

Appendix 4D

Half-year Report
31 December 2021

Smart Parking Limited

ABN 45 119 327 169

Results for announcement to the market

Financial Results	% change	Dec 2021 \$	Dec 2020 \$
Revenue from ordinary activities	Up 70%	17,290,705	10,183,780
Profit after tax attributable to members	Down 52%	2,154,199	4,502,374
Net Profit for the period attributable to members	Down 50%	2,235,112	4,494,921

Dividends

It is not proposed that Smart Parking Limited pay a dividend.

Net Tangible Asset Backing	Dec 2021	Dec 2020
Net tangible asset backing per ordinary security	4.52 cents	4.65 cents

Other explanatory notes

The strong results from the underlying business reflect the ongoing recovery from the COVID-19 pandemic along with the continued organic and acquisition growth of the business.

The prior period profit was affected by some very significant non-recurring, non-operating items, in particular the net \$6.5m VAT favourable adjustment related to settlement of a dispute with HMRC.

Adjusted EBITDA reflects the strong underlying business results by excluding the effects of non-recurring and non-operating items, and was \$5.1m, increasing by 264% or \$3.7m on H1 FY21.

In the Parking Management division, adjusted EBITDA for H1 FY22 was \$5.8m, up a strong 109% on H1 FY21.

Parking Management revenue of \$15.5m was up 79% (H1 FY21: \$8.7m) largely due to the recovery from the impact of COVID-19 and increased sites under management. Despite government lockdowns, the Company won and installed 108 new ANPR sites globally, and gained 68 sites through the acquisition of Enterprise Parking Solutions Limited increasing sites under management by a net 118 sites to 737. The number of UK Parking Breach Notices issued increased by 74% compared to the prior corresponding period.

External revenue in the Technology division was up 18% from \$1.5m (H1 FY21) to \$1.8m (H1 FY22). SPZ at the date of reporting has \$4.8m of new orders to deliver which includes an order from Gatwick Airport (United Kingdom) for \$1.3m. The timing of installation and revenue recognition for the Gatwick Airport contract remains uncertain due to the ongoing impact of the COVID-19 global pandemic, and is not included in current or previous results.

The company generated strong cash returns over the six months to 31 December 2021, with cash balances (excluding customer cash) increasing by \$0.6m, despite lingering lockdowns and ongoing COVID impacts in some jurisdictions, ongoing significant capital investment of \$1.8m in organic site expansion, plus the net outflow of \$1.4m for the EPS acquisition.

Further commentary on the results is included in the Investor Presentation.

The information required by listing rule 4.2A is contained in both this Appendix 4D and the attached Interim Financial Statements. These Interim Financial Statements should be read in conjunction with the most recent Annual Financial Report of the Group.

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Smart Parking Limited
and its Controlled Entities

ABN 45 119 327 169

Interim Financial Report

for the half-year ended
31 December 2021

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members
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Smart Parking Limited and its Controlled Entities
ABN 45 119 327 169

Interim Financial Report

For the half-year ended 31 December 2021

Contents

Directors' Report	1
Auditor's Independence Declaration.....	7
Independent Auditor's Review Report.....	8
Consolidated Statement of Profit or Loss and Other Comprehensive Income	10
Consolidated Statement of Financial Position	11
Consolidated Statement of Changes in Equity	12
Consolidated Statement of Cash Flows	13
Notes to the Financial Statements	14
Directors' Declaration.....	24

These interim financial statements do not include all the notes of the type normally included in the annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual financial statements for the year ended 30 June 2021 and any public announcements made by Smart Parking Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

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Directors' Report

Your Directors present their report together with the consolidated financial statements for the half-year ended 31 December 2021.

Directors

The names of the Directors in office during the half-year and until the date of this report are as follows. All Directors were in office for the entire period.

Mr Christopher Morris	Chairman
Mr Paul Gillespie	Managing Director
Ms Fiona Pearse	Non-Executive Director
Mr Jeremy King	Non-Executive Director

Principal activities

The Group operates three divisions:

- **Parking Management**: Provision of parking management solutions, predominantly servicing the retail sector, managing agents and landowners in the United Kingdom. The division recently established operations in New Zealand, Australia and Germany.
- **Technology**: The sale of Smart City and IoT (Internet of Things) technology, hardware and software globally predominantly for parking solutions.
- **Research and Development**: Includes costs to research, develop and enhance Smart City, IoT and Automatic Number Plate Recognition (ANPR) software/hardware for both the Technology and Parking Management divisions.

Directors' Report (continued)

Review of Operations

The Group's revenue for the half-year ended 31 December 2021 was up 70% to \$17.3m compared to the period ending 31 December 2020. The increase reflects the generally lesser impact of COVID restrictions in the current period, as well as the increased number of sites under management, including expansion into new countries.

The operating profit after income tax for the half-year ended 31 December 2021 was \$2.2m, compared to a profit for the half-year ended 31 December 2020 of \$4.5m. The result for the half-year ended 31 December 2020 was positively impacted by the net \$6.5m resolution of the VAT dispute with HMRC.

