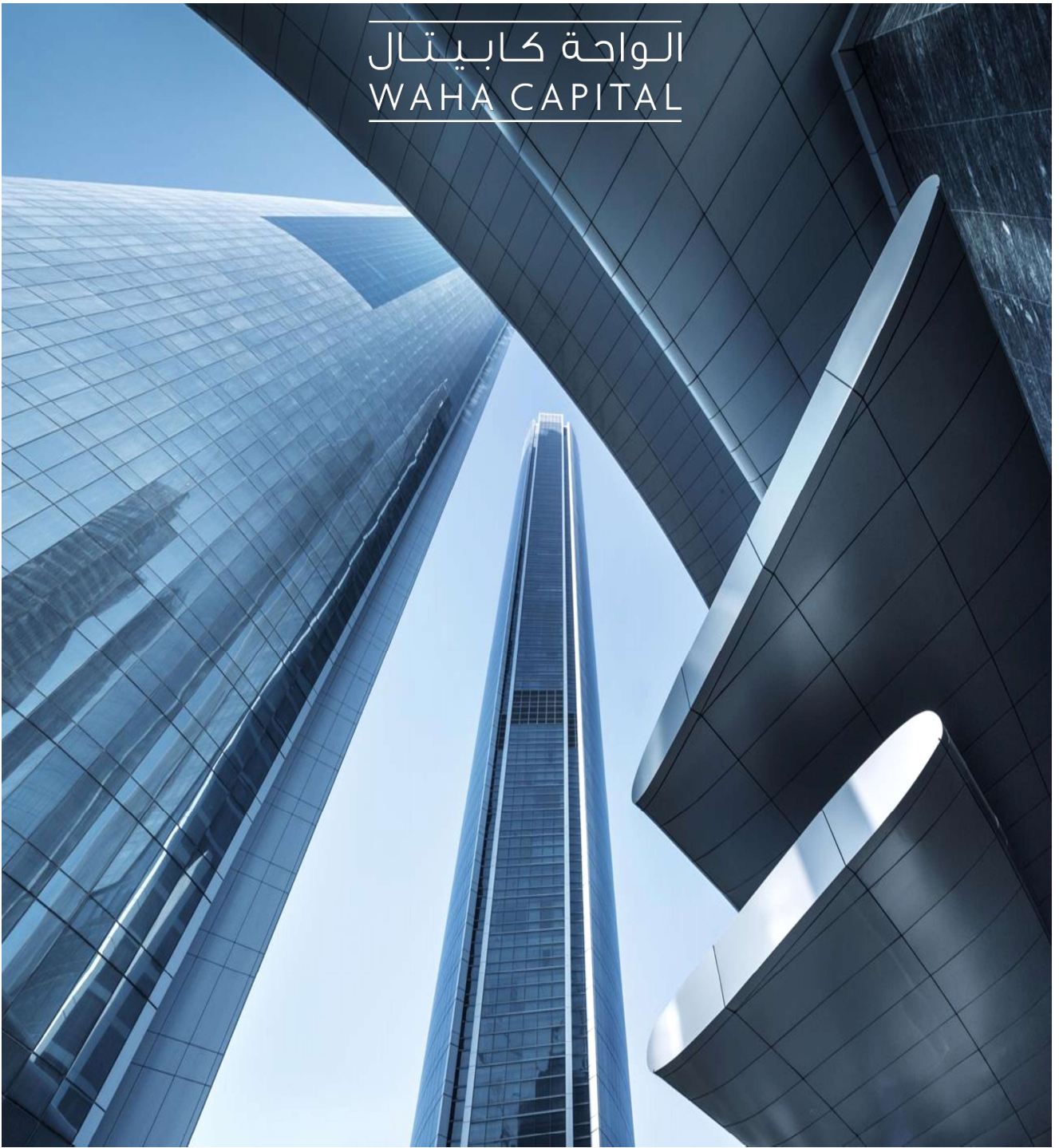


الواحة كابيتال
WAHA CAPITAL



Management discussion and analysis for the period ended 30 June 2021

Al Waha Capital PJSC (“the Company”) and its subsidiaries (together referred to as “the Group”) reported net profit attributable to Owners of the Company of AED 264.5 million for the six-month period ended 30 June 2021 compared to net loss of AED (27.2) million for the corresponding period of 2020.

