



2026

**MANAGEMENT'S
DISCUSSION &
ANALYSIS**

For the period ended
31 March 2026



ABU DHABI NATIONAL ENERGY COMPANY PJSC (TAQA) MANAGEMENT'S DISCUSSION AND ANALYSIS

1. Health, Safety and Environment
2. Summary of Results
3. Results of Operations by Business
4. Capital Structure and Liquidity
5. Capital Expenditure

This document should be read in conjunction with TAQA's interim condensed consolidated financial statements for the period ended 31 March 2026. Within the MD&A we use the terms "the Group", "we", and "our" to refer to TAQA.

1. Health, Safety and Environment (HSE)

		Period ended 31 March											
		Generation ^(1,2,3)		Transmission		Distribution		Water Solutions		Oil & Gas		Group Total ⁽³⁾	
HSE Overview		2026	2025	2026	2025	2026	2025	2026	2025	2026	2025	2026	2025
Recordable injury rate (RIR) ⁽⁴⁾	(incident / million hrs)	1.04	1.04	-	-	0.52	0.31	-	-	0.83	1.69	0.30	0.39
Lost time injury (LTI)	Number	-	1	-	-	3	-	-	-	-	-	3	1
Fatalities	Number	1	-	-	-	-	2	-	-	-	-	1	2
Reportable spills	Number	-	-	-	-	1	-	1	-	3	6	5	6
Reportable spills	Volume (litres)	-	-	-	-	3	-	1	-	13,166	15,903	13,170	15,903

1) Refers to TAQA operated assets only.

2) Excludes discontinued operations.

3) 2025 RIR was updated based on a revised manhour calculation.

4) RIR includes all recordable injuries (e.g., fatalities, lost time injury, restricted work injury and medical treatment injury)

"Safe" is our first value. We put safety above all else and HSE is a fundamental part of TAQA's business. We apply our Commitment to Operational Excellence, TAQA's HSE management system, to maintain safe, compliant and reliable activities and operations. All members of our workforce are empowered with responsibility and authority to speak up and stop unsafe work.

Group RIR of 0.30 represents a decrease from 0.39 at the same period of the previous year. Recordable injuries, which included 1 fatality and 3 lost time injuries, decreased from 7 to 6. Manhours increased 13% reflecting increased activity across the Group.

Regrettably, a fatal accident occurred at our Generation asset in Morocco, involving unauthorized access to a restricted area. A rigorous investigation was conducted to establish root causes, identify lessons learnt and agree improvement actions that were shared across the Group to prevent reoccurrence. Implementation of improvement actions identified during incident investigations are tracked to completion and subsequently verified to confirm progress is maintained.

5 reportable spills were recorded, including 3 from Oil & Gas, 1 from Distribution, and 1 from Water Solutions, a decrease from 6 at the same period of the previous year. The total spill volume released was 13,170 litres, compared to 15,903 litres in Q1 2025.

Generation

Generation RIR was 1.04 at the end of Q1, in line with the previous year, with manhours largely unchanged. The sole recordable incident was a fatality in January. In response, and to strengthen overall safety performance, key focus areas included contractor management, safety leadership, process safety, safe systems of work, and crisis and emergency management.

Transmission

Transmission recorded no recordable injuries in Q1 2026. Manhours increased 51%. Key focus areas included effective site supervision, contractor management and project safety management.

Distribution

Distribution RIR was 0.52 at the end of Q1, an increase from 0.31 in the same period last year, driven by a rise in recordable injuries from two to three, all of which were lost time injuries. Manhours decreased by 10%. Key focus areas included conformance with policies and standards, including the 12 Essential Safety Rules, as well as safety leadership, supervision, contractor management, and project safety management.

Water Solutions

Water Solutions recorded zero recordable injuries in Q1 2026, with manhours increasing by 13%. Focus remained on strengthening safety competencies and leadership, as well as contractor management.

