

**Easy Lease Motor Cycle Rental P.S.C
and its Subsidiaries**

UNAUDITED INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS

SIX MONTHS PERIOD ENDED 30 JUNE 2022

**REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
TO THE BOARD OF DIRECTORS OF EASY LEASE MOTOR CYCLE RENTAL P.S.C**

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of Easy Lease Motor Cycle Rental P.S.C (the “Company”) and its subsidiaries (together referred to as the “Group”) as at 30 June 2022, comprising of the interim condensed consolidated statement of financial position as at 30 June 2022, and the related interim condensed consolidated statement of comprehensive income for the three months and six months period then ended and the related interim condensed consolidated statements of changes in equity and cash flows for the six months period then ended and explanatory notes. Management is responsible for the preparation and fair presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34 *Interim Financial Reporting* (“IAS 34”). Our responsibility is to express a conclusion on these interim condensed consolidated 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 information 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 interim condensed consolidated financial statements are not prepared, in all material respects in accordance with IAS 34, “*Interim Financial Reporting*”.



Signed by:

Raed Ahmad
Partner
Ernst & Young
Registration No 811

21 July 2022
Abu Dhabi

Easy Lease Motor Cycle Rental P.S.C and Its Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the period ended 30 June 2022

| | | <i>Three months ended 30 June</i> | | <i>Six months ended 30 June</i> | |
|---|--------------|---------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| | | <i>2022 (Unaudited) AED</i> | <i>2021 (Unaudited) AED</i> | <i>2022 (Unaudited) AED</i> | <i>2021 (Unaudited) AED</i> |
| | <i>Notes</i> | | | | |
| Revenue from contracts with customers | 4 | 48,606,836 | 35,068,969 | 95,245,760 | 65,100,504 |
| Direct costs | | (32,726,972) | (22,654,386) | (64,512,092) | (41,472,155) |
| GROSS PROFIT | | 15,879,864 | 12,414,583 | 30,733,668 | 23,628,349 |
| Administrative expenses | | (8,011,591) | (6,406,491) | (15,340,796) | (10,477,550) |
| Changes in fair value of financial assets carried at fair value through profit or loss | 7 | 5,772,228 | - | 4,833,582 | - |
| Share of loss from investment in an associate | 6 | (151,382) | - | (289,970) | - |
| Other income | | 1,253,404 | 1,999,023 | 3,061,255 | 3,365,459 |
| Finance costs | | (387,268) | (433,724) | (764,266) | (838,721) |
| PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE PERIOD | | 14,355,255 | 7,573,391 | 22,233,473 | 15,677,537 |
| <i>Attributable to:</i> | | | | | |
| Owners of the Company | | 13,924,597 | 7,270,454 | 21,151,085 | 14,962,080 |
| Non-controlling interests | | 430,658 | 302,937 | 1,082,388 | 715,457 |
| | | 14,355,255 | 7,573,391 | 22,233,473 | 15,677,537 |
| Basic earnings per share | 11 | 0.46 | 0.24 | 0.71 | 0.50 |

The attached notes 1 to 17 form part of these interim condensed consolidated financial statements.

Easy Lease Motor Cycle Rental P.S.C and Its Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