The Group's Adjusted EBITDA after non-recurring items is \$5.1m (H1 FY21: \$1.4m), an increase from the prior period of 264%. The Adjusted EBITDA margin more than doubled from 13.9% in H1 FY21 to 29.7% in H1 FY22.

Adjusted EBITDA is calculated after excluding the effects of items incurred but not related to underlying operations or not expected to occur in the future and is outlined below. Note COVID-19 is reflected in Adjusted EBITDA only by the exclusion of government subsidies, with no attempt to include a corresponding adjustment for the abnormal (but difficult to measure) reduction in revenue:

	Half-year 2021	Half-year 2020
	\$	\$
Revenue	17,291,550	10,186,296
Net Profit for the half-year after tax	2,154,199	4,502,374
Group EBITDA ¹	5,178,612	8,101,445
Professional fees ²	101,235	402,665
Restructuring costs ³	-	60,346
VAT adjustment ⁴	-	(6,913,473)
Other non-recurring items ⁵	74,507	(27,095)
COVID-19 Government subsidies ⁶	(41,812)	(469,705)
Foreign exchange (gains)/losses ⁷	(174,566)	257,698
Adjusted EBITDA⁸	5,137,976	1,411,881
Depreciation and amortisation	(1,958,282)	(1,777,454)
Loss on disposal of fixed property, plant and equipment	(43,740)	(64,891)
Adjusted EBIT⁸	3,135,954	(430,464)
Adjusted EBITDA margin	29.7%	13.9%

¹EBITDA represents Earnings before interest, taxation, depreciation, amortisation and loss on disposal of plant and equipment.

²The professional fees relate to expert advice on the acquisition of Enterprise Parking Solutions (EPS) for legal, tax and valuation costs. The professional fees in 2020 relate to expert advice on the VAT dispute with HMRC. These costs are non-operating in nature.

³The 2020 restructuring costs relate to a reorganisation of the UK Parking Management division.

⁴The VAT adjustment relates to the resolution of outstanding VAT matters with HMRC in FY20.

⁵The other non-recurring items are either non-recurring and/or non-operating in nature.

⁶COVID-19 Government subsidies include the utilisation of the UK Coronavirus Job Retention Scheme and the NZ COVID-19 Wage Subsidy Scheme.

⁷The foreign exchange gains/(losses) relate to funding within the Group.

⁸The Board assesses the underlying performance of the business based on measures of Adjusted EBITDA and Adjusted EBIT which exclude the effect of non-operating and non-recurring items.

Directors' Report (continued)

The Group has 91% of its revenue derived in the United Kingdom resulting in revenue and profits denominated in Great British Pounds ("GBP"). These are impacted by movements in the exchange rate between GBP and the Group's presentation currency. As the impact during the period ended 31 December 2021 has not been material, the following commentary is based on presentation currency results unless otherwise stated.

As at 31 December 2021, the Group had cash on hand (excluding cash held on behalf of customers) of \$11.3m (30 June 2021: \$10.7m).

The Group had strong net operating cash inflows (before the movement in client funds and non-recurring/non-operating items) for the half-year ended 31 December 2021 of \$5.3m (2020: inflow \$2.2m). The table below summarises the net operating cash movements for the financial year to date. The reported net operating cash inflow, including movements in client funds and non-recurring/non-operating items, was \$5.0m (2020: \$1.9m).

	Half-year 2021	Half-year 2020
	\$	\$
Net operating cash inflow excluding movement in client funds and non-recurring items	5,290,462	2,156,803
Non-recurring cash items ¹	(175,744)	(194,548)
Net movement in client funds	(97,533)	(28,364)
Net reported cash inflow from operating activities	5,017,185	1,933,891

¹The non-recurring items are either non-recurring or non-operating in nature and include professional fees and restructuring costs.

The Parking Management division collects cash from sites that it operates on behalf of customers on an ongoing basis. As cash is collected and banked a corresponding liability is recognised for the same amount. Therefore, movements in cash balances will also be reflected in movements in trade and other payables. As payment terms vary between customers, the cash profile of collecting and remitting cash is variable and may have a material impact on the Company's cash balances at any one point in time. Cash flow from operating activities, excluding the movements in client cash, better reflects the Company's underlying performance.

In August 2021, the Group acquired Enterprise Parking Solutions Limited (Enterprise Parking) including 68 UK sites for total net cash consideration of \$1.4m.

The company continued its share buy-back in H1 FY22 at a total cost of \$0.1m at an average price of \$0.2246 per share.

It is notable that the cash position of the company (excluding the cash on behalf of customers), has increased in the six months to 31 December 2021 by \$0.6m, despite lingering lockdowns and ongoing COVID impacts in some jurisdictions, ongoing significant capital investment of \$1.8m in organic site expansion, plus the net outflow of \$1.4m for the EPS acquisition.