Oil & Gas (O&G)

O&G RIR was 0.83 at the end of Q1, a decrease from 1.69 in the same period last year, driven by a reduction in recordable injuries from four to two. Manhours remained largely unchanged. Key focus areas included occupational and process safety, as well as risk management improvements during ongoing changes in the asset profile, including asset decommissioning, wells plug and abandonment, and asset development, particularly for activities delivered by our contracted workforce.

Corporate

Corporate recorded zero recordable injuries by the end of Q1. In response to recent fatal incidents, targeted programmes were launched to address underlying causes, including an independent site assurance programme to review conformance across construction sites within the Distribution business, and a 12-month Group-wide safety improvement plan to increase awareness and reinforce compliance with TAQA's safety policies, standards, and rules. Additional focus areas included contractor management, safe systems of work, compliance with standards, incident investigation, safety reporting, and shared learning.

2. Summary of Results

(AED million, except where indicated)		Three months ended	
		31-Mar 2026	31-Mar 2025
Generation global commercial availability ⁽¹⁾	%	94.3%	95.3%
Transmission network availability	%	98.4%	98.7%
Water Solutions asset availability	%	97.2%	93.7%
Oil & Gas average production ⁽²⁾	mboe/d	94.6	94.9
Revenue from external customers		13,730	14,109
EBITDA		5,526	5,252
Net Income ⁽³⁾		2,091	2,083
Capital expenditure ⁽⁴⁾		3,182	2,187
Free cash flow ⁽⁵⁾		4,841	4,827

(AED million)		As at	
		31-Mar 2026	31-Dec 2025
Total debt ⁽⁶⁾		71,224	65,317
Regulated Asset Value (RAV):			
- Transmission		45,441	45,001
- Distribution		35,768	35,548
- Water Solutions		18,620	18,432

(1) Represents weighted average from continuing operations for all power and water producing assets based on plant capacity.

(2) Includes working interest production from continuing operations in Canada, UK, and Netherlands.

(3) Net income above is the share attributable to common shareholders of TAQA.

(4) Represents additions to Property, Plant, and Equipment, excluding right-of-use assets.

(5) Represents cash flows from operations less cash flows used in investing activities.

(6) Total debt includes accrued interest.

Operational Highlights:

- **Generation global commercial availability** was 94.3%, compared to 95.3% in the prior period.
- **Transmission network availability** for power and water was 98.4%, compared to 98.7% in the prior period.
- **Water Solutions asset availability** was 97.2%, compared to 93.7% in the prior period.
- **Oil & Gas production** averaged 94.6 mboe/d, broadly in line with 94.9 mboe/d in the prior period.

Financial Highlights:

- **Group revenues** of AED 13.7 billion, compared to AED 14.1 billion in the same period last year. The decrease was primarily driven by lower revenues from the Oil & Gas business due to lower volumes sold, partially offset by growth in regulated revenues.
- **EBITDA** increased to AED 5.5 billion from AED 5.3 billion in Q1 2025, reflecting higher contributions from joint ventures and associates, as well as the stable earnings profile of TAQA's regulated utilities businesses.
- **Net income** attributable to TAQA shareholders remained stable at AED 2.1 billion.
- **Capital expenditure** increased to AED 3.2 billion, up 45.5% year-on-year, reflecting accelerated investment across power, water and transmission networks.
- **Free cash flow** was AED 4.8 billion, in line with the prior year, with higher operating cash flows offset by increased investment in capital projects.

- **Total debt** increased to AED 71.2 billion from AED 65.3 billion at the end of 2025, primarily driven by AED 4.7 billion of corporate term loan utilisation, AED 1.8 billion of revolving credit facility utilisation and AED 0.6 billion of project debt drawdowns, partially offset by AED 0.9 billion of project debt repayments and other net reductions of AED 0.3 billion.

Strategic Highlights:

Amid recent regional developments, TAQA operated safely and reliably, maintaining continuity of essential power and water services across its portfolio. TAQA's business model, supported by a high proportion of regulated and contracted activities, underpinned performance and resilience through the quarter.