| | | <i>(Unaudited)</i> 30 June 2022 AED | <i>(Audited)</i> 31 December 2021 AED |
|--|--------------|--|--|
| | <i>Notes</i> | | |
| ASSETS | | | |
| Non-current assets | | | |
| Property and equipment | 5 | 68,368,075 | 51,682,360 |
| Intangible assets and goodwill | | 251,438 | 294,537 |
| Right-of-use assets | | 1,776,244 | 2,142,453 |
| Investment in an associate | 6 | <u>3,390,030</u> | <u>-</u> |
| | | <u>73,785,787</u> | <u>54,119,350</u> |
| Current assets | | | |
| Inventories - spare parts and consumables | | 5,030,336 | 3,812,779 |
| Investments carried at fair value through profit or loss | 7 | 12,105,062 | 13,800,000 |
| Accounts receivable and prepayments | | 52,316,990 | 39,225,769 |
| Amounts due from related parties | 13 | 537,310 | 537,310 |
| Bank balances and cash | 8 | <u>18,529,550</u> | <u>18,661,806</u> |
| | | <u>88,519,248</u> | <u>76,037,664</u> |
| TOTAL ASSETS | | <u>162,305,035</u> | <u>130,157,014</u> |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Share capital | 9 | 30,000,000 | 30,000,000 |
| Statutory reserve | 10 | 5,932,829 | 5,932,829 |
| Retained earnings | | 67,278,839 | 46,127,754 |
| Merger reserve | | <u>1,177,749</u> | <u>1,177,749</u> |
| Equity attributable to equity holders of the Company | | 104,389,417 | 83,238,332 |
| Non-controlling interests | | <u>4,515,836</u> | <u>3,433,448</u> |
| Total equity | | <u>108,905,253</u> | <u>86,671,780</u> |
| Non-current liabilities | | | |
| Employees' end of service benefits | | 2,305,327 | 1,746,057 |
| Bank loans | | 11,179,477 | 10,649,877 |
| Lease liabilities | | <u>692,288</u> | <u>1,079,782</u> |
| | | <u>14,177,092</u> | <u>13,475,716</u> |
| Current liabilities | | | |
| Accounts payable and accruals | | 19,397,899 | 15,188,863 |
| Amounts due to related parties | 13 | 992,317 | - |
| Bank loans | | 17,680,782 | 13,685,047 |
| Lease liabilities | | <u>1,151,692</u> | <u>1,135,608</u> |
| | | <u>39,222,690</u> | <u>30,009,518</u> |
| Total liabilities | | <u>53,399,782</u> | <u>43,485,234</u> |
| TOTAL EQUITY AND LIABILITIES | | <u>162,305,035</u> | <u>130,157,014</u> |

Chairman

CEO and Board Member

The attached notes 1 to 17 form part of these interim condensed consolidated financial statements.

Easy Lease Motor Cycle Rental P.S.C and Its Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period ended 30 June 2022

| | Attributable to equity holders of the Company | | | | | Non- controlling interests AED | Total equity AED |
|--|---|-----------------------------|--------------------------|-----------------------------|--------------|---|------------------------|
| | Share capital AED | Statutory reserve AED | Merger reserve AED | Retained earnings AED | Total AED | | |
| Balance at 1 January 2021(audited) | 30,000,000 | 2,499,173 | 1,177,749 | 12,708,420 | 46,385,342 | 1,113,490 | 47,498,832 |
| Total comprehensive income for the period | - | - | - | 14,962,080 | 14,962,080 | 715,457 | 15,677,537 |
| Capital injection by non-controlling interests | - | - | - | - | - | 1,298,597 | 1,298,597 |
| Acquisition of a subsidiary | - | - | - | - | - | (40,746) | (40,746) |
| Balance at 30 June 2021 (unaudited) | 30,000,000 | 2,499,173 | 1,177,749 | 27,670,500 | 61,347,422 | 3,086,798 | 64,434,220 |
| Balance at 1 January 2022 (audited) | 30,000,000 | 5,932,829 | 1,177,749 | 46,127,754 | 83,238,332 | 3,433,448 | 86,671,780 |
| Total comprehensive income for the period | - | - | - | 21,151,085 | 21,151,085 | 1,082,388 | 22,233,473 |
| Balance at 30 June 2022 (unaudited) | 30,000,000 | 5,932,829 | 1,177,749 | 67,278,839 | 104,389,417 | 4,515,836 | 108,905,253 |

The attached notes 1 to 17 form part of these interim condensed consolidated financial statements.