KEY ACTIVITIES DURING THE PERIOD

During the period, the Group disposed 2.41 million shares equivalent to 44% stake in its equity accounted associate investment in NESR Corp (“NESR”) for a consideration of AED 134.8 million, resulting in the recognition of gain on disposal of AED 50.5 million. Consequently, the Group’s stake in NESR reduced from 6.29% to 3.54%.

Total assets under management reached the significant milestone of AED 3.7 billion (USD 1 billion) and stood at AED 4.0 billion as at 30 June 2021 compared to AED 3.4 billion as at 31 December 2020, an increase of 19%. The assets under management attributable to Owners of the Company were AED 2.6 billion as at 30 June 2021 compared to AED 2.3 billion as at 31 December 2020. The funds’ period to date net returns were; Waha CEEMEA Credit Fund SP of 6.7%, Waha MENA Equity Fund SP of 14.9% and Waha Islamic Income Fund SP of 5.0%.

KEY FINANCIAL HIGHLIGHTS

Summary income statement for the period ended 30 June AED ‘000

	H1 2021	H1 2020	Q2 2021	Q2 2020
Revenue from sale of goods and services	156,444	146,461	78,495	72,190
Share of loss from equity-accounted associates and joint ventures, net	(10,142)	(10,153)	(4,471)	(9,875)
Gain on disposal of equity-accounted associates and joint ventures	50,511	-	50,511	-
Impairment of equity-accounted associates and joint ventures	(32,014)	(10,000)	(32,014)	(10,000)
Income from financial investments	501,536	59,379	277,748	506,272
Gain on settlement of loan investments	-	11,244	-	-
Income from investment property, net	23,212	19,522	11,542	10,329
Other (expense)/income, net	(3,993)	4,924	(5,501)	2,380
Total income	685,554	221,377	376,310	571,296
Cost of sale of goods and services	(120,674)	(113,938)	(61,386)	(55,801)
General and administrative expenses - company	(82,676)	(57,132)	(41,217)	(32,590)
General and administrative expenses - subsidiaries	(53,633)	(41,184)	(29,759)	(19,915)
Finance cost, net	(45,493)	(58,891)	(23,365)	(31,291)
Total expenses	(302,476)	(271,145)	(155,727)	(139,597)
Profit / (loss) for the period	383,078	(49,768)	220,583	431,699
Non-controlling interests	(118,597)	22,560	(66,683)	(164,453)
Profit / (loss) attributable to owners of the Company	264,481	(27,208)	153,900	267,246
Basic and diluted earnings / (loss) per share (AED)	0.14	(0.01)	0.08	0.15

Total income

Six-month period ended 30 June 2021

Total income of AED 685.6 million for the six-month period ended 30 June 2021, compared to AED 221.4 million for the corresponding period of 2020, was driven by the following:

- Asset Management – Capital Markets income of AED 478.0 million compared to AED 27.0 million in 2020 reflecting strong performance post pandemic
- Private Investments income of AED 207.5 million compared to AED 194.3 million in 2020 mainly due to
 - Revenue from goods and services of AED 156.5 million (H1 2020: AED 146.5 million)
 - Gain on disposal of AED 50.5 million (H1 2020: AED nil) on sale of NESR shares;
 - Impairment adjustment of AED 32.0 million (H1 2020: AED 10.0 million) following a reassessment of specific equity accounted investments recoverable amounts; and
 - Gain on settlement of loan investment of AED nil (H1 2020: AED 11.2 million).

Three-month period ended 30 June 2021

Total income of AED 376.3 million for the three-month period ended 30 June 2021, compared to AED 571.3 million for the corresponding period of 2020, was driven by the following:

- Asset Management – Capital Markets income of AED 268.1 million compared to AED 489.8 million driven by strong recovery in Q2 2020
- Private Investments income of AED 108.1 million compared to AED 81.4 million in 2020 mainly reflecting
 - Revenue from goods and services of AED 78.5 million (Q2 2020: AED 72.2 million)
 - Loss from equity accounted investment by AED 4.4 million (Q2 2020: loss of AED 9.9 million)
 - Gain on disposal of AED 50.5 million (Q2 2020: AED nil) on sale of NESR shares; and
 - Impairment adjustment of AED 32.0 million (Q2 2020: AED 10.0 million) following a reassessment of specific equity accounted investments recoverable amounts.

