

Smart Parking Limited
and its Controlled Entities

ABN 45 119 327 169

Preliminary Final Report

for the year ended
30 June 2022

Company
Disclosure
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ASX PRELIMINARY FINAL REPORT

Smart Parking Limited
ABN 45 119 327 169

30 June 2022

Lodged with the ASX under Listing Rule 4.3A

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This report covers the consolidated entity consisting of Smart Parking Limited and its controlled entities. The preliminary financial report is presented in Australian dollars.

Smart Parking Limited
Year ended 30 June 2022

Details of the reporting period

Current period: 12 months ending 30 June 2022 (FY22)

Prior period: 12 months ending 30 June 2021 (FY21)

RESULTS FOR ANNOUNCEMENT TO MARKET

	Change Up/(Down)	2022	2021
Revenue from ordinary activities	68%	38,148,460	22,708,492
EBITDA	(34%)	7,397,851	11,207,629
Adjusted EBITDA	296%	8,771,983	2,217,104
Profit after tax attributable to members	(82%)	959,767	5,302,608
Total comprehensive income for the year attributable to owners	(79%)	1,086,106	5,155,632

Dividends

There were no dividends paid or proposed for the period. The Group does not have a dividend re-investment plan.

Commentary on the results for FY22

Total revenue of \$38.1m for FY22 was up **68%** on FY21. Revenue in the Parking Management division of \$33.4m was up **83%** (2021: \$18.3m). The increase reflects the uplift in sales activity, expansion into new operating territories and strategic acquisitions.

The company added **303** new Automatic Number Plate Recognition (ANPR) sites for existing, new and acquired customers, resulting in a net 36% increase in sites over the year. The portfolio has undergone rapid growth over the last three years, as shown in the graph below, rising from 389 ANPR sites under management at 30 June 2019 to 839 ANPR sites under management at 30 June 2022.

Statutory EBITDA is \$7.4m, down by \$3.8m on FY21. The strong business results in FY22 were offset by large one-off positive adjustments in FY21, including the \$6.5m adjustment related to the settlement of the HMRC VAT dispute. After accounting for unusual and non-recurring items, the Adjusted EBITDA profit of \$8.8m is up **296%**, or \$6.6m, against FY21 (refer Note 2 for an explanation of all unusual and non-recurring items). 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.

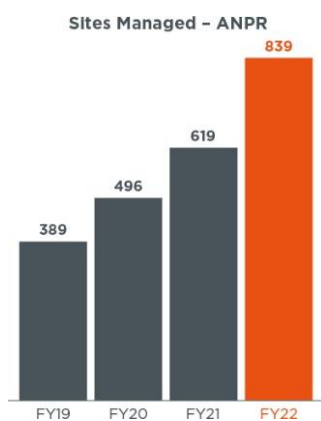
The net statutory profit after tax attributable to members is \$1.0m, down \$4.3m on FY21, again impacted by the very significant non-recurring, non-operating items in the prior period. However, in line with the significant increase in revenue and adjusted EBITDA, the adjusted NPAT performance of \$2m is up \$3.7m on the prior comparative period.

The company has established Parking Management businesses in NZ and Australia in the last 18 months. Both operations are performing ahead of expectations with 47 sites installed at 30 June 2022. The company believes there is a significant opportunity across the APAC region and will be focused on the continued roll out of sites and customer wins in the coming years.

On the 1st January 2022, the company launched its first operation in mainland Europe by opening a Parking Management business in Germany. The business will operate in the same fashion as the successful UK operation and will focus on growing sites under management in the region. The total addressable market in Germany is twice that of the UK and represents a significant opportunity for the company to grow in Europe. The majority of the competitive landscape is providing manual parking management through the use of people/ parking attendants instead of technology. The company believes the technology led solutions that it currently provides in other operating territories will be a significant point of difference during the sales process and will lead to greater client wins.

On 6th August 2021, the Group entered into an agreement to acquire Enterprise Parking Solutions Limited (Enterprise Parking) for total cash consideration of \$1.5m. Enterprise Parking provides parking management solutions in the UK and has 68 sites under management using license plate recognition technology to provide enforcement management services. At the 30th June, the Enterprise business has contributed \$1.9m of revenue to the Group.

