

National Central Cooling Company PJSC

Management Discussion & Analysis Report

Q1 2026 Results



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Q1 2026 Key Highlights

Financial Highlights

Revenue

AED 486 m

+4% YoY

EBITDA

AED 285 m

+1% YoY

Normalized Net Profit

AED 79 m

-31% YoY

Net Debt / LTM EBITDA

4.5 x

▼ 0.1x YTD

Normalized Return on
Equity (LTM)

8.1%

Strong operational and cash flow performance drive resilient Q1 2026

Total revenue increased by 4% YoY to AED 486 million in Q1 2026, driven by a 2.9% YoY increase in consolidated capacity and a 1.25% YoY uplift from CPI indexation. Additionally, variable consumption revenue saw a significant boost as volumes grew by 8.9% YoY.

Gross profit rose by 3% YoY to AED 242 million in Q1 2026, primarily due to revenue growth, partly offset by higher utility costs in line with the increase in cooling demand.

EBITDA increased by 1% YoY to AED 285 million in Q1 2026, driven by a higher contribution from revenue and partly offset by higher general and administrative expenses. This reflects a more even recognition of expenses expected this year, compared with a skew towards Q4 in 2025.

Net profit reached AED 78 million in Q1 2026, primarily reflecting higher finance costs arising from new borrowings to support investments and a higher cost of funding following last year's refinancing reflecting prevailing market rates, along with a temporary dilution from the recently acquired PAL Cooling joint venture.

Net debt declined by 3% YoY, primarily due to scheduled repayments and a strengthened cash position. **Net debt to EBITDA** improved to 4.5x at the end of Q1 2026, highlighting the Group's strong cash-generative business model.

Cash flow generation remained robust with net cash flows from operations increasing by 70% YoY to AED 352 million in Q1 2026, mainly due to improved cash collections. As a result, **free cash flows** rose to AED 271 million.

Reflecting a solid financial position and confidence in the outlook, Tabreed's shareholders approved a **final dividend** of 6.5 fils per share for H2 2025 (that was paid in April 2026), bringing the **full-year dividend** to 13.0 fils per share.



Business Highlights

Connected Capacity

1.574 m RT

+18% YoY

of Plants

99

New Connections

245.4 k RT

Last 12 Months

Consumption Volumes

0.34 bn RTH

+9% YoY

Strategic acquisition & infrastructure expansion position Tabreed for sustained value creation

Tabreed continued to build on the strategic milestones achieved in 2025, with integration of the PAL Cooling alongside continued construction progress on the Palm Jebel Ali district cooling concession. These projects significantly enhance the Company's long-term capacity pipeline and further strengthen its presence across key UAE developments.

The Company ended Q1 2026 with a total connected capacity of approximately 1.574 million RT across 99 operating plants. Group connected capacity increased by 18% YoY, supported by organic additions of 54.6 k RT over the last 12 months and acquisition of PAL Cooling completed in Q4 2025.

Consumption volumes rebounded by 9% YoY in Q1 2026, following a return to more normalised weather conditions that lifted cooling demand. The Company's diversified cooling load across a mix of residential, government and commercial assets continued to support resilient demand, despite an uncertain environment influenced by geopolitical events in the region.

Connected Capacity (k RT)	Q1 2026	2025
UAE	1,100	1,099
Bahrain	37	37
Oman	56	56
India	6	6
Egypt	6	6
Total Consolidated	1,205	1,204
UAE	224	224
KSA	146	146
Total Equity Accounted*	369	369
Total Capacity	1,574	1,574

* Represents 100% share of equity accounted capacity, where Tabreed's share is 50% in UAE and 21.8% in KSA



Income Statement Analysis

<i>AED million</i>	Q1 2026	Q1 2025	YoY %
Revenue	486	466	4%
Operating Cost	(244)	(231)	6%
Gross Profit	242	235	3%
<i>Gross Profit Margin</i>	49.8%	50.4%	-0.6%
Administrative & Other Expenses	(81)	(75)	8%
Operating Profit	161	160	1%
Net Finance Cost	(71)	(37)	94%
Other Income / Losses	1	1	24%
Share of Results of Associates/JVs	3	9	-71%
Profit Before Tax	93	133	-30%
Income Taxes	(8)	(11)	-24%
Income attributable to Min. Interest	(6)	(6)	5%
Net Profit	78	115	-32%
<i>Net Profit Margin</i>	16.1%	24.8%	-8.7%
Earnings Per Share (AED)	0.028	0.041	-32%
Alternative Performance Measures			
EBITDA	285	282	1%
<i>EBITDA Margin</i>	58.7%	60.6%	-1.9%
Normalized Net Profit	79	115	-31%

Revenue

Group revenue increased by 4% YoY to AED 486 million in Q1 2026, reflecting the resilience provided by fixed capacity charges and the normalisation of cooling demand due to weather-related changes.

