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Smart Parking Limited (ASX:SPZ)

H1 FY22 Results

21 February 2022
CEO Paul Gillespie

smartparking.com

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Smart Parking Ltd (ASX:SPZ)

A global company focused on delivering industry leading technology innovations and solutions within the parking industry

Parking management services

Provision of parking management solutions, predominantly servicing the retail sector, managing agents and land owners in the UK. SPZ has recently launched in three new territories, with accreditation achieved in NZ, Australia (Queensland) and Germany to run parking management services.

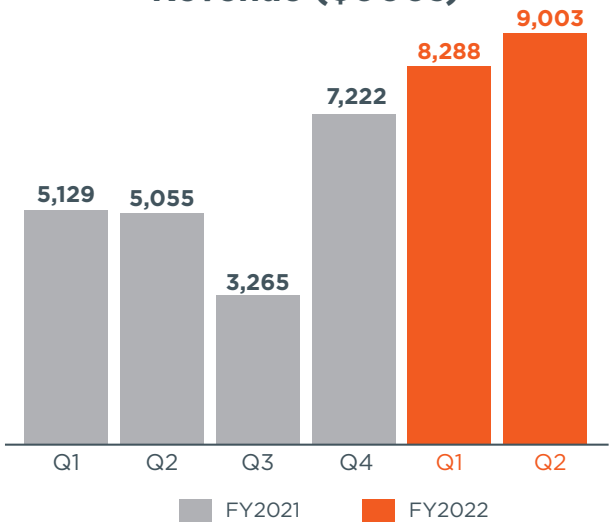
Technology

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

Research & development

We develop proprietary solutions to enhance Smart City, IoT and ANPR software/hardware for both the Technology and Parking Management divisions.

Revenue ($000s)



OVER 11 MILLION CARS PER MONTH THROUGH UK ESTATE

OVER 31m SMARTCLOUD TRANSACTIONS PER DAY

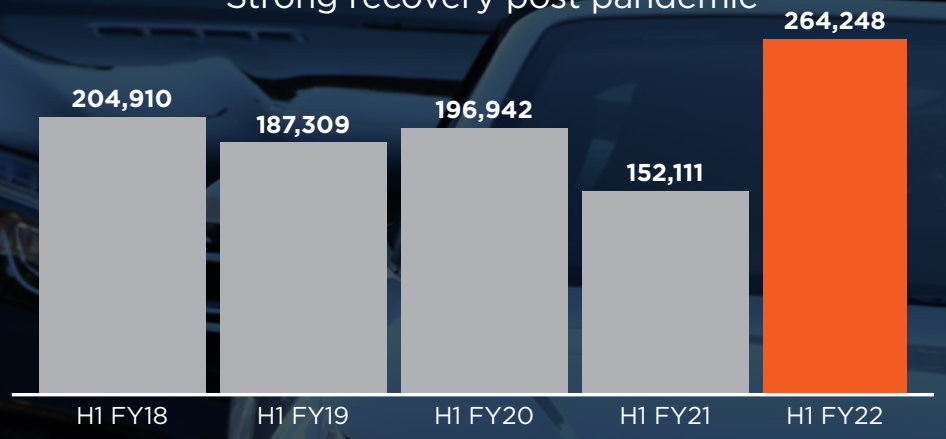
OVER 600 CUSTOMERS WORLDWIDE

SALES AND OPERATIONS AROUND THE GLOBE

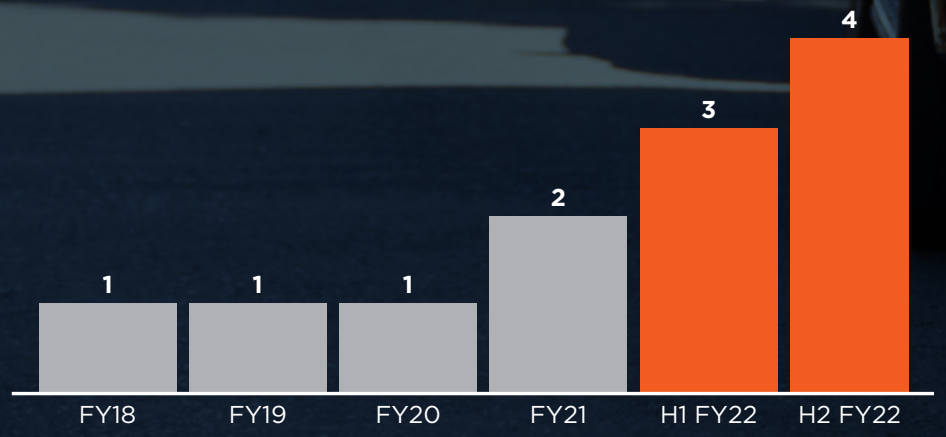
Disciplined execution of growth strategy drives results

Sites Managed
3x growth in 4 years

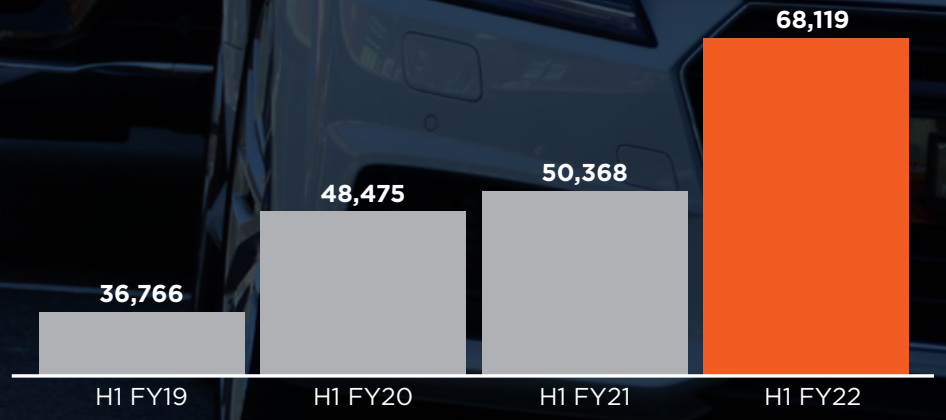
UK PBNs
Strong recovery post pandemic



Operating territories
Managed services successfully expanding overseas



Car count ($000s)
Scaleable technology



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SMART PARKING

H1 FY22

737 Total sites

up 19%

*As at 31 Dec 2021 compared to 30 June 2021

Revenue of $17.3m up

70%

*Compared to PCP

Adjusted EBITDA $5.1m up

264%

*Compared to PCP

Cash of

$11.3m

*At 31 Dec 2021 (excludes customers' cash)

Growth in UK parking breach notices up

74%

*H1 FY22 compared to PCP

1,500

New global sites target by June 2025

*772 sites at 18 February

H1 FY22 business update

| Record results, expanding market opportunities to accelerate growth.

FINANCIAL

- **Record results, ahead of guidance** – Revenue $17.3m (guidance $16.4m-$16.9m) and EBITDA $5.1m (guidance $4.4m - $4.7m).
- Strong start to the financial year with **revenue growth of 70%, Adjusted EBITDA margin of 30%** (+1,580bp expansion from PCP) and an **increase in addressable markets** (ANZ, EU).

EXPANSION

- UK Parking Services business experiencing **rapid growth** through disciplined execution of growth strategy.
- Completed integration of Enterprise Parking Solutions in H1 – **earnings accretive**.
- 737 total group sites under management as at 31 December. **Good start to H2 with 772 sites** as at 18 February - on track for 1,500 sites under management by June 2025.
- NZ Parking Services business continues to grow, with 13 sites under management, now **EBITDA and operating cash flow positive**.
- Successful launch of Australian services business. 8 sites under management & expected to be **EBITDA profitable in H2**.
- **Successful launch of German operations**, significant scope for growth.

OUTLOOK

- **Positive outlook for further growth in H2**.
- **Cash of $11.3m** to self-fund growth, technology investments and complementary acquisition opportunities.
- **Increased technology order book** with $4.8m of booked orders predominantly to be recognised in H2 FY22.

