

SALIK COMPANY P.J.S.C.

**CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2025
(UNAUDITED)**

SALIK COMPANY P.J.S.C.

**CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2025**

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SALIK COMPANY P.J.S.C.

DIRECTORS' REPORT

FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2025

The Board of Directors (the "Board") present their report together with the reviewed condensed interim financial statements of Salik Company P.J.S.C. ("Salik" or the "Company") for the three-month period ended 31 March 2025.

Board of Directors

The Board of Directors of the Company comprises:

Chairman: His Excellency Mattar Al Tayer
Vice chairman: Mr. Abdul Muhsen Ibrahim Kalbat
Members: His Excellency Mohammed Abdulla Ahmad Lengawi
Mr. Sabah Salem Mohamed Ghanim Alshamsi
Mr. Faisal Juma Khalfan Belhoul Al Falasi
Mr. Abdulla Ali Abdulrazzaq Al Madani
Mrs. Moaza Saeed Ghanim Almarri

Principal activities

The principal activities of the Company are the operations and maintenance of the existing tollgates throughout Dubai, UAE and for design, construction (including all the civil, electrical, gantry design and manufacturing, system integration, testing and commissioning) of new toll gates, including without limitation, the required tolling equipment, infrastructure and any interface requirements in relation to the new toll gates, but excluding the construction, operation and maintenance of the relevant toll roads.

Further, the Company is also engaged in the provision of barrier-free parking management services.

Financial Performance

During the three-month period ended 31 March 2025, the Company reported revenue of AED 752 million (Q1 2024: AED 562 million) and profit after tax for the period was AED 371 million (Q1 2024: AED 277 million).

Dividends

On 4th March 2025, the Board of Directors proposed to distribute AED 619,836 thousand dividend to the shareholders (8.2645 fils per share), reflecting 100% of the Company's distributable net profit for the second half of 2024 as per the Company's dividend policy. The proposed dividend was approved by the shareholders at the Company's General Assembly Meeting held on 9th April 2025.

Statement of disclosure

To the best of our knowledge, the condensed interim financial statements are prepared, in all material respects, in accordance with IAS 34.

for the Board of Directors



His Excellency Mattar Al Tayer

Chairman

Board of Directors

Salik Company P.J.S.C.

13th May 2025



Report on review of condensed interim financial statements to the Board of Directors of Salik Company P.J.S.C.

Introduction

We have reviewed the accompanying condensed interim statement of profit or loss and comprehensive income of Salik Company P.J.S.C. (the 'Company' or 'Salik') for the three-month period ended 31 March 2025, the condensed interim statement of financial position as at 31 March 2025 and the related condensed interim statements of cash flows and changes in equity for the three-month period then ended and other explanatory notes. Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with International Accounting Standard 34 'Interim Financial Reporting'. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, 'Review of interim financial information performed by the independent auditor of the entity'. A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting".

PricewaterhouseCoopers Limited Partnership Dubai Branch
13 May 2025



Murad Alnsour
Registered Auditor Number 1301
Dubai, United Arab Emirates

SALIK COMPANY P.J.S.C.

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME

Notes	<i>Three-month period ended</i>	
	<i>31 March 2025</i> <i>(unaudited)</i>	<i>31 March 2024</i> <i>(unaudited)</i>
	<i>AED'000</i>	<i>AED'000</i>
Revenue	6	751,564
Other income		799
Finance income	20	3,630
Cost of tags and recharge cards	7	(9,332)
Operation and maintenance expense	8	(26,420)
Employee benefit expense	9	(8,623)
Depreciation and amortisation expense	10	(36,169)
Service providers commission	12	(13,294)
Concession fee expense	15	(149,764)
Software enhancement expense		(6,624)
Impairment loss on trade receivables	19	(12,497)
Finance costs	11	(79,844)
Other expenses	13	(6,179)
Profit before tax		407,247
Income tax expense	26	(36,618)
Profit for the period		370,629
Other comprehensive income		-
Total comprehensive income for the period		370,629
Basic and diluted earnings per share for profit attributable to the ordinary equity holders of the Company (AED)	29	0.05
		0.04

The accompanying notes 1 to 34 form an integral part of these condensed interim financial statements.

SALIK COMPANY P.J.S.C.

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

	Notes	31 March 2025 (unaudited) AED'000	31 December 2024 (audited) AED'000
ASSETS			
Non-current assets			
Property and equipment	16	5,571	5,947
Intangibles	14	6,491,638	6,526,870
Right-of-use assets	17	6,893	7,454
Other asset		360	400
		<u>6,504,462</u>	<u>6,540,671</u>
Current assets			
Inventories	18	15,285	16,904
Trade and other receivables	19	216,580	209,139
Contract asset		27,074	24,437
Short-term deposit with bank	20	500,456	-
Due from related parties	21	189,273	231,058
Cash and cash equivalents	20	1,041,288	963,692
		<u>1,989,956</u>	<u>1,445,230</u>
Total assets		<u>8,494,418</u>	<u>7,985,901</u>
LIABILITIES			
Non-current liabilities			
Long-term borrowings	22	3,992,786	3,991,985
Due to a related party	21	1,836,867	1,813,538
Lease liabilities	17	5,296	5,697
Provision for employees' end-of-service benefits	23	3,574	3,339
Contract liabilities	25	67,892	65,037
		<u>5,906,415</u>	<u>5,879,596</u>
Current liabilities			
Due to a related party	21	545,110	483,623
Lease liabilities	17	2,346	2,290
Trade and other payables	24	94,547	100,020
Provision for taxation	26	151,756	115,138
Contract liabilities	25	335,606	317,225
		<u>1,129,365</u>	<u>1,018,296</u>
Total liabilities		<u>7,035,780</u>	<u>6,897,892</u>
EQUITY			
Share capital	27	75,000	75,000
Statutory reserve	28	37,500	37,500
Retained earnings		<u>1,346,138</u>	<u>975,509</u>
Total equity		<u>1,458,638</u>	<u>1,088,009</u>
Total equity and liabilities		<u>8,494,418</u>	<u>7,985,901</u>

To the best of our knowledge, the condensed interim financial statements are prepared, in all material respects, in accordance with IAS 34. The condensed interim financial statements were approved by the Board of Directors on 13th May 2025 and were signed on its behalf by:

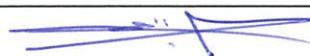


Chief Executive Officer



Chairman of the Board of Directors

The accompanying notes 1 to 34 form an integral part of these condensed interim financial statements.



