

## Up 8.1% YoY

### Salik Reports Q1 2024 Revenues of AED 562 million

- *Strong macroeconomic environment and positive tourism trends drive first quarter revenue to AED 562 million, up 8.1% from the prior year.*
- *Revenue-generating trips totalled 122.8 million in the first quarter, up 8.1% year-on-year, in-line with record high in the fourth quarter of 2023.*
- *Active registered accounts increased 16.5% year-on-year to reach new high of 2.5 million, with active vehicles up 9.2% year-on-year to 4.1 million.*
- *First quarter net profit before tax grew 10.7% year-on-year, reaching AED 304.7 million. Net profit after tax, accounting for the new 9% corporate tax in the UAE, totalled AED 277.3 million, up 0.7% year-on-year.*
- *Salik is making good progress on execution of its corporate strategy, announcing the addition of two new toll gates in the first quarter, to be operational by the end of November 2024.*

**Dubai, UAE – [13] May 2024:** The Board of Directors of Salik Company PJSC (“Salik” or the “Company”), Dubai’s exclusive toll gate operator, chaired by His Excellency Mattar Al Tayer, Chairman of the Board, today announces the Company’s financial results for the three-month period ended March 31, 2024 (“Q1 2024”).

Salik continued to deliver strong top-line performance in the first quarter of 2024, with 122.8 million revenue-generating trips and total revenue of AED 562 million, increasing by 8.1% YoY which is the highest Q1 Revenue-Generating Trips Since Inception. Toll usage revenue, which represents 87.4% of total revenue, also increased 8.1% YoY to AED 491 million, supported by continued strong growth in tourism and residency, with Dubai remaining an attractive destination both for visitors and new residents relocating to the city.

Commenting on the results, **His Excellency Mattar Al Tayer, Chairman of the Board of Directors of Salik**, said: “Salik has delivered another strong quarter at the beginning of 2024, a continuation of the momentum from record top-line performance in 2023. The results achieved in the period are a testament to our strategic vision and commitment to delivering long-term value to our shareholders, as well as to the positive macroeconomic environment in the UAE. GDP growth coupled with strong tourism inflow are evidence that the Government of Dubai’s initiatives to expand the economy, particularly focusing on population growth and maintaining the Emirate’s attractiveness to visitors, are bearing fruit.”

**Ibrahim Sultan Al Haddad, Chief Executive Officer of Salik**, commented: “We are very pleased to have started the year strongly, with revenue-generating trips increasing by over 8% year-on-year, supporting our ambition to become a global leader in mobility solutions. We continue to thrive in our core tolling business and remain focused on diversifying our portfolio through the expansion of ancillary revenue streams. The first quarter marked a period of strategic progress, having announced an expansion of our toll gate network through the addition of two new gates in Dubai, which we plan to be operational by November of this year. This follows the diversification into parking management solutions through our partnership with Emaar Malls, as announced at the end of 2023. Both strategic milestones are exciting developments for our business, placing Salik in a position of strength going forward.”

## Mobility Highlights

### Salik posts 8.1% YoY growth in revenue-generating trips in Q1 2024, reaching 122.8 million

The total number of trips, including discounted trips, made through Salik's eight toll gates grew by 6.2% YoY in the first quarter, driven by Dubai's continued attraction to tourists and business-as-usual commercial activities. As a result, revenue-generating trips reached 122.8 million, up 8.1% YoY, the highest first quarter revenue-generating trips since inception and in-line with the record performance during the fourth quarter 2023.

During the first quarter of 2024, the Al Maktoum Bridge gate saw the number of revenue-generating trips (excluding paid taxi trips) increase 49.0% YoY, due to the ongoing closure of the nearby Floating Bridge and diversion of traffic through the gate. Al Garhoud Bridge, similarly, saw the number of revenue-generating trips (excluding paid taxi trips) increase 9.1% YoY. Excluding both Al Maktoum and Al Garhoud Bridges, Salik's revenue-generating trips increased 5.3% YoY in the first quarter. Growth remained strong across several gates in the first quarter, with Jebel Ali seeing double digit growth (+c.12%), and other gates growing in the high-single digit range, including Airport Tunnel and Al Mamzar North (+c.8%).

