Independent Auditor's Report to the Shareholders of Salik Company P.J.S.C.

Report on the audit of the financial statements

Our opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Salik Company P.J.S.C. ("Salik" or the "Company") as at 31 December 2024, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards.

What we have audited

The Company's financial statements comprise:

- the statement of profit or loss and comprehensive income for the year ended 31 December 2024;
- the statement of financial position as at 31 December 2024;
- the statement of cash flows for the year then ended;
- the statement of changes in equity for the year then ended; and
- the notes to the financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the **Auditor's responsibilities for the audit of the financial statements** section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) and the ethical requirements that are relevant to our audit of the financial statements in the United Arab Emirates. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Our audit approach

Overview

Key Audit Matters	- Expected credit losses - Fines revenue recognition

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Company, the accounting processes and controls, and the industry in which the Company operates.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the Key audit matter
Expected Credit Losses The statement of financial position has gross trade receivables of AED 314,329 thousand as at 31 December 2024, of which AED 293,946 thousand relates to receivable from fines. As at 31 December 2024, the Company has recorded a loss allowance of AED 159,312 thousand against these fines receivable. The balance of loss allowance on fines receivable represents management's best estimate, as at 31 December 2024, of the expected credit losses under the expected credit loss model ("ECL Model" or "ECL") in compliance with International Financial Reporting Standard No. 9: Financial Instruments ("IFRS 9"). Management applied the approach of using historical loss rates to estimate the required ECL, adjusted to reflect current and forward-looking information on macroeconomic factors. The specific factors that management considered in the application of its ECL model included the age of the balance, recent historical payment patterns and fines receivable balances written off. Management has also applied judgement in areas noted above by considering the forward-looking information, including variables used in macroeconomic scenarios and their associated weightings. We considered ECL for receivable from fines as a key audit matter as (i) its determination involves significant management judgement; and (ii) it is sensitive to changes in management's assumptions which can have a material effect on the final estimated ECL allowance. The ECL against fines receivable as at 31 December 2024 and the accounting policy associated with ECL is disclosed in Note 21 and Note 4.20 respectively.	We obtained an understanding of management's assessment of the impairment of fines receivable, the Company's impairment provision policy and the ECL modelling methodology. We performed the following substantive audit procedures over the recognition and measurement of ECL: - We compared the Company's accounting policy and methodology for the calculation of its ECL allowance with the requirements of IFRS 9. - We involved IT specialists to assist with the verification of the completeness and accuracy of data imported to the ECL model from the Company's Tolling application system. - We tested the accuracy and relevance of the fines receivable aging data used in the expected credit loss model by testing the aging of receivables on a sample basis and we checked the mathematical accuracy of the calculations. - We verified the method used by the Company for the determination of expected credit losses provision by testing the key estimates used by the management as part of the calculation of (i) probability of default; and (ii) the forward-looking factors applied in the estimation process. - For the probability of default, we tested the historical loss rates calculation by extracting the fines historical collection information from the Tolling application system and (i) verifying the mathematical accuracy of the historical loss rate calculation and (ii) testing the accuracy of the historical collection information on a sample basis. - For forward-looking measurements, reviewed management's selection of economic indicators, scenarios and application of weightings. - We tested the appropriateness of disclosures in the financial statements against the requirements of the IFRS Accounting Standards.