SALIK COMPANY P.J.S.C.

CONDENSED INTERIM STATEMENT OF CASH FLOWS

Notes	<i>Three-month period ended</i>	
	<i>31 March 2025</i> <i>(unaudited)</i>	<i>31 March 2024</i> <i>(unaudited)</i>
	<i>AED'000</i>	<i>AED'000</i>
Cash flows from operating activities		
Profit before tax for the period	407,247	304,718
Adjustments for:		
Depreciation of property and equipment	10 376	233
Depreciation of right-of-use assets	10 561	378
Amortisation of intangibles	10 35,232	20,407
Provision for employees' end-of-service benefits	23 235	303
Finance charge on lease liabilities	11 108	104
Other finance costs		79,736
Finance income		(3,630)
Impairment loss on trade receivables	19 12,497	9,869
Operating cash flows before changes in working capital	532,362	387,074
Changes in working capital:		
Trade and other receivables excluding impact of impairment loss and accrued interest		(19,280)
Due from related parties		(59,905)
Inventories		1,619
Trade and other payables		(5,473)
Due to a related party		158,690
Other asset		40
Contract asset		(2,637)
Contract liabilities		21,236
Net cash flows generated from operating activities	626,652	353,642
Cash flows from investing activities		
Payment for purchase of property and equipment	16 -	(26)
Purchase of intangible assets	14 -	(1,126)
(Placement) / encashment of fixed deposits with original maturity of more than 3 months		(500,456)
Interest income on deposits		2,972
Net cash (used in) / generated from investing activities	(497,484)	170,366
Cash flows from financing activities		
Finance charge on lease liabilities paid		(108)
Other finance costs paid		(51,119)
Principal element of lease payment		(345)
Net cash used in financing activities	(51,572)	(65,388)
Net increase in cash and cash equivalents		
Cash and cash equivalents at the beginning of the period		77,596
Cash and cash equivalents at the end of the period	963,692	458,620
	1,041,288	266,180
		724,800
Supplemental non-cash information		
Due from related party balance netted off against due to related party balance.	21 101,690	-

The accompanying notes 1 to 34 form an integral part of these condensed interim financial statements.

SALIK COMPANY P.J.S.C.**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY**

	<i>Share capital AED'000</i>	<i>Statutory reserve AED'000</i>	<i>Retained earnings AED'000</i>	<i>Total equity AED'000</i>
At 1 January 2024	75,000	37,500	550,047	662,547
Total comprehensive income for the period	-	-	277,293	277,293
At 31 March 2024 (unaudited)	75,000	37,500	827,340	939,840
At 1 January 2025	75,000	37,500	975,509	1,088,009
Total comprehensive income for the period	-	-	370,629	370,629
At 31 March 2025 (unaudited)	75,000	37,500	1,346,138	1,458,638

The accompanying notes 1 to 34 form an integral part of these condensed interim financial statements.

SALIK COMPANY P.J.S.C.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2025

1 DESCRIPTION OF BUSINESS AND PRINCIPAL ACTIVITIES

Salik Company P.J.S.C. ('Salik' or the 'Company') is a Public Joint Stock Company incorporated on 30 June 2022 in the Emirate of Dubai, United Arab Emirates (UAE) under law no. 12 of 2022 issued by His Highness Sheikh Mohammed Bin Rashid Al Maktoum, the Ruler of Dubai, and started its operations on 1 July 2022. The Company is listed on the Dubai Financial Market on 29th September 2022.

The registered address of the Company is Suite No.400, 4th floor, Festival Tower, Dubai Festival City, PO Box 36003, Dubai, United Arab Emirates.

The Company is owned by the Dubai Investment Fund ("DIF" or the "Parent") which holds 75.1% of the Company's shares which is ultimately owned and controlled by the Government of Dubai ("ultimate controlling party"). The remaining shares of 24.9% are publicly traded on the Dubai Financial Market ("DFM") stock exchange.

The principal activities of the Company are the operations and maintenance of the existing toll gates throughout Dubai, UAE and for design, construction (including all the civil, electrical, gantry design and manufacturing, system integration, testing and commissioning) of new toll gates, including without limitation, the required tolling equipment, infrastructure and any interface requirements in relation to the new toll gates, but excluding the construction, operation and maintenance of the relevant toll roads. Further, the Company is also engaged in the provision of barrier-free parking management services.

These condensed interim financial statements for the three-month period ended 31 March 2025 have been reviewed, not audited. The comparative information for the condensed interim statement of financial position and related explanatory notes is based on the audited financial statements as at 31 December 2024. The comparative information for the condensed interim statements of profit or loss and comprehensive income, changes in equity and cash flows, and related explanatory notes is based on the unaudited condensed interim financial statements for the three-month period ended 31 March 2024.

2 BASIS OF PREPARATION

These condensed interim financial statements have been prepared in accordance with International Accounting Standard (IAS): 34 *'Interim Financial Reporting'* and applicable requirements of the United Arab Emirates laws.

The condensed interim financial statements do not include all information and disclosures required in the annual financial statements and should be read in conjunction with the Company's annual financial statement for the year ended 31 December 2024.

The condensed interim financial statements are presented at historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for assets, unless otherwise disclosed.

The condensed interim financial statements are presented in UAE Dirhams ("AED"), which is also the Company's functional currency. All values have been rounded to the nearest thousand ("000"), unless otherwise disclosed.

3 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS TO EXISTING STANDARDS

New standards, interpretations and amendments to existing standards as adopted by the Company

A number of amended standards became applicable for the current reporting period. The Company did not have to change its accounting policies or make retrospective adjustments as a result of adopting these amended standards. The amended standards did not have a material impact on the condensed interim financial statements.

New standards, interpretations and amendments issued but not yet effective

Certain amendments to accounting standards have been published that are not mandatory for the three-month period ended 31 March 2025 and have not been early adopted by the Company. These amendments are not expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions.

SALIK COMPANY P.J.S.C.**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2025 (continued)****4 SUMMARY OF MATERIAL ACCOUNTING POLICIES**

The material accounting policies applied in the preparation of these condensed interim financial statements are consistent with those applied by the Company in its recent annual audited financial statements for the year ended 31 December 2024.

5 SIGNIFICANT ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

The preparation of the condensed interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that were applied in the preparation of the financial statements of the Company as at and for the year ended 31 December 2024.

