Appendix 4D

Half-year Report

31 December 2020

Smart Parking Limited

ABN 45 119 327 169

Results for announcement to the market

Financial Results	% change	Dec 2020 $	Dec 2019 $
Revenue from ordinary activities	Down 27%	10,183,780	13,974,378
Profit/(loss) after tax attributable to members	Up 405%	4,502,374	(1,475,340)
Net Profit/(loss) for the period attributable to members	Up 360%	4,494,921	(1,731,819)

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

Net Tangible Asset Backing	Dec 2020	Dec 2019
Net tangible asset backing per ordinary security	4.65 cents	4.46 cents

Other explanatory notes

The above results are affected by some significant non-recurring, non-operating items. Adjusted EBITDA excludes the effects of non-recurring and non-operating items, and was $1.4m, decreasing by 14% or $0.2m on H1 FY20.

In the Parking Management division, adjusted EBITDA for H1 FY20 was $2.8m, down 21% on H1 FY20.

Parking Management revenue of $8.7m was down 25% (H1 FY20: $11.5m), as the COVID-19 global pandemic continued to cause volatility in trading results. The Company won and installed 85 new ANPR sites increasing sites under management to 576. The number of Parking Breach Notices issued decreased by 28% compared to the prior corresponding period. However, the company experienced a strong recovery in H1 FY21 compared to H2 FY20 due to less severe restrictions on average than H2 FY20 which, combined with seasonality and the contribution from new installations, resulted in Parking Breach Notices increasing 40% compared to H2 FY20.

While conditions will remain challenging in the short term due to COVID-19, there remains potential for significant revenue and earnings growth when driver behaviour returns to normal.

External revenue in the Technology division was down 39% from $2.5m (H1 FY20) to $1.5m (H1 FY21). SPZ at the date of reporting has $3.4m of work in progress and 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.

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.

SMART PARKING

Smart Parking Limited
and its Controlled Entities

ABN 45 119 327 169

Interim Financial Report

for the half-year ended 31 December 2020

Contents

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 2020 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.*

Directors' Report

Your Directors present their report together with the consolidated financial statements for the half-year ended 31 December 2020.

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
Ms Tiffany Fuller[1]	Non-Executive Director

[1]Resigned 31st December 2020

Principal activities

The Group operates three divisions:

- Parking Management: Provision of parking management solutions, predominantly servicing the retail sector, managing agents and land owners in the United Kingdom, plus a start-up operation in New Zealand.

- Technology: The sale of Smart City and IoT (Internet of Things) technology, hardware and software predominantly for parking solutions around the world.

- Research and Development: Includes costs to research, develop and enhance Smart City, IoT and ANPR software/hardware for both the Technology and Parking Management divisions.

Directors' Report (continued)

Review of Operations

The Group's operating profit after income tax for the half-year ended 31 December 2020 was $4.5m, compared to a loss for the half-year ended 31 December 2019 of $1.5m. The result was positively impacted by the resolution of the VAT dispute with HMRC, partly offset by the impact of COVID-19.

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

	2020	2019
	$	$
Revenue	**10,186,296**	**14,036,023**
Net Profit/(Loss) for the half-year after tax	**4,502,374**	**(1,475,340)**
Group EBITDA[1]	8,101,445	562,644
Professional fees[2]	402,665	727,872
Restructuring costs[3]	60,346	232,140
VAT adjustment[4]	(6,913,473)	873,137
Other non-recurring items[5]	(27,095)	-
COVID-19 Government subsidies[6]	(469,705)	-
Foreign exchange (gains)/losses[7]	257,698	(746,198)
Adjusted EBITDA[8]	**1,411,881**	**1,649,595**
Depreciation and amortisation	(1,777,454)	(1,809,736)
Loss on disposal of fixed property, plant and equipment	(64,891)	(36,987)
Adjusted EBIT[8]	**(430,464)**	**(197,128)**
Adjusted EBITDA margin	13.9%	11.8%