Directors' Report (continued)

Review of Operations (cont'd)

Parking Management Division – Sales of \$15.5m (2020: \$8.7m) were up 79% compared with the prior corresponding period largely due to the recovery from the impact of COVID-19.

UK Parking Breach Notices increased 74% to 264,248 compared to H1 FY20. The company experienced a strong recovery in H1 FY22 compared to H1 FY21 due to less severe government restrictions, the contribution from new installations and the acquisition of Enterprise Parking.

In August 2021 the company acquired Enterprise Parking for total net cash consideration of \$1.4m. Enterprise Parking provides parking management solutions in the UK and its 68 sites contributed to the increase in sites under management. Enterprise Parking contributed revenues of \$0.8m and adjusted EBITDA of \$0.6m in the post-acquisition period to 31 December 2021.

The company won and installed an additional 108 new ANPR sites for a mix of new and existing customers, bringing the total portfolio to 737 sites under management up from 619 sites at 30 June 2021. The division is targeting to grow the number sites under management to 1,500 by June 2025 resulting in increased Parking Breach Notices.

Personnel costs of \$2.9m were up 51% on the prior corresponding period following a review of resourcing requirements to support growth in existing and new territories, the end of the UK Coronavirus Job Retention Scheme and reinstatement of temporary reductions to executive and staff salaries.

The increased revenue, partly offset by increased costs, resulted in Segment Adjusted EBITDA for H1 FY22 of \$5.8m, up 109% on H1 FY21. Strong operating leverage resulted in the EBITDA margin expanding 550bps to 37.4%.

The division incurred capital expenditure of \$1.8m on the technology roll-out to new sites, in addition to the \$1.4m acquisition of Enterprise Parking.

The Board and management remain positive on the enforcement market opportunity for the UK, NZ and Australia and the division remains focused on growing the sales pipeline and winning new business. The division continued its Parking Management expansion with an Automatic Number Plate Recognition (ANPR) business being established in Germany in January 2022. Management estimates the German opportunity to be significant with a competitive landscape that has mainly provided parking management through people. The Company intends to use its best-in-class ANPR technology and Smart Parking's SmartCloud platform in order to differentiate ourselves with German customers.

UK

UK Parking Breach Notices increased 74% to 264,248 compared to H1 FY20. The company experienced a strong recovery in H1 FY22 compared to H1 FY21 due to less severe restrictions, the contribution from new installations and the acquisition of Enterprise Parking.

The company installed 93 sites and removed 58 sites bringing the total UK portfolio to 716 sites (includes 68 sites from the acquisition of Enterprise Parking). Site removals relate to the optimisation of the estate and the loss of one customer with multiple sites which, following a re-tender, was no longer viable to continue. The high level of removals is not common but reflects the discipline the company applies to maintaining site metrics that create profitable outcomes of the company.

Directors' Report (continued)

Review of Operations (cont'd)

The UK government recently announced a proposed new Parking Code of Practice. This includes the establishment of a Scrutiny and Oversight Board, the creation of a single independent appeals service, and a move to new levels of charges ranging from £50 to £130 based on the nature and location of the parking breach. The financial impact to the company of the proposed changes is at this stage not clear due to the challenges of forecasting future driver behaviour together with interpretation and enforcement of the new Parking Code of Practice. The new Parking Code of Practice will be completed and implemented by 31 December 2023.

NZ

The NZ Parking Management Division launched with its first site in March 2021. At 31 December 2021 the NZ operation had 13 sites under management with site and Parking Breach Notice growth expected in H2 FY22 with the easing of pandemic restrictions. NZ Parking Breach Notices increased 51% to 7,377 compared to H2 FY21. The business continues to win new sites with installations of 16 at the date of reporting.

Despite being in its infancy and despite significant lockdown restrictions in the 31 December 2021 half-year, the NZ operation was EBITDA and operating cashflow positive.

Australia

The Australia Parking Management Division's first site went live in July 2021. At 31 December 2021 the operation had 8 sites under management with 5,170 Parking Breach Notices issued during H1 FY22. As with NZ, the division continues to win sites and at the date of reporting there are 15 sites installed and operating. The division expects to be EBITDA positive in H2 FY22.

Technology Division – Total revenue for the division was \$3.5m (2020: \$2.3m) with revenue from external customers of \$1.8m (2020: \$1.5m).

Recurring revenue of \$2.3m (including intercompany recurring revenue) increased 44% compared to the prior corresponding period due to the impact of the COVID-19 global pandemic which impacts the portion of recurring revenue based on volume.

The operating costs (excluding foreign exchange gains and losses) for the half year ended 31 December 2021 were \$1.4m (2020: \$1.1m). Personnel costs of \$1.2m were up 22% on the prior corresponding period due to reinstatement of temporary reductions to salaries and a review of resourcing requirements.

The increased revenue, partly offset by increased costs, resulted in Segment Adjusted EBITDA for H1 FY22 of \$0.4m up from an EBITDA loss of \$0.2m in H1 FY21.

