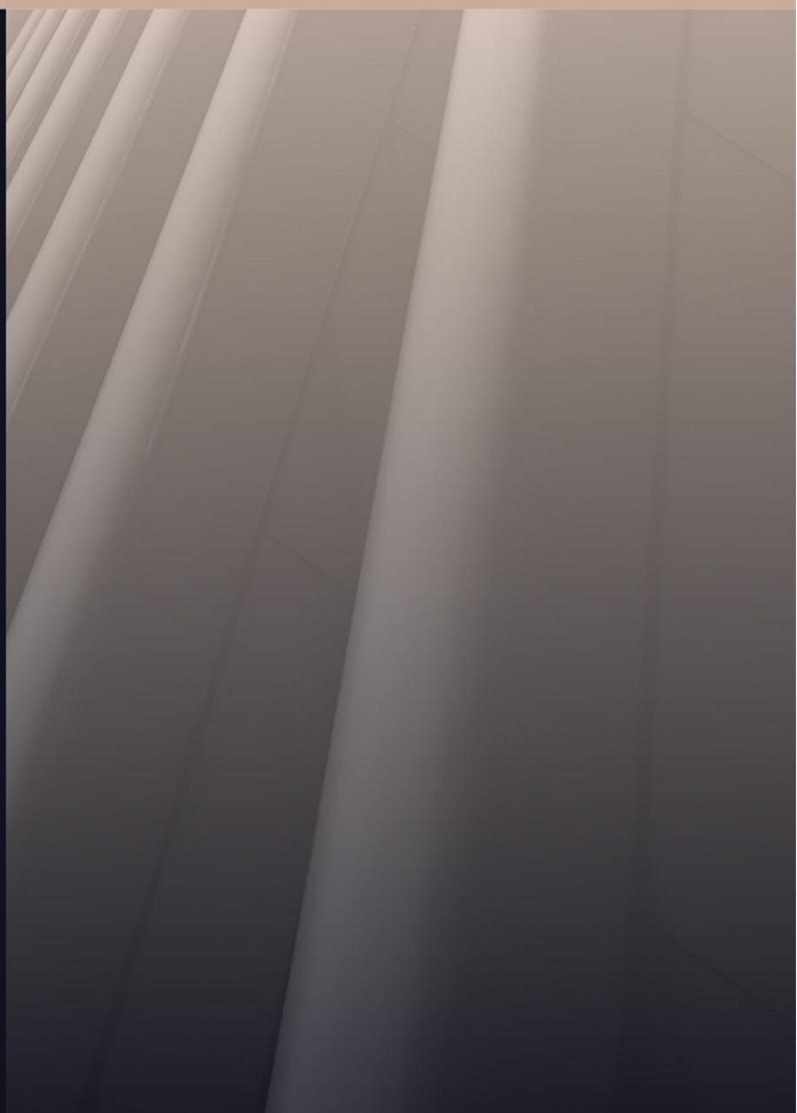
2026

MANAGEMENT'S DISCUSSION & ANALYSIS

For the period ended
30 June 2026



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

1. Health, Safety and Environment
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This document should be read in conjunction with TAQA's interim condensed consolidated financial statements for the period ended 30 June 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 30 June											
		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)*	**0.98**	0.56	**0.06**	**-**	**0.25**	0.28	**-**	0.14	**1.25**	1.88	**0.28**	0.41
Lost time injury (LTI)	*Number*	**1**	1	**1**	**-**	**3**	1	**-**	1	**1**	3	**6**	6
Fatalities	*Number*	**1**	-	**-**	-	**-**	2	**-**	-	**-**	-	**1**	2
Reportable spills	*Number*	**-**	-	**-**	-	**1**	-	**1**	-	**7**	8	**9**	8
Reportable spills	*Volume (litres)*	**-**	-	**-**	-	**3**	-	**1**	-	**16,768**	18,913	**16,772**	18,913

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 0.28 represents a decrease from 0.41 at the same period of the previous year. Recordable injuries, which included 1 fatality and 6 lost time injuries, decreased from 16 to 12. Manhours increased 9%, reflecting increased activity across the Group.

In response to a fatal accident that occurred at our Generation asset in Morocco involving unauthorized access to a restricted area, a rigorous investigation has been conducted to establish root causes, identify lessons learned 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.

9 reportable spills were recorded, including 7 from Oil & Gas, 1 from Distribution, and 1 from Water Solutions, an increase from 8 in the same period of the previous year. The total spill volume released was 16,772 litres, which is lower compared to 18,913 litres at the end of Q2 2025.

