

Emirates Driving Company P.J.S.C.

Management Discussion and Analysis Report - 2022

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Executive Summary and Overview

Established in 2000, Emirates Driving Company PJSC (EDC) is the leading provider of driver education for the emirate of Abu Dhabi and is its exclusive pre-licensing driving institute.

Since its establishment, EDC created a strategic partnership with Sweroad, which was governed by the Swedish Transport Administration from 1983 – 2018, for the initial development and continuous improvement of its curricula according to global standards.

EDC consistently delivers the highest standards of training, producing well-qualified drivers to support safe and secure road mobility in the emirate amid rapid population growth and urban development.

The Company had formed a joint quality committee with the Abu Dhabi Police with the aim of ensuring its training programs and methodologies are aligned with the emirate's laws. Moreover, EDC is the primary contributor to the Abu Dhabi road safety education committee and regularly contributes to the Integrated Transport Centre (ITC) through technical input.

EDC is now working closely with Abu Dhabi Police to launch a new joint strategy for the next five years, driven from the UAE plan and with the aim of creating safer roads by means of various studies and initiatives. The strategy is founded on the following key topics:

- AI in the field of training development and examination.
- Sustainability in providing education and training services to reduce carbon footprint.
- Modern training techniques.
- Professional competency framework and training qualifications for instructors and driving schools.
- Traffic awareness and education.
- Linking training and traffic engineering regarding drivers' behavior on the road and traffic violations.
- Soft mobility.

Financial Performance for 2022

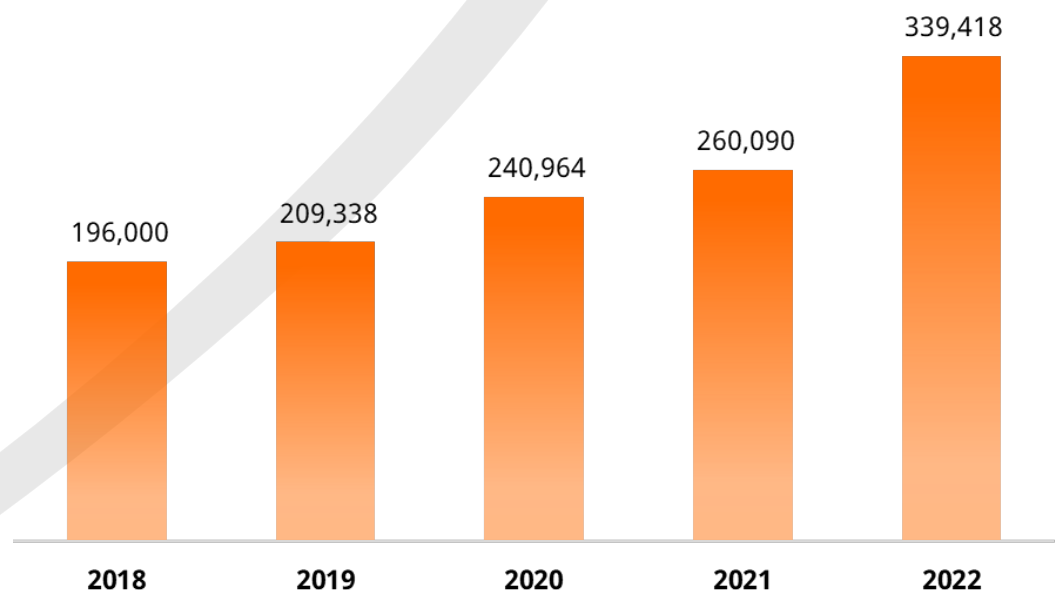
Summary for Statement of Profit or Loss

AED (in Thousand)	FY 2022	FY 2021	Absolute Growth	% Growth
Revenue	339,418	260,090	79,328	31%
Direct expenses	(63,164)	(48,326)	(14,838)	31%
GROSS PROFIT	276,254	211,764	64,490	30%
General and administrative expenses	(72,320)	(70,597)	(1,723)	2%
Operational Profit	203,934	141,167	62,767	44%
EBITDA	221,078	159,098	61,980	39%
NET PROFIT FOR THE YEAR	253,408	168,003	85,405	51%
<i>GROSS PROFIT MARGIN</i>	81%	81%	0%	
<i>OPERATIONAL PROFIT MARGIN</i>	60%	54%	6%	
<i>EBITDA MARGIN</i>	65%	61%	4%	
<i>NET PROFIT MARGIN</i>	75%	65%	10%	
<i>EARNINGS PER SHARE</i>	2.82	1.87	0.95	

1. Revenue Growth

EDC's Revenue grew by 30% in FY22 as compared to FY21, while the total growth in revenue during the last 5 years was 73%. The increase in total revenue year-on-year is due to an increase in the number of students as well as offering new services to them.