SPZ at the date of reporting has \$3.5m of new orders which it expects to deliver in H2 FY22. This excludes a delayed order from Gatwick Airport (United Kingdom) for \$1.3m where the timing of installation and revenue recognition remains uncertain due to the ongoing impact of the COVID-19 global pandemic.

Research and Development Division – Total costs for the division were \$0.4m (2020: \$0.5m). Development during the period included the development of the technology platform to support expansion of the parking management business into new territories and enhancement of the functionality of the Smart City platform (SmartCloud) and Parking App.

Directors' Report (continued)

Dividends

No dividend has been paid or recommended by the Directors since the commencement of the financial year.

Auditor's Independence Declaration

The Auditor's Independence Declaration on page 7 forms part of the Directors' Report for the half-year ended 31 December 2021.

This report is signed in accordance with a resolution of the Board of Directors.



Christopher Morris
Chairman



Paul Gillespie
Managing Director

18 February 2022

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Auditor's Independence Declaration

To the Directors of Smart Parking Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the audit of Smart Parking Limited for the half-year ended 31 December 2021, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- b no contraventions of any applicable code of professional conduct in relation to the review.



Grant Thornton Audit Pty Ltd
Chartered Accountants



B A Mackenzie
Partner – Audit & Assurance

Melbourne, 18 February 2022

Independent Auditor's Review Report

To the Members of Smart Parking Limited

Report on the review of the half-year financial report

Conclusion

We have reviewed the accompanying half-year financial report of Smart Parking Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2021, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half year ended on that date, a description of accounting policies, other selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Smart Parking Limited does not comply with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the Smart Parking Limited's financial position as at 31 December 2021 and of its performance for the half year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Directors' responsibility for the half-year financial report

The Directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2021 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Report on other legal and regulatory requirements

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.



Grant Thornton Audit Pty Ltd
Chartered Accountants



B A Mackenzie
Partner – Audit & Assurance

Melbourne, 18 February 2022

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Consolidated Statement of Profit or Loss and Other Comprehensive Income For the half-year ended 31 December 2021

	Notes	Half-Year	
		2021	2020
		\$	\$
Revenue from continuing operations	4	17,291,550	10,186,296
Raw materials and consumables used		(1,421,900)	(1,215,393)
Employee benefits expense		(5,199,003)	(4,164,723)
Depreciation and amortisation expense	2	(1,958,282)	(1,777,454)
Rental and operating lease costs		(295,484)	(250,481)
Share-based payments expense		(111,688)	(131,034)
Finance and interest expense		(290,865)	(235,821)
Foreign exchange gains/(losses)		174,566	(257,698)
VAT adjustment		-	6,913,473
COVID-19 Government subsidies	2	41,812	469,705
Other expenses	3	(5,289,076)	(3,497,782)
Profit before income tax		<u>2,941,630</u>	<u>6,039,088</u>
Income tax expense		(787,431)	(1,536,714)
Profit for the half-year		<u>2,154,199</u>	<u>4,502,374</u>
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		80,913	(7,453)
Other comprehensive income for the half-year, net of tax		80,913	(7,453)
Total comprehensive income, for the half-year		<u>2,235,112</u>	<u>4,494,921</u>
Total comprehensive income for the half-year attributable to the owners of Smart Parking Limited		<u>2,235,112</u>	<u>4,494,921</u>
Basic earnings per share from continuing operations attributable to the ordinary equity holders of the company.			
- basic earnings per share (cents per share)		0.61	1.25
- diluted earnings per share (cents per share)		0.60	1.25

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position As at 31 December 2021

	Note	31 December 2021 \$	30 June 2021 \$
ASSETS			
Current Assets			
Cash and cash equivalents	5	11,768,382	11,287,265
Trade and other receivables		8,280,788	7,747,443
Contract assets		212,430	146,641
Inventories		982,081	1,253,185
Income tax receivable		507	363
Total Current Assets		21,244,188	20,434,897
Non-current Assets			
Property, plant and equipment	6	7,706,562	6,487,904
Right-of-use assets		13,685,659	10,846,437
Intangible assets	7	3,335,251	2,048,137
Total Non-current Assets		24,727,472	19,382,478
TOTAL ASSETS		45,971,660	39,817,375
LIABILITIES			
Current Liabilities			
Trade and other payables		6,342,247	6,330,487
Lease liabilities		1,359,623	1,187,309
Borrowings		930,060	767,484
Contract liabilities		1,594,639	1,483,738
Provisions		607,347	586,833
Current tax liabilities	8	509,249	-
Total Current Liabilities		11,343,165	10,355,851
Non-current Liabilities			
Lease liabilities		12,845,657	10,084,954
Borrowings		1,627,604	1,995,456
Deferred tax liabilities		636,966	114,040
Total Non-current Liabilities		15,110,227	12,194,450
TOTAL LIABILITIES		26,453,392	22,550,301
NET ASSETS		19,518,268	17,267,074
EQUITY			
Contributed equity	10	67,706,416	67,802,022
Accumulated losses		(52,667,008)	(54,821,207)
Reserves	11	4,478,860	4,286,259
TOTAL EQUITY		19,518,268	17,267,074