Generation

Generation RIR was 0.98 at the end of Q2 2026, an increase from 0.56 in the same period last year, with 14% increased manhours. Two recordable incidents were reported, which included a fatality in January and a Lost Time Injury in April. 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 RIR was 0.06 at the end of Q2 2026 with one Lost Time Injury recorded, an increase from zero in the same period last year. Manhours increased 60%. Key focus areas included effective site supervision, contractor management and project safety management.

Distribution

Distribution RIR was 0.25 at the end of Q2 2026, a decrease from 0.28 in the same period last year, driven by a lower recordable injury from four to three, all of which were lost time injuries. Manhours decreased by 16%. Key focus areas included conformance with rules, policies and standards, safety leadership, site supervision, contractor management, and project safety management.

Water Solutions

Water Solutions recorded zero recordable injuries at the end of Q2 2026, a decrease from 0.14 in the same period last year. Manhours increased by 3%. Focus remained on strengthening safety competencies and leadership, and contractor management.

Oil & Gas (O&G)

O&G RIR was 1.25 at the end of Q2 2026, a decrease from 1.88 in the same period last year, driven by a reduction in recordable injuries from ten to six. Manhours decreased by 10%. 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 reported zero recordable injuries at the end of Q2 2026, unchanged from the previous year. Targeted corporate programmes were progressing to address underlying causes of more recent safety incidents, 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 12 Essential Safety Rules. In June, a programme of online events was hosted globally for TAQA's HSSE Week, which included participation from TAQA's Group Chief Executive Officer and Managing Director, the Chief Executive Officer of each business, and subject matter experts covering topics focused on the importance of taking personal responsibility for safety, speaking up, and following the rules.

2. Summary of Results

(AED million, except where indicated)		Three months ended 30-Jun 2026	30-Jun 2025	Six months ended 30-Jun 2026	30-Jun 2025
Generation global commercial availability [1,2]	%	**94.3**	92.6	**93.6**	93.6
Transmission network availability	%	**98.5**	98.9	**98.4**	98.7
Water Solutions asset availability	%	**94.4**	95.1	**95.8**	94.4
Oil & Gas average production [3]	mboe/d	**90.3**	92.1	**92.5**	93.5
Revenue from external customers [2]		**13,788**	14,134	**27,518**	28,243
EBITDA [2]		**5,473**	4,964	**10,999**	10,216
Net Income [4]		**1,980**	1,627	**4,071**	3,710
Capital expenditure [5]		**4,060**	3,048	**7,242**	5,235
Free cash flow [6]		**(288)**	2,180	**4,553**	7,007

(AED million)	As at 30-Jun 2026	31-Dec 2025
Total debt [7]	**68,268**	65,317
Regulated Asset Value (RAV):		
- Transmission	**45,546**	45,001
- Distribution	**35,572**	35,548
- Water Solutions	**18,372**	18,432

(1) Represents weighted average from continuing operations for all power and water producing assets based on plant capacity.
(2) Comparative amounts have been reclassified to reflect the presentation of TAQA Neyveli as a discontinued operation.
(3) Includes working interest production from continuing operations in Canada, UK, and Netherlands.
(4) Net income above is the share attributable to common shareholders of TAQA.
(5) Represents additions to Property, Plant, and Equipment, excluding right-of-use assets.
(6) Represents cash flows from operations less cash flows used in investing activities.
(7) Total debt includes accrued interest.

Operational Highlights:

- **Generation global commercial availability** was 93.6% in line with the prior period.
- **Transmission network availability** was 98.4%, compared to 98.7% in the prior period.
- **Water Solutions asset availability** was 95.8%, compared to 94.4% in the prior period.
- **Oil & Gas production** averaged 92.5 mboe/d, broadly in line with 93.5 mboe/d in the prior period.

Financial Highlights:

- **Group revenues** of AED 27.5 billion, down from AED 28.2 billion in the prior period primarily driven by lower pass-through revenues in TAQA Distribution, extension works at the Shuweihat 1 Power Plant, and lower Oil & Gas production following the planned decommissioning of UK North Sea assets. While revenue declined, profitability increased, driven in particular by higher returns from TAQA Transmission and TAQA's Generation business.
- **EBITDA** increased to AED 11.0 billion from AED 10.2 billion in the prior period, 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 increased to AED 4.1 billion from AED 3.7 billion reflecting higher contributions from joint ventures and associates, as well as the stable earnings profile of TAQA's regulated utilities businesses.