Easy Lease Motor Cycle Rental P.S.C and Its Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the period ended 30 June 2022

| | | <i>Six months period ended 30 June</i> | |
|--|--------------|--|-------------------------------------|
| | | <i>2022 (Unaudited) AED</i> | <i>2021 (Unaudited) AED</i> |
| | <i>Notes</i> | | |
| OPERATING ACTIVITIES | | | |
| Profit for the period | | 22,233,473 | 15,677,537 |
| Adjustments for: | | | |
| Depreciation of property and equipment | 5 | 9,153,658 | 7,113,169 |
| Depreciation of right-of-use assets | | 366,209 | 533,440 |
| Amortisation of intangible assets | | 43,099 | 52,967 |
| Provision for employees' end of service benefits | | 665,063 | 339,310 |
| Share of loss from investment in an associate | 6 | 289,970 | - |
| Gain on disposal of property and equipment | | (1,453,615) | (1,728,504) |
| Change in fair value of investments carried at fair value through profit or loss, net | 7 | (4,833,582) | - |
| Finance costs | | 764,266 | 838,721 |
| Provision for expected credit losses | | <u>2,280,285</u> | <u>2,233,178</u> |
| | | 29,508,826 | 25,059,818 |
| Working capital changes: | | | |
| Accounts receivable and prepayments | | (15,371,506) | (6,384,531) |
| Accounts payable and accruals | | 4,209,036 | 2,761,512 |
| Amounts due from related parties | | - | 380 |
| Amounts due to related parties | | 992,317 | - |
| Inventories | | <u>(1,217,557)</u> | <u>36,806</u> |
| Cash flows from operations | | 18,121,116 | 21,473,985 |
| Employees' end of service benefits paid | | (105,793) | (22,276) |
| Finance costs paid | | <u>(716,252)</u> | <u>(784,447)</u> |
| Net cash flows from operating activities | | <u>17,299,071</u> | <u>20,667,262</u> |
| INVESTING ACTIVITIES | | | |
| Purchase of property and equipment | 5 | (26,611,688) | (12,232,448) |
| Purchase of intangible assets | | - | 12,457 |
| Purchase of investments carried at fair value through profit or loss | 7 | (10,619,299) | - |
| Proceeds from disposal of investment carried at fair value through profit or loss | 7 | 17,147,819 | - |
| Proceeds from disposal of property and equipment | | 2,225,930 | 2,483,630 |
| Acquisition of a subsidiary, net of cash acquired | | - | 178,120 |
| Purchase of investment in an associate | 6 | <u>(3,680,000)</u> | <u>-</u> |
| Net cash used in investing activities | | <u>(21,537,238)</u> | <u>(9,558,241)</u> |
| FINANCING ACTIVITIES | | | |
| Repayments of bank loans | | (8,496,621) | (8,144,014) |
| Proceeds from bank loans | | 13,021,956 | 8,890,231 |
| Capital contributed by a non-controlling interest | | - | 300,000 |
| Payments against lease liabilities | | <u>(419,424)</u> | <u>(572,138)</u> |
| Net cash flows from financing activities | | <u>4,105,911</u> | <u>474,079</u> |
| NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS | | (132,256) | 11,583,100 |
| Cash and cash equivalents at 1 January | | <u>18,661,806</u> | <u>11,963,016</u> |
| CASH AND CASH EQUIVALENTS AT 30 JUNE | 8 | <u>18,529,550</u> | <u>23,546,116</u> |

The attached notes 1 to 17 form part of these interim condensed consolidated financial statements.

Easy Lease Motor Cycle Rental P.S.C and Its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 30 June 2022 (Unaudited)

1 ACTIVITIES

Easy Lease Motor Cycle Rental P.S.C (the “Company”) is a private joint stock company incorporated under the UAE Federal Law No. (2) of 2015 (as amended). The Company’s registered address is P.O. Box 333367, Deira, Dubai, United Arab Emirates. International Holding Company PJSC is the Parent and Royal Group Holding LLC is the Ultimate Parent of the Company.

These interim condensed consolidated financial statements include the results of operations and financial position of the Company and its subsidiaries (together referred to as the “Group”). The principal activities of the Group include trading, repairing and rentals of motorcycles.

The interim condensed consolidated financial statements were approved by the Board of Directors and authorised for issue on 21 July 2022.

2 BASIS OF PREPARATION

2.1 STATEMENT OF COMPLIANCE

The interim condensed consolidated financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting* as issued by the International Accounting Standards Board (“IASB”).

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements prepared in accordance with International Financial Reporting Standards, and should be read in conjunction with the Group’s annual consolidated financial statements as at 31 December 2021. In addition, results for the six months period ended 30 June 2022 are not necessarily indicative of the results for the year ending 31 December 2022.

