SALIK Annual Report 2023

Driving Dubai Forward

سالك
Salik

Annual Report 2023

Who we are

As the exclusive operator of a technologically advanced, free-flowing, barrier-free roadway toll system in the Emirate of Dubai until 2071, Salik is driving the development of the fastest-growing metropolis in the Arabian Gulf and one of the fastest-growing globally.

'Salik', which means seamless mobility in Arabic, enables the seamless and convenient mobility of over four million vehicles in Dubai. With best-in-class Radio-Frequency-Identification (RFID) and Automatic-Number-Plate-Recognition (ANPR) technologies at eight automatic gates, Salik optimises the performance of the world's leading smart urban roadway networks to keep an enterprising Emirate growing at the speed of its ambitions.

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1. Strategic Review

Key Performance Indicators

Helping Dubai grow at the speed of its ambitions

Total trips through Salik gates

593m

↑ 10%

2023	593m
2022	539m

Total number of revenue generating trips

461m

↑ 12%

2023	461m
2022	413m

Total revenue (AED)

2.1bn

↑ 11%

2023	2.1bn
2022	1.9bn

EBITDA (AED)

1.4bn

↓ 3%

2023	1.4bn
2022	1.4bn

Net profit (AED)*

1.1bn

↓ 17%

2023	1.1bn
2022	1.3bn

Free cash flow (AED)

1.4bn

↓ 4%

2023	1.4bn
2022	1.5bn

* The cost structure for Salik changed starting July 2022, hence the EBITDA and net profit for the full year 2023 and 2022 are not accurate.

Highlights

Driving sustainable growth and customer excellence through award-winning digital technologies.

Registered vehicles

4.0m

Registered accounts

2.4m

Customer satisfaction rate

92%

Targeting paperless transactions

99%

Award-winning customer services

Following its Initial Public Offering (IPO) in September 2022, the Salik listing was named 'Best Initial Public Offering' in the Middle East for 2022 by the *EMEA Finance* magazine. Salik then went on to be named winner in multiple high-profile awards categories in 2023. The Middle East Call Centre & CX Awards 2023 named Salik the 'Best Medium Outsourced Call Centre' in recognition of the Company’s commitment to excellence in customer service and outsourced call centre operations. Salik was also chosen for the 'Best Small Outsourced Helpdesk' award, further highlighting its dedication to providing high-quality customer support.

Driving towards net zero

Reflecting its commitment to environmental stewardship, sustainability, social impact and good governance, Salik developed a full-fledged five-year Environment, Social and Governance (ESG) strategy – a key pillar of its newly updated corporate strategy. During 2023, Salik accelerated its work in climate change mitigation after joining the pilot scheme for the Dubai Financial Market’s new carbon credits trading initiative. Salik also moved into new Gold LEED-Certified headquarters that utilises next-generation green technologies and is targeting to shift to 99% paperless operations.

Dubai Mall smart mobility parking

For the first time, Salik has diversified its revenues outside of toll gates through a partnership with Emaar Malls to deliver barrier-free parking systems at Dubai Mall – one of the world's largest malls. Salik’s technology will be deployed to enable a smooth, barrier-free parking experience for mall customers with an automatic fee collection for ticketless parking, using vehicle plate recognition to deduct fees from Salik user accounts. The project is important for the Company’s strategy to offer sustainable and smart mobility solutions to drivers in Dubai, in addition to its objective to diversify into complementary revenue streams.

Strategic digital partnerships

Building on its award-winning digital solutions, Salik entered into a series of strategic partnerships to enrich the customer experience and streamline processes for Salik tag registration. The Company entered into a strategic partnership with Arabian Automobiles Company and also expanded its partnership with the region’s leading ‘Everything App’, Careem. Salik also signed a Memorandum of Understanding (MoU) with TAMM to integrate Salik’s solutions into the Abu Dhabi Government Services Unified Platform.

At a Glance

Overview

Supporting sustainable demographic and economic growth with best-in-class digital technologies and assets.

With a rapidly growing population and fast-growing economy, the Emirate of Dubai relies upon the smooth, free flow of traffic across its major highways. Connecting business communities with tourism destinations and residential communities, the Emirate's road infrastructure represents the lifeblood of the city.

With high-quality digital infrastructure, Salik's toll gates are strategically located along Sheikh Zayed Road, the main artery between Sharjah and Abu Dhabi – the next two most-populated Emirates after Dubai. This makes Salik ideally positioned to cater to millions of people every single day – connecting business with leisure and lifestyle.

With more than 60% of Dubai's commuters using private vehicles, Salik's contribution forms an essential part of the Emirate's transport infrastructure and national story.

The technologies that underpin Salik's ability to optimise the performance of the world's leading smart urban roadway network include best-in-class Radio-Frequency-Identification (RFID) connectivity and Automatic-Number-Plate-Recognition (ANPR) technologies at each of its eight automatic gates. The quality of Salik's technologies has been recognised on multiple occasions, including the Toll Excellence Awards, Technology Award, International Bridge, Tunnel and Turnpike Association (IBTTA).

Mission

Enable people to spend their time doing what matters the most by providing a seamless and convenient mobility experience.

Vision

Global leader in providing sustainable and smart mobility solutions.

- → Outstanding customer experience.
- → Innovation and operational excellence.
- → Trusted and collaborative partner in the mobility ecosystem.
- → Transparency and robust governance.
- → People-centered organisation.

Values

Salik's operations and strategic decision – making are governed by five critical values that represent the Company's commitment to customer excellence, sustainable growth, responsible business practices, fairness and transparency.

A customer-first approach

Salik offers customers a seamless driving experience made possible by award-winning traffic management technologies. Through an easy-to-access Smart Salik App and partner apps, Salik makes it possible for its customers to navigate a digital ecosystem designed for ease and accessibility.

How Salik works

The digital core of Salik's business – its technologically advanced, automated toll collection system – is one of the Company's inherent strengths, distinguishing it from peers and consistently drawing awards and recognition from industry groups.

The frictionless, free-flowing toll system, which is based on RFID and ANPR technologies, operates without toll booths or other impediments to traffic flow. The custom-built technology is best-in-class and fit-for-purpose, ensuring superior operating performance.

01 Vehicle approaches the toll gate.
02 Sensor detects the activated tag.
03 Deducts fee from the Salik account through the machine readable tag on the car windscreen.

→ For more information, visit www.salik.ae/about/howitworks

At a Glance continued

Year in review

Salik's robust financials, an updated corporate strategy, a new ESG strategy as well as its first-ever dividend payments to shareholders, have been key drivers, building momentum for a sustainable future.

One year on from its award-winning IPO, Salik reached a series of critical milestones that have seen the Company achieve record scale, exceptional revenue growth and a robust performance across its toll locations. The year saw a record-breaking number of revenue-generating trips, alongside significant progress in the Company's green transition as part of its new five-year corporate and ESG strategy.

As a significant milestone in the evolution and maturation of the Dubai Financial Market (DFM), Salik has been able to deliver sustained shareholder value.

Thanks in part to Dubai's robust macroeconomic environment and the clear leadership of His Highness Sheikh Mohammed bin Rashid Al Maktoum, Vice President and Prime Minister of the United Arab Emirates, the Ruler of Dubai, and the UAE Minister of Defense, 2023 placed Salik on a strong footing to serve a fast-growing population and an increasingly diverse national economy. The Company's strong performance underpinned its financial results, providing a framework for further investment and the distribution of dividends in line with its commitment to its shareholders and Salik's strategy.

March

Guidance for 2023 financial performance

Salik made its first forward-looking guidance for the year, expecting the number of revenue-generating trips to increase by 5-6%, with an EBITDA margin of 63-64%.

Increase in revenue-generating trips

5-6%

April

First dividend distribution

Salik paid its first-ever dividend to shareholders as a publicly listed company, which amounted to AED 491 million for the second half of 2022. The dividend worked out at 6.5521 fils per share.

First dividend distribution

491m (AED)

June

Award-winning IPO

Named by *EMEA Finance* magazine, Salik's successful listing on the DFM in September of 2022 was recognised as the Best IPO in the Middle East for 2022.

August

Salik revises its guidance for 2023
Encouraged by the strong performance year-to-date, Salik revised its guidance for the entire year, expecting revenue-generating trips to grow 9-10% (compared to 5-6% in March), with an EBITDA margin of 66-67% (compared to 63-64% previously).

September

One-year post IPO
Salik completed one full year after its award-winning listing on the DFM on 29 September 2022.

Relocation to new eco-friendly head office
In line with its commitment to reducing its carbon footprint, Salik moved to new eco-friendly offices in Festival Tower in Dubai.

Second dividend distribution
Meeting its commitment to its shareholders, Salik issued its dividend for the first half of 2023, distributing AED 548 million – 100% of the Company's net profit, equivalent to 7.3057 fils per share.

Second dividend distribution

548m (AED)

At a Glance continued

October

Salik partners with Arabian Automobile to foster customer experience
Salik entered into a strategic partnership with Arabian Automobiles Company – the flagship company of the AW Rostamani Group, the exclusive dealer for Nissan, INFINITI and Renault in Dubai, Sharjah and the Northern Emirates, to elevate customer satisfaction by offering a streamlined process and delivery of Salik tags for Arabian Automobile clientele.

November

Customer Service awards
Salik won three prestigious INSIGHTS Middle East Call Centre/CX Awards for the 'Best Outsourced Help Desk of the Year' and the 'Best Outsourced Call Centre of the Year' categories, as well as finishing among the top three entities under the 'Problem Solver' award.

December

Salik participates in DFM-sponsored carbon credits trading pilot
Salik participated in the DFM's pilot programme for carbon credit trading to explore the trading and use of carbon credits. The Company is optimistic its participation can contribute to the development of a low-carbon economy and support the UAE Government's net zero by 2050 strategic initiative, the Dubai Clean Energy Strategy 2050 and the Dubai Net Zero Carbon Emissions Strategy 2050.

Careem partnership
Signed an agreement to expand Salik's partnership with the region's leading 'Everything App', Careem. The collaboration enables the delivery of Salik tags directly to customers via Careem's ultra-fast grocery service, Careem Quik.

ADDA partnership
Salik announced a new partnership with the Abu Dhabi Digital Authority to integrate the Company's solutions into the Abu Dhabi Government Services Unified Platform, TAMM, and the Abu Dhabi digital payment platform, 'Abu Dhabi Pay', allowing TAMM users to add their Salik accounts.

Record-breaking trips through Salik gates
By year-end, Salik announced it had recorded the highest-ever number of trips through its toll gates. There were 593 million trips in total, with record-breaking growth in toll usage fees that have delivered exceptional top-line results.

EMAAR partnership
Announcement of a new strategic partnership to introduce a seamless parking system at Dubai Mall – one of the world's largest malls. Salik's cutting-edge technology will be deployed to facilitate a seamless, barrier-free parking experience for its customers.

At a Glance continued

Investment case

01

Sole toll gate operator for Dubai's road network, with a favourable regulatory framework and significant downside protection supportive of future growth.

- Salik is the sole toll gate operator in Dubai, exclusively operating the existing eight toll gates as well as any new gates in Dubai through a 49-year Concession Agreement until 2071.
- Toll gates are located at strategic junctures, bridges and other high-traffic areas throughout Dubai, meaningfully reducing commute time, which encourages commuters to take toll roads.
- Salik is a critical asset for the Emirate of Dubai. It is a city where the car is the preferred mobility mode, with more than 60% of Dubai's commuters using private cars, thereby not competing with but complementing other public transport infrastructure.
- Salik's regulatory framework helps ensure alignment between its various stakeholders. Whilst the Roads & Transport Authority (RTA) maintains the infrastructure required for the broader development of Dubai, the Concession Agreement incentivises the RTA's support of Salik's development and provides downside protection for Salik's stakeholders via various mechanisms.
- For Salik, improved certainty around future tariff rates encourages it to invest in the maintenance of a high-quality asset base, as well as future growth, in order to maximise its returns.

→ Read more about our Concession Agreement on page 37

02

Strong growth momentum driven by Dubai's ambitious expansion plans and Salik's own organic growth initiatives.

- Dubai is recognised as a hub for real estate, tourism and trade. The UAE, particularly Dubai, has a track record of delivering long-term stable growth for its vibrant economy.
- The UAE's GDP is expected to grow by 2.8% in 2023, with the non-hydrocarbon sector forecast to record a growth rate of 4.2%.
- Dubai has achieved a unique fast-tracked development over a span of 50 years with approximately 3.6 million permanent residents as of 30 September 2023 and is expected to reach 5.8 million by 2040 – a 61% uplift.
- Dubai is also undertaking various initiatives to increase its population, including the Dubai 2040 Urban Master Plan which focuses on developing and investing in five interconnected urban centres, three of which are linked via Sheikh Zayed Road with existing toll gates in place.
- Salik's revenue generating trips from 2013 through 2023 grew at 4.3% CAGR driven by Dubai's robust economic growth and above Dubai's real GDP CAGR of 3.3% CAGR for the same period.

→ Read more about our market overview on pages 22-27

At a Glance continued

Investment case

03

Ideally positioned to benefit from additional growth levers, aspiring to become a global leader in sustainable and smart mobility solutions.

- Salik's future performance is expected to be driven by multiple layers of additional growth, which represent an upside opportunity for the current business.
- Salik will remain focused on thriving in the tolling business, which it plans to achieve through:
  - Addition of new toll gates, in line with the RTA's strategy.
  - Elevating the online experience to ensure best-in-class customer satisfaction and loyalty.
  - Selectively expanding the core business to other geographies.
- Salik will also ensure sustainable growth through:
  - Entering and growing the private parking business segment.
  - Building a portfolio of vehicle-centred mobility services.
  - Expanding and enhancing ancillary revenue streams through advertising services, both on toll gates and in-app ads, as well as monetising unique traffic data and insights.
- Salik will also explore other initiatives, including but not limited to:
  - Consulting services to governments looking to either implement toll gates or optimise existing operations.
  - The potential to move to a dynamic pricing model in the future, subject to approval of the studies conducted by RTA by the Executive Council of Dubai, which could result in increased revenues while reducing congestion.

→ Read more about our partnership strategy on pages 28-30

04

Well-invested and technologically advanced core infrastructure asset.

- Salik's free-flow tolling system, enabled by RFID and OCR technologies, operates on highways with no toll collection booths or other traffic flow impediments.
- Salik's current technology is considered best-in-class, integrated and 'custom-built'. It therefore ensures superior operating performance and insignificant toll leakage.
- Salik is capable of fostering innovation in mobility services through selected investments in emerging technologies.
- The Company will continue to prioritise investing in technology to ensure it is a pioneer of tech-enabled innovation in the sector. This will also help to improve the reliability of the Company's operations and enable potential future revenue streams.
- Salik expects to benefit from the Government of Dubai's focus on economic and population growth.
- The RTA intends to continue developing the Emirate's infrastructure to ensure that it is able to sustain the strong growth expected in Dubai. The RTA was allocated a budget of AED 5 billion in the Government of Dubai's 2022-2024 budget in support of this goal.
- A fee payable to the RTA under the terms of the Concession Agreement will contribute to the RTA's and the Government of Dubai's budget that is earmarked for the development of the overall infrastructure of Dubai. It is expected that the asset and supporting infrastructure (e.g. roads) are going to be maintained and managed by the RTA.

→ Read more on pages 28-30

At a Glance continued

Investment case

05

Efficient business model resulting in high cash conversion levels and best-in-class operating margins.

- Salik's business model is capex-light in nature, resulting in high cash conversion and superior margins compared to global infrastructure concessionaire peers who exhibit both lower margins and lower cash conversion.
- Salik is positioned to exploit new and innovative avenues of local and international growth. The capital expenditure required to develop the road networks and toll gates – and the maintenance capital expenditure required for existing and new road networks – are fully borne by the RTA.
- The Company benefits from favourable negative net working capital dynamics as the majority of revenue is collected from prepaid accounts, which also contributes to Salik's high cash flow generation.
- Salik's capital structure has been optimised to be fit-for-purpose, providing the Company with the financial flexibility to optimise debt servicing costs whilst ensuring an adequate and stable dividend stream that is resilient and maintained through potential economic slowdowns.
- Salik currently has the debt capacity and operational cash flow to fund the valuation amount of potential future gates.

→ Read more about our business model on page 32

06

Forward-thinking and future-proof business with a sustainability agenda aligned with Dubai's ESG goals.

- Salik is a people-centred organisation with internally developed capabilities to enhance resilience and operational excellence and a best-in-class IT and cyber security architecture. The Company is focused on building a brand identity with strong ethics to support its evolving business model while engaging and building trusted relationships with investors.
- The Company enjoys a 92% customer satisfaction rate, which is the result of its strategy to ensure it continuously focuses on enhancing its brand image by providing top-notch customer service and a seamless experience across each customer's journey.
- In previous years, Salik has implemented multiple key ESG initiatives, including but not limited to:
  - A free-flow toll gate system aligned with Dubai's green energy transition, reducing congestion and helping lower emissions.
  - Adopting solutions for energy efficiency and reduced carbon footprint, Salik incentives sustainable mobility via subsidies, such as tag activation fee exemptions to owners of electric vehicles.
  - Installing solar power capabilities in all existing toll gates over the next few years. The Jebel Ali gate is currently the first gate that utilises solar power for approximately 21% of its power requirements, and Salik expects that any future gates will also have solar power capabilities.
  - Toll fee exemptions for multiple client categories including people of determination, public transport, school buses, charitable and public benefit organisations.
  - Solid Board composition, and framework with two non-RTA independent Directors and the CEO serving on the Board.
- Salik's forward-looking ESG strategy incorporates specific targets directly impacting various Sustainable Development Goals contributing to the UAE's 2030 vision, including but not limited to: GHG emissions, a balanced energy mix, community involvement, people's happiness, health and safety, amongst others.

→ Read more in our sustainability report on pages 68-105

Chairman's Statement

Dear shareholders,

During its first full year of operations after listing, Salik has continued to benefit from sustained economic progress in the Emirate of Dubai. Population expansion, supported by a growing tourism sector, has led to a significant increase in the daytime population of the Emirate. This has reflected positively on the growth of revenue-generating trips.

Thanks to strong economic fundamentals, an increasingly diverse economy and the leadership of His Highness Sheikh Mohammed bin Rashid Al Maktoum, Vice President, Prime Minister of the UAE and Ruler of Dubai, the Emirate remains on track to achieve its Dubai Economic Agenda (D33). Its goal is to double the size of Dubai's economy over the next decade and consolidate its position among the top three global cities. Salik is set to be among the key beneficiaries of the realisation of this vision – allowing us to continue to serve the population of Dubai as it grows.

The positive impact of these socioeconomic dynamics and visionary leadership is reflected in Salik's full-year results, with strong growth in the number of registered accounts and vehicles. The total number of revenue-generating trips increased to a record 461 million, and net income reached AED 1.1 billion.

Salik's sustained growth and robust performance in 2023 is a testament to the strength of its strategic vision and commitment to delivering long-term value to its shareholders. Salik represents a beacon of success in the government's strategic asset sale programme, with continued investor interest that has seen the business's value grow throughout the year. Having been voted 'Best IPO in the Middle East', the Salik listing serves, among other achievements, as a catalyst to boost investor confidence in Dubai's capital markets and as a testament to the value of Dubai's public assets.

Those who have invested in Salik have chosen to invest in the underlying fundamentals of Dubai's growth, underlined in 2023 by the Emirate's solid GDP performance and subsequent trip increase across Salik's strategically-located gates. These core outcomes point towards a stable economic outlook and sustainable performance for the business and its shareholders.

"Our results this year reflect the inherent value of Salik's strategic focus on performance and sustainability."

His Excellency Mattar Al Tayer
Chairman
Board of Directors

Total revenue 2023 (AED)

2.1bn

Planned dividend (AED)

550m

Thanks to the strength of its performance, AED 491 million in dividends were distributed in April 2023, representing 100% of Salik's distributable net profit for the second half of 2022. AED 548 million was distributed during September 2023, representing 100% of Salik's distributable net profit for the first half of 2023. Furthermore, as a sign of its commitment to delivering sustained value to its shareholders, Salik plans to distribute AED 550 million in April 2024, representing 100% of Salik's distributable net profit for the second half of 2023, subject to shareholder approval at the Annual General Meeting (AGM) in April. Sustainable financial growth and shareholder returns are fundamental to the Company's ability to deliver on its commitment to the national economy and the people of Dubai.

In 2023, Salik launched its comprehensive environmental, social and governance (ESG) strategy. Aligned with the roadmap set by the country's leadership, this strategy aims to centre business as a catalyst for positive environmental and social impact while maintaining high ethical governance standards.

We have already achieved major milestones aligned with this strategy, such as the relocation of our offices to the eco-friendly Festival Tower, as well as our participation in the Voluntary Carbon Credits Trading Pilot Program organised by the Dubai Financial Market during COP28. Our plan for the coming years is to embed ESG criteria into all aspects of our business, and position Salik among the best-in-class sustainability leaders in the industry.

Our results this year reflect the inherent value of Salik's strategic focus on performance and sustainability. As we enter 2024, Salik is on course to achieve growth both in its core tolling business as well as in complementary revenue streams, and I have full faith in the Executive Management team's ability to execute and deliver long-term value to shareholders.

Chief Executive Officer's Review

As Dubai's exclusive toll gate operator and one of the most prominent smart urban mobility network operators globally, I am delighted to present a year of outstanding financial and operational results. Building upon its historic award-winning listing on the Dubai Financial Market (DFM), the Company's robust performance, customer service excellence and operational milestones are a reflection of Dubai's unwavering economic resilience and an unprecedented surge in the usage of the Emirate's toll roads. The many successes achieved throughout the year represent the strength of Salik's business model and its proven ability to meet its commitments to its shareholders.

The visionary leadership of His Highness Sheikh Mohammed bin Rashid Al Maktoum, Vice President, Prime Minister of the UAE, Ruler of Dubai has served to foster a conducive environment for economic growth and Salik's continual success. Dubai's economic resilience has also been fundamental, allowing the Company to harness the Emirate's unique potential and its position as a global trade hub, unparalleled connectivity and destination for investment and tourism. By leveraging these robust dynamics, Salik has continued to emerge as one of the world's leading toll gate operators.

Thanks to record-breaking growth in mobility amidst strong economic growth, Salik achieved exceptional results in 2023, delivering impressive revenues of AED 2,109 million and an EBITDA of AED 1,390 million at an industry-leading margin of 65.9%. Through strong financials and its ability to serve a fast-growing population with soaring visitor numbers, Salik has delivered outstanding results and unlocked great value for its shareholders in its first full year as a publicly traded business.

I am delighted that, in view of Salik's strong set of results, the Board of Directors distributed cash dividends during April and September 2023, reflecting its commitment to delivering maximum value to its shareholders while maintaining attractive margins and strong cash flows. In line with Salik's dividend policy, the proposal to distribute 100% of Salik's net profit for the second half of 2023, at AED 550 million, is subject to shareholder approval during the AGM in April.

During 2023, we updated our corporate strategy, focusing on four strategic pillars that will spur sustainable growth and ensure Salik's resilience. Our new strategic initiative to diversify our revenues streams include strategic partnerships providing parking collection management, data monetisation and advertising opportunities.

In line with its new sustainability strategy, Salik marked 2023 with key environmental and social achievements while also integrating ESG considerations into its governance practices. In 2023, the Company also created its inaugural comprehensive sustainability report, tracing its impact and detailing a clear roadmap with tangible and realistic commitments.

Through a robust and comprehensive governance framework, the Board of Directors ensures that Salik enjoys a transparent and balanced concession agreement that governs its relationship with the RTA. The agreement includes several clauses that aim to protect the

"With multiple awards, record-breaking growth and progressive action on sustainability, 2023 represents a landmark moment for Salik in its first full year as a publicly traded company."

Ibrahim Sultan Al Haddad
Chief Executive Officer

EBITDA 2023 (AED)

1.4bn

EBITDA margin 2023

65.9%

rights of Salik's public shareholders, which proved key in the Company's successful listing in 2022. Salik has also developed a comprehensive suite of policies, including the consideration of ESG performance that govern the Company's strategic decision-making processes and day-to-day operations.

Committed to reducing its carbon footprint and aligned with the UAE's goal of achieving net-zero emissions by 2050, Salik supports Dubai's Green Mobility Strategy 2030. The Company made significant progress in its sustainability agenda in 2023, including inaugerating its new eco-friendly office at Festival Tower, which further underscored its focus on environmental stewardship. The Company's office has also been designed using sustainable materials and state-of-the-art, energy-efficient IT infrastructure. Furthermore, the business now operates a paperless model, and nearly 100% of its customers have transitioned to using digital services. Each transaction made through a Salik self-service channel saves an estimated 12 kilogrammes of $C0_2$ emissions.

In 2023, Salik continued to encourage the use of electric vehicles throughout the year by exempting owners of electric vehicles from the tag activation fee. As of 31 December 2023, the number of registered vehicles with these tags increased by 83.4% compared to 2022, reaching over 13,000 vehicles. Salik also continued to provide tariff exemptions to vehicles used by charities, schools, people of determination, ambulances and other public services, with the volume of free-of-charge trips through Salik's eight toll gates increasing by 6.6% year-on-year to 8.1 million by year-end.

Throughout the year, Salik continued to prioritise investments in its people to build and sustain a highly-skilled, engaged and diverse workforce. Salik expanded its full-time workforce from 30 as of 31 December 2022, to 40 as of 31 December 2023. The Company also saw a rise in the number of nationalities represented from nine to 12 and achieved advancements in Emiratisation, attaining a level of approximately 38% by year-end.

Looking to 2024, Salik will continue to leverage the opportunities inherent in Dubai's sustained economic growth, healthy macroeconomic environment and attractiveness to tourists, students, immigrants and businesses. Within this context, Salik's management is confident that it will deliver strong revenue growth in 2024.

This growth – due to the increase in the number of revenue-generating trips through its eight toll gates, and new diversified revenue streams – will deliver an ever higher top line and a robust EBITDA margin performance. Supported by strong governance and visionary leadership from the government of Dubai, Salik looks forward to delivering sustainable growth in 2024 and beyond.

I would like to express my gratitude for the strong national leadership of His Highness Sheikh Mohammed bin Rashid Al Maktoum and the guidance of His Excellency Mattar Al Tayer, the Chairman of Salik's Board of Directors. Furthermore, I extend my appreciation to the Company's Board of Directors, employees, customers, shareholders and business partners for their support throughout the year.

Market Overview and Outlook

Marked by resilience and robust macroeconomic fundamentals, Dubai's economic plan and visionary leadership provide Salik with a powerful platform for sustainable growth and revenue diversification.

Notes for page 23
1 Government of Dubai, https://mediaoffice.ae/en/news/2023/August/08-08/Hamdan-bin-Mohammed-DubaiGDP-grows
2 Government of Dubai, https://mediaoffice.ae/en/news/2024/January/21-01/Dubai-Economic#:~:text=The%20value%20added%20by%20these,the%20same%20period%20in%202023
3 Government of Dubai, https://www.dsc.gov.ae/en-us/Pages/default.aspx
4 Government of Dubai, Dubai 2040 Urban Master Plan, https://www.dm.gov.ae/municipality-business/planning-and-construction/dubai-2040-urban-master-plan/
5 Dubai Statistics Centre, https://www.dsc.gov.ae/en-us/Pages/default.aspx

National gross domestic product (GDP)

Within the context of global economic and geopolitical uncertainty, Dubai's continued GDP growth reflects the Emirate's unique attractiveness as a global trading hub and tourist destination. The Emirate's GDP increased by 6% in 2021 and a further 4.4% in 2022 and is poised for sustained, stable annual growth of 2.8% to 4.2% by 2026. In 2023, Dubai's real GDP grew by 3.2% in the first half of the year, with an annualised total of 4.4% by the end of the 9-month period.

Dubai's GDP grew 2.8% in Q1 2023 to reach AED 111.3 billion.[1]

GDP growth for 9-month period 2023[2]

+3.3%

Population growth

Dubai's continued GDP growth is driven by a series of factors, including foreign direct investment, public sector development, innovation, infrastructure investment and population growth. As of December 2023, Dubai's population had risen to 3.66 million[3] – and according to the Dubai Statistics Centre is projected to reach 5.8 million in alignment with the Dubai 2040 Urban Master Plan[4].

The growing population and associated rise in the number of families settling in the Emirate of Dubai will deliver several multiplier effects for transport in Dubai. Rising numbers of children attending schools have led to an increase in the number of cars on Dubai's roads – Dubai's private schools have recorded the highest-ever increase in enrolment growth since the establishment of the Knowledge and Human Development Authority (KHDA) in 2007. For the first time, the rate of enrolment growth entered double-digits in the 2023-2024 academic year, registering at 12%, or more than 39,000 additional students, compared to the same period the previous year. The total number of students attending Dubai private schools is now more than 365,000.

Population growth in the Emirate of Dubai

+3% YoY

The projected population of Dubai by 2040[5]

5.8m

Market Overview and Outlook continued

Tourism

Higher numbers of inbound visitors make a direct contribution to Salik's performance by increasing the number of revenue-generating trips across the Emirate. As such, trade and tourism represent two core drivers for Salik's performance, underpinning its strategic direction and its ability to create value for its shareholders.

Data shows that Dubai welcomed 17.5 million overnight visitors in Jan-Dec 2023, with an increase of 19% compared to Jan-Dec 2022.[6] As is evidenced in Dubai's GDP data, a surge in tourism contributes to a virtuous cycle of economic activity, pushing up GDP growth and increasing the number of revenue-generating journeys on Dubai's roads. Consequently, there is a strong correlation between GDP growth in key economic sectors and higher toll usage in the Emirate.

Since the pandemic, Dubai's GDP has expanded every year, with a strong recovery in 2021 significantly driven by a resurgent tourism sector and an uptick in visitor numbers. In February 2023, it was announced that Dubai received 14.36 million international visitors in 2022 – up from 7.28 million in 2021 – a 97% year-on-year increase.[7] Furthermore, in January 2024, Dubai retained its position as the number one global destination in the TripAdvisor Travellers' Choice Awards, being named 'Best of the Best Destinations'.[8] The award reflects the Emirate's enduring and growing popularity and the success of Dubai's vision to be the world's top destination for tourism and business.

Additionally, COP28 was the biggest event held in Dubai in 2023, bringing in businesses, global leaders, entrepreneurs and other parties. The strong turnout at the conference had a direct positive spillover effect with increased traffic across Salik gates and contributed to a significant uptake in the number of global meetings incentives, conferences, and exhibitions (MICE) held in Dubai throughout the year. As a destination for MICE, Dubai's attractiveness continues to soar with the city registering a strong year-on-year growth of 44% in business event bid wins in the first half of 2023.

Number of tourists visiting Dubai

+19% YoY

Projected tourist numbers by 2025

25m

6 Government of Dubai, Tourism Performance Report January – December 2023 (dubaitourism.gov.ae)
7 Government of Dubai, Media Office, https://www.dubaitourism.gov.ae/en/newsroom/press-releases/2022visitorperformance
8 TripAdvisor Travellers' Choice Award

Inward investment, events and conferences

Dubai was ranked the number one global Greenfield Foreign Direct Investment (FDI) Hub, according to October 2023 data from the Financial Times 'FDI Markets' report, attracting 511 greenfield projects in the first half of 2023. Dubai's success in being chosen as the host city for major events will also continue to drive the influx of visitors.