[1]EBITDA represents Earnings before interest, taxation, depreciation, amortisation and loss on disposal of plant and equipment.
[2]The professional fees relate to expert advice on the VAT dispute with HMRC. The professional fees in 2019 relate to the UK management restructure, GDPR set up costs, corporate advisory costs and expert advice on the VAT dispute. These costs are non-operating in nature.
[3]The restructuring costs relate to a reorganisation of the UK Parking Management division.
[4]The VAT adjustment relates to the resolution of outstanding VAT matters with HMRC in FY20. FY19 related to additional accounting provisions associated with the VAT dispute. Refer to note 12 for additional information.
[5]The other non-recurring items are either non-recurring and/or non-operating in nature.
[6]COVID-19 Government subsidies include the utilisation of the UK Coronavirus Job Retention Scheme and Australian Tax Office cash flow boost.
[7]The foreign exchange gains/(losses) relate to funding within the Group.
[8]The 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's Adjusted EBITDA after non-recurring items is $1.4m (2019: $1.6m) with the EBITDA margin increasing from 11.8% in H1 FY20 to 13.9% in H1 FY21.

The Group has 90% 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 2020 has not been material, the following commentary is based on presentation currency results unless otherwise stated.

As at 31 December 2020, the Group had cash on hand (excluding cash held on behalf of customers) of $9.3m (30 June 2020: $6.3m).

In July 2020, the group entered into a UK Coronavirus Business Interruption Loan for $2.7m which was drawn down during September to be used for working capital and capital expenditure. The loan is repayable in 36 monthly instalments commencing from the first anniversary after draw down. Refer to Note 7 for additional information.

The Group had net operating cash inflows (before the movement in client funds and non-recurring/non-operating items) for the half-year ended 31 December 2020 of $2.2m (2019: inflow $1.5m). 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 $1.9m (2019: inflow $0.7m).

	2020	**2019**
	$	**$**
Net operating cash inflow excluding movement in client funds and non-recurring items	2,156,803	1,453,387
Non-recurring cash items[1]	(194,548)	(769,280)
Net movement in client funds	(28,364)	34,838
Net reported cash inflow from operating activities	**1,933,891**	**718,945**

[1]The 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. These amounts are material. 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.

Directors' Report (continued)

Review of Operations (cont'd)

Parking Management Division – Sales of $8.7m (2019: $11.5m) were down 25% compared with the prior corresponding period largely due to the impact of COVID-19.

The COVID-19 global pandemic continued to cause volatility in trading results with varying restrictions at different times over the range of locations resulting in Parking Breach Notices decreasing 28% to 152,111 compared to H1 FY20. However, the company experienced a strong recovery in H1 FY21 compared to H2 FY20 due to less severe restrictions on average than H2 FY20 which, combined with seasonality and the contribution from new installations, resulted in Parking Breach Notices increasing 40% compared to H2 FY20.

The impact of COVID-19 has been partially offset by new contract wins and new site installations throughout 2020. In total, despite restrictions, the company won and installed an additional 85 new ANPR sites for a mix of new and existing customers, bringing the total portfolio to 576 sites under management up from 496 sites at 30 June 2020. The division is targeting to grow the number sites under management to 1,000 by June 2023 resulting in increased Parking Breach Notices.

Personnel costs of $1.9m were down 28% on the prior corresponding period following a review of resourcing requirements in 2020 due to the impact of COVID-19, utilisation of the UK Coronavirus Job Retention Scheme and reductions to executive and staff salaries.

The lower revenue, partly offset by lower costs, resulted in Segment Adjusted EBITDA for H1 FY21 of $2.8m, down 21% on H1 FY20.

The division incurred capital expenditure of $1.0m on the technology roll-out to new sites.

The latest England-wide lockdown is showing a reduction in the number of COVID-19 cases. The current lockdown restrictions include working from home if possible, and closed schools, non-essential retail, pubs and restaurants. The lockdown laws end on 31 March although the government hopes to ease restrictions during March.