Gross fixed-capacity revenue increased by 3.5% YoY in Q1 2026, supported by a significant organic capacity addition of 34.6k RT at the consolidated level over the last 12 months and CPI indexation of 1.25%, applied from the beginning of 2026.

This was partly offset by higher finance-lease amortisation charges, reflecting the accounting treatment of finance-leased assets, and lower CPI gains this year compared with 2025 (CPI indexation of 1.25% from 2026 versus 1.66% last year).

Consumption revenue increased by 9% YoY in Q1 2026 as cooling demand returned to more normalised levels following weather-related changes.



Gross Profit

Gross profit grew by 3% YoY to AED 242 million in Q1 2026, broadly in line with the Group's revenue growth. Operating costs increased, reflecting higher utility costs to support strong consumption volumes. Maintenance costs also edged up as part of a proactive asset management plan to ensure optimal reliability and plant efficiency. The gross profit margin of 49.8% declined slightly, due to a shift in the revenue mix towards consumption and the ongoing maintenance programme.

EBITDA

EBITDA increased 1% YoY to AED 285 million in Q1 2026, supported by higher gross profit. The EBITDA margin stood at 58.7%, compared to 60.6% in the prior-year period. Lower margin primarily reflects higher general and administrative (G&A) expenses, which largely indicate the non-uniform quarterly recognition of costs in 2025. When accounting for these timing differences in the prior-year base, the Group continues to demonstrate effective cost discipline and remains aligned with its long-term operational efficiency goals.

Net Profit

Net profit for Q1 2026 stood at AED 78 million, down from AED 115 million in Q1 2025, primarily due to an increase in finance costs following the refinancing of AED 2.6 billion in bank debt via a Green Sukuk facility issued at prevailing market rates in late Q1 2025. In addition, interest expense reflects higher overall borrowing levels utilised to support the Company's ongoing investment cycle and acquisition funding.

Net profit was further impacted by a lower share of results from joint ventures, largely due to a temporary negative contribution from the PAL Cooling acquisition as it undergoes operational ramp-up and integration. Tabreed expects net profit to normalise gradually as new capacity becomes fully operational.



Results of Operations by Segments

AED million	Q1 2026	Q1 2025	YoY %
Revenue	486	466	4%
Chilled Water	464	445	4%
Value Chain Business ¹	21	20	6%
Gross Profit	242	235	3%
Chilled Water	235	227	4%
Value Chain Business ¹	6	8	-16%
EBITDA	285	282	1%
Chilled Water	279	278	1%
Value Chain Business ¹	6	4	34%
Operating Profit	161	160	1%
Chilled Water	157	157	0%
Value Chain Business ¹	4	3	46%

1) Intercompany eliminations mostly relate to Value Chain Business and thus combined with results of Value Chain Business segment for analysis purpose

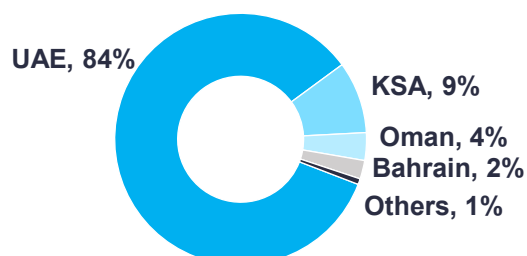
Chilled Water Business

UAE continues to remain the largest and core market for Tabreed, accounting for 84% of connected capacity. Tabreed also has a presence in Saudi Arabia, Oman, Bahrain, India, and Egypt, which together account for the remaining 16% of the connected capacity.