Dubai won 143 conferences, congresses, meetings and incentive in the first half of 2023 – a 41% year-on-year growth expected to bring over 94,000 additional visitors to the city.[9]

Increase in trade conferences and events during H1 2023

+41% YoY

9 Government of Dubai, Media Office, //www.mediaoffice.ae/en/news/2023/July/17-07/Dubai-growth-in-business-event

Market Overview and Outlook continued

"Reflecting the leadership's progressive vision, the budget emphasises support for key sectors that are vital to the future and the Emirate's transition into a new phase of dynamic growth driven by digital and knowledge-based innovation."[10]

His Highness Sheikh Hamdan bin Mohammed bin Rashid Al Maktoum
Crown Prince of Dubai and Chairman of The Executive Council of Dubai

Future economic trends

In November 2023, the Dubai government released its budget priorities for the period 2024-2026. With a focus on sustainable economic development through diversification and digital knowledge-based innovation, the budget is expected to stimulate the macroeconomy and support the objectives of the Dubai Strategic Plan 2030. It will also serve to advance the objectives laid out in the Dubai Economic Agenda 'D33'.

D33 is a critical driver of economic growth and diversification for Dubai. The strategy sets out plans for the ambitious goals of doubling the size of Dubai's economy over the next decade and consolidating its position among the top three global cities. The D33 plan includes 100 transformative projects, with economic targets of AED 32 trillion over the next ten years, doubling the Emirate's foreign trade to reach AED 25.6 trillion and adding 400 cities as key trading partners over the next decade.

Dubai's 10-year GDP growth target[11]

+7% annually

Dubai's 10-year economic target

25.6t

The government's new budget is expected to play an instrumental role in achieving Dubai's strategic objective of doubling the city's GDP while propelling it into the ranks of the world's top three urban economies over the next decade. This strategy – which sets aside 40% of the budget specifically for infrastructure spending – provides the Emirate of Dubai with a platform for widespread economic opportunity for the people of Dubai and investors and businesses from around the world. In support of the Emirate's economic strategy is an evolving business and residency visa scheme that encourages foreign direct investment, long-term residency, ease of doing business and new provisions for remote workers.

In addition to economic development, Dubai's competitive visa scheme is also designed to provide long-term residents with the ability to retire in the Emirate, encouraging social and community cohesion. These outcomes provide Dubai with a robust pathway to sustainable development, economic stability and demographic growth. All of these objectives are underpinned by a comprehensive strategy for infrastructure development defined by the Dubai 2040 Urban Master Plan.

Dubai's Urban Master Plan lays out a roadmap for transforming the Emirate into five interconnected urban centres, doubling the size of green and recreational areas, and enhancing the provision of parks and open spaces. The plan also aims to improve accessibility, enhance the effectiveness of economic land and protect the Emirate's cultural and urban heritage.

10 WAM – Emirates News Agency, https://wam.ae/en/article/api6o3x-mohammed-bin-rashid-approves-dubai-governments
11 Bloomberg.com, https://www.bloomberg.com/news/articles/2023-07-20/uae-aims-to-grow-economy-7-reach-over-800-billion-by-2030

Dubai's transport strategy

The D33 plan has been further supported through the December 2023 announcement of a new RTA Strategic Plan, which was developed in response to the directives of His Highness Sheikh Mohammed bin Rashid Al Maktoum, Vice President, Prime Minister of the UAE, Ruler of Dubai, and His Highness Sheikh Hamdan bin Mohammed bin Rashid Al Maktoum, Crown Prince of Dubai, Chairman of the Executive Council.

RTA's Strategic Plan 2024-2030 is centred around achieving five key goals and objectives pertinent to integrated and innovative mobility. The plan is designed to facilitate the development of roads and transport systems that support the 20-minute city (to ensure 80% of daily services are accessible within a 20-minute journey by walking or cycling). It focuses on improving accessibility, fostering better integration of multi-modal transport, expanding current and future mobility services, and charting smart mobility solutions.

RTA's objectives and the focus on expanding mobility and smart mobility solutions, align with Salik's ambitions and are key to maintaining Salik's growth momentum, as the sole toll gate operator for Dubai's road network.

General outlook

The scale of urban development in Dubai is such that Salik faces significant opportunities for long-term growth through the development of new revenue streams across a significantly wider population and diversified demographic. These dynamics provide the Company with a historic opportunity to pioneer new digital services and platforms that enable economic development and serve the evolving needs of the Emirate's residents.

In the near term, Salik anticipates maintaining growth momentum in the total number of trips and revenue-generating trips across all of its eight gates. The expansion of the Emirate's economy and population will also likely deliver sustained growth in the number of registered accounts, active vehicles, tags sold and activations.

Strategy

Salik aspires to become a global leader in providing sustainable and smart mobility solutions.

Over the next five years, Salik will be focusing on four key strategic pillars.

01

Thrive in the tolling business

02

Build ESG stewardship

Continued areas of strategic focus, as previously articulated at the time of our IPO.

03

Achieve sustainable growth

04

Establish a future-proof Company

Increasing focus on key strategic pillars that will spur growth, diversify our business, and ensure organisational resilience.

Strategy continued

Salik's 12 core objectives under its four strategic pillars

01

Thrive in the tolling business – core revenues

01. Maintain consistently strong performance of core business by continuing to realise full revenue potential from collection of fees

Ongoing priority aligned with commitment to operational excellence and healthy financial performance.

02. Ensure best-in-class customer satisfaction and loyalty

Salik is evaluating a range of material improvements to its digital assets to enhance the customer journey:

- Expand chatbot services to Salik app and WhatsApp.
- Rebrand and revamp Salik app.
- Create brand-new Smart Salik app.
- UAE Pass integration.
- IVR improvements.
- Introduce new communication channels.

03. Expand core business to other geographies

Medium to long term selective aspiration for inorganic growth in regional and international markets.

02

Build ESG stewardship

Salik is a forward-thinking organisation, with an ESG agenda aligned with the UAE's sustainability goals.

04. Reduce carbon footprint and environmental impact

Committed to green energy
Plans to make Salik gates increasingly solar powered in the medium to long term.

Reduced congestion and fuel consumption
Free-flow gates to reduce traffic congestion at toll gates and save fuel.

Digital transformation
Paperless strategy, saving 4.9 tonnes of CO_2 annually.

Green incentives
Tag activation fee exempt for owners of electric vehicles.

Commitment to reduce carbon footprint
In line with Dubai's goal of achieving net zero emissions by 2050.

05. Contribute to people's happiness, safety and community development

Social contributions
Exemptions and toll subsidies for people of determination, public transport and school buses.

Best-in-class customer service
Salik was awarded the 'Helpdesk of the Year' for 2021, with customer satisfaction at c. 92%.

Focused on human capital
Human capital focus spanning equality and inclusivity.

06. Adopt and showcase best-in-class ESG practices

Committed to transparency
Salik's relationship with the RTA governed by a transparent Concession Agreement.

Robust business ethics
Strict ESG screening for all vendors.

03

Achieve sustainable growth – ancillary revenues

07. Deliver a seamless parking experience

- Enter and grow private parking business segment, initially as means of payment (e.g. Emaar Malls partnership).
- Offer access control solution to residential and institutional customers.

08. Build a portfolio of vehicle-centred mobility services

- Enrich service offering payable directly through Salik account (e.g. fuel, EV charging, car wash).
- Foster innovation in mobility services through selective investment in emerging technologies.

09. Expand and enhance other ancillary revenue streams

- Sell advertising space on Salik products and platforms.
- Monetise data with mobility players.

04

Establish a future-proof Company

10. Ensure efficient treasury management and funding

- Enure efficient treasury management through systematic cost management, cash flow control and credit level management.
- Potential Sukuk or bond issuances.

11. Develop internal capabilities to enhance resilience and operational excellence

- Develop capabilities to support Salik's evolving business model.
- Build best-in-class IT and cyber security architecture.
- Build people-centred organisation able to attract, develop and retain the best talent.

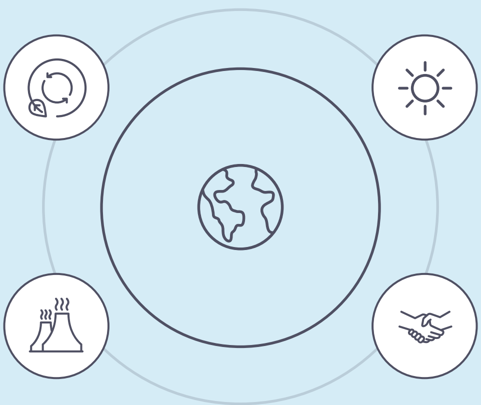
12. Build Company identity with strong ethics and ensure satisfaction of investors

- Build a brand identity to support Salik's evolving business model.
- Proactively engage and build trustful relationships with investors.

2028 ESG targets

25% of energy sourced from renewables

At least two gantries using solar energy



25% GHG emissions reduction

Five partnerships with NGOs

Business Model

Inputs

Strong macroeconomic backdrop

Salik is uniquely positioned for organic growth, driven by the ongoing expansion of Dubai's economy. The Emirate's plans for sustainable development are underpinned by the Dubai Economic Agenda 'D33', which will continuously provide strong tailwinds for Salik's core business. D33 is a critical driver of economic growth and diversification for Dubai, setting out plans for the ambitious goals of doubling the size of Dubai's economy over the next decade and consolidating its position among the top three global cities. As Dubai builds out its population and economy in the years ahead, investors are poised to benefit from the economic resilience of the UAE and the Emirate of Dubai. The national economy and Dubai's robust GDP performance have generated strong growth, helping the region rebound quickly from cyclical downturns and the unique disruption of COVID-19.

Financial resilience

Salik's capital structure has been efficiently utilised for financial resilience, providing the Company with the financial flexibility to optimise debt servicing costs while ensuring an adequate and stable dividend stream that is resilient and maintained through potential economic slowdowns. Salik currently has the debt capacity and operational cash flow to fund the valuation of any potential future gates.

Exclusive concession agreement

Salik's concession agreement with the RTA guarantees exclusive rights to Salik to operate the Emirate of Dubai's toll gates until June 2071. Designed to operate efficiently in an effective, clear and balanced regulatory framework that supports growth, Salik ensures seamless mobility in one of the world's fastest-growing economies. The 2022 IPO of a 24.9% stake in Salik provided investors with a unique opportunity to access Dubai's exciting growth story through exposure to a high-quality infrastructure asset.

New growth initiatives

Salik's investment case is broad-based and derives only in part from its position as the sole toll gate operator of Dubai's road network, which allows it to benefit from the growth momentum generated by Dubai's ambitious urban expansion. To supplement its core business, Salik is currently pursuing additional growth levers, such as private parking payments, advertising and data monetisation.

Capex-light

A major advantage for investors is Salik's business model, which is Capex-light in nature and contributes greatly to the generation of high cash conversion levels and best-in-class operating margins. The model has been designed to consistently produce superior results than many of its global infrastructure concessionaire peers, who typically exhibit lower profit margins and cash conversion.

Progressive sustainability agenda

With the UAE acting as the host nation for COP28, Salik inaugurated its new eco-friendly LEED Gold Certified office at Festival Tower. Utilising next-generation energy-efficient IT infrastructure, sustainable construction materials and low-energy appliances, Salik also has a paperless operational model, while nearly 100% of its customers transitioned to using the Company's digital platforms. This has saved approximately 12 kilogrammes of $C0_2$ emissions for each transaction made through a digital self-service channel.

Best-in-class technology

The digital core of Salik's business, its technologically advanced, automated toll collection system, is one of the Company's inherent strengths, which distinguishes Salik from peers and consistently draws awards and recognition from industry groups. The frictionless, free-flowing toll system, which is based on RFID and ANPR technologies, operates without toll booths or other impediments to traffic flow.

Customers

Salik's post-IPO commitment to setting a standard for a seamless customer journey and superior customer service is part of its corporate DNA.

Employees

The Company believes that developing human capital is the foundation for sustainable growth and prosperity.

The value we create

Investors

Salik's investors benefit from the economic resilience of the UAE and a highly profitable and asset-light business model with downside protection.

Environment

Salik is a forward-thinking organisation with a sustainability agenda aligned with Dubai's sustainability goals.

Chief Financial Officer's Review

Following its award-winning listing on the Dubai Financial Market in September 2022, Salik embarked upon a year of critical expansion and growth in 2023. Supported by the visionary leadership of His Highness Sheikh Mohammed bin Rashid Al Maktoum, Vice President and Prime Minister of the UAE and Ruler of Dubai, and a lucrative concession agreement with Dubai's Road and Transport Authority, Salik delivered exceptional financial results in 2023. The Company's top line growth and strong bottom line and cash generation reflect the strength of Salik's business model and the enduring resilience of Dubai's economy in a challenging global economic environment.

Financial results

Salik's strong top line performance in 2023 comes as a result of a significant uptick in the number of revenue-generating trips, which reached 461 million by the close of the year. This represents an increase of 11.7% over the 413 million revenue-generating trips in 2022. This increase resulted in total revenues of AED 2,109 million – up by 11.4% compared to 2022.

Toll usage revenue, which represents 87.5% of total revenue, increased by 11.7% year-on-year (YoY), supported by continued robust growth in tourism and residency. These dynamics reaffirm Dubai's global reputation as a highly attractive destination both for visitors and people relocating to the city. Salik remains highly profitable, reporting a net profit of AED 1,098 million in 2023. By year-end 2023, the Company had produced EBITDA of AED 1.4 billion with an industry-leading margin of 65.9%, and its concession fees for 2023 were AED 461 million, representing 25% of toll usage revenues as per the concession agreement.

Revenue generation

The total number of trips, including discounted journeys, made through Salik's eight toll locations in 2023 grew by 10.0% YoY. This was driven primarily by tourists and increasing business-as-usual commercial activities. The total number of revenue-generating trips for 2023 remained comfortably above the pre-pandemic peak of approximately 435 million recorded in 2019.

The Al Maktoum Bridge gate saw the number of revenue-generating trips – excluding paid taxi journeys – increase by 41.2% YoY due to the closure of the nearby Floating Bridge (in April 2023) and the diversion of traffic to the gate. Similarly, Al Garhoud Bridge saw the number of revenue-generating trips, excluding taxis, increase by 14.0% YoY. Excluding both Al Maktoum and Al Garhoud Bridges, Salik's revenue-generating trips increased by 9.3% YoY. Robust growth exceeded 7% at several toll gates, including Al Barsha, which saw an increase in revenue-generating trips of 8.6%. Al Mamzar North saw an

8.2% increase, while the Airport Tunnel gate grew by 12.2% and the Jebel Ali gate delivered a YoY uptick of 15.2%.

The top line was also boosted by an 7.5% increase in revenue from fines as a result of the increased number of revenue-generating trips, which reached AED 217 million – up from AED 202 million in 2022. This figure is broadly stable as a percentage of overall revenues at 10.3%, compared to 10.7% in 2022. The surge in revenue from fines in 2023 was due to an increase in the number of net accepted violations (minus dismissed cases), which grew by 9.2% YoY to reach 2.6 million – compared to 2.4 million in 2022. By year-end, net violations registered 0.4% of total trips fairly in line with the 0.4% recorder in 2022. Tag activation fees also grew strongly on a YoY basis: revenue from tag activation fees rose by 18.7% YoY to AED 38 million while tag activation fees in 2022 stood at AED 32 million. Tag activation fees contributed 1.8% of total revenues by 31 December 2023, compared to 1.7% in 2022.

Profitability

Salik continues to demonstrate industry-leading margins. The Company generated EBITDA of AED 1,390 million in 2023, with the EBITDA margin reaching 65.9% in the period. Net profit reached AED 1,098 million during 2023, and the net profit margin reached 52.1%.

Balance sheet and cash generation

Owing to its consistent performance throughout 2023, the Company maintained its solid balance sheet. The Company recorded a favourable net working capital balance of AED 192 million as of 31 December 2023, an increase of 30.5% compared to the AED 147 million recorded in 2022, equating to 9.1% as a percentage of revenues. Salik ended the year with gross debt and net debt balances of nearly AED 4.0 billion and nearly AED 3.0 billion, respectively. The Company's net debt to EBITDA was a healthy 2.69x, which is much lower than the debt covenant (5.0x).

By year-end, Salik generated a free cash flow of AED 1,450 million with a free cash flow margin of 68.7%, supported by continued strong traffic performance and the movement of individuals. The Company incurred AED 4.6 million of capital expenditures associated with IT and fit-out for the office relocation during the third quarter of 2023.

Dividends distribution

Reflecting its commitment to value creation for its shareholders, Salik distributed dividends in line with its stated dividend policy during April and September 2023. This represents a firm commitment to delivering maximum value to its shareholders while maintaining attractive margins and strong cash flows. The proposal to distribute 100% of Salik's net profit for the second half of 2023, at approximately AED 550 million, is subject to shareholder approval during the Company's Annual General Meeting (AGM) in April.

Outlook

Through sustained economic growth, a healthy macroeconomic environment and Dubai's continued attractiveness to tourists, students, immigrants and businesses, Salik's management is confident that it will deliver strong revenue growth in 2024. This will be supported by a continued increase in the number of journeys made through its eight toll gate locations coupled with growth in revenue-generating trips that will deliver an even higher top line and a robust EBITDA margin performance. In addition to a number of initiatives and projects aimed at generating additional revenue and supported by strong governance and visionary leadership from the government of Dubai, Salik looks forward to delivering sustainable growth in 2024 and beyond.

Maged Ibrahim
Chief Financial Officer

Free cash flow (AED)

1.4bn

2023 **1.4bn**
2022 1.5bn

Net debt/EBITDA

2.69x

2023 **2.69x**
2022 2.2x

Total revenue (AED)

2,109m

2023 **2,109m**
2022 1,892m

2023 EBITDA (AED)

1,390m

2023 **1,390m**
2022 1,440m

2023 Net Profit (AED)*

1,098m

2023 **1,098m**
2022 1,326m

* The cost structure for Salik changed starting July 2022, hence the EBITDA and net profit for the full year 2023 and 2022 are not accurate.

Operational Review

Powered by robust economic growth and a unique asset-light business model, Salik has delivered historic results and exceptional value in 2023.

Powered by economic growth
Within the context of a stable and steadily growing economy, the Emirate of Dubai continued to create opportunities for growth and value creation for Salik in 2023. The strong and sustained momentum in Dubai's growth – in addition to population expansion and a thriving tourism sector – have all contributed to powering Salik's success in 2023.

Salik's success was evident across its operations throughout the year, with consistent growth across all critical metrics. The number of registered active accounts increased in 2023, rising by 16.0% year-on-year (YoY) to approximately 2.4 million as of 31 December 2023.

The year also saw the number of vehicle registrations with Salik increase by 9.2% YoY – a testament to the government of Dubai's success in expanding the economy and maintaining the Emirate's global attractiveness as an international hub for trade and tourism. Tag activations also grew, reaching 923,000 tags during 2023, an 9.2% increase from last year.

Looking at the volume of traffic, the number of total trips throughout all Salik gates grew by 10% YoY to reach 593 million – up from 539 million in 2022. Of these, the number of revenue-generating trips reached 461 million, up from 412 million in 2022 – a YoY increase of 11.7%.

This performance has been led by its main gates in the central portion of the city of Dubai, located at Al Barsha, Al Safa and Al Garhoud.

In 2023, the Al Maktoum Bridge gate saw the number of revenue-generating trips – excluding paid taxi trips – increase 41.2% YoY due to the closure of the nearby Floating Bridge and the diversion of traffic to the gate in April 2023. Al Garhoud Bridge, similarly, saw the number of revenue-generating trips, excluding taxi trips, increase 14.0% YoY.

The number of trips for exempt vehicles for people of determination, school buses, empty taxis, official vehicles, security, police and military personnel increased in 2023 to reach 6.6 million. These, along with other exemptions, mean that Salik provided a total of 8.1 million toll-free trips in 2023.

The year also saw Salik's advanced technology platform contribute to the monetisation of growth in Dubai's traffic, with RFID and ANPR camera systems capturing more than 99.5% of vehicles passing through Salik's eight automatic toll gates. The Company achieved 99.99% and 99.88% average uptime within its toll gate roadside system and back office (data centre) systems, respectively.

Partnership strategy

Partnerships with public and private sector organisations represent an important part of Salik's strategy. In 2023, the Company entered into a strategic partnership with Arabian Automobiles Company – the flagship company of the AW Rostamani Group and the exclusive dealer for Nissan, INFINITI and Renault in Dubai, Sharjah and the Northern Emirates, to elevate customer satisfaction by offering a streamlined process and delivering Salik tags, providing full services with a hassle-free experience. Dedicated to enhancing Dubai's smart transportation infrastructure, the collaboration reaffirms Salik's commitment to delivering exceptional value with an unswerving focus on customer satisfaction.

Salik also signed an agreement to expand its partnership with the region's leading 'Everything App', Careem. The collaboration enables the delivery of Salik tags directly to customers via Careem's ultra-fast grocery service, Careem Quik.

The partnership has previously made it possible for customers to recharge their Salik accounts using 'Careem Pay' through the Salik app.

Leveraging its digital strategy, Salik also forged a new partnership with the Abu Dhabi Digital Authority (ADDA) in 2023. The Company signed a Memorandum of Understanding (MoU) with the Abu Dhabi government services platform, TAMM, to drive digital services transformation. As part of the agreement, Salik's solutions will be integrated into the Abu Dhabi Government Services Unified Platform, TAMM. Furthermore, the Abu Dhabi digital payment platform, 'Abu Dhabi Pay', and its user-friendly interface allow TAMM users to add their Salik accounts and recharge them on the platform.

Customer service awards

Following successive awards in 2022, Salik went on to be named winner in several prestigious awards categories in 2023. In the Annual Middle East Call Centre & CX Awards 2023, Salik won the 'Best Medium Outsourced Call Centre' award. This recognition underscores the Company's commitment to excellence in customer service and outsourced call centre operations. Additionally, Salik also secured the 'Best Small Outsourced Helpdesk' award, further highlighting its dedication to providing high-quality customer support. These achievements demonstrate Salik's leadership in the field of customer service and call centre operations within the Middle East region.

IPO anniversary

In September 2023, Salik marked one year since its award-winning listing on the Dubai Financial Market. The IPO, which raised gross proceeds of over AED 3.7 billion, was oversubscribed more than 49 times in aggregate. From this position of strength, Salik continues to emerge as a leading toll gate operator globally, supported by the visionary leadership of Dubai and the Road & Transport Authority's ambitions of expansion and growth. The Company's outstanding financial and operational achievements in 2023 reflect Dubai's resilience and attractiveness to investors, corporations, new residents and tourists from around the world.

Concession Agreement

Salik's 49-year Concession Agreement (until 30 June 2071) with the RTA provides a transparent, shareholder-friendly framework that encourages both parties to offer a world-class, barrier-free urban road toll network that meets the needs of Dubai's growing economy.

The Concession Agreement governs the relationship between Salik, the RTA and the Dubai Executive Council. The Agreement defines the business model for Salik, whereby RTA takes the role of the regulator, while the Dubai Executive Council is the ultimate decision-maker for tariffs and all major events. The Concession Agreement covers all key terms, such as the term of the concession, tariff determination, the concession fee and the mechanism of adding new gates.

Operational Review continued

Rights and obligations

The Concession Agreement also defines the obligations and rights of both parties and sets up operational and financial standards for the concession to operate under. In order to ensure that both parties adequately attend to their obligations, the Concession Agreement defines the operating KPIs to be met by Salik and RTA.

For instance, Salik has to ensure 99% availability ratio guidance for all equipment and mandatory quarterly reports on compliance with this service level. RTA has to guarantee the availability of the infrastructure as well as a pavement condition index, the handling of emergency calls and HSE incidents within specified time limits, in addition to the collection of fines and penalties.

Through its legal design and mutual incentives, the Agreement guarantees Salik's asset-light business model by giving RTA sole financial responsibility for maintaining and expanding Dubai's road toll network. In addition, the Agreement gives Salik clearly defined compensation mechanisms, providing significant downside protection against inflation and unforeseen costs.

Tariffs

The Concession Agreement allows Salik to recommend tariff increases on an annual basis using a pre-determined formula that is linked to inflation. Under the Agreement, Salik submits a tariff review to RTA, which studies and takes it to the TEC for an ultimate decision.

Should TEC reject Salik's recommended increase, RTA is to compensate Salik by reducing the amount of its annual concession payment to adjust the effects of inflation. If TEC approves a tariff increase above the theoretical maximum, Salik's annual concession payment will be raised accordingly, in line with inflation. Any adjustment of the concession fee is capped to not exceed 25% of toll revenue and to not fall below 15%.

The Concession Agreement also lays out the framework around any potential additions to the toll gates network. Once approved, Salik has the right to acquire the tolling rights in return for an upfront payment as well as an ongoing concession fee. The mechanism for determining the upfront fee and resolving any differences of opinion between RTA and Salik on the upfront fee has been detailed in the Concession Agreement.

New gate addition mechanism

RTA may consider additional toll gates as potential alternative solutions to effectively manage traffic flow. Any new potential Salik gates will be subject to review as part of the update of the Strategic Transportation Plan.

The steps of the approval process are as follows: RTA will conduct detailed studies clarifying traffic impacts. RTA will raise reports to the RTA Board and discuss these with the RTA Board. If the RTA Board approves the requests for additional gates, the RTA will raise the proposals to the Dubai Executive Council (TEC) for its ultimate approval.

For Salik, acquiring tolling rights to a new gate will require an ongoing concession fee. The upfront payment will be based on a valuation of expected tolling income based on a weighted average cost of capital (WACC) + incentive premium of 2%. Unless otherwise agreed, an independent financial advisor will determine the WACC.

Independent oversight

Unless otherwise agreed, the valuation of a new gate, which determines the upfront payments, is performed by financial and commercial advisors appointed by RTA, Salik and an independent expert. In cases of a discrepancy of >5% in Salik's and RTA's estimated valuation, Salik's upfront payment will be based on the lowest NPV plus a potential earn-out in addition to possible additional payments according to the mechanism.

To bridge any potential gap in EBITDA, Salik will pay earn-out obligations for a 'ramp-up period'. The earn-out is based on the difference in annual cash flows between traffic projections and actual traffic volumes accounting for the time value of money.

Depending on the actual traffic in the first payment interval (years one to three) and in the second payment interval (years four and five), if the traffic is at or below the lowest NPV traffic projections, no additional payments will be required. If the traffic is above the lowest NPV traffic projections, the earn-out is paid pro rata. After the first five years, there is no earn-out, irrespective of the actual traffic levels.

2. Governance Report

Governance Overview

Overseen by a diverse team of planners, engineers and policymakers, the corporate governance framework is integral to Salik's ability to meet its strategic objectives and create shareholder value through transparent and responsible growth.

Its success in forging a world-renowned urban mobility infrastructure is the result of, not only strong governance, but also the talents of a team of highly-experienced executive managers who are innovators and leaders in their fields. Collectively, they safeguard Salik's business continuity transparently and responsibly to ensure that it can deliver sustainable growth and keep Dubai moving – all day, every day, 365 days a year.

Salik is overseen by an independent panel of industry veterans who have helped shape the face of modern-day Dubai.

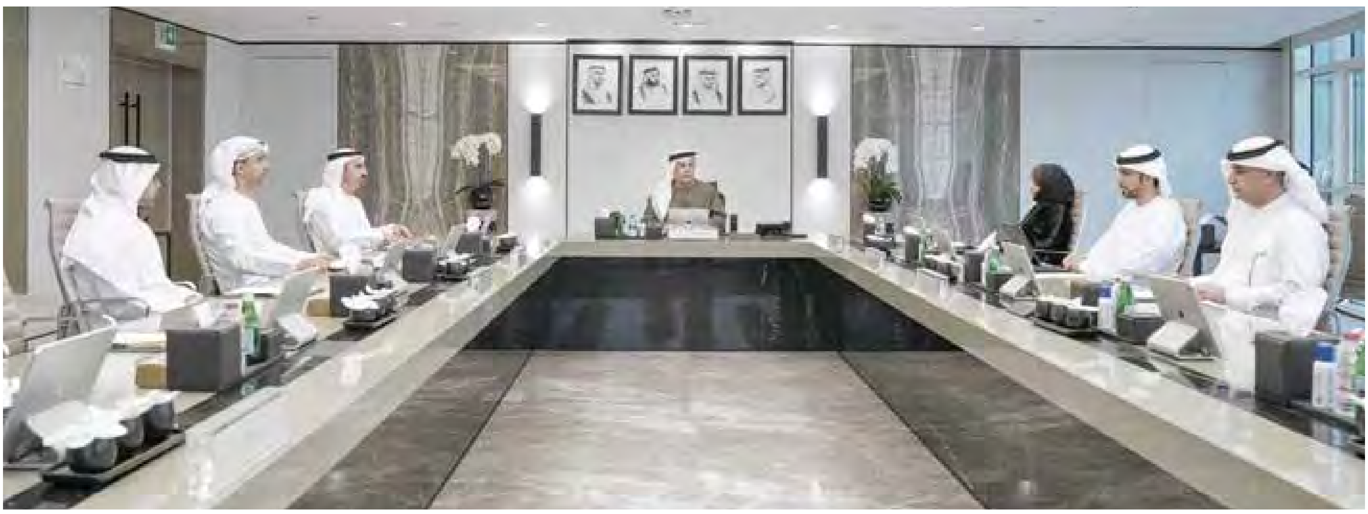
Salik's Board of Directors is committed to the highest level of corporate governance standards, safeguarding business integrity and investor trust. All of Salik's Directors and employees are expected to act with honesty, integrity and fairness. In addition, Salik complies with all applicable laws, follows ethical business practices and adheres to robust governance procedures across its operations. The Company is governed by a seven-member Board of Directors that is committed to maintaining corporate governance standards in line with international best practices.

The current Board has more than 150 years of combined experience in planning and managing Dubai's mobility needs – a diverse team that includes engineering leaders whose work has helped define Dubai's urban footprint. The Board is comprised of six independent Non-Executive Directors and one Executive Director, each appointed to three-year terms. They meet at least every three months.

The Chairman facilitates Non-Executive Directors' contributions and the relationship between them and the Executive Director. Non-Executive Directors contribute significantly by constructively challenging and contributing to the development of strategy. Management performance is monitored, as is the integrity of financial data and the effectiveness of financial controls and risk management systems. Non-Executive Directors are in charge of determining appropriate levels of remuneration for Executive Directors and play a key role in the appointment of new Directors. The terms and conditions of Non-Executive Director appointments are available for review.

The Board provides Salik with strategic leadership and determines the Company's fundamental management policies, as well as oversees the performance of Salik's business and its CEO. The Board is the principal decision-making body for all matters of a significant nature to Salik, whether they be strategic, financial or reputational.