At 22nd February, 17.7 million people in the UK have received their first dose of the COVID-19 vaccine. It is very difficult to forecast with accuracy at present due to the unknown future activity of the virus, government and consumers, however it is probable that the rollout of vaccines along with lower rates of infection due to seasonality (Spring/Summer) in the UK will lead to increased car count and contravention rates resulting in increased PBNs issued in future months.

While conditions will remain challenging in the short term due to COVID-19, there remains potential for significant revenue and earnings growth when driver behaviour returns to normal.

The company expanded its service model through becoming an Automatic Number Plate Recognition (ANPR) parking services operator in New Zealand and has installed its first site.

The Board and management remain positive on the enforcement market opportunity for the UK and NZ, and the division remains focused on growing the sales pipeline and winning new business.

Directors' Report (continued)

Review of Operations (cont'd)

Technology Division – Total revenue for the division was $2.3m (2019: $3.4m) with revenue from external customers of $1.5m (2019: $2.5m). Sales in this division included Smart City installations at a variety of local Councils and retail groups in Australia and NZ, as well as global sales including Gibraltar.

Recurring revenue of $1.6m (including intercompany recurring revenue) decreased 6% 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 2020 were $1.1m (2019: $2.1m). Personnel costs of $1.0m were down 39% on the prior corresponding period due to reductions to salaries and a review of resourcing requirements in 2020 following the impact of COVID-19.

SPZ at the date of reporting has $3.4m of work in progress and new orders to deliver which includes a delayed 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.

The company remains focused on moving the technology division towards cashflow profitability.

Research and Development Division – Total costs for the division were $0.5m (2019: $0.6m). Development during the period included the development of the technology platform to support the NZ parking management business and enhancing the functionality of its Smart City platform (SmartCloud) and Parking App.

VAT - The company has settled with Her Majesty's Revenue and Customs (HMRC) on UK VAT matters related to the administration of Parking Breach Notices. The settlement results in the company writing back to profit $6.9m of prior year input VAT which is a one-off benefit in H1 FY21. This comprises the reversal of a $4.0m provision in the FY20 accounts for unpaid input VAT in addition to a cash refund of $2.9m for overpaid input VAT expected to be received in H2 FY21. Refer to Note 12 for additional information.

Share buy-back - On 25th February 2021, Smart Parking announced an on-market buy-back of shares with an aggregate value of up to $5m for capital management purposes, commencing on 11th March 2021.

Directors' Report (continued)

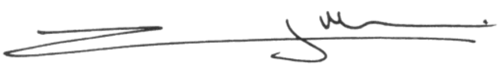
Dividends

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 6 forms part of the Directors' Report for the half-year ended 31 December 2020.

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



Christopher Morris
Chairman

Paul Gillespie
Managing Director

25 February 2021

Grant Thornton

Collins Square, Tower 5
727 Collins Street
Melbourne Victoria 3008

Correspondence to:
GPO Box 4736
Melbourne Victoria 3001

T +61 e 8320 2222
F +61 3 8320 2200
E info.vic@au.gt.com
W www.grantthornton.com.au

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 review of Smart Parking Limited for the half-year ended 31 December 2020, 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, 25 February 2021

Grant Thornton

Collins Square, Tower 5
727 Collins Street
Melbourne Victoria 3008

Correspondence to:
GPO Box 4736
Melbourne Victoria 3001

T +61 e 8320 2222
F +61 3 8320 2200
E info.vic@au.gt.com
W www.grantthornton.com.au

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 2020, 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 2020 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 2020 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.

Grant Thornton Audit Pty Ltd
Chartered Accountants

B A Mackenzie
Partner – Audit & Assurance

Melbourne, 25 February 2021

Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the half-year ended 31 December 2020