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity For the half-year ended 31 December 2021

	Note	Contributed equity \$	Reserves \$	Accumulated losses \$	Total \$
Balance at 1 July 2021		67,802,022	4,286,259	(54,821,207)	17,267,074
Total comprehensive income for the half-year					
Profit for the half-year		-	-	2,154,199	2,154,199
Other comprehensive income for the half-year	11	-	80,913	-	80,913
Total comprehensive income for the half-year		-	80,913	2,154,199	2,235,112
Transactions with owners, recorded directly in equity					
Contributions by owners					
Share buy-back		(95,606)	-	-	(95,606)
Share-based payment transactions	11	-	111,688	-	111,688
Total transactions with owners		(95,606)	111,688	-	16,082
Balance at 31 December 2021	10	67,706,416	4,478,860	(52,667,008)	19,518,268

	Note	Contributed equity \$	Reserves \$	Accumulated losses \$	Total \$
Balance at 1 July 2020		68,865,719	4,178,531	(60,123,815)	12,920,435
Total comprehensive income for the half-year					
Profit for the half-year		-	-	4,502,374	4,502,374
Other comprehensive income for the half-year	11	-	(7,453)	-	(7,453)
Total comprehensive income for the half-year		-	(7,453)	4,502,374	4,494,921
Transactions with owners, recorded directly in equity					
Contributions by owners					
Contributions of equity net of transaction costs		-	-	-	-
Share-based payment transactions	11	-	131,034	-	131,034
Total transactions with owners		-	131,034	-	131,034
Balance at 31 December 2020	10	68,865,719	4,302,112	(55,621,441)	17,546,390

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows For the half-year ended 31 December 2021

	Note	Half-Year	
		2021	2020
		\$	\$
Cash flows from operating activities			
Cash receipts in the course of operations		17,001,693	10,020,734
Cash payments in the course of operations		(11,887,676)	(8,060,719)
Interest received		845	2,516
Income taxes paid		(144)	(276)
Net cash inflow from operating activities before movement in client funds		5,114,718	1,962,255
Net decrease in cash held on behalf of customers	5	(97,533)	(28,364)
Net cash inflow from operating activities	12	5,017,185	1,933,891
Cash flows from investing activities			
Purchase of intangible assets		(116,900)	-
Purchase of plant and equipment		(1,803,573)	(780,285)
Purchase of investment in subsidiary net of cash acquired	9	(1,410,222)	-
Net cash outflow from investing activities		(3,330,695)	(780,285)
Cash flows from financing activities			
Payments for on-market share buy-back		(95,606)	-
Interest and other finance costs paid		(235,803)	(224,314)
Principal elements of lease payments		(687,758)	(605,191)
Proceeds from borrowings		94,180	2,709,538
Repayment of borrowings		(327,014)	-
Net cash inflow/(outflow) from financing activities		(1,252,001)	1,880,033
Net increase in cash and cash equivalents		434,489	3,033,639
Cash and cash equivalents at beginning of the half-year		11,287,265	6,466,817
Effects of exchange rate changes on cash and cash equivalents		46,628	(32,702)
Cash and cash equivalents at end of the half-year	5	11,768,382	9,467,754

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

Note 1 – Basis of preparation

The half-year financial statements are general purpose financial statements prepared in accordance with the requirements of the *Corporations Act 2001* and Accounting Standards AASB 134: “Interim Financial Reporting”.

These financial statements are to be read in conjunction with the annual financial statements for the year ended 30 June 2021 and any publications made by Smart Parking Limited during the half-year in accordance with continuous disclosure requirements arising under the *Corporations Act 2001*. The half-year financial statements do not include full disclosures of the type normally included in annual financial statements. The accounting policies adopted are consistent with those of the previous financial year except where otherwise disclosed.

COVID-19 impact

The COVID-19 global pandemic continued to cause volatility in trading results particularly in the New Zealand and Australia Parking Management Divisions. The UK Parking Management Division has seen significant revenue and earnings growth as restrictions have eased. Accordingly, the Directors believe there are no signs of impairment of Property, Plant and Equipment and Intangible Assets.

Trade and other receivables include accrued income for Parking Breach revenue for infringements issued which are expected to be paid subsequent to reporting date. The accrued Parking Breach Notice revenue includes an estimation for expected credit loss which takes into account the impact of COVID-19 so that they are net of estimated non-collectibles.

Refer to the Directors’ Report for further information on the impact of COVID-19.

Note 2 – Segment information

a) Description of segments

Management has determined the operating segments based on the reports reviewed by the Board that are used to make strategic decisions.

The Board considers the business from a product and services perspective and has identified three reportable segments. Technology consists of the sale of Smart City and IoT technology products and solutions globally, predominantly to the parking market, Parking Management consists of the provision of car parking management services on behalf of third-party car park owners and on sites leased by the Company and managed on its own behalf in the UK, NZ, Australia, and Germany, and Research and Development includes costs to research, develop and enhance software/hardware for both the Technology and Parking Management divisions.

