net debt	<u>17,758,709</u>	<u>4,198,254</u>
Equity (ii)	<u>29,007,613</u>	<u>9,805,323</u>
Net debt to equity ratio	<u>61.22%</u>	<u>42.81%</u>

(i) Debt comprises interest bearing loans and borrowings (note 30) and lease liabilities (note 17).

(ii) Equity includes all capital and reserves of the Group that are managed as capital.

35.2 Financial risk management

Risk management framework

The Company's board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The board of directors has established the risk management committee, which is responsible for developing and monitoring the Group's risk management policies. The committee reports regularly to the board of directors on its activities.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group's Audit, Risk and Compliance Committee (ARCC) oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and credit risk.

Currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group is exposed to currency risk on its transactions, investments that are denominated in foreign currencies, primarily in Euro and GBP. There is no significant currency risk exposure on the USD transactions and balances as the UAE Dirham is pegged to the USD.

The following table demonstrates the sensitivity to a reasonably possible change in the Euro and GBP 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 the exchange rate fluctuation reserve). The Group's exposure to foreign currency changes for all other currencies is not material.

35 FINANCIAL RISK MANAGEMENT continued

35.2 Financial risk management continued

Currency risk continued

	<i>Increase/decrease in EURO and GBP</i>	<i>Effect on profit before tax AED '000</i>	<i>Effect on net equity AED '000</i>
2024	+2% -2%	9,545 (9,545)	(194,203) 194,203
2023	+2% -2%	4,363 (4,363)	(13,970) 13,970

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's variable rate borrowings.

The Group manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. The Group's borrowings at fixed rate of interest amounted to AED 6,363.9 million (2023: 2,725.4 million) which is 27% of total borrowings at 31 December 2024 (2023: 43%). The Group enters into interest rate swaps with respect to its variable rate borrowings, in which it 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. At 31 December 2024 and 2023, the Group's borrowings are substantially hedged against interest rate risk by virtue of interest rate swaps.

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

<i>Effects in AED '000</i>	<i>Profit or loss</i>		<i>Equity, net of tax</i>	
	<i>+15 bp Increase</i>	<i>-15 bp Decrease</i>	<i>+15 bp Increase</i>	<i>-15 bp Decrease</i>
31 December 2024	(10,757)	10,757	(13,101)	13,007
31 December 2023	(1,091)	1,091	(3,805)	3,805

The following table provides a reconciliation by risk category of components of equity and analysis of hedging reserve, net of tax, resulting from cash flow hedge accounting:

	2024 <i>AED '000</i>	2023 <i>AED '000</i>
As at 1 January	378,073	485,584
Change in fair value – interest rate swaps	96,292	(112,871)
Share of movement in equity accounted investees	(27,821)	(20,835)
Deferred tax movement	964	15,813
Effect of movement in exchange rates	(28,961)	10,382
As at 31 December	418,547	378,073

35 FINANCIAL INSTRUMENTS continued

35.2 Financial risk management continued

Risk management framework continued

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group is exposed to credit risk from its operating activities and from its financing activities, including deposits with banks and other financial instruments.

Trade and other receivables

The Group has adopted a policy of only dealing with creditworthy counterparties. The Group attempts to control credit risk by monitoring credit exposures and continually assessing the creditworthiness of third parties.

The Group has adopted a policy of dealing with only creditworthy counterparties. Adequate assessment is made before accepting an order from a counterparty. Of the trade receivables balance at the end of the year, AED 306 million (2023: AED 79 million) representing 65% (2023: 34%) of total trade receivables is due from three major customers. Management considers each of these customers to be reputable and creditworthy and is confident that this concentration of credit risk will not result in any significant loss to the Group.

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 24. The Group does not hold collateral as security.

Operating financial assets

The operating financial assets relating to the Group's international power and wind 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 2024 and 2023 is the carrying amounts as illustrated in note 20.

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. Balances with banks are assessed to have low credit risk of default since these banks are highly regulated by the central banks in the country of operation. 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 2024 and 2023 is the carrying amounts as illustrated in note 25 except for derivative financial instruments. The Group's maximum exposure for derivative instruments is disclosed in note 33 and in the liquidity table below, respectively.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group ensures that it has sufficient cash and liquid assets on demand to meet its expected operational expenses; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. The Group maintains adequate amount of its cash resources in bank and in short term deposits. The Group has significant future capital commitments (note 34) for which it relies on funding from the shareholders and borrowings from banks and issuance of green bonds.