TOTAL EXPENSE ANALYSIS

Six-month period ended 30 June 2021

Total expenses for the six-month period ended 30 June 2021 was AED 302.5 million, compared to AED 271.1 million in 2020, mainly comprised of:

- General and administrative expenses - company, amounting to AED 82.7 million compared to AED 57.1 million for the corresponding period of 2020, a increase of AED 25.6 million, mainly due to increase in staff related costs.
- General and administrative expenses – subsidiaries, amounting to AED 53.6 million compared to AED 41.2 million for the corresponding period of 2020, an increase of AED 12.4 million, mainly due to provisions for credit losses.
- Finance costs, net - company, amounting to AED 20.1 million, compared to AED 21.3 million in the corresponding period of 2020, a decrease of AED 1.2 million, mainly due to lower LIBOR rates.
- Finance costs, net - subsidiaries, amounting to AED 25.4 million, compared to AED 37.6 million in the corresponding period of 2020, a decrease of AED 12.2 million, mainly due to lower utilisation of repurchase liabilities for public market funds.

Three-month period ended 30 June 2021

Total expenses for the three-month period ended 30 June 2021 was AED 155.7 million, compared to AED 139.6 million in 2020, mainly comprised of:

- General and administrative expenses - company, amounting to AED 41.2 million compared to AED 32.6 million for the corresponding period of 2020, a increase of AED 8.6 million, mainly due to increase in staff related costs.
- General and administrative expenses – subsidiaries, amounting to AED 29.8 million compared to AED 19.9 million for the corresponding period of 2020, an increase of AED 9.9 million, mainly due to provisions for credit losses.
- Finance costs, net - company, amounting to AED 10.3 million, compared to AED 11.4 million in the corresponding period of 2020, a decrease of AED 1.1 million, mainly due to lower LIBOR rates.
- Finance costs, net - subsidiaries, amounting to AED 13.1 million, compared to AED 19.9 million in the corresponding period of 2020, a decrease of AED 6.8 million, mainly due to lower utilisation of repurchase liabilities for public market funds.

Net profit / (loss) attributable to owners of the Company

Six month period ended 30 June 2021

Net profit attributable to owners of the Company: Net Profit of AED 264.5 million for the six-month period ended 30 June 2021, compared to a net loss of AED (27.2) million for the corresponding period of 2020, was mainly driven by the following:

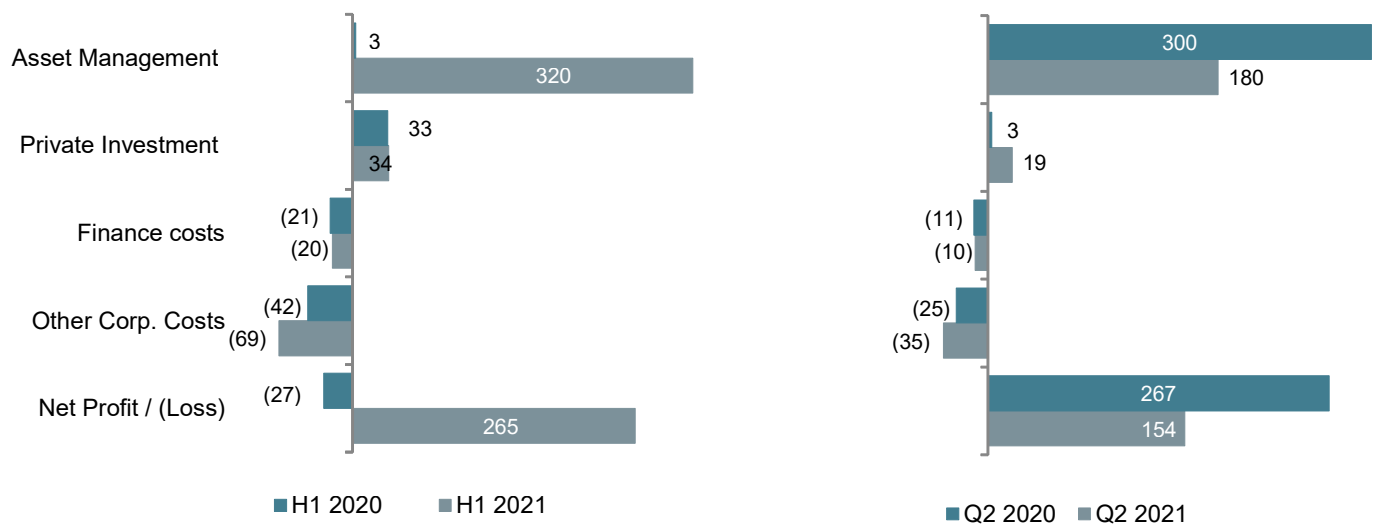
- Asset Management – Capital Markets profit of AED 319.6 million compared to AED 2.9 million in 2020;
- Private Investments profit of AED 33.7 million compared to loss of AED 33.5 million in 2020.