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H1 FY22 Financial Update

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Record H1 FY22 performance

Group Profit & Loss ($m)

	H1 FY22	H1 FY21
Revenue (excl interest)	**17.3**	10.2
Cost of Sales[1]	**(5.1)**	(3.6)
Gross Profit	**12.2**	6.6
Overheads[1]	**(7.1)**	(5.2)
Adjusted EBITDA[1]	**5.1**	1.4
Depreciation and amortisation	**(2.0)**	(1.8)
Other	**(0.0)**	(0.1)
Adjusted EBIT[1]	**3.1**	(0.4)
VAT Adjustment	**0.0**	6.9
Other Non-operating/Non-recurring items	**0.0**	(0.2)
Net Interest	**(0.2)**	(0.2)
Net Profit	**2.9**	6.0
Tax expense	**(0.8)**	(1.5)
Adjusted Net Profit after tax[1]	**2.1**	(0.9)
Net Profit after tax	**2.1**	4.5
Gross Margin %[1]	70.9%	64.9%
Overheads/Revenue %[1]	41.2%	51.1%
Adjusted EBITDA Margin %[1]	29.7%	13.9%
EPS (cents per share)	0.60	(0.41)
Return on Equity (based on annualising H1 results)[1]	22%	(10%)

1 The balances are adjusted for amounts that are not related to underlying operations or not expected to occur in the future

- The business experienced a strong recovery from the pandemic and combined with the acquisition of Enterprise Parking Solutions, UK Parking Breach Notices increased 74% compared to H1 FY21.
- Revenue increased 70% due to the increase in PBNs.
- Overheads were up 37% compared to PCP – down 2% compared to H1 FY20 (pre-COVID) with a review of resourcing requirements following increased activity, expansion into new territories, end of the furlough scheme and the reinstatement of temporary reductions to salaries.
- Adjusted NPAT removes one-off VAT adjustments and non-recurring items (net of tax) – return to underlying profitability.
- The EBITDA margin of 30% was up 1,580bps on H1 FY21.

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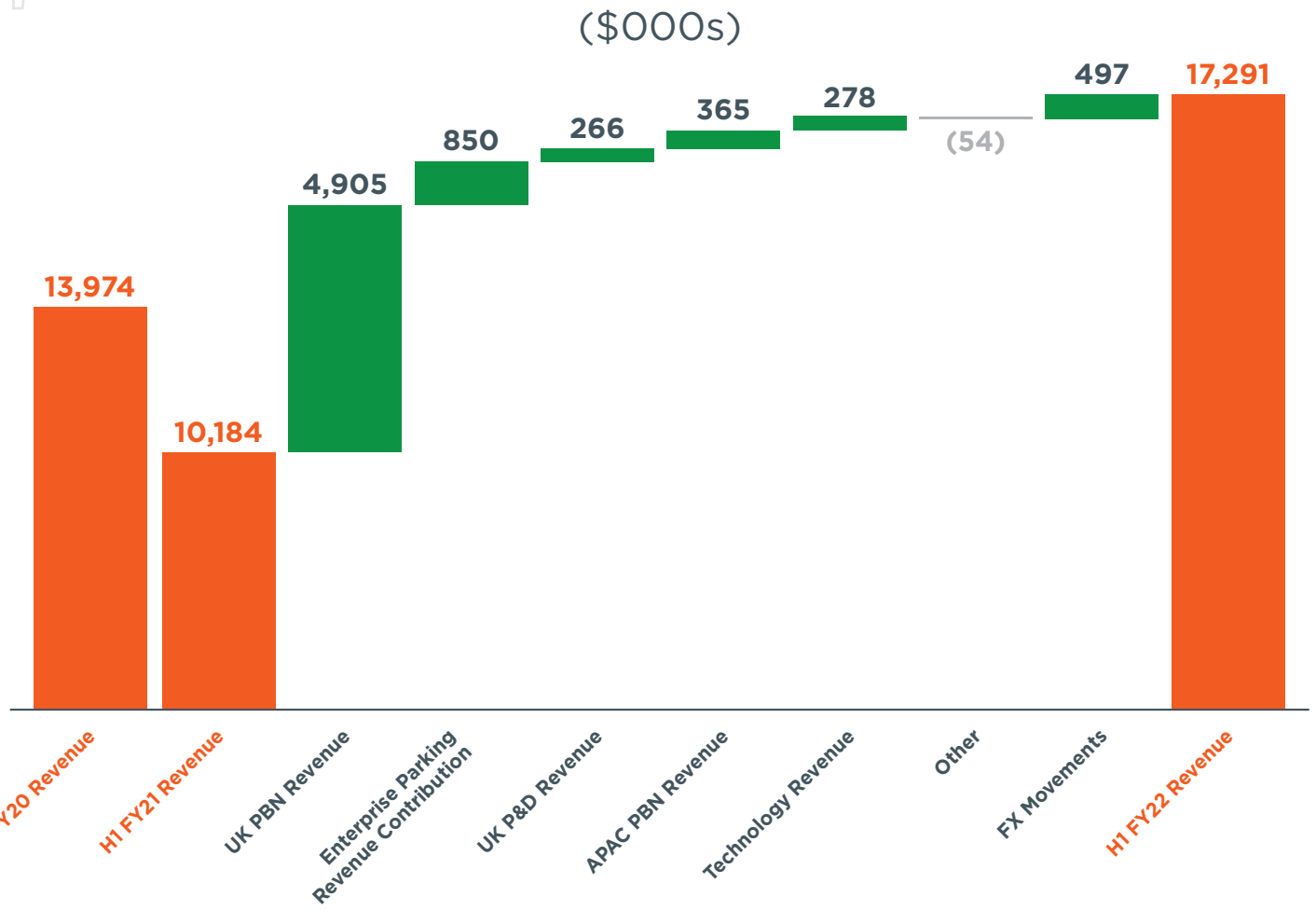
Revenue growth

| Revenue up 70% from increased Parking Breach Notices, expansions into new territories and the acquisition of Enterprise Parking



- UK parking management revenue growth of 75% compared to PCP.
- APAC parking management revenue growth of 127% compared to H2 FY21.
- Enterprise Parking performing significantly ahead of expectations, revenue of $0.85m from 6th August.

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H1 FY22 – Margin expansion

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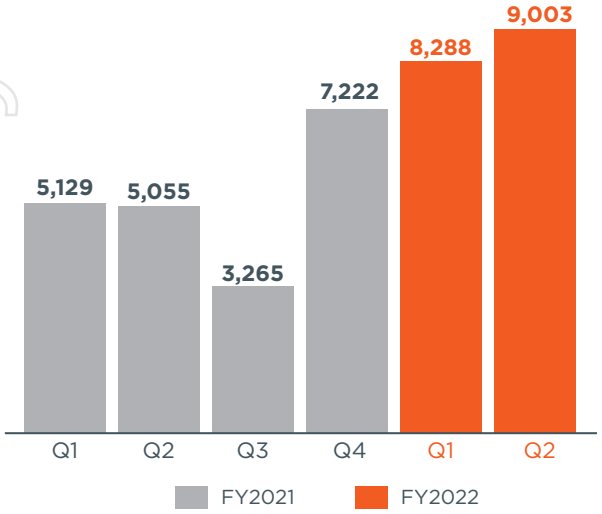
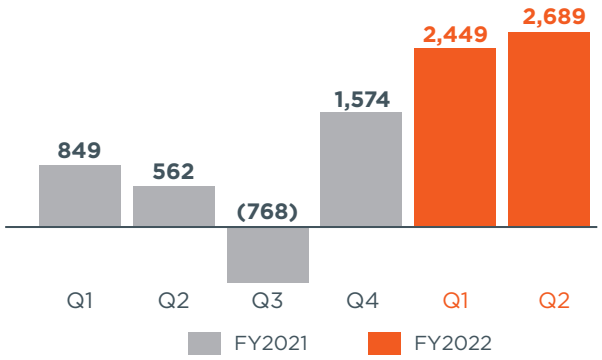
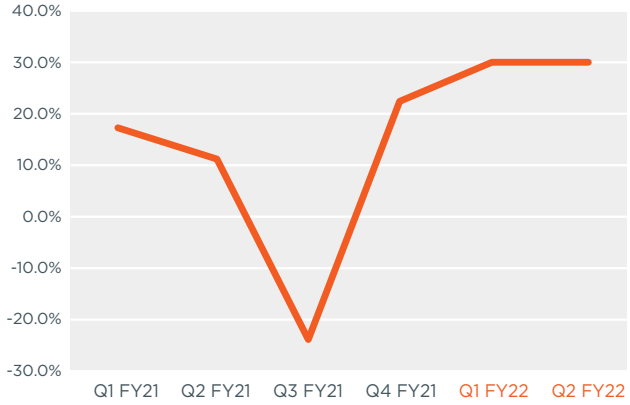
Revenue ($000s)



