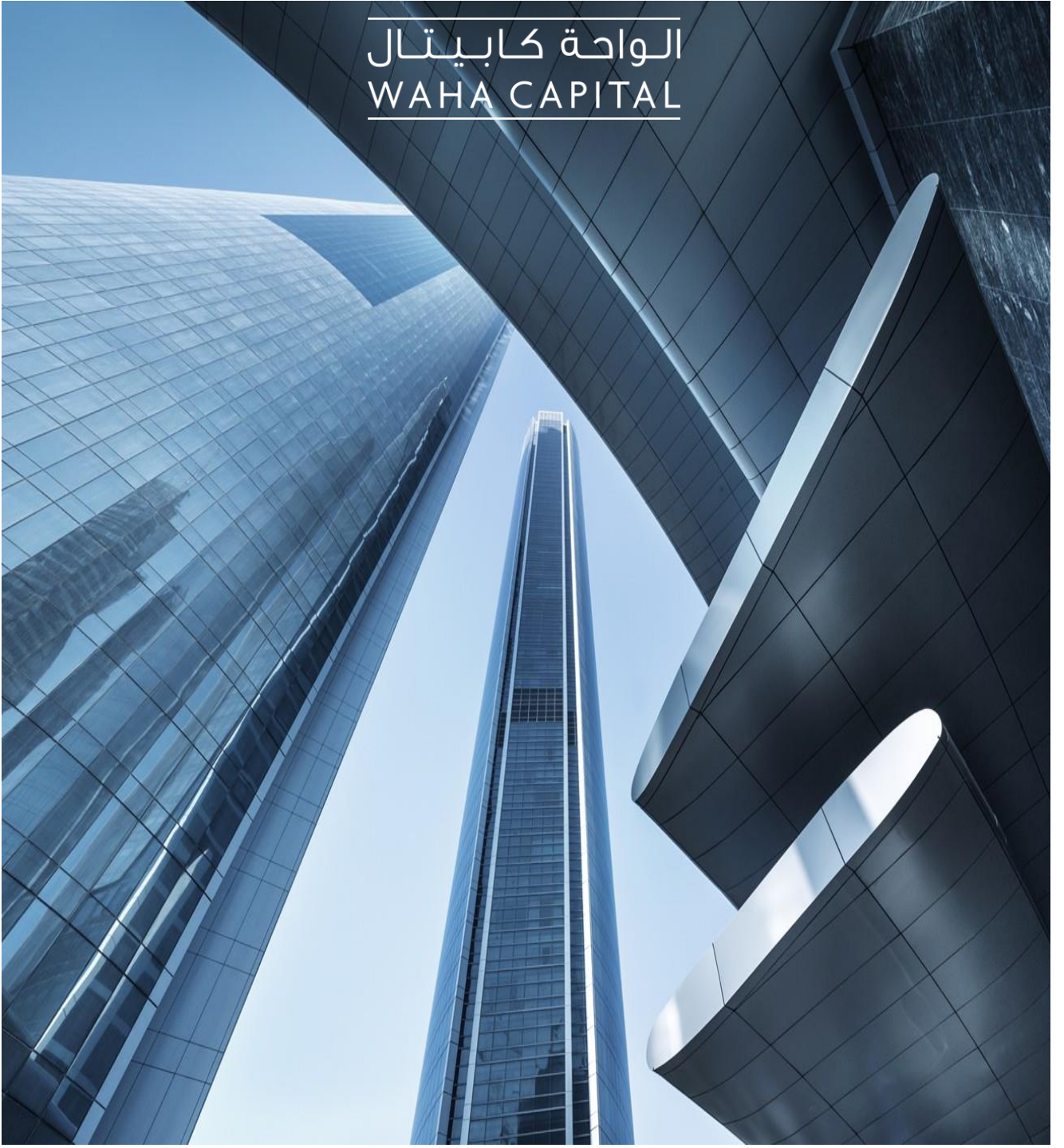


الواحة كابيتال
WAHA CAPITAL



Management discussion and analysis for the period ended 30 September 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 296.5 million for the nine-month period ended 30 September 2021 compared to net profit of AED 58.5 million for the corresponding period of 2020.