Revenue (AED Thousand)



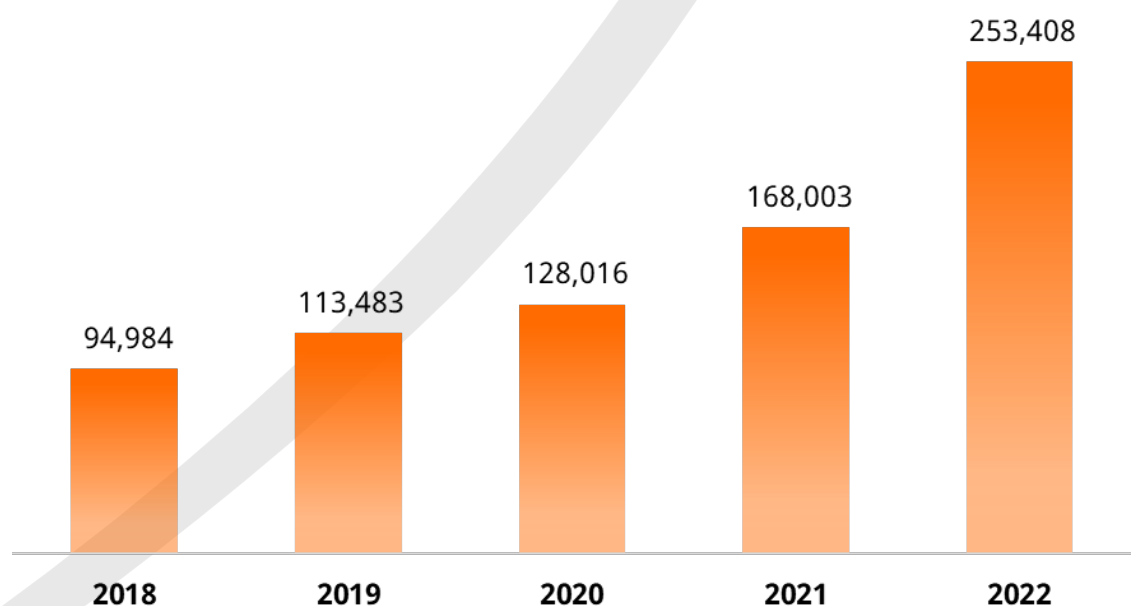
2. Total Cost

Direct expenses increased by 31% in FY22 as compared to FY21. However, Direct expenses, as a percentage of revenue was consistent at 19% in FY22 and FY21. General and Administration (G&A) expenses increased by 2.4% in FY22 as compared to FY21. However, G&A expenses, as a percentage of revenue decreased to 21% of revenue in FY22 as against 27% in FY21. The increase in total cost year-on-year is attributed to an increase in staff costs and other operational costs due to increased size of the operations.

3. Profitability

EDC reported an increase in net profit by 51% in FY22 as compared to FY21. The Net Profit in FY22 was AED 253,408 thousand as compared to AED 168,003 thousand in FY21. The Operational Profit in FY22 was AED 203,934 thousand as compared to AED 141,167 thousand in FY21. During FY22, EDC recorded AED 52,423 thousand from Net gain from financial assets FVPL, Dividend income from financial assets FVOCI, Rental Income (Net), Interest income, Other income, and Change in fair value of investment properties.

