SMART PARKING

Reinventing the parking experience

2022 Annual Report

smartparking.com

For personal use only

Introduction

For personal use only

Smart Parking has delivered record results in FY22, with impressive organic growth rates across existing territories, supported by two strategic UK acquisitions and expansion into Europe.

Global market opportunities remain significant and Smart Parking is well positioned to capitalise on this.

Our Vision

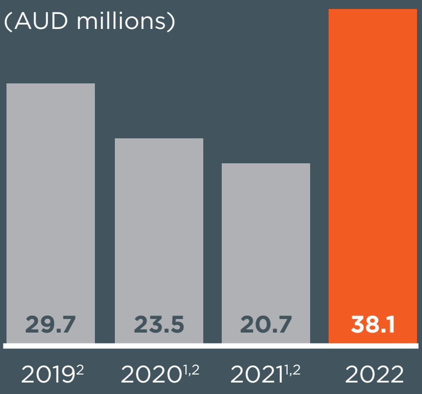
To create a culture of excellence and be the global leader in technology-driven managed parking services.

Contents

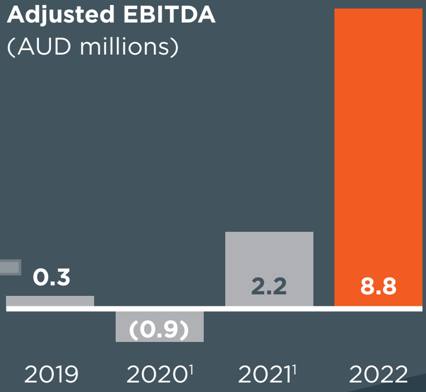
For personal use only

Financial Highlights

Total revenue
(AUD millions)



Adjusted EBITDA
(AUD millions)



IN MILLIONS OF AUD

Year ended 30 June	2022	2021[1] (Restated)[2]
Revenue	**38.1**	22.7
Adjusted EBITDA	**8.8**	2.2
Adjusted EBITDA margin	**23.0%**	9.8%
Net profit after tax	**1.0**	5.3
Cash	**10.8**	10.7

1 FY20 and FY21 were impacted by the COVID-19 global pandemic.

3 Adjusted EBITDA represents Group Earnings before interest, taxation, depreciation and amortisation adjusted for costs incurred and government subsidies received but not expected to occur in the future.

Letter to shareholders

For personal use only

Dear Fellow Shareholder,

We are pleased to present Smart Parking Limited's ("Smart Parking", "the Group", "SPZ") Annual Report. 2022 has been a year of record growth with contributions from existing and new operating territories.

Christopher Morris
Chairman

Parking Management Division

The Parking Management division continued with its strategy in the UK of targeting off-street car parks where there is an appetite for car park management services through the deployment of technology solutions.

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 also 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 Parking Management division's Adjusted EBITDA increased 130% to $9.7 million.

ANPR sites under management increased by 36% to 839 sites, and the number of PBNs issued increased by 81% in FY22 largely due to the increased number of sites under management, as well as the recovery from COVID-19 restrictions.

Technology Division

Sales in this division included installations at a range of sites in Australia and New Zealand including City of Bunbury, Dandenong Plaza, One City Hill and Queensgate Shopping Centre.

Research and Development Division

Smart Parking continues to invest in 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.

As well, R&D continues to support software and hardware for both the Technology and Parking Management divisions.

Financial Results

Total revenue of $38.1m for FY22 was up 68% compared to FY21, reflecting the uplift in sales activity, expansion into new operating territories and strategic acquisitions.

After accounting for unusual and non-recurring items, the Adjusted EBITDA profit of $8.8m is up 296%, or $6.6m, against FY21. 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.

EBITDA is $7.4m, down by $3.8m on FY21. The strong business results in FY22 were offset by some large one-off positive adjustments in FY21, including the net $6.5m adjustment related to the settlement of the historic VAT disputes. 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.

For personal use only

Share Buy-back

The Company continued its on-market share buy-back programme. In FY22 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.

Acquisitions

Enterprise Parking Solutions

In August 2021, the Group acquired 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.

NE Parking

In April 2022, the Group acquired NE Parking Limited for total cash consideration of $0.5m. NE Parking provides manual parking management solutions in the UK. The acquisition builds scale through the addition of 517 manually operated sites and provides the opportunity to upgrade suitable sites to ANPR technology.