- **Capital expenditure** increased to AED 7.2 billion from AED 5.2 billion, reflecting accelerated investment across power, water and transmission networks.
- **Free cash flow** was AED 4.6 billion compared to AED 7.0 billion largely reflecting accelerated investment.
- **Total debt** increased to AED 68.3 billion from AED 65.3 billion at 31 December 2025, primarily reflecting corporate term loan and revolving credit facility drawdowns, together with project debt funding to support capital investments, partially offset by corporate bond maturities and scheduled project debt repayments.

Strategic Highlights:

During the first half of 2026, TAQA continued to advance strategic partnerships and infrastructure projects across the UAE's power and water sectors, including:

- EWEC awarded the 2.6 GW Taweelah C Independent Power Producer project to a consortium led by TAQA (60% stake), supporting grid stability and enabling the large-scale integration of renewables into Abu Dhabi's power system until 2050.
- TAQA and ADNOC signed a 27-year Utilities Purchase Agreement to provide critical utilities to the TA'ZIZ Industrial Chemicals Zone in Ruwais, reinforcing TAQA's role in supporting 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.
- TAQA, EWEC, Masdar, EDF Power Solutions and Jinko Power completed an AED 3.2 billion green bond issuance to refinance the Al Dhafra Solar Photovoltaic (PV) Independent Power Plant, supporting sustainable financing and renewable energy growth.

Through its leading stake in Masdar, TAQA supported the expansion of renewable energy across key international markets. Notably during the period, Masdar:

- Signed a binding agreement to establish a USD 2.2 billion joint venture with TotalEnergies covering onshore renewable energy projects across Asia,
- Signed an agreement with Repsol to acquire a 49.99% stake in a EUR 849 million, 705 MW operational renewables portfolio in Spain, with potential for 565 MW of future hybridisation growth, and
- Secured Contracts for Difference (CfD) for 3 GW of new offshore wind capacity across the Dogger Bank South projects in the UK.

3. Results of Operations by Business

Consolidated Income Statement	Generation*		Transmission		Distribution		Water Solutions		Oil & Gas		Corp. & Elimination		Group Total*	
Year ended														
(AED millions)	**30-Jun 2026**	30-Jun 2025	**30-Jun 2026**	30-Jun 2025	**30-Jun 2026**	30-Jun 2025	**30-Jun 2026**	30-Jun 2025	**30-Jun 2026**	30-Jun 2025	**30-Jun 2026**	30-Jun 2025	**30-Jun 2026**	30-Jun 2025
Revenue														
External	**5,700**	5,942	**644**	558	**17,726**	18,166	**1,295**	1,263	**2,153**	2,314	**-**	-	**27,518**	28,243
Intra-Segment	**77**	85	**2,770**	2,609	**80**	84	**60**	57	**-**	-	**(2,987)**	(2,835)	**-**	-
Revenue total	**5,777**	6,027	**3,414**	3,167	**17,806**	18,250	**1,355**	1,320	**2,153**	2,314	**(2,987)**	(2,835)	**27,518**	28,243
Operating expenses	**(2,215)**	(2,313)	**(461)**	(395)	**(15,322)**	(15,847)	**(520)**	(461)	**(921)**	(1,214)	**2,986**	2,844	**(16,453)**	(17,386)
G&A expenses	**(240)**	(209)	**(246)**	(237)	**(293)**	(343)	**(87)**	(70)	**(79)**	(73)	**(127)**	(103)	**(1,072)**	(1,035)
Net impairment losses on financial and contract assets	**(1)**	(2)	**-**	-	**(29)**	(5)	**-**	-	**1**	5	**-**	1	**(29)**	(1)
Share of results of associates and JVs	**495**	27	**13**	(123)	**-**	-	**-**	-	**-**	-	**-**	7	**508**	(89)
Other income	**39**	32	**54**	30	**35**	63	**1**	2	**28**	11	**15**	3	**172**	141
FX gains / (losses)	**(19)**	128	**1**	-	**-**	-	**-**	-	**5**	43	**31**	(161)	**18**	10
Dividend income	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**337**	313	**337**	313
Profit from discontinued operations	**-**	20	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	20
EBITDA	**3,836**	3,710	**2,775**	2,442	**2,197**	2,118	**749**	791	**1,187**	1,086	**255**	69	**10,999**	10,216
DD&A expenses	**(2,018)**	(2,121)	**(817)**	(785)	**(989)**	(959)	**(367)**	(366)	**(446)**	(400)	**(6)**	(8)	**(4,643)**	(4,639)
Finance costs	**(693)**	(727)	**(23)**	(10)	**(2)**	(2)	**(44)**	(50)	**(185)**	(177)	**(681)**	(555)	**(1,628)**	(1,521)
Interest income	**110**	140	**30**	40	**49**	40	**11**	8	**41**	168	**3**	(195)	**244**	201
Tax expense	**(221)**	(136)	**(138)**	(101)	**(85)**	(47)	**(26)**	(30)	**(223)**	(11)	**(40)**	(1)	**(733)**	(326)
Total profit / (loss)	**1,014**	866	**1,827**	1,586	**1,170**	1,150	**323**	353	**374**	666	**(469)**	(690)	**4,239**	3,931
Non-controlling interest	**(150)**	(202)	**-**	-	**-**	-	**(18)**	(19)	**-**	-	**-**	-	**(168)**	(221)
Net profit / (loss) (TAQA share)	**864**	664	**1,827**	1,586	**1,170**	1,150	**305**	334	**374**	666	**(469)**	(690)	**4,071**	3,710