Net Profit (AED Thousand)



Financial Performance for 2022

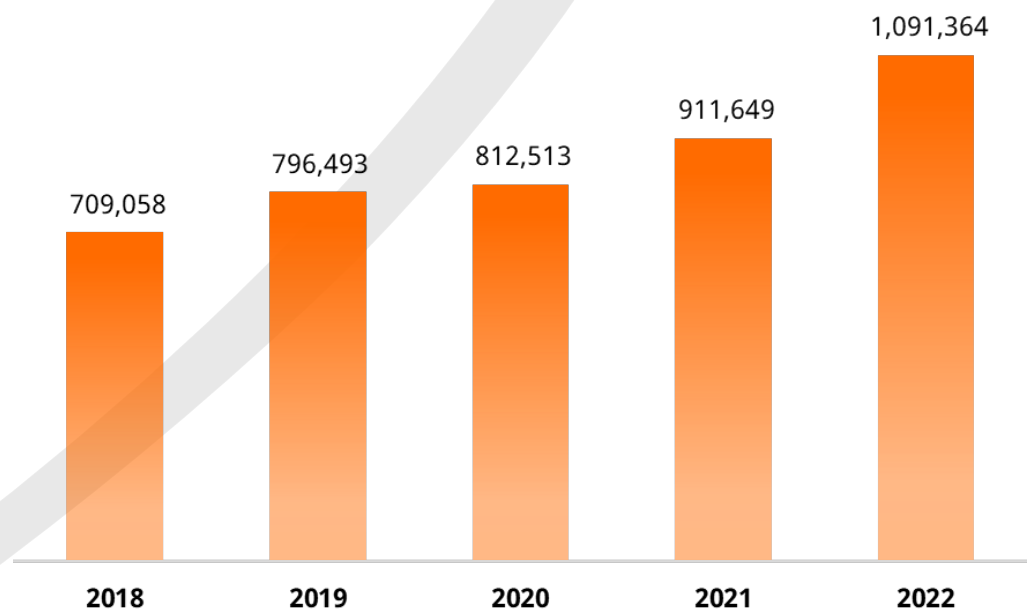
Summary for Statement of Financial Position

AED (in Thousand)	FY 2022	FY 2021	Absolute Growth	% Growth
Non-current assets	438,544	417,251	21,293	5%
Current assets	652,820	494,398	158,422	32%
TOTAL ASSETS	1,091,364	911,649	179,715	20%
Equity	971,760	805,541	166,219	21%
Non-current liability	46,153	45,669	484	1%
Current liabilities	73,451	60,439	13,012	22%
TOTAL EQUITY AND LIABILITIES	1,091,364	911,649	179,715	20%
<i>Cash and cash equivalents</i>	<i>574,933</i>	<i>373,131</i>	<i>201,802</i>	<i>54%</i>
<i>Current Ratio</i>	<i>8.89(x)</i>	<i>8.18(x)</i>	<i>0.71(x)</i>	
<i>Quick Ratio</i>	<i>8.88(x)</i>	<i>8.14(x)</i>	<i>0.74(x)</i>	
<i>ROA%</i>	<i>25%</i>	<i>19%</i>	<i>6%</i>	
<i>ROE%</i>	<i>29%</i>	<i>22%</i>	<i>7%</i>	

1. Total Assets

Total Assets increased by 20% to reach AED 1,091,364 thousand as of YE-22 as compared to AED 911,649 thousand as of YE-21, while the total growth in total assets during the last 5 years was 54%. Total cash and cash equivalents were AED 574,933 thousand as of YE-22 as against 373,131 thousand as of YE-21.

Total Assets (AED Thousand)