On 8th April 2022, the Group entered into an agreement to acquire NE Parking Limited (NE Parking) for total cash consideration of \$0.5m. NE Parking provides parking management solutions in the UK and has 517 manually operated sites under management. The acquisition provides the opportunity to upgrade suitable sites to ANPR technology, while continuing to operate remaining sites manually.



The company remains focused on its strategy of growing the installed number of ANPR sites to 1,500 by 30 June 2025.

The number of Parking Breach Notices (PBNs) issued increased by 81% in FY22 largely due to the increased number of sites under management, as well as the recovery from COVID restrictions. The division expects revenue and earnings growth in FY23 as a result of the contribution of new sites installed during FY22 and ongoing new customer sites.

Adjusted EBITDA for FY22 in the Parking Management Division of \$9.7m was up 130% on FY21. Overheads in the Parking Management Division included \$0.65m of costs related to the setup and running of the German ANPR operation which was established in January 2022.

External revenue in the Technology division was up 7% on the prior corresponding period to \$4.7m. Installations included a range of sites in Australia and New Zealand including City of

Bunbury, Dandenong Plaza, One City Hill and Queensgate Shopping Centre. The Adjusted EBITDA profit of \$1.1m improved from a profit of \$0.3m in FY21.

The company invested \$0.7m on Research and Development, continuing its investment in technology. 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 Enforcement Applications.

Net operating cash inflows for the year were \$10.2m, up from an inflow of \$6.7m in FY21. This is an excellent result, in particular due to the FY21 one-off cash inflows of \$4.2m related to dispute settlements.

At year end, the group had available cash of \$10.8m, an outstanding result. The company generated strong operating cash returns over FY22, with cash balances (excluding customer cash) increasing by \$0.1m, despite lingering lockdowns and ongoing COVID impacts in some jurisdictions, ongoing significant capital investment of \$3.8m in organic site expansion, the net outflow of \$1.9m for the EPS and NEP acquisitions, a \$1.1m share buy-back, and a \$0.6m net outflow for repayment of borrowings.

Further commentary on the results is included in the Market Announcement and Investor Presentation.

* Adjusted EBITDA takes into account items incurred in the current period which are not expected to occur in the future and are considered non-operational or non-recurring in nature. Refer to Note 2 for further details.

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Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the year ended 30 June 2022

	Note	Consolidated	
		2022	2021
		\$	\$
Revenue from operations	1, 9(c)	38,148,460	22,708,492
Raw materials and consumables used		(3,826,413)	(3,364,747)
Employee benefits expense		(11,059,422)	(8,384,403)
Depreciation and amortisation expense		(4,482,710)	(3,575,788)
Rental and operating lease costs		(699,479)	(530,333)
Share-based payments expense		(218,338)	(254,704)
Finance and interest expense		(812,781)	(488,569)
Foreign exchange gains/(losses)		(1,086,096)	622,813
VAT adjustment	9(c)	-	6,900,913
Dispute settlements	9(c)	-	1,334,277
COVID-19 subsidies	9(c)	15,338	748,724
Other expenses	10	(13,869,496)	(8,642,573)
Profit before income tax		2,109,063	7,074,102
Income tax expense		(1,149,296)	(1,771,494)
Profit for the year from continuing operations		959,767	5,302,608
Other comprehensive income:			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translation of foreign operations		126,339	(146,976)
Other comprehensive income for the year, net of tax		126,339	(146,976)
Total comprehensive income for the year		1,086,106	5,155,632
Total comprehensive income for the year attributable to owners of Smart Parking Limited		1,086,106	5,155,632
Earnings per share from continuing operations attributable to the ordinary equity holders of the company.			
- basic earnings per share (cents per share)		0.27	1.49
- diluted earnings per share (cents per share)		0.27	1.48

The above Consolidated Statement of Profit and Loss and Other Comprehensive Income is to be read in conjunction with the accompanying supplementary Appendix 4E information.