6 REVENUE

Set out below is the disaggregation of the Company's revenue:

	<i>Three-month period ended</i>	
	<i>31 March 2025</i> (unaudited) AED'000	<i>31 March 2024</i> (unaudited) AED'000
Tolling revenue		
- Toll usage fees	665,616	491,110
- Tag activation fees*	11,477	9,776
	677,093	500,886
Fines	68,431	58,907
Toll gate construction** (Note 15)	-	131
Miscellaneous	6,040	2,131
	751,564	562,055

*Tag activation fees is recognised on a straight-line basis over the estimated customer life of 5 years.

**Represents a 10% mark-up that Salik is entitled to in relation to construction work carried out during the period for new toll gates.

7 COST OF TAGS AND RECHARGE CARDS

	<i>Three-month period ended</i>	
	<i>31 March 2025</i> (unaudited) AED'000	<i>31 March 2024</i> (unaudited) AED'000
Inventories expensed - Salik tags	9,280	7,042
Inventories expensed - Salik recharge cards	52	50
	9,332	7,092

SALIK COMPANY P.J.S.C.

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2025 (continued)**

8 OPERATION AND MAINTENANCE EXPENSE

	<i>Three-month period ended</i>	
	<i>31 March 2025</i> (unaudited) AED'000	<i>31 March 2024</i> (unaudited) AED'000
Operating expenses	20,126	15,423
Maintenance expenses	6,294	5,565
	26,420	20,988

The operations and maintenance of the tolling and parking management system is outsourced to a third-party service provider. Operating expenses comprise of account management charges, customer service charges, processing of violations charges, and charges relating to general requirements to operate the tolling and parking business. Maintenance expense comprises back-office software support, maintaining and replacing equipment, and mobile application maintenance expenses. Operating and maintenance expenses are recorded in the period in which the services are provided.

9 EMPLOYEE BENEFITS EXPENSE

	<i>Three-month period ended</i>	
	<i>31 March 2025</i> (unaudited) AED'000	<i>31 March 2024</i> (unaudited) AED'000
Salaries and wages	7,712	6,270
End of service benefits	474	522
Other benefits and allowances	437	281
	8,623	7,073

10 DEPRECIATION AND AMORTISATION EXPENSE

	<i>Three-month period ended</i>	
	<i>31 March 2025</i> (unaudited) AED'000	<i>31 March 2024</i> (unaudited) AED'000
Depreciation of property and equipment (Note 16)	376	233
Depreciation of right-of-use assets (Note 17)	561	378
Amortisation of intangibles (Note 14)	35,232	20,407
	36,169	21,018

11 FINANCE COSTS

	<i>Three-month period ended</i>	
	<i>31 March 2025</i> (unaudited) AED'000	<i>31 March 2024</i> (unaudited) AED'000
Finance cost on borrowings	51,880	65,244
Finance cost on balance due to a related party (Note 21)	27,816	-
Finance charge on lease liabilities (Note 17)	108	104
Other finance costs	40	40
	79,844	65,388

SALIK COMPANY P.J.S.C.

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2025 (continued)**

12 SERVICE PROVIDERS COMMISSION

	<i>Three-month period ended</i>	
	<i>31 March 2025</i> (unaudited) AED'000	<i>31 March 2024</i> (unaudited) AED'000
Service provider expense		
- Banks and other providers commission	5,649	4,168
- Other Emirates commission	3,340	3,131
Commission on card sales	2,760	1,954
Commission on tag sales	1,545	1,383
	13,294	10,636

13 OTHER EXPENSES

	<i>Three-month period ended</i>	
	<i>31 March 2025</i> (unaudited) AED'000	<i>31 March 2024</i> (unaudited) AED'000
Professional fees	1,906	2,034
Transition service expense (Note 21)	1,567	1,266
Insurance	811	543
Wireless communication for Salik RFID tags	383	181
Rent and service charge	214	409
Marketing and advertisement	198	406
Office repair and maintenance	108	-
Travel and accommodation	-	146
Others	992	582
	6,179	5,567

14 INTANGIBLES

For the period ended 31 March 2025 and year ended 31 December 2024

	<i>Toll operation rights (Note 15) AED '000</i>	<i>Software AED '000</i>	<i>Work in progress AED '000</i>	<i>Total AED '000</i>
Cost				
At 1 January 2024	4,000,000	-	-	4,000,000
Additions*	2,734,280	-	2,999	2,737,279
Transfers	-	2,999	(2,999)	-
At 31 December 2024 and 31 March 2025	6,734,280	2,999	-	6,737,279
Accumulated amortisation				
At 1 January 2024	122,449	-	-	122,449
Charge for the year	87,660	300	-	87,960
At 31 December 2024	210,109	300	-	210,409
Charge for the period (Note 10)	35,082	150	-	35,232
At 31 March 2025	245,191	450	-	245,641
Net carrying amount				
At 31 December 2024	6,524,171	2,699	-	6,526,870
At 31 March 2025	6,489,089	2,549	-	6,491,638

SALIK COMPANY P.J.S.C.**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2025 (continued)****14 INTANGIBLES (continued)**

*Additions to Toll operation rights represents upfront fee towards RTA in relation to two new toll gates opened during the prior year, in accordance with the Service Concession Agreement. Further, additions to software is associated with major modifications to existing fully amortised toll operations software for the parking management business.

For the period ended 31 March 2024

	<i>Toll operation rights (Note 15) AED '000</i>	<i>Work in progress AED '000</i>	<i>Total AED '000</i>
Cost			
At 1 January 2024	4,000,000	-	4,000,000
Additions	-	1,126	1,126
At 31 March 2024	<u>4,000,000</u>	<u>1,126</u>	<u>4,001,126</u>
Accumulated amortisation			
At 1 January 2024	122,449	-	122,449
Charge for the period (Note 10)	20,407	-	20,407
At 31 March 2024	<u>142,856</u>	<u>-</u>	<u>142,856</u>
Net carrying amount			
At 31 March 2024	<u>3,857,144</u>	<u>1,126</u>	<u>3,858,270</u>

Work in progress is associated with development of a Parking Management System and modifications to existing fully amortised toll operations software.

15 SERVICE CONCESSION ARRANGEMENT

Salik Company P.J.S.C. entered into a concession agreement with RTA effective 1 July 2022 to undertake the Dubai tolling operations for which Salik ("Operator") made an upfront concession payment of AED 4,000 million plus VAT of AED 200 million to RTA ("Grantor") for existing toll gates and an amount to be agreed upon as and when new toll gates are constructed.