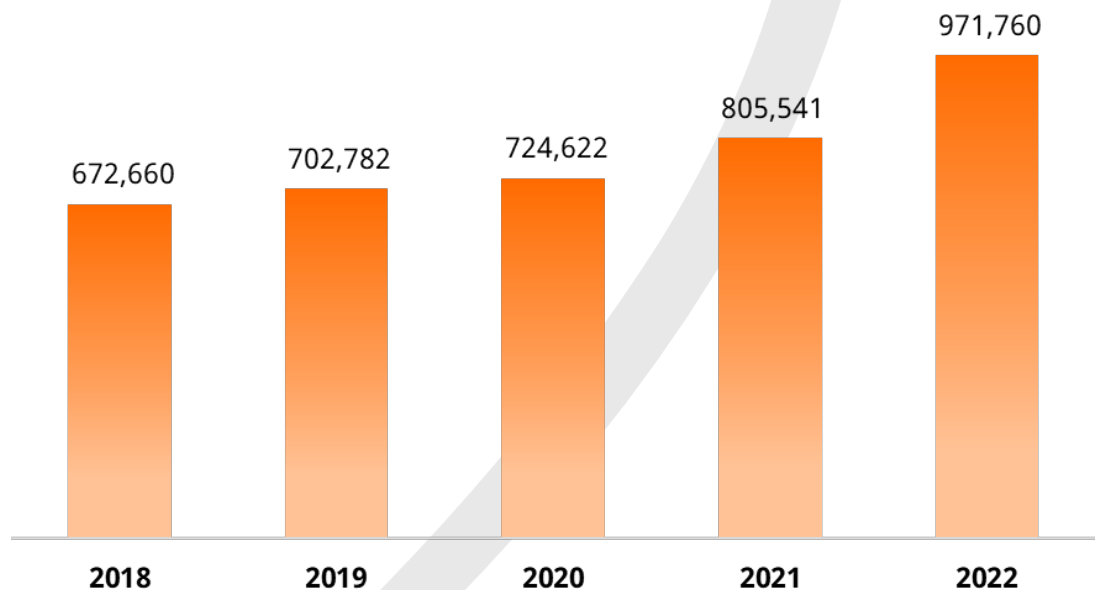
2. Total Liabilities

Total Liabilities increased by 13% to reach AED 119,604 thousand as of YE-22 as compared to AED 106,108 thousand as of YE-21.

3. Total Equity

Total Equity increased by 21% to reach AED 971,760 thousand as of YE-22 as compared to AED 805,541 thousand as of YE-21, while the total growth in total equity during the last 5 years was 45%. Retained earnings has increased to AED 769,668 thousand as of YE-22 as compared to AED 601,557 thousand as of YE-21.

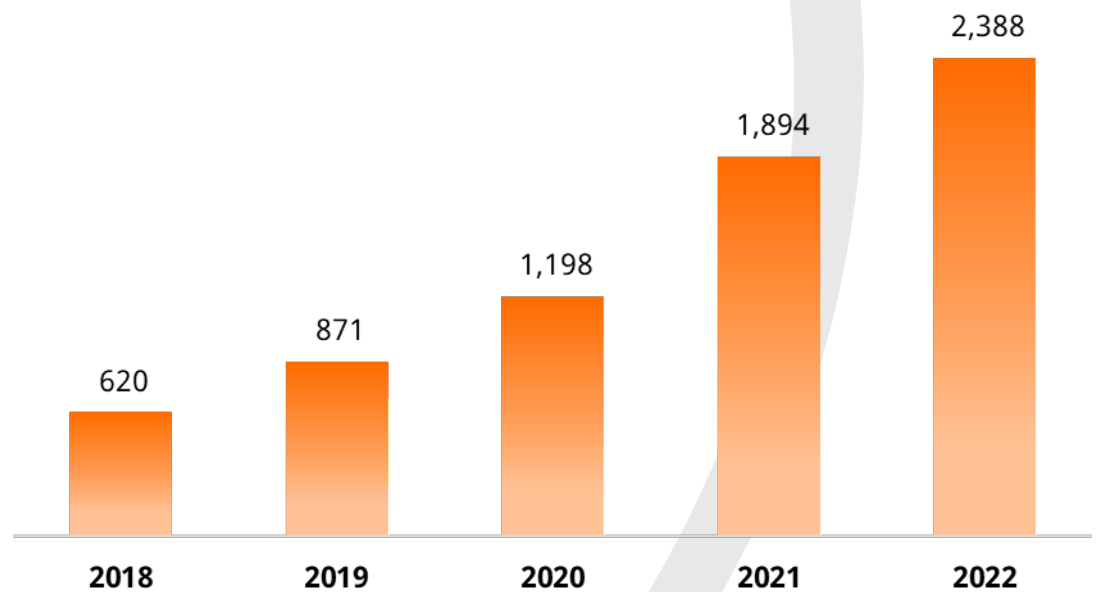
Total Equity (AED Thousand)



Market Capitalization

Market Capitalization increased by 26% to reach AED 2,388 million as of YE-22 as compared to AED 1,894 million as of YE-21, while the total growth in market capitalization during the last 5 years was 286%.

Market Capitalization (AED Million)



Khalid Al Shemeili
Chief Executive Officer