

**PARKIN COMPANY P.J.S.C.**

**FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2024**

**PARKIN COMPANY P.J.S.C.**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2024**

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**PARKIN COMPANY P.J.S.C.**  
**DIRECTORS' REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 2024**

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The Directors present their report together with the financial statements of Parkin Company P.J.S.C. ("Parkin", the "Company") for the year ended 31 December 2024.

**Board of Directors:**

The Directors of the Company are:

Chairman: Ahmed Hashem Bahrozyan  
Vice chairman: Ahmed Hassan Mahboub

Members: Muna Abdulrahman Al Osaimi  
Nasser Hamad Abu Shehab  
Alawi Ali Al Sheikh  
Mona Mohammad Bajman  
Alunood Thabit Al Ameri

**Principal activities:**

The principal activities of the Company include offering convenient and cost-effective parking solutions for both residents and visitors in Dubai. Parkin is responsible for operating, overseeing, monitoring, inspecting, and enforcing parking services in public areas, such as on-street parking, off-street parking, multistorey car parks, and designated developer zones within Dubai. The parking fares are collected through various payment channels including the Roads and Transport Authority's website, cash, nol cards, and Smart Applications.

**Financial Performance:**

The Company reported revenue of AED 916 million for the year ended 31 December 2024 (2023: AED 779 million). Total comprehensive income for the year ended 31 December 2024 was AED 431 million (2023: AED 394 million).

**Dividends:**

During the year, the Company distributed semi-annual dividend of AED 198.8 million to the shareholders.

**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 the operations and the cash flows of the Company for the year ended 31 December 2024.

**For the Board of Directors**



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**Chairman**  
**Board of Directors**  
**Parkin Company P.J.S.C.**  
**27 February 2025**



# Independent auditor's report to the shareholders of Parkin Company P.J.S.C.

## Report on the audit of the financial statements

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### Our opinion

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

### What we have audited

The Company's financial statements comprise:

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

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### 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.

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### Emphasis of matter – basis of accounting

We draw attention to Note 2 to the financial statements, which describes that Parkin Company P.J.S.C. was not incorporated as a standalone entity for the period up to 29 December 2023 and the assets and liabilities of the Parking Business were transferred from Roads and Transport Authority ("RTA") to the Company on 1 January 2024. Therefore, the financial statements include the carve-out financial information of the historical operations of Parking Business within RTA as at and for the year ended 31 December 2023. 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 Parkin Company P.J.S.C. (continued)

## Our audit approach

### Overview

- Key Audit Matters
- Expected credit losses - fines
  - 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 - fines

The statement of financial position has gross trade receivables of AED 169,765 thousand as at 31 December 2024, of which AED 140,638 thousand relates to receivable from fines. As at 31 December 2024, the Company has recorded a loss allowance of AED 23,209 thousand against these fines receivable.

The balance of loss allowance on fines receivable represents management's best estimate, as at 31 December 2024, of the expected credit losses under the expected credit loss model ("ECL Model" or "ECL") in compliance with International Financial Reporting Standard No. 9: Financial Instruments ("IFRS 9").

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 parking fine system.



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

### Our audit approach (continued)

#### Key audit matter

#### How our audit addressed the Key audit matter

##### Expected credit losses - fines (continued)

Management applied the approach of using historical loss rates to estimate the required ECL, adjusted to reflect current and forward-looking information on macroeconomic factors.

The specific factors that management considered in the application of its ECL model included the age of the balance, recent historical payment patterns and fines receivable balances written off.

Management has also applied judgement in areas noted above by considering the forward-looking information, including variables used in macroeconomic scenarios and their associated weightings.

We considered ECL for receivable from fines as a key audit matter as (i) its determination involves significant management judgement; and (ii) it is sensitive to changes in management's assumptions which can have a material effect on the final estimated ECL allowance.

The ECL against fines receivable as at 31 December 2024 and the accounting policy associated with ECL is disclosed in Note 27 and Note 4.11 respectively.

- 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 parking fine system and (i) verifying the mathematical accuracy of the historical loss rate calculation; and (ii) testing the accuracy of the historical collection information on a sample basis.
- For forward-looking measurements, reviewed management's selection of economic indicators, scenarios and application of weightings.
- We tested the appropriateness of disclosures in the financial statements against the requirements of the IFRS Accounting Standards.



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

### Our audit approach (continued)

#### Key audit matter

#### How our audit addressed the Key audit matter

##### Fines revenue recognition

During the year, the Company earned total revenue of AED 915,812 thousand of which AED 249,091 thousand was generated from fines.

The fines revenue is generated from the Parking Fine System and is validated using data maintained in Central Traffic applications. The validated fines revenue is manually posted to the Entity Resource Planning ("ERP") application on a monthly basis.

The parking fine application is operated and controlled by Parkin 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 Parkin 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 4.13 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 parking fines system involved in the fines revenue generation.
- Testing the application controls operating within the parking fines system to ensure that fines are being generated by the system for all the offences defined by the Company and that approved fine tariffs are being applied by the system based on the nature of the offence.
- Performing substantive audit procedures over the reconciliation between the parking fine system and Central Traffic applications by testing a sample of individual fines generated by the parking fine system 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 parking fine system, 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 Parkin Company P.J.S.C. (continued)

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### Other information

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

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

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

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

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

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### 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.

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### 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.



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

### Auditor's responsibilities for the audit of the financial statements (continued)

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 Parkin 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 2024;
- vi) note 24 to the financial statements discloses material related party transactions and the terms under which they were conducted; and
- vii) based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Company has contravened during the year ended 31 December 2024 any of the applicable provisions of the UAE Federal Decree Law No. (32) of 2021, or its Articles of Association which would materially affect its activities or its financial position as at 31 December 2024.

PricewaterhouseCoopers Limited Partnership Dubai Branch  
27 February 2025

A handwritten signature in blue ink, appearing to read 'Wassim El Afchal', is written over a light blue horizontal line.

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

**PARKIN COMPANY P.J.S.C.****STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE YEARS ENDED 31 DECEMBER**

		<i>2024</i>	<i>2023</i>
		<i>AED'000</i>	<i>AED'000</i>
	<i>Notes</i>		
Revenue	6	<b>915,812</b>	779,379
Other income	7	<b>1,083</b>	570
Finance income	8	<b>8,275</b>	-
Commission expense	9	<b>(32,590)</b>	(28,116)
Maintenance expense		<b>(19,447)</b>	(27,593)
Employee benefit expense	11	<b>(103,661)</b>	(139,250)
Depreciation and amortisation expense	12	<b>(47,899)</b>	(19,375)
Variable lease expense	16	<b>(13,697)</b>	(13,597)
Concession fee expense	21	<b>(118,329)</b>	-
Impairment loss on trade receivables - net	17	<b>(12,311)</b>	(9,813)
Corporate allocation expense	24	-	(121,157)
Finance costs	10	<b>(64,027)</b>	(900)
Other expenses	13	<b>(47,850)</b>	(26,058)
<b>Profit before tax</b>		<b>465,359</b>	394,090
Income tax expense	29	<b>(41,869)</b>	-
<b>Profit after tax</b>		<b>423,490</b>	394,090
<b>Other comprehensive income</b>			
Items that will not be reclassified to profit or loss			
Remeasurement of employees' end of service benefits	18	<b>8,411</b>	-
Income tax relating to items that will not be reclassified to profit or loss	29	<b>(757)</b>	-
<b>Total comprehensive income for the year</b>		<b>431,144</b>	394,090
Basic and diluted earnings per share for profit attributable to the ordinary equity holders of the Company	34	<b>0.14</b>	0.13

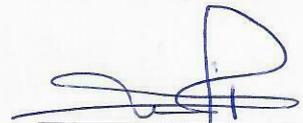
The accompanying notes 1 to 38 form an integral part of these financial statements.

**PARKIN COMPANY P.J.S.C.****STATEMENT OF FINANCIAL POSITION****AS AT**

<b>ASSETS</b>	<i>Notes</i>	<i>31 December 2024</i> <i>AED'000</i>	<i>31 December 2023</i> <i>AED'000</i>
<b>Non-current assets</b>			
Property and equipment	14	29,192	26,902
Intangible assets	15	1,396,466	9,329
Right of use assets	16	7,962	25,073
		<u>1,433,620</u>	<u>61,304</u>
<b>Current assets</b>			
Trade and other receivables	17	209,799	190,927
Other asset	25	12,973	-
Due from related parties	24	151,514	-
Short-term deposits with bank	22	360,000	-
Cash and cash equivalents	23	42,326	-
		<u>776,612</u>	<u>190,927</u>
<b>Total assets</b>		<u><u>2,210,232</u></u>	<u><u>252,231</u></u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Long-term borrowings	26	1,097,754	-
Provision for employees' end-of-service benefits	18	23,098	54,356
Lease liabilities	16	22,756	21,644
		<u>1,143,608</u>	<u>76,000</u>
<b>Current liabilities</b>			
Due to related parties	24	368,053	-
Lease liabilities	16	7,313	5,537
Trade and other payables	19	105,324	96,627
Provision for taxation	29	42,626	-
Contract liabilities	20	63,347	61,459
		<u>586,663</u>	<u>163,623</u>
<b>Total liabilities</b>		<u>1,730,271</u>	<u>239,623</u>
<b>EQUITY</b>			
Share capital	30	60,000	-
Statutory reserve	31	30,000	-
Treasury shares	25	(2,027)	-
Retained earnings		391,988	-
Accumulated net parent investment		-	12,608
<b>Total equity</b>		<u>479,961</u>	<u>12,608</u>
<b>Total equity and liabilities</b>		<u><u>2,210,232</u></u>	<u><u>252,231</u></u>

To the best of our knowledge, the financial statements are prepared, in all material respects, the financial position, results of operations and cash flow of the Company. The financial statements were approved by the Board of Directors on 27 February 2025 and were signed on its 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.

**PARKIN COMPANY P.J.S.C.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEARS ENDED 31 DECEMBER**

	<i>Notes</i>	<i>2024</i> <i>AED'000</i>	<i>2023</i> <i>AED'000</i>
<b>Cash flows from operating activities</b>			
Profit before tax		465,359	394,090
Adjustments for:			
Depreciation of property and equipment and right of use assets		12,352	16,913
Amortisation of intangible assets	15	35,547	2,462
Provision for employees' end-of-service benefits	18	1,932	4,971
Finance charge on employees' end-of-service benefits	18	907	
Finance charge on lease liabilities		1,278	900
Other finance costs		61,842	-
Finance income		(8,275)	-
Impairment loss on trade receivables - net	17	12,311	9,813
		<hr/>	<hr/>
<b>Operating cash flows before changes in working capital and employees' end-of-service benefits paid</b>		583,253	429,149
<b>Changes in working capital:</b>			
Trade and other receivables and other asset		(41,691)	26,940
Due from related parties		(120,118)	-
Due to related parties		50,506	-
Trade and other payables		72,238	3,737
Contract liabilities		1,888	6,257
		<hr/>	<hr/>
Employees' end-of-service benefits paid	18	-	(11,844)
		<hr/>	<hr/>
<b>Net cash flows generated from operating activities</b>		546,076	454,239
<b>Cash flows from investing activities</b>			
Payment for purchase of intangibles and property and equipment		(1,111,633)	(4,422)
Proceeds from sale of intangibles and property and equipment		-	34
Income from short-term deposits with bank		5,810	-
Movement in short-term deposits with bank	22	(360,000)	-
		<hr/>	<hr/>
<b>Net cash used in investing activities</b>		(1,465,823)	(4,388)
<b>Cash flows from financing activities</b>			
Proceeds from issuance of share capital		60,000	-
Acquisition of treasury shares, net		(2,027)	-
Dividend paid		(198,774)	-
Proceeds of borrowings, net of transaction costs		1,097,000	-
Finance cost on bank borrowing paid		(50,071)	-
Principle element of lease payment		(4,927)	(4,450)
Finance charge on lease liability paid		(587)	(900)
Contribution from / (distribution to) Parent		61,459	(444,501)
		<hr/>	<hr/>
<b>Net cash generated from / (used in) financing activities</b>		962,073	(449,851)
<b>Increase in cash and cash equivalents</b>			
Cash and cash equivalents at the beginning of the year		-	-
		<hr/>	<hr/>
Cash and cash equivalents at the end of the year		42,326	-
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**PARKIN COMPANY P.J.S.C.**  
**STATEMENT OF CASH FLOWS (continued)**  
**FOR THE YEARS ENDED 31 DECEMBER**