As at

Consolidated Balance Sheet	Generation*		Transmission		Distribution		Water Solutions		Oil & Gas		Corp. & Elimination		Group Total*	
(AED millions)	**30-Jun 2026**	31-Dec 2025	**30-Jun 2026**	31-Dec 2025	**30-Jun 2026**	31-Dec 2025	**30-Jun 2026**	31-Dec 2025	**30-Jun 2026**	31-Dec 2025	**30-Jun 2026**	31-Dec 2025	**30-Jun 2026**	31-Dec 2025
Property, plant and equipment	**25,223**	26,647	**49,693**	47,317	**44,148**	43,854	**19,358**	19,580	**5,079**	5,288	**(179)**	(175)	**143,322**	142,511
Operating financial assets	**7,171**	7,387	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**7,171**	7,387
Investing in associates, joint ventures and related balances	**18,567**	16,773	**1,221**	1,215	**-**	-	**-**	-	**-**	-	**-**	-	**19,788**	17,988
Intangible assets	**6,895**	7,429	**303**	276	**4,911**	4,884	**-**	-	**94**	79	**-**	(1)	**12,203**	12,667
Investments carried at FVOCI	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**13,201**	13,623	**13,201**	13,623
Deferred tax assets	**13**	13	**-**	-	**-**	-	**-**	-	**4,182**	4,638	**-**	-	**4,195**	4,651
Other assets	**13,384**	10,719	**1,093**	530	**4,863**	3,974	**417**	609	**1,682**	2,136	**4,949**	2,978	**26,388**	20,946
Assets classified as held for sale	**-**	6	**-**	-	**-**	-	**-**	-	**-**	-	**-**	136	**-**	142
Segmental Assets	**71,253**	68,974	**52,310**	49,338	**53,922**	52,712	**19,775**	20,189	**11,037**	12,141	**17,971**	16,561	**226,268**	219,915
Segmental Liabilities	**36,310**	35,186	**8,615**	7,063	**17,916**	15,566	**6,520**	6,923	**11,458**	12,372	**37,800**	35,143	**118,619**	112,253
Total Equity	**34,943**	33,788	**43,695**	42,275	**36,006**	37,146	**13,255**	13,266	**(421)**	(231)	**(19,829)**	(18,582)	**107,649**	**107,662**

Generation

Generation reported a higher net profit, primarily driven by higher contributions from equity-accounted investments, partially offset by the extension works on the Shuweihat 1 Power Plant (S1 Plant) and the impact of foreign exchange translations.

Revenue, operating expenses and DD&A was lower due to the S1 Plant undergoing construction works associated with the new 15-year power purchase agreement.

The increase in share of results from associates and joint ventures amounted is driven by higher contributions from Masdar and Sohar, as well as the completion of the acquisition of Talimarjan Power Plant 1 in 2025.

The FX loss in the year is driven by unfavorable movements in Euro and Moroccan Dirham denominated exposures.

The higher tax expense is due to higher taxable profits and deferred tax movements in the international portfolio.

Transmission

Transmission reported a higher net profit, driven by higher return allowances associated with growth in the regulated asset value (RAV) and the absence of prior year impairment charge.