Three month period ended 30 June 2021

Net profit / (loss) attributable to owners of the Company: Net profit of AED 153.9 million for the three-month period ended 30 June 2021, compared to AED 267.2 million for the corresponding period of 2020, was mainly driven by the following

- Asset Management – Capital Markets profit of AED 180.2 million compared to AED 300.1 million in 2020;
- Private Investments profit of AED 18.8 million compared to AED 3.2 million in 2020.

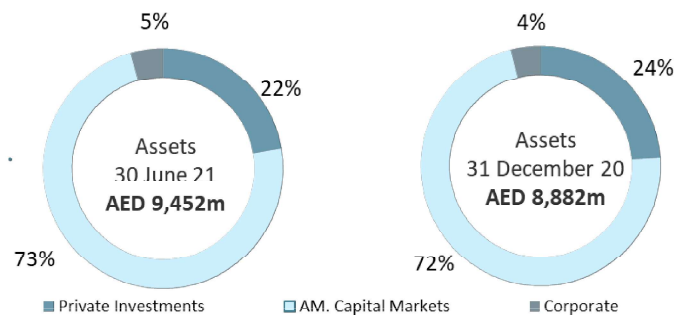
Net profit / (loss) by segment (AED million)



Balance sheet highlights

AED '000	As at 30-Jun-21	As at 31-Dec-20
Investments in equity accounted associates and joint ventures	336,822	472,076
Right-of-use assets	107,235	113,550
Investment property	717,056	715,989
Financial investments	6,264,635	6,163,043
Loan investments	25,131	45,003
Other assets	975,603	667,468
Cash and bank balances	1,025,257	704,684
Total assets	9,451,739	8,881,813
Borrowings	4,068,021	4,211,842
End of service benefit provision	26,698	26,058
Derivative liabilities	49,419	29,907
Lease liabilities	121,362	126,383
Trade and other liabilities	617,867	338,028
Total liabilities	4,883,367	4,732,218
Total equity	4,568,372	4,149,595
Total liabilities and equity	9,451,739	8,881,813

Total assets composition (AED million)



The Group's total assets of AED 9,451.7 million as at 30 June 2021, compared to AED 8,881.8 million as at 31 December 2020, an increase of 6%, comprised of:

- Investments in equity accounted associates and joint ventures of AED 336.8 million compared to AED 472.1 million for the corresponding period of 2020, a decrease of AED 135.3 million; mainly due to share of loss of AED 10.1 million; impairment of AED 32.0 million; disposal of AED 84.3 million and dividends received of AED 8.7 million.
- Financial investments of AED 6,264.6 million compared to AED 6,163.0 million for the corresponding period of 2020, an increase of AED 101.6 million, mainly due to increase of AED 176.7 million in private investments equity securities portfolio offset by a decrease of AED 74.2 million in public market funds.
- Cash and bank balances of AED 1,025.3 million compared to AED 704.7 million in 2020, an increase of AED 320.6 million; mainly includes the following cash flows:
 - Corporate: net drawdown of revolving corporate facility of AED 220.7 million offset by dividends paid AED 110.3 million;
 - Capital Markets: net investment of AED 238.5 million and contributions from non-controlling interest holders of AED 146.1 million offset by decrease in repurchase liabilities of AED 345.6 million; and
 - Private Investments: Proceeds from disposal of NESR shares AED 134.8 million offset by investment in equity securities AED 160.3 million.