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**Supplemental Non-Cash Information**

	<i>2024</i>	<i>2023</i>
	<i>AED'000</i>	<i>AED'000</i>
Right-of-use asset additions (Note 16)	<b>9,474</b>	14,311
Lease liability additions (Note 16)	<b>9,474</b>	14,311
End of service benefit liability of employees not transferred to the Company (Note 24)	<b>25,686</b>	-
Leave provision not transferred to the Company (Note 24)	<b>305</b>	-
Trade and other payables not transferred to the Company (Note 24)	<b>70,707</b>	-
Property and equipment transferred from RTA (Note 24)	<b>947</b>	-
Intangible assets, balances due from related parties and trade receivables transferred to RTA (Note 24)	<b>(17,547)</b>	-
Employees' end-of-service benefits receivable from RTA (Note 24)	<b>30,449</b>	-
Additions to intangible assets pertaining to deferred concession fee (Note 21)	<b>300,000</b>	-
Remeasurement of employees' end of service benefits (Note 18)	<b>8,411</b>	-

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

**PARKIN COMPANY P.J.S.C.**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEARS ENDED 31 DECEMBER**

	Share capital AED'000	Statutory reserve AED'000	Treasury shares AED'000	Retained earnings AED'000	Net parent investment AED'000	Total equity AED'000
<b>At 1 January 2023</b>	-	-	-	-	63,019	63,019
Total comprehensive income for the year	-	-	-	-	394,090	394,090
Distribution to parent (Note 24)	-	-	-	-	(444,501)	(444,501)
<b>At 31 December 2023</b>	-	-	-	-	12,608	12,608
<b>At 1 January 2024</b>	-	-	-	-	<b>12,608</b>	<b>12,608</b>
<i>Net profit for the year</i>	-	-	-	<b>423,490</b>	-	<b>423,490</b>
<i>Other comprehensive income:</i>						
<i>Remeasurement of employees' end of service benefits, net of tax</i>	-	-	-	<b>7,654</b>	-	<b>7,654</b>
Total comprehensive income for the year	-	-	-	<b>431,144</b>	-	<b>431,144</b>
Contribution from parent (Note 2)	-	-	-	-	<b>61,459</b>	<b>61,459</b>
Other transactions with owners in their capacity as owners (Note 24)	-	-	-	<b>(16,600)</b>	<b>132,151</b>	<b>115,551</b>
Issuance of share capital (Note 30)	<b>60,000</b>	-	-	-	-	<b>60,000</b>
Transfer to statutory reserve (Note 31)	-	<b>30,000</b>	-	<b>(30,000)</b>	-	-
Acquisition of treasury shares (Note 25)	-	-	<b>(2,027)</b>	-	-	<b>(2,027)</b>
Transfer from retained earnings (Note 2)	-	-	-	<b>206,218</b>	<b>(206,218)</b>	-
Dividend declared and paid (Note 33)	-	-	-	<b>(198,774)</b>	-	<b>(198,774)</b>
<b>At 31 December 2024</b>	<b>60,000</b>	<b>30,000</b>	<b>(2,027)</b>	<b>391,988</b>	-	<b>479,961</b>

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

## **1 DESCRIPTION OF BUSINESS AND PRINCIPAL ACTIVITIES**

Parkin Company P.J.S.C. ('Parkin' or the 'Company') is a Public Joint Stock Company established on 29 December 2023 in the Emirate of Dubai, United Arab Emirates (UAE) under law no. 30 of 2023 issued by His Highness Sheikh Mohammed Bin Rashid Al Maktoum, the Ruler of Dubai, and started its operations on 1 January 2024.

The Company changed its corporate office on 1st August 2024. The Company's new registered address is Suite No. 100, 1st floor, Festival Tower, Dubai Festival City, PO Box 36699, Dubai, UAE.

Parkin is owned by Dubai Investment Fund ("DIF", "the Parent"), which is in turn wholly owned by the Government of Dubai which is the ultimate controlling party. On 21 March 2024, DIF sold 24.99% shares of the Company through an Initial Public Offering ("IPO") on the Dubai Financial Market ("DFM") stock exchange. DIF therefore owns 75.01% of the Company as on 31 December 2024.

The principal activities of the Company include offering convenient and cost-effective parking solutions for both residents and visitors in Dubai. Parkin is responsible for operating, overseeing, monitoring, inspecting, and enforcing parking services in public areas, such as on-street parking, off-street parking, multistorey car parks, and designated developer zones within Dubai. The parking fares are collected through various payment channels including the Roads and Transport Authority ("RTA") website, cash, nol cards, and smart applications.

The comparative information for the statement of financial position, statement of comprehensive income, statements of changes in equity, cash flows, and related explanatory notes are based on the audited Roads and Transport Authority ("RTA") -Parking Business carve-out financial statements as at and for the year ended 31 December 2023.

During the year ended 31 December 2024, the Company has not purchased or invested in any external shares. Refer to Note 25 for the Company's purchase of own shares.

## **2 BASIS OF PREPARATION**

These financial statements have been prepared in accordance with 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).

The financial statements are presented at historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for assets, unless otherwise disclosed.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of complexity, or areas where assumptions and estimates are significant to financial statements are disclosed in Note 5. These have been applied consistently for all years presented unless otherwise stated.

The Company started operating as a separate legal entity from 1 January 2024, therefore the comparative information included in the statements of profit and loss and other comprehensive income, changes in equity and cash flows for the year ended 31 December 2023 and the statement of financial position as at 31 December 2023, represents the Roads and Transport Authority's ("RTA") Parking Business financial information carved out from the accounting records of RTA.

The transfer of the RTA Parking Business to Parkin Company P.J.S.C. was effective on 1 January 2024 and represents a capital reorganisation (Note 35). The financial statements of the Company are presented as a continuation of the RTA Parking Business. The financial information presented in these financial statements for the comparative year ended 31 December 2023 represents the financial results of Parkin 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 Parkin was not a standalone legal entity for the comparative year ended 31 December 2023, the Company's results and financial performance has been carved-out from the accounting records of RTA and reflect the revenues and expenses of RTA's Parking Business as if these had always been a part of the Company. The assets and liabilities were transferred from RTA to the Company on 1 January 2024, at their predecessor carrying values and fair value measurement was not required.

## **2 BASIS OF PREPARATION (continued)**

Parkin did not comprise a separate legal entity for the year ended 31 December 2023, therefore, paid-up capital or an analysis of reserves or components of other comprehensive income, which is separately identifiable have not been presented in the comparative statement of changes in equity.

As on 1 January 2024, the net parent investment amounted to AED 12.6 million. In February 2024, DIF contributed an amount of AED 60 million comprising of share capital (Note 30) and the Department of Finance (controlled by the ultimate controlling party) made an additional contribution of AED 61.5 million on behalf of the Parent which is not intended to be recalled.

The sum of capital contributed by the Parent (DIF) and on behalf of the Parent and the net parent investment resulting from the transfer of the Parking business of RTA to Parkin Company P.J.S.C. was initially recorded within net parent investment and subsequently transferred to retained earnings.

### *Financial results and cash flows for the year ended 31 December 2023*

Consistent with RTA Parking Business' audited carve-out financial statements for the year ended 31 December 2023, the financial results and cash flows for the comparative year ended 31 December 2023 represent historical operations of the RTA Parking Business and have been prepared from the accounting records of RTA wherein revenues, expenses, assets, and liabilities of the parking business were separately maintained in the RTA books except for corporate shared overheads. During the comparative year ended 31 December 2023 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 Parkin. 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 and loss and other comprehensive income for the comparative year presented. A complete discussion of the Company's relationship with RTA, together with the cost allocations, is included in Note 24 to the financial statements.

Given that Parkin is not a standalone legal entity in the comparative year ended 31 December 2023, Parent's net investment is shown which represents the cumulative net investment by RTA in the Company until 31 December 2023. The impact of transactions between the Company and RTA that were not historically settled in cash are 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 ("IFRS") that have been adopted by the Company. The application of these revised IFRSs, except where stated, have not had any material impact on the amounts reported for the current and prior years:

- *Amendments to IAS 1: amendments regarding the classification of liabilities*
- *Amendments to IFRS 16: amendments to clarify how a seller-lessee subsequently measures sale and leaseback transactions*
- *Amendments to IAS 1: amendments regarding the classification of debt with covenants*
- *Amendments to IFRS 7: amendments regarding supplier finance arrangements.*
- *Amendments to IAS 7: amendments regarding supplier finance arrangements.*

**3 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS TO EXISTING STANDARDS**  
(continued)**New standards, interpretations and amendments issued but not yet effective**

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for reporting years commencing from 1st January 2024 and have not been early adopted by the Company. These standards, amendments or interpretations are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

**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 impairment loss. The cost of purchased property and equipment is the value of the consideration given to acquire the assets and the value of other directly attributable to bringing the asset to its working condition for the intended use.

Subsequent costs incurred 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 or service potential over the total life of the asset in excess of the most recently assessed standard of performance of the asset will flow to the Company and the cost of the item can be measured reliably.

Depreciation on assets is calculated using straight-line method at rates calculated to reduce the cost of assets to the estimated residual value over their expected useful lives as follows:

Machinery and equipment	5 to 15 years
Motor vehicles	5 to 10 years
Office equipment and furniture	3 to 16 years
Leasehold improvements	5 years

All assets are carried at its cost less any accumulated depreciation and any accumulated impairment losses. The residual values, useful lives, and method of depreciation of assets are reviewed at each financial year-end and adjusted prospectively, if appropriate. 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, refer to Note 4.10.

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 in profit or loss. Repairs and renewals are charged to profit or loss when the expense is incurred.

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 Intangible assets**

Intangible assets consist of acquired parking operation systems, including Automatic Number Plate Recognition ("ANPR") systems, as well as the Company's right under the service concession agreement (Note 24), that is, an upfront concession fee of AED 1.1 billion and a deferred concession fee of AED 300 million to RTA under the service concession agreement between RTA and the Company.

An internally generated intangible asset arising from the Company's product or software development is recognised only if all of the following conditions are met:

- An asset is created that can be identified (such as software and new processes),
- It is probable that the asset will generate future economic benefits; and
- The development costs can be reliably measured.

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

## **4 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)**

### **4.2 Intangible assets (continued)**

Research costs are recognised in the statement of profit and other comprehensive income in the year in which they are incurred. Development costs are capitalised if, and only if, all the following conditions are fulfilled:

- The technical feasibility of the product has been demonstrated,
- The product or process will be placed on the market or used internally,
- The assets will generate future economic benefits (a potential market exists for the product or, where it is to be used internally, its future utility has been demonstrated),
- The cost of the asset can be measured reliably, and
- The technical, financial, and other resources required to complete the project are available.

Intangible assets are amortised on a straight-line basis over their useful lives.

Parking operation systems	4 to 15 years
Concession agreement rights	49 years

Intangible assets are assessed for impairment whenever there is an indication that the intangible assets may be impaired. The amortisation period and the amortisation method are reviewed at least at 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 treated as changes in accounting estimates. The amortisation expense on intangible assets is recognised in the statement of profit and loss and other comprehensive income.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss and other comprehensive income when the asset is derecognised.

Other development expenditures that do not meet these criteria, along with all expenditures on research activities, are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Intangible assets under development represent expenditures on website and mobile application that are in the process of development which have not yet reached the stage of being available for use. Intangible assets under development are amortised only when they are available for use.