Additionally, a variable concession fee of 22.5% effective from 1 April 2024 (prior to 1 April 2024: 25%) of toll usage fees earned excluding tag activation fees, violations revenue, inactive balance write-off or any other miscellaneous revenue is payable to RTA for each quarter period. The agreement term is 49 years ("the concession period") unless terminated or extended as per the terms of the concession agreement. As per the terms of the concession agreement, there are no decommissioning obligations at the end of the contractual period and therefore, no liability has been recorded as of 31 March 2025 and 31 December 2024.

Variable concession fee for the three-month period ended 31 March 2025 amounts to AED 149.76 million (2024: AED 122.78 million), which has been recorded as an expense in the condensed interim statement of profit or loss and comprehensive income.

Key elements of concession agreement

Tolling Operations, Tolling Systems, Tolling Assets: The Company have the absolute responsibility for the Dubai tolling operations and the operation, maintenance, development and/or upgrade of the tolling system. All costs and expenses incurred in this relation are at expense of the Company. Ownership over tolling assets vests with RTA.

15 SERVICE CONCESSION ARRANGEMENT (continued)**Key elements of concession agreement**

Rewards to toll fee: The Company has the exclusive right to charge, collect and keep for its account toll fees and other road user charges from vehicles utilising the toll roads. The Company has a right to increase the toll fees to account for increase in operational cost or to consider the impact of inflation. Such increase in toll fees has to be approved by Dubai Executive Council. In case the revision in toll rate is not approved by the Dubai Executive Council, the Company will be compensated for such non approval by reduction in the variable concession fee charged by RTA only if the proposed increase was on account of increased inflation rates. Effective from 1st April 2024, RTA reduced the variable concession fee from 25% to 22.5% of toll usage revenue.

New toll gates: The Company has the exclusive right to undertake any tolling works (construction) with respect to the new toll gates and all costs and expenses incurred for the tolling works will be reimbursed by RTA on a cost plus 10% basis. For obtaining the right to charge users, the Company shall pay to RTA a fee determined based on the valuation of the new toll gate. In case of a difference in the valuation performed by RTA and that performed by Salik by more than 5%, an earnout mechanism will apply, whereby during the period of 5 years following the completion and commissioning of the new toll gate, the Company shall be liable to pay earn-out payments only if there is a positive traffic delta.

On 19th January 2024, RTA formally assigned Salik to install two new toll gates to optimise traffic flow and reduce congestion on key routes within Dubai. The Company constructed the new toll gates for RTA and earned revenue under the cost-plus mark-up arrangement. Both the new gates became operational effective from 24th November 2024 and the addition of two gates increased the total number of gates in Dubai from eight to ten. In accordance with the terms of the concession agreement, valuation for new gates was carried out independently by RTA and Salik. Since the difference between the valuation by both the parties was less than 5% therefore, as per the concession agreement, the average of two valuations was adopted for both the gates, being combined valuation of AED 2,734.3 million.

During the three-month period ended 31 March 2025, the Company recorded a revenue of Nil (2024: AED 131 thousand) from toll gate construction. As on 31 March 2025, unbilled portion associated with toll gate construction amounts to AED 27.0 million which is shown as contract assets in the condensed interim statement of financial position.

Replacement of end-of-life tolling assets: The Company shall be reimbursed by RTA on a cost plus 5% basis for replacement of each tolling asset upon the end of its useful life.

Termination: The Company may terminate the agreement if RTA is in breach of its obligations and if a change in law were to make it illegal or impossible for the Company to perform substantially all its obligations under the agreement. RTA may terminate the agreement by giving notice to the Company, if an insolvency event occurs, if the Company commits a prohibited act or if certain type of breaches of the agreement occur. Further, RTA also has an option to voluntarily terminate the agreement by giving notice of voluntary termination to the Company. Compensation will have to be paid by either of the parties upon occurrence of certain events, that is, it will have to be paid by RTA in case of exercise of voluntary termination or breach by RTA of its obligations and will have to be paid by the Company if it commits a prohibited act.

Transfer of Assets and Rights: At the end of the agreement, the Operator shall, without consideration, transfer to the Grantor all rights, title and interest of assets, intellectual property rights used in Dubai tolling operations.

SALIK COMPANY P.J.S.C.

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2025 (continued)**

16 PROPERTY AND EQUIPMENT

	<i>Office furniture and equipment AED '000</i>	<i>Motor vehicles AED '000</i>	<i>Leasehold improvements AED '000</i>	<i>Total AED '000</i>
<i>For the period ended 31 March 2025</i>				
Cost				
At 1 January and 31 March 2025	<u>4,602</u>	<u>362</u>	<u>2,555</u>	<u>7,519</u>
Accumulated depreciation				
At 1 January 2025	<u>792</u>	<u>98</u>	<u>682</u>	<u>1,572</u>
Depreciation charge for the period (Note 10)	<u>230</u>	<u>18</u>	<u>128</u>	<u>376</u>
At 31 March 2025	<u>1,022</u>	<u>116</u>	<u>810</u>	<u>1,948</u>
Net carrying amount				
At 31 March 2025	<u>3,580</u>	<u>246</u>	<u>1,745</u>	<u>5,571</u>
<i>For the year ended 31 December 2024</i>				
	<i>Office furniture and equipment AED '000</i>	<i>Motor vehicles AED '000</i>	<i>Leasehold improvements AED '000</i>	<i>Total AED '000</i>
Cost				
At 1 January 2024	<u>1,707</u>	<u>362</u>	<u>2,555</u>	<u>4,624</u>
Additions	<u>2,895</u>	<u>-</u>	<u>-</u>	<u>2,895</u>
At 31 December 2024	<u>4,602</u>	<u>362</u>	<u>2,555</u>	<u>7,519</u>
Accumulated depreciation				
At 1 January 2024	<u>138</u>	<u>26</u>	<u>171</u>	<u>335</u>
Depreciation charge for the year	<u>654</u>	<u>72</u>	<u>511</u>	<u>1,237</u>
At 31 December 2024	<u>792</u>	<u>98</u>	<u>682</u>	<u>1,572</u>
Net carrying amount				
At 31 December 2024	<u>3,810</u>	<u>264</u>	<u>1,873</u>	<u>5,947</u>

SALIK COMPANY P.J.S.C.