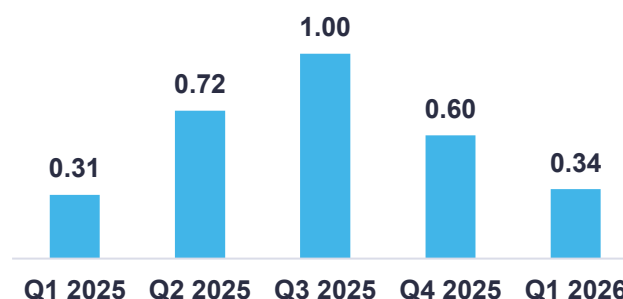
A total of 245.4k RT of cooling capacity was added over the last 12 months to Q1 2026, including 190.8k RT from the acquisition of PAL Cooling in Q4 2025.

Consumption volumes in Q1 2026 increased compared with the same period last year due to higher average temperature and humidity.

Connected Capacity by Country (Q1 2026)



Consolidated Consumption Volumes (billion RTh)





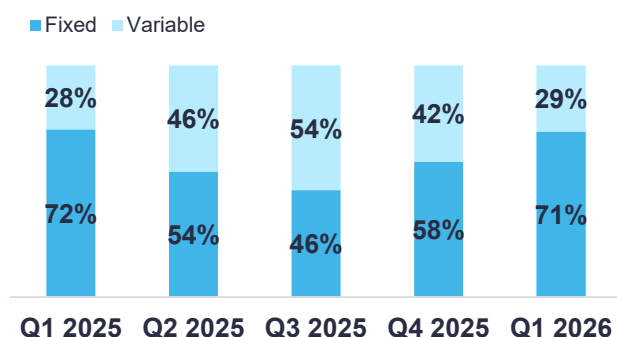
Chilled water business continues to be a key pillar of the Company's financial performance. Chilled water revenues consist of fixed capacity charges and variable consumption charges.

Chilled water revenue grew by 4% YoY to AED 464 million in Q1 2026, with fixed revenue accounting for 71% of the chilled water business.

Chilled water EBITDA increased 1% YoY in Q1 2026, owing to higher revenue but partially offset by increased G&A expenses.

Chilled water operating profit remained broadly stable in Q1 2026.

Chilled Water Revenue Breakdown



Value Chain Business

Value chain business supports the core Chilled Water business by providing manufactured products (pre-insulated pipes) and services (water treatment, customer billing, energy efficiency consultancy for customers).

Value chain revenue increased by 6% YoY in Q1 2026, mainly due to higher sales in the pre-insulated pipes business.

EBITDA and operating profit for the Value Chain business also rose in Q1 2026, due to higher segmental revenue and lower administrative and other expenses.



Balance Sheet and Capital Structure

AED million	Q1 2026	FY 2025	YTD%
Fixed Assets (incl. finance lease recv.)	7,588	7,643	-1%
Intangibles	3,869	3,879	0%
Associates & JVs	1,732	1,724	0%
Receivables & Others	591	681	-13%
Advance for Investments	0	0	nm
Cash & Short-term Deposits	756	655	15%
Total Assets	14,536	14,581	0%
Equity & Reserves	6,581	6,672	-1%
Total Debt (incl. Lease Liabilities)	6,445	6,501	-1%
Payables & Others	1,161	1,057	10%
Deferred Tax Liability ¹	349	351	-1%
Total Liabilities & Equity	14,536	14,581	0%

1) Deferred tax liability is shown net of deferred tax asset

Assets

Total assets stood at AED 14.5 billion as of Q1 2026, remaining broadly stable compared to FY 2025.

Fixed assets and intangibles marginally declined as periodic depreciation and amortisation charges were partially offset by higher capital expenditure for Q1 2026. Receivables and other assets declined by 13%, primarily due to improved collections following elevated year-end levels. As a result, cash balance rose 15% YTD on conversion of receivables to cash.

Liabilities

Equity and reserves declined marginally by 1% to AED 6.6 billion, mainly reflecting final dividend payable partially offset by profit generated during the quarter. Total debt, including lease liabilities, decreased slightly by 1% to AED 6.4 billion, reflecting scheduled repayments.

Payables and other liabilities increased by 10% to AED 1.2 billion, primarily due to movement in dividend payables, while deferred tax liabilities remained broadly stable.