### **4.3 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 and comprehensive income.

The financial assets and financial liabilities are classified as current if they are expected to be realized or settled within the operating cycle of the company 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 are determined on initial recognition. The Company's financial assets consist of trade and other receivables (excluding VAT receivables and staff advances and other advances), other asset, due from related parties, short-term deposits with bank, and cash and cash equivalents. The Company's financial liabilities consist of borrowings, lease liabilities, trade and other payables, and due to related parties.

- Financial Instruments measured at amortised cost:

Financial assets held within a business model 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 the Effective Interest Rate ("EIR") method Note 4.7.

## **4 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)**

### **4.3 Financial instruments (continued)**

- Financial Asset at Fair Value Through Other Comprehensive Income:

Financial assets are measured at fair value through other comprehensive income if these are within a business model 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 Instruments at 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 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 FVTOCI), the difference between the asset's carrying amount and the sum of the consideration received and receivable are recognised in the statement of profit and comprehensive income.

On derecognition of assets measured at FVTOCI 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 statement of profit and comprehensive income.

#### Trade and other receivables

A trade receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due) and primarily relates primarily to the revenue earned from parking fee paid through SMS, receivables from fines, and commissions for processing fees from telecommunication providers. 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 of the method described in Note 4.

#### Trade and other payables

These represents 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 one year or less (or in the normal operating cycle of the business if longer) after the statement of financial position date. 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.

### **4.4 Contract liabilities**

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs its obligations under the contract.

## **4 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)**

### **4.4 Contract liabilities (continued)**

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.

### **4.5 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 date of statement of financial position. 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 employee's 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 Parent 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. Contributions expensed are classified as Employee Benefit expenses in the statement of profit and other comprehensive income.

#### *(c) Defined benefit plans*

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary under the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in OCI. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

## **4 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)**

### **4.6 Provision**

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 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 and comprehensive income.

### **4.7 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.

### **4.8 Offsetting of financial instruments**

Financial assets and financial liabilities are offset, and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously. The legally enforceable right is not contingent on anything.

### **4.9 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 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.

## **4 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)**

### **4.9 Fair value measurements (continued)**

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.

### **4.10 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 cash generating unit's ("CGU") 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 costs 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 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 assets 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 and comprehensive income.

## **4 SUMMARY OF MATERIAL ACCOUNTING POLICIES** (continued)

### **4.11 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 Expected Credit Loss ('ECL'). 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 27, that is based on the Company's historical recovery data adjusted for forward-looking factors and the time value of money.

The Company considers a financial asset to be in default when:

- The debtor is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realizing security (if any is held); or
- The financial asset is due more than its default definition.

Below are the default definitions for trade and other receivables

Fines receivables	395 days past due
Receivables from telecom operators	90 days past due
Other receivables	90 days past due

Exposures within each credit risk grade are segmented based on the risk for the customers. An ECL rate is calculated for each segment based on delinquency status and actual credit loss experience over the past years. These rates are adjusted by the macroeconomic factors to reflect forward-looking ECL rates. The Company has applied an average of the change in GDP% and the change in the population of UAE as macroeconomic factors.

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 in the statement of financial position*

The expected credit loss allowance for each type of financial asset (i.e. trade receivables) is deducted from the gross carrying amount of the assets (i.e. contra-asset). Impairment losses are shown separately on the face of the statement of profit and other comprehensive income.

#### *Write-offs*

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 all trade receivables write-offs occur five years after the credit period, which is the estimated useful life of a customer.

## **4 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)**

### **4.12 Leases**

The Company has entered into various agreements with city developers to lease and operate parking areas. Rental contracts are typically made for fixed periods of 3 to 10 years but may have early termination and extension options.

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at the inception date. The arrangement is assessed for whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets, or the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in the statement of income. Short-term leases are leases with a lease term of 12 months or less. Low-value assets generally comprise of vehicles.

#### *Company as a lessee - Right-of use assets*

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

The right of use for assets tailored and used for the provision of services under the service concession arrangement (Note 21) are included as intangible assets and not right of use assets, inline with IFRIC 12.

#### *Company as a lessee - Lease liabilities*

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the year in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

## **4 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)**

### **4.13 Revenue recognition**

The Company recognises revenue, based on the five-step model.

*Step 1: Identify the contract(s) with a customer*

A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for each of those rights and obligations to be met.

*Step 2: Identify the performance obligations in the contract*

A performance obligation is a promise in a contract with a customer to transfer a good or provide a service to the customer.

*Step 3: Determine the transaction price*

The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

*Step 4: Allocate the transaction price to the performance obligations in the contract*

For a contract that has more than one performance obligation, the Company will allocate the transaction price to each performance obligation in an amount that depicts the consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.

*Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation*

The Company satisfies a performance obligation and recognises revenue over time if one of the following criteria is met:

- The customer simultaneously receives and consumes the benefits provided by the Company's performance as and when the Company performs;
- The Company's performance does not create an asset with an alternative use to the Company and the Company has an enforceable right to payment for performance completed to date.

For performance obligations where none of the above conditions are met, revenue is recognised at the point in time when the performance obligation is satisfied.

*Principal versus agent*

When more than one party is involved in a transaction for providing goods or services to a customer, the Company is required to determine whether it acts as a principal or an agent.

The Company acts as a principal if it controls a promised good or service before transferring it to the customer. The Company is an agent if its role is to arrange for another entity to provide the goods or services. The factors considered in making this assessment are most notably whether the Company has discretion in establishing the price for the specified good or service, whether the Company is primarily responsible for fulfilling the promise to deliver the service or good.

Where the Company is acting as a principal, revenue is recorded on a gross basis. Where the Company is acting as an agent revenue is recorded as a net amount reflecting the margin earned. The Company has determined it acts as a principal for each of its revenue streams for the years ended 31 December 2024 and 31 December 2023.

Revenue is recognised in the financial statements to the extent that it is probable the at the economic benefit will flow to the Company and the revenue and cost, if and when applicable, can be reliably measured. Revenue represents the amounts received from parking and related activities.

*Revenue is recognised from the Company's activities as follows:*

(a) *Public parking fee*

Revenue from public parking fares is recognised at a point in time when the parking ticket is issued. The transaction price is fixed based on the parking fares determined by the Dubai Executive Council and is typically paid upfront by the customer. Each time a parking ticket is issued to the customer to park their vehicle represents a distinct performance obligation. The parking fares are paid through various payment methods by using cash or card through parking meters, NOL cards, SMS, and RTA Smart applications.

**4 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)****4.13 Revenue (continued)**

Additionally, the RTA app has a dedicated wallet for parking. The amounts loaded in the dedicated wallet balance are recognised as a liability till the balance is utilized to pay the parking fare.

Public parking fees can be split into 3 categories as follows:

- On-street/Off-street public parking fees: Revenue from on-street/off-street public parking fees paid by customers.
- Multistorey Parking Buildings: Revenue from parking fares in multistorey parking buildings operated and managed by the Company and owned by RTA.
- Developer: The parking fares for parking spaces in developer locations.

**(b) Fines**

Revenue from fines on UAE registered vehicles is recognised at a point in time when the violation of the use of parking space resulting in the penalty takes place. For fines within UAE, a receivable is recognised when the fine is issued to the customer as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due. Whereas fines levied on vehicles registered in other countries are recognised as revenue when collected due to the limited enforceability of these fines and result in a significantly diminished probability of successful collection. The transaction price is the fines determined by RTA for different violations.

**(c) Permits and seasonal cards**

Revenue from the sale of permits and seasonal cards is recognized over time during the tenure of the permit or seasonal card. The transaction price is paid upfront being the fixed fee for a seasonal card or permit and the application processing fee (if any). The obligation to provide seasonal cards and permits for the right to park vehicles at the parking spaces by RTA for a specified duration is a distinct service to the customers. Processing of the application for permits does not provide any additional distinct benefit to the customers. Hence, the only performance obligation identified is the right to use a designated parking space for the tenure of a seasonal card or permit.

**(d) Reservations**

Revenue from reservation of parking spaces is recognised over time during the tenure of the reservation. The transaction price is paid upfront being the fixed fee for a reservation and the application processing fee (if any). The obligation to reservation for the right to park vehicles at the parking spaces by RTA for a specified duration is a distinct service to the customers. Processing of the application for reservations does not provide any additional distinct benefit to the customers. Hence, the only performance obligation identified is the right to use a designated parking space for the tenure of a reservation.

**(e) Other services**

Revenue from other parking services mainly includes income earned from third parties operating shops and spaces in RTA owned Multistorey Parking Buildings and fixed fees received from third party operators operating RTA owned Multistorey Parking Buildings. Revenue from other services is recognised on a straight line basis over the term of the contract. A receivable is recognised alongside the revenue recognition as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

**4.14 Cash and cash equivalents**

For the purpose of statement of cashflows, cash and cash equivalents are comprised of cash held in bank in the current accounts, 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.

**4.15 Contingencies**

Contingent liabilities are not recognised in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognised in the financial statements but disclosed when an inflow of economic benefits is probable.

## **4 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)**

### **4.16 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.

### **4.17 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 if 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 year in which they occur. Borrowing cost consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

### **4.18 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.

## **4 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)**

### **4.19 Service concession agreement**

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 cost on initial recognition.

The concession agreement rights are stated at cost, less amortisation of cost. 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.

Concession agreement rights included within intangibles assets include the amount of fixed concession fee paid to RTA in accordance with the concession agreement entered with the RTA for the Parking Business and the deferred payment of AED 300 million (Note 24). These intangible assets have finite useful life and are measured at cost less accumulated amortisation and accumulated impairment loss, if any.

Amortisation is recognised in the profit or loss on a straight-line basis over the life of the concession term.

### **4.20 Income tax**

Income taxes have been provided for in the financial statements in accordance with legislation enacted or substantively enacted by the end of the reporting period. The income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised in directly in equity or in other comprehensive income (OCI).

#### *Current Tax*

Current income tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous year. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

#### *Deferred Tax*

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that:
  - is not a business combination; and
  - at the time of the transaction
    - (i) affects neither accounting nor taxable profit or loss and
    - (ii) does not give rise to equal taxable and deductible temporary differences;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

## **4 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)**

### **4.21 Earnings per share ("EPS")**

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

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

Treasury shares are not included in the calculation of basic and diluted EPS.

### **4.22 Treasury shares**

Treasury shares instruments that are reacquired ("own shares") are recognised at cost and deducted from equity. No gain or loss is recognised in statement of profit or loss on the purchase, sale, issue, or cancellation of the Company's own equity instruments. Such own shares may be acquired and held by the entity or by a third party on behalf of the Company. Consideration paid or received shall be recognised directly in equity. Treasury shares are not included in the calculation of dividends or earnings per share.

### **4.23 Rounding of amounts**

All amounts included in the financial statements and notes have been rounded off to the nearest thousand currency units unless otherwise stated.

### **4.24 Segment reporting**

For management purposes, the Company is organised into one segment, which is the Parking Business. Accordingly, the Company only has one reportable segment reported in a manner consistent with the internal reporting provided to the chief operating decision maker. Management monitors the operating results of the business as a single unit for the purpose of making decisions about resource allocation and performance assessment. The chief operating decision maker is the Chief Executive Officer of the company.

### **4.25 Dividend distribution**

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

### **4.26 End of service benefits**

The liability for employees end of service benefits recognised in the statement of financial position in respect of the defined benefit plan is the present value of the defined benefit obligation at the end of the reporting period. The defined benefit plan is unfunded where no plan assets are set aside in advance to provide for future liabilities; instead, the liabilities are met out of the Company's own resources as they fall due. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method and in accordance with the Government of Dubai Human Resource management Law.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds, and that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the defined benefit obligation. This cost is included in finance costs in the statement of income.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in the accumulated results in the statement of changes in equity and in the statement of financial position.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in the statement of income as past service costs.

## **5 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS**

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 year in which the estimate is revised if the revision affects only that year or in the year of the revision and future years if the revision affects both current and future periods.