	Notes	Half-Year	
		2020	2019
		$	$
Revenue from continuing operations	4	**10,186,296**	14,036,023
Raw materials and consumables used		**(1,215,393)**	(1,730,298)
Employee benefits expense		**(4,164,723)**	(5,972,864)
Depreciation and amortisation expense	2	**(1,777,454)**	(1,809,736)
Rental and operating lease costs		**(250,481)**	(210,661)
Share-based payments expense		**(131,034)**	(116,452)
Finance and interest expense		**(235,821)**	(291,619)
Foreign exchange gains/(losses)		**(257,698)**	746,198
VAT Adjustment	12	**6,913,473**	(873,137)
COVID-19 Government subsidies	2	**469,705**	-
Other expenses	3	**(3,497,782)**	(5,252,794)
Profit/(Loss) before income tax		**6,039,088**	(1,475,340)
Income tax expense		**(1,536,714)**	-
Profit/(Loss) for the half-year		**4,502,374**	(1,475,340)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		**(7,453)**	(256,479)
Other comprehensive income for the half-year, net of tax		**(7,453)**	(256,479)
Total comprehensive income, for the half-year		**4,494,921**	(1,731,819)
Total comprehensive income for the half-year attributable to the owners of Smart Parking Limited		**4,494,921**	(1,731,819)
Basic earnings per share from continuing operations attributable to the ordinary equity holders of the company.			
- basic earnings per share (cents per share)		**1.25**	(0.41)
- diluted earnings per share (cents per share)		**1.25**	(0.41)

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 2020

	Note	31 December 2020 $	30 June 2020 $
ASSETS			
Current Assets			
Cash and cash equivalents	5	**9,467,754**	6,466,817
Trade and other receivables		**7,789,331**	3,768,331
Contract assets		**242,368**	139,720
Inventories		**1,383,994**	1,511,882
Income tax receivable		**900**	624
Total Current Assets		**18,884,347**	11,887,374
Non-current Assets			
Receivables		**44,623**	131,707
Property, plant and equipment	6	**6,456,644**	6,486,557
Right-of-use assets		**11,106,959**	11,934,426
Intangible assets		**1,993,585**	2,099,772
Deferred tax assets		**89,156**	1,595,274
Total Non-current Assets		**19,690,967**	22,247,736
TOTAL ASSETS		**38,575,314**	34,135,110
LIABILITIES			
Current Liabilities			
Trade and other payables		**5,143,856**	7,537,564
Lease liabilities		**1,167,173**	1,380,761
Borrowings	7	**294,620**	1,767
Contract liabilities		**1,358,848**	804,121
Provisions		**445,240**	524,933
Total Current Liabilities		**8,409,737**	10,249,146
Non-current Liabilities			
Lease liabilities		**10,262,225**	10,965,529
Borrowings	7	**2,356,962**	-
Total Non-current Liabilities		**12,619,187**	10,965,529
TOTAL LIABILITIES		**21,028,924**	21,214,675
NET ASSETS		**17,546,390**	12,920,435
EQUITY			
Contributed equity	8	**68,865,719**	68,865,719
Accumulated losses		**(55,621,441)**	(60,123,815)
Reserves	9	**4,302,112**	4,178,531
TOTAL EQUITY		**17,546,390**	12,920,435

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 2020

	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	9	-	(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	9	-	131,034	-	131,034
Total transactions with owners		-	131,034	-	131,034
Balance at 31 December 2020	8	**68,865,719**	**4,302,112**	**(55,621,441)**	**17,546,390**

	Note	Contributed equity $	Reserves $	Accumulated losses $	Total $
Balance at 1 July 2019		68,865,719	3,680,257	(52,851,381)	19,694,595
Total comprehensive income for the half-year					
Loss for the half-year		-	-	(1,475,340)	(1,475,340)
Other comprehensive income for the half-year		-	(256,479)	-	(256,479)
Total comprehensive income for the half-year		**-**	**(256,479)**	**(1,475,340)**	**(1,731,819)**
Transactions with owners, recorded directly in equity					
Contributions by owners					
Contributions of equity net of transaction costs		-	-	-	-
Share-based payment transactions		-	116,452	-	116,452
Total transactions with owners		-	116,452	-	116,452
Balance at 31 December 2019		**68,865,719**	**3,540,230**	**(54,326,721)**	**18,079,228**