Consolidated Statement of Financial Position
As at 30 June 2022

	Note	Consolidated 2022 \$	2021 \$
ASSETS			
Current Assets			
Cash and cash equivalents	11	11,362,399	11,287,265
Trade and other receivables	12	9,994,009	8,356,434
Contract assets		758,507	146,641
Inventories		959,981	1,253,185
Income tax receivable		-	363
Total Current Assets		23,074,896	21,043,888
Non-current Assets			
Property, plant and equipment	13	8,225,673	6,487,904
Right-of-use asset		13,988,470	10,846,437
Intangible assets	14	3,847,548	2,048,137
Total Non-current Assets		26,061,691	19,382,478
TOTAL ASSETS		49,136,587	40,426,366
LIABILITIES			
Current Liabilities			
Trade and other payables	15	10,610,044	6,939,478
Lease liabilities		1,645,775	1,187,309
Borrowings		962,582	767,484
Contract liabilities		1,814,088	1,483,738
Provisions		861,784	586,833
Current tax liabilities	16	813,139	-
Total Current Liabilities		16,707,412	10,964,842
Non-current Liabilities			
Lease liabilities		13,100,354	10,084,954
Borrowings		1,102,098	1,995,456
Deferred tax liabilities		773,222	114,040
Total Non-current Liabilities		14,975,674	12,194,450
TOTAL LIABILITIES		31,683,086	23,159,292
NET ASSETS		17,453,501	17,267,074
EQUITY			
Contributed equity	8	66,684,005	67,802,022
Accumulated losses	3	(53,861,440)	(54,821,207)
Reserves	17	4,630,936	4,286,259
TOTAL EQUITY		17,453,501	17,267,074

The above Consolidated Statement of Financial Position is to be read in conjunction with the accompanying supplementary Appendix 4E information.

Consolidated Statement of Changes in Equity
For the year ended 30 June 2022

	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 year					
Profit for the year		-	-	959,767	959,767
Other comprehensive income		-	126,339	-	126,339
Total comprehensive profit/(loss) for the year		-	126,339	959,767	1,086,106
Transactions with owners, recorded directly in equity					
Contributions by owners					
Share buy-back	8	(1,118,017)	-	-	(1,118,017)
Share-based payment transactions		-	218,338	-	218,338
Total transactions with owners		(1,118,017)	218,338	-	(899,679)
Balance at 30 June 2022		66,684,005	4,630,936	(53,861,440)	17,453,501

		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 year					
Profit for the year		-	-	5,302,608	5,302,608
Other comprehensive income		-	(146,976)	-	(146,976)
Total comprehensive profit/(loss) for the year		-	(146,976)	5,302,608	5,155,632
Transactions with owners, recorded directly in equity					
Contributions by owners					
Share buy-back		(1,063,697)	-	-	(1,063,697)
Share-based payment transactions		-	254,704	-	254,704
Total transactions with owners		(1,063,697)	254,704	-	(808,993)
Balance at 30 June 2021		67,802,022	4,286,259	(54,821,207)	17,267,074

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying supplementary Appendix 4E information.

Consolidated Statement of Cash Flows
For the year ended 30 June 2022

	Note	Consolidated 2022 \$	2021 \$
Cash flows from operating activities			
Cash receipts in the course of operations		33,159,545	18,422,615
Cash payments in the course of operations		(22,860,505)	(15,421,887)
VAT settlement refund and other dispute settlements		-	4,236,595
Professional fees (FY22 relates to corporate advisory costs, FY21 relates to VAT resolution dispute settlements)		(129,882)	(585,966)
Interest received		2,085	4,200
Income taxes received/(paid)		(153)	261
Net cash inflow from operating activities before movement in client funds		10,171,090	6,655,818
Net increase/(decrease) in cash held on behalf of customers		(42,623)	390,756
Net cash inflow from operating activities	18	10,128,467	7,046,574
Cash flows from investing activities			
Purchase of intangible assets		(241,747)	(58,328)
Purchase of plant and equipment		(3,847,069)	(1,980,889)
Purchase of investments in subsidiaries net of cash acquired	21	(1,916,106)	-
Net cash outflow from investing activities		(6,004,922)	(2,039,217)
Cash flows from financing activities			
Payments for on-market share buy-back	8	(1,118,017)	(1,063,697)
Interest and other finance costs paid		(704,779)	(530,443)
Principal elements of lease payments		(1,422,379)	(1,389,641)
Proceeds from borrowings	21	177,250	2,709,538
Repayment of borrowings		(781,626)	-
Net cash outflow from financing activities		(3,849,551)	(274,243)
Net increase in cash and cash equivalents		273,994	4,733,114
Cash and cash equivalents at beginning of period		11,287,265	6,466,817
Effects of exchange rate changes on cash and cash equivalents		(198,860)	87,334
Cash and cash equivalents at end of period	11	11,362,399	11,287,265