The interim condensed consolidated financial statements have been presented in United Arab Emirates Dirhams (“AED”), which is the functional currency of the Company.

The interim condensed consolidated financial statements are prepared under the historical cost convention, except for investments carried at fair value through profit or loss which are stated at fair value.

2.2 BASIS OF CONSOLIDATION

The interim condensed consolidated financial statements of the Group comprise the financial information of the Company and its subsidiaries.

Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally.

Easy Lease Motor Cycle Rental P.S.C and Its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 30 June 2022 (Unaudited)

2 BASIS OF PREPARATION continued

2.2 BASIS OF CONSOLIDATION continued

The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the period are included in the interim condensed consolidated statement of profit or loss from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The subsidiaries included in the interim condensed consolidated financial statements are as follows:

| Name of subsidiary | Place of incorporation and operation | Principal activities | Proportion of ownership interest and voting power held | |
|------------------------------|--------------------------------------|--|--|------|
| | | | 2022 | 2021 |
| Uplift Delivery Services LLC | United Arab Emirates | Delivery services. | 67% | 67% |
| 1885 Delivery Services LLC | United Arab Emirates | Delivery Services. | 70% | 70% |
| Yallow Tenchnologies LLC | United Arab Emirates | Computer systems & communication equipment software trading. | 80% | 80% |

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 June 2022 (Unaudited)

3 CHANGES IN ACCOUNTING POLICIES

3.1 New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2021, except for the adoption of the following new standards effective as of 1 January 2022. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

- IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter
- IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities
- IAS 41 Agriculture – Taxation in fair value measurements
- Amendments to IAS 37 - Onerous Contracts – Costs of Fulfilling a Contract
- Amendments to IFRS 3 - Reference to the Conceptual Framework
- Amendments to IAS 16 - Property, Plant and Equipment: Proceeds before Intended Use

These amendments had no impact on the interim condensed consolidated financial statements of the Group. The Group intends to use the practical expedients in future periods if they become applicable.

In addition to the accounting policies applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2021, the Group has adopted following accounting policies in the preparation of the interim condensed consolidated financial statements due to investment in an associate during the period.

Investment in an associate

An associate is an entity over which the Company has significant influence that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but has no control or joint control over those policies.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries. The Group's investment in its associate is accounted for using the equity method.

The results and assets and liabilities of the associates are incorporated in the condensed interim consolidated financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for under IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment separately.

The interim condensed consolidated statement of comprehensive income reflects the Group's share of the results of operations of the associate. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The aggregate of the Group's share of profit or loss of an associate is shown on the face of interim condensed consolidated statement of comprehensive income outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate.

The financial statements of the associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 June 2022 (Unaudited)

3 CHANGES IN ACCOUNTING POLICIES continued

3.1 New standards, interpretations and amendments adopted by the Group continued

Investment in an associate continued

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognises the loss within 'Share of profit of an associate' in the interim condensed consolidated statement of comprehensive income.

When the Group's share of losses in an associate equals or exceeds its interests in the associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associates), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associates.

Upon loss of significant influence over the investment in associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

3.2 Significant accounting estimates and judgements

The preparation of the interim condensed consolidated financial statements in conformity with International Financial Reporting Standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of financial assets and liabilities and the disclosure of contingent liabilities. These judgments, estimates and assumptions also affect the revenue, expenses and provisions as well as fair value changes. Actual results may differ from these estimates.

These judgments, estimates and assumptions may affect the reported amounts in subsequent financial years. Estimates and judgments are currently evaluated and are based on historical experience and other factors.

In preparing these interim condensed consolidated financial statements, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty are the same as those applied to the consolidated financial statements as at and for the year ended 31 December 2021.