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35 FINANCIAL INSTRUMENTS continued

35.2 Financial risk management continued

Risk management framework continued

Liquidity risk continued

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The tables include both interest and principal cash flows and excluding the impact of netting arrangements. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period.

The contractual maturity is based on the earliest date on which the Group may be required to pay.

	Within 1 year AED '000	Between 1 - 2 years AED '000	Between 2 - 5 years AED '000	More than 5 years AED '000	Total AED '000	Carrying amount AED '000
2024						
Interest bearing loans and borrowings	2,197,342	3,065,624	6,879,419	18,903,576	31,045,961	23,970,779
Due to related parties	89,533	-	-	-	89,533	89,533
Trade and other payables	698,350	-	-	-	698,350	698,350
Lease liabilities	60,938	55,292	150,763	388,208	655,201	521,525
	3,046,163	3,120,916	7,030,182	19,291,784	32,489,045	25,280,187
2023						
Interest bearing loans and borrowings	453,566	509,651	1,872,538	7,033,666	9,869,421	6,386,675
Due to related parties	65,812	-	-	-	65,812	65,812
Trade and other payables	139,356	-	-	-	139,356	139,356
Lease liabilities	36,616	34,077	90,520	215,382	376,595	291,213
	695,350	543,728	1,963,058	7,249,048	10,451,184	6,883,056

The amount included above for variable interest rate instruments for non-derivative financial liabilities is subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

The following table details the Group's liquidity analysis for its interest rate swaps. The table has been drawn up based on the undiscounted contractual net cash inflows and outflows on derivative instruments that settle on a net basis.

	Within 1 - year AED '000	Between 1 - 2 years AED '000	Between 2 - 5 years AED '000	More than 5 years AED '000	Total AED '000	Carrying amount AED '000
<i>Interest rate swaps</i>						
2024	59,565	55,566	105,022	72,019	292,172	237,254
2023	51,405	45,485	94,340	30,864	222,094	181,980

The Group has access to financing facilities as described in note 30, of which AED 1,552 million were unused at the end of the reporting period (2023: AED 3,589 million). The Group expects to meet its other obligations from operating cash flows and proceeds of maturing financial assets.

36 EVENTS AFTER REPORTING DATE

During 2025, as part of an all-cash mandatory tender offer ("MTO"), Masdar further acquired 11% of the outstanding shares of Terna for a value of EUR 272 million.

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37 COMPARATIVE INFORMATION

Certain comparative figures have been reclassified, wherever necessary, to conform to the presentation adopted in the current year consolidated financial statements. Such reclassification has no impact on previously reported profit or equity of the Group.

Consolidated statement of comprehensive income for the year ended 31 December 2023

	<i>Previously reported amount AED '000</i>	<i>Reclassification AED '000</i>	<i>Reclassified amount AED '000</i>
Revenue	3,352,560	206,929	3,559,489
Direct costs	(2,578,558)	(135,404)	(2,713,962)
Other income	185,541	(20,509)	165,032
General and administrative expenses	(573,720)	6,031	(567,689)
Finance income	148,637	(51,015)	97,622
Finance expense	(230,219)	22,158	(208,061)
Net foreign exchange loss	-	(34,950)	(34,950)

Further, following items presented in the consolidated statement of comprehensive income for the year ended 31 December 2023 are reclassified within the financial statement captions noted above.

	<i>Previously reported amount AED '000</i>	<i>Reclassification AED '000</i>	<i>Reclassified amount AED '000</i>
Research and development expenses	(1,774)	1,774	-
Reversal of expected credit losses on loans to related parties, net	26,606	(26,606)	-
Reversal of (provision for) expected credit losses on trade and finance lease receivables	596	(596)	-
Provision for expected credit losses on operating financial leases	(32,188)	32,188	-

Consolidated statement of financial position as at 31 December 2023

	<i>Previously reported amount AED '000</i>	<i>Reclassification AED '000</i>	<i>Reclassified amount AED '000</i>
Non-current assets			
Derivative financial assets	194,123	(24,452)	169,671
Current assets			
Derivative financial assets	-	70,607	70,607
Non-current liabilities			
Derivative financial liabilities	-	(41,347)	(41,347)
Current liabilities			
Derivative financial liabilities	-	(4,808)	(4,808)