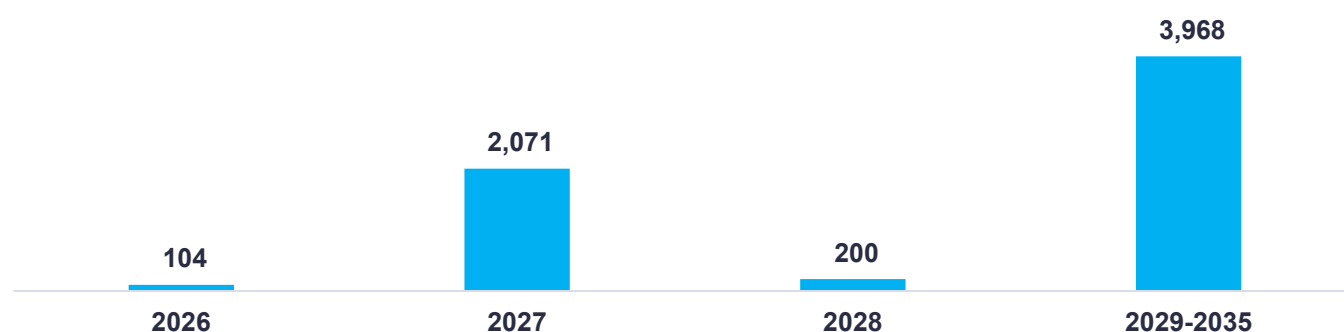
Debt & Leverage Ratios (AED million)	Q1 2026	FY 2025	YTD%
Interest Bearing Loans & Borrowings	142	145	-2%
Islamic Financing Arrangements	1,743	1,787	-2%
Non-convertible Sukuks	2,562	2,561	0%
Non-convertible Bonds	1,829	1,828	0%
Debt	6,276	6,322	-1%
Finance Lease Liabilities	169	178	-5%
Total Debt	6,445	6,501	-1%
Cash & Short-term Deposits	756	655	15%
Net Debt	5,689	5,846	-3%
EBITDA - LTM	1,271	1,268	0%
Net Debt / EBITDA (x)	4.5	4.6	-13%

Total debt declined marginally by 1% YTD to AED 6.4 billion as of Q1 2026, primarily reflecting scheduled repayments of Islamic financing arrangement and finance lease liabilities. Debt balances across sukuks and bonds remained broadly stable during the quarter with no significant maturities in the near-term, demonstrating the Company's diversified and well-structured funding profile.

Cash and short-term deposits increased by 15% YTD to AED 756 million, supported by healthy operating cash flows. As a result, net debt decreased by 3% YTD to AED 5.7 billion.

Net Debt to EBITDA improved to 4.5x in Q1 2026 from 4.6x at FY 2025, indicating gradual deleveraging following the elevated investment activity in 2025.

Debt maturity profile (AED million)





Cash Flows Generation

<i>AED million</i>	Q1 2026	Q1 2025	YoY %
Cash Flows from Operations	284	283	0%
Changes in Working Capital	68	(76)	<i>nm</i>
Income Taxes Paid	0	0	<i>nm</i>
Net Cash Flows from Operations	352	207	70%
Net Cash Flows from Investing	(72)	(14)	418%
Net Cash Flows from Financing	(179)	(48)	273%
Free Cash Flows	271	182	49%
Cash conversion	124%	74%	50%

Tabreed generated cash flows from operations of AED 284 million during Q1 2026, broadly stable compared to Q1 2025, reflecting continued resilience in the underlying business performance.

Net operating cash flows increased significantly by 70% YoY to AED 352 million in Q1 2026, primarily driven by favourable working capital movements compared to the prior-year period. Consequently, cash conversion (Net Operating Cash Flows to EBITDA ratio) improved to 124% in Q1 2026 from 74% in Q1 2025, highlighting stronger conversion of earnings into cash during the quarter.

Net cash outflows from investing activities increased to AED 72 million in Q1 2026, compared with AED 14 million in Q1 2025, mainly reflecting spending on the construction of greenfield plants and network expansion to increase capacity.

Financing activities recorded a net cash outflow of AED 179 million during Q1 2026, compared to AED 48 million in Q1 2025, primarily due to higher interest & debt repayment during the quarter.

Free cash flows increased by 49% YoY to AED 271 million in Q1 2026, supported by the strong improvement in operating cash generation and working capital performance. Overall, Tabreed's cash flow performance in Q1 2026 reinforces the Company's strong liquidity position and supports its ability to sustain operations, service debt obligations and fund ongoing expansions.