| Million                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Q1<br>2024   | Q1<br>2023   | % Δ<br>YoY   | Q4<br>2023   | % Δ<br>QoQ   |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|--------------|--------------|--------------|--------------|
| <b>Total trips<sup>(1)</sup></b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | <b>156.0</b> | <b>146.9</b> | <b>6.2%</b>  | <b>156.4</b> | <b>-0.3%</b> |
| <b>Discounted trips<sup>(2)</sup></b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | <b>31.2</b>  | <b>31.7</b>  | <b>-1.5%</b> | <b>31.9</b>  | <b>-2.3%</b> |
| <i>% of total trips</i>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | <i>20.0%</i> | <i>21.5%</i> | <i>-1.6%</i> | <i>20.4%</i> | <i>-0.4%</i> |
| <b>Net toll traffic<sup>(3)</sup></b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | <b>124.8</b> | <b>115.2</b> | <b>8.3%</b>  | <b>124.5</b> | <b>0.2%</b>  |
| <i>% of total trips</i>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | <i>80.0%</i> | <i>78.5%</i> | <i>1.6%</i>  | <i>79.6%</i> | <i>0.4%</i>  |
| <b>Revenue-generating trips<sup>(4)</sup></b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | <b>122.8</b> | <b>113.6</b> | <b>8.1%</b>  | <b>123.2</b> | <b>-0.2%</b> |
| <i>% of net toll traffic</i>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | <i>98.4%</i> | <i>98.5%</i> | <i>-0.2%</i> | <i>98.9%</i> | <i>-0.5%</i> |
| <i>% of total trips</i>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | <i>78.7%</i> | <i>77.3%</i> | <i>1.4%</i>  | <i>78.7%</i> | <i>-</i>     |
| <small>(1) Total vehicle trips through Salik toll gates<br/> (2) Discounted trips include taxis without passengers, Al Mamzar and Al Maktoum gates free time and discounts, vehicles exempted by law, and multiple violations and other. Multiple violations refer to drivers that repeatedly drive through the toll gates without paying in 24 hours. In this case, the fine is paid only once<br/> (3) Net toll traffic is total trips minus discounted trips<br/> (4) Revenue-generating trips is net toll traffic minus fines &amp; penalties and unreconciled trips. Revenue-generating trips is the driver for Salik's toll usage fees revenue, which accounts for the majority of Salik's revenue</small> |              |              |              |              |              |

### Growth in active accounts exceeds 16% to new record high, with registered vehicles increasing by 9.2% YoY to 4.1 million

Registered active accounts increased 16.5% YoY to approximately 2.5 million from approximately 2.1 million in Q1 2023, with tag activations reaching c.242,000 tags in the first quarter, an almost 13% YoY increase. In addition, the number of vehicles registered with Salik in the first quarter increased 9.2% YoY, reflecting the Government of Dubai's ongoing success in expanding the economy and ensuring the Emirate remains a key destination for tourism and new residents.

Salik continued to offer tariff exemptions to vehicles used by charities, schools, people of determination, ambulances, and other public services. The number of free-of-charge trips made by exempted vehicles through Salik's eight toll gates increased 5.1% YoY to c. 2.1 million in the first quarter of 2024. Growth was mainly driven by an increase in the number of registered exempted vehicles which grew 10% YoY to reach 53,819 vehicles by the end of the quarter.

## Financial Highlights

### Continued strong performance drives revenue to AED 562 million in Q1, up 8.1% YoY

- **Toll usage fees:** revenue continued to increase during the first quarter of 2024, supported by the inflow of tourists and increased movement of individuals across Dubai. As a result, toll usage fee revenues increased 8.1% YoY to AED 491 million in the first quarter of 2024.
- **Fines:** revenue from fines increased by 6.4% YoY to AED 59 million, also up 8.6% versus Q4 2023. The number of net violations (accepted minus dismissed violations) grew 8.2% YoY in Q1 2024, having reached 683,000. Net violations during the first quarter represented 0.5% of net toll traffic, a marginal decrease on the fourth quarter, with revenue from fines contributing 10.5% to total revenue.
- **Tag activation fees:** grew strongly in the first quarter, with revenue from tag activation fees increasing 13.6% YoY to AED 10 million. Tag activation fees contributed 1.7% of total revenues in the quarter.

### Salik maintained strong profitability in the first quarter, with EBITDA up 8.4% YoY

Salik generated EBITDA of AED 377 million in the first quarter of 2024, up 8.4% YoY, from AED 348 million in the prior year. EBITDA margin reached 67.1% in the first quarter, compared to a margin of 66.8% during the first quarter of 2023 and 65.0% during the fourth quarter of 2023.

Salik achieved a growth in net profit before taxes of 10.9%, reaching AED 304.5 million during the first quarter of 2024. Despite the implementation of the 9% corporate tax, Salik maintained a growth of 0.7% in its net profits after tax to reach a net profit of AED 277 million.