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2025 (continued)**

16 PROPERTY AND EQUIPMENT (continued)

For the period ended 31 March 2024

	<i>Office furniture and equipment AED '000</i>	<i>Motor vehicles AED '000</i>	<i>Leasehold improvements AED '000</i>	<i>Total AED '000</i>
<i>For the period ended 31 March 2024</i>				
Cost				
At 1 January 2024	1,707	362	2,555	4,624
Additions	26	-	-	26
At 31 March 2024	<u>1,733</u>	<u>362</u>	<u>2,555</u>	<u>4,650</u>
Accumulated depreciation				
At 1 January 2024	138	26	171	335
Depreciation charge for the period (Note 10)	87	18	128	233
At 31 March 2024	<u>225</u>	<u>44</u>	<u>299</u>	<u>568</u>
Net carrying amount				
At 31 March 2024	<u>1,508</u>	<u>318</u>	<u>2,256</u>	<u>4,082</u>

17 LEASES

(i) Right-of-use assets

For the period ended 31 March 2025 and year ended 31 December 2024

	<i>Office space AED '000</i>
Cost	
At 1 January 2024	8,096
Additions	2,279
At 31 December 2024 and 31 March 2025	<u>10,375</u>
Accumulated depreciation	
At 1 January 2024	1,018
Charge for the year	1,903
At 31 December 2024	2,921
Charge for the period (Note 10)	561
At 31 March 2025	<u>3,482</u>
Net book value	
At 31 December 2024	7,454
At 31 March 2025	<u>6,893</u>

SALIK COMPANY P.J.S.C.

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2025 (continued)**

17 LEASES (continued)

(i) Right-of-use assets (continued)

For the period ended 31 March 2024

	<i>Office space AED '000</i>
Cost	
At 1 January and 31 March 2024	<u>8,096</u>
Accumulated depreciation	
At 1 January 2024	1,018
Charge for the period (Note 10)	378
At 31 March 2024	<u>1,396</u>
Net book value	
At 31 March 2024	<u>6,700</u>

(ii) Lease liabilities

	<i>31 March 2025 (unaudited) AED'000</i>	<i>31 December 2024 (audited) AED'000</i>	<i>31 March 2024 (unaudited) AED'000</i>
At beginning of the period / year / period	7,987	7,936	7,936
Lease additions during the period / year / period	-	2,279	-
Finance charge for the period / year / period	108	447	104
Lease repayments during the period / year / period	(453)	(2,675)	(906)
At end of the period / year / period	<u>7,642</u>	<u>7,987</u>	<u>7,134</u>

Lease liabilities is bifurcated into:

	<i>31 March 2025 (unaudited) AED'000</i>	<i>31 December 2024 (audited) AED'000</i>	<i>31 March 2024 (unaudited) AED'000</i>
Current	2,346	2,290	1,438
Non-current	5,296	5,697	5,696
	<u>7,642</u>	<u>7,987</u>	<u>7,134</u>

(iii) Amounts recognised in profit or loss

	<i>Three-month period ended</i>	
	<i>31 March 2025 (unaudited) AED'000</i>	<i>31 March 2024 (unaudited) AED'000</i>
Finance charge on lease liabilities (Note 11)	108	104
Depreciation of right-of-use assets (Note 10)	561	378

SALIK COMPANY P.J.S.C.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2025 (continued)

17 LEASES (continued)

(iv) Contractual undiscounted cash flows

The contractual undiscounted cash flows associated with the lease are as follows:

	<i>31 March 2025 (unaudited) AED'000</i>	<i>31 December 2024 (audited) AED'000</i>
Not later than 1 year	2,702	2,680
Between 1 to 5 years	<u>5,399</u>	<u>6,080</u>
	<u>8,101</u>	<u>8,760</u>

18 INVENTORIES

	<i>31 March 2025 (unaudited) AED'000</i>	<i>31 December 2024 (audited) AED'000</i>
Salik tags	15,196	16,762
Salik recharge scratch cards	<u>89</u>	<u>142</u>
	<u>15,285</u>	<u>16,904</u>

All inventories are in the form of finished goods. The cost of inventories recognised as expense during the period is included in 'Cost of tags and recharge cards' on the condensed interim statement of profit or loss and comprehensive income. None of the inventories are carried at net realisable value being lower than cost for all periods presented. There are no obsolete or slow-moving inventories. There has been no write-off of inventory in the periods presented.

19 TRADE AND OTHER RECEIVABLES

	<i>31 March 2025 (unaudited) AED'000</i>	<i>31 December 2024 (audited) AED'000</i>	<i>31 March 2024 (unaudited) AED'000</i>
Trade receivables (including fines receivable)	314,902	314,329	297,554
Less: loss allowance on fines receivable	<u>(152,977)</u>	<u>(159,312)</u>	<u>(176,327)</u>
	<u>161,925</u>	<u>155,017</u>	<u>121,227</u>
VAT receivable	29,842	27,031	9,740
Accrued interest	4,687	4,029	5,425
Advance to supplier	17,834	22,207	30,358
Others	<u>2,292</u>	<u>855</u>	<u>665</u>
	<u>216,580</u>	<u>209,139</u>	<u>167,415</u>

Break up of trade receivables is as follows:

Fines	288,889	293,946	283,265
Taxi	11,559	11,186	7,135
Gas stations	6,508	-	-
Banks	3,918	2,681	2,779
Telecom	53	53	58
Others	<u>3,975</u>	<u>6,463</u>	<u>4,317</u>
	<u>314,902</u>	<u>314,329</u>	<u>297,554</u>

SALIK COMPANY P.J.S.C.

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2025 (continued)**

19 TRADE AND OTHER RECEIVABLES (continued)

Trade and other receivables are measured at amortised cost using the effective interest method.

Trade and other receivables from taxi, gas stations, telecom, banks and others are not secured, non-interest bearing and are generally on terms of 30 to 90 days. The allowance for expected credit losses or impairment incurred for trade and other receivables from taxi, gas stations, telecom, banks and others is considered to be not material.