The segment disclosures are before corporate costs. The corporate function’s purpose includes conducting financing and corporate governance activities and includes parent company costs which are not otherwise allocated to operating segments and foreign exchange gains and losses on the translation of foreign operations.

Notes to the Financial Statements (continued)

b) Segment information provided to the Board

The segment information provided to the Board for the reportable segments for the half-year ended 31 December 2021 is as follows:

Half-year - 2021	Technology \$	Research and Development \$	Parking ¹ Management \$	Total \$
Total segment revenue	3,456,848	-	15,503,522	18,960,370
Inter-segment revenue	(1,669,665)	-	-	(1,669,665)
Revenue from external customers	1,787,183	-	15,503,522	17,290,705
The Group's revenue disaggregated by pattern of revenue recognition as follows:				
Goods transferred at a point in time	-	-	1,092,268	1,092,268
Services transferred over time	1,787,183	-	14,411,254	16,198,437
	1,787,183	-	15,503,522	17,290,705
Segment Adjusted EBITDA	402,502	(417,635)	5,798,837	5,783,704
Depreciation and amortisation	(148,535)	-	(1,809,747)	(1,958,282)
Loss on disposal of fixed property, plant and equipment	-	-	(43,740)	(43,740)
Segment Adjusted EBIT	253,967	(417,635)	3,945,350	3,781,682
Total segment assets				
31 December 2021	3,355,884	-	47,065,360	50,421,244
30 June 2021	2,889,902	-	39,339,110	42,229,012

¹ On 6 August 2021, Smart Parking Limited acquired Enterprise Parking. The business contributed revenues of \$849,751 and adjusted EBITDA of \$552,338 to the group for the period from the date of acquisition to 31 December 2021.

Notes to the Financial Statements (continued)

Note 2 – Segment information (cont'd)

b) Segment information provided to the Board (cont'd)

	Technology	Research and Development	Parking Management	Total
Half-year - 2020	\$	\$	\$	\$
Total segment revenue	2,316,178	-	8,674,521	10,990,699
Inter-segment revenue	(806,919)	-	-	(806,919)
Revenue from external customers	1,509,259	-	8,674,521	10,183,780

The Group's revenue disaggregated by pattern of revenue recognition as follows:

Goods transferred at a point in time	-	-	713,123	713,123
Services transferred over time	1,509,259	-	7,961,398	9,470,657
	1,509,259	-	8,674,521	10,183,780

Segment Adjusted EBITDA	(242,032)	(466,999)	2,771,450	2,062,419
Depreciation and amortisation	(174,911)	-	(1,602,543)	(1,777,454)
Loss on disposal of fixed property, plant and equipment	-	-	(64,891)	(64,891)
Segment Adjusted EBIT	(416,943)	(466,999)	1,104,016	220,074

The Board assesses the performance of the operating segments based on a measure of Adjusted EBIT which excludes the effects of non-operating and non-recurring costs. Interest income and expenditure are not allocated to segments, as this type of activity is driven by the Group function, which manages the cash position for the Group as a whole.

Notes to the Financial Statements (continued)

Note 2 – Segment information (cont'd)

A reconciliation of Segment Adjusted EBIT to operating loss before income tax is provided as follows:

	Half-Year	
	2021	2020
	\$	\$
Segment Adjusted EBIT¹	3,781,682	220,074
Interest revenue	845	2,516
Interest expense	(235,803)	(222,531)
VAT adjustment ²	-	6,913,473
Non-recurring items ³	(175,744)	(435,913)
COVID-19 Government subsidies ⁴	41,812	469,705
Foreign exchange gains on intra group funding	174,566	(257,698)
Adjusted EBIT for Group Corporate function	(645,728)	(650,538)
Profit before income tax from operations	2,941,630	6,039,088

¹Segment Adjusted EBIT is for the operating divisions which excludes corporate costs and non-recurring items.

²The VAT adjustment relates to the resolution of outstanding VAT matters with HMRC in FY20.

³Non-recurring items include professional fees for the purchase of Enterprise Parking and other non-recurring items. In H1 FY21, the non-recurring items includes costs comprising professional fees, corporate advisory costs, restructuring costs and other costs expenses which are either non-recurring or non-operating in nature.

⁴COVID-19 Government subsidies include the utilisation of the UK Coronavirus Job Retention Scheme and the NZ COVID-19 Wage Subsidy Scheme.

A reconciliation of Segment Adjusted EBIT to Adjusted Group EBIT is provided below:

Segment Adjusted EBIT¹	3,781,682	220,074
Adjusted EBIT for Group Corporate function	(645,728)	(650,538)
Adjusted Group EBIT	3,135,954	(430,464)

The amounts provided to the Board with respect to total assets are measured in a manner consistent with that of the financial statements. These assets are allocated based on the operations of the segment and the physical location of the asset.