The Salik Board operates two permanent Committees – the Audit Committee, which provides its opinion on financial reports and external and internal audits and controls, and the Nomination, Remuneration and ESG Committee, which advises on the nomination and remuneration of Board members and top management, as well as Salik's ESG and sustainability strategies and policies. The Board has approved a governance framework that maps out the internal approvals processes and those matters that may be delegated in order to promote effective governance across all of its operations.



Board of Directors

Salik's Board of Directors' experience, qualifications and membership in government entities.

→ View the full biographies of the Board on page 52

His Excellency Mattar Al Tayer
Chairman

Board Committees

Ⓐ Audit Committee

The Audit Committee meets at least four times a year. It is responsible for reviewing and monitoring the integrity of the Company's financial statements, financial and accounting policies, and non-audit work by external auditors. It oversees the relationship with the Company's external auditors, advises on appointment of external auditors, and reviews the effectiveness of the external audit process and the Company's internal control review function.

Ⓝ Nomination, Remuneration and ESG Committee

The Nomination, Remuneration and ESG Committee oversees the appointment and remuneration of members of the Board and senior management, as well as the Company's ESG and sustainability strategy and policies. It is responsible for evaluating the hiring of Salik's senior management and monitoring the independent status of independent Directors. The Committee also makes recommendations to the Board on executive remuneration, as well as develops the Company's sustainability strategy and sets appropriate initiatives and policies.

Key

(A) Audit Committee member (N) Nomination, Remuneration and ESG Committee member ● Commitee Chair

(A) **Mr. Abdul Muhsen Ibrahim Kalbat**
Vice-chairman

(A) (N) **H.E. Mohammed Abdulla Lengawi**
Director

(A) (N) **H.E. Mohammed Abdulrahman Alhawi**
Director

(N) **Mr. Mohammed Al-Mudharreb**
Director

Mr. Ibrahim Sultan Al Haddad
Director and Chief Executive Officer

Eng. Maitha Bin Adai
Director

Executive Management

Salik is managed by a highly-skilled and experienced executive team who share a common vision for the Company's success.

Mr. Ibrahim Sultan Al Haddad
Chief Executive Officer and Board Member

Mr. Maged Ibrahim
Chief Financial Officer

Mr. Tariq Ismail Mohammed
Chief Technology Officer

→ View the full biographies of the Executive Management Team on page 58

Enterprise Risk Management

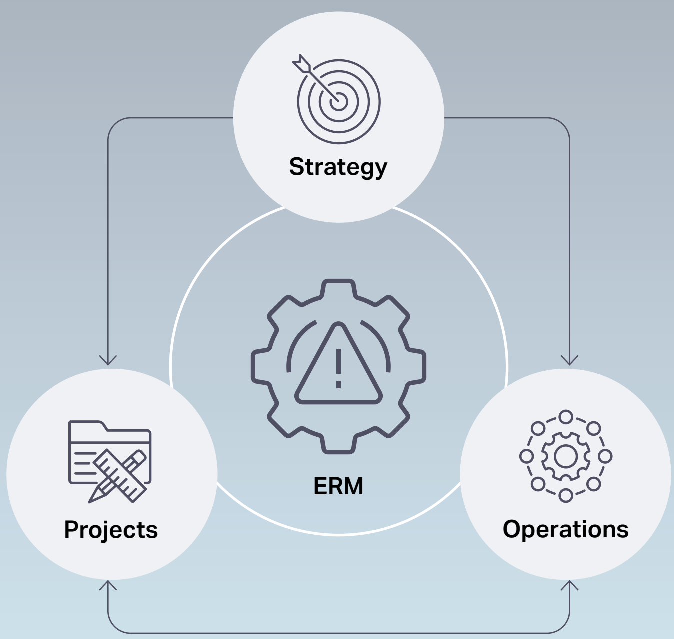
Enterprise Risk Management (ERM) serves as a central engine to manage uncertainties and drive performance and resilience.

As the biggest urban hub for tourism and business in the Gulf, Dubai is a city that rarely sleeps. Tourists and business executives, as well as the Emirate's approximately 3.7 million residents, rely on Dubai being open and accessible 24 hours a day, 365 days a year.

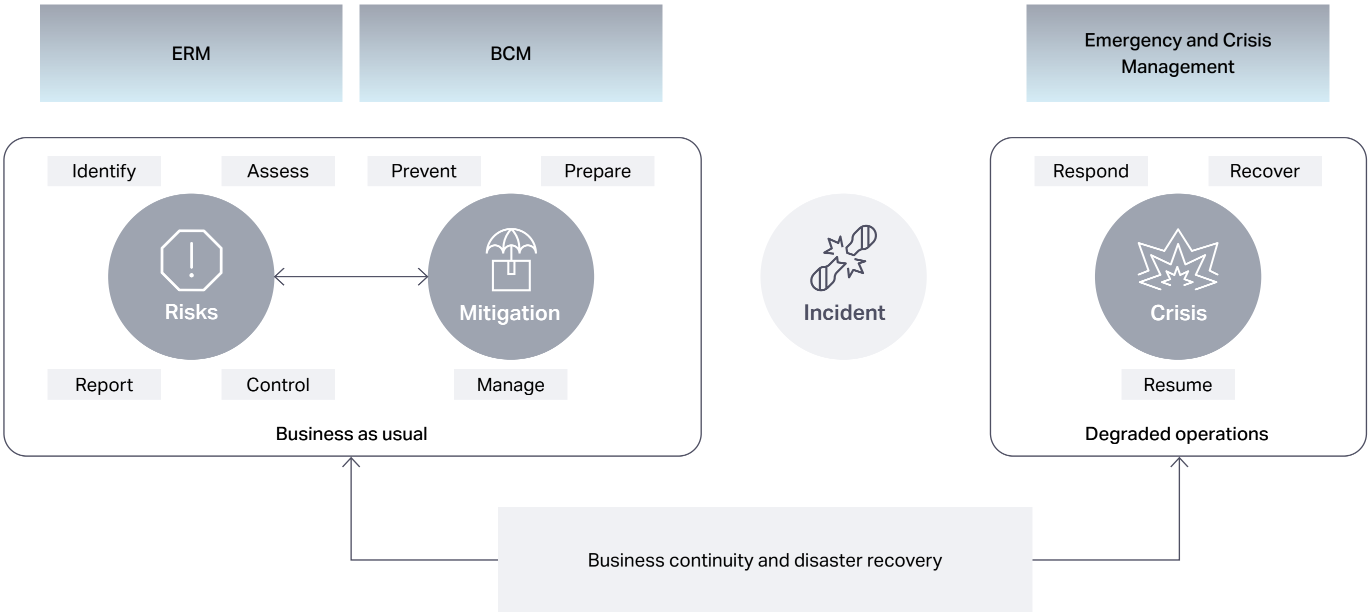
As Dubai's exclusive toll operator, Salik is aware of and committed to its obligation to provide seamless, barrier-free, uninterrupted motion through its eight automatic toll gates running through the heart of the Emirate, where nearly 1.6 million vehicles passed each day in 2023.

As Salik embarks on its growth trajectory by diversifying its revenue streams while ensuring continued disruption-free operations of the Dubai tolling systems, Salik's ERM framework continues to serve as the central engine for all risk management activities across the organisation.

Salik has designed and adopted its risk management practices at all levels as an integrated tool for decision-making. This encompasses strategic and other emerging risks, including operational risks and project-specific risks.



An integrated approach towards ERM, Business Continuity Management (BCM) and Crisis Management drives a resilient business.



At Salik, we have not only designed technologies with built-in continuity capabilities but have developed an organisational culture where risk management, business continuity, response and recovery protocols, and financial resilience are embedded in everything we do. Operationalising a culture and philosophy of reliability and resilience at all levels of the organisation has helped the Company to realise virtually no customer-facing systems downtime and close to zero revenue losses.

Salik's integrated approach to ERM, business continuity management and crisis management underpins its ability not only to respond to operational disruptions, but deliver on its long-term growth objectives. Contextualised risk appetite statements have been approved by Salik's Board of Directors, setting out limits on acceptable risks for all business units to follow in pursuit of opportunities and growth, and supporting risk-based decision-making at all levels.

Salik's ERM Policy drives common language and protocols for identifying, documenting and communicating risks. The deployment of the ERM Policy across the organisation at all levels ensure identification and management of risks, within the overarching appetite levels set out by the Board of Directors. These risks, along with their mitigation plans across all levels of the organisation, are monitored by the management-level committee established at Salik. This ensures that a cross-functional management team is always on top of all risk management activities, including critical vendor and third-party relationships, driving Salik's readiness and resilience to disruptions across value chains.

Top Risks affecting Salik's ability to achieve its strategy and ensure disruption-free operations are aggregated and communicated to the Salik Board of Directors, having already been reviewed and endorsed by Salik's management committees. The Top Risks are also independently endorsed by Salik's Audit Committee. This exercise is carried out on a quarterly basis to ensure that the Salik Board of Directors is aware of and informed about the Top Risks to ensure their timely attention and instruction.

Salik's best-in-class roadside tolling technology is designed to deliver continuity and resilience. It was built on high-availability and high-redundancy designs that produce 99%+ uptimes across all toll gates as well as back-end processes. Disaster recovery plans support the fundamentally robust technical framework, which in 2023 continued to support seamless notification, monitoring, communication, resolution of incidents and resumption of services.

Salik's business continuity management system, based on a BCM Policy approved by the Board of Directors, ensures that business impact analyses are regularly carried out. Furthermore, business continuity plans are prepared and tested to ensure resilient operations.

Salik's ERM seamlessly aligns with the 'three lines of defence' governance model, with the Board of Directors providing executive decisions on the key risks faced by Salik. In addition, its Audit Committee, which has visibility and oversight over the integrated ERM model, provides assurance on the governance practices adopted by Salik.

Corporate Governance Report

1. Procedures taken to complete the corporate governance system during 2023 and their associated methods of implementation.

Salik is committed to maximising stakeholder value while ensuring compliance with the provisions of all applicable laws and regulations, including those prescribed by the Securities & Commodities Authority of the UAE (SCA) and the Dubai Financial Market (DFM). During 2023, an annual assessment has been conducted on the Board of Directors and its related committees by Nasdaq Dubai.

Salik further recognises that a well-considered and established corporate governance framework facilitates effective decision-making and builds a strong relationship with stakeholders through a transparent structure that supports high-quality disclosures.

Regarding Governance Guide provisions, the Company implemented various policies adopted by the Company Board of Directors, taking into account the interests of the Company, shareholders and all other stakeholders, as follows:

A. Board of Directors

The composition of the Board of Directors and its terms of reference comply with the requirements of the SCA Governance Guide, the Commercial Companies Law No. 32 of 2021, the Articles of Association of the Company (AOA) and other relevant laws and regulations.

Salik adheres to the terms of reference set out by the Board of Directors in relation to its composition, operating procedures and responsibilities, such as:

I. The Board is charged with the duty to ensure that the Company carries out its objectives described in the AOA. It has the responsibility and authority to determine the frameworks, policies and practices which govern, control and monitor the management of the operations and risks of the Company in the interest of achieving these objectives.

II. The Board will provide clear, objective and appropriate guidelines and will make its collective knowledge and experience available to the Company.

III. The Board is responsible for applying corporate governance regulations and criteria in accordance with the Corporate Governance (CG) Code, which applies to all listed public joint stock companies in the United Arab Emirates.

IV. The Board retains the ability to delegate matters which it thinks appropriate to its Committees, members of the Board or Senior Executive Management. Such powers are delegated by way of a defined authority matrix approved by the Board.

V. The independent Board members confirmed their independent status during the year 2023, and the Company verified that the legal requirements regarding the minimum number of independent Board members have been satisfied.

B. Committees of the Board of Directors

The Board of Directors established two (2) committees, as follows, and each Board committee acts in accordance with its terms of reference:

I. Audit Committee

II. Nomination, Remuneration and ESG Committee

C. Internal control

I. In line with SCA guidelines, the Board has overall responsibility for ensuring the effectiveness of Salik's internal control systems. The Board is responsible for setting a clear framework of effective internal control systems, which form part of the Company's drive towards evermore effective and efficient operations, accurate financial reporting, and compliance with laws and regulations.

II. The Board has established an Internal Audit section which independently ensures that the Company is managing risks effectively and the adequacy and effectiveness of the internal control, risk management, governance, systems and processes.

III. The Audit Committee assists the Board in overseeing the application of the internal control system. The internal control policy requires that the Board of Directors annually reviews the Company's internal control system.

D. Code of Conduct

I. Salik has adopted a Code of Conduct which outlines the core values of the Company and aims to enhance the spirit of responsibility and adherence to ethical standards.

II. The Board-approved Code of Conduct applies to Salik's Directors and all employees. Salik encourages contractors, consultants, business partners, suppliers and any other person who works with or represents Salik.

E. Dealing with Company securities

I. The Board has agreed to written rules with respect to the business of the members of the Board and employees of the Company in securities issued by the Company, its subsidiaries or sister companies.

2. Ownership and transactions of the Board of Directors, their spouses and their children's transactions in Company securities during 2023

Name	Relationship/Position	Owned shares as of 31 Dec 2023	Total sale	Total purchase
H.E. Mattar Al Tayer	Relatives*	0	1,103	–
Mr. Abdul Muhsen Ibrahim Kalbat	Vice-Chairman	1,000,000	–	–
Mr. Abdul Muhsen Ibrahim Kalbat	Relatives*	0	1,081	–
Mr. Ibrahim Sultan Al Haddad	Board Member & CEO	1,000,000	–	–
Mr. Mohammed Al-Mudharreb	Board Member	1,092	–	–
Mr. Mohammed Al-Mudharreb	Relatives*	0	1,060	–

* Relatives include spouses and children.

3. Composition of the Board of Directors

A. Formation of the current Board

The Salik Board of Directors was constituted pursuant to Dubai Executive Council Resolution 43 of 2022.

Name	Category	Memberships and positions in other Joint Stock Companies (in UAE)	Starting from
H.E. Mattar Mohammed Al Tayer Chairman	Independent Non-Executive	N/A	23 June 22
Mr. Abdulmuhsen Ibrahim Abdulrahman Kalbat Vice Chairman	Independent Non-Executive	Chairman of Dubai Taxi Company P.J.S.C.	23 June 22
H.E. Mohammed Abdulla Lengawi	Independent Non-Executive	N/A	23 June 22
H.E. Mohammed Abdulrahman Alhawi	Independent Non-Executive	N/A	23 June 22
Mr. Mohammad Yousuf Al-Mudarreb	Independent Non-Executive	N/A	23 June 22
Mr. Ibrahim Sultan Al Haddad Chief Executive Officer (CEO)	Executive	N/A	23 June 22
Eng. Maitha Mohammed bin Adai	Independent Non-Executive	N/A	23 June 22

Corporate Governance Report continued

3. Composition of the Board of Directors continued

A. Formation of the current Board continued

Salik's Board of Directors' experience, qualifications and membership in government entities:

His Excellency Mattar Al Tayer

Commissioner General for Infrastructure, Urban Planning and Well-Being Pillar

Director General, Chairman of the Board of Executive Directors of the Roads and Transport Authority – Dubai

His Excellency Mattar Al Tayer, Commissioner General for Infrastructure, Urban Planning and Well-Being Pillar and Director General, Chairman of the Board of Executive Directors of the Roads and Transport Authority (RTA) holds a Bachelor's degree in Civil Engineering from the University of Wisconsin, USA, 1983. Prior to taking up RTA's leadership role, Al Tayer worked in Dubai Municipality since 1983. He worked in several specialised and supervisory roles, ranging from Director of the Roads Department up to Deputy Director General of Dubai Municipality.

He took leadership of RTA in November 2005 where he oversaw the establishment phase, including the recruitment of competent and experienced professionals. Under his leadership, RTA has made remarkable achievements in a variety of fields, including radical development of the mass transit system through mega projects, such as Dubai Metro (Red and Green Lines) and Dubai Tram. It has made a major shift in the bus and marine transit services as well as the developments in the road network, including multiple crossings on Dubai Creek such as the Infinity Bridge, Business Bay Crossing, Al Garhoud Bridge and the Floating Bridge. RTA has also developed key roads and interchanges on Sheikh Zayed Road, Al Khail Road, Sheikh Mohammed bin Zayed Road and Emirates Road, as well as the construction of 15 projects to serve Expo 2020 costing more than AED15 billion highlighted by Dubai Metro's Route 2020 and a sprawling roads network. Al Tayer has also overseen the improvement of the Dubai-Al Ain Road Project, in addition to Al Shindagha, Al Khawaneej and Tripoli Corridors. His portfolio includes an array of superb projects, such as the Dubai Water Canal, Jumeirah Corniche, Etihad Museum, Enterprise Command and Control Center (EC3), and the Dubai Intelligent Traffic Systems Centre. Overall, Al Tayer has overseen projects worth more than AED 140 billion undertaken by RTA. Such achievements and projects have ranked the RTA amongst the leading and reputed global entities in the roads and transportation industry. Matching its outstanding record of achievements, RTA has won more than 270 local, regional and international awards.

In his capacity as Commissioner General for Infrastructure, Urban Planning and Well-Being Pillar, Al Tayer oversaw the development of the Dubai 2040 Urban Master Plan, which sets out a long-term strategy for the Emirate and identifies the core urban planning areas highlighted by well-being, housing, economy and tourism, as well as the governance and regulation of land uses, and the development of the Dubai Citizens Housing Policy. He oversees the implementation of projects under Hatta Master Development Plan and he chairs the Supreme Committee for Hatta Master Development, Dubai landscape and rural development projects, in addition to the well-being initiatives and projects in the Emirate. Al Tayer also steers the corporate transformation scheme for government departments affiliated with the Infrastructure, Urban Planning and Well-Being, namely Dubai Municipality, Dubai Land Department and Mohammed bin Rashid Housing Establishment. This cooperation has paid dividends reflected in launching a host of superb initiatives across the Emirate, such as:

- A 20-Year Government Housing Programme to the tune of AED 65 billion
- The Unified Comprehensive Map of Dubai Lands
- Dubai RE-Tech Platform
- Member of the Strategic Affairs Council of Dubai Government
- Member, Board of Trustees of Dubai Future Foundation
- Member, Preparatory Committee of World Expo 2020
- Chairman of the Supreme Committee to Oversee the Development of Hatta
- Chairperson of the Board of Trustees, 'Mohammed Bin Rashid Al-Maktoum Creative Sports Award'
- Chairman of Etihad Rail DB
- Chairman of Dubai Future Council for Transportation
- Deputy Chairman of Board of Trustees, Hamdan Bin Mohammed Smart University
- Vice Chairman of Al Qouz Creative Zone Committee
- Member of the Supreme Committee for The Conference of the Parties (COP 28)
- President of the Board of Governors for Hamdan Bin Mohammed Smart University

Al Tayer also assumed several key posts in Councils, Boards and Committees in Dubai and the UAE highlighted by:
- Head of Higher Committee of Dubai Urban Master Plan 2040 (2020-2021)
- Deputy Chairman of the Infrastructure and Environment Committee – Dubai Executive Council (2005-2017)
- Chairman of the Emirates Society of Engineers (2004-2010)
- Board Member, Union National Bank
- Chairman of the Board of Trustees, Hamdan bin Mohammed Award for Innovation in Project Management
- Board Member, Federal Transport Authority-Land and Maritime

Throughout his professional career, Al Tayer has received multiple accolades in recognition of his successful leadership of the RTA, such as:
- Mohammed bin Rashid Al Maktoum Sash, September 2011
- Honorary Fellowship from the British Institute of Civil Engineers (ICE), UK, 2010
- ABLF Best Business Citizen Award, 2017
- Man of the Year (CEO Middle East Award), 2009
- Middle East Forum for Special Needs Award, 2009

Al Tayer is actively engaged in several local and federal councils, boards and committees, including:
- Member of The Dubai Council – Commissioner General for Infrastructure, Urban Planning and Well-Being Pillar
- Member of Executive Council in Dubai
- Member, Board of Trustees of Mohammed Bin Rashid Al Maktoum Global Initiatives
- Member of The Higher Committee for Development and UAE National Affairs
- Board Member of Etihad Rail
- Deputy Chairman, Dubai Sports Council
- Member of Dubai's Supreme Committee of Crisis and Disaster Management
- Chairman of the Higher Committee for Urban Planning in Dubai
- Member of UAE Infrastructure and Housing Council
- Chairman of Salik Company P.J.S.C.

Mr. Abdul Muhsen Ibrahim Kalbat
Vice-Chairman

Mr. Abdul Muhsen Ibrahim Kaibat has been a member of RTA's Board of Directors since its inception in 2005. As a co-founder of RTA, he has helped shape its organisational structure, its perpetual-improvement culture and its robust governance, operational and cross-functional frameworks. From 2005 through 2015 as CEO of RTA's Strategy and Corporate Governance Sector, he led RTA's transformation into a fully-integrated provider of transportation solutions ranging from roadway to rail to public transport. He was awarded a Medal of Honour in 2011 by His Highness Sheikh Mohammed Bin Rashid Al Maktoum. Since 2015, he has been CEO of the Rail Agency, as well as serving as the Vice-Chairman of the RTA's Board of Directors since 2022. He received his Bachelor of Arts in Computer Science from the University of the United Arab Emirates, Al Ain, and is a graduate of the Mohammed Bin Rashid Executive Leadership Development Programme.

H.E. Mohammed Abdulla Lengawi
Director

H.E. Mohammed Abdulla Lengawi is experienced in safety, security and crisis management, and airport operations with a strong business acumen. He has hands-on experience in planning, organising, coordinating, directing and controlling airport crisis functions and all matters related to aviation. H.E. Lingawi has been serving as Director General of Dubai Civil Aviation Authority since January 2024. Since 2016, H.E. Lengawi has served Executive Director of Aviation Security & Accident Investigation, where he is responsible for aviation security, risk minimisation, policymaking and many other functions.
He has a proven track record of effectively managing a variety of departments and functions.

Corporate Governance Report continued

3. Composition of the Board of Directors continued

A. Formation of the current Board continued

H.E. Mohammed Abdulrahman Alhawi
Director

H.E. Mohammed Alhawi has served since February 2024 as Undersecretary for the UAE Ministry of Investment. He has also served as Director of Economic Development of the (Dubai) Executive Council, where he led Dubai economic policy and strategy development. He is Chairman of the Economic Team and reports to the Executive Council with the mandate of enhancing Dubai's economic and competitive position. He was previously Vice President in the Technology, Manufacturing & Mining Platform at Mubadala, where he led an international investment consortium of multi-billion-dollar infrastructure projects. He has also developed research and development strategy for the world's fifth-largest aluminium company and held positions at the Prime Minister's Office and the Executive Office. H.E. Alhawi received a Master of Science in Computer Science from University College London, in addition to a Bachelor of Science in Mathematics from Imperial College London.

Mr. Mohammed Al-Mudharreb
Director

Mr. Mohammed Al-Mudharreb is a digital transformation leader in mobility in Dubai and Chief Executive Officer of RTA's Corporate Technology Support Services. He is responsible for leveraging cutting-edge technologies, including fourth industrial revolution technologies such as artificial intelligence, robotics and big data, to create pioneering, digitally-enabled experiences for drivers, commuters and road users. He built his leadership portfolio serving as Director of Rail Operations at RTA, where he managed a world-class railway service in Dubai. Mr. Al-Mudharreb was also responsible for delivery and operation of the Automated Fare Collection System for all transport modes in Dubai as well as development of other commercial revenue streams. He is a member of many city-wide committees and taskforces overseeing Dubai's digital transformation.

Mr. Ibrahim Sultan Al Haddad
Chief Executive Officer and Board member

Mr. Ibrahim Al Haddad is a highly-experienced professional with over 20 years of delivering impactful projects. Since joining, he has led Salik to achieve outstanding results and continuous growth, and he has a strong track record in commercial transformation and public-private partnerships and spearheaded marquee projects, such as RTA's Hala Joint Venture Agreement with Careem, the commercial transformation of Dubai Taxi, the Hypermedia concession agreement and the RTA Invest Portal. Under his leadership, RTA won the CFI award for 'Most Innovative Logistics Project Investment Team – GCC 2019' and became the first regional entity to obtain ISO 10014:2006 certification, demonstrating that RTA's commercial and investment practices meet global leading practices. Mr. Al Haddad holds a Master's degree in Real Estate Management from the University of South Wales – Sydney, and a Bachelor's degree in Architectural Engineering from UAE University.

Eng. Maitha Bin Adai
Director

Eng. Maitha Bin Adai served as the Chief Executive Officer of RTA's Traffic and Roads Agency since 2005. She also served as the Chief Executive Officer for Dubai Licensing. She has supervised projects, including Dubai's floating bridge and Dubai Water Canal. Selected as a Top 10 Influential Woman Leader by Forbes in 2018, Eng. Bin Adai has received the Sheikh Rashid Award for Scientific Excellence, the MBR Medal, the Prince Michael International Road Safety Award and the Golden Excellence Shield from the Ambassador of Arab Cooperation for the Arab Council for Social Responsibility in Jordan. She holds a Master's degree in Transportation Engineering from the University of Newcastle, and a Bachelor's degree in Civil Engineering from the University of Kuwait.

B. The percentage of female representation on the Board for 2023

Eng. Maitha Bin Adai is the female representative on the Board of Directors for 2023. She was appointed pursuant to Dubai Executive Council Resolution 43 of 2022.

C. Remuneration statements

I. Total remuneration paid to Board members for 2022:

The total remuneration of the Company's Board of Directors (Executive and Non-Executive) in 2022 was AED 3.1 million, as approved at the Annual General Meeting of the Company and set out in the Company's 2022 Corporate Governance Report.

II. Total remunerations of the Board members, which are proposed for 2023, and will be presented in the Annual General Assembly meeting for approval in line with the Board Remuneration Policy of the Company approved by shareholders at the Annual General Meeting on 31 August 2022 and which remuneration is subject to approval by the Annual General Meeting of the Company:

a) AED 3.1 million as a total remuneration to be paid to independent Non-Executive members of the Company.

b) AED 400 thousand remuneration to the Executive Board Member, Mr. Ibrahim Sultan Al Haddad, in addition to his annual salary and bonus mentioned in this report for his executive duties in 2023.

III. Details of the allowances for attending sessions of the Committees emanating from the Board, which Board members received for the fiscal year 2023:

Name	Position	Fees (AED)	No. of meetings	Total (AED)
Audit Committee				
Mr. Abdulmuhsen Ibrahim Abdulrahman Kalbat	Chair	15,000	5	75,000
H.E. Mohammed Abdulrahman Alhawi	Vice-Chair	10,000	5	50,000
H.E. Mohammed Abdulla Lengawi	Member	10,000	5	50,000
Dr. Ayesha Lootah	External member	10,000	5	50,000
Nomination, Remuneration and ESG Committee				
Mr. Mohammad Yousuf Al-Mudarreb	Chair	15,000	5	75,000
H.E. Mohammed Abdulla Lengawi	Vice-Chair	10,000	5	50,000
H.E. Mohammed Abdulrahman Alhawi	Member	10,000	5	50,000

IV. Details of additional allowances, salaries or fees received by a Board member other than allowances for attending committees and their reasons:

Board members did not receive any additional allowances, salaries or fees in 2023.

Corporate Governance Report continued

3. Composition of the Board of Directors continued

D. Number of Board meetings held during 2023

The Board of Directors held six (6) meetings in 2023, as detailed below. The Board of Directors accepted the absences shown.

Name	10 February 2023	6 March 2023	11 May 2023	23 October 2023	13 November 2023	7 December 2023
H.E. Mattar Mohammed Al Tayer	✓	✓	✓	✓	✓	✓
Mr. Abdulmuhsen Ibrahim Abdulrahman Kalbat	✓	✓	✓	✓	✓	✓
H.E. Mohammed Abdulla Lengawi	✓	Apologised	✓	✓	✓	✓
H.E. Mohammed Abdulrahman Alhawi	✓	✓	✓	✓	✓	✓
Mr. Mohammad Yousuf Al-Mudarreb	✓	✓	✓	✓	✓	✓
Mr. Ibrahim Sultan Al Haddad	✓	✓	✓	✓	✓	✓
Eng. Maitha Mohammed bin Adai	✓	✓	Apologised	✓	✓	Apologised

E. Number of Board resolutions passed during 2023 and meeting dates

The Board of Directors held two (2) meetings by circulation on the following days:
- 23 June 2023
- 10 August 2023

F. Board duties and powers exercised by Board members or Executive Management members during 2023

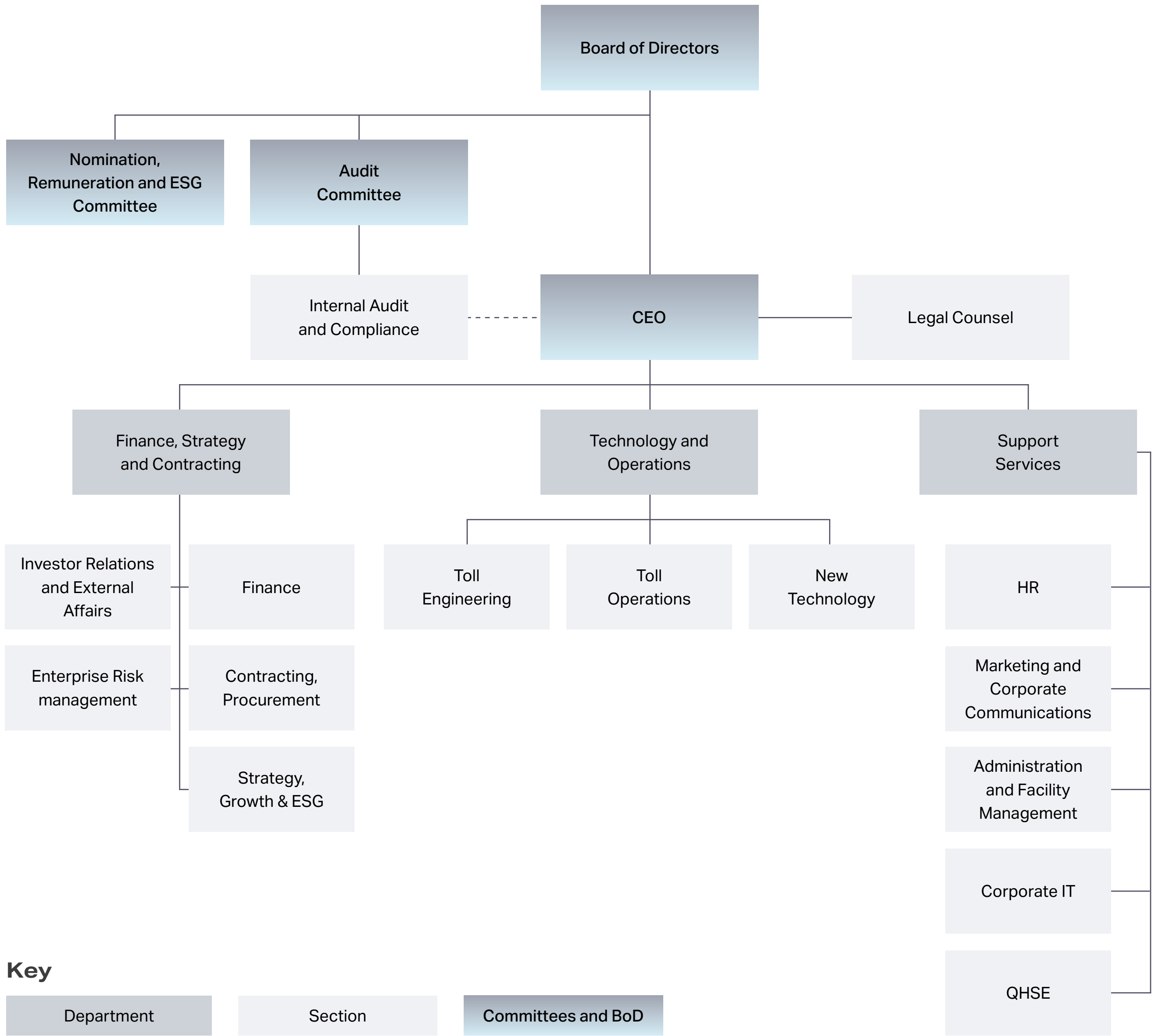
The Board of Directors delegated to the Executive Management powers relating to various matters, such as the power to approve consultancy services, operating expenses and banking transactions within certain financial limits. This delegation of powers is reviewed and approved each year by the Board of Directors.