KEY ACTIVITIES DURING THE PERIOD

During the period, the Group disposed 2.48 million shares from its investment in NESR Corp ("NESR") for a consideration of AED 138.8 million. Consequently, the Group's stake in NESR reduced from 6.29% to 3.33%.

Total assets under management reached the significant milestone of AED 4.1 billion (USD 1.1 billion) as at 30 September 2021 compared to AED 3.4 billion as at 31 December 2020, an increase of 22%. The assets under management attributable to Owners of the Company were AED 2.7 billion as at 30 September 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 7.7%, Waha MENA Equity Fund SP of 20.8% and Waha Islamic Income Fund SP of 6.9%.

On 15 August 2021, the Group completed the refinancing of its US\$ 400 million secured revolving loan facility, replacing it with a 3 year US\$ 500 million secured revolving loan facility.

During the period, the Group concluded the sale of its 26% stake in Deem Finance.

KEY FINANCIAL HIGHLIGHTS

Summary income statement for the period ended 30 September AED '000

	YTD 2021	YTD 2020	Q3 2021	Q3 2020
Revenue from sale of goods and services	229,315	226,278	72,871	79,817
Share of loss from equity-accounted associates and joint ventures, net	(14,427)	(13,145)	(4,285)	(2,992)
Gain on disposal of equity-accounted associates and joint ventures	50,511	-	-	-
Impairment of equity-accounted associates and joint ventures	(77,969)	(26,966)	(45,955)	(16,966)
Income from financial investments	670,133	270,972	168,597	211,593
Gain on settlement of loan investments	-	11,244	-	-
Income from investment property, net	36,236	28,104	13,024	8,582
Other income, net	6,301	6,356	10,294	1,432
Total income	900,100	502,843	214,546	281,466
Cost of sale of goods and services	(180,649)	(173,997)	(59,975)	(60,059)
General and administrative expenses - company	(120,790)	(83,592)	(38,114)	(26,460)
General and administrative expenses - subsidiaries	(72,936)	(68,955)	(19,303)	(27,771)
Finance cost, net	(71,536)	(82,835)	(26,043)	(23,944)
Total expenses	(445,911)	(409,379)	(143,435)	(138,234)
Profit for the period	454,189	93,464	71,111	143,232
Non-controlling interests	(157,649)	(34,957)	(39,052)	(57,517)
Profit attributable to owners of the Company	296,540	58,507	32,059	85,715
Basic and diluted earnings per share (AED)	0.16	0.03	0.02	0.05

Total income

Nine month period ended 30 September 2021

Total income of AED 900.1 million for the nine-month period ended 30 September 2021, compared to AED 502.8 million for the corresponding period of 2020, was driven by the following:

- Asset Management – Capital Markets income of AED 646.1 million compared to AED 236.7 million in 2020 reflecting strong performance post pandemic
- Private Investments income of AED 254.0 million compared to AED 266.1 million in 2020 mainly due to
 - Revenue from goods and services of AED 229.3 million (YTD Sep 2020: AED 226.3 million)
 - Loss from equity accounted investment by AED 14.4 million (YTD Sep 2020: AED 13.1 million)
 - Gain on disposal of AED 50.5 million (YTD Sep 2020: AED nil) on sale of NESR shares;
 - Impairment adjustment of AED 78.0 million (YTD Sep 2020: AED 27.0 million) following a reassessment of specific equity accounted investments recoverable amounts;
 - Income from financial investments AED 24.4 million (YTD Sep 2020: AED 34.3 million) and
 - Gain on settlement of loan investment of AED nil (YTD Sep 2020: AED 11.2 million).