### Summary of statement of profit or loss

| AED million                  | Q1<br>2024 | Q1<br>2023 | %<br>Δ YoY   | Q4<br>2023 | % Δ QoQ      |
|------------------------------|------------|------------|--------------|------------|--------------|
| <b>Revenue</b>               | <b>562</b> | <b>520</b> | <b>8.1%</b>  | <b>563</b> | <b>-0.2%</b> |
| <i>Toll usage fees</i>       | 491        | 454        | 8.1%         | 493        | -0.4%        |
| <i>Fines</i>                 | 59         | 55         | 6.4%         | 54         | 8.6%         |
| <i>Tag activation fees</i>   | 10         | 9          | 13.6%        | 14         | -29.1%       |
| <i>Other revenue</i>         | 2.3        | 1.9        | 17.1%        | 2.1        | 8.2%         |
| <b>EBITDA<sup>(1)</sup></b>  | <b>377</b> | <b>348</b> | <b>8.4%</b>  | <b>366</b> | <b>2.9%</b>  |
| EBITDA margin                | 67.1%      | 66.8%      | 0.2%         | 65.0%      | 2.0%         |
| Finance costs, net           | (51)       | (52)       | -1.4%        | (50)       | 2.6%         |
| <b>Profit before tax</b>     | <b>305</b> | <b>275</b> | <b>10.7%</b> | <b>295</b> | <b>3.2%</b>  |
| Income tax                   | 27         | -          | -            | -          | -            |
| <b>Profit for the period</b> | <b>277</b> | <b>275</b> | <b>0.7%</b>  | <b>295</b> | <b>-6.1%</b> |
| Profit margin                | 49.3%      | 52.9%      | -3.6%        | 50.6%      | -1.2%        |
| Earnings per share (AED)     | 0.037      | 0.037      | 0.7%         | 0.038      | -3.5%        |

(1) EBITDA is profit for the period, excluding the impact of finance cost, taxation, finance income, and depreciation and amortization expenses

### Balance sheet remains solid, with net debt/EBITDA comfortably within Company's target ratio

The Company recorded a favourable net working capital balance of AED -200 million as of 31 March 2024, equating to c.35.6% as a percentage of revenues. As at 31 March 2024, net debt stood at AED 3.3 billion, from AED 3.7 billion at the end of December 2023. This translates to a trailing twelve months' net debt/EBITDA ratio of 2.3x, significantly below the Company's debt covenant of 5.0x.

### Summary of financial position

| AED million                                 | 31 Mar 2024 | 31 Dec 2023 | % Δ YTD |
|---------------------------------------------|-------------|-------------|---------|
| Total assets, including:                    | 5,533       | 5,224       | 5.9%    |
| Cash and cash equivalents                   | 725         | 266         | 172.3%  |
| Short Term Deposit with Bank <sup>(1)</sup> | 600         | 750         | -20.0%  |
| Total liabilities, including:               | 4,593       | 4,561       | 0.7%    |
| Borrowings                                  | 3,990       | 3,989       | -       |
| Contract liabilities <sup>(2)</sup>         | 358         | 353         | 1.4%    |
| Total equity                                | 940         | 663         | 41.9%   |
| Net debt <sup>(3)</sup>                     | 3,282       | 3,742       | -12.3%  |
| Net working capital balance <sup>(4)</sup>  | (200)       | (192)       | 3.9%    |

(1) Represent Fixed deposit with original maturity of 3 to 12 months.

(2) Contract liabilities is the sum of current and non-current balances paid in advance by customers relating to recharges and too-ups and tag activation fees

(3) Net debt is total borrowings minus cash and cash equivalents minus short term deposit

(4) Net working capital is the balance of inventories plus trade and other receivables plus dues from related parties plus contract assets minus trade and other payables, minus due to a related party minus provision for taxation minus current portion of contract liabilities and lease liabilities.

### Solid free cash flow of AED 354 million, with a margin of 62.9%

Salik generated free cash flow of AED 354 million in the first quarter, with a free cash flow margin of 62.9%, a c.40-basis point improvement versus 62.5% in the prior year.

### Summary of cash flow

| AED million                                              | Q1 2024 | Q1 2023 | % Δ YoY | Q4 2023 | % Δ QoQ |
|----------------------------------------------------------|---------|---------|---------|---------|---------|
| Operating cash flow before changes in working capital    | 387     | 355     | 9.0%    | 378     | 2.5%    |
| Changes in working capital                               | (33)    | (30)    | 11.6%   | 31      | -135.7% |
| Net cash flow from operating activities                  | 354     | 325     | 8.8%    | 409     | -13.5%  |
| Net cash generated from / (used in) investing activities | 170     | 4       | -       | (249)   | -168.4% |
| Net cash used in financing activities                    | (65)    | (55)    | 18.7%   | (61)    | 8.0%    |
| Free cash flow <sup>(1)</sup>                            | 354     | 325     | 8.8%    | 409     | -13.5%  |
| Free cash flow margin <sup>(2)</sup>                     | 62.9%   | 62.5%   | 0.7%    | 72.6%   | -9.7%   |

(1) Free cash flow is net cash flows from operating activities less purchases of property and equipment plus proceeds from the sale of property and equipment

(2) Free cash flow margin is free cash flow divided by revenue

### Salik maintains a growing and positive impact on the community

Salik continues to prioritize investing in its human resources and upholds its commitment to diversity and inclusivity. Salik expanded its full-time workforce by 27% YoY, from 33 in March 2023, to 42 personnel in March 2024, with a rise in the number of nationalities represented from 9 to 13. Salik continues to progress on Emiratization, attaining a level of over 30% by the end of the quarter.