The above Consolidated Statement of Cash Flows is to be read in conjunction with the accompanying supplementary Appendix 4E information.

Supplementary Appendix 4E Information

1. Statement of significant accounting policies

This preliminary final report has been prepared in accordance with ASX Listing Rule 4.3A and the disclosure requirements of ASX Appendix 4E.

This report is to be read in conjunction with any public announcements made by Smart Parking Limited during the reporting period in accordance with the continuous disclosure requirements of Corporations Act 2001 and the Australian Securities Exchange Listing Rules.

The preliminary financial report, comprising the financial statements and notes of Smart Parking Limited and its controlled entities, complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Where necessary, comparative figures have been adjusted to comply with the changes in presentation in the current period.

The principal accounting policies adopted in the preparation of the preliminary financial report are consistent with those of the previous financial year except for the disclosure below.

Customer Relationships

Smart Parking Limited acquired 100% of the issued shares of Enterprise Parking Solutions Ltd and NE Parking Limited in FY22. Refer to Note 21 for additional information.

The fair value of the acquired customer relationships of \$1,676,536 is based on current valuations of those assets, of which \$565,216 is a provisional valuation. Judgement is required to estimate future cashflows from customer relationships and their estimated useful lives which form inputs to the valuations. Deferred tax liabilities of \$419,134 have been provided in relation to the fair values of customer relationships.

The fair value of the customer relationships and related deferred tax liabilities are being amortised on a straight line basis over 5 years.

Restatement of 2021 Comparative

The Group adopted AASB 15 *Revenue from Contracts with Customers* from 1 July 2018.

During the year Smart Parking Limited reviewed and changed its interpretation for its arrangements with debt recovery agencies related to debt collection costs for outstanding Parking Breach Notices. The impact on FY22 results is to increase Revenue and Cost of Sales respectively by \$2.8m (FY21 \$2.0m).

There is no impact on the reported profit for the year, or on basic or diluted earnings per share.

There is no impact on equity, as the restatement of total assets (Trade and other receivables) of \$832,372 (FY21: \$608,991) was offset by an equivalent increase in total liabilities (Trade and other payables) of \$832,372 (FY21: \$608,991).

The prior period comparatives have been restated in the financial statements as follows:

	FY21 previously reported) \$	(as FY21 (restated) \$	Change \$
Impact on Profit or Loss (increase/(decrease) in profit)			
Revenue	20,675,020	22,708,492	2,033,472
Other expenses	(6,609,101)	(8,642,573)	(2,033,472)
EBITDA	2,217,104	2,217,104	-
Net Profit after tax for the year	5,302,608	5,302,608	-
Consolidated Statement of Financial Position			
Trade and other receivables	7,747,443	8,356,434	608,991
Trade and other payables	(6,330,487)	(6,939,478)	(608,991)

2. Material factors affecting the economic entity for the current period

Refer to the attached Market Announcement and Investor Presentation for discussion of the nature and amount of material items affecting revenue, expenses, assets, liabilities, equity or cash flows, where their disclosure is relevant in explaining the financial performance or position of the entity for the period.

The profit of the Group for the financial year after income tax amounted to \$1.0m (2021: \$5.3m).

An analysis of underlying Adjusted EBITDA in the current period which is calculated after excluding the effects of costs incurred but not related to underlying operations or not expected to occur in the future 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.