During the quarter, TAQA advanced key partnerships and infrastructure projects across the UAE power and water sectors, including:

- TAQA, EVEC, Masdar, EDF Power Solutions and Jinko Power completed a USD 870.75 million (AED 3.2 billion) green bond issuance to refinance the Al Dhafra Solar Photovoltaic (PV) Independent Power Plant, supporting TAQA's renewables portfolio and sustainable finance strategy.
- TAQA and ADNOC signed a 27-year Utilities Purchase Agreement to supply critical utilities to the TA'ZIZ Industrial Chemicals Zone in Ruwais, reinforcing TAQA's role in enabling Abu Dhabi's industrial growth through reliable and efficient utility infrastructure.
- TAQA Water Solutions, Etihad Water and Electricity and Saur International, signed a long-term agreement with the Government of Ras Al Khaimah to develop the Emirate's largest wastewater treatment plant, with a capacity of 60,000 cubic metres per day, serving up to 300,000 people.

Through its leading stake in Masdar, TAQA supported the expansion of renewable energy and sustainable infrastructure in key markets. Notably:

- In the UK, Masdar and RWE secured Contracts for Difference for 3 GW of new offshore wind capacity across the Dogger Bank South projects.

In the first quarter of 2026, TAQA shareholders elected a new Board of Directors, with H.E. Jassem Mohammed Bu Ataba Al Zaabi appointed Chairman. TAQA shareholders also approved an updated dividend policy for 2026-2028, maintaining both fixed and variable components, with continued year-on-year growth expected from the fixed dividend.

3. Results of Operations by Business

Consolidated Income Statement	Year ended													
	Generation		Transmission		Distribution		Water Solutions		Oil & Gas		Corp. & Elimination		Group Total	
	31-Mar 2026	31-Mar 2025	31-Mar 2026	31-Mar 2025	31-Mar 2026	31-Mar 2025	31-Mar 2026	31-Mar 2025	31-Mar 2026	31-Mar 2025	31-Mar 2026	31-Mar 2025	31-Mar 2026	31-Mar 2025
(AED millions)														
Revenue														
External	2,714	2,845	323	274	9,053	8,865	648	636	992	1,489	-	-	13,730	14,109
Intra-Segment	37	40	1,391	1,303	40	40	35	29	-	-	(1,503)	(1,412)	-	-
Revenue total	2,751	2,885	1,714	1,577	9,093	8,905	683	665	992	1,489	(1,503)	(1,412)	13,730	14,109
Operating expenses	(1,056)	(1,136)	(254)	(190)	(7,852)	(7,705)	(226)	(233)	(348)	(891)	1,503	1,432	(8,233)	(8,723)
G&A expenses	(115)	(108)	(87)	(94)	(151)	(179)	(39)	(36)	(44)	(47)	(46)	(34)	(482)	(498)
Net impairment losses on financial and contract assets	-	(2)	-	-	2	6	-	-	15	1	-	-	17	5
Share of results of associates and JVs	216	3	16	(6)	-	-	-	-	-	-	3	1	235	(2)
Other income / (expenses)	19	12	26	22	19	27	-	1	1	(2)	12	(14)	77	46
FX gains / (losses)	(5)	39	-	-	-	-	-	-	6	(4)	16	(39)	17	(4)
Dividend income	-	-	-	-	-	-	-	-	-	-	165	313	165	313
Profit from discontinued operations	-	6	-	-	-	-	-	-	-	-	-	-	-	6
EBITDA	1,810	1,699	1,415	1,309	1,111	1,054	418	397	622	546	150	247	5,526	5,252
DD&A expenses	(1,008)	(1,052)	(402)	(392)	(492)	(476)	(183)	(182)	(209)	(184)	(3)	(2)	(2,297)	(2,288)
Finance costs	(357)	(362)	(14)	(5)	(1)	(1)	(24)	(27)	(93)	(59)	(295)	(280)	(784)	(734)
Interest income	80	68	16	15	21	11	6	5	20	86	(33)	(84)	110	101
Tax expense	(114)	(52)	(70)	(42)	(45)	(25)	(17)	(18)	(140)	(42)	(19)	-	(405)	(179)
Total profit / (loss)	411	301	945	885	594	563	200	175	200	347	(200)	(119)	2,150	2,152
Non-controlling interest	(51)	(61)	-	-	-	-	(8)	(8)	-	-	-	-	(59)	(69)
Net profit / (loss) (TAQA share)	360	240	945	885	594	563	192	167	200	347	(200)	(119)	2,091	2,083