Key audit matter	How our audit addressed the Key audit matter
Fines revenue recognition During the year, the Company earned total revenue of AED 2,291,907 thousand of which AED 236,916 thousand was generated from fines. The fines revenue is generated automatically from the Tolling application and is validated using data maintained in Central Traffic applications. The validated fines revenue is manually posted to the Entity Resource Planning ("ERP") application on a monthly basis. The Tolling application is operated and controlled by Salik whereas the ERP and Central Traffic applications are services provided by related government entities. The low value of individual transactions on fines revenue means individual errors would be insignificant, but difficult to detect, and the high volume of transactions means systemic failure could lead to errors that aggregate into material balances. Given this, and the fact Salik has no control of systems that validate a key element of its total revenue, we considered this to be a key audit matter. The revenue for the year from fines and the accounting policy associated with the recognition and measurement of fines revenue is disclosed in Note 6 and Note 4.21 respectively.	We obtained an understanding of the fines revenue recognition process, financial reporting and application systems involved, interface, reports and automated and IT dependent manual controls supporting these applications and processes and we performed the following audit procedures: - Assessing the Company's accounting policy for fines revenue recognition and its disclosures in the financial statements in compliance with the requirements of the IFRS Accounting Standards. - Evaluating the design and testing the operating effectiveness of IT general and application controls over the Company's Tolling application involved in the fines revenue generation. - Testing the application controls operating within the Tolling application to ensure that fines are being generated by the system for all the offences defined by the Company and that approved tariffs are being applied by the system based on the nature of the offence. - Performing substantive audit procedures over the reconciliation between the Tolling application and Central Traffic applications by testing a sample of individual fines generated by the Tolling application and validated by the Central Traffic applications. - Performing substantive audit procedures over the reconciliation of fines revenue generated during the year, extracted from the Tolling application, with the fines revenue recorded in the ERP application. - We tested the appropriateness of disclosures in the financial statements against the requirements of the IFRS Accounting Standards.

Other information

The Board of Directors and management are responsible for the other information. The other information comprises the Directors' Report (but does not include the financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report, and the Company's Annual report, which is expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Company's Annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards and their preparation in compliance with the applicable provisions of the UAE Federal Decree Law No. (32) of 2021 and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

Further, as required by the UAE Federal Decree Law No. (32) of 2021, we report that:
i) we have obtained all the information we considered necessary for the purposes of our audit;
ii) the financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Decree Law No. (32) of 2021;
iii) the Company has maintained proper books of account;
iv) the financial information included in the Directors' Report is consistent with the books of account of the Company;
v) as disclosed in Note 1 to the financial statements the Company has not purchased or invested in any shares during the year ended 31 December 2024;
vi) Note 23 to the financial statements discloses material related party transactions and the terms under which they were conducted; and
vii) based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Company has contravened during the year ended 31 December 2024 any of the applicable provisions of the UAE Federal Decree Law No. (32) of 2021, or its Articles of Association which would materially affect its activities or its financial position as at 31 December 2024.

PricewaterhouseCoopers Limited Partnership Dubai Branch

04 March 2025

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LIMITED PARTNERSHIP DUBAI BR.

Wassim El Afchal
Registered Auditor Number 5454

Dubai, United Arab Emirates

STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME

		2024	2023
	Notes	AED '000	AED '000
Revenue	6	2,291,907	2,108,593
Other income	7	3,024	4,041
Finance income	22	48,515	30,047
Cost of tags and recharge cards	8	(33,681)	(27,920)
Operations and maintenance expense	9	(85,504)	(84,372)
Employee benefit expenses	10	(31,480)	(26,570)
Depreciation and amortisation expense	11	(91,100)	(82,973)
Service providers commission	13	(41,568)	(43,027)
Concession fee expense	16	(460,582)	(461,369)
Software enhancement expense	19	(11,863)	(12,886)
Impairment loss on trade receivables	21	(13,990)	(34,412)
Directors' remuneration	23	(5,090)	(6,635)
Finance costs	12	(256,824)	(239,191)
Other expenses	14	(32,078)	(25,359)
Profit before tax		1,279,686	1,097,967
Income tax expense	28	(115,138)	-
Profit for the year		1,164,548	1,097,967
Other comprehensive income		-	-
Total comprehensive income for the year		**1,164,548**	**1,097,967**
Basic and diluted earnings per share for profit attributable to the ordinary equity holders of the Company (AED)	32	0.16	0.15

The accompanying notes 1 to 37 form an integral part of these financial statements.