**Critical Accounting Estimates and Judgements** - 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) Corporate allocations*

The financial information for the comparative year ended 31 December 2023 include allocations for certain expenses historically maintained by RTA or TRA. Such items have been allocated to the Company and included in the financial statements based on the most relevant allocation method, primarily relative percentage of headcount, cost, or revenue. Management believes that this basis for allocation of expenses is reasonable.

In addition to the corporate allocations, the management has estimated the direct operational and maintenance costs from various departments within RTA and TRA, which form part of the financial statements.

A 100-basis point increase or decrease change in allocation percentages would result in approximately AED 14.0 million change in expense allocated to the Company for the year ended 31 December 2023. There are no corporate allocations for the year ended 31 December 2024.

### *b) Useful lives of property and equipment, right-of use assets, and intangible assets*

The Company's management determines the estimated useful lives of its property and equipment, right-of-use and intangible assets for calculating depreciation/ 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/ amortisation charges would be adjusted where the management believes the useful lives differ from previous estimates.

### *c) 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 Parkin to acquire concession right.

### *d) 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 will calibrate the matrix to adjust the historical credit loss experience with forward-looking information Refer to Note 4.11 for further details. At every reporting date, the historically observed default rates are updated and changes in the forward-looking estimates are analysed.

The amount of ECLs 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 the 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 and telecom operators were not material due to either no balances or an immaterial balance being past due, and due to positive forecasted economic conditions. A 1 % increase/decrease in the macro-economic factors would result in approximately AED 0.7 million change in the provision expense to the Company for the year ended 31 December 2024 and AED 0.6 million change in the provision expense to the Company for the year ended 31 December 2023.

**5 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)**

**Critical Judgements in Applying the Company's Accounting Policies**

The following are the critical judgments, 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 the financial statements.

*(a) 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 further assessment.

*(b) Impairment of financial assets*

The Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows and when the financial asset is no longer subject to enforcement activity.

*(c) Consideration of significant financing components in a contract*

Customers are required to pay fees for permits, seasonal cards, and reservations upfront. 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 has determined that the usage of seasonal cards, permits, and reservations beyond a one-year period from the date of purchase is unlikely. Consequently, the financing component is deemed immaterial, and no further assessment or adjustment is necessary.

**6 REVENUE**

Set out below is the disaggregation of the Company's revenue for the years ended 31 December:

	<i>2024</i>	<i>2023</i>
	<i>AED'000</i>	<i>AED'000</i>
<u>Recognised at a point in time:</u>		
- Public Parking fee		
<i>On-street/off-street Parking</i>	<b>404,590</b>	357,662
<i>Developer Parking fee</i>	<b>69,507</b>	58,648
<i>Multistorey Parking building fees</i>	<b>11,829</b>	17,219
- Fines	<b>249,091</b>	181,317
<b>Total revenue recognised at a point in time</b>	<b>735,017</b>	614,846
<u>Recognised over time:</u>		
- Permits and seasonal cards		
<i>Developer</i>	<b>5,570</b>	9,575
<i>Non-Developer</i>	<b>147,261</b>	125,891
- Parking reservations	<b>19,437</b>	20,319
- Other services	<b>8,527</b>	8,748
<b>Total revenue recognised over time</b>	<b>180,795</b>	164,533
<b>Total revenue</b>	<b>915,812</b>	779,379

**7 OTHER INCOME**

	<i>2024</i> <i>AED'000</i>	<i>2023</i> <i>AED'000</i>
Collections from written-off fines	1,046	483
Supplier penalties	28	21
Other income	9	66
	<u>1,083</u>	<u>570</u>

**8 FINANCE INCOME**

	<i>2024</i> <i>AED'000</i>	<i>2023</i> <i>AED'000</i>
Profit on short term deposits	8,275	-
	<u>8,275</u>	<u>-</u>

**9 COMMISSION EXPENSE**

	<i>2024</i> <i>AED'000</i>	<i>2023</i> <i>AED'000</i>
- Service charges - telecom operators*	28,876	25,625
- Service charges - other agencies	3,714	2,491
	<u>32,590</u>	<u>28,116</u>

\*Service charges from telecom operators include the commission payment for collection of parking fees on behalf of the Company. Additionally, the share of the SMS convenience fee received by the Company from telecom operators of AED 9.9 million has been netted off from the commission expense for the year ended 31 December 2024 (2023: AED 9.5 million).

**10 FINANCE COST**

	<i>2024</i> <i>AED'000</i>	<i>2023</i> <i>AED'000</i>
Finance cost on bank borrowing*	61,088	-
Finance cost on lease liabilities (Note 16)	1,278	900
Commitment fee on revolving credit facility	250	-
Unwinding of capitalised upfront fee on loan	504	-
Finance cost on employees' end-of-service benefits (Note 18)	907	-
	<u>64,027</u>	<u>900</u>

\*Finance cost on bank borrowing relates to a loan taken with Emirates NBD Bank P.J.S.C. ("ENBD") which is a related party, refer Note 24 for reference.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 DECEMBER 2024**
**11 EMPLOYEE BENEFITS EXPENSE**

	<i>2024</i>	<i>2023</i>
	<i>AED'000</i>	<i>AED'000</i>
Salaries and wages	<b>96,566</b>	111,786
Other benefits and allowances	<b>5,163</b>	22,493
End of service benefits (Note 18)	<b>1,932</b>	4,971
	<b>103,661</b>	139,250

**12 DEPRECIATION AND AMORTISATION EXPENSE**

	<i>2024</i>	<i>2023</i>
	<i>AED'000</i>	<i>AED'000</i>
Depreciation on property and equipment (Note 14)	<b>10,840</b>	11,229
Depreciation on right-of-use assets (Note 16)	<b>1,512</b>	5,684
Amortisation of intangible assets (Note 15)	<b>35,547</b>	2,462
	<b>47,899</b>	19,375

**13 OTHER EXPENSES**

	<i>2024</i>	<i>2023</i>
	<i>AED'000</i>	<i>AED'000</i>
Professional fees	<b>13,823</b>	-
Transitional service expense (Note 24)	<b>12,788</b>	-
Advertisement and marketing	<b>5,522</b>	-
Fuel and transportation	<b>4,433</b>	-
Board members' remuneration	<b>3,860</b>	-
Information and technology	<b>1,519</b>	-
Insurance expenses	<b>450</b>	-
Operating expenses*	-	24,409
Miscellaneous expenses	<b>5,455</b>	1,649
	<b>47,850</b>	26,058

\*Operating expenses comprise of recharges by RTA for the assets utilised by the Company but not recognised as property and equipment or intangible assets. These amount to AED 18.77 million for the year ended 31 December 2023. Further, the operating expenses include utilisation costs for vehicles leased and owned by RTA of AED 5.0 million for the year ended 31 December 2023. During the year ended 31 December 2024, such operating expenses are not applicable as these costs are covered either through concession fees or through transitional service agreement. Refer Note 24 for details.

**14 PROPERTY AND EQUIPMENT***For the year ended 31 December 2024:*

	<i>Machinery and Equipment AED'000</i>	<i>Motor Vehicles AED'000</i>	<i>Office Equipment and furniture AED'000</i>	<i>Capital work in progress AED'000</i>	<i>Leasehold improvements AED'000</i>	<i>Total AED'000</i>
<b>Cost</b>						
At 1 January 2024	154,700	586	6,288	3,600	-	165,174
Additions	6,693	-	3,876	-	5,207	15,776
Transfer from related party (Note 24)	720	-	917	-	-	1,637
Transfer to related party (Note 24)	(12,203)	(492)	(6,184)	(3,600)	-	(22,479)
<b>At 31 December 2024</b>	<b>149,910</b>	<b>94</b>	<b>4,897</b>	<b>-</b>	<b>5,207</b>	<b>160,108</b>
<b>Accumulated depreciation</b>						
At 1 January 2024	131,764	338	6,170	-	-	138,272
Depreciation charge for the year	9,982	-	437	-	421	10,840
Transfer from related party (Note 24)	329	-	361	-	-	690
Transfer to related party (Note 24)	(12,560)	(244)	(6,082)	-	-	(18,886)
<b>At 31 December 2024</b>	<b>129,515</b>	<b>94</b>	<b>886</b>	<b>-</b>	<b>421</b>	<b>130,916</b>
<b>Net carrying amount</b>						
At 31 December 2024	20,395	-	4,011	-	4,786	29,192

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 DECEMBER 2024**
**14 PROPERTY AND EQUIPMENT (continued)**
*For the year ended 31 December 2023:*

	<i>Machinery and Equipment AED'000</i>	<i>Motor Vehicles AED'000</i>	<i>Office Equipment and furniture AED'000</i>	<i>Capital work in progress AED'000</i>	<i>Total AED'000</i>
<b>Cost</b>					
At 1 January 2023	156,219	701	7,161	117	164,198
Additions	909	-	4	3,483	4,396
Adjustments	(2,210)	(115)	(3)	-	(2,328)
Retirements	(218)	-	(874)	-	(1,092)
<b>At 31 December 2023</b>	<u>154,700</u>	<u>586</u>	<u>6,288</u>	<u>3,600</u>	<u>165,174</u>
<b>Accumulated depreciation</b>					
At 1 January 2023	122,741	347	6,962	-	130,050
Depreciation charge for the year	11,038	106	85	-	11,229
Adjustments	(1,831)	(115)	(3)	-	(1,949)
Retirements	(184)	-	(874)	-	(1,058)
<b>At 31 December 2023</b>	<u>131,764</u>	<u>338</u>	<u>6,170</u>	<u>-</u>	<u>138,272</u>
<b>Net carrying amount</b>					
At 31 December 2023	<u><u>22,936</u></u>	<u><u>248</u></u>	<u><u>118</u></u>	<u><u>3,600</u></u>	<u><u>26,902</u></u>

Machinery and equipment includes parking equipment, ticketing equipment, office and security equipment and communication equipment. Land, multistorey Parking buildings, signages, parking lots (including fixtures such as streetlights and benches), building fixtures, security cabins, building security equipment, and IT network equipment represents assets that are dedicated for Company's operation, however, the title of these will remain with RTA.

The Company has entered into a concession agreement with RTA (Note 21) wherein, rights are provided to the Company to use these assets against a concession fee. Accordingly, these assets are not included in the current and will not be included in the future financial statements of the Company.

NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED 31 DECEMBER 2024

15 INTANGIBLE ASSETS

The cost and amortisation of the intangible assets is as follows for the years ended 31 December:

	Concession agreement rights <i>AED'000</i>	Concession rights - developer parking <i>AED'000</i>	Concession rights - parking operation systems <i>AED'000</i>	Parking operation systems <i>AED'000</i>	Intangible assets under development <i>AED'000</i>	Total <i>AED'000</i>
<b>Cost</b>						
At 1 January 2024	-	-	-	28,868	3,659	32,527
Transferred under IFRIC 12*	-	41,619	28,868	(28,868)	-	41,619
Additions	1,400,000	-	1,251	-	3,190	1,404,441
Transfer to related party (Note 24)	-	-	(9,948)	-	(3,659)	(13,607)
<b>At 31 December 2024</b>	<b>1,400,000</b>	<b>41,619</b>	<b>20,171</b>	<b>-</b>	<b>3,190</b>	<b>1,464,980</b>
<b>Accumulated amortisation</b>						
At 1 January 2024	-	-	-	23,198	-	23,198
Transferred under IFRIC 12*	-	16,546	23,198	(23,198)	-	16,546
Charge for the year	28,571	6,055	921	-	-	35,547
Transfer to related party (Note 24)	-	-	(6,777)	-	-	(6,777)
<b>At 31 December 2024</b>	<b>28,571</b>	<b>22,601</b>	<b>17,342</b>	<b>-</b>	<b>-</b>	<b>68,514</b>
<b>Net carrying amount</b>						
<b>At 31 December 2024</b>	<b>1,371,429</b>	<b>19,018</b>	<b>2,829</b>	<b>-</b>	<b>3,190</b>	<b>1,396,466</b>

\*Concession rights - developer parking and concession rights - parking operation systems pertains to assets tailored and used for the provision of services under the service concession arrangement (Note 21) and accordingly have been included as intangible assets under IFRIC 12.