G. Transaction with related parties

The Company has not entered into any transaction with related parties in accordance with the definitions provided for these terms in the Governance Guide.

The financial statements for the year 2023 reflect the key related party transactions as such term is defined in the International Financial Reporting Standards (IFRS).

H.Salik's organisational structure



Corporate Governance Report continued

3. Composition of the Board of Directors continued

I. Senior executive employees:

The table below states names, positions, joining dates, total salaries and bonuses for 2023:

Name	Position	Date of joining	Total salaries and other benefits (AED)*	Bonus accrued for FY23 (AED)
Mr. Ibrahim Sultan Al Haddad	Chief Executive Officer	1 July 2022	2,286,750	324,778
Mr. Maged Ibrahim	Chief Financial Officer	1 July 2022	1,487,250	184,533
Mr. Tariq Ismail Mohammad	Chief Technology Officer	1 November 2022	1,452,667	172,512
Mr. Tariq AlMutawa	Support Services Director	3 October 2022	1,191,172	131,223
Mr. Anwar El Khatib	Legal Counsel	10 January 2023	1,327,097	162,600

*The above amount includes other benefits and allowances for the period July 2022 – December 2022 which were approved and paid during the year ended 31 December 2023.

Mr. Ibrahim Al Haddad
Chief Executive Officer and Board member

Mr. Ibrahim Al Haddad is a highly-experienced professional with over 20 years of delivering impactful projects. Since joining, he has led Salik to achieve outstanding results and continuous growth, and he has a strong track record in commercial transformation and public-private partnerships and spearheaded marquee projects, such as RTA's Hala Joint Venture Agreement with Careem, the commercial transformation of Dubai Taxi, the Hypermedia concession agreement and the RTA Invest Portal. Under his leadership, RTA won the CFI award for 'Most Innovative Logistics Project Investment Team – GCC 2019' and became the first regional entity to obtain ISO 10014:2006 certification, demonstrating that RTA's commercial and investment practices meet global leading practices. Mr. Al Haddad holds a Master's degree in Real Estate Management from the University of South Wales – Sydney, and a Bachelor's degree in Architectural Engineering from UAE University.

Mr. Maged Ibrahim
Chief Financial Officer

Mr. Maged Ibrahim has 32 years of experience in finance and auditing for Big4 audit firms and government entities. He joined RTA in 2010 and worked for 12 years in the RTA's financial department. Experienced, analytical and solution-driven, he has worked the spectrum of financial operations in fundraising, cost reduction, revenue maximisation and megaproject financing. His expertise in financial management includes financial sustainability, consolidated financials, planning, budgeting, treasury operations, and accounting policies and procedures. He has overseen mega projects from concept to final settlement to financing facilities agreements through export credit agencies with local and international participation. He has a certified accounting degree (CPA) from Illinois University, and a Master's degree in Business Administration from Canadian University. He is a Certified Fraud Examiner (CFE), Certified Internal Controls Accountant (CICA) and is IFRS Certified (CertIFR).

Mr. Tariq Ismail Mohammed
Chief Technology Officer

Mr. Tariq Ismail Mohammed joined Salik as Chief Technology Officer in October 2022. He has nearly 17 years of management experience and joined Salik from Injazat Data Systems, where he was the Hassant UK Program Director. Before that, he spent nearly a decade at RTA as a deputy director and transportation systems manager and, later, as a senior manager in its Enterprise Command and Control Centre. He holds a Bachelor's degree in Information Technology from American University in Dubai and a Master of Business Administration (MBA) from Bayes Business School – City, University of London.

Mr. Tariq Al Mutawa
Support Services Director

Mr. Tariq Al Mutawa joins the Company from Emirates Airlines, where he has over 15 years of management experience. Most recently, he served as the Country Manager of Emirates Airlines for Thailand and, before that, he was the Manager for Kuwait and Iraq. Tariq was previously the country manager for Emirates Airlines Bahrain and Qatar and has significant experience managing large teams of 100+ employees. He holds a Bachelor's degree from the American University in Dubai and a Masters degree in General Management from Coventry University UK. In his free time, Tariq likes to enjoy playing sports and has a passion for Advanced technology.

Mr. Anwar El Khatib
Legal Counsel

Mr. Anwar El Khatib has over 28 years of experience across in-house and private legal practice. During his previous role with Oman insurance 'Sukoon' Anwar led all legal, compliance and corporate affairs and expanded the function and restricted the outsourcing of work to litigation and specialist areas.

He also led several JVs and acquisitions in Turkey and Iraq. Anwar also joined Tamweel at the height of the global crisis, where he established its entire legal function from scratch, with minimal resources. He established a ground-breaking process for enabling Sharia-compliant documents to be enforceable in conventional Courts between 2009 and 2010. Anwar's previous roles have included interior specialist Depa's group legal director and Company Secretary and partner at Souhaid, Sayssa and Khatib.

Anwar was recognised, in 2015, as one of the most influential in-house lawyers in the Middle East through The Legal 500's 'GC Powerlist', re-selected by Legal 500 for the GC Powerlist 2017 as well as awarded 'General Counsel of the Year' by the IAIR Awards 2015.

4. External auditor

A. An overview of the Company's auditor

PricewaterhouseCoopers Limited Partnership Dubai Branch (PwC) is an international professional services brand of firms operating as a partnership under the PwC brand. It is amongst the largest professional services networks in the world. As a community of solvers, with 7,000 people across the Middle East region, PwC brings the right combination of people, technology and expert capabilities from Strategy through to Advisory and Consulting, to Tax and Assurance Services to solve the region's most pressing challenges. PwC is the second-largest professional services network in the world and is considered one of the 'Big Four' accounting firms.

B. Fees and costs for audit or services provided by the external auditor

Audit firm	PwC
Number of years as the Company's external auditor	Second year
Name of the partner auditor	Mr. Wassim El Afchal
Number of years the partner auditor spent auditing the Company's accounts	Second year
Total audit fees for 2023	AED 950,000
Fees for non-audit services in 2023	AED 1,790,000
Details of non-audit services in 2023	Corporate IT Consultancy to develop Corporate IT Strategy, Operating Model and Enterprise Architecture for the Company.
Details of any professional services provided by other audit firms	• KPMG Lower Gulf Limited: Provide support for finance, procurement, and VAT services. • Grant Thornton Audit and Accounting Limited & AJMS Global Consulting LLC – Assistance with internal audit

C. Reservations that the auditor included in the interim and annual financial statements for 2023

No reservations or concerns.

Corporate Governance Report continued

5. Audit Committee

A. The Audit Committee Chairman's acknowledgement of his responsibility for the Committee system at the Company, review of its work mechanisms and ensuring its effectiveness

Abdulmuhsen Ibrahim Abdulrahman Kalbat, the Audit Committee Chairman, acknowledges his responsibility for the Committee system in the Company for reviewing its work mechanisms and ensuring its effectiveness.

B. Names of Audit Committee members with competencies and assigned tasks

Name	Category in Board of Directors	Position in the Committee
Mr. Abdulmuhsen Ibrahim Abdulrahman Kalbat	Independent Non-Executive	Chairman
H.E. Mohammed Abdulla Lengawi	Independent Non-Executive	Member
H.E. Mohammed Abdulrahman Alhawi	Independent Non-Executive	Vice-Chair
Dr. Ayesha Mohammad Bin Lootah	External Member	Independent Member

The Audit Committee performs a number of duties, including supervising the financial statements, related reports and accounting processes, audits on the financial, internal control and risk management processes and compliance with the Company's Code of Conduct.

The Audit Committee also develops and implements the policy dealing with the appointing, contracting and supervising of the external auditor's independence, performance and scope.

C. Number of meetings held by the Audit Committee during 2023

The Audit Committee held five (5) meetings in 2023, summarised as follows:

Meeting	Date
First	7 February 2023
Second	27 February 2023
Third	4 May 2023
Fourth	3 August 2023
Fifth	6 November 2023

Below are the attendance details of Audit Committee members:

Name	Attendance
Mr. Abdulmuhsen Ibrahim Abdulrahman Kalbat	100%
H.E. Mohammed Abdulla Lengawi	100%
H.E. Mohammed Abdulrahman Alhawi	100%
Dr. Ayesha Mohammad Bin Lootah	100%

Audit Committee Activities – Salik Annual Report

SCA issued amendments in January 2024 to the SCA Board's Chairman's Decision no.3 of 2020, which mandates that Audit Committee activities report to be included as part of Annual Report. The below is Audit Committee Activities for FY 2023.

Internal Audit and Compliance activities

- **Internal Audit (IA) and Compliance Section drafted the 'IA and Compliance Plan FY 2023' and 'IA and Compliance Learning & Development Plan FY 2023'**, which was approved by the Audit Committee. The **'IA and Compliance Plan FY 2023' contained 13 planned internal audits and compliance reviews,** which were successfully executed in FY 2023. In this respect, Internal Audit and Compliance Section provided periodic audit and compliance status updates to the Board/Audit Committee for necessary decision making and appropriate guidance. The Compliance Section adds value **by raising awareness regarding regulation/policies applicable to the Company, Code of Conduct sign-offs and by providing assurance related tracking programs, workshops and awareness sessions.**
- The IA and Compliance Section is responsible to ensure that the company complies with external regulatory requirements and policies & procedures.
- It aims to foster a strong 'compliance & ethics' culture across the Company which will enable the Company to achieve its mission and vision, to protect the Company from violations, keeping the Company reputation strong and customer interests served in the best possible way.

Risk activities

- Salik's ERM Policy which has been endorsed by Salik's Audit Committee, drives the common language and protocols for identifying, documenting and communicating risks. The deployment of the ERM Policy across the organisation at all levels ensure identification and management of risks, within the overarching appetite levels set out by the Board of Directors.
- Top Risks affecting Salik's ability to achieve its Strategy and ensure disruption-free operations are aggregated and communicated to the Salik Board of Directors, having been independently endorsed by Salik's Audit Committee. This exercise was carried out on a quarterly basis in 2023, to ensure that the Salik Board of Directors is aware of and informed on the Top Risks for their timely attention and instructions. Through this quarterly review and report, the Audit Committee, has maintained visibility and oversight over the Salik's Enterprise Risk Management and Business Continuity Management practices, thereby providing assurance on the Risk Governance practices adopted by Salik.

Governance

- The Audit Committee work plan is aligned to the Terms of Reference (TOR) and interests of the Audit Committee aligned to their obligations under the TOR.
- The audit committee recommended to the Board of Directors reappointment of the external auditors (PWC) for 2023.
- In accordance with its Terms of Reference, the audit committee advised the Board of Directors on the performance of the internal audit, risk and compliance function.
- In accordance with its Terms of Reference, the audit committee advised the Board of Directors with the financial statement.

6. Nomination, Remuneration and ESG Committee

A. The Nomination, Remuneration and ESG Committee Chairman's acknowledgement of his responsibility for the Committee system at the Company, his review of its work mechanisms and for ensuring its effectiveness

Mr. Mohammad Yousuf Al-Mudarreb, the Nomination, Remuneration and ESG Committee Chairman, acknowledges his responsibility for the Committee system in the Company, his review of its work mechanisms, and for ensuring its effectiveness.

Corporate Governance Report continued

6. Nomination, Remuneration and ESG Committee continued

B. Names of Nomination, Remuneration and ESG Committee members with their competencies and assigned tasks

Name	Category in Board of Directors	Position in the Committee
Mr. Mohammad Yousuf Al-Mudarreb	Independent Non-Executive	Chairman
H.E. Mohammed Abdulla Lengawi	Independent Non-Executive	Vice-Chair
H.E. Mohammed Abdulrahman Alhawi	Independent Non-Executive	Member

The Nomination, Remuneration and ESG Committee primarily oversees the independence of the Board's independent Directors, the development of remuneration policies for the Board, management and employees, the Company's recruiting needs, the development of HR policies, in addition to the Board of Directors nomination process.

C. Number of meetings held by the Committee during 2023

The Nomination, Remuneration and ESG Committee held five (5) meetings in 2023, summarised as follows:

Meeting	Date
First	2 January 2023
Second	1 February 2023
Third	28 February 2023
Fourth	7 September 2023
Fifth	24 November 2023

Below are the attendance details of Nomination, Remuneration and ESG Committee members:

Name	Attendance
Mr. Mohammad Yousuf Al-Mudarreb	100%
H.E. Mohammed Abdulla Lengawi	100%
H.E. Mohammed Abdulrahman Alhawi	100%

7. Committee for monitoring insider register

A. Acknowledgment by the Committee Chairman or authorised person of his responsibility for the Company's Committee systems, review of its work mechanism, and for ensuring its effectiveness

The Board of Directors sets out the insider policy guidelines for those with access to insider information, including Board members, employees and independent contractors. The policy strictly prohibits trading of Salik securities based on non-public information and requires Salik to regularly submit to SCA and DFM an updated register of insiders who have access to sensitive Company information.

B. The Board Secretary, Dr. Fady Kayyal, has been appointed to follow-up on and oversee the transactions of those from inside the Company

Dr Fady Kayyal acknowledges his responsibility for the follow-up and supervision system on transactions of those from inside the Company, for reviewing its work mechanism, and for ensuring its effectiveness.

C. Names of members of the Supervision and Follow-up Committee of insider transactions, clarifying their competencies and tasks assigned to them

The Board Secretary serves as a supervisor for the Salik insider register and is responsible for updating employees on the blackout period.

D. A summary of the Committee's work report during 2023. (In case the Committee was not formed, the reasons should be explained)

Since its inception, the Company has considered all Salik employees Board of Directors and AC members, as well as other contractors (in possession of material information), as insiders.

E. (In case the Committee was not formed, the reasons should be explained)

As the committee establishment is not mandatory as per SCA, the Company did not form an insider committee.

8. Any other committee(s) approved by the Board

The Board has approved no other committees.

9. Internal control system

A. Acknowledgment by the Board of its responsibility for the Company's internal control system, review of its work mechanisms and ensuring its effectiveness

The Board has the overall responsibility for ensuring the effectiveness of Salik's internal control systems. The Board is responsible for setting a clear framework to ensure an effective internal control system, which allows for effective and efficient operations, accurate financial reporting, and compliance with laws and regulations.

Salik operates a 'Three Lines of Defence' model in which roles and responsibilities are clearly defined. The Three Lines model distinguishes amongst three groups (or lines) involved in effective governance, risk and compliance management systems for the Company's control environment.

- First line of defence – Includes business and process owners whose activities create and manage risks. The first line owns the Company's risks and is responsible for designing and executing Company-wide controls to mitigate the risks on a day-to-day basis.
- Second line of defence – Includes functions that support the Management by bringing expertise and process excellence for the monitoring of risks and associated controls. These functions typically provide advice, guidance and mentoring in relation to the first line of defence business in day-to-day activities.
- Third line of Defence – Includes the Company's Internal Audit Department, which is an independent function and does not perform operational activities. In line with the SCA mandate, the third line provides reasonable assurance to senior management and the Board of Directors on the effectiveness of governance, risk management and internal controls, which also includes the activities performed by the first and second lines.

Internal Audit is an independent section in Salik that is guided by a philosophy of adding value to the Company. It assists Salik in accomplishing its objectives by bringing a systematic and disciplined approach to evaluating and improving the effectiveness of the Company's risk management, control, financial management and governance processes. The key roles and responsibilities of the Internal Audit Department are as follows:

- Review operational activities carried out by departments and divisions within Salik and determine their alignment with the Executive Management's and Board's instructions and Salik's objectives, policies and procedures.
- Review the reliability and integrity of financial and operating information and the means used to identify, measure, classify and report such information.
- Carrying out ad-hoc appraisals, special audits and fraud investigations upon Audit Committee/Management request.
- Review the means of safeguarding the Company's assets and, as appropriate, verify the existence of such assets.
- Review and appraise the efficiency of resources employed by Salik.
- Provide adequate follow-up to ensure corrective action is taken and periodically report to the Audit Committee the status of corrective actions and audit observations.
- Review and evaluate governance and risk management processes.

Salik has a Compliance section which is responsible for the following:

- Ensuring the Company's compliance with applicable external laws, regulations and promoting a strong compliance culture within Salik.
- Developing and reviewing key compliance policies such as the Compliance Framework (including policies and procedures), Code of Conduct, Anti-Money Laundering Policy, Whistleblowing Policy, Anti-Bribery Corruption Policy, Related-Party Transactions Policy and other policies to ensure compliance with applicable laws, regulations and internal policies and procedures of the Company.
- Reviewing and advising the Board on corporate/compliance issues and ensuring that the provisions of the SCA and AOA and relevant laws are complied with.
- Report to Salik's Board and Audit Committee on all compliance matters within its duties and responsibilities as and when required.
- Ensure the adequacy of Salik's availability of a whistleblowing and fraud control system to raise concerns, in confidence, about possible wrongdoings in accounting, financial reporting or other matters.

Corporate Governance Report continued

9. Internal control system continued

B. Name of the Department Director, including qualifications and date of appointment

The internal audit and compliance section is represented by Mr. Maroot Sachdeva, who was appointed on 1 September 2022. He has more than 17 years of experience in accounting, internal audit, finance, compliance ethics and risk, amongst other areas. He holds a Master's degree in Finance from MDI Gurgaon, India and is a Hawkamah-certified Director.

Mr. Sachdeva is responsible for managing and monitoring internal audit and compliance which provides reasonable assurance to senior management and the Board of Directors on the effectiveness of governance, risk management, and internal controls which also includes the activities performed by the first and second lines. He has extensive experience working in similar roles in other UAE-listed companies and for consulting firms.

C. Name of compliance officer, including qualifications and date of appointment

As Salik's Compliance Officer, Mr. Maroot Sachdeva oversees the Company's compliance, covering critical areas such as the Code of Conduct and underlying policies, including but not limited to the Whistleblowing Policy, Anti-Bribery/Anti-Corruption Policy and the Related-Party Transactions Policy, in line with SCA's mandate regarding the roles and responsibilities of compliance Officer.

Mr. Sachdeva plays a key role in formulating Salik's internal audit and compliance strategy and defining the IA and compliance roadmap, which fosters a compliance-oriented culture.

D. How the Internal Control Department dealt with any major problems at the Company or those that were disclosed in Annual Report and Accounts. (In case of the absence of major problems, it must be mentioned that the Company did not face any problems)

On 1 July 2022, Salik Company P.J.S.C. was formed with the main objective being to operate, manage and develop the traffic toll system exclusively within the Emirate of Dubai, in accordance with the concession agreement entered into with the RTA. Since the Company is new, it did not face any such problems.

E. Number of reports issued by the Internal Control Department to the Company's Board of Directors

For the financial year 2023, the Audit Committee has approved the Internal Audit and Compliance Section's first Internal Audit and Compliance Annual Plan. The Internal Audit and Compliance Section successfully executed the plan mentioned above, submitting summarised reports for the 13 planned audits to the Board and the Audit Committee, in line with the approved plan.

The Audit Committee has approved the FY 2024 Internal Audit and Compliance Annual Plan.

10. Details of violations committed during 2023, explaining their causes, how to address them and how to avoid them in the future

The Company did not commit any violations of the Governance Guide during 2023.

11. Corporate social responsibility and environmental protection

Out of a strong sense of corporate social responsibility, Salik continued to provide tariff exemptions to vehicles used by charities, schools, people of determination, ambulances and other public services in 2023. By year-end, the volume of free-of-charge trips through Salik's eight toll gates had increased by 6.6% to 8.1 million.

Salik participated in DFM's innovative Voluntary Carbon Credits Trading pilot in December 2023, where it purchased and fully retired 715 units of Carbon Retirement Rights (CRRs), worth USD 3.50 each, for the internationally-certified Dubai Electricity and Water Authority (DEWA) Chiller Station L. The project, which is located in Jebel Ali, aims to improve the efficiency of three gas turbines by implementing an innovative air chilling system to generate the same output of electricity using less fossil fuel, saving approximately 26,800 tonnes of CO_2 per year.

Salik's participation in the programme aids in offsetting its carbon emissions at various operational points, such as the gantries, by buying carbon credits for projects that contribute to reducing greenhouse gas (GHG) emissions. Through this programme Salik seeks to make significant contributions to raising awareness of climate change and reinforcing its commitment to sustainable business practices.

Salik's Jebel Ali toll gate continued to receive approximately 21% of its power requirements from solar panels in 2023, and Salik continues to explore the feasibility of installing solar power in the remaining seven gates. Any new gates will also be partially powered by solar energy. Finally, to encourage the adoption of electric vehicles, Salik continued to exempt owners from paying the tag activation fee. As of 31 December 2023, the number of registered vehicles with these tags increased by 83.4% compared to 2022, to over 13 thousand vehicles.

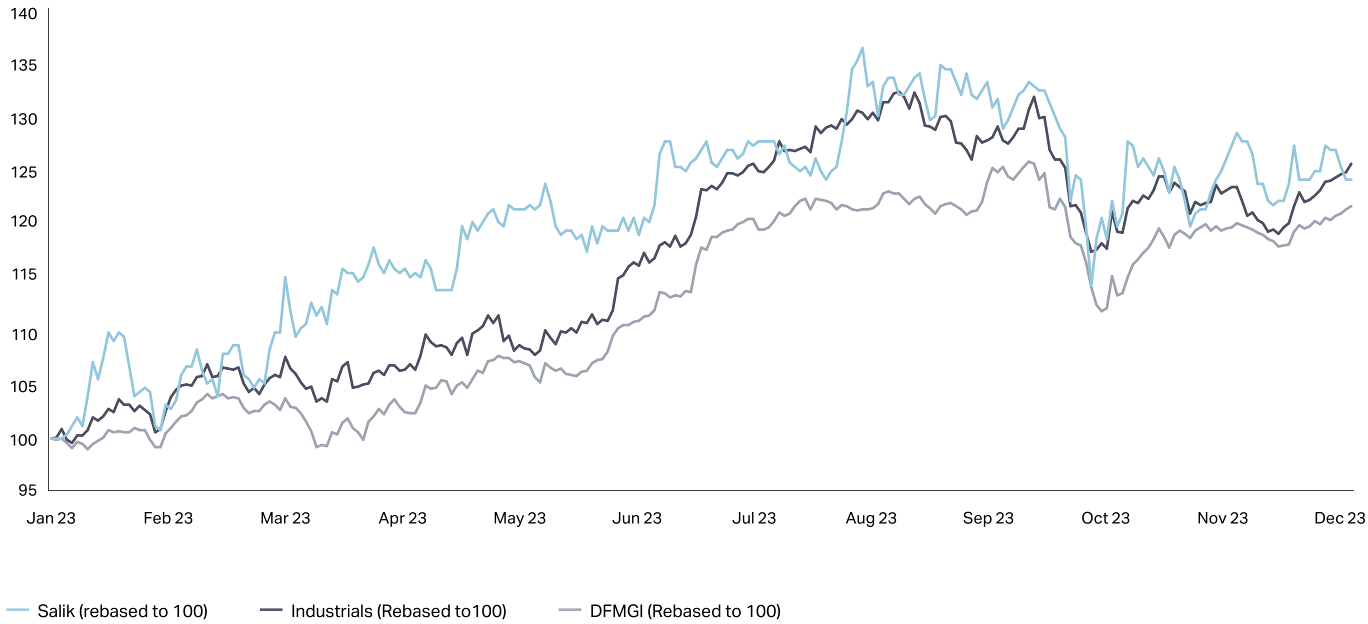
12. General information

A. The Company's share price (highest, lowest and closing prices in AED) at the end of each month during the fiscal year 2023

Trading of Salik shares on the Dubai Financial Market started on 29 September 2022.

Month	Highest price	Lowest price	Closing price	DFM General Index closing price	Industrials Index closing price
January	2.57	2.52	2.52	3,303.27	2,402.09
February	2.67	2.63	2.63	3437.76	2,502.08
March	2.94	2.89	2.89	3,406.72	2,524.89
April	3.02	2.97	2.99	3,544.79	2,625.10
May	3.00	2.96	2.96	3,576.63	2,639.02
June	3.17	3.12	3.15	3,791.99	2,837.73
July	3.17	3.10	3.14	4,059.27	3,026.00
August	3.35	3.31	3.35	4,082.87	3,158.99
September	3.31	3.25	3.31	4,163.58	3,077.38
October	3.25	3.14	3.19	3,877.08	2,915.76
November	3.27	3.18	3.20	3,992.36	2,882.14
December	3.15	3.11	3.11	4,059.80	2,998.50

B. The Company's comparative performance with the general market index and sector index during 2023



Corporate Governance Report continued

12. General information continued

C. Shareholder ownership distribution as of 31 December 2023 (individuals, companies, government) are classified as follows: local, Arab and foreign

	Percentage of owned shares			
Shareholder's classification	Individuals	Companies	Government	Total
Local	4.8%	7.3%	77.0%	89.1%
Arab	0.5%	0.9%	0.0%	1.4%
Foreign	0.6%	8.7%	0.2%	9.5%
Total	5.9%	16.9%	77.2%	100.0%

D. Shareholders holding 5% or more of the Company's capital as of 31 December 2023

Name	Number of owned shares	Percentage of owned shares of the Company's capital
Dubai Investment Fund	5,632,500,000	75.1%

E. Shareholder distribution by the size of ownership as of 31 December 2023

Share(s) ownership	Number of shareholders	Number of owned shares	Percentage of owned shares of the capital
Less than 50,000	51,763	83,259,236	1.1%
From 50,000 to less than 500,000	543	77,978,076	1.0%
From 500,000 to less than 5,000,000	250	371,233,856	5.0%
5,000,000 or more	61	6,967,528,832	92.9%

12. General information continued

F. Investor relations

Salik established its investor relations function as part of the Finance, Strategy and Contracting department in July 2022 in preparation for the Company's IPO in September of the same year.

Salik holds quarterly conference calls and publishes earnings releases and presentations, in addition to other regular materials that provide updates on its financial and operational performance. Such documents also provide an outlook to the wider investment community, which includes shareholders, potential investors and analysts. Salik also participates in off-cycle investor events and regular meetings with the investment community.

Salik strives to resolve investor queries, including those raised by retail investors, within one business day.

Investor relations contacts

Mr. Wassim El Hayek*
Head of Investor relations
Email: Wassim.ElHayek@salik.ae
English webpage: https://www.salik.ae/en/investors/overview
Arabic webpage: https://www.salik.ae/ar/investors/overview

G. Special decisions presented in the General Assembly during 2023 and procedures taken

No special resolutions were issued at the Salik AGM in 2023.

* Mr. Wassim El Hayek joined the company as Head of Investor Relations as of February 15 2024

H. Board Secretary

Name	Appointment date	Qualifications
Dr. Fady Kayyal	27 July 2022	Bachelor's degree in Law from Damascus University – Syria Master's degree in Finance and Banking from Bordeaux University – France PhD in Business Administration from EU University – Switzerland Certified Director – Governance Institute

I. Major events experienced by the Company in 2023

- Salik entered a partnership with Emaar to provide a seamless barrier-less parking management solution for Dubai Mall. This marks the Company's first venture outside its core toll management activity.
- During 2023, the Company twice successfully distributed dividends to its shareholders amounting to 100% of its net profit. The first dividend amounting to AED 491 million was distributed in April for H2 2022 net profit. The second dividend amounting to AED 548 million was distributed in October for H1 2023 net profit.

J. Transactions amounted to 5% of the capital or more has been made

During 2023, the ownership of the Department of Finance – Government of Dubai, amounting to 5,632,500,000 shares which represents 75.1% of the company's capital, was transferred to the Dubai Investment Fund.

K. The Company's Emiratisation rate

The Emiratisation rate for the company stood at 47% as of 31 December 2022 where the company's full time employees amounted to 30. The Emiratisation rate for the company stood at 38% given the rise in the number of full time employees to 40 as of 31 December 2023.

L. No innovative projects or initiatives were developed by the Company during 2023

Signature of the Board Chairman	Signature of Audit Committee Chairman	Signature of Nomination and Remuneration Committee Chairman	Signature of Internal Control Department Director
Date: 04 March 2024	Date: 04 March 2024	Date: 04 March 2024	Date: 04 March 2024

Company Official Seal

3. Sustainability Report

Sustainability at Salik

About the Sustainability Report

This inaugural Sustainability Report covers the period 1 January to 31 December 2023, unless otherwise stated. The report is prepared in reference to the Global Reporting Initiative (GRI) core option and the Environmental, Social and Governance (ESG) reporting guidance of Dubai Financial Market (DFM). The scope of the report focuses solely on ESG impacts of the Company's direct operations, covering activities and performance within its facilities and excluding upstream or downstream supply chain activities. While Salik recognises the wider reach of its business, it prioritises reporting on the issues that have the most direct and material impact on its activities.

Sustainability at Salik

Salik's journey mirrors Dubai's trajectory, encapsulating the essence of its innovation, progress and commitment to sustainability.

Our Approach to Sustainability

Whether addressing traffic congestion, reducing fuel consumption and emissions, exploring opportunities for renewable energy to power its gates, or adhering to top-tier governance standards, Salik is dedicated to establishing and adopting robust Environmental, Social and Governance (ESG) practices.

In 2023, Salik initiated the creation and implementation of its comprehensive ESG strategy. This strategy outlines the essential aspects of Salik's sustainability and establishes a structured framework to align organisational goals with ESG principles. The ESG strategy is not an isolated effort; it is firmly rooted in international and national frameworks as Salik aligns with recognised benchmarks and standards, such as the UAE's Green Agenda 2030, the United Nations Sustainable Development Goals and the Global Reporting Initiative.

The Company's goal is not just to meet ESG expectations but to surpass them, setting new standards for responsible business practices and making meaningful contributions to societal and environmental well-being.

→ For more details on Salik's ESG Strategy, refer to Salik's ESG Framework section on page 80.

Sustainability at Salik continued

Business Excellence

Salik understands that business excellence and effective financial management is not only essential for its operational vitality but also crucial for maintaining the trust and confidence of its diverse stakeholders, including investors, partners, and regulatory bodies.