Adjusted EBITDA ($000s)



Adjusted EBITDA % Margin Chart



- Revenue up 70% on PCP.
- All time record margin.
- Scale benefits driving operational gearing.
- Q2 margin includes growth investments in Australia and emerging contribution from new territories.
- High incremental margin on additional PBNs.
- Overheads up 37% on PCP with increased headcount, staff returning from furlough, reinstatement of salaries, and from increased activity.

Revenue up

70% on PCP

24% up on H1 FY20 (pre-COVID)

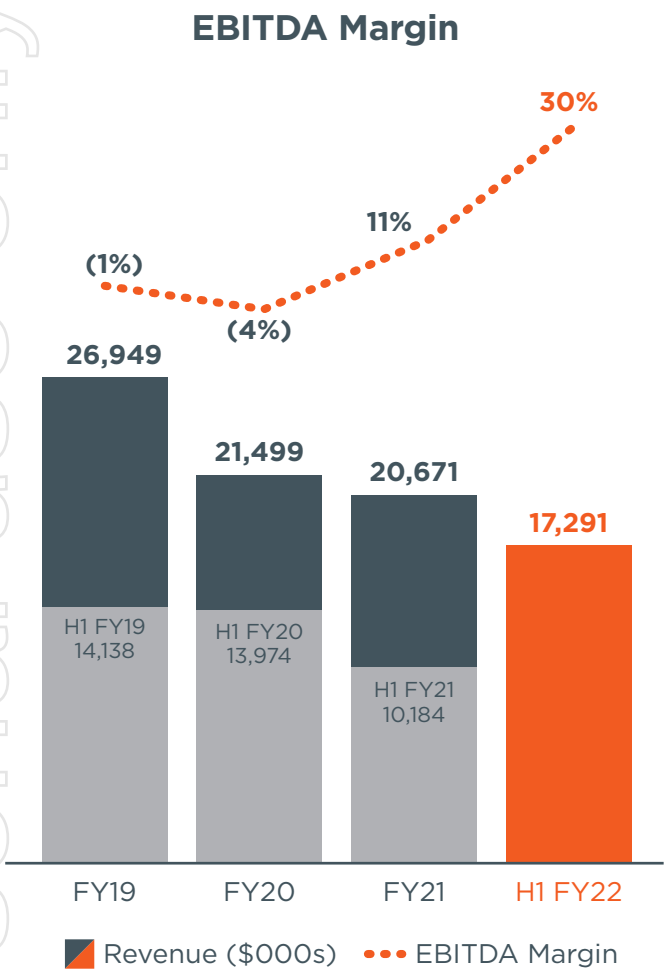
Adjusted EBITDA up

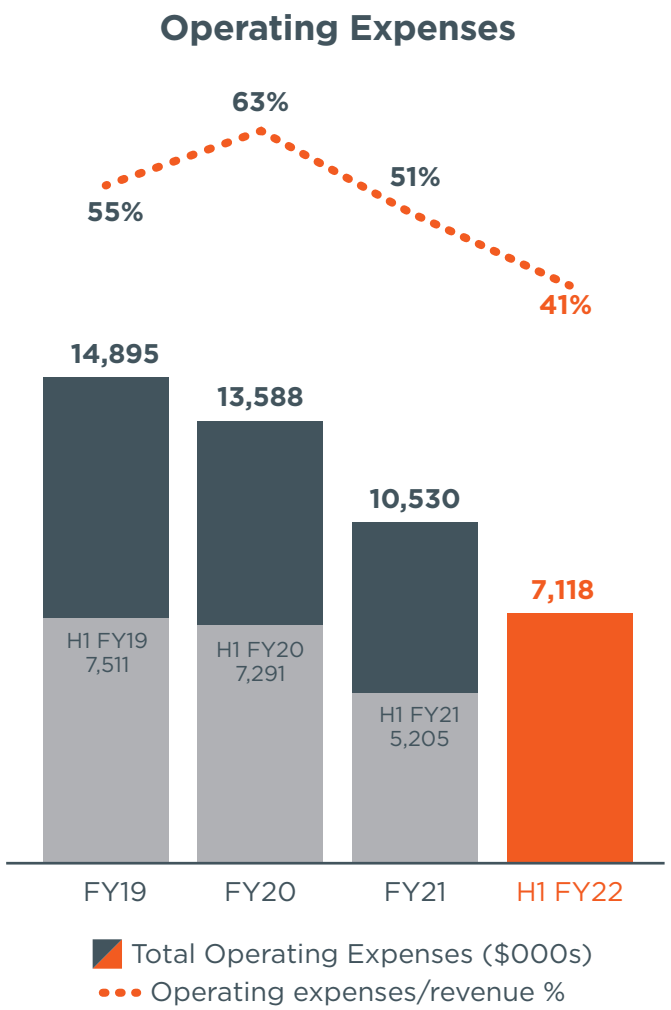
264% on PCP

211% up on H1 FY20 (pre-COVID)

Operating leverage

| Increase in operating leverage





- All time record margin.
- Scale benefits driving operational gearing.
- High incremental margin on additional PBNs.

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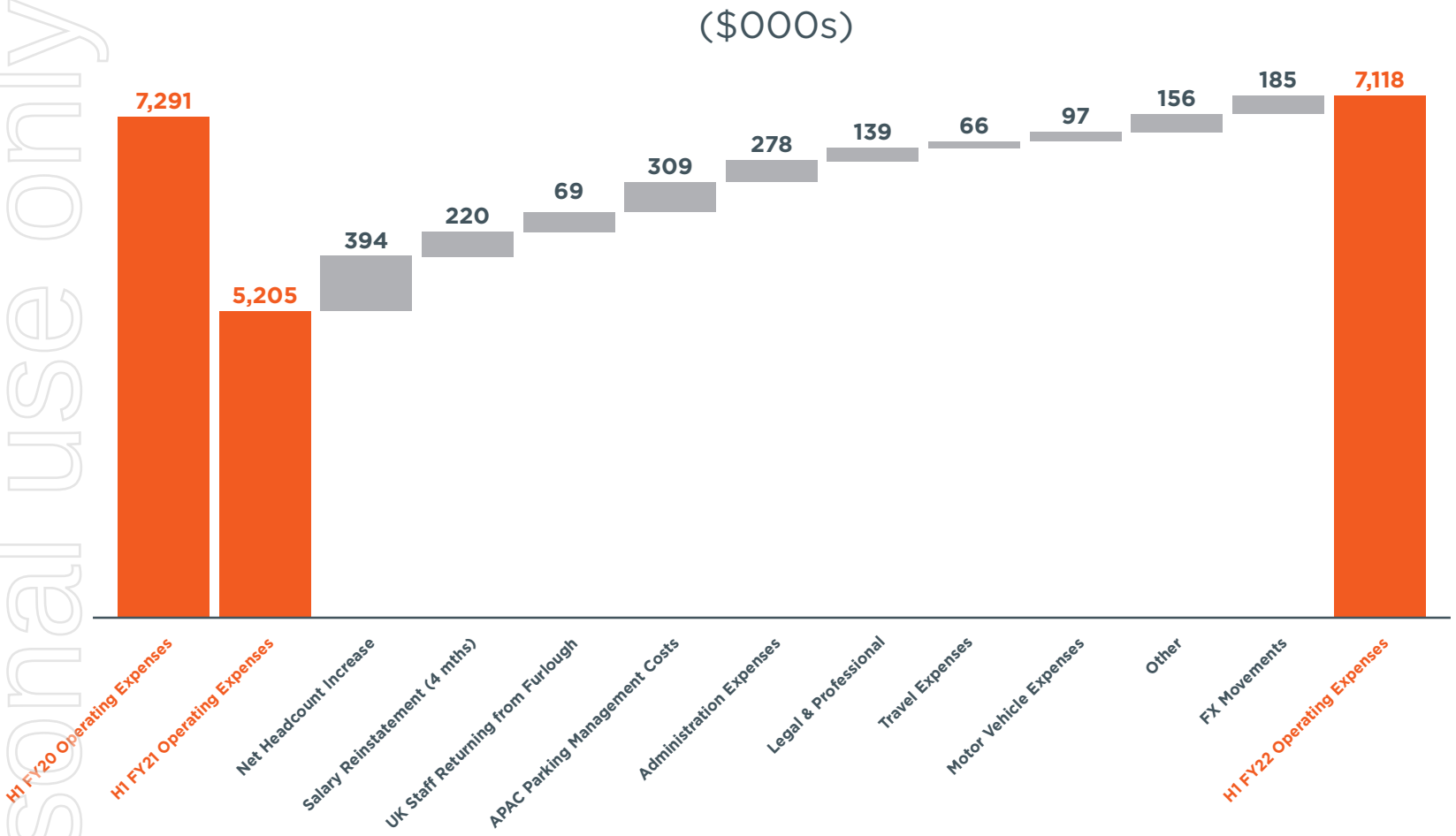
Operating expense analysis