The Group's total liabilities of AED 4,883.4 million as at 30 June 2021 compared to AED 4,732.2 million as at 31 December 2020, an increase of AED 151.2 million, comprised of:

- a) Borrowings of AED 4,068.0 million compared to AED 4,211.8 million in 31 December 2020, a decrease of AED 143.8 million; mainly represents decrease in repurchase liabilities related to public market funds of AED 345.6 million; offset by net drawdown of revolving corporate facility of AED 220.7 million.
- b) Trade and other liabilities of AED 617.8 million compared to AED 338.0 million in 31 December 2020, an increase of AED 279.8 million; mainly represents increase in payables of public market funds due to brokers on settlement of trades.

BUSINESS AND PORTFOLIO COMPANIES ANALYSIS

The Group's business comprises two primary divisions: Asset Management and Private Investments.

The Private Investments division comprises the Group's investments. The Asset Management division comprises the Group's Capital Markets business.

Asset Management – Capital Markets

The Capital Markets division have focused on applying rigorous analysis to niche markets in order to deliver quality returns over the market cycle on behalf of the Group and external investors. Despite continuing market volatility from the start of the year, both of Waha Capital's flagship funds produced solid returns

Over the last 9 years, two flagship funds have been developed: the Waha CEEMEA Credit Fund and the Waha MENA Equity Fund. Time and capital AED 368m (US\$100m) seed in each, has been invested to build the team, infrastructure and track record (5 years+) before looking to raise third party capital. New fund "Waha Islamic Income Fund SP" with seed capital of AED 92 million was launched in Q3 2020 to invest in Sharia compliant assets across the Sukuk and equity markets

The funds' period to date returns on invested capital at the beginning of the period were:

- Waha CEEMEA Credit Fund SP of 6.7% on a fund size of AED 1.90bn (US\$ 516.7 million);
- Waha MENA Equity Fund SP of 14.9% on a fund size of AED 2.01bn (US\$ 546.5 million); and
- Waha Islamic Income Fund SP of 5.0% on a fund size of AED 107.8 (US\$ 29.3 million).

<http://www.wahacapital.ae/our-businesses/asset-management>

Private Investments

Waha Capital's Private Investments business includes direct equity investments in public and private companies across diverse segments. The Private Investments portfolio includes investments in (a) Waha Land, (b) National Energy Services Reunited Corp, (c) MENA Infrastructure Fund, (d) Channel VAS, (e) Petronash, (f) SDX Energy, (g) Anglo Arabian Healthcare (h) Despegar and (i) Equity securities portfolio.

Waha Land

Waha Land, a wholly owned subsidiary of Waha Capital, is currently engaged in developing ALMARKAZ, an integrated mixed-use industrial development with Grade "A" industrial/logistics facilities and first class infrastructure.

During the six-month period ended 30 June 2021, Waha Land reported Rental revenue and other income of AED 25.5 million (H1 2020: AED 22.1 million).

The carrying value of investment property was AED 717.1 million as at 30 June 2021.

<http://www.wahacapital.ae/our-businesses/principal-investments/industrial-real-estate>

National Energy Services Reunited

During June 2018, the Group acquired a 5.8% stake in a NASDAQ-listed entity, National Energy Services Reunited Corp. ("NESR Corp") as part of exit consideration of NPS Holdings Limited. Consequent to issuance of earn-out shares, the Group's ownership increased to 6.29%. During the period, the Group disposed 2.41 million shares equivalent to 44% stake in its equity accounted associate investment in NESR Corp ("NESR") for a consideration of AED 134.8 million, resulting in the recognition of gain on disposal of AED 50.5 million. Consequently, the Group's stake in NESR reduced from 6.29% to 3.54%.

During the three-month period ended 31 March 2021, NESR Corp reported revenue of US\$ 212.4 million, comprised of US\$ 136.8 million from Production Services, US\$ 75.6 million from Drilling & Evaluation Services.