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 2020

	Note	Half-Year 2020 $	Half-Year 2019 $
Cash flows from operating activities			
Cash receipts in the course of operations		**10,020,734**	13,880,364
Cash payments in the course of operations		**(8,060,719)**	(13,266,981)
Interest received		**2,516**	71,083
Income taxes paid		**(276)**	(359)
Net cash inflow from operating activities before movement in client funds		**1,962,255**	684,107
Net increase/(decrease) in cash held on behalf of customers	5	**(28,364)**	34,838
Net cash inflow from operating activities	10	**1,933,891**	718,945
Cash flows from investing activities			
Purchase of intangible assets		**-**	(249,459)
Purchase of plant and equipment		**(780,285)**	(1,463,971)
Net cash outflow from investing activities		**(780,285)**	(1,713,430)
Cash flows from financing activities			
Hire purchase payments		**(1,783)**	(42,262)
Interest and other finance costs paid		**(222,531)**	(252,906)
Principal elements of lease payments		**(605,191)**	(639,375)
Proceeds from borrowings	7	**2,709,538**	-
Net cash inflow/(outflow) from financing activities		**1,880,033**	(934,543)
Net increase/(decrease) in cash and cash equivalents		**3,033,639**	(1,929,028)
Cash and cash equivalents at beginning of the half-year		**6,466,817**	10,912,363
Effects of exchange rate changes on cash and cash equivalents		**(32,702)**	82,508
Cash and cash equivalents at end of the half-year	5	**9,467,754**	9,065,843

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 2020 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 UK Parking Management Division. While conditions will remain challenging in the short term due to COVID-19, there remains potential for significant revenue and earnings growth when driver behaviour returns to normal. 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 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 and NZ, 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 2020 is as follows:

Half-year - 2020	**Technology** **$**	**Research and Development** **$**	**Parking Management** **$**	**Total** **$**
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**
Total segment assets				
31 December 2020	3,474,193	-	35,844,286	39,318,479
30 June 2020	3,170,188	-	30,336,290	33,506,478

Notes to the Financial Statements (continued)

Note 2 – Segment information (cont'd)

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

Half-year - 2019	Technology $	Research and Development $	Parking Management $	Total $
Total segment revenue	3,409,380	-	11,503,255	14,912,635
Inter-segment revenue	(938,257)	-	-	(938,257)
Revenue from external customers	**2,471,123**	**-**	**11,503,255**	**13,974,378**
The Group's revenue disaggregated by pattern of revenue recognition as follows:				
Goods transferred at a point in time	-	-	1,423,525	1,423,525
Services transferred over time	2,471,123	-	10,079,730	12,550,853
	2,471,123	**-**	**11,503,255**	**13,974,378**
Segment Adjusted EBITDA	**(617,672)**	**(617,601)**	**3,521,770**	**2,286,497**
Depreciation and amortisation	(180,856)	-	(1,628,880)	(1,809,736)
Loss on disposal of fixed property, plant and equipment	-	-	(36,987)	(36,987)
Segment Adjusted EBIT	**(798,528)**	**(617,601)**	**1,855,903**	**439,774**

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	
		2020	2019
		$	$
	Note		
Segment Adjusted EBIT[1]		**220,074**	439,774
Intersegment eliminations		**-**	(9,553)
Interest revenue		**2,516**	71,083
Interest expense		**(222,531)**	(252,906)
VAT adjustment[2]	12	**6,913,473**	(873,137)
Non-recurring items[3]		**(435,913)**	(960,012)
COVID-19 Government subsidies[4]		**469,705**	-
Foreign exchange gains on intra group funding		**(257,698)**	746,198
Adjusted EBIT for Group Corporate function		**(650,538)**	(636,787)
Profit/(Loss) before income tax from operations		**6,039,088**	(1,475,340)

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

[2] The VAT adjustment relates to the resolution of outstanding VAT matters with HMRC in FY20. FY19 related to additional accounting provisions associated with the VAT dispute. Refer to note 12 for additional information.

[3]Non-recurring items include professional fees and restructuring costs. In H1 FY20, 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. Additional information on the non-recurring items is included in the Review of Operations in the Directors' Report.