Notes to the Financial Statements (continued)

Note 3 – Other expenses

	Half-Year	
	2021	2020
	\$	\$
Audit fees	30,500	30,400
Legal fees	89,341	65,945
Loss on disposal of fixed property, plant and equipment	43,740	64,891
Motor vehicle expenses	136,963	74,101
Travel and accommodation	175,447	123,903
Insurance	159,961	142,460
Telephone and communications	194,839	141,389
Other site service costs	776,916	441,549
Licencing authority fees	1,279,140	761,425
Recruitment expenses	121,937	45,896
Repairs and maintenance	337,848	278,101
IT Support	170,706	179,070
Acquisition related costs from the business combination	101,235	-
Bad debts provision	307,341	-
Other expenses	1,363,162	1,148,652
	5,289,076	3,497,782

Note 4 – Revenue and other income

	Note	Half-Year	
		2021	2020
		\$	\$
From continuing operations			
Revenue			
Revenue from sale of goods and services	2	17,290,705	10,183,780
Interest revenue		845	2,516
Total revenue from continuing operations		17,291,550	10,186,296

Note 5 – Cash and cash equivalents

	Consolidated	
	31 Dec 2021	30 Jun 2021
	\$	\$
Current		
Cash at bank and in hand	11,280,803	10,702,153
Cash held on behalf of customers	487,579	585,112
	11,768,382	11,287,265

Cash at bank includes cash that Smart Parking Limited (UK) has collected and counted on behalf of customers, the associated liability for this is included in other payables.

The Parking Management division collects cash from sites that it operates on behalf of customers on an ongoing basis. These amounts can be material. As cash is collected and banked a corresponding liability is recognised for the same amount. As payment terms vary between customers the cash profile of collecting and remitting cash is variable and can have a material impact on the company's cash balances at any one point in time.

Notes to the Financial Statements (continued)

Note 6 - Property, plant and equipment (non-current)

	Motor Vehicles	Office Equipment	Plant and Equipment	Leasehold Improvem- ents	Total
Consolidated	\$	\$	\$	\$	\$
Year ended 30 June 2021					
At 30 June 2021					
Cost	330,461	500,886	15,941,081	615,257	17,387,685
Accumulated depreciation & impairment	(269,378)	(332,271)	(10,091,429)	(206,703)	(10,899,781)
Net book amount	61,083	168,615	5,849,652	408,554	6,487,904
Half-year ended 31 December 2021					
Opening net book amount	61,083	168,615	5,849,652	408,554	6,487,904
Acquisition of subsidiary (note 9)			474,132		474,132
Additions	-	33,716	1,850,735	-	1,884,451
Disposals	-	-	(69,496)	-	(69,496)
Depreciation charge for the year	(14,110)	(29,867)	(1,069,255)	(20,853)	(1,134,085)
Foreign exchange translation	671	1,679	57,237	4,069	63,656
Closing net book amount	47,644	174,143	7,093,005	391,770	7,706,562
At 31 December 2021					
Cost	332,971	539,442	18,063,323	621,332	19,557,068
Accumulated depreciation & impairment	(285,327)	(365,299)	(10,970,318)	(229,562)	(11,850,506)
Net book amount	47,644	174,143	7,093,005	391,770	7,706,562

Notes to the Financial Statements (continued)

Note 7 – Intangible Assets (non-current)

	Software	Developed Technology	Consolidated Goodwill	Customer Relationships	Other intangible assets	Total
Consolidated	\$	\$	\$	\$	\$	\$
Year ended 30 June 2021						
At 30 June 2021						
Cost	1,556,501	5,931,658	2,562,577	-	17,318	10,068,054
Amortisation charge	(1,239,302)	(5,842,317)	(920,980)	-	(17,318)	(8,019,917)
Net book amount	317,199	89,341	1,641,597	-	-	2,048,137
Half-year ended 31 December 2021						
Opening net book amount	317,199	89,341	1,641,597	-	-	2,048,137
Acquisition of subsidiary (note 9)	-	-	158,752	1,111,320	-	1,270,072
Additions	5,507	116,933	-	-	-	122,440
Amortisation charge	(51,105)	(18,179)	-	(37,414)	-	(106,698)
Foreign exchange translation	893	-	14,206	(13,799)	-	1,300
Closing net book amount	272,494	188,095	1,814,555	1,060,107	-	3,335,251
At 31 December 2021						
Cost	1,567,729	6,048,591	2,744,614	1,097,521	17,318	11,475,773
Amortisation charge	(1,295,235)	(5,860,496)	(930,059)	(37,414)	(17,318)	(8,140,522)
Net book amount	272,494	188,095	1,814,555	1,060,107	-	3,335,251

Note 8 – Income tax

Current	Consolidated	
	31 Dec 2021	30 Jun 2021
	\$	\$
Current tax liabilities	509,249	-

The tax losses in Smart Parking Limited (UK) were consumed in FY21 following the recovery from COVID-19, the ongoing growth in sites under management, and the resolution of outstanding VAT matters, so tax is expected to be payable in the UK in future periods.