As at

<i>Consolidated Balance Sheet</i>	<u>Generation</u>		<u>Transmission</u>		<u>Distribution</u>		<u>Water Solutions</u>		<u>Oil & Gas</u>		<u>Corp. & Elimination</u>		<u>Group Total</u>	
	31-Mar 2026	31-Dec 2025	31-Mar 2026	31-Dec 2025	31-Mar 2026	31-Dec 2025	31-Mar 2026	31-Dec 2025	31-Mar 2026	31-Dec 2025	31-Mar 2026	31-Dec 2025	31-Mar 2026	31-Dec 2025
(AED millions)														
Property, plant and equipment	26,522	26,647	48,436	47,317	43,956	43,854	19,680	19,580	5,192	5,288	(176)	(175)	143,610	142,511
Operating financial assets	7,202	7,387	-	-	-	-	-	-	-	-	-	-	7,202	7,387
Investing in associates, joint ventures and related balances	16,714	16,773	1,222	1,215	-	-	-	-	-	-	-	-	17,936	17,988
Intangible assets	7,152	7,429	276	276	4,894	4,884	-	-	106	79	-	(1)	12,428	12,667
Investments carried at FVOCI	-	-	-	-	-	-	-	-	-	-	12,280	13,623	12,280	13,623
Deferred tax assets	14	13	-	-	-	-	-	-	4,437	4,638	-	-	4,451	4,651
Other assets	10,164	10,719	1,145	530	4,589	3,974	576	609	1,888	2,136	10,846	2,978	29,208	20,946
Assets classified as held for sale	7	6	-	-	-	-	-	-	-	-	139	136	146	142
Segmental Assets	67,775	68,974	51,079	49,338	53,439	52,712	20,256	20,189	11,623	12,141	23,089	16,561	227,261	219,915
Segmental Liabilities	34,524	35,186	7,897	7,063	18,621	15,566	6,936	6,923	11,940	12,372	41,846	35,143	121,764	112,253
Total Equity	33,251	33,788	43,182	42,275	34,818	37,146	13,320	13,266	(317)	(231)	(18,757)	(18,582)	105,497	107,662

Generation

Generation reported a net profit (TAQA share) of AED 360 million, an increase of AED 120 million year-on-year, primarily driven by higher contributions from equity-accounted investments. This was partially offset by the retirement of Shuweihat 1 Power Plant (S1 Plant) as it undergoes extension for the new 15-year power purchase agreement.

Revenue was AED 134 million lower than the comparative period, while operating expenses also declined by AED 80, mainly due to S1 Plant undergoing construction works associated with the extension of the plant.

The share of results from associates and joint ventures amounted to AED 216 million, an increase of AED 213 million year-on-year, primarily driven by higher contributions from Masdar and Sohar, as well as the completion of the acquisition of Talimarjan Power Plant 1 in Q2 2025.

Foreign exchange movements resulted in a loss of AED 5 million, compared to a gain of AED 39 million in Q1 2025, reflecting a negative variance of AED 44 million year-on-year, mainly due to less favorable movements in Euro- and Moroccan Dirham-denominated exposures.

Depreciation, depletion and amortisation (DD&A) decreased by AED 44 million due to the retirement of the S1 Plant.

Tax expense increased by AED 62 million year-on-year, mainly due to higher taxable profits and deferred tax movements in the international portfolio.

Transmission

Transmission reported a net profit of AED 945 million, an increase of AED 60 million compared to the prior period.

Revenue increased by AED 137 million year-on-year to AED 1,714 million, comprising an AED 88 million increase in intra-segment revenue from licensed transmission activities and an AED 49 million increase in external revenue from unlicensed activities.