Receivables from fines are not secured, non-interest bearing, and customers are generally required to pay the violation within 12 months from the issuance date. The movement of loss allowance on receivable relating to fines were as follows:

	31 March 2025 (unaudited) AED'000	31 December 2024 (audited) AED'000	31 March 2024 (unaudited) AED'000
At the beginning of the period / year / period	159,312	177,827	177,827
Provision for expected credit losses	12,497	13,990	9,869
Write offs during the period / year / period	(18,832)	(32,505)	(11,369)
At the end of the period / year / period	152,977	159,312	176,327

The provision for expected credit losses for the period has been included as "Impairment loss on trade receivables" in the condensed interim statement of profit or loss and other comprehensive income. The Company fully writes off a trade receivable arising from a violation when there is no realistic prospect of recovery, which is estimated by management to be at the end of the average customer useful life, which is five years.

Set out below is the ageing analysis of the Company's trade receivables from fines using a provision matrix:

	Expected credit loss %	Gross carrying amount AED'000	Loss allowance AED'000
31 March 2025 (unaudited)			
Current (less than 365 days)	38%	134,833	50,990
365+ days	66%	154,056	101,987
		288,889	152,977
31 December 2024 (audited)			
Current (less than 365 days)	38%	127,631	48,547
365+ days	67%	166,315	110,765
		293,946	159,312
31 March 2024 (unaudited)			
Current (less than 365 days)	40%	123,067	48,715
365+ days	80%	160,198	127,612
		283,265	176,327

SALIK COMPANY P.J.S.C.

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2025 (continued)**

20 CASH AND CASH EQUIVALENTS AND SHORT-TERM DEPOSIT WITH BANK

	<i>31 March 2025 (unaudited) AED'000</i>	<i>31 December 2024 (audited) AED'000</i>	<i>31 March 2024 (unaudited) AED'000</i>
<i>Cash and cash equivalents</i>			
Islamic Mudarabah call account	1,041,288	963,692	724,800
<i>Short term deposit with bank</i>			
Fixed deposits with original maturity of 3 to 12 months	500,456	-	600,000

Cash in bank represents amounts held in current account, call account and Wakala deposits maintained with Emirates NBD Bank PJSC operating in the UAE. The fixed deposits as on 31 March 2025 and 31 December 2024 have an original maturity period of 3 to 12 months and earn expected profits of 4.1% (31 December 2024: Nil). During the three-month period ended 31 March 2025, the Company earned a profit of AED 3.6 million (2024: AED 14.2 million) on these Wakala deposits and Mudarabah call account.

21 RELATED PARTY BALANCES AND TRANSACTIONS

Related parties comprise the Parent, ultimate controlling party, the shareholders, key management personnel, subsidiaries, joint venture, directors and businesses which are controlled directly or indirectly by the ultimate controlling party, or directors or over which they exercise significant management influence. The Company has availed the exemption under para 25 of IAS 24 Related Party Disclosure and consider the entities controlled by Government of Dubai as non-related except for RTA, Dubai Taxi Company PJSC (“DTC”), Dubai E-Government, Dubai Digital Authority, Emirates NBD Bank PJSC (“ENBD”) and Emirates National Oil Company (“ENOC”).

The Company, in the normal course of business, receives services from and provides services to related parties. These transactions comprise the purchase and sale of goods and services in the normal course of business at mutually agreed terms. Additionally, the Company entered into a Service Concession Agreement with RTA (Note 15), Transitional Services agreement with RTA and debt agreement with Emirates NBD Bank PJSC (Note 22).

The following table summarises related party balances for the relevant financial period.

	<i>31 March 2025 (unaudited) AED'000</i>	<i>31 December 2024 (audited) AED'000</i>
<i>Due from related parties</i>		
<i>Entities under common control of the Government of Dubai</i>		
Dubai E-Government	126,474	112,066
Roads and Transport Authority*	48,705	105,723
Dubai Taxi Company PJSC	14,094	13,269
	189,273	231,058
<i>Due to a related party</i>		
<i>Entities under common control of the Government of Dubai</i>		
Roads and Transport Authority*	2,381,977	2,297,161
Due to a related party is bifurcated as follows:		
- Non-current	1,836,867	1,813,538
- Current	545,110	483,623
	2,381,977	2,297,161

*With respect to the balance due to and due from Roads and Transport Authority, the Company does not have an enforceable right to offset and therefore these have been presented separately. However, during the three-month period ended 31 March 2025, the Company and RTA entered into a one-off agreement to settle a net amount of AED 101.7 million between the Company receivables from and payable to RTA.

The above related party payable includes AED 2,190.1 million as on 31 March 2025 (31 December 2024: AED 2,162.3 million) in relation to toll operation rights for two new gates.

SALIK COMPANY P.J.S.C.**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2025** (continued)**21 RELATED PARTY BALANCES AND TRANSACTIONS** (continued)

The toll rights fee in relation to the two new toll gates is payable to RTA semi-annually over a period of 6 years. Below table shows the movement of long-term liability related to toll rights fee during the period ended 31 March 2025.

	<i>31 March 2025 (unaudited) AED'000</i>	<i>31 December 2024 (audited) AED'000</i>
At beginning of the period / year	2,162,278	-
Fair value of long-term liability in relation to toll rights fee	-	2,378,606
Finance cost on unwinding of discounted liability	27,816	11,530
Payment made during the period / year	-	(227,858)
At end of the period / year	2,190,094	2,162,278
Less: non-current portion	(1,836,867)	(1,813,538)
Current portion	353,227	348,740

Loan from a related party

Entities under common control of the Government of Dubai

Emirates NBD Bank PJSC	3,992,786	3,991,985
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The Company obtained a financing facility with ENBD, related party, as has been disclosed in Note 22. Bank balances as disclosed in Note 20 are also held with ENBD.

	<i>31 March 2025 (unaudited) AED'000</i>	<i>31 December 2024 (audited) AED'000</i>
Contract asset	26,969	24,437

It represents unbilled portion of revenue to Roads and Transport Authority, associated with toll gate construction and end-of-life replacement of tolling assets, as detailed in Note 15.

Transactions with related parties

Commission expense

Transactions with ENBD, other than finance cost on borrowings as explained in Note 22, relates to commission charged by ENBD for collection services provided by the bank and amounts to AED 0.8 million for three-month period ended 31 March 2025 (31 March 2024: AED 0.7 million). Additionally, commission expense also includes AED 3.3 million (31 March 2024: AED 3.0 million) charged by Department of Finance in relation to online recharges and commission of AED 3.3 million (31 March 2024: AED 3.1 million) charged by RTA in relation to Other Emirates violation collection. Transactions, gross of commission earned, with ENOC relate to the sale of Salik tag and recharge cards and amount to AED 33.0 million for three-month period ended 31 March 2025 (31 March 2024: AED 31.7 million).