Easy Lease Motor Cycle Rental P.S.C and Its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 30 June 2022 (Unaudited)

4 REVENUE FROM CONTRACTS WITH CUSTOMERS

Set out below is the disaggregation of the Group's revenue from contracts with customers:

| | <i>Three months ended</i> <i>30 June</i> | | <i>Six months ended</i> <i>30 June</i> | |
|---|---|----------------------------------|---|----------------------------------|
| | <i>2022</i> | <i>2021</i> | <i>2022</i> | <i>2021</i> |
| | <i>(Unaudited)</i> <i>AED</i> | <i>(Unaudited)</i> <i>AED</i> | <i>(Unaudited)</i> <i>AED</i> | <i>(Unaudited)</i> <i>AED</i> |
| Type of revenue | | | | |
| Rental income | 22,274,471 | 18,608,944 | 41,688,958 | 36,977,921 |
| Delivery services | 22,150,406 | 13,608,459 | 45,134,751 | 22,866,792 |
| Sale of goods | 2,368,169 | 1,464,986 | 5,596,949 | 3,076,308 |
| Service income | <u>1,813,790</u> | <u>1,386,580</u> | <u>2,825,102</u> | <u>2,179,483</u> |
| | <u>48,606,836</u> | <u>35,068,969</u> | <u>95,245,760</u> | <u>65,100,504</u> |
| Geographical markets | | | | |
| United Arab Emirates | <u>48,606,836</u> | <u>35,068,969</u> | <u>95,245,760</u> | <u>65,100,504</u> |
| Timing of revenue recognition | | | | |
| Rental income and delivery services over period of time | 44,424,877 | 32,217,403 | 86,823,709 | 59,844,713 |
| Goods transferred at a point in time | 2,368,169 | 1,464,986 | 5,596,949 | 3,076,308 |
| Services at a point in time | <u>1,813,790</u> | <u>1,386,580</u> | <u>2,825,102</u> | <u>2,179,483</u> |
| | <u>48,606,836</u> | <u>35,068,969</u> | <u>95,245,760</u> | <u>65,100,504</u> |

5 PROPERTY AND EQUIPMENT

During the period, additions to property and equipment amounted to AED 26,611,688 (six month period ended 30 June 2021: AED 12,232,448) and depreciation charge for the six month period ended 30 June 2022 amounted to AED 9,153,658 (six month period ended 30 June 2021: AED 7,113,169). During the period, assets with a net book value of AED 772,315 were disposed, resulting in a net gain on disposal of AED 1,453,615 (period ended 30 June 2021, assets with a net book value of AED 755,127 were disposed, resulting in a net gain on disposal of AED 1,728,504).

6 INVESTMENT IN AN ASSOCIATE

Details of the Group's investment in an associate is as follows:

| <i>Name of the associate</i> | <i>Principal activities</i> | <i>Place of incorporation and operation</i> | <i>Ownership interest</i> | |
|------------------------------|--|---|---|---|
| | | | <i>(Unaudited)</i> <i>30 June</i> <i>2022</i> | <i>(Audited)</i> <i>31 December</i> <i>2021</i> |
| Lynx Technology Group Ltd. | Custom software application development services and IT consulting services. | BVI | 25% | |

Easy Lease Motor Cycle Rental P.S.C and Its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 30 June 2022 (Unaudited)

6 INVESTMENT IN AN ASSOCIATE continued

Lynx Technology Group Ltd ("LTG")

During the period, the Group acquired 25% shareholding in Lynx Technology Group Ltd ("LTG") for a consideration of AED 3,680,000.

Movements in investment in an associate is as follows:

| | <i>(Unaudited)</i> 30 June 2022 AED | <i>(Audited)</i> 31 December 2021 AED |
|---------------------------------------|---|---|
| At the beginning of the period / year | - | - |
| Addition during the period / year | 3,680,000 | - |
| Share of loss for the period / year | (289,970) | - |
| At the end of the period / year | <u>3,390,030</u> | <u>-</u> |

7 INVESTMENTS CARRIED AT FAIR VALUE THROUGH PROFIT OR LOSS

| | <i>(Unaudited)</i> 30 June 2022 AED | <i>(Audited)</i> 31 December 2021 AED |
|---------------------------|---|---|
| Quoted and inside the UAE | <u>12,105,062</u> | <u>13,800,000</u> |

The investment in equity instruments is held for trading with an intention of recognising short-term fluctuations in the investment. Fair value of the quoted investment is determined by reference to published price quotations in an active market.