| Increased costs reflect significant growth in activity



- H1 FY22 operating expenses of $7.1m below pre-pandemic levels - fundamentally more efficient and profitable company.
- H1 FY22 costs include growth investments in APAC expansion.
- H1 labour costs include return to work post furlough and salary reinstatement from November.
- Monthly exit opex run rate is $1.2m.
- H2 costs will in addition include German expansion, growth in sales capacity and enhanced systems to support scale.

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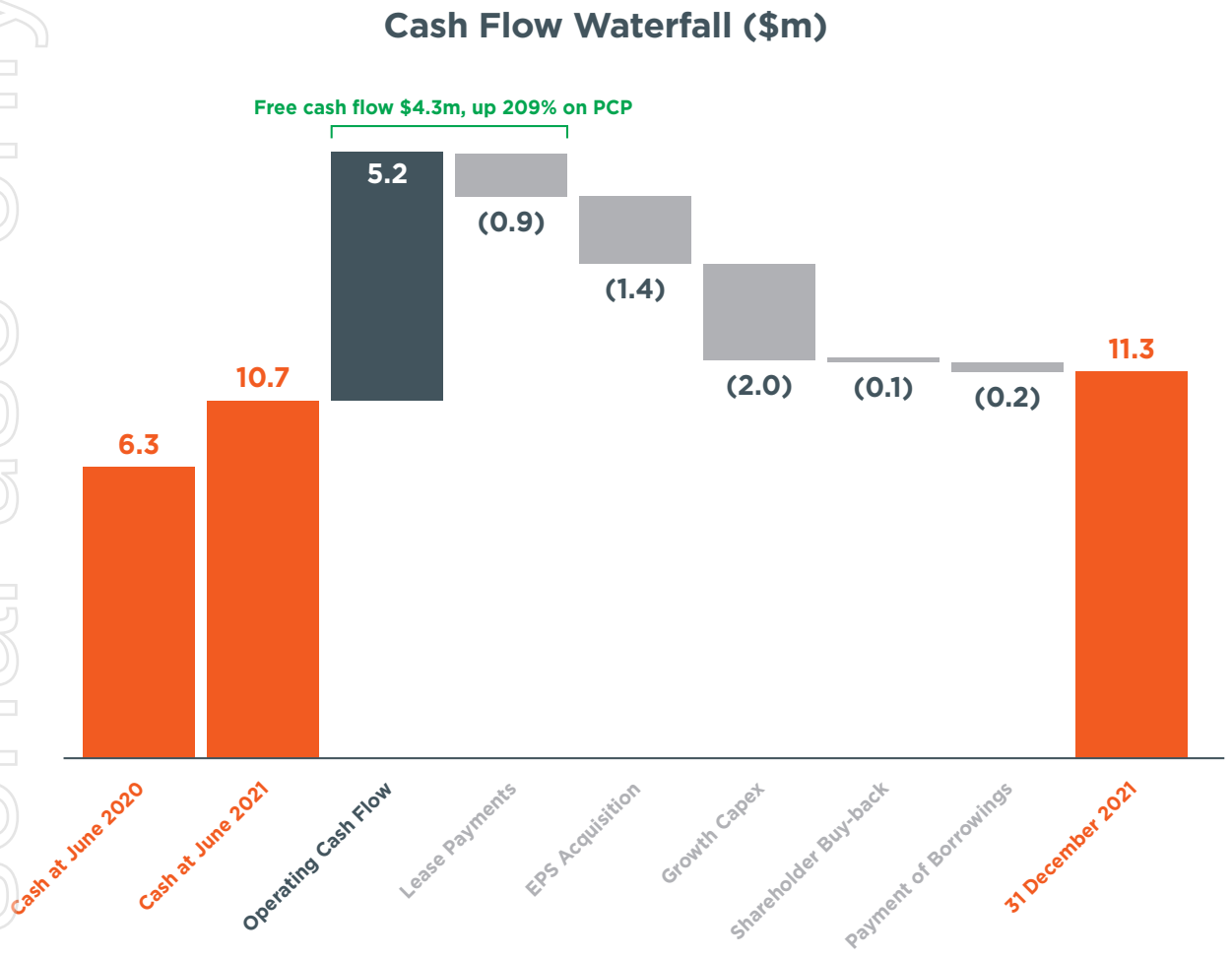
Positive free cash flow

| Strong balance sheet to fund growth



- Cash on hand of $11.3m (up $0.6 from June 2021) as at 31 December 2021.
- Positive operating cash flow of $5.2m up 139% compared to PCP.
- 100% cash conversion. Working capital cycle funds growth.
- Growth capex of $2m including ANPR camera equipment which will benefit future periods.
- Average payback for UK ANPR and Managed Services investment is 7-9 months.
- Total capex investment in 2022 to be $3-4m to capitalise on significant growth opportunities.
- Acquired Enterprise Parking Solutions for $1.4m in August 2021. Performing ahead of expectations.
- Disciplined evaluation of new M&A opportunities.