By prioritising business excellence, Salik aims to sustain the highest standards of transparency, accountability and fiscal responsibility, thereby fortifying its position as a reliable and sustainable contributor to Dubai's transportation landscape.

Capitalising on growth

Salik strategically positions itself to capitalise on robust macroeconomic growth opportunities, driven by Dubai's ambitious expansion plans, including the transformative Dubai 2040 Urban Master Plan that envisions the Emirate evolving into five interconnected urban centres. With an AED 32 trillion economic plan set to double the strength of Dubai's economy in the next decade, the country's GDP is anticipated to increase by 3.4% in 2023 and 3.7% in 2024.

To benefit from the growth, the Company is leveraging custom-built technology to ensure efficient and seamless operations, adopting a capex-light business model that yields high cash conversion levels and industry-leading operating margins. Salik further leverages the advantages of a favourable regulatory framework, offering substantial downside protection and laying the groundwork for future growth.

Aligning with Dubai's vision for a greener future, Salik's commitment to sustainable business practices extends beyond economic growth. By integrating innovative technologies and adopting a capex-light business model, Salik not only strives for financial success but also contributes to the national goal of building a resilient and eco-conscious urban landscape.

Investing for a future-ready infrastructure

In terms of the Company's investments in climate-related infrastructure, a significant milestone was reached in September 2023 when the Company transitioned to a new office located at Festival Tower. Situated within a LEED Gold-certified building, Salik's new office is equipped with cutting-edge features.

→ For more details refer to Environmental Stewardship on page 98.

Tax

To ensure compliance with Value Added Tax (VAT) laws and regulations, the Company has enlisted the expertise of a tax consultant. The finance department, led by the financial controller in collaboration with the consultant, conducts thorough monthly and quarterly reviews of the Company's financials. This meticulous examination aims to guarantee accurate accounting and subsequent remittance of applicable taxes.

Given the current VAT liability, the primary focus is on monitoring service revenues, with special attention to accruals and recognition. The financial controller maintains regular communication with the Chief Financial Officer, promptly updating him on any developments related to tax compliance.

The assurance process for tax disclosures involves a multi-layered review by internal and external authorities. Internally, the Finance team meticulously examines disclosures in financial statements, ensuring adherence to accounting standards, laws and regulations. Externally, the external auditor conducts an additional review to provide an independent validation of compliance. Similarly, tax returns undergo rigorous scrutiny by external tax experts to confirm alignment with regulatory requirements.

In terms of stakeholder engagement and addressing tax-related concerns, Salik follows a systematic approach. For the filing of quarterly tax returns, the Company, in collaboration with the tax consultant, completes a template provided by tax authorities. The consultant then submits the finalised returns on the portal after thorough reviews by both Salik's finance team and the Tax Consultants. Beyond routine filings, any additional information required by the Company or the tax authority prompts the raising of requests on the FTA portal. The tax consultants, acting as the tax agent of the Company, facilitate meetings with the Federal Tax Authority (FTA) and assist in obtaining requested information or submitting additional details on the portal.

Total assets (AED)

2023	5,224m
2022	5,303m

Market capitalisation (AED)

2023	23.3bn
2022	18.8bn

Revenue (AED)

2023	2,109m
2022	1,892m

Net profit (AED)

2023	1,098m
2022	1,326m

Cash dividend distribution (AED)*

2023	1,098m
2022	491m

→ For more details refer to Salik's Chief Financial Officer's Review on page 34.

* A cash dividend distribution for the second half of the fiscal year ending on December 31, 2023, will take place, amounting to AED 550,035,000 equivalent to 7.3338 fils per share. It is worth noting that a dividend of 7.3057 fils per share was distributed for the first half of the year 2023, totaling AED 547,927,219 as per the Board of Directors' decision on August 10, 2023. The total dividends to be distributed in 2023 will amount to AED 1,097,962,219, at a rate of 14.6395 fils per share, representing 100% of the distributable net profits.

Sustainability at Salik continued

2023 Sustainability Highlights

Environment

Participated in DFM-sponsored carbon credits trading pilot programme

Head office relocated to Gold LEED-Certified premises

99%
paperless transactions

Social

12
nationalities

37.5%
Emiratisation rate among the total workforce

92%
Customer Satisfaction Rate

Governance

Zero
incidents of corruption or bribery

100%
awareness among employees of corporate ethics policies and procedures

Zero
data security breaches

Sustainability Governance at Salik

Sustainability governance is a vital component of Salik's dedication to responsible and ethical business practices. The Company strives for the seamless integration of sustainability considerations into its decision-making processes and overarching business strategy. Salik actively promotes transparency, accountability and ongoing improvement in sustainability performance by implementing robust governance structures, policies and practices.

As part of the Company's Board, the Nomination, Remuneration and ESG Committee plays a pivotal role in advancing Salik's ESG strategies and policies along with other key responsibilities. The Committee, through its strategic insights, champions the integration of robust ESG principles into the Company's decision-making and operational frameworks.

→ For more details on the Nomination, Remuneration and ESG Committee, please refer to the Corporate Governance Report on page 60.

Sustainability at Salik continued

Stakeholder Engagement

Salik recognises the unique perspectives of its stakeholder groups.

To underscore this commitment, the Company actively fosters open communication channels and strives to build constructive partnerships with each stakeholder.

Stakeholder engagement is a crucial process for ensuring that Salik's actions align with the expectations and needs of its diverse stakeholder groups. This exercise promotes mutual understanding, builds trust and allows Salik to navigate the dynamic transportation infrastructure sector collectively.

Stakeholder Engagement Policy

Salik's Stakeholder Engagement Policy outlines systematic approaches to engaging stakeholders, ensuring the regular inclusion of their concerns and opinions in Company decision-making processes.

Stakeholder priorities

01

Incorporating stakeholders thoroughly into Salik's operations.
This includes regular and meaningful engagements that cultivate a sense of involvement and dedication among stakeholders, ultimately transforming them into active promoters of the Company's mission.

02

Adopt a targeted and personalised approach by conducting highly-tailored individual meetings.
This strategy recognises the uniqueness of each stakeholder and seeks to build deeper engagement through one-on-one interactions.

03

Keeping stakeholders well-informed through transparent communication.
This involves regular updates, relevant information sharing and creating an atmosphere of openness that enables deeper engagement to feel well-informed and engaged.

04

Monitor for changes and emerging topics.
Continuous monitoring of stakeholder sentiments, identifying changes and emerging topics that may impact their perspectives.

Internal stakeholders

- Employees
- Investors
- Board

External stakeholders

- Customers
- Standards and Rating Agencies
- Regulators
- Peers

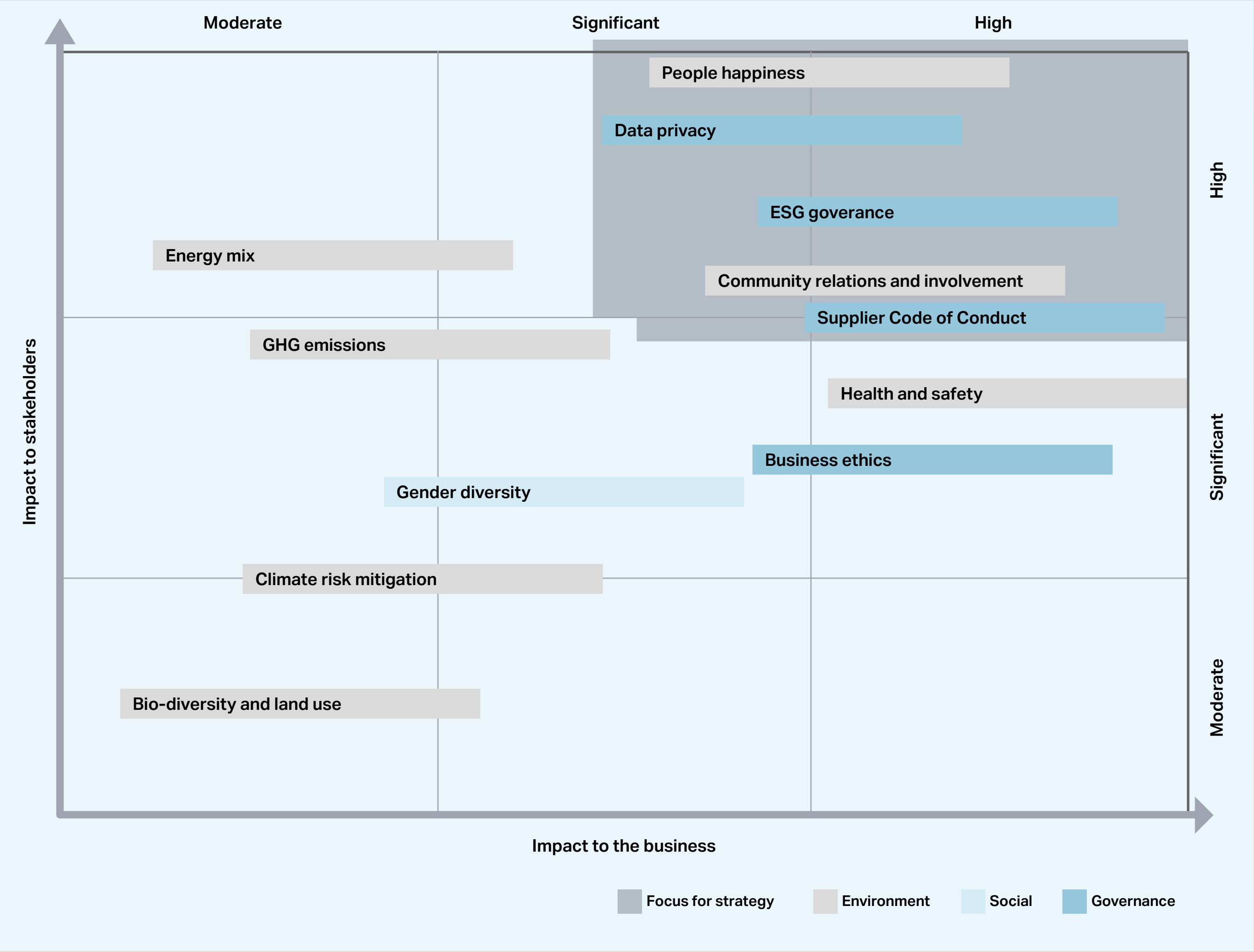
Sustainability at Salik continued

Salik's Materiality

Materiality assessment is the compass guiding Salik towards impactful change, illuminating the path where its actions resonate most profoundly with the community, environment and shared future aspirations.

Salik's Materiality Matrix

Following the Global Reporting Initiative (GRI) standards, Salik performed a double materiality assessment which considered both, the topics impact to its stakeholder and the impact to the business.



The materiality assessment began by compiling an extensive list of ESG topics. This list underwent a refining process based on criteria that followed the standards set by GRI's reporting framework, MSCI, Refinitiv and Sustainalytics' scoring methodologies, along with insights obtained from competitors' benchmarking.

Subsequently, a stakeholder engagement exercise was conducted via surveys and interviews to evaluate the significance of each potential material topic. During this exercise, the stakeholders were prioritised and the significance of each potential material topic was evaluated. Input was gathered from various stakeholders, including the Senior Executive Committee, Employees, Customers, Investors, Board Members and RTA members.

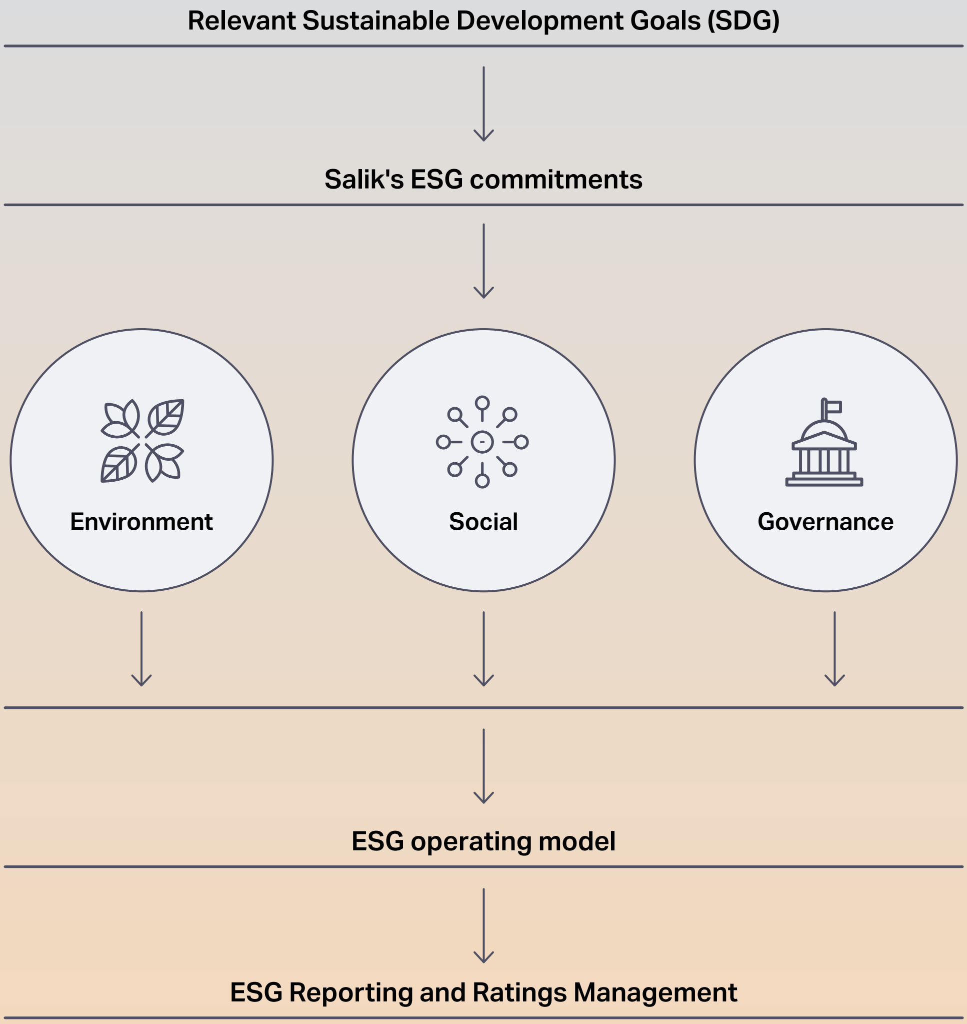
The culmination of this process led to the finalisation of the material topics list which was later approved by the board and will be revised every two to three years.

The purpose of this exercise is to guide and allow Salik to align its sustainability endeavours with the most relevant and impactful issues, ensuring that its actions resonate with the expectations of its stakeholders.

Sustainability at Salik continued

Salik’s ESG Framework

Salik's ESG Strategy revolves around a meticulously-crafted ESG Framework. The foundation of this structure includes the ESG Operating Model and ESG Reporting and Ratings Management, followed by the Company's three guiding pillars: Environmental, Social and Governance. At the summit of these pillars, Salik places its ESG commitments and its contribution to the Sustainable Development Goals (SDGs).



The initial pillar, Environmental, signifies Salik's commitment to mitigating GHG emissions and optimising the energy mix to diminish the Company's ecological footprint. The Social pillar underscores Salik's dedication to community welfare and inclusivity, encompassing initiatives related to: Community Relations and Involvement, People Happiness and Health and Safety. Lastly, the Governance pillar reflects the Company's commitment to ethical and responsible business practices. This pillar includes ESG Governance, the Supplier Code of Conduct ensuring ethical standards partnerships and Data Privacy measures to safeguard sensitive information. Further details are available in the corresponding chapters.

National alignments

Salik's ESG Framework involves the identification and alignment with national and international development strategies. This crucial step ensures that Salik's initiatives are closely connected to Dubai Financial Market's ESG recommendations, and the UAE 2030 Green Agenda.

International alignments

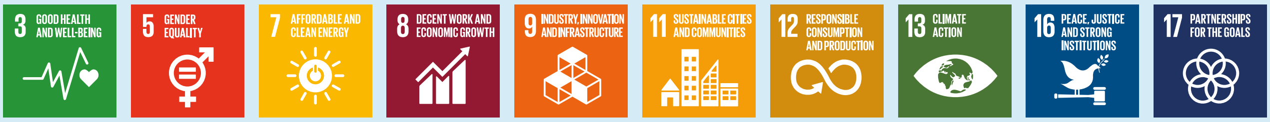
When it comes to the global landscape, Salik's operations have a substantial impact on multiple SDGs, both directly and indirectly. Indirectly, Salik contributes to SDGs addressing poverty, hunger, education and reduced inequality. In direct terms, Salik positively contributes to SDGs related to health, gender equality, clean energy, economic growth, innovation, sustainable cities, responsible consumption, climate action, peace, justice and partnerships.

UAE's Green Agenda – 2030 Objectives

- Competitive knowledge economy
- Social development and quality of life
- Sustainable environment and valued natural resources
- Clean energy and climate action
- Green life and sustainable use of resources

Direct SDG alignments

Salik directly contributes to the SDGs below. The following chapters detail the Company's activities that support the selected sustainable development areas.



Indirect SDG alignments

Indirectly, Salik contributes to SDGs addressing poverty, hunger, education and reduced inequality.

Responsible Governance

Relevant SDG's

Business Ethics

Business ethics holds great importance for Salik as it serves as the guiding compass for the Company's moral and principled conduct in the business landscape.

Salik's robust Corporate Governance Framework, outlined in its charter, is anchored in four fundamental principles

Salik enacts its commitment to transparency by consistently furnishing summaries of pivotal agreements governing its operations to the wider stakeholders through press releases, website and social media channels. Additionally, at the end of each fiscal year, Salik issues a comprehensive Governance Report. This report is submitted to regulatory bodies such as the Securities and Commodities Authority (SCA) and the Dubai Financial Market (DFM).

Two-tier board structure

Supervisory Board

Six Non-executive Directors and one Executive director

↓

Management Board

Five senior executives responsible for day-to-day operations

The Company operates with a two-tier board structure, where the supervisory board mainly comprises non-executive and independent directors overseeing the management board. The management board includes executive directors and is responsible for the company's day-to-day operations. The Supervisory Board consists of six non-executive or independent directors and one executive director, while the Management Board comprises five senior executives who meet weekly or as required.

The performance of the Supervisory Board is assessed annually through a combination of self-assessment and independent evaluation processes.

Moreover, Salik actively advocates for equality, fairness and inclusion, ensuring that its commitment to diversity is evident in all organisational practices and initiatives.

Policies

In alignment with its commitment to global corporate governance benchmarks, Salik has implemented an extensive suite of internal measures and policies to fortify itself against corporate misconduct. Notably, the Company has instituted a Code of Conduct Policy, which contains guidelines around the prohibition of bribery and corruption. This policy is overseen at Board-level and extends its scope to encompass Salik's suppliers. The Fraud Control Policy at Salik serves as a comprehensive guide for effectively managing the risk of fraud throughout the Company. Furthermore, Salik's Whistleblowing Policy establishes secure channels for the detection and reporting of unethical, corrupt and illegal conduct, ensuring a mechanism for transparent and accountable governance.

Similarly, the Insider Trading Policy provides explicit guidelines for individuals with access to insider information, covering Board members, employees and independent contractors. This policy unequivocally forbids the trading of Salik securities based on non-public price-sensitive information. Furthermore, it mandates Salik to periodically submit an updated register of individuals with access to price-sensitive Company information to regulatory authorities such as the SCA and DFM.

Salik's Conflict of Interest Policy delineates responsibilities for the effective management of conflicts of interest, accompanied by established procedures for the Company's routine monitoring of such conflicts. Finally, its AML, CFT and Sanctions Compliance Policy is strategically-designed to identify and report suspicious activities, including illegal transactions that may precede money laundering. As part of its broader commitment, Salik actively fosters a robust speak-up corporate culture, encouraging all stakeholders to report instances of perceived corruption or improper business practices, whether within Salik or involving third parties engaged in business with the Company.

Salik’s Policies

1. Code of Conduct Policy
2. Anti-Bribery and Anti-Corruption Guidelines (as part of Code of Conduct Policy)
3. Fraud Control Policy
4. Whistleblowing Policy
5. Stakeholder Engagement Policy
6. Insider Trading Policy
7. Conflict of Interest Policy
8. Anti-Money Laundering, CFT and Sanctions Compliance Policy
9. Related-Party Transactions Guidelines (as part of Code of Conduct Policy)

Responsible Governance continued

Business Ethics continued

Ethics and compliance training

Salik has diligently conducted thorough Code of Conduct training, annual assessments and other measures, ensuring that 100% of its employees and governance body are well-informed and trained on the Company's ethics policies and procedures. This concerted effort has resulted in Salik maintaining its impeccable track record of zero non-compliance incidents in 2023.

The compliance team developed an annual Compliance & Ethics Learning and Development (L&D) Plan approved by the Audit Committee. This includes all Compliance & Ethics training sessions, assessments and annual Code of Conduct (COC) sign-offs scheduled for Salik employees throughout the year. In the fiscal year 2023, the Company successfully executed all the training initiatives outlined in the L&D Plan for Salik employees.

Policy influence

Salik respects the legal landscape and ethical principles of the UAE. The Company does not support any activities influencing politics and legislation, lobbying activities or any activities aligned against climate mitigation strategy, especially the Paris Agreement 2015.

Future plans

Salik seeks to strengthen the integration of ESG considerations into the executive remuneration structure by progressively raising the percentage variable remuneration associated with ESG. This will commence with a 10% variable in both 2024 and 2025, followed by a doubling of this variable to reach 20% for the subsequent years spanning 2026 to 2028.

Zero
incidents of corruption or bribery

100%
awareness of Code of Conduct policies and procedures

100%
of employees have undergone ethics and compliance training

In 2023, Salik set targets for incorporating ESG performance to executive remuneration:

Indicator	Target 2024	Target 2025	Target 2026	Target 2027	Target 2028
% Variable remuneration of C level based on ESG	10%	10%	20%	20%	20%

For more information on Salik's approach to governance, please refer to the Corporate Governance Report on pages 42 to 67.

Supplier's Code of Conduct

The establishment of a Supplier's Code of Conduct holds significant importance for Salik, underlining the Company's commitment to ethical and responsible business practices as it guides the behaviour and standards expected from its suppliers. By articulating clear expectations and principles, Salik aims to ensure that its supply chain partners share the same values of **integrity, transparency, sustainability, and compliance.**

Currently, Salik strongly encourages its suppliers to adhere to its Code of Conduct, though compliance is not mandatory. However, in 2024, all vendors engaged with Salik will be subject to ESG screening requirements, giving preference to suppliers who have established their own ambitious long-term sustainability objectives. Furthermore, the Company will actively advocate and favour local SME vendors as partners, in line with the UAE National Agenda.

Concerning the role of sustainable governance in this context, the Board of Directors provides approval for the ESG strategy, demonstrating strong oversight in integrating ESG principles into the supply chain.

Future plans

Salik plans to progressively intensify its scrutiny of suppliers for sustainability issues, with a targeted annual growth rate of 20%. This initiative, commencing in 2024, aims to achieve comprehensive screening coverage by 2028.

Furthermore, Salik will elevate its standards across its supplier base by reinforcing adherence to the Company's Code of Conduct. The objective is to have 70% of suppliers in compliance by 2024. Following this, Salik aspires to propel this adherence to full saturation, reaching 100% by 2027. This journey includes a 10% increase in supplier adherence during the years 2025 and 2026.

Responsible Governance continued

Data Privacy

In an era marked by digital connectivity and technological advancements, data privacy stands as a central concern for Salik.

Upholding stringent data privacy measures is not only a legal and ethical imperative for Salik but also a fundamental commitment to building and maintaining the trust of its stakeholders.

In 2023, Salik sustained its exceptional track record with zero complaints related to breaches of customer privacy, maintaining the impeccable standard set in 2022. Furthermore, as part of the Company's dedication to data security, no data security breaches were identified for the second year in a row. This encompasses zero instances of leaks, thefts or losses of customer data. As part of its commitment, Salik mandates comprehensive data security training for 100% of its employees.

Future plans

As Salik plans for the future, the Company has established clear goals that prioritise ensuring the highest security and confidentiality of its data resources. The objective is to consistently maintain its perfect record of zero data leaks or losses due to cyber attacks. This commitment extends from 2024 and continues through the subsequent years until 2028.

Zero
data security breaches

Zero
leaks, thefts or losses of customer data

100%
of employees completed data privacy and security training

Indicator	Performance 2023	Target 2024	Target 2025	Target 2026	Target 2027	Target 2028
Data leakage/loss due to cyber attacks, number	0	0	0	0	0	0

Energy efficacy in the workplace

In its effort to establish an IT infrastructure in line with the Company's ESG principles, Salik has chosen a selection of efficient and sustainable components for its data centre. Dell servers, APC UPS, CISCO firewall, switches, Lenovo T14 laptops and LG TVs were selected for their notable performance, energy efficiency and commitment to maintaining a low carbon footprint, along with the producers' circular economy approach.

The final objective of this initiative was to maintain an optimal temperature in the server room with minimal energy consumption while simultaneously reducing the Company's carbon footprint through the adoption of products made from 50% recyclable materials.

Impressively, Salik has exceeded its initial target by opting for products made from 70% recyclable materials. Looking ahead, Salik plans to continue embracing a circular economy approach by prioritising the repair, rebuild and reuse of hardware components.

People Happiness

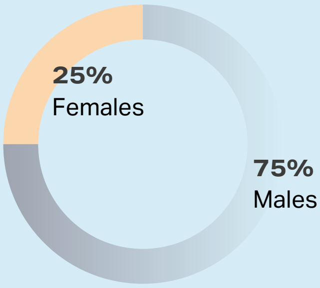
Relevant SDG's

Through its human-centric approach, Salik is dedicated to nurturing the growth of one of the largest and most culturally diverse urban populations, Dubai.

Positioned as a hub for diversity and inclusiveness, Salik facilitates the seamless movement of people from around the globe, contributing to the dynamic and cosmopolitan character of the city.

Our People

Key Highlights



Workforce composition

33.3%
increase in workforce size compared to 2022

12
nationalities

Zero
injuries in 2023

95
total hours of employee training

37.5%
Emiratisation rate among the total workforce

Our employees

In 2023, Salik underwent a substantial expansion of its workforce, witnessing a 33.3% increase from an initial count of 30 employees to a current total of 40. The demographics of these new employees were mostly characterised by an age range of 31-50 years for male staff except for one female aged 31-50 new recruit and one 50+ year male.

This growth led to a diverse workforce, comprising 30 male and ten female employees, complemented by an additional 294 outsourced personnel. Within the internal team structure, six individuals hold senior management roles, seven contribute to middle management and 28 to non-management positions.

In 2023, Salik's workforce was represented by a total of 12 distinct nationalities, showcasing a noteworthy increase from the initial eight in 2022. This increase in workforce size and composition underscores Salik's commitment to fostering a dynamic, inclusive and resilient organisational culture.

Additionally, Salik takes pride in being an employer of choice, boasting one of the most loyal workforces in the region. The Salik tolling business has a longstanding tradition of high employee retention rates, with many employees contributing their expertise and dedication for over a decade. In 2023, one employee under Salik's payroll voluntarily left the Company.

Diversity and equal opportunity

Acknowledging the industry's inherent characteristics and the predominance of male employees, Salik is dedicated to cultivating an inclusive and diverse workplace as a fundamental aspect of its organisational objectives. Embracing diversity and inclusivity, Salik aims to create a work environment that not only reflects the diverse nature of its workforce but also actively promotes a culture where individuals from all backgrounds, irrespective of gender, feel valued, respected and provided with equal opportunities for professional growth.

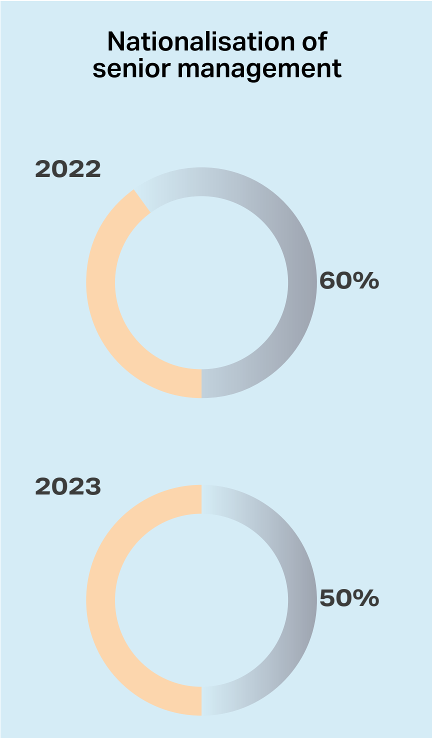
Following this principle, Salik is proud to share that one out of the seven available seats on its Board is held by a female member, recognising and appreciating the invaluable contributions and diverse perspectives that female leaders bring to the strategic decision-making processes of the Company. However, this is just one of the numerous measures the Company plans to undertake in its pursuit to gender balance and taking the current 3:1 male-to-female ratio to a more even distribution.

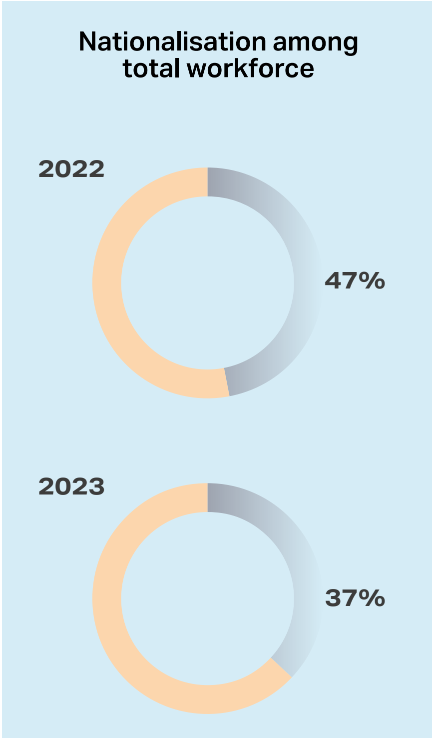
Salik's efforts to enhance diversity and inclusivity within its workforce are further complemented by its equitable compensation practices. The Company's CEO to employee pay ratio in 2023 stood at 4.28.

In 2023, Salik not only upheld its commitment to fostering a diverse and inclusive workplace but it also demonstrated its dedication to maintaining an environment free from discrimination. The Company recorded zero incidents of discrimination or harassment during this period, reflecting Salik's proactive measures and comprehensive policies on equality, respect and fairness for all employees.

People Happiness continued

Our People continued





Emiratisation

Salik demonstrates a strong commitment to Emirati talent within its workforce, with 50% of its senior management and 100% of its Board being proudly composed of UAE nationals. Additionally, the Company has achieved a noteworthy Emiratisation rate among its employees, with 37.5% being Emirati nationals. This percentage translates to a total of 15 Emirati employees. Notably, this commitment extends to gender diversity, as evidenced by the presence of five female Emirati employees, contributing to the Company's goal of a more balanced and representative workplace.