The investment is recorded at fair value using the valuation techniques as disclosed in (note 14). Movement in investments carried at fair value through profit or loss is as follows:

| | <i>(Unaudited)</i> 30 June 2022 AED | <i>(Audited)</i> 31 December 2021 AED |
|---------------------------------------|---|---|
| At the beginning of the period / year | 13,800,000 | - |
| Additions during the period / year | 10,619,299 | 18,673,779 |
| Disposals during the period / year | (17,147,819) | (9,030,959) |
| Changes in fair value, net | <u>4,833,582</u> | <u>4,157,180</u> |
| At the end of the period / year | <u>12,105,062</u> | <u>13,800,000</u> |

Easy Lease Motor Cycle Rental P.S.C and Its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 30 June 2022 (Unaudited)

8 BANK BALANCES AND CASH

| | <i>(Unaudited)</i> 30 June 2022 AED | <i>(Audited)</i> 31 December 2021 AED |
|---------------------------|---|---|
| Cash in hand | 563,080 | 547,250 |
| Bank balances | <u>17,966,470</u> | <u>18,114,556</u> |
| Cash and cash equivalents | <u>18,529,550</u> | <u>18,661,806</u> |

Cash and cash equivalents as at 30 June 2021 (unaudited) amounted to AED 23,546,116.

9 SHARE CAPITAL

| | <i>(Unaudited)</i> 30 June 2022 AED | <i>(Audited)</i> 31 December 2021 AED |
|--|---|---|
| <i>Authorised, issued and fully paid</i> 30,000,000 of AED 1 each (2021: 30,000,000 of AED 1 each) | <u>30,000,000</u> | <u>30,000,000</u> |

10 STATUTORY RESERVE

As required by the UAE Federal Law No (2) of 2015 and the Company's Articles of Association, 10% of the profit for the year has been transferred to statutory reserve. The Company may resolve to discontinue such annual transfers when the reserve totals 50% of paid up share capital.

11 BASIC EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the profit for the period attributable to the owners of the Company by the weighted average number of shares in issue throughout the period as follows:

| | <i>(Unaudited)</i> Three months ended 30 June | <i>(Unaudited)</i> Six months ended 30 June |
|--|---|---|
| | 2022 | 2021 |
| Profit attributable to the owners of the Group (AED) | <u>13,924,597</u> | <u>7,270,454</u> |
| Weighted average number of shares (No.) | <u>30,000,000</u> | <u>30,000,000</u> |
| Basic earnings per share for the period (AED) | <u>0.46</u> | <u>0.24</u> |

Easy Lease Motor Cycle Rental P.S.C and Its Subsidiaries

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12 CONTINGENT LIABILITIES

| | <i>(Unaudited)</i> 30 June 2022 AED | <i>(Audited)</i> 31 December 2021 AED |
|----------------------|---|---|
| Letters of guarantee | <u>910,400</u> | <u>500,000</u> |

The above bank guarantees have been issued from a local bank in the ordinary course of business.

13 RELATED PARTY TRANSACTIONS AND BALANCES

The Group enters into transactions with companies and entities that fall within the definition of a related party as contained in the International Accounting Standard (IAS) 24 *Related Party Disclosures*.

Related parties represent partners, directors and key management personnel of the Group, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Group's management.

13.1 Transactions

Transactions with related parties included in the interim condensed consolidated statement of comprehensive income are as follows:

| | <i>(Unaudited)</i> Three months ended 30 June | | <i>(Unaudited)</i> Six months ended 30 June | |
|--|---|---------------------------|---|---------------------------|
| | 2022 AED | 2021 AED | 2022 AED | 2021 AED |
| Parent company | | | | |
| Professional fee | <u>10,412</u> | <u>5,105</u> | <u>10,412</u> | <u>25,219</u> |
| Transactions with other related parties | | | | |
| Service income | <u>13,500</u> | <u>13,500</u> | <u>26,549</u> | <u>27,000</u> |

Transactions with related parties were entered into on terms agreed with the management.