The carrying value of NESR Corp was AED 109.2 million as at 30 June 2021.

<https://www.nesr.com>

Petronash

During October 2018, the Group along with co-investors, acquired a 35% stake in Petronash, a leading provider of modular wellsite packages, chemical injection systems and wellhead control systems to the oil and gas industry. The transaction includes options, pursuant to which the Group can increase its ownership up to 50% in Petronash.

During the six-month period ended 30 June 2021, the Petronash Group Limited reported revenue of US\$ 31.0 million compared to US\$ 68.0 million for the corresponding period of 2020.

The carrying value of Petronash was AED 53.5 million as at 30 June 2021.

<http://petronash.com>

Channel VAS

The Group along with co-investors, owns a 20.0% stake in Dubai-based Channel VAS, premium provider of fintech solutions for mobile network operators and financial institutions.

During the six month period ended 30 June 2021, Channel VAS reported revenue of US\$ 46.0 million, compared to US\$ 36.8 million for the corresponding period of 2020.

The carrying value of Channel VAS was AED 161.4 million as at 30 June 2021.

<https://www.channelvas.com>

SDX Energy

The Group owns 19.5% stake in SDX Energy, a company engaged in the exploration and production of oil and gas, predominantly in the North Africa region.

During the three-month period ended 31 March 2021, SDX Energy reported net revenue of US\$ 13.4 million, compared to US\$ 12.7 million for the corresponding period of 2020.

The carrying value of SDX Energy was AED 31.0 million as at 30 June 2021.

<https://www.sdxenergy.com>

Anglo Arabian Healthcare

The Group owns 97% stake in a UAE healthcare provider, Anglo Arabian Healthcare (AAH), that focuses on owning and operating hospitals, clinics and pharmacies.

During the six-month period ended 30 June 2021, AAH reported consolidated revenue of AED 156.4 million, compared to AED 146.5 million for the corresponding period of 2020.

The Group's carrying value of AAH's net assets was AED 137.8 million as at 30 June 2021.

<http://www.wahacapital.ae/our-businesses/principal-investments/anglo-arabian-healthcare>

Despegar

On 20 August 2020, the Group, entered into a subscription agreement with Despegar.com, NYSE-listed online travel company in Latin America to acquire 50,000 Series B Preferred Shares, without par value for an aggregate purchase price of \$50 million. The terms of the transaction include option to convert each Series B Preferred Shares into 108.1081 common shares of Despegar. Series B Preferred Shares carries dividend of 4% payable quarterly. The Group paid net cash consideration of AED 180.2 million for the transaction and was closed on 21st September 2020.

The Group's carrying value of Despegar was AED 227.0 million as at 30 June 2021.

<https://www.despegar.com>

Equity Securities Portfolio

During 2020, A programme to invest upto AED 441 million (USD 120 m) into equity securities and funds listed in the US stock markets was initiated.

Total Investment under this programme since inception till 30 June 2021 was AED 270.6 million (USD 73.6 million).

The Group's carrying value of the portfolio was AED 295.2 million as at 30 June 2021

OUTLOOK

Markets have continued to strengthen through the quarter, as a result of the ongoing government stimulus programs and low interest rates. However, looking ahead market valuations are starting to be impacted by inflationary signals, unpredictable pandemic restriction and slowing vaccination rates against the increasing pandemic variants.

This volatility that is being seen in the wider economy is again showing how Waha Capital performs through navigating this uncertainty, building on its industry-leading track record of outperformance and maximizing investment returns through the different economic cycles.

Through its two business units of Public Markets and Private Investments, the portfolios remain resilient as capital is recycled into the next stage of growth for the company, utilizing its local market research capabilities located in the region as well as its global relationships to support its international investments.

The robust balance sheet based on the performance the company has achieved over the last twelve months is enabling us to focus on our objective; to deliver continuous value creation to shareholders within a market leading governance framework. As the global operating environment continues to evolve Waha Capital is positioned to execute its strategy and work towards its objective.



Ahmed Khalifa Al Mehairi

Chief Executive Officer, Al Waha Capital PJSC
10 August 2021