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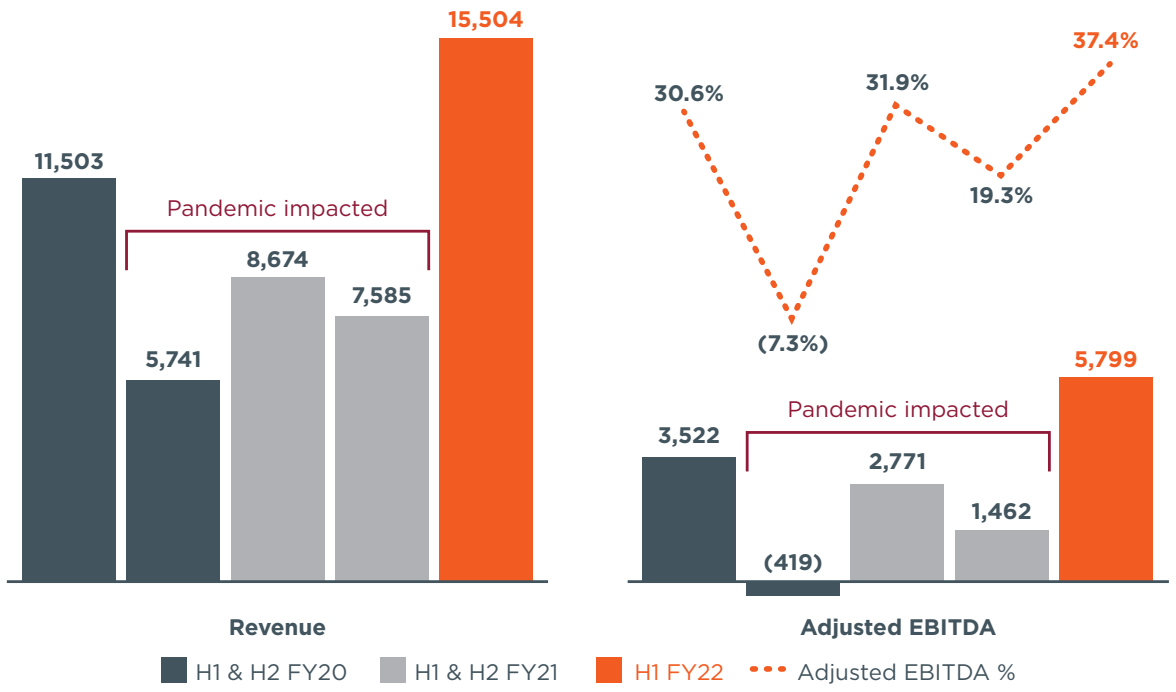
Segment reporting | Parking Management

| 70% revenue growth in H1 vs PCP with adjusted EBITDA up 109% on PCP

Parking Management ($000s)



- Q1 & Q4 are seasonally strong quarters, Q3 seasonally weaker due to northern hemisphere winter.

Adjusted EBITDA excludes items incurred in the current period which are not expected to occur in the future.

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Margin reflects removal of pandemic restrictions in the UK, Q1 restrictions in Australia and ongoing restrictions in NZ.

Adjusted EBITDA up 109%

**Compared to PCP*

Adjusted EBITDA margin up 550bps to 37.4%

**Compared to PCP*

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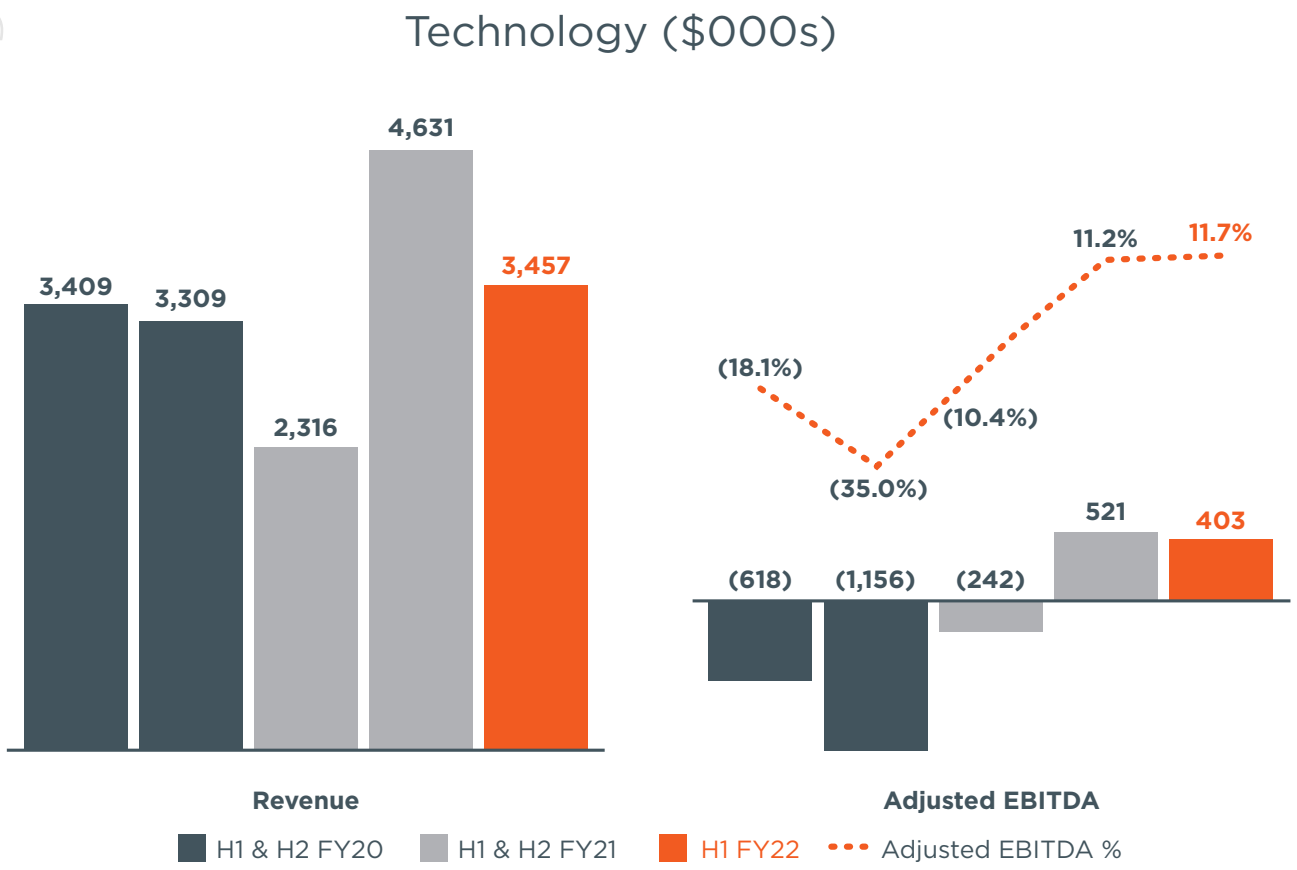
Segment reporting | Technology

| Strong technology order book - $4.8m



Adjusted EBITDA excludes items incurred in the current period which are not expected to occur in the future.

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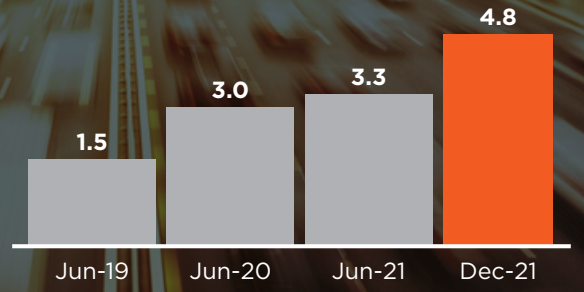
$4.8m
Committed orders

Adjusted EBITDA up 267%

**Compared to PCP*

Technology firm orders ($m)



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Strong balance sheet to fund growth strategy

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Group Financial Position ($m)

$m	Dec-21	Jun-21
Current assets	**21.2**	20.4
Non-current assets	**24.7**	19.4
Total assets	**45.9**	39.8
Current liabilities	**11.3**	10.4
Non-current liabilities	**15.1**	12.1
Total equity	**19.5**	17.3
Cash & cash equivalents	**11.3**	10.7

- $11.3m of cash – capital to fund growth strategies.
- 22% Return on Equity (H1 annualised).
- In October 2021 the Company commenced repayments of a UK Coronavirus Business Interruption Loan ($2.7m) in 36 equal monthly instalments.
- The Group continued with an on-market buy-back of shares for $0.1m in H1 FY22.
- The balance sheet includes assets and liabilities related to the acquisition of Enterprise Parking.