Easy Lease Motor Cycle Rental P.S.C and Its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 30 June 2022 (Unaudited)

13 RELATED PARTY TRANSACTIONS AND BALANCES continued

13.2 Balances

Balances with related parties included in the interim condensed consolidated statement of financial position are as follows:

| | | (Unaudited) 30 June 2022 AED | (Audited) 31 December 2021 AED |
|---|-----------------------------|---------------------------------------|---|
| Nature of relationship | | | |
| Amounts due from related parties | | | |
| Ghitha Holding PJSC (formerly, Zee Store PJSC) | Entity under common control | 4,725 | 4,725 |
| Affiliates | Other related parties | <u>532,585</u> | <u>532,585</u> |
| | | <u>537,310</u> | <u>537,310</u> |
| Amounts due to related parties | | | |
| Emirates Driving Company PJSC | Entity under common control | 992,250 | - |
| International Holding Company PJSC | Parent Company | <u>67</u> | <u>-</u> |
| | | <u>992,317</u> | <u>-</u> |
| Balances with a financial institution | Other related party | <u>642,286</u> | <u>2,249,681</u> |
| Loans from a financial institution | Other related party | <u>7,700,687</u> | <u>4,906,172</u> |
| Investments carried at fair value through profit or loss | | | |
| Multiply Group PJSC | Entity under common control | 2,059,259 | 13,800,000 |
| Invictus Investment Company PLC | Other related party | <u>7,590,000</u> | <u>-</u> |
| | | <u>9,649,259</u> | <u>13,800,000</u> |

Terms and conditions of transactions with related parties

Outstanding balances at the period end arise in the normal course of business, these are unsecured, interest free and settlement occurs in cash. For the period ended 30 June 2022, there was no impairment of amounts owed by related parties (31 December 2021: nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

Compensation of key management personnel

The remuneration of the members of key management during the period was as follows:

| | Three months ended 30 June | | Six months ended 30 June | |
|--------------------------------|-------------------------------|----------------------------|-----------------------------|----------------------------|
| | 2022 (Unaudited) AED | 2021 (Unaudited) AED | 2022 (Unaudited) AED | 2021 (Unaudited) AED |
| | | | | |
| Salaries and employee benefits | <u>237,905</u> | <u>159,035</u> | <u>595,724</u> | <u>159,035</u> |

Easy Lease Motor Cycle Rental P.S.C and Its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 30 June 2022 (Unaudited)

14 FAIR VALUES OF FINANCIAL INSTRUMENTS

The Group measures financial instruments at fair value at each interim condensed consolidated financial statement of financial position. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the interim condensed consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The following table gives information about how the fair value of the Company's assets are determined.

| | <i>Fair value as at</i> | | <i>Fair value hierarchy</i> | <i>Valuation techniques and key inputs</i> | <i>Significant unobservable input</i> | <i>Relationship of unobservable inputs to fair value</i> |
|--|---|---|-----------------------------|--|---------------------------------------|--|
| | <i>(Unaudited)</i> 30 June 2022 AED | <i>(Audited)</i> 31 December 2021 AED | | | | |
| <i>Financial assets</i> | | | | | | |
| Quoted equity investments – investment in financial assets | 12,105,062 | 13,800,000 | Level 1 | Quoted bid prices in an active market. | None | Not applicable |

15 SEASONALITY OF RESULTS

The nature of Group's business is such that the income and expenditure are incurred in a manner, which is not impacted by any forms of seasonality. These interim condensed consolidated financial statements were prepared based upon accrual concept, which requires income and expenses to be recorded as earned or incurred and not as received or paid throughout the period.

Easy Lease Motor Cycle Rental P.S.C and Its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 30 June 2022 (Unaudited)

16 SEGMENT REPORTING

For management purposes, the Group is organised into business units based on its products and services and has two reportable segments, as follows:

Motorcycle business segment, which represents motorcycle leasing solutions offered to customers and sale of related items, including delivery boxes.

Delivery services segment, the group provides turnkey logistic solutions through bike messengers and delivery squads.

No operating segments have been aggregated to form the above reportable operating segments.