Three month period ended 30 September 2021

Total income of AED 214.5 million for the three-month period ended 30 September 2021, compared to AED 281.5 million for the corresponding period of 2020, was driven by the following:

- Asset Management – Capital Markets income of AED 168.1 million compared to AED 209.7 million in 2020
- Private Investments income of AED 46.4 million compared to AED 71.8 million in 2020 mainly reflecting
 - Revenue from goods and services of AED 72.9 million (Q3 2020: AED 79.8 million) and
 - Impairment adjustment of AED 46.0 million (Q3 2020: AED 17.0 million) following a reassessment of specific equity accounted investments recoverable amounts

TOTAL EXPENSE ANALYSIS

Nine-month period ended 30 September 2021

Total expenses for the nine-month period ended 30 September 2021 was AED 445.9 million, compared to AED 409.4 million in 2020, mainly comprised of:

- General and administrative expenses - company, amounting to AED 120.8 million compared to AED 83.6 million for the corresponding period of 2020, an increase of AED 37.2 million, mainly due to increase in staff related costs.
- General and administrative expenses – subsidiaries, amounting to AED 72.9 million compared to AED 69.0 million for the corresponding period of 2020, an increase of AED 3.9 million, mainly due to provisions for credit losses.
- Finance costs, net - company, amounting to AED 32.6 million, compared to AED 31.0 million in the corresponding period of 2020, an increase of AED 1.6 million, mainly due to higher utilisation.
- Finance costs, net - subsidiaries, amounting to AED 38.9 million, compared to AED 51.8 million in the corresponding period of 2020, a decrease of AED 12.9 million, mainly due to lower utilisation of repurchase liabilities for public market funds.

Three-month period ended 30 September 2021

Total expenses for the three-month period ended 30 September 2021 was AED 143.4 million, compared to AED 138.2 million in 2020, mainly comprised of:

- General and administrative expenses - company, amounting to AED 38.1 million compared to AED 26.5 million for the corresponding period of 2020, an increase of AED 11.6 million, mainly due to increase in staff related costs.
- General and administrative expenses – subsidiaries, amounting to AED 19.3 million compared to AED 27.8 million for the corresponding period of 2020, a decrease of AED 8.5 million, mainly due to cost optimisation and lower provision for expected credit losses.
- Finance costs, net - company, amounting to AED 12.5 million, compared to AED 9.7 million in the corresponding period of 2020, an increase of AED 2.8 million, mainly due to higher utilisation.
- Finance costs, net - subsidiaries, amounting to AED 13.5 million, compared to AED 14.2 million in the corresponding period of 2020, a decrease of AED 0.7 million, mainly due to lower utilisation of repurchase liabilities for public market funds.

Net profit attributable to owners of the Company

Nine month period ended 30 September 2021

Net profit attributable to owners of the Company: Net Profit of AED 296.6 million for the nine-month period ended 30 September 2021, compared to a net Profit of AED 58.5 million for the corresponding period of 2020, was mainly driven by the following:

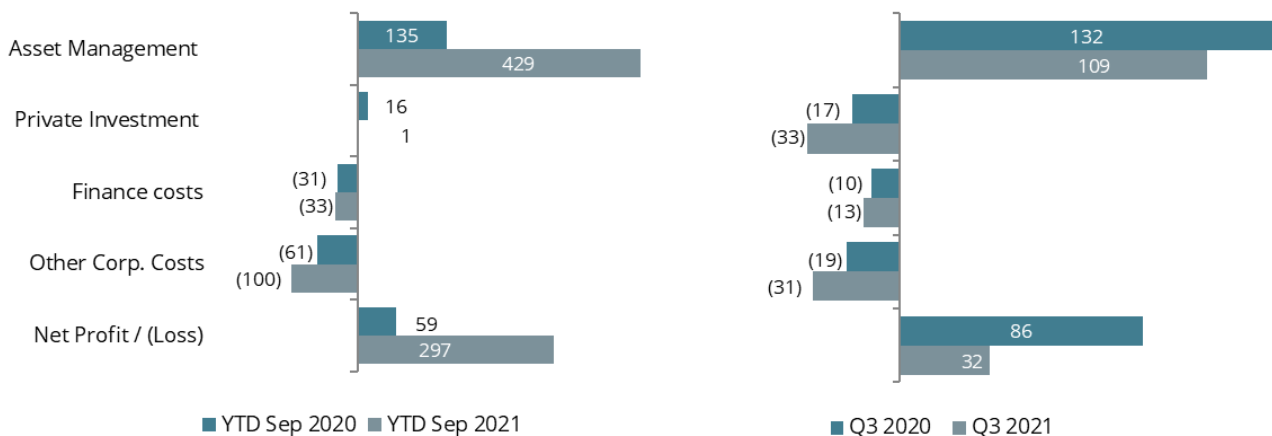
- Asset Management – Capital Markets profit of AED 429.4 million compared to AED 134.9 million in 2020;
- Private Investments profit of AED 0.6 million compared to profit of AED 16.4 million in 2020.

Three month period ended 30 September 2021

Net profit attributable to owners of the Company: Net profit of AED 32.1 million for the three-month period ended 30 September 2021, compared to a net profit of AED 85.7 million for the corresponding period of 2020, was mainly driven by the following

- Asset Management – Capital Markets profit of AED 109.8 million compared to AED 132.0 million in 2020;
- Private Investments loss of AED 33.1 million compared to profit of AED 17.2 million in 2020.

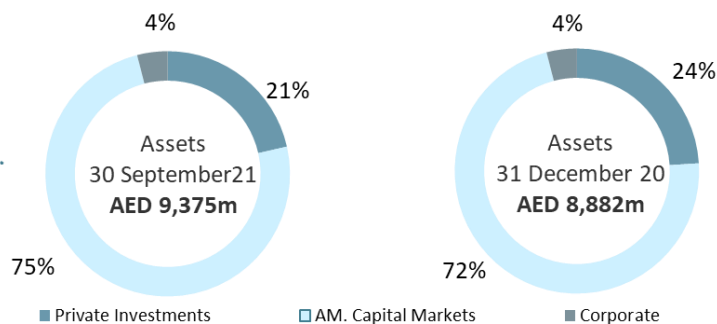
Net profit / (loss) by segment (AED million)



Balance sheet highlights

AED '000	As at 30-Sep-20	As at 31-Dec-20
Investments in equity accounted associates and joint ventures	171,182	472,076
Right-of-use assets	103,241	113,550
Investment property	711,408	715,989
Financial investments	6,435,869	6,163,043
Loan investments	7,093	45,003
Other assets	879,810	667,468
Cash and bank balances	1,065,927	704,684
Total assets	9,374,530	8,881,813
Borrowings	4,011,360	4,211,842
End of service benefit provision	26,723	26,058
Derivative liabilities	65,778	29,907
Lease liabilities	120,071	126,383
Trade and other liabilities	538,510	338,028
Total liabilities	4,762,442	4,732,218
Total equity	4,612,088	4,149,595
Total liabilities and equity	9,374,530	8,881,813

Total assets composition (AED million)



The Group's total assets of AED 9,374.5 million as at 30 September 2021, compared to AED 8,881.8 million as at 31 December 2020, an increase of 6% and mainly comprised of:

- Investments in equity accounted associates and joint ventures of AED 171.2 million compared to AED 472.1 million in 2020, a decrease of AED 300.9 million, mainly due to share of loss of AED 14.4 million; impairment of AED 78.0 million; disposal and reclassification to Financial investments of AED 193.5 million and dividends received of AED 15.0 million.
- Financial investments of AED 6,435.9 million compared to AED 6,163.0 million for the corresponding period of 2020, an increase of AED 272.9 million, mainly due to net increase of 268.3 from private investments mainly due to investment of AED 151.3 million in equity securities portfolio and reclassification of NESR AED 109.2 million and net increase of AED 4.5 million in public market funds.