SMART PARKING

H1 FY22 Business Update

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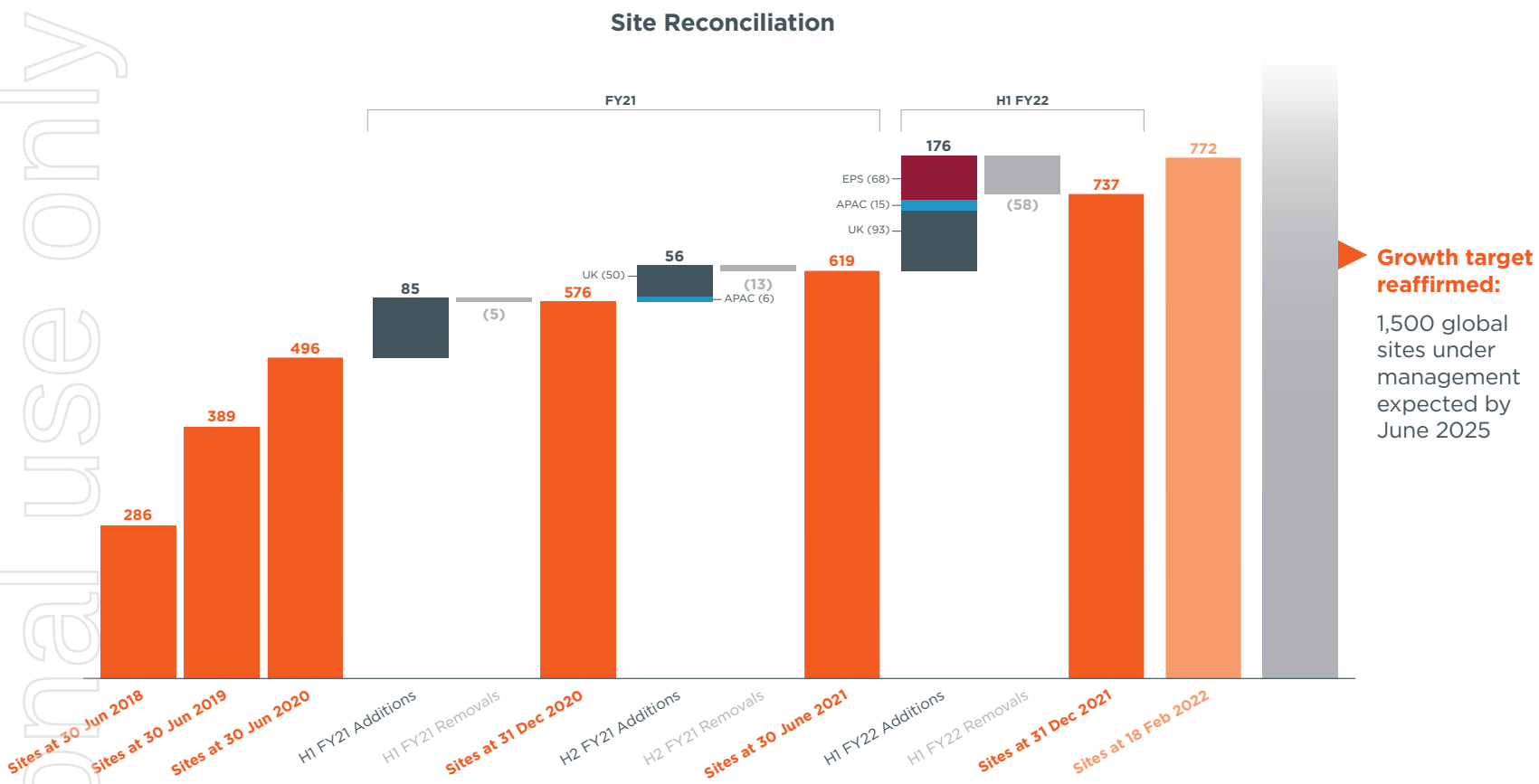
Management services – estate growth



Growth target reaffirmed:

1,500 global sites under management expected by June 2025

UK ANPR roll out continues

- **93** new sites installed in H1 FY22 with 58 removed.
- **68** new sites from acquisition of Enterprise Parking Solutions.
- As highlighted in the AGM, higher than usual removals due to continued estate optimisation and the loss of one customer with multiple sites.

Growing APAC managed services

- **21** sites in New Zealand/Australia installed, 31 as at 18 February.
- Installations temporarily delayed by country and regional lockdowns in H1.

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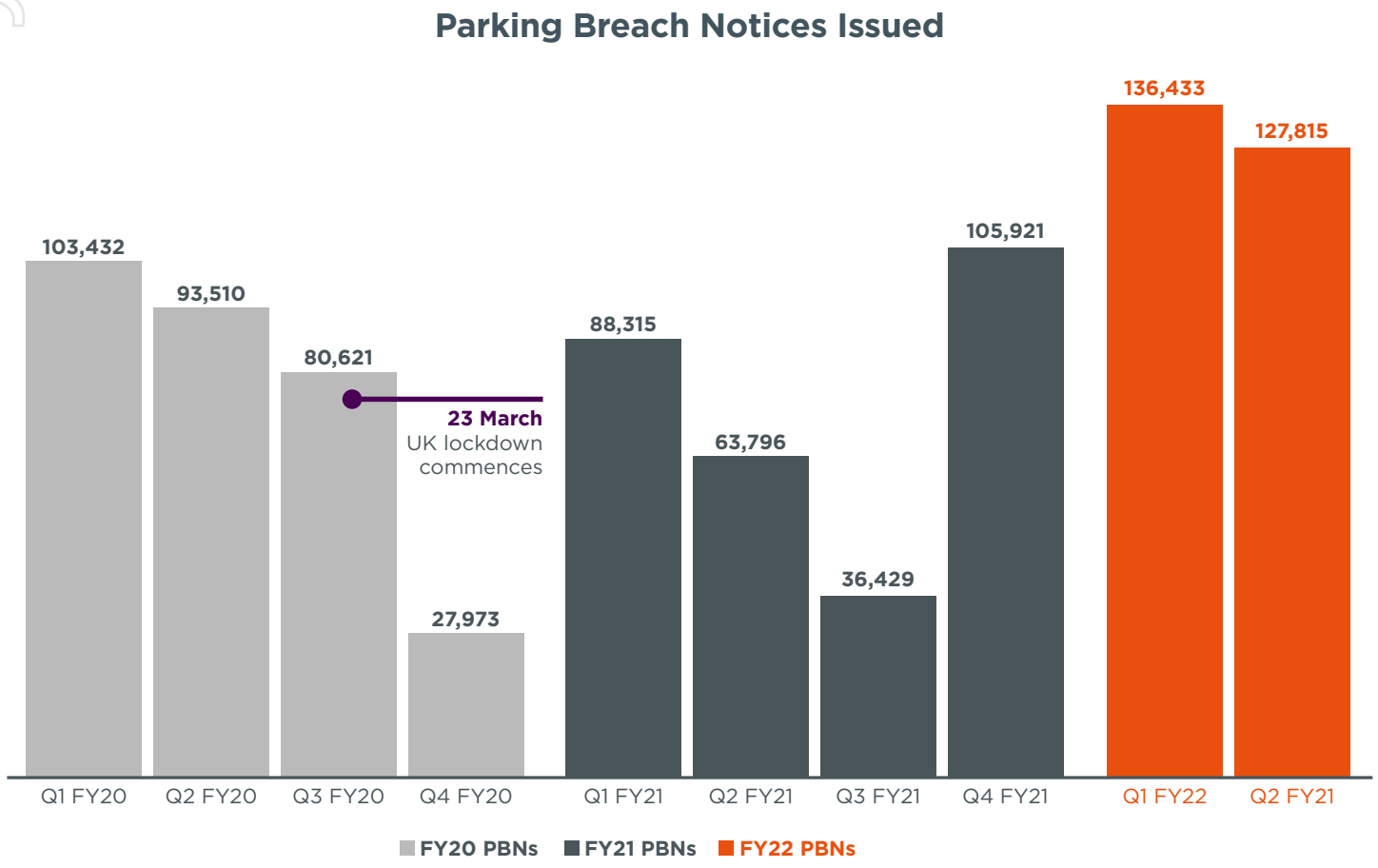
UK – Multiple growth drivers

| Significant recovery in PBNs, new record level



FY22 growth under way

- PBN growth up 74% on PCP (up 35% on H1 FY20 pre-COVID).
- Expanded and enhanced sales and account management capability - 17 FTE vs 11 PCP.
- Sales team focussed on delivering **200 new organic sites** per annum.