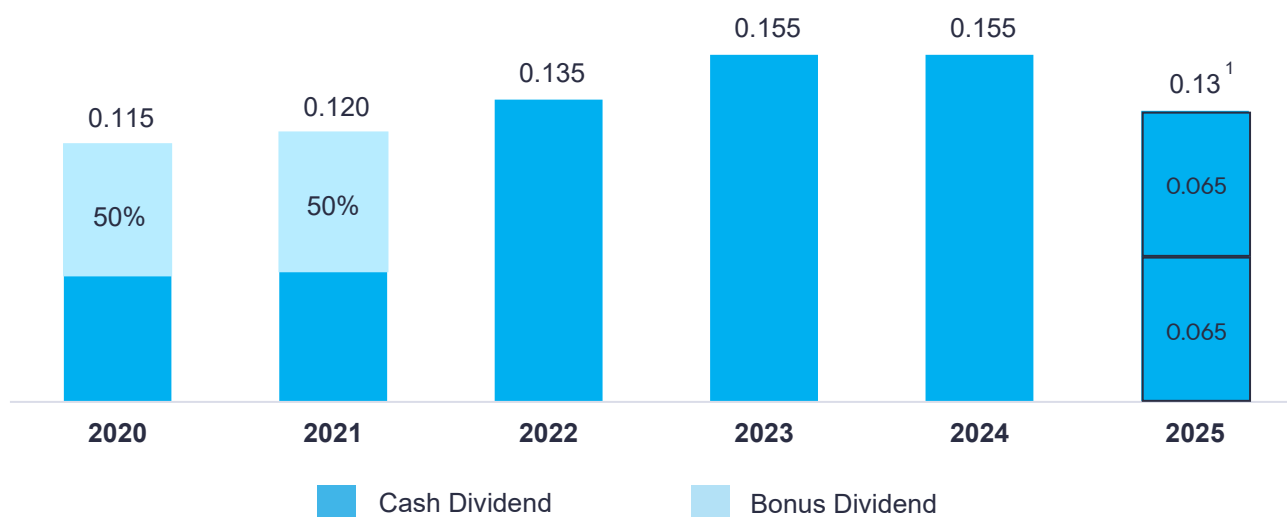


Dividends

Tabreed continued to demonstrate its commitment to delivering sustainable shareholder returns, supported by resilient cash generation, a strong balance sheet and a visible long-term growth pipeline. At the annual general assembly meeting held on 25 March 2026, shareholders approved a final cash dividend of 6.5 fils per share for H2 2025, bringing the total dividend for FY 2025 to 13.0 fils per share.

Despite significant investments undertaken to support long-term growth initiatives, including strategic acquisition and expansion projects, the Company maintained its dividend payout broadly in line with historical levels, reflecting disciplined capital allocation and confidence in future cash flow generation. Tabreed’s consistent dividend track record represents an attractive yield to shareholders while preserving financial flexibility to fund ongoing growth opportunities.

Historical Dividend Payment (AED per share)



1) 2025 dividend was paid in two equal cash instalments – Interim dividend for H1 2025 paid in October 2025 and Final Dividend for H2 2025 paid in April 2026



Guidance and Outlook

The Company's medium-term guidance for 2026 to 2028 remains unchanged, with capacity expected to grow by 3% to 5% annually. In Q1 2026, capacity growth reached 4.1% YoY, driven by strong organic expansion over the last 12 months. New capacity additions in the first quarter were relatively modest, reflecting the phasing of customer construction schedules, which is consistent with the non-uniform nature of project construction across quarters. The Company continues to monitor the impact of the evolving geopolitical situation and is actively engaging with customers to assess any potential implications for project timelines. At this stage, this may result in some timing shifts in new connections, with capacity growth trending towards the lower end of the guidance range for 2026. Importantly, these are largely timing-related delays of a few months and do not affect the underlying demand or project pipeline. Management remains confident in the medium-term outlook and reiterates its guidance of 3% to 5% annual capacity growth through 2028, with a gradual pick-up in additions expected from 2027 onwards.

To support this continued expansion, Tabreed maintains its guidance for organic capital expenditure of AED 200 to 300 million per year. For Q1 2026, organic capex stood at AED 71 million, aligning with its annual investment targets to expand installed capacity base and meet rising cooling demand.