Revenue increased in line with RAV growth, driven by capital project delivery and inflation.

Operating expenses increased due to higher energy costs and operating expenditure associated with supporting network growth and increased operational activity.

The share of results from associates and joint ventures improved primarily due to the absence of the prior-year impairment in X-Links.

The higher income tax expense reflects higher taxable profits.

Distribution

Distribution reported a higher net profit, driven by higher return allowances associated with growth in the RAV.

Revenue and operating expenses were lower year-on-year, primarily due to reduced bulk supply tariff pass-through costs.

Excluding pass-through impacts, revenue benefited from higher RAV-based returns driven by capital project delivery and inflation indexation.

The higher income tax expense reflects higher taxable profits.

Water Solutions

Net profit decreased as higher operating and administrative costs more than offset the benefit of RAV growth.

Revenue increased year-on-year, driven by growth in the RAV from capital project delivery, inflation-linked adjustments and higher wastewater volumes processed during the period.

Operating expenses and G&A expenses increased primarily due to higher repairs and maintenance expenditure, workforce-related costs and expenditure associated with transformation initiatives.

Oil & Gas (O&G)

Oil & Gas (O&G) reported lower net profit compared with the prior year primarily due to the planned decommissioning of UK North Sea assets.

Revenue and operating expenses decreased following the planned cessation of production at the East Brae hub in the UK North Sea. Lower production volumes reduced revenue, while operating expenses declined due to lower production-related and maintenance costs. The revenue impact was partially offset by higher realised oil prices.

Average realised oil prices increased to USD 75.00/bbl from USD 66.13/bbl in the prior year, while average realised gas prices decreased to USD 2.90/mmbtu from USD 3.02/mmbtu. Production volumes remained broadly stable at 92.5 mboe/d compared with 93.5 mboe/d in the prior year, although the production mix shifted towards gas.

DD&A increased due to the absence of a credit arising from the reduction of an asset retirement obligation provision recognised in the prior year.

Interest income decreased as a result of lower average cash balances during the period.

Tax expense increased due to the absence of a tax credit recognised in the prior year.

Corporate

Differences in revenue, operating expenses and other income/(expenses) primarily reflect intra-group eliminations.

FX gains were driven by favourable movements on Euro denominated liabilities.

Finance costs increased due to higher utilisation of available credit facilities, while interest income increased as a result of higher average cash balances.

Tax expense increased, primarily reflecting higher taxable income from treasury activities.

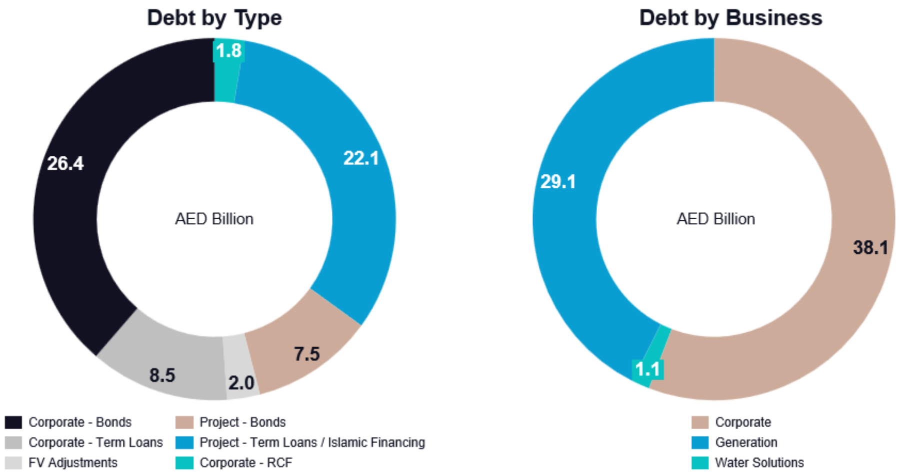
4. Capital Structure and Liquidity

Consolidated Position	As at 30-Jun	31-Dec
(AED million, except where indicated)	**2026**	2025
Total assets	**226,268**	219,915
Total equity	**107,649**	107,662
Total debt [(1)]	**68,268**	65,317
Net debt-to-capital ratio [(2)]	**36%**	35%
Unused portion of credit facilities	**12,575**	19,726
Net cash and cash equivalents	**8,995**	6,660
Total available liquidity	**21,570**	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 36% net debt as of 30 June 2026 (December 2025: 35%).