	2022 \$	2021 \$
Net Profit for the year after tax	959,767	5,302,608
EBITDA ¹	7,397,851	11,207,629
Professional fees ²	129,882	585,966
Restructuring costs ³	-	60,236
VAT adjustment ⁴	-	(6,900,913)
Other dispute settlements ⁵	-	(1,334,277)
Other non-recurring items ⁶	293,311	(30,000)
Financial reporting system implementation ⁷	114,943	-
COVID-19 Government Subsidies ⁸	(15,338)	(748,724)
Research and development tax incentive ⁹	(234,762)	-
Foreign exchange (gains)/losses ¹⁰	1,086,096	(622,813)
Adjusted EBITDA¹¹	8,771,983	2,217,104
Depreciation and amortisation	(4,482,710)	(3,575,788)
Loss on disposal of fixed property, plant and equipment	(103,384)	(119,750)
Adjusted EBIT¹¹	4,185,889	(1,478,434)

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

²The 2022 professional fees relate to corporate and advisory costs related to business acquisitions. The 2021 professional fees relate to expert advice on the VAT dispute with the HMRC. These costs are non-operating in nature.

³The 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 FY21.

⁵The dispute settlements relate to amounts received related to a settlement with a former UK customer in relation to breach of contract, and a settlement received from a former UK staff member related to payroll taxes.

⁶The other non-recurring items are either non-recurring and/or non-operating in nature.

⁷Implementation of a new cloud based financial reporting system.

⁸COVID-19 Government subsidies include the utilisation of the UK Coronavirus Job Retention Scheme.

⁹Relates to a research and development tax incentive received from the IRD in New Zealand.

¹⁰The foreign exchange gains/(losses) relate to funding within the Group.

¹¹The 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.

3. Retained Earnings (Appendix 4E item 6)

	Consolidated	
	2022	2021
	\$	\$
Balance 1 July	(54,821,207)	(60,123,815)
Net profit for the year	959,767	5,302,608
Balance 30 June	(53,861,440)	(54,821,207)

4. Additional Dividend Information (Appendix 4E item 7)

There were no dividends paid or proposed during the year.

5. Dividend Reinvestment Plan (Appendix 4E item 8)

The company has no dividend reinvestment plan in operation.

6. NTA Backing (Appendix 4E item 9)

	Consolidated	
	2022	2021
	\$	\$
Net tangible asset backing per ordinary share	\$0.0386	\$0.0437

7. Earnings/(loss) per share (Appendix 4E item 14.1)

	Consolidated	
	2022	2021
Basic profit per share (cents per share)	0.27	1.49
Diluted profit per share (cents per share)	0.27	1.48
Profit used in calculating EPS (\$)	959,767	5,302,608
Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	No. 355,015,397	No. 356,004,320
Weighted average number of ordinary shares outstanding during the year used in calculating diluted EPS	No. 356,660,958	No. 358,264,104
<i>Reconciliation of basic and diluted loss per share</i>		
Profit attributable to the ordinary equity holders of the company used in calculating earnings per share:	959,767	5,302,608

8. Contributed Equity (Appendix 4E item 14.2)

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, which commenced on 11 March 2021 for a 12 month period.

On 3 March 2022, Smart Parking Limited announced an on-market share buy-back with an aggregate value of up to \$2.5m for capital management purposes, which commenced on 17 March 2022.

From 6 December 2021 until 6 May 2022, the company purchased and cancelled 5,526,708 ordinary shares at a total cost of \$1.1m with an average price of \$0.2023 and a price range of \$0.1600 to \$0.2300.

Details	No of shares	Purchase price	\$
Balance at 1 July 2021	358,079,709		67,802,022
Share buy-back	(5,526,708)	\$0.2023	(1,118,017)
Balance at 30 June 2022	352,553,001		66,684,005

9. Segment information (Appendix 4E item 14.4)

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 perspective and has identified three reportable segments. Technology consists of the sale of Smart City and IoT technology products and solutions predominantly to the parking market globally, 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, New Zealand, 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 main purpose is to conduct financing and Head Office activities and represents parent company costs which are not otherwise allocated to operating segments and foreign exchange gains and losses on the translation of foreign operations.

b) Segment information provided to the board

The segment information provided to the Board for the reportable segments for the year ended 30 June 2022 is as follows:

	Technology	Research and Development	Parking Management	Total
Group – 2022	\$	\$	\$	\$
Total segment revenue	9,469,149	-	33,405,396	42,874,545
Inter-segment revenue	(4,728,170)	-	-	(4,728,170)
Revenue from external customers	4,740,979	-	33,405,396	38,146,375
Segmental Adjusted EBITDA	1,087,240	(657,781)	9,716,628	10,146,088
Depreciation and amortisation	(358,376)	-	(4,124,334)	(4,482,710)
Loss on disposal of fixed property, plant and equipment	-	-	(103,384)	(103,384)
Segmental Adjusted EBIT	728,864	(657,781)	5,488,910	5,559,994

The segment information provided to the Board for the reportable segments for the year ended 30 June 2021 was as follows:

	Technology	Research and Development	Parking Management	Total
Group – 2021	\$	\$	\$	\$
Total segment revenue	6,947,122	-	18,292,910	25,240,032
Inter-segment revenue	(2,535,740)	-	-	(2,535,740)
Revenue from external customers	4,411,382	-	18,292,910	22,704,292
Segmental Adjusted EBITDA	278,869	(983,330)	4,232,549	3,528,088
Depreciation and amortisation	(353,256)	-	(3,222,532)	(3,575,788)
Loss on disposal of fixed property, plant and equipment	-	-	(119,750)	(119,750)
Segmental Adjusted EBIT	(74,387)	(983,330)	890,267	(167,450)

c) Other segment information

(i) Segment revenue

Sales between segments are carried out at arm's length and are eliminated on consolidation. The revenue from external parties reported to the Board is measured in a manner consistent with that in the income statement.

Segment revenue reconciles to total revenue from continuing operations as follows:

	2022	2021
	\$	\$
Total segment revenue	42,874,545	25,240,032
Intersegment eliminations	(4,728,170)	(2,535,740)
Interest revenue	2,085	4,200
	38,148,460	22,708,492

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(ii) Adjusted EBIT

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.

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

	2022	2021
	\$	\$
Segment Adjusted EBIT¹	5,559,994	(167,450)
Interest revenue	2,085	4,200
Interest expense	(704,779)	(442,189)
VAT adjustment ²	-	6,900,913
Other dispute settlements ³	-	1,334,277
Other non-recurring items ⁴	(538,136)	(616,202)
COVID-19 Government subsidies ⁵	15,338	748,724
Research and development tax incentive ⁶	234,762	-
Foreign exchange gain/(loss) on intra group funding	(1,086,096)	622,813
Adjusted EBIT for Group Corporate function	(1,374,105)	(1,310,984)
Profit before income tax from continuing operations	2,109,063	7,074,102

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 FY21.

³The dispute settlements relate to amounts received (excluding legal fees) related to a settlement with a former UK customer in relation to breach of contract, and a settlement received from a former UK staff member related to payroll taxes.

⁴Non-recurring items in FY22 include professional fees relating to acquisitions and other non-recurring items. In FY21, the non-recurring items includes costs comprising professional fees relating to the VAT settlement, restructuring costs and other expenses which are either non-recurring or non-operating in nature.

⁵COVID-19 Government subsidies include the utilisation of the UK Coronavirus Job Retention Scheme and Australian Tax Office cash flow boost.

⁶Relates to a research and development tax incentive received from the IRD in New Zealand.

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

	2022	2021
	\$	\$
Segment Adjusted EBIT	5,559,994	(167,450)
Adjusted EBIT for Group Corporate function	(1,374,105)	(1,310,984)
Adjusted Group EBIT	4,185,889	(1,478,434)

10. Other expenses

	2022	2021
	\$	\$
Audit fees	223,240	147,015
Legal fees	276,118	118,735
Loss on disposal of fixed property, plant and equipment	103,384	119,750
Motor vehicle expenses	491,907	316,067
Travel and accommodation	511,542	232,610
Insurance	332,178	304,004
Telephone and communications	378,043	290,512
Other site service costs	1,608,719	739,857
Licencing authority fees	2,435,788	1,383,201
Recruitment expenses	251,515	75,024
Repairs and maintenance	698,749	629,779
IT Support	357,326	364,516
Acquisition related costs from the business combination	129,882	-
Financial reporting system implementation	114,943	-
Bad debts provision and write-offs	607,703	77,533
Debt recovery costs	2,822,080	2,033,472
Other expenses	2,526,379	1,810,498
	13,869,496	8,642,573

11. Cash and cash equivalents

	Consolidated	
	2022	2021
	\$	\$
Cash at bank and in hand	10,819,910	10,702,153
Cash held on behalf of customers	542,489	585,112
	<u>11,362,399</u>	<u>11,287,265</u>

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 are 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.