## Corporate Strategy Update

### Salik's strategic evolution for becoming a global leader; two new gates expected in 2024

Salik recently announced its ambition to become a global leader in providing sustainable and smart mobility solutions by building on its expertise in the tolling business and on its strong ESG credentials, whilst focusing on two additional pillars to spur growth and resilience by diversifying the business. These include: i) achieving sustainable growth and ii) establishing itself as a future-proof company.

Salik is already making good progress on its updated strategy, having announced the introduction of two new toll gates in Dubai. The new Business Bay Crossing and Al Safa South gates are expected to be in operation towards the end of 2024 and mark continued progress for Salik's core tolling business. This is further supplemented by the Company's agreement with Emaar Malls to provide a seamless parking payment collections solution at the world-famous Dubai Mall, as announced at the end of 2023, in line with Salik's ambitions to build out its ancillary revenue streams.

Salik continues to focus on building a portfolio of vehicle-centred mobility services, including enriching offerings that are payable directly through Salik accounts, alongside other ancillary revenue streams, including advertising and the potential monetisation of data with mobility players. Salik also plans to establish itself as a future-proof company by ensuring an efficient treasury management and funding system is in place, whilst developing internal capabilities to support the evolving business model and enhance overall resilience and operational excellence. This will be further supported by building Salik's brand identity and maintaining strong business ethics.

Salik remains committed to sustainable business practices and strives to be an ESG steward, reducing its environmental impact, contributing to the happiness and safety of its communities, and upholding world-class corporate governance standards.

## Business Outlook

As communicated earlier in the year, full year 2024 revenue-generating trips are expected to increase in the range of 4-6% YoY, a continuation of the strong growth momentum seen in 2023, with a robust EBITDA margin in the range of 65-66%. Although it is still early in the financial year, Salik's management are mindful of the continued closure of the Floating Bridge, which has increased traffic through the Al Maktoum Bridge toll gate and are assessing the potential positive impact on full year financials should the bridge remain closed for longer than originally expected.

The Company expects to update its financial guidance and outlook at the time of the half year results when evaluation of the financial impact of the new toll gates will also be more advanced.

On April 3, 2024, Salik announced the reduction of its annual concession fees that are due to the Roads and Transport Authority (RTA). Wherein the Concession Fees were adjusted after the annual inflation rate for the Emirate of Dubai was announced by the Dubai Statistics Centre, amounting to 3.33% for full year 2023. Therefore, the Roads and Transportation Authority (RTA) approved on April 1, 2024 the reduction of the Concession Fees due annually from Salik from 25% to 22.5% of the Toll usage revenues. The Concession Fee reduction is applicable as of 1 April 2024, with the lower cost structure expected to [positively] impact Salik's financial performance from the second quarter of 2024 onwards.

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### About Salik Company PJSC

The Company was established in its current form, as a public joint stock company in June 2022 pursuant to Law No. (12) of 2022. "Salik", which means "seamless mobility" in Arabic, is Dubai's exclusive toll gate operator and manages the Emirate of Dubai's automatic toll gates utilising Radio-Frequency-Identification (RFID) and Automatic-Number-Plate-Recognition (ANPR) technologies. The Company currently operates 8 toll gates located at strategic junctures, especially on Sheikh Zayed Road, which is considered the main road in Dubai. In 2023, 593 million journeys were recorded through Salik's toll gates, whether for residents commuting within the Emirate for their daily activities or for tourists visiting Dubai's attractions. Under a 49-year concession agreement (ending in 2071), with the Roads and Transport Authority (RTA), Salik has the exclusive right to operate existing and any future toll gates in Dubai.

#### Investor Relations

**Wassim El Hayek**

Head of Investor Relations

E: [Wassim.Elhayek@salik.ae](mailto:Wassim.Elhayek@salik.ae)

#### Media Enquiries

**Faisal Tawakul**

Marketing & Corporate Communications Manager

E: [Faisal.Tawakul@salik.ae](mailto:Faisal.Tawakul@salik.ae)

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