**15 INTANGIBLE ASSETS** (continued)*For the year ended 31 December 2023:*

	Parking Operation Systems AED'000	Intangible assets under development AED'000	Total  AED'000
<b>Cost</b>			
At 1 January 2023	28,463	3,659	32,122
Additions	405	-	405
At 31 December 2023	28,868	3,659	32,527
<b>Accumulated amortisation</b>			
At 1 January 2023	20,736	-	20,736
Charge for the year	2,462	-	2,462
At 31 December 2023	23,198	-	23,198
<b>Net carrying amount</b>			
<b>At 31 December 2023</b>	<u>5,670</u>	<u>3,659</u>	<u>9,329</u>

Intangible assets under development are not amortised until they become available for use. Management did not identify any indicators of impairment for intangible assets for all years presented.

Certain software licenses for IT equipment are dedicated to Company's operation, however, the title of these will remain with RTA. The Company has entered into a concession agreement with RTA (Note 21) wherein, rights are provided to the Company to use these assets against a concession fee. Accordingly, these intangible assets are not included in the current and will not be included in the future financial statements of the Company.

**16 LEASE**

In accordance with the Concession Agreement, RTA has novated the developer contracts relating to the RTA Parking Business to Parkin, effective 1 January 2024. These developer contracts pertain to the operation and management of parking spaces within different areas in Dubai. Certain of these contracts contain a lease in accordance with the lease definition of IFRS 16.

Parkin leases developer parking areas that have been tailored for the provision of parking services under the Service Concession Arrangement. Accordingly, such assets have been acquired for the purposes of the Service Concession Arrangement. After entering into the Service Concession Arrangement (Note 21), the right to use such assets have been transferred and included within "Concession rights - developer parking" as a part of intangible assets.

In addition to the above leases, the Company has also entered into a new office lease in March 2024 for a period of 5 years and a new developer lease in May 2024 for six new parking areas in Dubai for a period of 4 years.

During the year ended 31 December 2023, the Company had leases with developer contracts which have been transferred and included within "Concession rights - developer parking" as a part of intangible assets as on 31 December 2024.

Information about leases for which the Company is a lessee is presented below:

a) Right-of-use assets

*For the year ended 31 December 2024:*

	<i>2024</i> <i>AED'000</i>
<b>Cost:</b>	
At 1 January 2024	<b>41,619</b>
Transferred to intangible assets (Note 15)	<b>(41,619)</b>
Additions during the year	<b>9,474</b>
	<b>9,474</b>
At 31 December 2024	<b>9,474</b>

	<i>2024</i> <i>AED'000</i>
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**Accumulated depreciation:**

At 1 January 2024	<b>16,546</b>
Transferred to intangible assets (Note 15)	<b>(16,546)</b>
Charge for the year	<b>1,512</b>
	<b>1,512</b>
At 31 December 2024	<b>1,512</b>
Net carrying amount	<b>7,962</b>

*For the year ended 31 December 2023:*

	<i>2023</i> <i>AED'000</i>
<b>Cost:</b>	
At 1 January 2023	27,308
Additions during the year	14,311
	41,619

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 DECEMBER 2024**

**16 LEASE (continued)**

a) Right-of-use assets (continued)

*For the year ended 31 December 2023 (continued):*

		<i>2023</i>
		<i>AED'000</i>
<b>Accumulated depreciation:</b>		
At 1 January 2023		10,862
Charge for the year		5,684
		16,546
At 31 December 2023		16,546
Net carrying amount		25,073

b) Lease liabilities- movement

	<i>2024</i>	<i>2023</i>
	<i>AED'000</i>	<i>AED'000</i>
At 1 January	<b>27,181</b>	17,320
Additions during the year	<b>9,474</b>	14,311
Finance charge for the year	<b>1,278</b>	900
Lease repayments	<b>(5,514)</b>	(5,350)
Transferred to accruals	<b>(2,350)</b>	-
	<b>30,069</b>	27,181

The lease liabilities presented above include liabilities pertaining to leases entered as part of the concession arrangement. After entering into the Service Concession Arrangement (Note 21), the right to use such assets have been transferred and included within "Concession rights - developer parking" as a part of intangible assets.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 DECEMBER 2024**

**16 LEASE (continued)**

c) Lease liabilities- classification

	<i><b>31 December 2024 AED'000</b></i>	<i><b>31 December 2023 AED'000</b></i>
Current	<b>7,313</b>	5,537
Non-current	<b>22,756</b>	21,644
Balance at the end of the year	<b>30,069</b>	27,181

d) Amount recognised in Profit or Loss

	<i><b>2024 AED'000</b></i>	<i><b>2023 AED'000</b></i>
Finance cost on lease liabilities	<b>1,278</b>	900
Depreciation on right-of-use asset	<b>1,512</b>	5,684
Variable lease payments not included in the measurement of lease liabilities	<b>13,697</b>	13,597
	<b>16,487</b>	20,181

e) Amount recognised in the statement of cash flows

	<i><b>2024 AED'000</b></i>	<i><b>2023 AED'000</b></i>
Principal element of lease payments	<b>(4,927)</b>	(4,450)
Interest element of lease payment	<b>(587)</b>	(900)
	<b>(5,514)</b>	(5,350)

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 DECEMBER 2024**

**16 LEASE (continued)**

f) Lease payments

Certain leases of developer parking areas contain variable lease payment based on the revenue generated from operating the parking facilities in such areas. Fixed and variable rental payments year ended 31 December were as follows:

	<i>2024</i> <i>AED'000</i>	<i>2023</i> <i>AED'000</i>
Fixed payments in relation to lease liabilities	<b>5,514</b>	5,350
Variable payments*	<b>13,697</b>	13,597
	<b>19,211</b>	18,947

\*Variable payments presented above pertain to leases entered as part of the concession arrangement (Note 21).

**17 TRADE AND OTHER RECEIVABLES**

The composition of trade and other receivables is as follows as at:

	<i>2024</i> <i>AED'000</i>	<i>2023</i> <i>AED'000</i>
Fines receivables	<b>140,638</b>	110,261
Telecom receivables	<b>29,127</b>	88,179
Less: loss allowance on fines and receivables from telecom operators	<b>(23,211)</b>	(22,091)
	<b>146,554</b>	176,349
Police receivables	<b>43,178</b>	12,329
VAT receivable	<b>2,974</b>	-
Advances	<b>8,964</b>	49
Other receivables	<b>8,129</b>	2,200
	<b>209,799</b>	190,927

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

There is no allowance for expected credit losses or impairment incurred for trade and other receivables from police receivables, VAT receivables, other receivables, and advances (Note 27).

Movements in the loss allowance on receivables relating to telecom operators and fines for the years ended 31 December are as follows:

	<i>2024</i> <i>AED'000</i>	<i>2023</i> <i>AED'000</i>
At 1 January	<b>22,091</b>	22,839
Write off during the year for fines	<b>(11,191)</b>	(10,561)
Impairment loss for the year for fines receivables	<b>12,312</b>	12,600
Reversal of impairment for telecom receivables	<b>(1)</b>	(2,787)
<b>Balance at the end of the year</b>	<b>23,211</b>	22,091

The provision for impaired receivables has been included in "Impairment reversal/(loss) on trade receivables" in the statement of profit and other comprehensive income. The Company writes off trade receivables 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. There is no contractual amount outstanding on financial assets that were written off during the reporting period and are still subject to enforcement activity.

**18 EMPLOYEES' END OF SERVICE BENEFITS**

Movements in the end of service provision for the year ended 31 December are as follows:

	<i>2024</i>	<i>2023</i>
	<i>AED'000</i>	<i>AED'000</i>
As 1 January	<b>54,356</b>	61,229
Employees transferred back to RTA (Note 24)*	<b>(25,686)</b>	-
Current service cost for the year	<b>1,932</b>	4,971
Finance cost for the year	<b>907</b>	-
Payouts during the year	<b>-</b>	(11,844)
Remeasurement of employees' end of service benefits	<b>(8,411)</b>	-
	<hr/>	<hr/>
Balance at the end of the year	<b>23,098</b>	54,356
	<hr/> <hr/>	<hr/> <hr/>

In accordance with IAS 19 (revised) 'Employee Benefits' management has carried out an exercise to assess the present value of its obligation as at 31 December 2024 and 31 December 2023, in respect of end of employees' end of service benefits payable under the Government of Dubai Human Resource management Law. The expected liability at the date of leaving the service has been discounted to its present value.

\*Post incorporation of the Company, certain employees were transferred back to RTA. This amount relates to the end of service benefits for the employees retained in RTA.

The amounts recognised in the statement of profit or loss are as follows:

	<i>2024</i>	<i>2023</i>
	<i>AED'000</i>	<i>AED'000</i>
Current service cost (Note 11)	<b>1,932</b>	4,971
Interest cost (Note 10)	<b>907</b>	-
	<hr/>	<hr/>
Total profit or loss impact	<b>2,839</b>	4,971
	<hr/> <hr/>	<hr/> <hr/>

The amounts recognised as other comprehensive income are as follows:

	<i>2024</i>	<i>2023</i>
	<i>AED'000</i>	<i>AED'000</i>
Experience adjustments	<b>718</b>	-
Actuarial adjustments	<b>7,693</b>	-
Tax impact of actuarial adjustments	<b>(757)</b>	-
	<hr/>	<hr/>
Total other comprehensive income impact	<b>7,654</b>	-
	<hr/> <hr/>	<hr/> <hr/>

**Key assumptions used**

Valuation discount rate for the statement of financial position	<b>5.00 %</b>
Valuation discount rate for the statement of profit and loss and other comprehensive income (p.a.)	<b>4.15 %</b>
Withdrawal rate	<b>5.00 % - 10%</b>
Salary increase rate - Short term - for 1 year	<b>5.00 %</b>
Salary increase rate - Long term	<b>5.00 %</b>
Salary increase effective date	<b>1st January</b>
Duration (years)	<b>5.41</b>
Employee retirement age	<b>60 years</b>

**18 EMPLOYEES' END OF SERVICE BENEFITS (continued)**

The projected undiscounted cashflows expected in relation to the employees' end of service benefits as on 31 December 2024 is as follows

	<i>2024</i> <i>AED'000</i>
Year 1	5,159
Year 2	2,457
Year 3	1,814
Year 4	1,921
Year 5	1,868
Year 6-10	9,753
Later than 10 years	8,309

**Sensitivity analysis**

The sensitivity of the results to changes in the discount rate are shown in the table below:

	<b>Present value of defined benefit obligation</b> <i>AED'000</i>	<b>Increase/(decrease) in employees' end of service benefit</b> <i>AED'000</i>	<b>Percentage change</b>
Current liability	23,098	-	
+1% discount rate	21,924	(1,174)	-5.08%
-1% discount rate	24,404	1,306	5.66%
+1% salary increase rate	23,250	152	0.66%
-1% salary increase rate	22,962	(136)	-0.59%
+10% withdrawal rate	23,320	222	0.96%
-10% withdrawal rate	22,862	(236)	-1.02%
1 year mortality age set back	23,076	(22)	-0.09%
1 year mortality age set forward	23,119	21	0.09%

**19 TRADE AND OTHER PAYABLES**

The composition of trade and other payables is as follows as at:

	<i>2024</i>	<i>2023</i>
	<i>AED'000</i>	<i>AED'000</i>
Trade payables and accruals	<b>101,623</b>	93,301
Payables to employees	<b>2,400</b>	3,326
Other payables	<b>1,301</b>	-
	<hr/>	<hr/>
Balance at the end of the year	<b>105,324</b>	96,627
	<hr/> <hr/>	<hr/> <hr/>

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.