The EBITDA margin for the last twelve months (LTM) as of Q1 2026 was 51.3%, remaining well within the medium-term guidance range of 50% to 53%.

Tabreed continues to prioritise maintaining an investment-grade credit rating, supported by a strong liquidity position comprising AED 756 million in cash and AED 1.2 billion in undrawn credit facilities as of Q1 2026.

2026-2028 Medium Term Guidance

Capacity Growth	3% to 5% p.a.
Organic Capital Expenditure	AED 200 million to 300 million p.a.
EBITDA Margin	50% to 53%
Leverage	Maintain Investment Grade Credit Rating



Outlook

Despite ongoing regional geopolitical developments, the Company has not experienced any material direct financial or operational impact. The resilience of the business is underpinned by its defensive and highly contracted operating model, with approximately 75% of EBITDA derived from fixed capacity charges and around 95% of revenues generated within the UAE. This provides strong visibility and stability of cash flows while limiting exposure to external market volatility.

Management continues to closely monitor potential indirect risks, including impacts on project execution timelines, and has implemented contingency measures to ensure uninterrupted operations and business continuity.

Core business remains stable and highly dependable, with a well-established platform for continued expansion. Recent strategic developments, including the Palm Jebel Ali concession and the PAL Cooling acquisition, further strengthen long-term growth outlook. The Company maintains a strong financial position and remains firmly committed to preserving its investment-grade credit profile.

Looking ahead, the Company is well positioned to deliver sustained, capacity-driven growth, supported by a visible and expanding pipeline.



Appendix

EBITDA Reconciliation

<i>AED million</i>	Q1 2026	Q1 2025
Profit from Operations	161	160
Add: Depreciation of PPE & Right of Use Assets	62	65
Add: Amortization of Intangible Assets	27	27
Add: Finance Lease Amortization¹	35	30
EBITDA	285	282

1) Finance lease amortization is calculated as lease rentals received less finance lease income and can be found in Cash Flows Statement

Glossary

Performance Measure or Term Used	Definition
Refrigeration Ton (RT)	A unit of measurement for the cooling capacity of a refrigeration plant. Fixed charges are billed per RT of connected capacity
Refrigeration Ton Hours (RTH)	A unit used to measure consumption of cooling. Variable charges are billed per RTH of consumption volumes
Finance Lease Amortization	Lease rentals received less finance lease income recognised in relation to finance lease receivables
EBITDA	Earnings before interest, tax, depreciation and amortisation calculated as Operating profit plus Depreciation and Amortization plus Finance Lease Amortization
EBIT	Earnings before interest and tax calculated as group profit for the period plus income tax plus finance cost
Normalized Net Profit Before Tax	Profit before tax adjusted for non-recurring items and net of share of profit attributable to non-controlling interest. It is calculated as Profit before tax less Other one-off income plus Other one-off losses less share of profit before tax attributable to non-controlling interest
Normalized Net Profit	Net Profit attributable to parent adjusted for non-recurring items. It is calculated as Net Profit to parent less Other one-off income plus Other one-off losses plus share of parent's one-off Deferred tax liability (if applicable)



Total Debt	Interest bearing loans and borrowings plus Islamic financing arrangements plus non-convertible bonds and sukuks plus lease liabilities
Net Debt	Total debt less cash & short-term deposits
Net Debt to EBITDA	Net debt as of the end of period divided by EBITDA for the last twelve months ended on the last day of the period
Gross Debt to Capital	Total debt divided by total equity capital plus total debt
Capital Employed	Total equity capital plus total debt
Return on Capital Employed	EBIT for the last twelve months ended on the last day of the period divided by capital employed as of the end of period
Return on Equity	Net profit attributable to parent for the last twelve months ended on the last day of the period divided by equity attributable to parent as of the end of period
Normalized Return on Equity	Normalized Net profit for the last twelve months ended on the last day of the period divided by equity attributable to parent as of the end of period
Free Cash Flows	Net cash flows from operating activities less capital expenditure including mergers and acquisitions plus proceeds from asset disposal/sale plus proceeds from sale of associate/JV/subsidiary plus dividends from associates/JVs less investment in associates/JVs
Cash Conversion Ratio	Net cash flows from operating activities divided by EBITDA



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Due to rounding, numbers presented may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

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