12. Trade and other receivables

Current

Trade receivables	3,406,600	3,186,877
Provision for impairment of receivables	(365,521)	(77,533)
	<u>3,041,079</u>	<u>3,109,344</u>
Prepayments	948,749	745,967
Other receivables	6,004,181	4,501,123
	<u>9,994,009</u>	<u>8,356,434</u>

13. Property, plant and equipment

	Motor Vehicles	Office Equipment	Plant and Equipment	Leasehold Improvements	Total
	\$	\$	\$	\$	\$
Consolidated					
Year ended 30 June 2022					
Opening net book amount	61,083	168,615	5,849,652	408,554	6,487,904
Acquisition of subsidiary (note 21)	-	-	474,132	-	474,132
Additions	-	88,507	4,101,004	50,603	4,240,114
Disposals	-	(1,336)	(169,488)	(23,891)	(194,715)
Depreciation charge for the year	(28,571)	(69,299)	(2,314,721)	(40,434)	(2,453,025)
Foreign exchange translation	(739)	(5,126)	(306,039)	(16,833)	(328,737)
Closing net book amount	31,773	181,361	7,634,540	377,999	8,225,673
At 30 June 2022					
Cost or fair value	303,453	548,415	19,185,482	612,859	20,650,209
Accumulated depreciation & impairment	(271,680)	(367,054)	(11,550,942)	(234,860)	(12,424,536)
Net book amount	31,773	181,361	7,634,540	377,999	8,225,673

14. Intangible assets

	Software	Developed Technology	Goodwill	Customer Relation- ships	Other intangible assets	Total
	\$	\$	\$	\$	\$	\$
Year ended 30 June 2022						
Opening net book amount	317,199	89,341	1,641,597	-	-	2,048,137
Acquisition of subsidiaries (note 21)	-	-	406,989	1,676,536	-	2,083,525
Additions	13,438	228,309	-	-	-	241,747
Exchange differences	(2,730)	-	(82,746)	(56,975)	-	(142,451)
Amortisation charge	(102,735)	(52,730)	-	(227,945)	-	(383,410)
Closing net book amount	225,172	264,920	1,965,840	1,391,616	-	3,847,548
At 30 June 2022						
Cost	1,546,403	6,159,967	2,847,519	1,610,879	17,318	12,182,086
Accumulated amortisation and impairment	(1,321,231)	(5,895,047)	(881,679)	(219,263)	(17,318)	(8,334,538)
Net book amount	225,172	264,920	1,965,840	1,391,616	-	3,847,548

15. Trade and other payables

	Consolidated	
	2022	2021
	\$	\$
Current		
Trade payables	3,237,341	2,347,314
Related party payables	120,799	81,632
Other payables	7,251,904	4,510,532
	<u>10,610,044</u>	<u>6,939,478</u>

All current trade and other payables are expected to be settled within 12 months. Other payables include \$542,489 (2021: 585,112) payable to customers for cash that Smart Parking UK has collected and counted on behalf of customers, the associated cash for this is included in cash at bank. Refer to Note 11.

16. Income tax

	Consolidated	
	2022	2021
	\$	\$
Current tax liabilities	813,139	-

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.