At the start of the year ended 31 December 2024, AED 70,707 thousand (2023: Nil) of trade and other payables were waived off by RTA and accordingly not transferred to Parkin (Note 24).

**20 CONTRACT LIABILITIES**

As of 31 December 2024 and 31 December 2023, contract liabilities consisted of AED 41.72 million and AED 42.82 million respectively related to account balances paid in advance by the customer for seasonal public parking cards or temporary permits of parking access. Further, AED 4.01 million and AED 4 million represent advance payments collected from customers against parking spot reservation in public parking and multistorey parking buildings as of 31 December 2024 and 31 December 2023 respectively. The remaining amount of AED 17.61 million and AED 14.63 million relate to amounts deposited by customers in the RTA Parking Wallet application as of 31 December 2024 and 31 December 2023 respectively.

As of 31 December 2024 and 31 December 2023, contract liabilities of AED 41.72 million and AED 42.82 million respectively, arising from seasonal cards and permits will be recognised as revenue in the next one year. Further, as of 31 December 2024 and 31 December 2023, contract liabilities of AED 4.01 million and AED 4 million respectively, arising from parking spot reservations will be recognised as revenue in the next one year. Movements in contract liabilities for the year ended 31 December 2024 and year ended 31 December 2023 is as follows:

	<i>2024</i>	<i>2023</i>
	<i>AED'000</i>	<i>AED'000</i>
At 1 January	<b>61,459</b>	55,202
Add: Collection from permits and seasonal cards	<b>151,737</b>	137,485
Add: Collection from wallet application	<b>88,059</b>	73,998
Add: Collection from reservations	<b>19,436</b>	19,861
Less: Revenue recognised from permits and seasonal cards from current year collection	<b>(110,073)</b>	(93,025)
Less: Revenue recognised from permits and seasonal cards from prior year collection	<b>(42,758)</b>	(42,441)
Less: Revenue recognised from wallet application from current year collection	<b>(70,448)</b>	(59,369)
Less: Revenue recognised from wallet application from prior years collection	<b>(14,628)</b>	(9,933)
Less: Revenue recognised from reservations from current year collection	<b>(15,423)</b>	(15,848)
Less: Revenue recognised from reservations from prior years collection	<b>(4,014)</b>	(4,471)
	<hr/>	<hr/>
Balance at the end of the year	<b>63,347</b>	61,459
	<hr/> <hr/>	<hr/> <hr/>

**21 SERVICE CONCESSION ARRANGEMENT**

On 5 February 2024, Parkin entered into a Parking Concession Agreement effective 1 January 2024 with RTA, pursuant to which RTA grants some of its mandates and powers under 2016 Parking Regulations (No. 5 of 2016) (the 2016 Parking Law. "the law"), regarding the operation, management, and supervision of parking facilities in Dubai. In respect of the Parking Concession Agreement, Parkin has made an upfront concession payment of AED 1,100 million to RTA. Further, as per the Parking Concession Agreement, Parkin has recorded a deferred concession fee of AED 300 million and a VAT payable to RTA of AED 55 million. As on 31 December 2024, the deferred concession fee of AED 300 million is recorded under due to related parties with RTA and the VAT payable to RTA of AED 55 million was paid to RTA during July 2024.

The agreement term is for a period of 49 years unless terminated or extended as per the terms of the Parking Concession Agreement. As per the terms of the Parking Concession Agreement, there is no decommissioning obligations at the end of the contractual period and therefore, no liability has been recorded.

The Parking Concession Agreement grants Parkin the right to charge parking fees and parking user charges generated by the parking facilities. RTA also grants the right to use real estate assets used in the public parking operations and ownership rights over assets used in public parking operations. In exchange, Parkin made an upfront concession payment and is obligated to make a deferred payment, due on insolvency of Parkin to RTA. Further, Parkin will pay a variable concession fee of 20% of the parking revenues quarterly which is recorded as "Concession fee expense" in the statement of profit and loss and other comprehensive income. Concession fee expense amounted to AED 118.33 million during the year ended 31 December 2024 (2023: Nil).

Under the same agreement, RTA will reimburse to Parkin an amount equivalent to the end-of-service related benefits (including accrued end-of-service gratuity and leave balances) due as at the date of transfer, for the employees that will be transferred to Parkin (Note 24).

Furthermore, out of a total of 450 employees from parking business identified as of 31 December 2023, RTA transferred 273 employees to Parkin (Note 24). Accordingly, the remaining 177 employees remained with RTA and their end of service obligation transferred back to RTA (Note 18).

**Parking Operations, Parking Systems, Parking Assets:** The Company has the absolute responsibility for the Dubai sideroad parking facilities, open areas parking facilities, self-operated multistorey parking facilities operations. All costs and expenses incurred in this relation are at expense of the Company.

**Revisions to parking fees:** The determination and adjustment of parking fees remain under the authority of the Government of Dubai. However, the Company can request fee adjustments. RTA is responsible for implementing any operational and system changes necessary for fee adjustments, ensuring that the adjusted parking fees are published in accordance with the law.

**New parking facilities:** During the concession period, the Company has the exclusive right and obligation to charge, collect, and retain parking fees and other user charges from users of any new parking facilities designated for public parking purposes. The Company also manages the relationship with third-party operators of multistorey parking facilities.

RTA retains all regulatory powers, including the authority to plan, develop, and allocate new parking facilities in coordination with the Government of Dubai. RTA has the right to determine when new parking areas will be paved, how parking fees will be applied, and the relevant parking fee zone. Furthermore, RTA has the right to mandate the Company to develop and/or operate multistorey parking facilities. If mandated, the Company may offer to develop the facility, subject to RTA's approval. Alternatively, the Company may assign the project to a third-party operator or develop it jointly with third parties, as agreed upon with RTA.

**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. On end of the agreement, the Company shall, without consideration, transfer to RTA all rights, title and interest of assets, intellectual property rights used in Dubai parking operations.

**Transitional Services Agreement ("TSA")**

On 5 February 2024, RTA entered into a Transitional Services Agreement with Parkin effective 1 January 2024 wherein RTA shall provide services to Parkin for an interim period of up to 24 months, as defined under the TSA, for the performance of certain operations and back-office functions such as information technology (IT), administration, marketing, and communication in accordance with the TSA. In exchange, Parkin will make fixed as well as certain variable payments based on actual costs incurred. The services to be provided under the TSA include the following:

**21 SERVICE CONCESSION ARRANGEMENT (continued)**

**Transitional Services Agreement ("TSA") (continued)**

- Security and Monitoring (SMD) - Information security, data leak prevention, etc.
- Human Resources - Talent acquisition, talent development, managing employee relations, and handling employee complaints/grievances.
- Administration services - Execution support for vehicle management, renewal of visa and other travel services for employees and their families, document management/archiving and support for general services e.g. building security, employee IDs and access cards, office telephones, office boys, catering/kitchen supplies, stationary).
- Customer happiness function services - Access to customer happiness centers, contact center support, maintaining service catalogues, and designing customer experiences as well as managing Customer Relationship Management (CRM), customer relations, Master Data Management (MDM), and golden records.
- Marketing and corporate communications - Managing marketing campaigns and all media communications.
- Procurement - Provision of all necessary insurance contracts and space in warehouse.
- Smart Services Department - Hosting parking services on RTA portal, RTA App, Dubai Drive, WhatsApp, etc.
- Information Technology (IT) - IT infrastructure and end-user support
- Intelligent Traffic Systems (ITS) - Support to updated Geographic Information System (GIS) and for parking projects under development.
- Provide space for Parkin vehicles at selected metro stations.
- Human Resources - Support with recruitment, payroll processing, and training programs.
- Finance - Support with accounting related matters.

**22 SHORT-TERM DEPOSITS WITH BANK**

	<i>2024</i>	<i>2023</i>
	<i>AED'000</i>	<i>AED'000</i>
Wakala deposits	<b>360,000</b>	-

These represent deposits held with a related party, Emirates NBD Bank PJSC operating in the UAE, with original maturity of more than 3 months, earning interest in the range of 3.75% to 4.70% and maturing by May 2025. Profit earned from short-term deposits of more than 3 months was AED 6.61 million (2023: Nil).

**23 CASH AND CASH EQUIVALENTS**

	<i>2024</i>	<i>2023</i>
	<i>AED'000</i>	<i>AED'000</i>
<i>Cash at bank</i>		
- Al Islami current account	500	-
- Mudaraba Islamic call account	21,826	-
Short-term wakala deposits	20,000	-
	<b>42,326</b>	-

Bank balance represent amounts held in current accounts with a related party, Emirates NBD Bank PJSC operating in the UAE.

Cash in bank represents amounts held in current account, call account and Wakala deposits maintained with a related party, Emirates NBD Bank PJSC operating in the UAE. The fixed deposits included as cash equivalents as on 31 December 2024 have an original maturity period of less than 3 months and earn expected profits of 4.05% (2023: Nil). Profit earned from short-term deposits of less than 3 months was AED 1.67 million (2023: Nil). During the year ended 31 December 2024 the Company entered into a sweeping arrangement with newly opened Mudaraba Islamic call account whereby daily available balance in the current account is transferred to the Mudaraba Islamic Call Account and the Company earns profit on the daily available bank balance.

**24 RELATED PARTY BALANCES AND TRANSACTIONS**

Related parties include the ultimate controlling party, the shareholder, key management personnel, subsidiaries, joint venture, directors, and businesses that are controlled directly or indirectly by the ultimate controlling party, or directors or over which they exercise significant management influence. The Company, in the normal course of business, receives services from related parties. These transactions comprise services availed by the Company from the various agencies at terms determined by the management. Unless otherwise stated, the transactions are entered into at market terms. The balances are unsecured and payable in cash.

The Company has availed the exemption as per para 25 of IAS 24 Related Party Disclosure. To meet the disclosure requirements of IAS 24, the Company has disclosed the nature and amount of each individually significant transaction and there are no other transactions that are collectively significant to be disclosed.

*Significant transactions and balances with related parties:*

	<i>2024</i>	<i>2023</i>
	<i>AED'000</i>	<i>AED'000</i>
<b>Due from related parties</b>		
<i>Entities under common control of the Government of Dubai</i>		
Roads and Transport Authority*	<b>130,713</b>	-
Digital Dubai Government Establishment	<b>20,801</b>	-
	<b>151,514</b>	-
	<b>151,514</b>	-
<b>Due to related parties</b>		
<i>Entities under common control of the Government of Dubai</i>		
Roads and Transport Authority*	<b>368,023</b>	-
Others	<b>30</b>	-
	<b>368,053</b>	-
	<b>368,053</b>	-
<b>Loan from a related party</b>		
<i>Entities under common control of the Government of Dubai</i>		
Emirates NBD Bank P.J.S.C. ("ENBD")	<b>1,097,754</b>	-
	<b>1,097,754</b>	-

\*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. Due to related parties includes AED 300 million deferred concession fee to Roads and Transport Authority.

The Company obtained a financing facility with ENBD, a related party, as has been disclosed in Note 26.

Cash and cash equivalents and short-term deposits with bank as disclosed in Note 23 and Note 22 respectively are also held with ENBD.

The Company has entered into various agreements with city developers to lease and operate parking areas.

	<i>2024</i>	<i>2023</i>
	<i>AED'000</i>	<i>AED'000</i>
<b>Lease liabilities balance at the end of the year (Note 16)</b>		
Dubai Silicon Oasis Authority	<b>5,900</b>	8,781
TECOM Investment FZ-LLC	<b>13,055</b>	14,917
DCM Districts LLC	<b>2,689</b>	3,483
	<b>21,644</b>	27,181
	<b>21,644</b>	27,181

**24 RELATED PARTY BALANCES AND TRANSACTIONS (continued)**

	<b>2024</b>	<b>2023</b>
	<b>AED'000</b>	<b>AED'000</b>
<b>Trade and other payable balance at the end of the year (Note 19)</b>		
Dubai Multi Commodities Center	2,772	5,737
Dubai Silicon Oasis Authority	-	1,976
TECOM Investment FZ-LLC	1,251	15,634
DCM Districts LLC	3,253	3,850
	<u>7,276</u>	<u>27,197</u>

**Trade and other receivables balance at the end of the year (Note 17)**

As on 31 December 2024, police receivables include AED 27 million (31 December 2023: Nil) due from Dubai Police which is a related party.