Salik's dedication to Emiratisation underscores its recognition of the importance of local talent and its commitment to creating opportunities for the nation's workforce.

Local employee growth

Total number of national employees

Number of female national employees

Indicator	Target 2024	Target 2025	Target 2026	Target 2027	Target 2028
% of contractors qualified in health and safety	50%	70%	80%	90%	100%
Number of lost time injuries	0	0	0	0	0

Employee health and well-being

Salik management attaches great significance to the health and safety of its employees, implementing various proactive measures to create a secure and supportive workplace. The Company's Occupational Health and Safety Management System (OHSMS) is aligned with ISO 45001 and OSHA standards. It encompasses all workers within the Company, regardless of their roles or levels, in day-to-day operations, specific projects and emergency response procedures. Additionally, the Company's new office is equipped with all the essential safety features, including smoke detectors and fire extinguishers, ensuring a prompt response to potential emergencies. To enhance overall well-being at the workplace, a dedicated wellness room is provided, featuring ergonomically-designed chairs and furniture for a comfortable workspace. Adequate lighting is maintained throughout the office to reduce strain, contributing to a safe environment. First aid boxes are strategically placed, allowing quick access to medical supplies.
Through an extensive occupational health and safety training programme Salik educates its new employees on organisational safety policies, emergency procedures and the significance of adhering to safety protocols. In addition, designated first aiders and fire wardens undergo specialised training, providing them with the necessary skills to respond effectively to medical emergencies and fire incidents. Tailored hazard training is extended to workers based on their specific roles, addressing risks associated with their tasks. Furthermore, to uphold a safety-conscious workplace culture, Salik conducts periodic refresher courses and employs interactive training methods, ensuring that employees remain well-informed and engaged in maintaining a secure work environment.

Hazard management

Salik employs a systematic approach to identify, assess and control work-related hazards within its occupational health and safety management system. Regular hazard identification initiatives are conducted across all work areas. Employees are encouraged to report hazards and routine inspections are conducted by management to ensure a comprehensive assessment.

After identifying hazards, Salik conducts thorough risk assessments to evaluate the likelihood and severity of potential incidents, considering the specific characteristics of each hazard. Control measures are then implemented to minimise or eliminate these risks, involving engineering controls, administrative controls and personal protective equipment. Furthermore, the Company also analyses lessons learned from previous incidents or near-misses to prevent future occurrences, ensuring the ongoing success of its comprehensive approach to addressing work-related hazards.

Salik has instituted a streamlined process to encourage employees to report work-related hazards and hazardous situations by offering multiple reporting channels, such as an online portal, email or designated personnel, and implementing a non-retaliation policy. These measures help assure workers that they will not face any negative consequences for reporting hazards in good faith. Additionally, Salik offers regular training programmes to educate workers on hazard recognition and reporting procedures. Finally, the Company has instituted the 'Stop Work Authority', allowing employees to stop any job they perceive as dangerous on the spot.

People Happiness continued

Our People continued

Grievances

During the reporting period, Salik recorded zero grievances related to Human Resources (HR). The absence of HR grievances reflects Salik's proactive measures in addressing workplace concerns, promoting open communication and upholding fair and equitable practices.

Beyond the workplace

In terms of guaranteeing employees health and well-being outside the workplace, the Company facilitates access to non-occupational medical and healthcare services by providing medical insurance to all staff. Salik has 100% internally-audited coverage of employees under the Company's occupational health and safety management system, with an impressive record of 840 man-hours and zero fatalities or injuries.

In addition to this, Salik offers comprehensive health programmes that encompass regular check-ups and screenings. This is part of the comprehensive benefits the Company gives to its full-time employees, acknowledging the integral role they play in the Company's success. These benefits include: health insurance, loyalty programmes such as Esaad and Fazaa Cards, gratuity, phone allowance, ticket allowance, expat housing allowance, nationals retention allowance, education allowance and bonus. Salik offers parental leave arrangements to accommodate employees' needs. In 2023, there were no instances of employees taking parental leave.

Pension scheme

The Company consistently upholds its dedication to the welfare of its employees beyond their active service through annual investments in pension liabilities. This investment in the well-being of employees underscores Salik's understanding of the crucial significance of financial security and stability for its workforce even after their tenure.

Salik's pension programme is of a collaborative nature with 5% of their salary being the liability shared by employees themselves and 15% of the same salary being the Company's pension liabilities. This dual-pronged approach underscores the shared dedication of both employees and the Company to ensure comprehensive pension benefits, ultimately contributing to the overall contentment and enduring prosperity of the workforce.

Learning and development

Throughout 2023, Salik has made remarkable advancements in its employee training initiatives, delivering a total of 98 hours of training. This comprehensive effort encompasses tailored training sessions designed for various organisational levels. Specifically, 13 hours were dedicated to senior management while middle management received 14 hours, a nearly twofold increase from the previous year and a substantial 71 hours were allocated to non-management employees, marking a significant increase of 29 hours compared to 2022.

With an inaugural expenditure of AED 2,000 allocated to employee training, Salik reached a noteworthy average of 2.4 training hours per employee, underscoring the Company's commitment to cultivating a workforce that is not only skilled but is also continually expanding its knowledge base.
Finally, a pivotal aspect of Salik's commitment to employee growth is the regular conduct of performance reviews for every team member. In 2023, this practice remained steadfast, with 100% of employees undergoing comprehensive performance evaluations.

Future plans

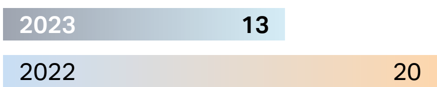
The Company has set the goal of consistently maintaining a 90% employee retention rate over the period spanning from 2024 to 2028.

Additionally, Salik aims to progressively increase the frequency and comprehensiveness of its HSE Annual Internal Safety Audit commencing at an 80% completion rate in 2024 with plans to elevate this figure incrementally, ultimately achieving a comprehensive 100% coverage by the year 2028.
Furthermore, Salik is placing a strong emphasis on elevating the health and safety qualifications of its contractors. Beginning with a target of 50% of contractors qualified in health and safety matters in 2024, the Company envisions a substantial leap to 70% in 2025. Salik then plans to progressively enhance this qualification rate by 10% annually, reaching the significant figure of 100% contractor qualification in health and safety matters by the end of 2028.

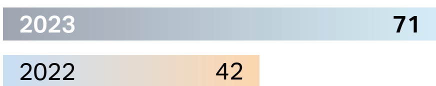
Indicator	Target 2024	Target 2025	Target 2026	Target 2027	Target 2028
% Employee retention	90%	90%	90%	90%	90%

Training hours across managerial levels (hours)

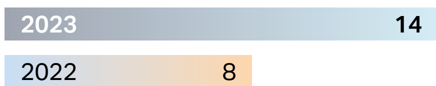
Senior management employees
% change 2022-2023: -35%



Non-management employees
% change 2022-2023: +69%



Middle management employees
% change 2022-2023: +75%



People Happiness continued

Our Customers and Community

Salik deeply values its customers, recognising them as the lifeblood of its operations.

Understanding that customer satisfaction is not merely a goal but a fundamental driver of success, Salik shapes its strategies and services to continually meet and exceed the evolving needs and expectations of its diverse clientele.

Beyond toll gates, Salik also acknowledges its responsibility to the communities it operates in, actively engaging with and contributing to their welfare as a responsible corporate citizen.

Our customers

Since its inception as part of RTA in 2007, Salik has received widespread acclaim, securing more than 22 national and regional awards that attest to its unwavering commitment to customer service excellence. A notable achievement occurred in November 2023 when Salik won three prestigious Call Centre/CX Awards from INSIGHTS Middle East, including Best Outsourced Help Desk of the Year, Best Outsourced Call Centre of the Year and a top-three ranking for the esteemed Problem Solver Award.

This recognition of Salik's excellence is further emphasised by its impressive 92% customer satisfaction rate, a testament to the Company's dedicated efforts in delivering exceptional service experiences. Salik remains resolute in its commitment to maintaining its esteemed reputation as a forward-thinking industry leader, renowned for its human-centric approach to business.

Our community

Salik diligently upholds its mission to facilitate unobstructed mobility for a diverse and inclusive society each year as it extends toll exemptions to various entities, including people of determination, charitable organisations, educational institutions and public transport providers.

In 2023, Salik placed a significant emphasis on community support, specifically through initiatives aimed at creating awareness as it has undertaken a multifaceted approach to disseminate information and engage with its community, showcasing its commitment to social responsibility.

Counterfeit ads and fraudulent activities awareness

Salik has proactively utilised its social media platforms to raise awareness. By creating and publishing impactful social media posts, the Company has effectively communicated its message to a broad audience. These posts served as a tool to spread awareness, featuring samples of counterfeit ads and educating the community about potential fraudulent activities.

Partnership with Dubai Digital

Recognising the power of collaboration, Salik has partnered with Dubai Digital for an extensive awareness campaign. This collaboration has been reinforced with strategic media buying, ensuring that the campaign reaches a wider audience through various channels.

Emailer campaign

To reach its audience directly, Salik has launched an emailer campaign. This targeted approach allows the Company to communicate important information and updates directly to its stakeholders.

People Happiness continued

Our Customers and Community continued

Future plans

Salik aims to strategically advance its corporate social responsibility initiatives by fostering meaningful partnerships with Non-Governmental Organisations (NGOs) on a forward-looking trajectory, initiating the first partnership in 2024 and progressively broadening its engagement to establish a total of five partnerships by the end of 2028. Furthermore, Salik aspires to collaborate with CSR-focused companies to increase community initiatives. The goal is to allocate a greater number of CSR initiatives each quarter in 2024, emphasising a commitment to social responsibility and community support.

Salik places a strong emphasis on enhancing its customer satisfaction levels, as measured by the Net Promoter Score (NPS). The Company sets a target to increase its NPS from 70 in 2024 to a score of 80 by 2028. Salik envisions a gradual and consistent improvement, aiming for a year-on-year increase of two points until 2027 and a more substantial change of four points between 2027 and 2028.

Indicator	Target 2024	Target 2025	Target 2026	Target 2027	Target 2028
Number of partnerships with NGOs	1	2	3	4	5
NPS	70	72	74	76	80

Salik's partnerships

As effective communication and strategic marketing play pivotal roles in Salik's commitment to customer care and satisfaction, the Company has recently forged significant partnerships, each designed to enhance the customer experience and elevate its position as a leader in the industry.

Salik and the Arabian Automobiles Company (AAC)

This collaboration involves a groundbreaking partnership between Salik and the AAC. This alliance aims to redefine the car buying experience, simplifying the process of integrating Salik tags into the vehicles. This innovative approach not only streamlines the journey for customers but also sets a new standard for customer-centric collaborations.

Salik and Careem

This partnership centres around Careem, a collaboration designed to enhance convenience for Salik's customers. By facilitating the easy delivery of Salik tags and account recharge through the Careem app, Salik demonstrates its dedication to continuously improving the customers' experience and its proactive approach to fostering a user-friendly experience.

Salik and TAMM

The Company signed a Memorandum of Understanding (MoU) with TAMM to integrate Salik's services into the Abu Dhabi Unified Government Services Platform. This collaboration aims to enhance many Salik services, including tag purchase and activation, account recharge, exemption applications and more. This collaboration aims to improve Salik's client experience in account recharging. The strategic alignment with TAMM underscores Salik's commitment to delivering a comprehensive transportation journey that caters to the desires of both residents and visitors.

Salik and EMAAR

Salik is set to extend its revenue streams beyond toll gates through a strategic partnership to introduce a seamless parking system at Dubai Mall. Salik's cutting-edge technology will be deployed to facilitate a frictionless, barrier-free parking experience for its customers. The innovative system will incorporate automatic fee collection for ticketless parking, utilising vehicle plate recognition to deduct fees directly from the Salik user accounts of vehicles.

Motivated by the pillars of brand enhancement, market expansion and resource sharing, these partnerships mark significant steps for Salik in achieving its objectives. The careful execution of these partnerships involves strategic announcements on social media platforms, including collaborations with Careem, AW Rostamani Group, TAMM and Emaar. These announcements not only increase brand exposure but also spread awareness about the newly-added services.

In terms of achievements, Salik has successfully increased brand exposure and disseminated valuable information about the enhanced services resulting from these partnerships. Looking ahead, the Company plans to further leverage its partnerships by creating collaborative posts with the brands involved in these new agreements.

This forward-thinking strategy aims to deepen engagement, foster brand loyalty and solidify Salik's position as a customer-centric transportation solution provider in the region.

Environmental Stewardship

Relevant SDG's

Emissions and Energy

Committed to sustainability, Salik has a mission to enable the smooth flow of motorists along the roadways of Dubai.

This is achieved through Salik's eight automated gates, with ongoing expansion. Salik's tolls are designed to address traffic congestion while concurrently fostering fuel efficiency and reducing emissions. Throughout 2023, no environmental-related breaches occurred.

As Dubai launched its neutrality ambitions by 2050 and the Green Mobility Strategy 2030, Salik strives to be a key enabler of this initiative by reducing its carbon emissions.

The Green Mobility Strategy encourages the heightened adoption of electric vehicles as a means to decrease carbon emissions. As a demonstration of this commitment, Salik exempts the tag activation fees for owners of electric vehicles.

Voluntary Carbon Credit Trading Pilot Programme

During the first half of COP 28, the Dubai Financial Market organised the Voluntary Carbon Credit Trading Pilot Programme. This groundbreaking initiative placed climate action at the forefront of the financial market, supporting project fundraising related to climate initiatives and aligning with the national emission neutrality targets. Salik actively supported the initiative and took part by acquiring and retiring 715 units of Carbon Retirement Rights (CRRs) at a value of USD 3.5 each. These credits were issued by the UNFCCC CDM Programme for the Dubai Electricity and Water Authority (DEWA) Chiller Station L project, located in Jebel Ali. The DEWA Chiller station project enhanced the efficiency of three gas turbines by implementing an innovative air chilling system. This system allows for an estimated annual reduction of approximately 26,800 tonnes of CO_2.

"It was an honour to collaborate with DFM on its Voluntary Carbon Credit Trading Pilot Programme during its debut at COP 28, which showcased our commitment to contribute to the nation's vision and drive a positive environmental change. This collaboration underscores our commitment to sustainability, aligning with the UAE's ambitious vision for net-zero emissions by 2050.
By actively participating in carbon credit trading, we aim to minimise our environmental impact, actively contribute to global climate objectives and forge the path for a greener and more sustainable future."

Ibrahim Sultan Al Haddad
Chief Executive Officer of Salik

Scope 2 Emissions – Headquarters	
Scope 2 Emissions Monthly average in kg of CO_2e	2,300 kg of CO_2e
Electricity Consumption Monthly average in kWh	5,715.5 kWh

Scope 2 Emissions – Toll Gates	
Scope 2 Emissions Annual in kg of CO_2e	595,359.80 kg of CO_2e
Electricity Consumption Annual in kWh	1,475,489 kWh

In 2023, Salik's indirect Scope 2 emissions for its headquarters amounted to a monthly average of 2,300 kilogrammes of CO_2e as a result of the 5,715.5 kWh consumed. This measure is given on a monthly average due the unavailability of complete annual data after the recent relocation of Salik's premises.

On the other hand, Salik's toll gates emitted a total of 595,359.80 kilogrammes of CO_2e, stemming from the consumption of 1,475,489 kWh of electricity.

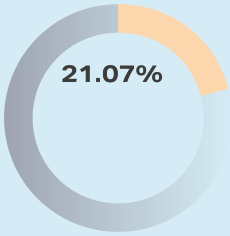
Looking ahead, the Company is dedicated to enhancing its environmental reporting practices. Recognising the significance of adopting a more comprehensive record-keeping approach, the Company aims to enable a more detailed and precise calculation of emissions in the future.

Environmental Stewardship continued

Emissions and Energy continued

Solar panel power usage at Jebel Ali gate

In 2018, Salik initiated a project to leverage the potential of renewable energy with the implementation of solar energy technology at Jebel Ali Gate. Currently, solar energy contributes an impressive 21.07% to the gate's total electricity needs, surpassing the 2022 figure by 6.07%.



Percentage of solar energy generated

Pioneering green building applications

Salik has moved to a new office at Festival Tower, guided by a strategic focus on reducing the Company's carbon footprint, ensuring regulatory compliance and fostering employee engagement.

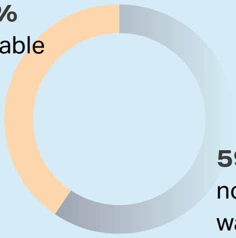
The new office is situated in a LEED Gold-Certified Building designed with sustainable materials and optimised for natural light. Equipped with cutting-edge technology, the office features motion sensor lighting, energy-efficient HVAC systems, 5-star energy-rated appliances and biometric security features. Notably, the implementation of biometric security helps minimise plastic waste and optimise associated energy consumption by replacing conventional access card systems.

Waste and Materials

As a technology services provider and a key component of Dubai's digital transformation, the early embrace of a paperless business strategy was a crucial step forward for the Company.

Reducing CO_2 emissions

Salik adopted server virtualisation, an innovative concept enabling the Company to operate ten Virtual Machines on a single physical server. This strategic implementation led to a remarkable accomplishment of saving nearly 50,000 tonnes of CO_2 emissions annually. The primary objective of this initiative was for Salik to reduce its hardware usage by 40%, thereby decreasing power consumption. Remarkably, the actual results surpassed expectations, as Salik not only achieved but exceeded its objectives, realising a 50% reduction in hardware usage. Looking forward, Salik plans to adopt a hybrid infrastructure by the year 2026.



148.3kg

Average monthly waste generated

Salik's paperless system allows customers to conduct all transactions seamlessly through the smart Salik app and Salik website, with approximately 99% of Salik's customers adopting digital self-services. This initiative not only enhanced the customer experience but also resulted in a significant reduction in paper consumption and waste generation.

Moreover, within its premises, dedicated recycling bins facilitate the separation of non-recyclable waste from recyclable waste. The sorted waste is then processed by the building's management in compliance with the detailed lease contract stipulations and the Gold Leadership in Energy and Environmental Design (LEED) certification requirements.

In light of the recent relocation to a new office, Salik's waste data is currently only available for the months of October, November and December. However, the available information suggests that the Company's waste management practices are effective, with an average recycling rate of 40.5% equating to an average of 60 kilogrammes out of the 148.3 kilogrammes per month.

Salik demonstrates its commitment to sustainability through a wide range of initiatives, including promoting eco-friendly transportation, participating in carbon credit trading, embracing renewable energy solutions and transferring to a green office.

By actively participating in the Voluntary Carbon Credit Trading Pilot Programme, Salik not only reduces emissions but also contributes significantly to global climate goals. Additionally, integrating solar power, sustainable construction methods and paperless operations, highlights its strong dedication to environmental stewardship.

As Salik looks ahead, the goal of adopting a hybrid infrastructure highlights its ongoing commitment to sustainability, aligning with business objectives and contributing to a greener future.

GRI and DFM Index

GRI Disclosure	DFM Reference	
General disclosures	S1 S4 S5 E8 E9 G8 G9	
2-1 Organisational details		
2-2 Entities included in the organisation's sustainability reporting		68
2-3 Reporting period, frequency and contact point		68
2-4 Restatements of information		No restatements of information required
2-5 External assurance		Not applicable
2-6 Activities, value chain and other business relationships		Strategic Review
2-7 Employees		89
2-8 Workers who are not employees		89
2-9 Governance structure and composition		83
2-10 Nomination and selection of the highest governance body		Corporate Governance Report
2-11 Chair of the highest governance body		Corporate Governance Report
2-12 Role of the highest governance body in overseeing the management of impacts		Corporate Governance Report
2-13 Delegation of responsibility for managing impacts		Corporate Governance Report
2-14 Role of the highest governance body in sustainability reporting		Corporate Governance Report
2-15 Conflicts of interest		83
2-16 Communication of critical concerns		Corporate Governance Report
2-17 Collective knowledge of the highest governance body		Corporate Governance Report
2-18 Evaluation of the performance of the highest governance body		Corporate Governance Report
2-19 Remuneration policies		Corporate Governance Report
2-20 Process to determine remuneration		Corporate Governance Report
2-21 Annual total compensation ratio		
2-22 Statement on sustainable development strategy		71
2-23 Policy commitments		71
2-24 Embedding policy commitments		71
2-25 Processes to remediate negative impacts		
2-26 Mechanisms for seeking advice and raising concerns		
2-27 Compliance with laws and regulations		83
2-28 Membership associations		
2-29 Approach to stakeholder engagement		77
2-30 Collective bargaining agreements		Not allowed as per UAE laws
Material topics		
3-1 Process to determine material topics		79
3-2 List of material topics		79
Economic performance		
3-3 Management of material topics		73
201-1 Direct economic value generated and distributed		73
201-3 Defined benefit plan obligations and other retirement plans		92
Indirect economic impacts		
3-3 Management of material topics		73
203-1 Infrastructure investments and services supported		73

GRI Disclosure	DFM Reference	
203-2 Significant indirect economic impacts		73
Market presence	S11	
3-3 Management of material topics		90
202-2 Proportion of senior management hired from the local community		90
Procurement practices		
3-3 Management of material topics		85
Anti-corruption	G5	
3-3 Management of material topics		83
205-1 Operations assessed for risks related to corruption		84
205-2 Communication and training about anti-corruption policies and procedures		84
205-3 Confirmed incidents of corruption and actions taken		84
Anti-competitive behaviour		
3-3 Management of material topics		Not applicable
206-1 Legal actions for anti-competitive behaviour, anti-trust and monopoly practices		Not applicable
Tax		
3-3 Management of material topics		73
207-1 Approach to tax		73
207-2 Tax governance, control and risk management		73
207-3 Stakeholder engagement and management of concerns related to tax		73
207-4 Country-by-country reporting		Only present in the UAE – 73
Materials	E7	
3-3 Management of material topics		101
301-1 Materials used by weight or volume		101
301-2 Recycled input materials used		Not applicable
301-3 Reclaimed products and their packaging materials		Not applicable
Energy	E3 E4 E5 E7	
3-3 Management of material topics		99
302-1 Energy consumption within the organisation		99
302-2 Energy consumption outside of the organisation		99
302-5 Reductions in energy requirements of products and services		99
Emissions	E1 E2	
3-3 Management of material topics		99
305-2 Energy indirect (Scope 2) GHG emissions		99
Waste	E7	
3-3 Management of material topics		101
306-1 Waste generation and significant waste-related impacts		101

GRI and DFM Index continued

GRI Disclosure	DFM Reference	
306-2 Management of significant waste-related impacts		101
306-3 Waste generated		101
306-4 Waste diverted from disposal		101
306-5 Waste directed to disposal		101
Supplier environmental assessment	G4	
3-3 Management of material topics		85
308-1 New suppliers that were screened using environmental criteria		Not applicable in 2023
308-2 Negative environmental impacts in the supply chain and actions taken		Not applicable in 2023
Employment	S3 S4	
3-3 Management of material topics		89
401-1 New employee hires and employee turnover		89
401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees		92
401-3 Parental leave		92
Labour/Management relations		
3-3 Management of material topics		89-92
Occupational health and safety	S7 S8	
3-3 Management of material topics		91
403-1 Occupational health and safety management system		91
403-2 Hazard identification, risk assessment and incident investigation		91
403-3 Occupational health services		91
403-4 Worker participation, consultation and communication on occupational health and safety		91
403-5 Worker training on occupational health and safety		93
403-6 Promotion of worker health		91
403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships		93
403-8 Workers covered by an occupational health and safety management system		91
403-9 Work-related injuries		89
Training and education		
3-3 Management of material topics		93
404-1 Average hours of training per year per employee		93
404-2 Management for upgrading employee skills and transition assistance programs		93
404-3 Percentage of employees receiving regular performance and career development reviews		93
Diversity and equal opportunity	S2 S4 S6 G1	
3-3 Management of material topics		89
405-1 Diversity of governance bodies and employees		89

GRI Disclosure	DFM Reference	
Non-discrimination		
3-3 Management of material topics		89
406-1 Incidents of discrimination and corrective actions taken		89
Local communities	S12	
3-3 Management of material topics		95
413-1 Operations with local community engagement, impact assessments and development programmes		95
413-2 Operations with significant actual and potential negative impacts on local communities		Not applicable
Supplier social assessment	G4	
3-3 Management of material topics		85
414-1 New suppliers that were screened using social criteria		Not applicable in 2023
414-2 Negative social impacts in the supply chain and actions taken		Not applicable in 2023
Marketing and labelling		
3-3 Management of material topics		95
417-1 Requirements for product and service information and labeling		
417-2 Incidents of non-compliance concerning product and service information and labelling		No incidents of non-compliance
417-3 Incidents of non-compliance concerning marketing communications		
Customer privacy	G6	
3-3 Management of material topics		86
418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data		86
Public policy		
415-1 Total monetary value of financial and in-kind political contributions made directly and indirectly by the organisation by country and recipient/beneficiary.		84

Topics Deemed Not Material	DFM Reference	
GRI disclosure	E6 E10 S6	
303 Water and effluents		Not material
304 Biodiversity		Not material
407 Freedom of association and collective bargaining		Not allowed in the UAE by law
408 Child labour		Not material
409 Forced and compulsory labour		Not material
411 Indigenous peoples		Not applicable to companies based only in the UAE
416 Customer health and safety		Not material

4. Financial Statements

Directors' report

For the year end 31 December 2023

The Board of Directors (the "Board") present their report together with the audited financial statements of Salik Company P.J.S.C. ("Salik" or the "Company") for the year ended 31 December 2023.

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:	Eng. Maitha Bin Adai
	Mr. Mohammed Al-Mudharreb
	Mr. Ibrahim Al Haddad (CEO)
	Mr. Mohammed Abdulla Lengawi
	Mr. Mohammad Alhawi

Principal activities

The principal activities of the Company are the operations and maintenance of the existing tollgates throughout Dubai, UAE and for the design and 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.

Financial performance

During the year ended 31 December 2023, the Company reported a revenue of AED 2,109 million (2022: AED 1,892 million) and profit for the year was AED 1,098 million (2022: AED 1,326 million).

Dividends

During the year, the Company distributed a semi-annual dividend of AED 547,927,219 to the shareholders, reflecting 100% of the Company's distributable profit for the first half of 2023.

On 4 March 2024, the Board of Directors proposed to distribute AED 550,035,000 dividend to the shareholders (7.3338 fils per share), reflecting 100% of the Company's distributable net profit for the second half of 2023 as per the Company's dividend policy. The proposed dividend is subject to approval by the shareholders at the Company's General Assembly Meeting in April 2024.

Statement of disclosure to auditors

To the best of our knowledge, the financial statements fairly present, in all material respects, the financial position, results of operations and cash flows of the Company for the year ended 31 December 2023.

For the Board of Directors

His Excellency Mattar Al Tayer
Chairman
Board of Directors
Salik Company P.J.S.C.
04 March 2024

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 2023, 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 2023;
- the statement of financial position as at 31 December 2023;
- 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.

Emphasis of matter – Basis of accounting

We draw attention to Note 2 to the financial statements, which describes the fact that Salik Company P.J.S.C. was not incorporated as a standalone entity for the period up to 30 June 2022 and the assets and liabilities of the Salik Tolling Business were transferred from Roads and Transport Authority ("RTA") to the Company on 1 July 2022. Therefore, the comparative period ended 31 December 2022 includes the carve-out financial information of the historical operations of Salik Tolling Business within RTA for the period from 1 January 2022 to 30 June 2022 and the results of the operations of the Company from 1 July 2022 to 31 December 2022. We also draw attention to Note 2 to the financial statements, which details the basis of preparation and carve-out adjustments applied.

Our opinion is not modified in respect of this matter.

Independent auditor's report to the shareholders of Salik Company P.J.S.C.
(continued)

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 301,192 thousand as at 31 December 2023, of which AED 284,066 thousand relates to receivable from fines. As at 31 December 2023, the Company has recorded a loss allowance of AED 177,827 thousand against these fines receivable. The balance of loss allowance on fines receivable represents management's best estimate, as at 31 December 2023, 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 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 flow rate 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.

Independent auditor's report to the shareholders of Salik Company P.J.S.C. (continued)

Key audit matter	How our audit addressed the Key audit matter
Expected Credit Losses (continued) 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 2023 and the accounting policy associated with ECL is disclosed in Note 21 and Note 4.20 respectively.	• 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.
Fines revenue recognition During the year, the Company earned total revenue of AED 2,108,593 thousand of which AED 216,778 thousand was generated from fines. The fines revenue is generated automatically from the Tolling application and is validated using data maintained in a 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.

Independent auditor’s report to the shareholders of Salik Company P.J.S.C. (continued)

Other information

The Board of Directors and management are responsible for the other information. The other information comprises the Directors’ Report and the Company’s Annual Report (but does not include the financial statements and our auditor’s report thereon).

Our opinion on the financial statements does not cover the other information and we do 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, 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.

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.

Independent auditor's report to the shareholders of Salik Company P.J.S.C.
(continued)

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.

Independent auditor's report to the shareholders of Salik Company P.J.S.C.
(continued)

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 2023;
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 2023 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 2023.

PricewaterhouseCoopers Limited Partnership Dubai Branch
04 March 2024

Wassim El Afchal
Registered Auditor Number 5454
Dubai, United Arab Emirates

Statement of profit or loss and comprehensive income

	Notes	**2023 AED '000**	2022 AED '000
Revenue	6	**2,108,593**	1,892,306
Other income	7	**4,041**	9,176
Finance income	22	**30,047**	2,998
Cost of tags and recharge cards	8	**(27,920)**	(20,144)
Toll operation and maintenance expense	9	**(84,372)**	(90,295)
Employee benefit expenses	10	**(26,570)**	(11,957)
Depreciation and amortisation expense	11	**(82,973)**	(44,148)
Service providers commissions	13	**(43,027)**	(35,362)
Concession fee expense	16	**(461,369)**	(207,560)
Software enhancement expense	19	**(12,886)**	(13,743)
Impairment loss on trade receivables	21	**(34,412)**	(26,614)
Directors' remuneration	23	**(6,635)**	–
Corporate allocation expense	23	**–**	(40,521)
Finance costs	12	**(239,191)**	(73,115)
Other expenses	14	**(25,359)**	(15,359)
Profit for the year		**1,097,967**	1,325,662
Other comprehensive income		**–**	–
Total comprehensive income for the year		**1,097,967**	1,325,662
Basic and diluted earnings per share for profit attributable to the ordinary equity holders of the Company (AED)	32	**0.15**	0.18

The accompanying notes 1 to 38 form an integral part of these financial statements.