Revenue from licensed activities reflects higher Transmission Use of System (TUoS) charges, as determined by the Department of Energy (DoE), driven by growth in the Regulatory Asset Value (RAV), including allowed capital expenditure, regulatory depreciation and the application of the regulated WACC.

Revenue from unlicensed activities increased in line with higher service charges for the transmission of power and water.

Operating expenses increased by AED 64 million, reflecting costs related to workforce and transformation initiatives, the development of special projects, and the integration of Transmission Investment to support the expansion of non-regulated activities outside the UAE.

Tax expense increased by AED 28 million year-on-year due to higher taxable profits.

Distribution

Distribution reported a net profit of AED 594 million, representing an increase of AED 31 million compared to the previous year.

Revenue increased by AED 188 million year-on-year to AED 9,093 million, primarily driven by higher Maximum Allowed Revenue (MAR), as determined by the DoE, driven by growth in the RAV, including allowed capital expenditure, regulatory depreciation and the application of the regulated WACC.

Operating expenses increased by AED 147 million, largely reflecting increased TUOS charges, higher workforce-related costs and transformation initiatives.

Tax expenses increased by AED 20 million year-on-year due to higher taxable profits.

Water Solutions

Water Solutions reported a net profit (TAQA share) of AED 192 million, an increase of AED 25 million compared to the prior year.

Revenue increased by AED 18 million year-on-year to AED 683 million, reflecting the regulated nature of the business and adjustments in allowed revenue.

Operating expenses decreased by AED 7 million, primarily driven by lower repairs and maintenance costs, partly offset by higher workforce-related costs and other operating expenses, including costs associated with transformation initiatives.

Oil & Gas (O&G)

Oil & Gas (O&G) generated a net profit of AED 200 million, representing a decrease of AED 147 million year-on-year. The decline was primarily driven by lower interest income and higher finance costs and depreciation, depletion and amortisation (DD&A), partially offset by stronger realised oil prices.

Revenue fell by AED 497 million year-on-year to AED 992 million, mainly due to timing differences between O&G production and corresponding sales. This also led to a corresponding decrease in operating costs.

Average realised oil prices increased to USD 70.80/bbl from USD 63.45/bbl in 2025, while average realised gas prices decreased to USD 3.11/mmbtu from USD 3.46/mmbtu. Production volumes remained broadly flat at 94.6 mboe/d compared to 94.9 mboe/d in 2025.

DD&A increased by AED 25 million to AED 209 million in Q1 2026 compared to Q1 2025. This increase was primarily driven by the recognition of a reduction in an asset retirement obligation provision recorded in the prior year.

Finance costs increased by AED 34 million, primarily reflecting non-recurring items recognised during the period, while interest income decreased by AED 66 million due to lower average cash balances.

Tax expense increased by AED 98 million to AED 140 million compared to Q1 2025, primarily due to the higher taxable profits and a tax refund received in 2025.

Corporate

Differences in revenue, operating expenses and other income/(expenses) are primarily attributable to intra-segment eliminations.

G&A expenses increased by AED 12 million year-on-year to AED 46 million, broadly in line with the comparative quarter.

Foreign exchange movements resulted in a gain of AED 16 million, compared to a loss of AED 39 million in Q1 2025, reflecting a positive variance of AED 55 million year-on-year, mainly due to favorable movements in Euro-denominated liabilities.

Dividend income decreased by AED 148 million year-on-year, primarily due to the timing of dividends from ADNOC Gas plc.

The increase in finance costs and interest income, which include intra-segment eliminations, reflects higher utilisation of available credit facilities and higher average cash balances, respectively.

Tax expenses increased by AED 19 million compared to the prior year, mainly reflecting increased income from treasury activities.