The management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the interim condensed consolidated financial statements.

| | <i>Motorcycle business AED</i> | <i>Delivery services AED</i> | <i>Total segments AED</i> | <i>Eliminations AED</i> | <i>Consolidated AED</i> |
|--|--|--------------------------------------|-----------------------------------|-----------------------------|-----------------------------|
| Period ended 30 June 2022 | | | | | |
| Revenue from contracts with customers | | | | | |
| External customers | 49,358,926 | 45,886,834 | 95,245,760 | - | 95,245,760 |
| Inter-segment | <u>6,310,825</u> | <u>25,200</u> | <u>6,336,025</u> | <u>(6,336,025)</u> | <u>-</u> |
| Total | <u>55,669,751</u> | <u>45,912,034</u> | <u>101,581,785</u> | <u>(6,336,025)</u> | <u>95,245,760</u> |
| Expense | | | | | |
| Direct costs | (31,177,719) | (39,645,198) | (70,822,917) | 6,310,825 | (64,512,092) |
| Administrative expenses | <u>(12,608,428)</u> | <u>(2,757,568)</u> | <u>(15,365,996)</u> | <u>25,200</u> | <u>(15,340,796)</u> |
| Segment profit | <u>11,883,604</u> | <u>3,509,268</u> | <u>15,392,872</u> | <u>-</u> | <u>15,392,872</u> |
| Total assets | <u>141,609,944</u> | <u>37,842,409</u> | <u>179,452,353</u> | <u>(17,147,318)</u> | <u>162,305,035</u> |
| Total liabilities | <u>43,888,081</u> | <u>23,923,754</u> | <u>67,811,835</u> | <u>(14,412,053)</u> | <u>53,399,782</u> |
| Period ended 30 June 2021 | | | | | |
| Revenue from contracts with customers | | | | | |
| External customers | 41,684,324 | 23,416,180 | 65,100,504 | - | 65,100,504 |
| Inter-segment | <u>2,533,967</u> | <u>146,625</u> | <u>2,680,592</u> | <u>(2,680,592)</u> | <u>-</u> |
| Total | <u>44,218,291</u> | <u>23,562,805</u> | <u>67,781,096</u> | <u>(2,680,592)</u> | <u>65,100,504</u> |
| Expenses | | | | | |
| Direct costs | (24,197,924) | (19,808,198) | (44,006,122) | 2,533,967 | (41,472,155) |
| Administrative expenses | <u>(9,082,628)</u> | <u>(1,541,547)</u> | <u>(10,624,175)</u> | <u>146,625</u> | <u>(10,477,550)</u> |
| Segment profit | <u>10,937,739</u> | <u>2,213,060</u> | <u>13,150,799</u> | <u>-</u> | <u>13,150,799</u> |
| Total assets | <u>92,281,653</u> | <u>17,713,166</u> | <u>109,994,819</u> | <u>(8,971,744)</u> | <u>101,023,075</u> |
| Total liabilities | <u>34,707,557</u> | <u>8,583,789</u> | <u>43,291,346</u> | <u>(6,702,491)</u> | <u>36,588,855</u> |

Change in fair value of investments carried at fair value through profit or loss, finance costs and other income are not allocated to individual segments as the underlying instruments are managed on a group basis.

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16 SEGMENT REPORTING continued

Reconciliation of profit

| | <i>(Unaudited)</i> <i>Six months ended</i> <i>30 June</i> | |
|---|---|-------------------|
| | <i>2022</i> | <i>2021</i> |
| | <i>AED</i> | <i>AED</i> |
| Segment profit | 15,392,872 | 13,150,799 |
| Change in fair value of investments carried at fair value through profit or loss | 4,833,582 | - |
| Finance costs | (764,266) | (838,721) |
| Other income | 3,061,255 | 3,365,459 |
| Share of loss from Investment in an Associate | <u>(289,970)</u> | <u>-</u> |
| Profit for the period | <u>22,233,473</u> | <u>15,677,537</u> |

17 SUBSEQUENT EVENT

Subsequent to period end, the Group acquired 55% equity interest in The Captain's Club. The Captain's Club is involved in marine sports club and wholesale trading of ships and boats.