Statement of financial position

	Notes	2023 AED '000	2022 AED '000
ASSETS			
Non-current assets			
Property and equipment	18	**4,289**	90
Intangibles	15	**3,877,551**	3,959,183
Right-of-use asset	17	**7,078**	–
Other asset		**560**	720
		3,889,478	3,959,993
Current assets			
Inventories	20	**5,566**	11,536
Trade and other receivables	21	**173,483**	364,407
Short-term deposit with bank	22	**750,000**	–
Due from related parties	23	**139,078**	144,308
Cash and cash equivalents	22	**266,180**	822,707
		1,334,307	1,342,958
Total assets		**5,223,785**	5,302,951
LIABILITIES			
Non-current liabilities			
Long-term borrowings	24	**3,988,779**	3,985,573
Lease liability	17	**6,047**	–
Provision for employees' end-of-service benefits	25	**2,519**	2,624
Contract liabilities	27	**53,350**	43,195
		4,050,695	4,031,392
Current liabilities			
Due to a related party	23	**138,693**	313,492
Lease liability	17	**1,889**	–
Trade and other payables	26	**70,252**	59,815
Contract liabilities	27	**299,709**	294,338
		510,543	667,645
Total liabilities		**4,561,238**	4,699,037
EQUITY			
Share capital	28	**75,000**	75,000
Statutory reserve	29	**37,500**	37,500
Retained earnings		**550,047**	491,414
Total equity		**622,547**	603,914
Total equity and liabilities		**5,223,785**	5,302,951

To the best of our knowledge, the financial statements fairly present, in all material respects, the financial position, results of operations and cash flows of the Company. These financial statements were approved by the Board of Directors on 4 March 2024 and signed on their behalf by:

Chief Executive Officer

Chairman of the Board of Directors

The accompanying notes 1 to 38 form an integral part of these financial statements.

Statement of cash flows

	Notes	**2023 AED '000**	2022 AED '000
Cash flows from operating activities			
Profit for the year		**1,097,967**	1,325,662
Adjustments for:			
Depreciation of property and equipment	11	**323**	3,331
Depreciation of right-of-use asset	11	**1,018**	–
Adjustment for property and equipment		**80**	–
Amortisation of intangibles	11	**81,632**	40,817
Provision for employees' end-of-service benefits	25	**699**	988
Adjustment for employees' end-of-service benefits	25	**(804)**	–
Finance charge on lease liability	12	**293**	–
Other finance costs		**238,898**	73,115
Finance income	22	**(30,047)**	(2,998)
Liability no longer payable written back	7	**–**	(7,950)
Impairment loss on trade receivables	21	**34,412**	26,614
Operating cash flows before changes in working capital		**1,424,471**	1,459,579
Changes in working capital:			
Trade and other receivables excluding impact of impairment loss and accrued interest		**167,219**	(199,085)
Due from related parties		**5,230**	(144,308)
Inventories		**5,970**	4,508
Trade and other payables excluding impact of liabilities written back		**10,437**	58,091
Due to a related party excluding impact of transfer of property and equipment		**(174,799)**	313,388
Other assets		**160**	(720)
Contract liabilities		**15,526**	24,187
Net cash flows generated from operating activities		**1,454,214**	1,515,640
Cash flows from investing activities			
Increase in fixed deposits with original maturity of more than 3 months	22	**(750,000)**	–
Payment for purchase of property and equipment	18	**(4,602)**	(3,158)
Interest income on deposits and call account		**19,340**	2,998
Payment for upfront concession fee	15	**–**	(4,000,000)
Net cash used in investing activities		**(735,262)**	(4,000,160)
Cash flows from financing activities			
Dividend paid	31	**(1,039,334)**	–
Finance charge on lease liability paid		**(293)**	–
Other finance costs paid		**(235,692)**	(73,115)
Principal element of lease payment		**(160)**	–
Net distributions to parent	23	**–**	(826,711)
Proceeds from borrowings – net of transaction cost		**–**	3,985,573
Proceeds from issuance of share capital	28	**–**	75,000
Capital contribution received	30	**–**	146,480
Net cash (used in) / generated from financing activities		**(1,275,479)**	3,307,227
(Decrease) / increase in cash and cash equivalents		**(556,527)**	822,707
Cash and cash equivalents at the beginning of the year		**822,707**	–
Cash and cash equivalents at the end of the year	22	**266,180**	822,707
Supplemental non-cash information			
Addition to right-of-use asset	17	**8,096**	–
Addition to lease liability	17	**8,096**	–
Property and equipment not transferred to the Company		**–**	107,178
End of service benefit liability of employees not transferred to the Company	25	**–**	741

The accompanying notes 1 to 38 form an integral part of these financial statements.

Statement of changes in equity

	Share capital AED '000	Statutory reserve AED '000	Reorganisation reserve AED '000	Net parent investment AED '000	Retained earnings AED '000	Total equity AED '000
At 1 January 2022	–	–	–	(10,080)	–	(10,080)
Issuance of share capital (Note 28)	75,000	–	–	–	–	75,000
Capital contribution received (Note 30)	–	–	146,480	–	–	146,480
Transfer from retained earnings (Note 29)	–	37,500	–	–	(37,500)	–
Total comprehensive income during the year	–	–	–	796,748	528,914	1,325,662
Net distribution to parent (Note 23)	–	–	–	(826,711)	–	(826,711)
Property and equipment not transferred to the Company (Note 18)	–	–	–	(107,178)	–	(107,178)
End of service benefit liability of employees not transferred to the Company (Note 25)	–	–	–	741	–	741
Transfer during the year (Note 30)	–	–	(146,480)	146,480	–	–
At 31 December 2022	75,000	37,500	–	–	491,414	603,914
Total comprehensive income during the year	–	–	–	–	**1,097,967**	**1,097,967**
Dividends declared (Note 31)	–	–	–	–	**(1,039,334)**	**(1,039,334)**
At 31 December 2023	**75,000**	**37,500**	**–**	**–**	**550,047**	**662,547**

The accompanying notes 1 to 38 form an integral part of these financial statements.

Notes to the financial statements

For the year end 31 December 2023

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 changed its corporate office on 18 September 2023. The Company's new registered address is Suite No.400, 4th floor, Festival Tower, Dubai Festival City, PO Box 36003, Dubai, UAE.

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), (previously the Company was ultimately controlled by the Government of Dubai represented by Dubai Department of Finance ('DoF') on its behalf). On 29 September 2022, 24.9% shares of the Company were sold through an Initial Public Offering (IPO) on the Dubai Financial Market ("DFM") stock exchange.

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.

The Company has not purchased or invested in any shares during the years ended 31 December 2023 and 31 December 2022.

On 9 December 2022 UAE Federal Decree–Law no 47 of 2022 was published setting in place a general corporate income tax for the first time. The profit threshold of AED 375,000 at which the 9% tax will apply was set in place by Cabinet Decision No. 116 of 2022 which was published on 16 January 2023 and at this point the tax law was considered enacted and substantively enacted for accounting purposes. While current taxes are not payable on profits generated before the Company's financial year commencing on 1 January 2024, the existence of an enacted tax law results in the need to immediately record deferred taxes on assets and liabilities where the carrying amount differs from the tax base. Based on the assessment performed by the management, an immaterial deferred tax impact has been noted as of and for the year ended 31 December 2023. As certain other cabinet decisions are pending as on the date of these financial statements, the Company will continue to assess the impact of these pending cabinet decision on deferred taxes as and when finalised and published.

2 BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the IASB ("IFRS Accounting Standards"). IFRS Accounting Standards comprise the following authoritative literature:

- IFRS Accounting Standards
- IAS Standards
- Interpretations developed by the IFRS Interpretations Committee (IFRIC Interpretations) or its predecessor body, the Standing Interpretations Committee (SIC Interpretations).

These financial statements have been prepared under the historical cost convention. Historical cost is generally based on the fair value of the consideration given in exchange for assets, unless otherwise disclosed.

Financial results and cash flows for the comparative period as of and for the year ended 31 December 2022

The transfer of the Roads and Transport Authority (RTA) – Salik Tolling Business to Salik Company P.J.S.C. represents a transfer of business under common control, whereby the financial statements of the Company are presented as a continuation of RTA – Salik Tolling Business. The financial information presented in these financial statements for the comparative period includes the financial results of Salik before the incorporation date of the Company as if the Company had historically operated as a standalone entity. Therefore, the transfer represents the predecessor method of accounting and retrospective presentation is used. As Salik was not a standalone legal entity for the period from 1 January 2022 to 30 June 2022, the comparative period presented includes the operations of Salik for the period from 1 July 2022 to 31 December 2022 and the carved-out information of Salik Tolling Business within RTA for the period from 1 January 2022 to 30 June 2022, as if these had always been a part of the Company. The assets and liabilities were transferred from RTA to the Company on 1 July 2022, at their predecessor carrying values and fair value measurement was not required.

Notes to the financial statements (continued)

For the year end 31 December 2023

2 BASIS OF PREPARATION (continued)

Financial results and cash flows for the comparative period as of and for the year ended 31 December 2022 (continued)

The financial results and cash flows for the period from 1 January 2022 to 30 June 2022 included in the comparative period ended 31 December 2022 represent historical operations of RTA – Salik Tolling Business and have been prepared from the accounting records of RTA wherein revenues, expenses, assets, and liabilities of the Salik Tolling Business were separately maintained in the RTA books except for corporate shared overheads, which are carved out on the basis explained in Note 5 and Note 23. Throughout 1 January 2022 to 30 June 2022, the Company functioned as part of the Traffic and Roads Agency ("TRA") which is one of the four agencies forming part of RTA. Accordingly, both RTA and TRA have historically performed certain corporate overhead functions for Salik.

These include, but are not limited to, executive oversight, legal, finance, human resources, and financial reporting. The costs of such services have been allocated to the Company based on the most relevant allocation method to the service provided. Management believes such allocations are reasonable; however, they may not be indicative of the actual expense that would have been incurred had the Company been operating as a separate entity apart from RTA. The cost allocated for these functions is included in corporate allocation expense in the statement of profit or loss and comprehensive income for the comparative period presented. A complete discussion of the Company's relationship with RTA, together with the cost allocations, is included in Note 23 to the financial statements. Because Salik was not a standalone legal entity during 1 January 2022 to 30 June 2022, Parent's net investment is shown which represents the cumulative net investment by RTA in the Company through that date. The impact of transactions between the Company and RTA that were not historically settled in cash were also included in the Net parent investment.

The 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

The following are new standards, amendments and interpretations of IFRS Accounting Standards that have been adopted by the Company. The application of these revised IFRS Accounting Standards, except where stated, have not had any material impact on the amounts reported for the current and prior periods.

- Amendments to IFRS 17: *amendments to address concerns and implementation challenges that were identified after IFRS 17 was published*.
- Amendments to IAS 12: *amendments regarding deferred Tax related to assets and liabilities arising from a single transaction*.
- Amendments to IAS 1 and IFRS Practice Statement 2: *amendments regarding the disclosure of accounting policies*.
- Amendments to IAS 8: *amendments regarding the definition of accounting estimates*.
- Amendments to IAS 12: *amendments to provide temporary exception to the requirements regarding deferred tax assets and liabilities related to pillar two income taxes*.

New standards, interpretations and amendments issued but not yet effective

The following are new standards, amendments, and interpretations of IFRS Accounting Standards that have been issued but not yet effective.

- IFRS S1: General Requirements for Disclosure of Sustainability–related Financial Information.
- IFRS S2: Climate–related Disclosures.
- Amendments to IAS 1: *amendments* regarding the classification of liabilities.
- Amendments to IAS 1: *amendments* regarding the classification of debt with covenants.
- Amendments to IAS 1: amendment to defer the effective date of the January 2020 amendments.
- Amendments to IFRS 7 and IAS 7: *amendments* regarding supplier finance arrangements.
- Amendments to IFRS 10 and IAS 28: *amendments* regarding accounting treatment for sales or contribution of assets between an investor and their associates or joint ventures.
- Amendments to IFRS 16: *amendments* to clarify how a seller–lessee subsequently measures sale and leaseback transactions.

The Company has not early adopted any standards, interpretation or amendment that has been issued but is not yet effective. The Company does not expect the adoption of the above new standards and amendments to have a material impact on the future financial statements of the Company.

Notes to the financial statements (continued)

For the year end 31 December 2023

4 SUMMARY OF MATERIAL ACCOUNTING POLICIES

The material accounting policies used in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

4.1 Property and equipment

Property and equipment are carried at historical cost, less accumulated depreciation and any accumulated impairment loss. The cost of property and equipment is the value of the consideration given to acquire the assets and the costs directly attributable to bringing the asset to its working condition for the intended use.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the statement of profit or loss and comprehensive income during the year in which they are incurred.

Depreciation on property and equipment commences when the assets are ready for their intended use. Depreciation is provided on the straight–line method over the useful lives of respective assets, as follows:

Building	30 years
Infrastructure assets (i.e. Toll gates)	15 or 25 years
Tolling equipment	4 to 10 years
Office furniture and equipment	5 to 10 years
Motor vehicles	5 years
Leasehold improvements	5 years

The residual values, useful lives and method of depreciation of assets are reviewed and adjusted, if appropriate, at each statement of financial position date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Any item of property and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised within profit and loss in the statement of profit or loss and comprehensive income.

Capital work–in–progress is stated at cost and includes items of property and equipment that are being developed for future use. When commissioned, capital work–in–progress is transferred to appropriate category of property and equipment and depreciated in accordance with the Company's policies.

4.2 Intangibles

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, if any.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. Intangibles recognised as part of service concession agreement are amortised over concession period. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss in the expense category that is consistent with the function of the intangible assets.

Notes to the financial statements (continued)

For the year end 31 December 2023

4 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

4.2 Intangibles (continued)

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash–generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss and comprehensive income.

4.3 Service concession agreement

SIC 29 – Service Concession Arrangements: Disclosures deals with information about concession agreements to be disclosed in the notes to the financial statements.

IFRIC 12 is the interpretation that specifies the common characteristics of concession agreements:

- the grantor, usually a public authority, is required to provide a public service that it delegates to the concessionaire (determining criterion);
- the concession operator (Salik), is responsible for managing the related infrastructure and performing the actual public service and is not just a simple agent acting on orders;
- the concession operator is entrusted with specific infrastructure expansion or upgrading obligations while maintaining the infrastructure in proper condition; and
- the price and the conditions (regulation) for price revision are set at the origin of the contract.

For a concession contract to be included in the scope of IFRIC 12, the infrastructure must be controlled by the grantor. Control of the infrastructure by the grantor is ensured when the following two conditions are met:

1. the grantor controls or regulates the public service, i.e. it controls or regulates the services to be provided through the infrastructure subject to the concession and determines to whom and at what price they should be provided; and
2. the grantor controls all residual interest in the infrastructure at the end of the contract. This control is usually reflected through the grantor's right to take over the infrastructure at the end of the contract.

The Company recognises an intangible asset arising from a service concession arrangement when it has a right to charge the users for use of the concession infrastructure. An intangible asset received as consideration for providing the upfront fee in a service concession arrangement is measured at fair value on initial recognition.

The concession rights are stated at cost, less accumulated amortisation and accumulated impairment loss, if any. The estimated useful life of an intangible asset in a service concession arrangement is the period from when the Company is able to charge the public for the use of the infrastructure to the end of the concession period.

Intangible assets include the amount of fixed concession fee paid to RTA in accordance with the concession agreement entered with the RTA for the Dubai Tolling Operations. These intangible assets have finite useful life and are measured at cost less accumulated amortisation and accumulated impairment loss, if any.

Amortisation is recognised on a straight–line basis over the life of the concession term.

4.4 Inventories

Inventories comprise Salik tags and Salik recharge scratch cards and are measured at cost upon initial recognition. The cost of the inventory comprises of purchase cost and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on a weighted average basis, net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

Notes to the financial statements (continued)
For the year end 31 December 2023

4 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)
4.5 Financial instruments
Financial assets and financial liabilities (financial instruments) are recognised when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss recognised immediately in the statement of profit or loss and comprehensive income.

The financial assets and financial liabilities are classified as current if they are expected to be realised or settled within operating cycle of the Company or otherwise these are classified as non–current.

The financial instruments are classified to be measured at Amortised Cost, at Fair Value Through Profit and Loss (FVTPL) or at Fair Value Through Other Comprehensive Income ("FVTOCI") and such classification depends on the objective and contractual terms to which they relate. Classification of financial instruments is determined on initial recognition. The Company's financial assets consist of trade and other receivables, due from related parties, short-term bank deposits and cash and cash equivalents. The Company's financial liabilities consist of borrowings, lease liability, trade and other payables and due to a related party.

Financial instruments measured at amortised cost:
Financial assets held within a business whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding are measured at amortised cost. The above financial assets and financial liabilities subsequent to initial recognition are measured at amortised cost using Effective Interest Rate ("EIR") method.

Financial asset at fair value through other comprehensive income:
Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Subsequent to initial recognition, they are measured at fair value and changes therein are recognised directly in other comprehensive income.

Financial instrument fair value through profit or loss:
Financial instruments which do not meet the criteria of amortised cost or fair value through other comprehensive income are classified as Fair Value through Profit or loss. These are recognised at fair value and changes therein are recognised in the statement of profit or loss and comprehensive income.

De–recognition of financial instruments
Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire or the Company transfers substantially all risks and rewards of ownership.

On derecognition of a financial asset (except for equity instruments designated as FYTOCI), the difference between the asset's carrying amount and the sum of the consideration received and receivable are recognised in the statement of profit or loss and comprehensive income.

On derecognition of assets measured at FYTOCI the cumulative gain or loss previously recognised in other comprehensive income is reclassified to profit or loss as a reclassification adjustment unless the asset represents an equity investment, in which case the cumulative gain or loss previously recognised in other comprehensive income are reclassified within equity.

Financial liabilities are derecognised if the Company's obligations specified in the contract expire or are discharged or cancelled. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the statement of profit or loss and comprehensive income.

Notes to the financial statements (continued)

For the year end 31 December 2023

4 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

4.6 Trade and other receivables

Trade receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components when they are recognised at fair value. The receivables are measured at amortised cost using the effective interest method, less provisions for impairment losses for amounts considered uncollectible. Amounts considered uncollectible are estimated on the basis described in Note 4.20.

4.7 Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise of cash held in bank in the current account, deposits held at call with the bank and deposits held with bank with original maturities of three months or less. Deposits are presented as cash equivalents if they have a maturity of three months or less from the date of acquisition and are repayable with 24 hours' notice with no loss of interest.

4.8 Share capital

Ordinary shares are classified as equity.

4.9 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

4.10 Trade and other payables

These represent liabilities for goods and services provided to the Company prior to the end of the financial year which are unpaid. Trade and other payables are classified as current liabilities if payment is due within 12 months after the reporting period. If not, they are presented as non–current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

4.11 Contract liabilities

A contract liability is the obligation to provide services to a customer for which the Company has received consideration from the customer. If a customer pays consideration before the Company provides the services to the customer, a contract liability is recognised when the payment is made. Contract liabilities are recognised as revenue when the Company performs its obligations under the contract. The Company does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised service to the customer and when the customer pays for that service will be one year or less.

4.12 Provision for employee benefits

(a) End of service benefits to non–UAE Nationals

An accrual is made for employees employed in the UAE, for the estimated liability for employees' entitlement to annual leave and leave passage as a result of services rendered by the employees up to the statement of financial position date. Provision is also made for the full amount of end of service benefits due to the non–UAE Nationals in accordance with the applicable Government of Dubai Human Resources Management Law, for their periods of service up to the statement of financial position date. The entitlement to these benefits is usually based upon the employees' salary and length of service, subject to completion of a minimum service period.

The accrual relating to annual leave and leave passage is disclosed as a current liability, while that relating to end of service benefits is disclosed as a non–current liability.

(b) Pension and social security policy

The Company is a member of the pension scheme operated by the Federal General Pension and Social Security Authority. Contributions for eligible UAE National employees are made in accordance with the provisions of Federal Law No. 7 of 1999 relating to Pension and Social Security Law. Contribution expenses are classified as part of Employee Benefit expense in the statement of profit or loss and other comprehensive income.

Notes to the financial statements (continued)

For the year end 31 December 2023

4 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

4.13 Borrowings and borrowing costs

Borrowings are recognised initially at fair value, net of transaction costs which are subsequently carried at amortised cost and any difference between the proceeds (net of transaction costs) and the redemption value is amortised over the period of the borrowings using the effective interest method. Borrowings are classified as current liabilities in case settlement is due within 12 months otherwise, they are classified as non–current liabilities.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payment through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. The future cash payment is estimated taking into account all the contractual terms of the instrument.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw–down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre–payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing cost consists of interest and other costs that an entity incurs in connection with the borrowing of funds.

4.14 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where there are a number of similar obligations the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small. When the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss and comprehensive income net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre–tax rate that reflects, when appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance costs.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed to the statement of profit or loss and comprehensive income.

4.15 Value added tax

Expenses and assets are recognised net of the amount of tax, except:

- When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable; or
- When receivables and payables are stated with the amount of tax included.

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of VAT receivables or VAT payables in the statement of financial position.

Notes to the financial statements (continued)

For the year end 31 December 2023

4 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

4.16 Earnings per share ("EPS")

Basic EPS is calculated by dividing the profit for the period attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the period.

Diluted EPS is calculated by dividing the profit for the period attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the period plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

4.17 Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. The future cash receipts are estimated taking into account all the contractual terms of the instrument.

4.18 Fair value measurements

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 Company.

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 Company 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 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.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by re–assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of their nature and characteristics.

Notes to the financial statements (continued)

For the year end 31 December 2023

4 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

4.19 Impairment of non–financial assets

The Company assesses at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre–tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less cost of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

Impairment losses of continuing operations are recognised in the statement of profit or loss and comprehensive income in expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss and comprehensive income.

4.20 Impairment of financial assets

Credit–impaired financial assets

At each reporting date, the Company assesses whether a financial asset carried at amortised cost is credit impaired. A financial asset is credit–impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Management's assessment uses the lifetime probability of default method. A credit loss will be calculated as the difference between the cash flows that are due in accordance with the contract/agreement and the cash flows that the Company expects to receive, discounted at the original effective interest rate of the financial instrument.

Trade and other receivables

For trade and other receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix, as disclosed in Note 21, that is based on historical recovery data, adjusted for forward–looking factors and the time value of money.

The Company applies a practical expedient to calculate ECLs on receivables that do not contain a significant financing component using a provision matrix. This matrix is based on information such as delinquency status and actual credit loss experience (on historical data) and based on current and forward–looking information on macroeconomic factors. The provision matrix is applied to all outstanding trade receivables by aging and customer group to determine the actual ECL.

Presentation of allowance for ECL

The expected credit loss allowance for each type of financial asset is deducted from the gross carrying amount of the assets. Impairment losses are shown separately on the face of the statement of profit or loss and comprehensive income.

Write–off

Write-offs are recognised when the Company has no reasonable expectations of recovering a financial asset either in its entirety or a portion thereof. For trade receivables arising from fines, write-offs occur five years after the violation is issued, which is estimate useful life of a customer.

Notes to the financial statements (continued)

For the year end 31 December 2023

4 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

4.21 Revenue recognition

The Company is in the business of providing tolling services to motorists. Revenue from contracts with customers is recognised when control of the goods or services is transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company has generally concluded that it is the principal in its revenue arrangements, because it typically controls the goods or services before transferring them to the customer.

(a) *Tolling fees* – Revenue from tolling fees are satisfied at a point in time as the vehicle passes through the toll gate. The transaction price is fixed per passage under the toll gate and is typically paid in advance by the customer. Each passage under the tollgate represents a distinct performance obligation.

(b) *Salik tags* – Tags and recharge cards are purchased by end–customers from third party vendors or directly online. A contract is established with each end–customer when a Salik tag is registered by the end–customer. The customer pays a one–time activation fee; thereby giving Salik the right to payment and the customer right of passage to use the tollgates without penalty. Activation of the tag do not meet the criteria to be considered a distinct performance obligation, and therefore the activation fee is combined with the tolling fees and is recognised over the estimated life of the end–customer. If the tag is deactivated by the customer before the end of estimated life, the unrecognised portion of the tag activation fee is immediately recognised as revenue.

(c) *Fines* – Fines are earned for violating rules and regulations of Salik by third parties. They are recognised at the time the Company has the right to receive cash.

(d) *Inactive balance–write–off* – A customer's non–refundable prepayment to an entity gives the customer a right to receive a service in the future. However customers may not exercise all of their contractual rights. When an entity expects to be entitled to a breakage amount in a contract liability, the entity shall recognise the expected breakage amount as revenue. The Company recognises revenue when the likelihood of the customer exercising its remaining rights becomes remote.

(e) *Variable consideration* – If consideration in a contract includes a variable amount, the Company estimates the amount of consideration to which it will be entitled in exchange for services rendered to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal will not occur when the related uncertainty is subsequently resolved. Dismissals and refunds for fine violations give rise to variable consideration.

(f) *Other* – The Company also recognises revenue from delivery of tags to customers and processing fees for recharges, which is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the tag at the customer's location and upon recharge of the account.

4.22 Leases

The Company's leases represent the lease of office space. Rental contracts are typically made for a fixed period. Contract contain both lease and non–lease components. The Company allocates the consideration in the contract to the lease and non–lease components based on their relative stand–alone prices. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor, but leased assets may not be used as security for borrowing purposes. Assets and liabilities arising from a lease are initially measured on a present value basis.

Lease liabilities include the net present value of the following lease payments:

- fixed payments, including in–substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the Company is reasonably certain to exercise;
- lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option; and
- penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

Notes to the financial statements (continued)

For the year end 31 December 2023

4 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

4.22 Leases (continued)

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right–of–use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Company:

- where possible, uses recent third–party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received; and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

If a readily observable amortising loan rate is available to the individual lessee (through recent financing or market data) which has a similar payment profile to the lease, then the Company entities use that rate as a starting point to determine the incremental borrowing rate. Lease payments are allocated between principal and finance cost. The finance cost is charged to statement of profit or loss and comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right–of–use assets are measured at cost comprising the following:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Right–of–use assets are generally depreciated over the shorter of the asset's useful life and the lease term, on a straight–line basis. If the Company is reasonably certain to exercise a purchase option, the right–of–use asset is depreciated over the underlying asset's useful life. The Company does not revalue right–of–use assets held by the Company.

Payments associated with short–term leases and all leases of low–value assets are recognised on a straight–line basis as an expense in statement of profit or loss and comprehensive income. Short–term leases are leases with a lease term of 12 months or less without a purchase option.

4.23 Current versus non–current classification

The Company presents assets and liabilities in the statement of financial position based on current/non–current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non–current.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non–current.

Notes to the financial statements (continued)

For the year end 31 December 2023

4 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

4.24 Segment reporting

For management purposes, the Company is organised into one segment, which is the Tolling Business. Accordingly, the Company only has one reportable segment. Management monitors the operating results of the business as a single unit for the purpose of making decisions about resource allocation and performance assessment.

4.25 Dividend distribution

Dividends to the Company's shareholders are recognised in the financial statements in the period in which the dividends are approved by the Company's shareholders.

5 SIGNIFICANT ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

In the application of the Company's accounting policies, which are described in Note 4, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Critical accounting estimates and assumptions – The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

a) Provision for expected credit losses of trade and other receivables

The Company uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., customer type and rating). The Company calibrates the matrix to adjust the historical credit loss experience with forward–looking information. At every reporting date, the historical observed default rates are updated and changes in the forward–looking estimates are analysed. The amount of ECL is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

During the years presented, management concluded the expected credit losses for trade receivables for customers not arising from fines was not material due to either no balances or an immaterial balance being past due, and due to positive forecasted economic conditions.

To calculate the expected credit losses for trade receivables arising from fines, management has used a credit period of twelve months to calculate the due date as customers generally have up to one year before they are required to pay the violation issued. Management has tracked recoveries for violations for five years as management estimates the average customer useful life to be five years.

b) Fines dismissals

Customers have the right to dispute wrongful violations. If the violation has been paid, then the customer is entitled to a refund and if the violation has not yet been paid the violation is dismissed. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal will not occur when the related uncertainty is subsequently resolved. Primarily all wrongful violations are dismissed in the year in which the violation is issued and substantially all dismissals occur within two calendar years of the violation issuance, however based on historical information, management can estimate dismissals which will occur in subsequent years after the violation is issued. In determining the impact of variable consideration, the Company uses the "most–likely amount" method in IFRS 15 whereby the transaction price is determined by reference to the single most likely amount in a range of possible consideration amounts. A 1% increase or decrease change in estimated dismissals beyond the year in which the violation is issued would result in approximately AED 29 thousand (2022: AED 29 thousand) change in revenue recognised for the year ended 31 December 2023.

Notes to the financial statements (continued)

For the year end 31 December 2023

5 SIGNIFICANT ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (continued)

c) Useful lives of property and equipment, infrastructure and intangible assets

The Company's management determines the estimated useful lives of its property and equipment, infrastructure, and intangible assets for calculating depreciation and amortisation. This estimate is determined after considering the expected usage of the asset or physical wear and tear. Management reviews the residual value and useful lives annually and future depreciation and amortisation charge would be adjusted where the management believes the useful lives differ from previous estimates.

d) Corporate allocations

The financial information for the comparative period from 1 January 2022 up to 30 June 2022 include allocations for certain expenses historically maintained by RTA or TRA. Such items have been allocated to the Company and included in the comparative financial statements based on the most relevant allocation method, primarily relative percentage of headcount or revenue. Management believes that this basis for allocation of expenses is reasonable. Actual results may differ from these estimates. A 1% increase or decrease change in allocation percentages would result in approximately AED 0.4 million change in expense allocated to the Company for the year ended 31 December 2022 (Refer to Note 23). There are no corporate allocations for the comparative period from 1 July 2022 to 31 December 2022 and for the year ended 31 December 2023.

e) Life of customer contract

The Company's management determines the estimated useful lives of its customer contracts for calculating the period over which tag activation fee revenue is recognised. Management estimates the average customer life by calculating the weighted average number of days between tag activation and tag deactivation, which is approximately five years. However, the actual useful life may be shorter or longer than five years, depending on when customers deactivate their Salik tag. If the average customer useful life was four years, the carrying amount of contract liabilities would decrease and revenue recognised would increase by AED 0.8 million (2022: AED 1.6 million) as at and for the year ended 31 December 2023. If the average customer useful life was six years, the carrying amount of contract liabilities would increase and revenue recognised would decrease by AED 0.3 million (2022: AED 1.1 million) as at and for the year ended 31 December 2023.

Critical judgements in applying the Company's accounting policies – The following are the critical judgements, apart from those involving estimations discussed above, that management made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in these financial statements.

f) Determining whether RTA's voluntary right to terminate is substantive or not

As per the terms of the concession agreement, RTA has an option to voluntarily terminate the agreement by giving notice of voluntary termination to the Company and paying the termination value as determined on the termination date based on terms of the concession agreement. The Company applies judgement in evaluating whether it is reasonably certain whether RTA will exercise the option to terminate the agreement. Based on the judgement applied, the Company believes it will not be economically beneficial for RTA to exercise the rights and voluntarily terminate this agreement as the termination payment will significantly exceed the upfront concession payment made by Salik to acquire concession right.

g) Impairment of non–financial assets

The Company reviews the carrying amounts of its non–financial assets to determine whether there is any indication that those assets are impaired. In making the assessment for potential indicators of impairment, management is required to make certain judgments when determining whether events or circumstances exist that indicate the carrying amount may not be recoverable. During the years presented, management concluded there were no indicators of impairment that required a further assessment.

h) Consideration of significant financing component in a contract

Customers are required to prepay tolling fees. Using the practical expedient in IFRS 15, the Company does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less. During the years presented, management concluded the amounts of advances which were likely to transfer after one year were not material and therefore did not require further assessment.