4. Capital Structure and Liquidity

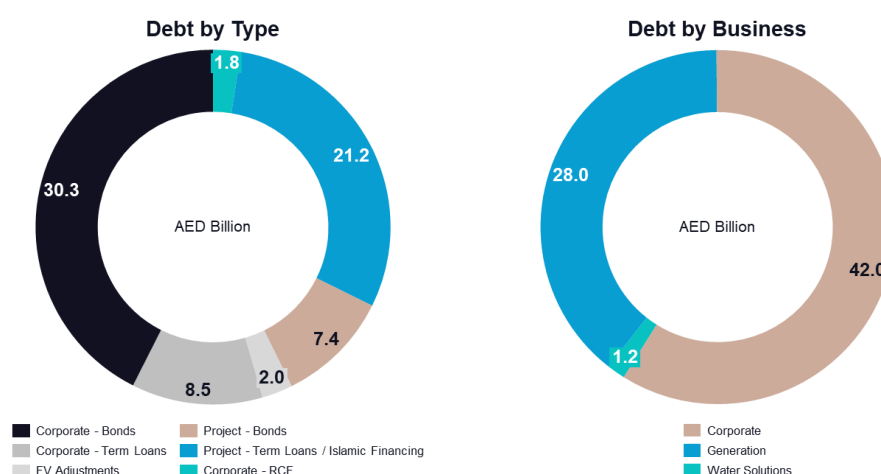
<i>Consolidated Position</i>	As at	
	31-Mar 2026	31-Dec 2025
(AED million, except where indicated)		
Total assets	227,261	219,915
Total equity	105,497	107,662
Total debt ⁽¹⁾	71,224	65,317
Net debt-to-capital ratio ⁽²⁾	35%	35%
Unused portion of credit facilities	13,199	19,726
Net cash and cash equivalents	14,132	6,660
Total available liquidity	27,331	26,386

(1) Total debt includes accrued interest

(2) 'Net debt' divided by 'Total equity' plus 'Net debt' where 'Net debt' is 'Total debt' less 'Net cash and cash equivalents'

Capital Structure

TAQA's capital structure is comprised of 35% net debt based on the consolidated statement of financial position values as at 31 March 2026 and includes fair value adjustments.



The Group's external sources of funding include corporate bonds, term loans and its revolving credit facility (RCF), which have historically been used to finance capital expenditure, investments and acquisitions across the Group. Long-term contracted infrastructure assets are typically financed through non-recourse project debt, including term loans, project bonds, and Islamic financing. The Group continues to monitor the total debt position and refinancing options available to ensure the debt mix and cost of debt is at an optimal level.

Interest rates on the Group's project debt, bonds and loans are largely fixed, either contractually or through interest rate hedging arrangements. The main exception is TAQA's revolving credit facility and corporate term loan facility, both of which attract floating market rates and are therefore exposed to movements in the Secured Overnight Financing Rate (SOFR) and Emirates Interbank Offered Rate (EIBOR), respectively. As the Group's medium- and long-term bonds and loans mature, it may be required to refinance such debt at prevailing market rates or utilise other available liquidity. Accordingly, TAQA is partially exposed to interest rate risk.

As at 31 March 2026, after considering the effect of interest rate swaps and embedded derivatives, approximately 84% of the Group's borrowings attract a fixed rate of interest (December 2025: 94%) and the Group's overall cost of debt averaged 4.7% (December 2025: 4.8%)

Liquidity

The Group's total available liquidity was AED 27.3 billion, an increase of AED 0.9 billion from the end of 2025. Total available liquidity is made up of AED 13.2 billion unused available credit facilities and AED 14.1 billion net cash and cash equivalents.