	<b>2024</b>	<b>2023</b>
	<b>AED'000</b>	<b>AED'000</b>
<b>Transactions:</b>		
<i>Variable lease payments during the year (Note 16):</i>		
Dubai Multi Commodities Center	10,623	10,447
TECOM Investment FZ-LLC	788	3,150
DCM Districts LLC	2,286	-
	<u>13,697</u>	<u>13,597</u>
<i>Lease liabilities payments during the year (Note 16):</i>		
Dubai Silicon Oasis Authority	3,000	3,000
TECOM Investment FZ-LLC	1,000	2,350
	<u>4,000</u>	<u>5,350</u>

**Other transactions with owners in their capacity as owners**

As the transfer of the RTA Parking Business was effective on 1 January 2024, Parkin entered into transactions with RTA at the behest of the Government of Dubai which ultimately owns both RTA and Parkin. Accordingly, the below transactions have been recorded directly in equity.

- Employees' end-of-service benefits receivable from RTA: During the year ended 31 December 2024, RTA has agreed to reimburse Parkin for future end of service-related benefits for an amount of AED 30,449 thousand.
- Employees' end-of-service benefits not transferred: During the year ended 31 December 2024, RTA waived off AED 25,686 thousand of employees' end of service benefits for employees that were not transferred to Parkin (Note 21).
- Provision for leave not transferred: During the year ended 31 December 2024, RTA waived off AED 305 thousand of provision for leave for employees that were not transferred to Parkin.
- Trade and other payables not transferred: During the year ended 31 December 2024, RTA has waived off and taken the obligation of AED 70,707 thousand in trade payables due to third parties which were accordingly not transferred to Parkin.
- Assets and liabilities transferred from and to RTA: During the year ended 31 December 2024, the below assets and liabilities were transferred from/(to) RTA at no consideration. Accordingly, AED 16,600 is recorded directly in equity.

	<b>Transferred from RTA</b>	<b>Transferred to RTA</b>	<b>Net amount transferred from/to RTA</b>
	<b>AED'000</b>	<b>AED'000</b>	<b>AED'000</b>
Property and equipment	947	3,593	(2,646)
Intangible assets	-	6,830	(6,830)
Due from related parties	-	5,016	(5,016)
Trade receivables	-	2,108	(2,108)
	<u>947</u>	<u>17,547</u>	<u>(16,600)</u>

**24 RELATED PARTY BALANCES AND TRANSACTIONS (continued)**

*Key management and directors' remuneration*

	<i>2024</i> <i>AED'000</i>
<u>Key management</u>	
Salaries and other benefits*	5,941
End of service benefits	37
	5,978
	5,978

Further, the allocated key management compensation from RTA to Parkin amounted to AED 5 million for the year ended 31 December 2023.

**RTA assets used by the Company:** Land for on-street parking spaces, off-street parking lots, and multistorey parking buildings are owned by RTA. These assets are being used by the Company under the Concession Agreement (Note 21) during the year ended 31 December 2024 and free of charge for the year ended 31 December 2023.

The corporate building and warehouse are shared by the Company and other agencies/departments of RTA. Also, multistorey parking buildings including integrated bus stations, signages, parking lots (including fixtures such as streetlights and benches), building fixtures, security cabins, building security equipment, IT network equipment, and software for IT equipment represent assets that are dedicated to the Company's operation, however, the title of these will remain with RTA. The Company has recognised an expense for utilisation of these assets for the year ended 31 December 2023 (Note 13). For the year ended 31 December 2024, the use of such assets is covered under the Concession Agreement and TSA.

**Road and building maintenance:** The road and building maintenance services were provided directly by RTA's fellow agencies in the amount of AED 10.8 million for the year ended 31 December 2023. These are included in the comparative maintenance expenses. For the year ended 31 December 2024, the use of such services is covered under the Concession Agreement and TSA.

**Information Technology Services maintenance:** The maintenance in regard to parking software, and parking machines is directly incurred by RTA's fellow agencies in the amount of AED 7.3 million for the year ended 31 December 2023. These are included in the comparative maintenance expenses. For the year ended 31 December 2024, the use of such services is covered under the Concession Agreement and TSA.

**Vehicle utilisation:** The Company utilised leased and owned vehicles that were provided by RTA in the amount of AED 5 million for the year ended 31 December 2023. These are included in the statement of profit and loss and other comprehensive income under "other expenses". For the year ended 31 December 2024, the use of such services is covered under the Concession Agreement and TSA.

**Health insurance:** RTA has incurred insurance expenses of AED 11.6 million for employees of the Company for the year ended 31 December 2023. These are included in the statement of profit and loss and other comprehensive income under "employee benefits expense". For the year ended 31 December 2024, the use of such services is covered under the Concession Agreement and TSA. The Company ceased health insurance under TSA from March 2024, engaging directly with the vendor.

**Corporate costs allocation:** The Company has been allocated expenses from RTA in the amount of AED Nil and AED 121.16 million for the year ended 31 December 2024 and 31 December 2023 respectively. 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. No such costs have been allocated following the transitional service agreement.

**24 RELATED PARTY BALANCES AND TRANSACTIONS (continued)**

**Cash pooling**

Until Parkin was formed as a legal entity, the Parking Business utilised the RTA's centralised processes and systems for cash management. As a result, substantially all cash received related to the Parking business was deposited and commingled with RTA's general corporate funds. The Company did not have 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 January 2024, the Company has its own bank account and ceased to use the centralised cash pooling processes and systems of RTA. Accordingly, all transactions are settled directly with the bank account of the Company from this date. Any amount collected or paid by RTA on behalf of Parkin is accounted under related party receivable/payable.

The total net effect of the settlement of these transactions 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.

	<i>2024</i>	<i>2023</i>
	<i>AED'000</i>	<i>AED'000</i>
Cash pooling and general activities	-	(565,658)
Corporate allocations	-	121,157
	<u>                    </u>	<u>                    </u>
Net distribution to Parent	-	(444,501)
	<u>                    </u>	<u>                    </u>

**Transitional Service Agreement**

On 5 February 2024, the Company entered into a transitional services agreement ("TSA") with RTA, effective from 1 January 2024, wherein RTA is providing services to Parkin during an interim period of up to 24 months. The services include various operational and back-office functions such as Information Technology (IT), Administration, Marketing, and Communication, all in accordance with the terms specified in the TSA. During the year ended 31 December 2024, an amount of AED 12.8 million has been charged by RTA for such transitional services and these have been included as 'Transitional service expense' as a part of 'Other expenses' in the statement of profit and loss and other comprehensive income.

**Parking Concession Agreement ("Concession Agreement")**

On 5 February 2024, Parkin and RTA entered into a Parking Concession Agreement effective from 1 January 2024. Under this agreement, RTA grants certain mandates and powers outlined in the 2016 Parking Regulations (No. 5 of 2016), specifically related to the operation, management, and supervision of parking facilities in Dubai, to Parkin. The concession agreement also grants Parkin the right to charge parking fees and parking user charges generated by the parking facilities. Further, RTA grants right to use real estate assets and transfers the ownership of certain assets related to Parking Business under this agreement (Refer to Notes 14 and 15). In exchange, Parkin is obligated to make a concession payment to RTA, comprising of an upfront payment of AED 1.1 billion (paid during the year ended 31 December 2024), plus VAT of AED 55 million (paid during the year ended 31 December 2024), and a deferred payment of AED 300 million (recorded under due to related parties with RTA as at 31 December 2024), and variable performance-based payments.

The Concession Agreement is accounted for under IFRIC 12 Service Concession Arrangements. An intangible asset measured at AED 1.4 billion is recognised representing the right to charge parking fees and parking user charges from the public granted by RTA to Parkin.

**25 OTHER ASSET AND TREASURY SHARES**

During the year, the Company engaged a third-party licensed Market Maker on the Dubai Financial Market that offers liquidity provision services, to place buy and sell orders of the Company's shares with the objective of reducing bid/ask spreads as well as reducing price and volume volatility. At 31 December 2024, the Market Maker held 421,083 of Company's shares on behalf of the Company at par value and recorded the premium paid over and above par value as own share reserve of AED 1,203,877, which is classified under equity as at 31 December 2024. Further, during the year, net gain of AED 841,597 has been recognised in equity under treasury shares. The initial advance balance remitted to the liquidity provider amounting to AED 15,000,000, and the outstanding balance as of 31 December 2024, stands at AED 12,973,299.

**26 BORROWING**

	<i>2024</i> <i>AED'000</i>	<i>2023</i> <i>AED'000</i>
Term loan from ENBD	<b>1,100,000</b>	-
Unamortised loan cost	<b>(2,246)</b>	-
Total borrowing	<b>1,097,754</b>	-
Less: current portion	-	-
Non-current portion	<b>1,097,754</b>	-

On 26 January 2024, Parkin and ENBD entered into an agreement for AED 1.2 billion unsecured credit facilities (the "Facilities"). The Facilities include an AED 1.1 billion Murabaha term financing facility and AED 100 million Murabaha revolving credit facility. The purpose of the 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. Principal amounts outstanding under the AED 1.1 billion Murabaha term financing facility will be due and payable in full on final maturity which is 5 years from the date of the facility agreement.

Borrowings under the term facility carries variable interest at 3-month EIBOR plus a margin at a rate per annum of 0.80%. The upfront fee under the Facility is 0.25% flat and commitment fee on revolving credit facility is 0.25% per annum, calculated on daily undrawn and available commitments under the revolving credit facility, and payable quarterly in arrears.

The Facilities contain 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.

	<i>31 December</i> <i>2024</i> <i>AED'000</i>	<i>31 December</i> <i>2023</i> <i>AED'000</i>
Total available facilities	<b>100,000</b>	-
Facility used	-	-
Financing facility available	<b>100,000</b>	-

The Company is also required to comply with financial covenant, leverage (Net Debt to EBITDA): 4.5x or lower tested semi-annually with testing commencing from June 2024. The Company complied with the financial covenant throughout the reporting period.

## **27 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

The Company's principal financial liabilities comprise, trade and other payables, due to related parties, bank borrowings and lease liabilities. The Company's principal financial assets comprise cash and cash equivalents, short-term deposits with bank, other asset, trade and other receivables excluding staff advances and other advances and due from related parties. These financial assets and liabilities arise directly from the Company's operations.

The Company's activities expose it to a variety of financial risks including the effects of changes in market risk (including foreign exchange risk, price risk and cash flow interest rate 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 has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board of Directors is responsible for developing and monitoring the Company's risk management policies.

### **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 mainly faces its interest rates risk arising on its interest-bearing liabilities such as borrowings and lease liabilities.

The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term borrowing obligations with floating interest rates. At 31 December 2024, if interest rates on borrowings had been 100 basis points higher/lower with all other variables held constant, profit for the year would have been AED 11.2 million (2023: Nil) lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings.

Lease liabilities issued at fixed rates exposes the Company to fair value interest rate risk. Management monitors on periodic basis and sets limits on the level of mismatch of interest rate repricing that may be undertaken.

The Company does not hedge its exposure to interest rate risk.

### **Price risk**

Price risk is the 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.

### **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 receivables, other receivables, other asset, and receivables from related parties. The Company evaluates the concentration of risk with respect to trade receivables, other receivables, other asset, and receivables from related parties as low. The Company is exposed to credit risk primarily on trade receivables arising from fines, telecom operators and receivables from related parties. An impairment analysis is performed at each reporting date to measure expected credit losses. The Company is also exposed to credit risk in relation to cash and cash equivalents and short-term deposits with bank, however, the risk is considered to be minimal as the Company maintains its bank accounts with one bank in the UAE having sound credit rating (Moody's long term counterparty risk of A1). The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets.