Notes to the financial statements (continued)
For the year end 31 December 2023

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

	2023 AED '000	2022 AED '000
Tolling revenue		
– Toll usage fees	**1,845,477**	1,651,575
– Tag activation fees*	**38,200**	32,182
Total tolling revenue	**1,883,677**	1,683,757
Fines	**216,778**	201,594
Inactive balance write–off (Note 27)	**5,681**	5,642
Miscellaneous	**2,457**	1,313
	2,108,593	1,892,306

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

7 OTHER INCOME

	2023 AED '000	2022 AED '000
Recovery of bad debts written off	**2,597**	1,226
Commission on replacement of end–of–life tolling assets (Note 16)	**1,007**	–
Liabilities no longer payable written back	**–**	7,950
Others	**437**	–
	4,041	9,176

8 COST OF TAGS AND RECHARGE CARDS

	2023 AED '000	2022 AED '000
Inventories expensed – Salik tags	**27,690**	19,641
Inventories expensed – Salik recharge cards	**230**	503
	27,920	20,144

9 TOLL OPERATION AND MAINTENANCE EXPENSE

	2023 AED '000	2022 AED '000
Operating expenses	**62,515**	64,088
Maintenance expenses	**21,857**	26,207
	84,372	90,295

The operations and maintenance of the tolling 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 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.

Notes to the financial statements (continued)
For the year end 31 December 2023

10 EMPLOYEE BENEFIT EXPENSES

	2023 AED '000	2022 AED '000
Salaries and wages	19,021	9,703
Bonus expense	2,534	–
End of service benefits	699	988
Other benefits and allowances	4,316	1,266
	26,570	11,957

11 DEPRECIATION AND AMORTISATION EXPENSE

	2023 AED '000	2022 AED '000
Depreciation of property and equipment (Note 18)	323	3,331
Depreciation of right–of–use asset (Note 17)	1,018	–
Amortisation of intangibles (Note 15)	81,632	40,817
	82,973	44,148

12 FINANCE COSTS

	2023 AED '000	2022 AED '000
Finance cost on borrowings	238,738	73,035
Finance charge on lease liability (Note 17)	293	–
Other finance costs	160	80
	239,191	73,115

13 SERVICE PROVIDERS COMMISSION

	2023 AED '000	2022 AED '000
Service provider expense		
– Bank commissions	15,643	10,384
– Other Emirates commissions	13,825	11,261
Commission on card sales	9,257	9,665
Commission on tag sales	4,302	4,052
	43,027	35,362

14 OTHER EXPENSES

	2023 AED '000	2022 AED '000
Professional fees	9,596	8,328
Transition service expense (Note 23)	6,739	2,624
Rent and maintenance	1,562	1,116
Office fit out expenses	1,235	–
Marketing and advertisement	886	–
Travel and accommodation	589	–
Others	4,752	3,291
	25,359	15,359

Notes to the financial statements (continued)

For the year end 31 December 2023

15 INTANGIBLES

This represents the Company's right under the service concession agreement (refer Note 16), that is, an upfront concession fee of AED 4,000 million to RTA under the service concession agreement between RTA and the Company.

	AED '000
Cost	
At 1 January 2022	–
Addition (Note 16)	4,000,000
At 31 December 2022 and 2023	**4,000,000**
Accumulated amortisation	
At 1 January 2022	–
Charge for the year (Note 11)	40,817
At 31 December 2022	40,817
Charge for the year (Note 11)	81,632
At 31 December 2023	**122,449**
Net carrying amount	
At 31 December 2023	**3,877,551**
At 31 December 2022	3,959,183

16 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 acquiring the right to operate Salik's existing gates and any future gates.

Additionally, a variable concession fee of 25% of toll usage fee 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 December 2023 and 31 December 2022.

Variable concession fee for the year ended 31 December 2023 amounts to AED 461.37 million (2022: AED 207.56 million), which has been recorded as an expense in the statement of profit or loss and comprehensive income.

Key elements of concession agreement

Tolling Operations, Tolling Systems, Tolling Assets: The Company has the absolute and exclusive 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.

Revisions to toll fee: The Company has 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.

Notes to the financial statements (continued)
For the year end 31 December 2023

16 SERVICE CONCESSION ARRANGEMENT (continued)
New toll gates: The Company has exclusive right to undertake any tolling works with respect to the new toll gates and all costs and expenses incurred for the construction of toll gates 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 valuation of the new toll gate. In case of difference in valuation done by RTA and that done 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 compared to forecasts.

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

17 LEASES
i. Right–of–use asset

	Office space AED '000
Cost	
At 1 January 2023	**–**
Additions	**8,096**
At 31 December 2023	**8,096**
Accumulated depreciation	
At 1 January 2023	**–**
Charge for the year (Note 11)	**1,018**
At 31 December 2023	**1,018**
Net book value	
At 31 December 2023	**7,078**

ii. Lease liability

	AED '000
At 1 January 2023	**–**
Lease additions	**8,096**
Finance charge for the year (Note 12)	**293**
Lease repayments	**(453)**
At 31 December 2023	**7,936**

Lease liability is bifurcated into:	
Current	**1,889**
Non–current	**6,047**
	7,936

Notes to the financial statements (continued)
For the year end 31 December 2023

17 LEASES (continued)
iii. Amounts recognised in profit or loss

	2023 AED '000	2022 AED '000
Finance charge on lease liability (Note 12)	293	–
Depreciation of right–of–use asset (Note 11)	1,018	–

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

	2023 AED '000	2022 AED '000
Not later than 1 year	2,264	–
Between 1 to 5 years	6,703	–
	8,967	–

18 PROPERTY AND EQUIPMENT
For the year ended 31 December 2023

	Office furniture and equipment AED '000	Motor vehicles AED '000	Leasehold improvements AED '000	Total AED '000
Cost				
At 1 January 2023	150	–	–	150
Additions	1,685	362	2,555	4,602
Adjustment	(128)	–	–	(128)
At 31 December 2023	1,707	362	2,555	4,624
Accumulated depreciation				
At 1 January 2023	60	–	–	60
Depreciation charge for the year (Note 11)	126	26	171	323
Adjustment	(48)	–	–	(48)
At 31 December 2023	138	26	171	335
Net carrying amount				
At 31 December 2023	1,569	336	2,384	4,289

Notes to the financial statements (continued)
For the year end 31 December 2023

18 PROPERTY AND EQUIPMENT
For the year ended 31 December 2022

	Buildings AED '000	Infrastructure assets AED '000	Tolling equipment AED '000	Office furniture and equipment AED '000	Capital work in progress AED '000	Total AED '000
Cost						
At 1 January 2022	2,438	128,718	49,438	1,657	27,680	209,931
Additions	–	–	106	–	3,052	3,158
Transfer*	–	–	2,259	–	(2,259)	–
Transfer from related party	–	–	–	150	–	150
Retirements**	–	–	(4,758)	(1,069)	–	(5,827)
Property and equipment not transferred to Salik***	(2,438)	(128,718)	(47,045)	(588)	(28,473)	(207,262)
At 31 December 2022	–	–	–	150	–	150
Accumulated depreciation						
At 1 January 2022	1,153	51,142	48,646	1,653	–	102,594
Depreciation charge for the year (Note 11)	52	2,573	691	15	–	3,331
Transfer from related party	–	–	–	46	–	46
Retirements**	–	–	(4,758)	(1,069)	–	(5,827)
Property and equipment not transferred to Salik***	(1,205)	(53,715)	(44,579)	(585)	–	(100,084)
At 31 December 2022	–	–	–	60	–	60
Net carrying amount						
At 31 December 2022	–	–	–	90	–	90

* This includes transfer of Information technology (IT) assets of AED 2.3 million from CWIP to Tolling equipment during the year.

** Retirements relate to certain fully depreciated Information technology (IT) assets under tolling equipment category and telecommunication assets under office furniture and equipment category.

*** The property and equipment i.e. building, infrastructure assets and tolling equipment used by the Company in its operations till 30 June 2022, that is, until the date of its incorporation, but are legally owned by RTA and are not transferred to Salik Company P.J.S.C. on formation of the legal entity. However, as part of the service concession agreement (Note 16) entered into between the Company and RTA, these assets will be used by Salik to provide operation, maintenance, and management of Tolling business in Dubai.

19 SOFTWARE ENHANCEMENT EXPENSE
The expenditure incurred towards enhancements of the software did not meet the capitalisation criteria and have been expensed in the year in which the expense was incurred. Expenses incurred related to software development were AED 12.9 million for year ended 31 December 2023 and AED 13.7 million for the year ended 31 December 2022.

Notes to the financial statements (continued)

For the year end 31 December 2023

20 INVENTORIES

	2023 AED '000	2022 AED '000
Salik tags	5,461	5,188
Salik recharge scratch cards	105	6,348
	5,566	11,536

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

21 TRADE AND OTHER RECEIVABLES

	2023 AED '000	2022 AED '000
Trade receivables (including fines receivable)	301,192	313,410
Less: loss allowance on fines receivable	(177,827)	(183,074)
	123,365	130,336
VAT receivable	17,246	211,249
Accrued interest	12,721	2,014
Advance to supplier	19,484	20,808
Other assets	667	–
	173,483	364,407

Break up of trade receivables is as follows:

	2023	2022
Fines	284,066	286,182
Taxi	10,154	7,543
Banks	2,647	1,962
Other Emirates	353	353
Telecom	94	4,592
Gas stations	–	12,778
Others	3,878	–
	301,192	313,410

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

Trade and other receivables from taxi, gas stations, telecom, banks, other Emirates 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, other Emirates and others is considered to be not material.

Notes to the financial statements (continued)
For the year end 31 December 2023

21 TRADE AND OTHER RECEIVABLES (continued)
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:

	2023 AED '000	2022 AED '000
Balance at the beginning of the year	**183,074**	196,680
Provision for expected credit losses for the year	**34,412**	26,614
Write offs during the year	**(39,659)**	(40,220)
Balance at the end of the year	**177,827**	183,074

The provision for expected credit losses for the year has been included as " Impairment loss on trade receivables" in the statement of profit or loss and 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:

31 December 2023	**Expected credit loss %**	**Gross carrying amount AED '000**	**Loss allowance AED '000**
Current	**40%**	**121,814**	**48,378**
1 – 90 days	**59% – 64%**	**12,340**	**7,625**
91 – 180 days	**66% – 68%**	**10,545**	**7,048**
181 – 365 days	**71% – 77%**	**21,414**	**15,915**
365+ days	**84%**	**117,953**	**98,861**
Total		**284,066**	**177,827**

31 December 2022	Expected credit loss %	Gross carrying amount AED '000	Loss allowance AED '000
Current	39%	111,887	43,895
1 – 90 days	58% – 63%	12,536	7,616
91 – 180 days	64% – 68%	10,451	6,904
181 – 365 days	70% – 79%	22,691	16,962
365+ days	83%	128,617	107,697
Total		286,182	183,074

22 CASH AND CASH EQUIVALENTS AND SHORT–TERM DEPOSIT WITH BANK

	2023 AED '000	2022 AED '000
Cash and cash equivalents		
Cash in bank		
– Current account	**–**	321,758
– Islamic Mudarabah Call Account	**266,180**	–
Short-term deposits with original maturity of 3 months or less	**–**	500,949
Cash and cash equivalents	**266,180**	822,707
Short-term deposit with bank		
Fixed deposit with original maturity of 3 to 12 months	**750,000**	–

Notes to the financial statements (continued)
For the year end 31 December 2023

22 CASH AND CASH EQUIVALENTS AND SHORT–TERM DEPOSIT WITH BANK (continued)
Cash in bank represents amounts held in current accounts, call account and Wakala deposits maintained with Emirates NBD Bank P.J.S.C. operating in the UAE. The fixed deposits as on 31 December 2023 have an original maturity period of more than 3 months (2022: 88 days) and earn expected profits of 5.3% (2022: 5.15%). Profit earned from short-term deposits was AED 26,049 thousand (2022: AED 2,998 thousand). During the year ended 31 December 2023, the Company entered into a sweeping arrangement with newly opened Islamic Mudarabah Call Account whereby daily available balance in the current account is transferred to the Islamic Mudarabah Call Account and the Company earns profit on the daily available bank balance. The Company earned a profit of AED 3,998 thousand (2022: Nil) during the year ended 31 December 2023, on the Islamic Mudarabah Call account.

23 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 as per 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 P.J.S.C. ("DTC"), Dubai E–Government, Dubai Digital Authority, Emirates NBD Bank P.J.S.C. ("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 16), Transitional Services Agreement with RTA and debt agreement with Emirates NBD Bank P.J.S.C. (Note 24).

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

	2023 AED '000	2022 AED '000
Due from related parties		
Entities under common control of the Government of Dubai		
Dubai E-Government	**79,567**	66,408
Roads and Transport Authority*	**47,563**	72,240
Dubai Taxi Company P.J.S.C.	**11,948**	5,660
	139,078	144,308
Due to a related party		
Entities under common control of the Government of Dubai		
Roads and Transport Authority*	**138,693**	313,492

* 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.

	2023 AED '000	2022 AED '000
Loan from a related party		
Entities under common control of the Government of Dubai		
Emirates NBD Bank P.J.S.C.	**3,988,779**	3,985,573

The Company obtained a financing facility with ENBD, a related party, as has been disclosed in Note 24.

Bank balances as disclosed in Note 22 are also held with ENBD.

Notes to the financial statements (continued)

For the year end 31 December 2023

23 RELATED PARTY BALANCES AND TRANSACTIONS (continued)

Transactions with related parties

Commission expense

Transactions with ENBD, other than finance cost on borrowings as explained in Note 24, relates to commission paid for collection services provided by ENBD and amounts to AED 2.7 million for the year ended 31 December 2023 (2022: AED 2.3 million). Transactions, gross of commission earned, with ENOC relate to the sale of Salik tag and recharge cards and amounts to AED 138.9 million for the year ended 31 December 2023 (2022: AED 134.0 million).

Tolling fees collected by Dubai Taxi Company P.J.S.C.

Dubai Taxi Company P.J.S.C. ("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 68.8 million (2022: AED 63.5 million). Historically, collections made by DTC were settled directly with the Government of Dubai's Department of Finance. Accordingly, the total effect of the settlement of the tolling fee portion of these transactions until the date of formation of the Company, that is 30 June 2022, is reflected in the statement of cash flows as a financing activity and in the statement of financial position as Net parent investment. Effective from 1 July 2022, the amounts are collected by Salik directly in accordance with the terms of agreement with the Company.

Corporate costs allocation

The Company had been allocated expenses of AED 40.5 million for the year ended 31 December 2022 (2023: Nil) from RTA. These costs are derived from multiple levels of the organisation including shared RTA corporate expenses and shared agency expenses. The allocated corporate costs include, but are not limited to, executive oversight, legal, finance, human resources, audit, strategic planning, and IT governance and are allocated to the Company to represent the cost of providing these services. Further, RTA's Director compensation is included in these amounts. The amounts allocated to the Company are intended to represent the costs of providing these services, and management believes the allocation methods are reasonable. However, the actual cost of obtaining these individual services, if the Company were a stand–alone Company, could be materially different.

The cost of the services provided by RTA and TRA were determined by the most relevant allocation method, primarily relative percentage of headcount or revenue. These costs are recorded as corporate allocation expenses in the statement of profit or loss and comprehensive income. Effective from 1 July 2022, the Company entered into a transitional services agreement with RTA for assistance with such back–office functions, as have been detailed below. Accordingly, corporate costs were allocated to the Company until 30 June 2022 and that no such costs have been allocated following the transitional services agreement.

Transitional Service Agreement ('TSA')

The Company entered into a Transitional Services Agreement ('TSA') with RTA, effective from 1 July 2022, wherein RTA providing 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 year, an amount of AED 6.7 million (2022: AED 2.6 million) has been charged by RTA for such transitional services and these have been included as 'Transition service expense' under 'Other expenses' in the statement of profit or loss and comprehensive income.

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 Notes 15 and 16 for the financial impact associated with the Concession Agreement.

Cash pooling

Until 30 June 2022, the Company utilised the RTA's centralised processes and systems for cash management. As a result, substantially all cash received related to the tolling business was deposited and comingled with RTA's general corporate funds. The Company did not have a legal right to deposit or withdraw funds autonomously. Substantially all cash received by the Company was deposited in and commingled with RTA's general corporate funds and is not specifically allocated to the Company. Effective from 1 July 2022, the Company has its own bank account and ceased to use the centralised cash pooling process and systems of RTA. Accordingly, all the transactions are settled directly with the bank account of the Company from this date.

Notes to the financial statements (continued)

For the year end 31 December 2023

23 RELATED PARTY BALANCES AND TRANSACTIONS (continued)

Transactions with related parties (continued)

Cash pooling (continued)

The total net effect of the settlement of these transactions until 30 June 2022 is reflected in the statement of cash flows as a financing activity and in the statement of changes in equity as net distributions to parent.

	2023 AED '000	2022 AED '000
Cash pooling and general activities	**–**	(415,936)
Receivables from RTA	**–**	(451,296)
Corporate allocations	**–**	40,521
Net decrease in parent company investment ("Net distribution to parent")	**–**	(826,711)

Key management and directors' remuneration

	2023 AED '000	2022 AED '000
Key management		
Salaries and other benefits	**8,721**	1,696
End of service benefits	**643**	336
	9,364	2,032
Directors' remuneration	**6,635**	–

24 BORROWINGS

	2023 AED '000	2022 AED '000
Term loan from Emirates NBD Bank P.J.S.C.	**4,000,000**	4,000,000
Unamortised loan cost	**(11,221)**	(14,427)
Total borrowing	**3,988,779**	3,985,573
Less: current portion	**–**	–
Non-current portion	**3,988,779**	3,985,573

On 30 June 2022, the Company and Emirates NBD Bank P.J.S.C. 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 as per requirements under the Concession Agreement; and secondly, for general corporate purposes including fees and expenses in relation to the Facilities.

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 commitment fee on 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 the same have been disclosed as '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.

Notes to the financial statements (continued)

For the year end 31 December 2023

24 BORROWINGS (continued)

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 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 year ended 31 December 2023.
As at 31 December 2023, the Company has access to the following borrowing facilities:

	2023 AED '000	2022 AED '000
Total available facilities	**4,050,000**	4,200,000
Facility utilised	**(4,000,000)**	(4,000,000)
Available financing facility	**50,000**	200,000

25 PROVISION FOR EMPLOYEES' END–OF–SERVICE BENEFITS

	2023 AED '000	2022 AED '000
At 1 January	**2,624**	2,377
Charge for the year	**699**	988
Adjustment	**(804)**	–
Liability of employees not transferred to the Company on formation	**–**	(741)
At 31 December	**2,519**	2,624

In accordance with the provisions of IAS 19, management has carried out an exercise to assess the present value of its obligations as at 31 December 2023 and 2022, using the projected unit credit method, in respect of employees' end of service benefits payable under the Government of Dubai Human Resources Management law. Under this method, an assessment has been made of the employee's expected service life with the Company and the expected basic salary at the date of leaving the service. Future salary increases have been estimated on a basis consistent with the natural progression of an employee's salary in-line with the Company's salary scales, past experience and market conditions.

26 TRADE AND OTHER PAYABLES

	2023 AED '000	2022 AED '000
Trade payables – operation and maintenance service provider	**39,638**	38,727
Advance from customers	**5,350**	–
Fine refund payables	**2,888**	2,871
Employee benefits	**1,400**	1,629
Accruals and other payables	**20,976**	16,588
	70,252	59,815

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.

27 CONTRACT LIABILITIES

As of 31 December 2023, current contract liabilities of AED 299.7 million (2022: AED 294.3 million) and non-current contract liabilities of AED 53.4 million (2022: AED 43.2 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.

Notes to the financial statements (continued)

For the year end 31 December 2023

27 CONTRACT LIABILITIES (continued)

As of 31 December 2023, contract liabilities of AED 76.4 million, arising from tag activation fees will be recognised as revenue as follows:

Year ended	AED '000
2024	23,054
2025	20,543
2026	17,149
2027	11,562
2028	4,096
Total	76,404

Movements in contract liabilities during the year is as follows:

	2023 AED '000	2022 AED '000
At 1 January	**337,533**	313,346
Add: Recharges during the year	**1,859,152**	1,673,173
Add: Tag activation fees collected during the year	**45,732**	40,413
Less: Revenue recognised during the year – tolling fees (Note 6)	**(1,845,477)**	(1,651,575)
Less: Revenue recognised during the year – tag sales (Note 6)	**(38,200)**	(32,182)
Less: Inactive balance write-off during the year (Note 6)	**(5,681)**	(5,642)
At 31 December	**353,059**	337,533

28 SHARE CAPITAL

The share capital of the Company comprised of 7,500,000,000 (2022: 7,500,000,000) shares of AED 0.01 each. All shares are authorised, issued and fully paid up.

29 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. During the year ended 31 December 2022, the Company allocated AED 37.5 million from net profit to statutory reserve. There was no allocation from net profit to statutory reserve during the year ended 31 December 2023 as the Company has reached the maximum limit for the reserve.

30 REORGANISATION RESERVE

The reorganisation reserve is related to the capital reorganisation wherein the Salik Tolling Business was transferred from RTA to Salik Company P.J.S.C. during the year ended 31 December 2022. It represents the difference between the capital contributed by the DoF and the net parent investment resulting from the transfer of tolling business of RTA to Salik Company P.J.S.C. as of 1 July 2022.

The movement in Net parent investment includes the impact of property and equipment not transferred to the Company (Note 18), the net distribution to the Parent (Note 23) and the total comprehensive income for the period 1 January 2022 to 30 June 2022, that is until the date the Company was legally set up and commenced its operations independently.

At the date of incorporation of the Company i.e., 30 June 2022, the Parent has contributed an amount of AED 205 million in the Company comprising of share capital of AED 75 million (Note 28) and remaining AED 130 million of capital contribution to the business. Further, additional capital contribution of AED 16.5 million was made by DoF following the incorporation of the Company. The total capital contribution of AED 146.5 million is not intended to be recalled by the Parent. Accordingly, the resulting Net parent investment of AED 146.5 million is offset by the capital contributed by the Parent and included in the reorganisation reserve.

Net parent investment in the comparative period represents the cumulative net investment by RTA in the Company from the inception of business until the date the business was transferred to the Company.

Notes to the financial statements (continued)
For the year end 31 December 2023

31 DIVIDENDS
Dividends of AED 1,039,334 thousand were declared and paid during the year ended 31 December 2023 (2022: Nil) with details as follows:
(a) On 10 August 2023, the Board of Directors approved to distribute a dividend of AED 547,927 thousand (AED 0.073057 per share) to the shareholders, representing 100% of the Company's distributable net profit for the first half of 2023, which was subsequently paid on 6 September 2023.
(b) Dividend of AED 491,407 thousand (AED 0.065521 per share) in respect of the year ended 31 December 2022 was declared and approved in Annual General Assembly Meeting held on 6 April 2023, which was subsequently paid on 26 April 2023.

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

	2023	2022
Profit attributable to ordinary equity holders of the Company (AED '000)	**1,097,967**	1,325,662
Weighted average number of ordinary shares for basic and diluted EPS (number)	**7,500,000,000**	7,500,000,000
Basic and diluted earnings per share for profit attributable to the ordinary equity holders of the Company (AED)	**0.15**	0.18

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.

33 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES
33.1 Financial risk factors
The Company's activities potentially expose it to a variety of financial risks including the effects of changes in market risk (including cash flow interest rate risk, price risk and foreign exchange risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance. Risk management is carried out by the management under policies approved by the Board of Directors.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

The Board of Directors have overall responsibility for the establishment and oversight of the Company's risk management framework. The Board of Directors are responsible for developing and monitoring the Company's risk management policies.

Market risk
Interest rate risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long–term debt obligations with floating interest rates.

At 31 December 2023, if interest rates on borrowings had been 1% higher/lower with all other variables held constant, profit for the year would have been AED 39,888 thousand (2022: AED 39,856 thousand) lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings.

Price risk
Price risk is a risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuers or factors affecting all the instruments traded in the market. The Company is not exposed to significant price risk as it does not have significant price sensitive financial instruments.

Notes to the financial statements (continued)

For the year end 31 December 2023

33 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Foreign exchange risk

Foreign exchange risk is a risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Foreign exchange risk arises when future commercial transactions and recognised assets and liabilities are primarily denominated in a currency that is not the Company's measurement currency. The Company is not exposed to significant foreign exchange risk as majority of its transactions are denominated in AED.

Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company and arises principally from trade and other receivables, due from related parties, cash and cash equivalents and short–term deposit with bank.

The Company seeks to limit its credit risk with respect to related party balances by continuously monitoring outstanding balances through the parties involved and with respect to bank balances and deposits by only dealing with reputable banks. The Company has well defined trade and non–trade transactions with related parties. Non–trade transactions entail pre–approval by both parties prior to execution of the transactions with the related parties. The balances are reconciled monthly with the related parties through intercompany reconciliations. These balances are unsecured, however, since these balances are with related parties and there has been no prior history of default, management believes there is no significant credit risk in relation to these balances.

Bank balances are limited to high–credit–quality financial institution and bank ratings are reviewed on an annual basis. Management expects any credit losses from non–performance by these counterparties would be insignificant.

The Company evaluates the concentration of risk with respect to trade and other receivables as low. The Company is exposed to credit risk primarily on trade receivables arising from fines. An impairment analysis is performed at each reporting date to measure expected credit losses. The maximum exposure to credit risk at the reporting date is the carrying value of each class of trade and other receivables as disclosed in Note 21.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations from its financial liabilities. The Company's objective is to maintain a balance between continuity of funding from the shareholders and flexibility through efficient cash management. The Company limited its liquidity risk by ensuring adequate funds from operations and committed credit lines are available.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

		Undiscounted cashflows		
	Carrying amount AED '000	**Less than 1 year AED '000**	**Between 2–5 years AED '000**	**Total AED '000**
As at 31 December 2023				
Borrowings (including future interest)	**3,988,779**	**255,146**	**4,637,866**	**4,893,012**
Lease liability (Note 17)	**7,936**	**2,264**	**6,703**	**8,967**
Due to a related party (Note 23)	**138,693**	**138,693**	**–**	**138,693**
Trade and other payables excluding advance from customers	**64,902**	**64,902**	**–**	**64,902**
	4,200,310	**461,005**	**4,644,569**	**5,105,574**
As at 31 December 2022				
Borrowings (including future interest)	3,985,573	174,323	4,610,131	4,784,454
Due to a related party (Note 23)	313,492	313,492	–	313,492
Trade and other payables (Note 26)	59,815	59,815	–	59,815
	4,358,880	547,630	4,610,131	5,157,761

Notes to the financial statements (continued)

For the year end 31 December 2023

33 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

33.2 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.

In order to maintain or adjust the capital structure, the Company may adjust the amount of profit distributed to the shareholder, repay debt or obtain additional funding.

The Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings and lease liability (as shown in the statement of financial position) less cash and cash equivalents. Total capital is calculated as "equity" as shown in the statement of financial position plus net debt.

The gearing ratio as at 31 December 2023 and 31 December 2022 is as below:

	2023 AED '000	2022 AED '000
Borrowings (Note 24)	**3,988,779**	3,985,573
Lease liability (Note 17)	**7,936**	–
Less: cash and cash equivalents (Note 22)	**(266,180)**	(822,707)
Net debt	**3,730,535**	3,162,866
Net equity	**662,547**	603,914
Total capital	**4,393,082**	3,766,780
Gearing ratio	**85%**	84%

33.3 Fair value estimation

The fair values of the Company's financial assets and liabilities as at 31 December 2023 and 2022 approximate their carrying amounts as reflected in Note 34 of these financial statements.

34 FINANCIAL INSTRUMENTS BY CATEGORY

The accounting policies for financial instruments have been applied to the line items below:

	2023 AED '000	2022 AED '000
Financial assets at amortised cost		
Trade and other receivables (excluding VAT receivable and advance to supplier)	**136,753**	132,350
Due from related parties (Note 23)	**139,078**	144,308
Short-term deposit with bank (Note 22)	**750,000**	–
Cash and cash equivalents (Note 22)	**266,180**	822,707
Total	**1,292,011**	1,099,365
Financial liabilities at amortised cost		
Long-term borrowings (Note 24)	**3,988,779**	3,985,573
Lease liability (Note 17)	**7,936**	–
Due to a related party (Note 23)	**138,693**	313,492
Trade and other payables excluding advance from customers	**64,902**	59,815
Total	**4,200,310**	4,358,880

Notes to the financial statements (continued)
For the year end 31 December 2023

35 OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES
As at 31 December 2023 and 2022, the Company had outstanding trade receivable balances with gas stations related to the purchases of Salik tag and recharge cards in the amounts of Nil and AED 12.8 million respectively. These financial assets are offset by the commission payable by the Company to the gas stations in the amounts of Nil and AED 0.67 million respectively. The net amount is reported in the statement of financial position. The Company has an enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis.

36 NET DEBT RECONCILIATION
The table below sets out an analysis of the net debt and the movements in net debt for each of the periods presented.

	2023 AED '000	2022 AED '000
Cash and cash equivalents (Note 22)	**266,180**	822,707
Borrowings (Note 24)	**(3,988,779)**	(3,985,573)
Lease liability (Note 17)	**(7,936)**	–
Net debt	**(3,730,535)**	(3,162,866)

31 December 2022	Borrowings AED '000	Lease liability AED '000	Cash and cash equivalents AED '000	Total AED '000
Net debt as at 1 January 2022	–	–	–	–
Cash flows	(3,985,573)	–	822,707	(3,162,866)
Net debt as at 31 December 2022	(3,985,573)	–	822,707	(3,162,866)
Cash flows	–	453	(556,527)	(556,074)
Other movement	(3,206)	(8,389)	–	(11,595)
Net debt as at 31 December 2023	(3,988,779)	(7,936)	266,180	(3,730,535)

37 SUBSEQUENT EVENTS
Dividend distribution
On 4 March 2024, the Board of Directors proposed to distribute AED 550,035 thousand dividend to the shareholders (AED 0.073338 per share). The proposed dividend is subject to approval by the shareholders at the Company's General Assembly Meeting in April 2024.

Business update
On 19 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 addition of two gates will increase the total number of gates in Dubai from eight to ten, with the new gates expected to be operational by November 2024.

As per the service concession agreement with RTA (as disclosed in Note 16), Salik will oversee the essential civil works required for constructing, operating and maintaining the toll gates and will acquire the exclusive right to operate the gates until June 2071. With respect to obtaining the right to charge users and operating the gates, the Company shall pay to RTA a fee determined based on valuation of the new toll gates, in accordance with the terms of the service concession agreement with RTA (as disclosed in Note 16).

38 APPROVAL OF THE FINANCIAL STATEMENTS
The financial statements were approved by the Board of Directors of Salik Company P.J.S.C. on 4 March 2024 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.

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