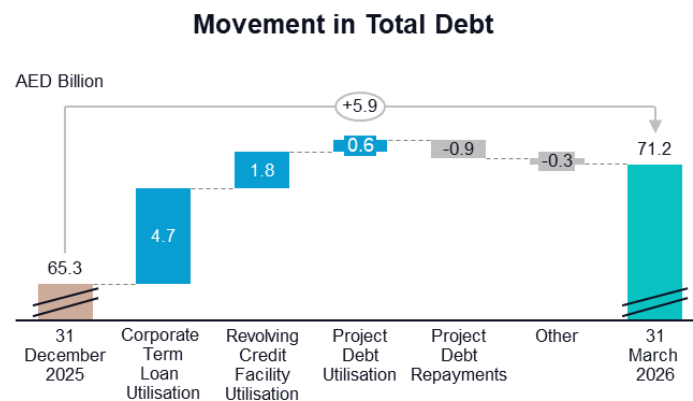
The Group maintains access to funding through its AED 12.9 billion (USD 3.5 billion) multicurrency revolving credit facility (RCF), arranged with a syndicate of 20 banks. As at 31 March 2026, AED 1.8 billion has been drawn from the facility.

In August 2025, the Group further strengthened its liquidity position by securing a new AED 8.5 billion corporate term loan facility. The facility is structured as a two-year, AED-denominated floating-rate loan, with an option to extend for an additional year. Drawdowns under the facility have been executed in phases. As at 31 December 2025, AED 3.9 billion had been utilised. During the period ended 31 March 2026, the Group drew an additional AED 4,650 million, resulting in the facility being fully utilised as at that date.

As at 31 December 2025, 9.5% (AED 6.8 billion) of the Group's total debt is classified as current, compared to 10.3% (AED 6.7 billion) as at 31 December 2025, based on the carrying value of borrowings and accrued interest.

Maturity Profile

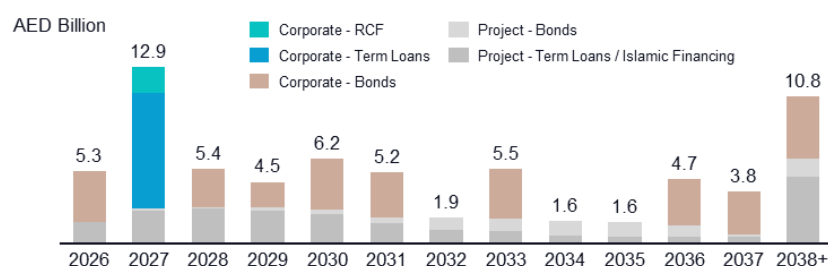
As at 31 March 2026, the Group's total debt increased to AED 71.2 billion, compared to AED 65.3 billion at 31 December 2025.



The net increase reflects higher utilisation of corporate debt facilities, including term loans and the RCF, as well as incremental project finance drawdowns. These were partly offset by scheduled repayments of non-recourse project debt and other movements.

Contractual Maturity Profile of Financial Liabilities

Based on contractual undiscounted cash flows



Capital Expenditure

AED million	Period ended 31 March						
	<i>Generation</i>	<i>Transmission</i>	<i>Distribution</i>	<i>Water Solutions</i>	<i>Oil & Gas</i>	<i>Corp. & Eliminations</i>	<i>Group Total</i>
2026	601	1,526	593	284	178	-	3,182
2025	819	741	316	180	131	-	2,187

The Group's total capital expenditure (additions to Property, Plant, and Equipment, excluding right-of-use assets) amounted to AED 3,182 million, a 45% increase compared to Q1 2025.

Generation

Capital expenditure totaled AED 601 million, decreasing primarily due to the phasing of construction work in progress.

Transmission

Capital expenditure increased by AED 785 million compared to the prior year, driven by execution of key special projects and the phasing of business-as-usual network enhancements and upgrades.

Distribution


Capital expenditure increased by AED 277 million, primarily reflecting a higher volume of development projects transferred during the period.

Water Solutions

Capital expenditure increased by AED 104 million, with total additions of AED 284 million, mainly driven by a higher volume of development projects transferred during the period, restoration works, asset enhancements, network rehabilitation, and other ongoing projects.

Oil & Gas (O&G)

Capital expenditure increased due to investment in new gas processing infrastructure in the Central West area, Canada. The project comprises the development of a gas processing facility and associated pipeline infrastructure with expected commissioning in 2027.



Jasim Husain Thabet
Group Chief Executive Officer & Managing Director
14 May 2026



Adrian Kershaw
Chief Financial Officer