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UK Parking Code of Practice

| New code to increase potential of market consolidation

UK Government has announced the details of the proposed new Code of Practice, updates include:

- The establishment of a Scrutiny & Oversight Board.
- Creation of a single appeals service.
- Introduction of a new range of charges based on location and type of breach.
- New charges range from £50 to £130 depending on breach type. Opportunities to mitigate potential changes.
- Expectation new Code will assist SPZ in driving market consolidation and improvement in industry standards.
- **Implementation of the new code will be by 31st December 2023.**

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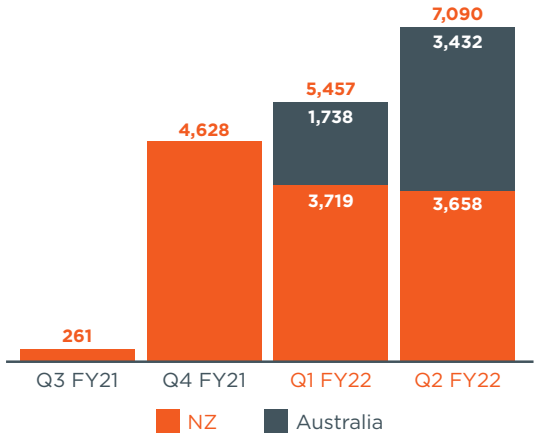
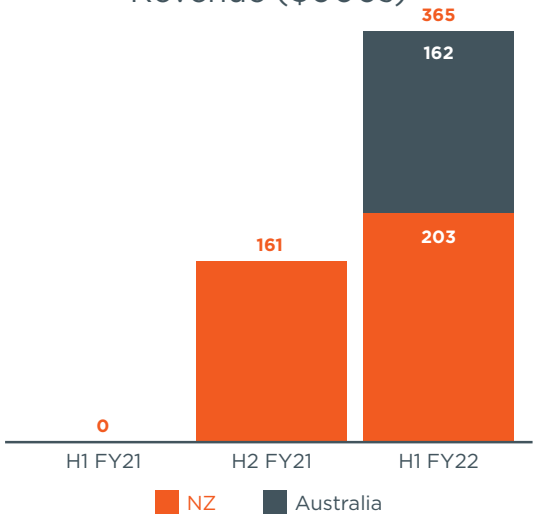
APAC growth strategy

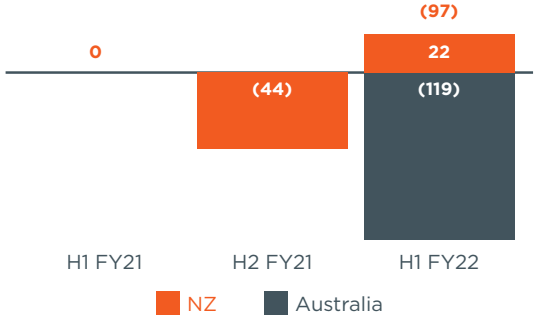
Parking Breach Notices Issued



Revenue ($000s)



EBITDA ($000s)



NEW ZEALAND

- First customers acquired in March 2021, NZ business now profitable and operating cash flow positive.
- Leveraging our technology we are executing our go to market strategy; Auckland focus followed by additional metropolitan centres – sales people based in Auckland and Wellington.
- Additional sales heads hired – two direct sales people at balance date with 2 additional heads recruited in January 22.
- Sites under management performing above expectations and delivering a strong payback.
- Attractive market with limited competition and significant potential for growth.

AUSTRALIA

- As with NZ, we are leveraging our ANPR technology to enter a market with the advantage of first mover differentiation.
- First customers acquired in July 21 with the business expected to EBITDA profitable in H2 FY22.
- Two sales FTE at present with plan to grow the team by a further 2 heads in H2.
- Significant market opportunity available to SPZ with legacy solutions provided by competition not meeting the needs of today's customers.

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European growth strategy

| German market entry

- Legal entity set up and infrastructure in place with regional office established in Düsseldorf.
- Leveraging tried and tested SPZ knowledge and experience we are executing market entry plan and differentiating ourselves through technology.
- As of 1st January 2022 key hires in place – Managing Director, Head of sales, Project Delivery Manager and Processing administration.
- Growth in sales team planned for H2 2022.
- Supply chain partnerships established.
- Developing relationships with key customer targets.
- With the largest population (82m) in Europe Germany presents a significant opportunity for SPZ's technology driven management business – Total Addressable Market estimated to be twice that of the UK.

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New markets and M&A

| Accelerating growth

2021

March

The Company successfully launched a technology driven Parking Management business in New Zealand

July

The Company successfully launched a technology driven Parking Management business in Queensland, Australia

August

The Company completed the acquisition of Enterprise Parking Solutions which has been successfully integrated into the Group

January

The Company successfully launched a technology driven Parking Management business in Germany

2022

Ongoing

The Company is pursuing earnings accretive M&A opportunities and utilising operating leverage to accelerate growth.

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Global technology update

| Strong technology order book - $4.8m

- **New business growth in H1 takes order book to $4.8m**
- **Key orders from:**
  - Stride Properties – NZ
  - City of Bunbury – WA
  - The Alfred – VIC
  - MVCC – VIC
  - Snowdonia – UK
- **Full tech stack will be delivered across key orders in H2, including:**
  - In ground sensors
  - Overhead guidance solution
  - Enforcement application – Tessera
  - ANPR Service
  - Compliance management through SmartCloud
  - Smart Parking payment application

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FY22 priorities

- Deliver revised growth target of 1,500 global sites under management by June 2025.
- Continued execution of UK growth strategy – 200 new organic sites in FY22.
- Grow new territories with ANPR model in countries with appropriate jurisdictional framework.
- APAC Parking Services (NZ & Australia) business underway with 31 sites under management and further growth expected in H2.
- Establish and grow German Parking Services business.
- Leverage new technology products into new and existing customers.
- Well capitalised to fund further strategic acquisition opportunities in new territories.

** All forward-looking statements can be subject to change depending on COVID-19 restrictions easing or increasing.*

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Supplementary Information

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Segment reporting

($000's)	Revenue			Adjusted EBITDA			Adjusted EBITDA Margin	
	H1 FY21	**H1 FY22**	**H1 FY21 vs H1 FY22**	H1 FY21	**H1 FY22**	**H1 FY21 vs H1 FY22**	H1 FY21	**H1 FY22**
Parking Management	8,674	**15,503**	**78.7%**	2,771	**5,799**	**109.3%**	31.9%	**37.4%**
Technology Division	2,316	**3,457**	**49.3%**	(242)	**403**	**(266.5%)**	(10.4%)	**11.7%**
Research & Development	0	**0**		(467)	**(418)**	**(10.5%)**		
	10,990	**18,960**	**72.5%**	2,062	**5,784**	**180.5%**		
Corporate	3	**1**	**(66.7%)**	(651)	**(646)**	**(0.8%)**		
Eliminations	(807)	**(1,669)**	**106.8%**	-	**-**	**-**		
Revenue / Adjusted EBITDA excluding one-off costs	10,186	**17,292**	**69.8%**	1,411	**5,138**	**264.1%**	13.9%	**29.7%**

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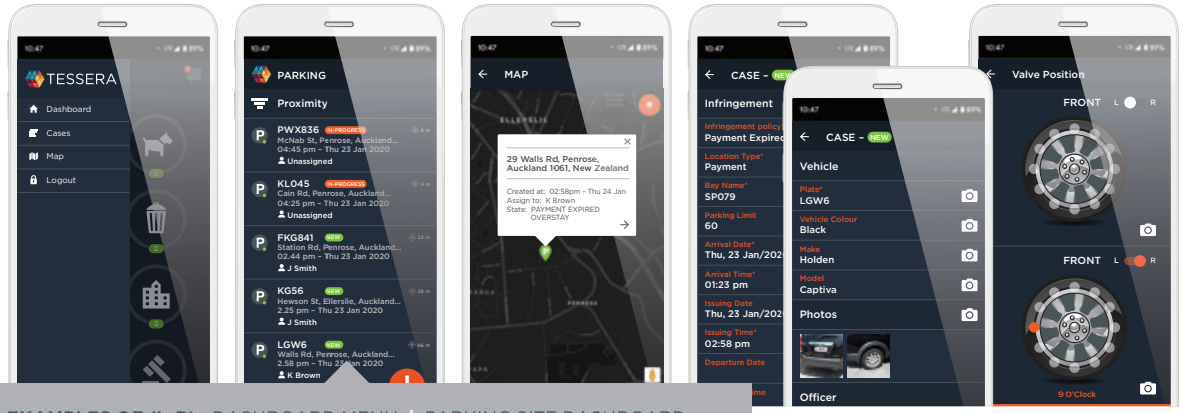
Smart City Product Launch

Enforcement App & Compliance Management System

Smart Parking's mobile app and back office management system designed to enable councils and other businesses to efficiently manage parking compliance and enforcement.