17. Reserves

	Consolidated	
	2022	2021
	\$	\$
Share based payments	3,769,722	3,551,384
Foreign currency translation	861,214	734,875
	<u>4,630,936</u>	<u>4,286,259</u>

18. Reconciliation of cash flows from operating activities

Reconciliation of Cash Flow from Operations with
Profit after Income Tax

	2022	2021
	\$	\$
Profit after income tax for the period	959,767	5,302,608
Adjustments for:		
Loss on disposal of plant and equipment	103,384	119,750
Depreciation and amortisation expense	4,482,710	3,575,788
Interest expense	704,779	442,189
Share-based payments expense	218,338	254,704
Net foreign exchange differences	1,086,096	(622,813)
Change in operating assets and liabilities, net of effects from purchase of controlled entity:		
(Increase)/decrease in trade receivables and contract assets	(766,983)	(1,932,133)
(Increase)/decrease in inventories	293,204	258,697
(Increase)/decrease in other current assets	(2,769,326)	(595,005)
Increase/(decrease) in trade payables and accruals	4,343,814	(1,466,786)
Increase/(decrease) in tax payable and deferred tax	1,472,684	1,709,575
Net cash inflow from operations	<u>10,128,467</u>	<u>7,046,574</u>

19. Trends in Performance *(Appendix 4E item 14.5)*

Refer to the attached Market Announcement and Investor Presentation.

20. Other Factors that Affected Results in the Period or which are Likely to Affect the Results in the Future *(Appendix 4E item 14.6)*

Refer to the attached Market Announcement and Investor Presentation.

21. Controlled Entities Acquired or Disposed of (Appendix 4E item 10)

Enterprise Parking Solutions Limited

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 ANPR sites under management and leverages off existing infrastructure.

The 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 13)	474,132
Customer relationships (note 14)	1,111,320
	1,832,171
Liabilities	
Trade and other payables	50,962
Deferred tax liability	367,914
Loan	94,180
	513,056
Total identifiable net assets at fair value	1,319,115
Goodwill arising on acquisition	225,432
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) Intangible assets

The fair value of the acquired customer relationships of \$1,111,320 is based on an independent valuation of those assets. Judgement is required to estimate future cashflows from customer relationships and their estimated useful lives which form inputs to the valuation. The deferred tax liability includes \$277,830 has which been provided in relation to these fair value adjustments.

The fair value of the customer relationships and related deferred tax liabilities are being amortised on a straight line basis over 5 years. Refer to Note 1 for additional information.

(iii) Revenue contribution

The acquired business contributed revenues of \$1,863,129 to the group for the period from 6th August 2021 to 30th June 2022. These amounts have been determined by applying the Group's accounting policies.

NE Parking Limited

On 8 April 2022, Smart Parking Limited acquired 100% of the issued shares of NE Parking Ltd, an unlisted company based in the United Kingdom for consideration of \$524,109. The acquisition builds scale through the addition of 517 manually operated sites and provides the opportunity to upgrade suitable sites to ANPR technology.

The business combination did not materially contribute to the total revenue for the Group.

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

	Fair value recognized on acquisition
	\$
Assets	
Cash and cash equivalents	18,225
Trade and other receivables	11,463
Customer relationships (note 14)	565,216
	594,904
Liabilities	
Trade and other payables	27,978
Deferred tax liability	141,304
Loan	83,070
	252,352
Total identifiable net assets at fair value	342,552
Goodwill arising on acquisition	181,557
Purchase consideration transferred	524,109

(i) Goodwill

The goodwill is attributable to NE Parking's portfolio of sites and the expected increase in revenue and profitability following the upgrade of suitable sites to ANPR technology. None of the goodwill is expected to be deductible for tax purposes.

(ii) Intangible assets

The fair value of the acquired customer relationships of \$565,216 is provisional pending receipt of a final valuation for those assets. Judgement is required to estimate future cashflows from customer relationships and their estimated useful lives. A deferred tax liability of \$141,304 has been provided in relation to these fair value adjustments.

The fair values of the customer relationships and related deferred tax liabilities are being amortised on a straight line basis over 5 years. Refer to Note 1 for additional information.

22. Associates and Joint Venture Entities *(Appendix 4E item 11)*

The Company does not hold any interests in Joint Ventures or Associates.

23. Other Significant Information *(Appendix 4E item 12)*

Refer to the attached Market Announcement and Investor Presentation for other significant information.

24. Audit Status *(Appendix 4E item 15)*

This report is based on accounts which are in the process of being audited.

25. Commentary on Results *(Appendix 4E item 14)*

Refer to the attached Market Announcement and Investor Presentation.

26. Significant Features of Operating Performance *(Appendix 4E item 14.3)*

Refer to the attached Market Announcement and Investor Presentation.

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