Tolling fees collected by Dubai Taxi Company PJSC

Dubai Taxi Company PJSC (“DTC”) is ultimately controlled by the Government of Dubai. Tolling fees collected by DTC represent toll fee collection by the taxis operated by DTC within the Emirate of Dubai and are based on trips under tollgates where there is a passenger in the taxi vehicle. Tolling fees collected by DTC are AED 21.1 million for three-month period ended 31 March 2025 (31 March 2024: AED 17.7 million).

SALIK COMPANY P.J.S.C.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2025 (continued)

21 RELATED PARTY BALANCES AND TRANSACTIONS (continued)

Transactions with related parties (continued)

Service concession arrangement

As part of formation of Salik Company P.J.S.C., the Company entered into a Service Concession Agreement with RTA, pursuant to which RTA grants some of its mandates and powers under Dubai Law No. 17 of 2005 regarding the operation, maintenance and management of Salik i.e. Dubai's automatic road toll collection system. Refer Note 14 and Note 15 for the financial impact associated with the Concession Agreement.

Transitional Service Agreement

The Company entered into a transitional services agreement ("TSA") with RTA, effective from 1 July 2022, wherein RTA provides services to Salik for performance of the tolling operations and back-office functions such as financial services, information technology (IT), human resources, administration, marketing and communication in accordance with the tolling Concession Agreement. During the three-month period ended 31 March 2025, an amount of AED 1.6 million (31 March 2024: AED 1.3 million) has been charged by RTA for such transitional services and these have been included as 'Transition service expense' under 'Other expenses' in the condensed interim statement of profit or loss and comprehensive income.

Toll rights for new toll gates

During the year ended 31 December 2024, the Company installed two new toll gates and obtained the rights from RTA, to charge the users for these new gates, for a consideration of AED 2,734.3 million which has been recorded as an addition to intangible assets (Note 14 and 15).

An agreement was reached with RTA to repay the toll rights fee semi-annually over a period of six years, starting from the end of November 2024. The liability associated to the toll rights fee is initially measured at fair value of AED 2,378.6 million. The difference between the fair value of the long-term liability and intangible asset recognised amounted to AED 355.7 million, which is recorded during the year ended 31 December 2024 as a contribution directly in equity as a transaction between related parties under the same ultimate controlling party.

Key management remuneration

	<i>31 March 2025 (unaudited) AED'000</i>	<i>31 March 2024 (unaudited) AED'000</i>
Salaries and other benefits	1,884	1,868
End of service benefits	175	284
	2,059	2,152

22 BORROWINGS

	<i>31 March 2025 (unaudited) AED'000</i>	<i>31 December 2024 (audited) AED'000</i>
Term loan from Emirates NBD Bank PJSC	4,000,000	4,000,000
Unamortised loan cost	(7,214)	(8,015)
Total borrowing	3,992,786	3,991,985

On 30 June 2022, the Company and Emirates NBD Bank PJSC entered into an agreement to underwrite a 5-year, AED 4,200 million unsecured Islamic Mudarabah credit facility (the "Facility"). The Facility is bifurcated further into a term facility commitment of AED 4,000 million and a revolving facility commitment of AED 200 million. On 19 May 2023, the Company agreed with the bank for a partial reduction of Facility B, that is, revolving Murabaha facility commitment, to reduce the commitment to AED 50 million instead of the original commitment of AED 200 million. The purpose of the overall borrowing facility is firstly, towards making an upfront payment under the requirements of the Concession Agreement; and secondly, for general corporate purposes including fees and expenses in relation to the Facility.

SALIK COMPANY P.J.S.C.**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2025 (continued)****22 BORROWINGS (continued)**

Borrowings under the term facility carries variable interest at 3-month EIBOR plus a margin at a rate per annum of 0.82%. The upfront fee under the Facility is 0.4% flat and the commitment fee on the revolving credit facility is 0.25% per annum, calculated on daily undrawn and available commitments, and payable quarterly in arrears. Transaction costs incurred in relation to the term facility have been deducted from the financial liability amount and considered in the computation of the effective interest rate. The upfront fee allocated to the revolving facility has been capitalised and is amortised on a straight-line basis over the term of the agreement and is disclosed as an 'Other asset' in the statement of financial position.

Principal amounts outstanding under the term facility will be due and payable in full on final maturity which is 5 years from the date of the facility agreement.

The Facility contains customary representations and warranties, subject to limitations and exceptions and customary covenants restricting the Company's ability to declare dividends or make distributions in the event of outstanding default or a default that may occur as a result of such dividend distribution. The Company is also required to comply with a financial covenant, leverage (Net Debt to EBITDA): 5x or lower tested semi-annually with testing commencing from June 2023. The Company complied with the financial covenant throughout the three-month period ended 31 March 2025 and year ended 31 December 2024.

As at 31 March 2025, the Company has access to the following borrowing facilities:

	<i>31 March 2025 (unaudited) AED'000</i>	<i>31 December 2024 (audited) AED'000</i>
Total available facilities	4,050,000	4,050,000
Facility utilised	(4,000,000)	(4,000,000)
Available financing facility	<u>50,000</u>	<u>50,000</u>

23 PROVISION FOR EMPLOYEES' END-OF-SERVICE BENEFITS

	<i>31 March 2025 (unaudited) AED'000</i>	<i>31 December 2024 (audited) AED'000</i>
Balance at the beginning of the period / year	3,339	2,519
Charge for the period / year	235	922
Payments during the period / year	-	(102)
Balance at the end of the period / year	<u>3,574</u>	<u>3,339</u>

24 TRADE AND OTHER PAYABLES

	<i>31 March 2025 (unaudited) AED'000</i>	<i>31 December 2024 (audited) AED'000</i>
Trade payables - operation and maintenance service provider	72,853	69,580
Advance from customers*	2,712	2,449
Fine refund payables	2,315	2,290
Employee benefits	1,877	1,555
Commission accruals and other payables	<u>14,790</u>	<u>24,146</u>
	<u>94,547</u>	<u>100,020</u>

*It includes advance received from a related party, Roads and Transport Authority, in relation to construction of new toll gates.

Trade and other payables are short-term in nature and are non-interest bearing. These are measured at amortised cost using the effective interest method.