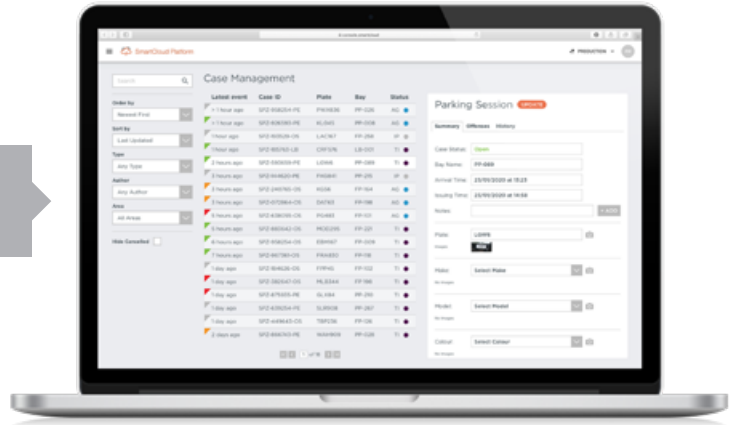
- Tessera enforcement app specifically designed for parking compliance officers to electronically gather and submit detailed parking breach information and notes.
- SmartCloud management platform provides visibility of the complete work flow process and enables full, end-to-end case management.
- Complementary addition to the rest of our parking management system.
- Extensible compliance management reporting and notifications.
- Allows for configurable site management.
- Live web dashboards and monitoring tools.

EXAMPLES OF (L-R): DASHBOARD MENU | PARKING SITE DASHBOARD MAP WITH LIVE STATUS | CASE INFORMATION & ELECTRONIC CHALKING



EXAMPLES OF (L-R): DASHBOARD MENU | PARKING SITE DASHBOARD MAP WITH LIVE STATUS | CASE INFORMATION & ELECTRONIC CHALKING

EXAMPLE OF THE CASE MANAGEMENT SYSTEM IN SMARTCLOUD



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Management services: How it works

| Parking management improving customer satisfaction and revenue generation.

- **ANPR |** Automatic Number Plate Recognition
- **Pay & Display |** ANPR Linked Automated Payment System
- **Site Surveys |** Real-time information, analysis and trend data
- **Parking Attendants |** Trained and qualified staff
- **DPC (Disabled, Parent and Child) |** Protecting the vulnerable
- **Marshaling |** Trained, professional and customer-friendly marshals

Motorist
Enters the carpark at the defined entrance

Validation & payment
Machines facilitate pay & walk or validate parking

ANPR Recognition
Camera identifies the number plate of cars entering and leaving the premises

SmartCloud
Automates information and provides detailed reporting

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ANPR: How it works

Automatic number / license plate recognition (ANPR) is a reliable, cost effective off-street parking management solution.

It is proven to serve a wide range of industries including supermarkets, retail, hotels, hospitals and leisure centres. Smart Parking's ANPR solution ensures greater compliance and increased parking revenue.

- Ticketless, barrier-free system, parking areas that are managed 24/7
- Automatically generated and issued parking charge notices
- Increased security, comprehensive reporting and account management

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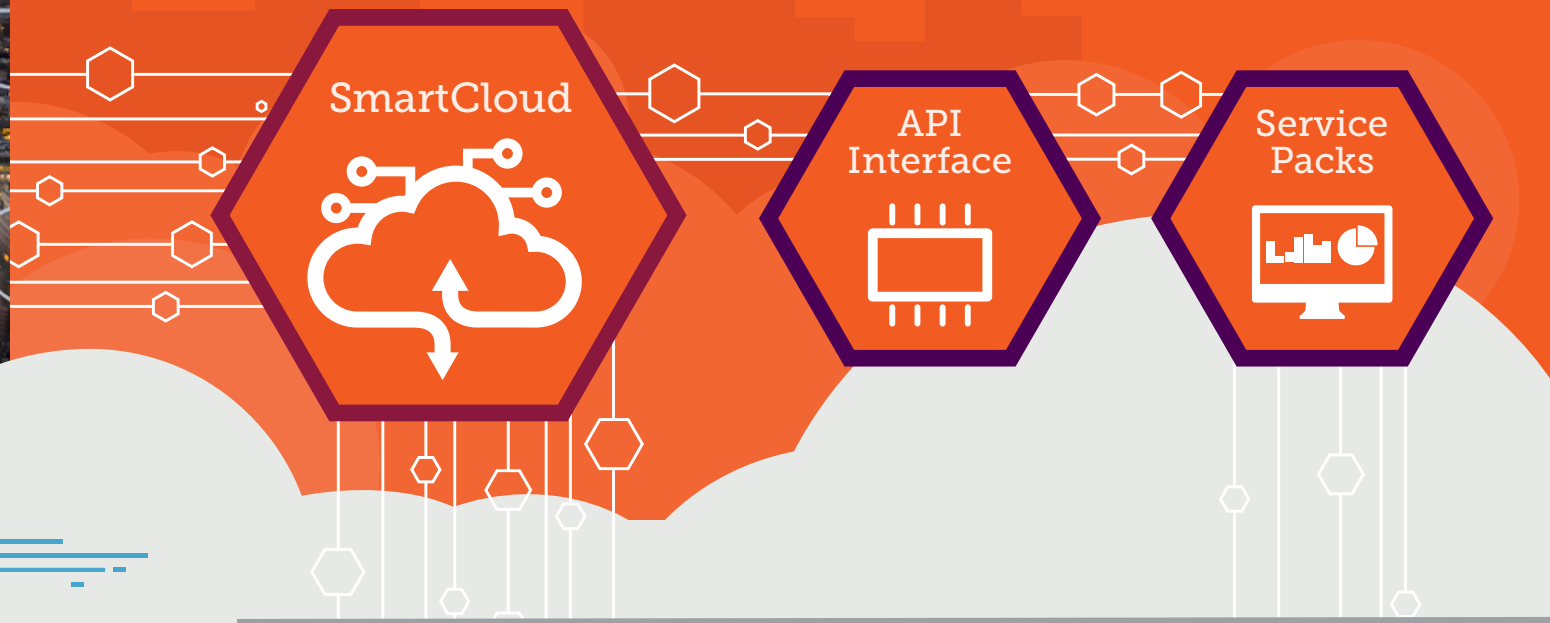
Technology: How it works

| Smart Parking's technology provides effective parking management solutions around the world.



SmartZones

personal use only

ersonal use only

Smart Parking app

The Smart Parking app and its customised Miami, Cardiff, Adelaide, Moreton Bay, Moonee Valley, Livingstone Shire and Les Mills apps delivered.

Features and benefits:

- Available for both Android and iOS.
- Provides detailed information around hours, tariffs and bay types.
- Shows real-time availability of car park bays.
- Harnesses the power of Google Maps to provide distance and directions to suitable bays.
- Payment function allows cashless payment and remote top-ups.

ersonal use only

Glossary

Adjusted EBITDA – The Board assesses the underlying performance of the Group based on a measure of Adjusted EBITDA which takes into account costs incurred in the current period but which are non-operating and/or are not expected to occur in the future.

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

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