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

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

Segment Adjusted EBIT[1]	**220,074**	439,774
Intersegment eliminations and net foreign exchange movements	**-**	(115)
Adjusted EBITDA for Group Corporate function	**(650,538)**	(636,787)
Adjusted Group EBIT	**(430,464)**	(197,128)

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	
	2020	2019
	$	$
Legal fees	**65,945**	234,835
Motor vehicle expenses	**74,101**	244,566
Travel and accommodation	**123,903**	390,813
Cash collection fees	**77,854**	142,293
Licencing authority fees	**761,425**	945,911
Repairs and maintenance	**278,101**	315,087
Corporate advisory costs	**-**	207,789
Other expenses	**2,116,453**	2,771,500
	3,497,782	5,252,794

Note 4 – Revenue and other income

		Half-Year	
		2020	2019
	Note	**$**	$
From continuing operations			
Revenue			
Revenue from sale of goods and services	2	**10,183,780**	13,974,378
Interest revenue		**2,516**	61,645
Total revenue from continuing operations		**10,186,296**	14,036,023

Note 5 – Cash and cash equivalents

	Consolidated	
	31 Dec 2020	30 Jun 2020
Current	**$**	$
Cash at bank and in hand	**9,301,762**	6,272,461
Cash held on behalf of customers	**165,992**	194,356
	9,467,754	6,466,817

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)

Consolidated	Motor Vehicles $	Office Equipment $	Plant and Equipment $	Leasehold Improvem -ents $	Total $
Year ended 30 June 2020					
At 30 June 2020					
Cost	**316,937**	**421,908**	**14,467,371**	**573,610**	**15,779,826**
Accumulated depreciation & impairment	**(223,433)**	**(282,582)**	**(8,625,822)**	**(161,432)**	**(9,293,269)**
Net book amount	**93,504**	**139,326**	**5,841,549**	**412,178**	**6,486,557**
Half-year ended 31 December 2020					
Opening net book amount	**93,504**	**139,326**	**5,841,549**	**412,178**	**6,486,557**
Additions	**-**	**14,084**	**1,076,244**	**25,526**	**1,115,854**
Disposals	**-**	**(802)**	**(72,928)**	**(478)**	**(74,208)**
Depreciation charge for the year	**(21,257)**	**(22,449)**	**(931,297)**	**(19,734)**	**(994,737)**
Foreign exchange translation	**(131)**	**(743)**	**(70,770)**	**(5,178)**	**(76,822)**
Closing net book amount	**72,116**	**129,416**	**5,842,798**	**412,314**	**6,456,644**
At 31 December 2020					
Cost	**315,450**	**432,172**	**14,864,937**	**590,867**	**16,203,426**
Accumulated depreciation & impairment	**(243,334)**	**(302,756)**	**(9,022,139)**	**(178,553)**	**(9,746,782)**
Net book amount	**72,116**	**129,416**	**5,842,798**	**412,314**	**6,456,644**

Notes to the Financial Statements (continued)

Note 7 – Borrowings

	Consolidated	
	31 Dec 2020	30 Jun 2020
	$	$
Hire purchase liabilities	**-**	1,767
UK Coronavirus Business Interruption Loan - current	**294,620**	-
	294,620	1,767
UK Coronavirus Business Interruption Loan - non-current	**2,356,962**	-
	2,651,582	1,767

Smart Parking Limited (UK), a subsidiary of Smart Parking Limited, obtained a GBP denominated UK Coronavirus Business Interruption Loan for $2.7m on 8th July 2020 which was drawn down on the 25th of September 2020. The terms of the loan include:

- The term of the loan is 4 years from the date of drawdown, and is interest free for the first year.
- Principal repayments commence monthly on the first anniversary of the loan drawdown date in 36 equal instalments.
- The interest rate payable after the first year will vary in line with the Bank of England Base Rate and will be 2.4% if the Bank of England Base Rate remains at 0.1%.
- Smart Parking Limited (UK) is required to comply annually with a covenant at 30 June whereby its EBITDA is not at any time to be less than 130% of the consolidated principal and interest paid and payable for the period covered by the financial statements.
- The loan is secured by a floating charge over the assets of Smart Parking Limited (UK).