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 30 June 2026, after considering the effect of interest rate swaps and embedded derivatives, approximately 83% 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 21.6 billion, a decrease of AED 4.8 billion from the end of 2025. Total available liquidity is made up of AED 12.6 billion unused available credit facilities and AED 9.0 billion net cash and cash equivalents.

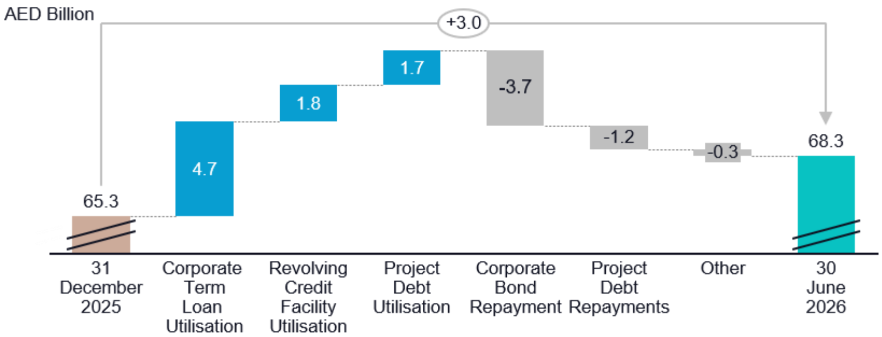
The Group maintains access to funding through its AED 12.9 billion (USD 3.5 billion) multicurrency revolving credit facility (RCF), arranged with a syndicate of 20 banks. As at 30 June 2026, 1.8 billion (USD 0.5 billion) has been drawn from the facility.

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 4.7 billion. As at 30 June 2026, the facility is fully drawn.

As at 30 June 2026, 4.4% (AED 3.0 billion) of the Group's total debt is classified as current, compared to 10.4% (AED 6.8 billion) as at 31 December 2025, based on the carrying value of borrowings and accrued interest.

Maturity Profile

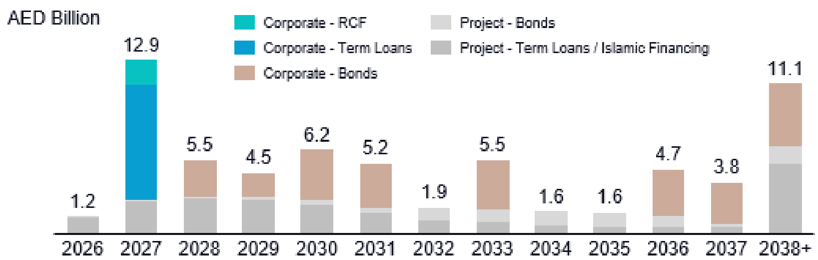
As at 30 June 2026, the Group's total debt increased to AED 68.3 billion, compared to AED 65.3 billion at 31 December 2025.



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 corporate debt, non-recourse project debt and other movements.

Contractual Maturity Profile of Financial Liabilities

Based on contractual undiscounted cash flows



Capital Expenditure

	Period ended 30 June						
AED million	***Generation***	***Transmission***	***Distribution***	***Water Solutions***	***Oil & Gas***	***Corp. & Eliminations***	***Group Total***
2026	**1,887**	**3,224**	**1,242**	**480**	**409**	**-**	**7,242**
2025	1,479	2,027	852	527	350	-	5,235

The Group's total capital expenditure (additions to Property, Plant, and Equipment, excluding right-of-use assets) amounted to AED 7,242 million, a 38% increase compared to the prior period.

Generation

Capital expenditure increased by 28% to AED 1,887 million, primarily due to the phasing of construction activities across UAE independent water and power projects.

Transmission

Capital expenditure increased by 59% to AED 3,224 million, driven by execution of key special projects and the phasing of business-as-usual network enhancements and upgrades.

Distribution

Capital expenditure increased by 46% to AED 1,242 million, primarily reflecting a higher volume of development projects transferred during the period.

Water Solutions

Capital expenditure decreased by 9% to AED 480 million, mainly driven by volume of development projects transferred during the period, phasing of restoration works, asset enhancements, network rehabilitation, and other ongoing projects.

Oil & Gas (O&G)

Capital expenditure increased by 17% to AED 409 million, mainly 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 Thabet

Jasim Husain Thabet
Group Chief Executive Officer & Managing Director
12 August 2026

Adrian Kershaw
Chief Financial Officer