Notes to the Financial Statements (continued)

Note 9 – Business Combination

On 6 August 2021, Smart Parking Limited acquired 100% of the issued shares of Enterprise Parking Solutions Ltd, an unlisted company based in the United Kingdom for consideration of \$1,544,547. The acquisition builds scale through the addition of 68 sites under management and leverages off existing infrastructure.

The provisional fair values of the identifiable assets and liabilities of Enterprise Parking Solutions Ltd as at the date of acquisition were:

	Fair value recognized on acquisition \$
Assets	
Cash and cash equivalents	134,325
Trade and other receivables	112,394
Property, plant and equipment (note 6)	474,132
Customer relationships (note 7)	1,111,320
	1,832,171
Liabilities	
Trade and other payables	50,962
Deferred tax liability	301,234
Loan	94,180
	446,376
Total identifiable net assets at fair value	1,385,795
Goodwill arising on acquisition	158,752
Purchase consideration transferred	1,544,547

(i) Goodwill

The goodwill is attributable to Enterprise Parking's profitability and synergies expected to rise after the company's acquisition of the new subsidiary. None of the goodwill is expected to be deductible for tax purposes.

(ii) Property, plant and equipment

Property, plant and equipment includes camera equipment, signage and pay & display machines required to operate the carparks.

(iii) Intangible assets

The fair value of the acquired customer relationships of \$1,111,320 is provisional pending receipt of the final valuations for those assets. Judgement is required to estimate future cashflows from customer relationships and their estimated useful lives. A deferred tax liability of \$301,234 has been provided in relation to these fair value adjustments.

Notes to the Financial Statements (continued)

(iv) Loan

The loan of \$94,180 was repaid on the 9th of August 2021.

(v) Acquisition-related costs

Acquisition-related costs of \$101,235 are included in the profit and loss.

(vi) Revenue and Adjusted EBITDA contribution

The acquired business contributed revenues of \$849,751 and Adjusted EBITDA of \$552,338 to the group for the period from 6th August 2021 to 31st December 2021. Had the acquisition occurred on 1st July 2021 the Group's revenue would have been approximately \$17,514,448 and Adjusted EBITDA of \$5,282,860. These amounts have been determined by applying the Group's accounting policies.

Note 10 – Equity securities issued during the half-year

There are 357,656,519 shares on issue. There have been no equity securities issued during the year.

On 25 February 2021, Smart Parking Limited announced an on-market share buy-back with an aggregate value of up to \$5m for capital management purposes. In addition to the purchase and cancellation of shares in the period ended 30 June 2021, from 6 December 2021 until 30 December 2021, the Company purchased and cancelled 423,190 ordinary shares at a total cost of \$0.1m with an average price of \$0.2246 and a price range of \$0.2150 to \$0.2300.

Note 11 – Reserves

	Consolidated	
	31 Dec 2021	30 Jun 2021
	\$	\$
Share based payments	3,663,072	3,551,384
Foreign currency translation	815,788	734,875
	4,478,860	4,286,259

Notes to the Financial Statements (continued)

Note 12 – Reconciliation of cash flows from operating activities

	2021	Half-Year	2020
	\$		\$
Reconciliation of Cash Flow from Operations with Profit after Income Tax			
Profit after income tax for the period	2,154,199		4,502,374
Adjustments for:			
Loss on disposal of plant and equipment	43,740		64,891
Depreciation and amortisation expense	1,958,282		1,777,454
Interest expense	235,803		222,531
Share-based payments expense	111,688		131,034
Net foreign exchange differences	(174,566)		257,698
Change in operating assets and liabilities, net of effects from purchase of controlled entity:			
Decrease/(increase) in trade debtors and contract assets	76,105		(6,163)
(Increase)/decrease in inventories	271,104		127,888
(Increase)/decrease in other current assets	(934,970)		(4,201,647)
Increase/(decrease) in trade payables and accruals	243,769		(2,448,011)
Increase/(decrease) in tax payable and deferred tax	1,032,031		1,505,842
Net Cash inflow from operating activities	<u>5,017,185</u>		<u>1,933,891</u>

Note 13 – Dividends

No dividends were paid or declared during the period.

Note 14 – Events subsequent to Reporting Date

There were no events after the end of the reporting period.

Note 15 – Contingent Liabilities

There have been no changes in contingent liabilities since the last annual reporting period date, 30 June 2021.

Directors' Declaration

In the directors' opinion:

- (a) the financial statements and notes set out on pages 10 to 23 are in accordance with the *Corporations Act 2001*, including:
- (i) complying with Australian Accounting Standard: *AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001* and other mandatory professional requirements; and
 - (ii) giving a true and fair view of the Group's financial position as at 31 December 2021 and of its performance for the half-year ended on that date; and
- (b) there are reasonable grounds to believe that Smart Parking Limited will be able to pay its debts as and when they become due and payable; and
- (c) The Directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer required by Section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the directors and is signed for and on behalf of the directors by:



Mr Christopher Morris
Chairman



Paul Gillespie
Managing Director

18 February 2022