Note 8 – Equity securities issued during the half-year

There are 359,215,361 shares on issue. There have been no equity securities issued during the year.

On 25th February 2021, Smart Parking announced an on-market buy-back of shares with an aggregate value of up to $5m for capital management purposes, commencing on 11th March 2021.

Note 9 – Reserves

	Consolidated	
	31 Dec 2020	30 Jun 2020
	$	$
Share based payments	**3,427,714**	3,296,680
Foreign currency translation	**874,398**	881,851
	4,302,112	4,178,531

Notes to the Financial Statements (continued)

Note 10 – Reconciliation of cash flows from operating activities

	Half-Year	
	2020	2019
	$	$
Reconciliation of Cash Flow from Operations with Profit/(Loss) after Income Tax		
Profit/(Loss) after income tax for the period	**4,502,374**	(1,475,340)
Adjustments for:		
Loss on disposal of plant and equipment	**64,891**	36,987
Depreciation and amortisation expense	**1,777,454**	1,809,736
Interest expense	**222,531**	252,906
Share-based payments expense	**131,034**	116,452
Net foreign exchange differences	**257,698**	(746,198)
Change in operating assets and liabilities, net of effects from purchase of controlled entity:		
(Increase)/decrease in trade debtors and contract assets	**(6,163)**	568,005
(Increase)/decrease in inventories	**127,888**	(433,385)
(Increase)/decrease in other current assets	**(4,201,647)**	(272,776)
Increase/(decrease) in trade payables and accruals	**(2,448,011)**	899,488
(Increase)/decrease in tax payable and deferred tax	**1,505,842**	(36,930)
Net Cash inflow from operating activities	**1,933,891**	718,945

Note 11 – Dividends

No dividends were paid or declared during the period.

Notes to the Financial Statements (continued)

Note 12 – VAT

The company has settled with Her Majesty's Revenue and Customs (HMRC) on UK VAT matters related to the administration of Parking Breach Notices.

The settlement results in:

- HMRC withdrawing assessments raised in August 2019 for $3.0m which were provided for in the FY19 accounts.
- HMRC refunding an overpayment of input VAT of $2.9m (included in Trade and other receivables in the Consolidated Statement of Financial Position).
- SPZ writing back to profit $6.9m of prior year input VAT which is a one-off benefit in H1 FY21. This comprises the reversal of a $4.0m provision in the FY20 accounts for unpaid input VAT (reducing Trade and other payables in the Consolidated Statement of Financial Position), in addition to the cash refund of $2.9m to be received for overpaid input VAT.
- SPZ withdrawing Notices of Appeal that had been lodged in relation to the matter.
- SPZ restricting input VAT on a small number of leased sites where the company acts as principal.

In addition to the above adjustments related to prior periods, the company's pre-tax profit will be positively impacted on an ongoing basis taking into account the agreed method of calculating VAT. The pre-tax profit would have been approximately $1.7m higher in FY20 had the settled method for assessment of VAT been applied across FY20. While matters such as the expanding customer base, customer mix and government lockdowns may increase or decrease this amount in future years, there will be ongoing significant annual benefits to pre-tax profits.

Note 13 – Events subsequent to Reporting Date

The company has agreed a settlement with HMRC on historical VAT matters. Refer to Note 12 for additional information.

On 25th February 2021, Smart Parking announced an on-market buy-back of shares with an aggregate value of up to $5m for capital management purposes, commencing on 11th March 2021.

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

Note 14 – Contingent Liabilities

The company has agreed a settlement with HMRC on historical VAT matters which will result in contingent liabilities being extinguished which were previously disclosed in the annual financial statements for the year ended 30 June 2020. Refer to Note 12 for additional information.

There have been no other changes in contingent liabilities since the last annual reporting period date, 30 June 2020.

Directors' Declaration

In the directors' opinion:

(a) the financial statements and notes set out on pages 10 to 22 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 2020 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

25 February 2021