SALIK COMPANY P.J.S.C.**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2025 (continued)****25 CONTRACT LIABILITIES**

As of 31 March 2025, current contract liabilities of AED 335.6 million (31 December 2024: AED 317.2 million), and non-current contract liabilities of AED 67.9 million (31 December 2024: AED 65.0 million), either relate to account balances paid in advance by the customer or arise from tag sale activation fees.

The Company expects to recognise these unsatisfied performance obligations as revenue over a period of up to 5 years. At the end of 5 years any inactive customer account balances will be released and recognised as revenue.

As of 31 March 2025, contract liabilities of AED 97.2 million (31 December 2024: AED 93.1 million), arising from tag activation fees will be recognised as revenue as follows:

	<i>31 March 2025 (unaudited) AED'000</i>	<i>31 December 2024 (audited) AED'000</i>
- 0 to 12 months	29,320	28,035
- 13 to 24 months	26,248	25,176
- 25 – 36 months	21,436	20,486
- 37 – 48 months	14,849	14,235
- 49 – 60 months	5,359	5,140
	<hr/> <u>97,212</u>	<hr/> <u>93,072</u>

Movements in contract liabilities is as follows:

	<i>31 March 2025 (unaudited) AED'000</i>	<i>31 December 2024 (audited) AED'000</i>	<i>31 March 2024 (unaudited) AED'000</i>
Balance at the beginning of the period / year / period	382,262	353,059	353,059
Add: Recharges during the period / year / period	693,410	2,028,357	493,175
Add: Tag activation fees received	15,617	57,352	13,980
Less: Revenue recognised – toll usage	(665,616)	(1,992,463)	(491,110)
Less: Revenue recognised – tag activation fee	(11,477)	(40,866)	(9,776)
Less: Others	<u>(10,698)</u>	<u>(23,177)</u>	<u>(1,470)</u>
Balance at the end of the period / year / period	<u>403,498</u>	<u>382,262</u>	<u>357,858</u>

SALIK COMPANY P.J.S.C.**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2025 (continued)****26 INCOME TAX****(i) Components of income tax expense**

Income tax expense comprise the following:

	<i>31 March 2025 (unaudited) AED'000</i>	<i>31 March 2024 (unaudited) AED'000</i>
Current tax	<u>36,618</u>	<u>27,425</u>

(ii) Reconciliation between tax expense and profit or loss multiplied by applicable tax rate

The income tax rate applicable to the Company's income is 9%. A reconciliation between the expected and actual taxation charge is as follows:

	<i>31 March 2025 (unaudited) AED'000</i>	<i>31 March 2024 (unaudited) AED'000</i>
Profit before tax	<u>407,247</u>	<u>304,718</u>
- Tax charge of 0% on profit up to AED 375,000	-	-
- Tax charge of 9% on profit beyond AED 375,000	<u>36,618</u>	<u>27,425</u>
Income tax expense	<u>36,618</u>	<u>27,425</u>

27 SHARE CAPITAL

The share capital of the Company comprised of AED 7,500,000,000 (31 December 2024: 7,500,000,000) shares of AED 0.01 each. All shares are authorised, issued and fully paid up.

28 STATUTORY RESERVE

In accordance with the UAE Federal Decree Law No. (32) of 2021, 5% of net profit of the Company is to be allocated every year to a statutory reserve. This statutory reserve, as per the Articles of Association, is subject to a maximum of 50%, of the Company's issued share capital. This reserve is not available for distribution except as stipulated by the law. There was no allocation from net profit to statutory reserve during the three-month period ended 31 March 2025 and year ended 31 December 2024 as the Company has reached the maximum limit for the reserve.

29 EARNINGS PER SHARE

The following table reflects the income and share data used in the basic and diluted EPS calculations:

	<i>31 March 2025 (unaudited)</i>	<i>31 March 2024 (unaudited)</i>
Profit attributable to ordinary equity holders of the Company (AED '000)	<u>370,629</u>	<u>277,293</u>
Weighted average number of ordinary shares for basic and diluted EPS (number)	<u>7,500,000,000</u>	<u>7,500,000,000</u>
Basic and diluted earnings per share for profit attributable to the ordinary equity holders of the Company (AED)	<u>0.05</u>	<u>0.04</u>

SALIK COMPANY P.J.S.C.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2025 (continued)

29 EARNINGS PER SHARE (continued)

Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary equity holders of the Company by the number of ordinary shares outstanding. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary equity holders of the Company and the number of shares on formation for the effects of all dilutive potential ordinary shares. There were no instruments or any other items which could cause a dilutive effect on the earnings per share calculation.

30 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

30.1 Financial risk factors

The Company's activities and borrowings expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk and cash flow interest rate risk), credit risk and liquidity risk.

These condensed interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements. As such, they should be read in conjunction with the Company's annual financial statements for the year ended 31 December 2024. There has been no change in any financial risk management policies since year end.

30.2 Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for the shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

There has been no material change in the capital risk management policies of the Company during this period.

31 FAIR VALUES OF FINANCIAL INSTRUMENTS

Financial instruments comprise financial assets and financial liabilities. The Company's financial assets consist of trade and other receivables (excluding VAT receivable and advance to supplier), contract assets, due from related parties, short-term deposit with bank and cash and cash equivalents. The Company's financial liabilities consist of borrowings, lease liabilities, trade and other payables (excluding advance from customers) and due to a related party. The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The fair values of the above financial assets and liabilities approximate their carrying amounts.

32 IMPACT OF SEASONALITY ON THE BUSINESS

The Company is subject to moderate seasonal fluctuations, interim period revenue and earnings are typically sensitive to the traffic activity that tends to slow down during the summer months. As a result of moderate seasonal fluctuations, results for any quarter are not necessarily indicative of the results that may be achieved for any other quarter or for the full fiscal year.

33 SUBSEQUENT EVENTS

On 4th March 2025, the Board of Directors proposed to distribute AED 619,836 thousand dividend to the shareholders (8.2645 fils per share), reflecting 100% of the Company's distributable net profit for the second half of 2024 as per the Company's dividend policy. The proposed dividend was subsequently approved by the shareholders at the Company's General Assembly Meeting held on 9th April 2025.

34 APPROVAL OF THE CONDENSED INTERIM FINANCIAL STATEMENTS

The condensed interim financial statements were approved by the Board of Directors of Salik Company P.J.S.C. on 13 May 2025 and signed on its behalf by His Excellency Mattar Al Tayer, Chairman of the Board of Directors and Ibrahim Sultan Al Haddad, Chief Executive Officer.