- c) **Cash and bank balances** of AED 1,065.9 million compared to AED 704.7 million in 2020, an increase of AED 361.2 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 disposal of AED 584.5 million and contributions from non-controlling interest holders of AED 118.6 million, offset by decrease in repurchase liabilities of AED 373.1 million; and
 - Private Investments: Proceeds from disposal of NESR shares AED 138.8 million offset by investment in equity securities AED 151.3 million.

The Group's total liabilities of AED 4,762.4 million as at 30 September 2021 compared to AED 4,732.2 million as at 31 December 2020, an increase of AED 30.2 million, comprised of:

- a) **Borrowings** of AED 4,011.4 million compared to AED 4,211.8 million in 31 December 2020, a decrease of AED 200.4 million; mainly represents decrease in repurchase liabilities related to public market funds of AED 373.1 million; offset by net drawdown of revolving corporate facility of AED 220.7 million.
- b) **Trade and other liabilities** of AED 538.5 million compared to AED 338.0 million in 31 December 2020, an increase of AED 200.5 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. The 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 company continues to show its investment performance capabilities on the new products launched with Islamic Fund reaching a cumulative investment return of 11.5% since inception as it completes its year track record.

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

- Waha CEEMEA Credit Fund SP of 7.7% on a fund size of AED 1.92bn (US\$ 522.7 million);
- Waha MENA Equity Fund SP of 20.8% on a fund size of AED 2.09bn (US\$ 568.4 million); and
- Waha Islamic Income Fund SP of 6.9% on a fund size of AED 0.12bn (US\$ 32.9 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 nine-month period ended 30 September 2021, Waha Land reported Rental revenue and other income of AED 39.5 million (YTD Sep 2020: AED 31.4 million).

The carrying value of investment property was AED 711.4 million as at 30 September 2021.

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

Petronash

During October 2018, the Group along with co-investors, entered 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 nine-month period ended 30 September 2021, the Petronash Group Limited reported revenue of US\$ 49.5 million compared to US\$ 130.3 million for the corresponding period of 2020.

The carrying value of Petronash was AED nil as at 30 September 2021.

<http://petronash.com>

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 H1 2021, 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%.

On 1 July 2021, the Group's appointed director on the Board of NESR Corp. resigned which ceased the Group's significant influence over the investee. Hence, the investee will no longer be classified as an equity-accounted associate and has been reclassified to FVTPL financial asset. A further 0.08 million shares were sold during Q3 2021 resulting in a reduction of the Group's stake from 3.54% to 3.33%.

During the six-month period ended 30 June 2021, NESR Corp reported revenue of US\$ 447.3 million, comprised of US\$ 289.4 million from Production Services, US\$ 157.9 million from Drilling & Evaluation Services.

The carrying value of NESR Corp was AED 140.0 million as at 30 September 2021.

<https://www.nesr.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 nine month period ended 30 September 2021, Channel VAS reported revenue of USD 72.2 million, compared to USD 55.9 million for the corresponding period of 2020.

The carrying value of Channel VAS was AED 159.0 million as at 30 September 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. The Group disposed off 1.6m shares during Q3 2021 resulting in a reduction in the Group's stake from 19.5% to 18.65%

During the six-month period ended 30 June 2021, SDX Energy reported net revenue of US\$ 27.1 million, compared to US\$ 22.0 million for the corresponding period of 2020.

The carrying value of SDX Energy was AED 18.1 million as at 30 September 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 nine-month period ended 30 September 2021, AAH reported consolidated revenue of AED 229.3 million, compared to AED 226.3 million for the corresponding period of 2020.

The Group's carrying value of AAH's net assets was AED 134.8 million as at 30 September 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 205.2 million as at 30 September 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 September 2021 was AED 261.6 million (USD 71.1 million).

The Group's carrying value of the portfolio was AED 283.5 million as at 30 September 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

7 November 2021