### **Impairment of trade receivables from fines**

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions, and forecasts of future economic conditions. The Company does not hold collateral as security.

**NOTES TO THE FINANCIAL STATEMENTS** (continued)  
**FOR THE YEAR ENDED 31 DECEMBER 2024**

**27 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES** (continued)

Set out below is the information about the credit risk exposure on the Company's trade receivables from fines receivables using a provision matrix:

**Impairment of trade receivables from fines** (continued)

<b>31 December 2024</b>	<b>Expected credit loss %</b>	<b>Gross carrying amount AED'000</b>	<b>Loss allowance AED'000</b>
<b>Current - 395 days</b>	<b>6 %</b>	<b>100,902</b>	<b>6,520</b>
<b>395 + days</b>	<b>42 %</b>	<b>39,736</b>	<b>16,689</b>
<b>Total</b>		<b>140,638</b>	<b>23,209</b>
<b>31 December 2023</b>	<b>Expected credit loss %</b>	<b>Gross carrying amount AED'000</b>	<b>Loss allowance AED'000</b>
<b>Current - 395 days</b>	<b>7 %</b>	<b>69,702</b>	<b>4,903</b>
<b>395 + days</b>	<b>42 %</b>	<b>40,559</b>	<b>17,185</b>
<b>Total</b>		<b>110,261</b>	<b>22,088</b>

**Impairment of trade receivables from telecom operators**

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions, and forecasts of future economic conditions. The Company does not hold collateral as security.

Set out below is the information about the credit risk exposure on the Company's trade receivables from telecom operators using a provision matrix.

<b>31 December 2024</b>	<b>Expected credit loss %</b>	<b>Gross carrying amount AED'000</b>	<b>Loss allowance AED'000</b>
<b>Current - 90 days</b>	<b>0.01 %</b>	<b>29,127</b>	<b>2</b>
		<b>29,127</b>	<b>2</b>

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 DECEMBER 2024**

**27 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)**

**Impairment of trade receivables from telecom operators (continued)**

31 December 2023	Expected credit loss %	Gross carrying amount <i>AED'000</i>	Loss allowance <i>AED'000</i>
Current - 90 days	0.01 %	88,179	3
		<u>88,179</u>	<u>3</u>

**Impairment of police receivables and other receivables, staff and other advances, other asset and balances due from related parties**

The balances due from police receivables and other receivables, staff and other advances, other asset and balances due from related parties are subject to the impairment requirement of IFRS 9. As at 31 December 2024 and 31 December 2023, the Company has not recorded any impairment loss on these balances as the identified impairment loss is not material.

**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. Due to related parties and trade and other payables balances are due within one year and therefore are undiscounted as the impact of discounting is not material.

	Undiscounted cashflows				Total
	Carrying amount <i>AED'000</i>	Less than 1 year <i>AED'000</i>	Between 1-5 years <i>AED'000</i>	More than 5 years <i>AED'000</i>	
<b>As at 31 December 2024</b>					
Borrowings (including future interest) (Note 26)	1,097,754	65,217	1,360,869	-	1,426,086
Lease liabilities (Note 16)	30,069	8,448	20,948	4,050	33,446
Due to related parties (Note 24)	368,053	368,053	-	-	368,053
Trade and other payables (Note 19)	105,324	105,324	-	-	105,324
	<u>1,601,200</u>	<u>547,042</u>	<u>1,381,817</u>	<u>4,050</u>	<u>1,932,909</u>
<b>As at 31 December 2023</b>					
Lease liabilities (Note 16)	27,181	6,350	18,400	5,400	30,150
Trade and other payables (Note 19)	96,627	96,627	-	-	96,627
	<u>123,808</u>	<u>102,977</u>	<u>18,400</u>	<u>5,400</u>	<u>126,777</u>

**27 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)**

**Currency risk**

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Currency risks mainly arise from sales or purchase by operating unit in foreign currencies other than the unit's functional currency. The Company is currently not exposed to foreign exchange risk as majority of all the Company's transactions are denominated in AED.

**28 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 financing. 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 (as shown in the statement of financial position) and lease liabilities less cash and cash equivalents. Total capital is calculated as "total equity" as shown in the statement of financial position plus net debt.

The gearing ratio as at 31 December 2024 is as below (31 December 2023: The Company is ungeared as it has no borrowings):

	<i>31 December 2024 AED'000</i>
Net debt (Note 36)	<b>1,085,497</b>
Total equity	<b>479,961</b>
Total capital	<b>1,565,458</b>
Gearing ratio	<b>69.34%</b>

**29 INCOME TAX**

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 for the Company's financial year commenced on 1 January 2024. The Company is required to file its first annual tax return and pay the declared income tax, pertaining to the financial year ended 31 December 2024, before 30 September 2025.

**i) Components of income tax expense**

	<i>2024 AED'000</i>	<i>2023 AED'000</i>
Income tax		
- Current	<b>42,626</b>	-
- Deferred	-	-
Total tax expense	<b>42,626</b>	-
Profit after tax	<b>431,144</b>	394,090

**29 INCOME TAX (continued)**

	2024 AED'000	2023 AED'000
<b>ii) Reconciliation between tax expense and profit or loss multiplied by applicable tax rate</b>		
Profit before tax	465,359	394,090
Theoretical tax charge at statutory rate of 9% on profit up to AED 375,000	-	-
Theoretical tax charge at statutory rate of 9% on profit beyond AED 375,000	41,849	-
Tax effect of OCI Items that would never be reclassified to profit and loss account	757	
Tax effect of items which are not deductible for assessable for taxation purposes		
- Exempt Income	-	-
- Non-deductible expenses	20	-
	<u>42,626</u>	<u>-</u>
Income tax expense for the year	<u>42,626</u>	<u>-</u>

**30 SHARE CAPITAL**

The share capital of the Company comprised of 3,000,000,000 shares of AED 0.02 each. All shares are authorised, issued and fully paid up. They entitle the holder to participate in dividends and vote, in proportion to the number of the shares held. Each share carries one vote.

**31 STATUTORY RESERVE**

In accordance with the UAE Federal Decree Law No. (32) of 2021, a statutory reserve of 5% of net profit is required. However, the Company's Articles of Association specify a higher statutory reserve requirement of 10% of net profit. Therefore, the Company has maintained a statutory reserve in compliance with the requirements outlined in its Articles of Association. 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 2024 the Company has allocated AED 30 million from net profit to statutory reserve.

**32 FAIR VALUES OF FINANCIAL INSTRUMENTS**

Financial instruments comprise financial assets and financial liabilities. The Company's financial assets consist of trade and other receivables, (excluding VAT receivables and staff advances and other advances), other asset, due from related parties, short-term deposits with bank, and cash and cash equivalents. The Company's financial liabilities consist of borrowings, lease liabilities, trade and other payables and due to related parties. The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The fair values of the above financial assets and liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments and due to the value at which the instrument could be exchanged in a current transaction.

**33 DIVIDENDS**

On 3 October 2024, the Board of Directors approved to distribute AED 198.8 million dividend to the shareholders (6.63 fils per share), which was paid on 28 October 2024.

**34 EARNINGS PER SHARE**

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

	<i>2024</i>	<i>2023</i>
	<i>AED'000</i>	<i>AED'000</i>
Profit attributable to ordinary equity holders of the Company (AED '000)	<b>423,490</b>	394,090
Weighted average number of ordinary shares for basic and diluted EPS (number)*	<b>3,000,000,000</b>	3,000,000,000
Weighted average number of treasury shares for basic and diluted EPS (number)	<b>421,083</b>	-
Weighted average number of ordinary shares after adjusting treasury shares for basic and diluted EPS (number)*	<b>2,999,578,917</b>	3,000,000,000
Basic and diluted earnings per share for profit attributable to the ordinary equity holders of the Company	<b>0.14</b>	0.13

There were no instruments or any other items which could cause a dilutive effect on the earnings per share calculation.

\*Weighted average number of ordinary shares takes into account the weighted average effect of changes in own shares during the year.

Parkin did not exist as a standalone legal entity in the comparative year presented. Therefore, for the purpose of comparative earnings per share, the profit for the prior year attributable to the ordinary equity holders of the Company and the weighted average number of ordinary shares for the current year was considered.

**35 CAPITAL REORGANISATION**

The transfer of the RTA Parking Business to Parkin Company P.J.S.C. was effective on 1 January 2024 and represents a capital reorganisation. The financial statements of the Company are presented as a continuation of the RTA Parking Business.

The assets and liabilities were transferred from RTA to the Company on 1 January 2024, at their predecessor carrying values and fair value measurement was not required. The sum of capital contributed by the Parent (DIF) and on behalf of the Parent and the net parent investment resulting from the transfer of the Parking business of RTA to Parkin Company P.J.S.C. was initially recorded within net parent investment and subsequently transferred to retained earnings.

On incorporation of the Company, DIF contributed an amount of AED 60 million comprising of share capital (Note 30) and the Department of Finance (controlled by the ultimate controlling party) made an additional contribution of AED 61.5 million on behalf of the Parent which is not intended to be recalled.

During the year ended 31 December 2024, the movement in Net parent investment includes the impact of transaction with owners in the capacity as owners amounting to AED 132.2 million which comprises trade and other payables not transferred, provision for leave not transferred, employees' end of service benefits not transferred, and employees' end of service benefits receivable from RTA. Refer to Note 24 for further details.

As Parkin did not comprise a separate legal entity for the year ended 31 December 2023, therefore, paid-up capital or an analysis of reserves or components of other comprehensive income, which is separately identifiable have not been presented in the statement of changes in equity for the comparative years presented. Net Parent Investment in the comparative year represents the cumulative net investment by RTA in the Company through that date.

**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 years presented.

	<i>2024</i>	<i>2023</i>
	<i>AED '000</i>	<i>AED '000</i>
Cash and cash equivalents (Note 23)	<b>(42,326)</b>	-
Borrowings (Note 26)	<b>1,097,754</b>	-
Lease liabilities (Note 16)	<b>30,069</b>	27,181
<b>Net debt</b>	<b>1,085,497</b>	<b>27,181</b>

	<i>Borrowings</i>	<i>Lease liability</i>	<i>Cash and cash equivalents</i>	<i>Dividends payable</i>	<i>Total</i>
	<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>
Net debt as at 1 January 2023	-	17,320	-	-	17,320
Additional leases	-	14,311	-	-	14,311
Other movements	-	(4,450)	-	-	(4,450)
Dividends declared	-	-	-	-	-
Dividends paid	-	-	-	-	-
Net debt as at 31 December 2023	-	27,181	-	-	27,181
Additional leases	-	<b>9,474</b>	-	-	<b>9,474</b>
Other movements	<b>754</b>	<b>(6,586)</b>	-	-	<b>(5,832)</b>
Proceeds of borrowings, net of transaction costs	<b>1,097,000</b>	-	-	-	<b>1,097,000</b>
Cashflows	-	-	<b>(42,326)</b>	-	<b>(42,326)</b>
Dividends declared	-	-	-	<b>198,774</b>	<b>198,774</b>
Dividends paid	-	-	-	<b>(198,774)</b>	<b>(198,774)</b>
<b>Net debt as at 31 December 2024</b>	<b>1,097,754</b>	<b>30,069</b>	<b>(42,326)</b>	-	<b>1,085,497</b>

**37 SUBSEQUENT EVENTS**

On 27 February 2025, the Board of Directors proposed to distribute AED 280.9 million in dividends to the shareholders (Fils 9.3622 per share). The proposed dividend is subject to approval by the shareholders at the Company's General Assembly Meeting in April 2025.

**38 APPROVAL OF THE FINANCIAL STATEMENTS**

The financial statements were approved by the Board of Directors of Parkin Company P.J.S.C on 27 February 2025 and signed on its behalf by Ahmed Hashem Bahrozian, Chairman of the Board of Directors and Mohamed Abdulla Al Ali, Chief Executive Officer.