Outlook

The Company is well placed to take advantage of opportunities as they arise. The Company will benefit from the acquisition of Enterprise Parking Solutions and NE Parking, ongoing growth in sites in the UK, New Zealand and Australia, and expansion into the new German market.

The growth in sites, and operating leverage is expected to result in revenue and earnings growth.

Results to date in the current year are tracking ahead of the same period in FY22 with the company issuing 119,663 PBNs in July/August 2022, up 26% compared to July/August 2021.

The Group maintains a strong balance sheet to take advantage of further acquisition opportunities and expansion into new territories.

We would like to take this opportunity to thank the team at Smart Parking for their efforts and our fellow shareholders for your continued support.

Christopher Morris
Chairman

Paul Gillespie
Chief Executive Officer

30 September 2022

Paul Gillespie
CEO

Parking Management division

Smart Parking's Parking Management division expanded the Company's global footprint in FY22, with new territories added in Australia and Germany, both of which are up and running along with our UK and NZ operations, bringing our total number of ANPR sites under management to 839.

Expanding territories

The Parking Management division now operates in four territories – the UK, Germany, Australia and New Zealand – and specialises in the management of car parks on behalf of retail customers, land owners and property managing agents. The successful expansion into three new markets in the last 18 months has brought our total number of ANPR sites under management to a record 839, a 36% net increase on FY21.

Acquisitions

FY22 also saw Smart Parking execute a successful growth strategy resulting in the acquisition and integration of two Parking Management businesses in the UK – Enterprise Parking Solutions (August 2021) with 68 ANPR sites, and NE Parking (April 2022) with 517 manually operated sites that provide opportunities to upgrade suitable sites to ANPR technology.

Key metrics

On average, Parking Breach Notice (PBNs) revenue makes up approximately 83% of the Group's revenue.

Results to date in FY23 are tracking ahead of the same period in FY22 with the company issuing 119,663 PBNs in July/August 2022, up 26% compared to July/August 2021.

FY22 at a glance

Site installs and pipeline continues to expand driving site growth.

Managed Services launched in Germany in January 2022 with two sites already installed, and more in the pipeline.

APAC (Asia Pacific) Managed Services expands from New Zealand into Australia under Smart Compliance Management with 47 ANPR sites under management.

Outlook

The Company is seeing growth in the car count and contravention rates increasing.

Smart Parking are running 896 (at 23 September 2022) parking management sites across the UK, Germany, NZ and Australia.

The Company is focused on growing the global ANPR estate to 1,500 sites by 30 June 2025.

2021

March
Successfully launched a technology driven Parking Management business in New Zealand

July
Successfully launched a technology driven Parking Management business in Queensland, Australia

August
Completed the acquisition of Enterprise Parking Solutions which has been successfully integrated into the Group

2022

January
Successfully launched a technology driven Parking Management business in Germany

April
Completed the acquisition of NE Parking and are working with customers to upgrade suitable sites from manual operations to a technology led solution

For personal use only

For personal use only

220 Net new ANPR sites added in FY22

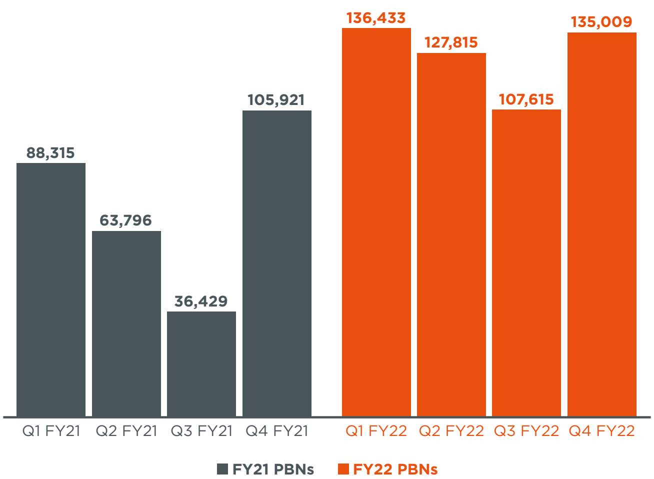
36% Increase in sites in FY22

UK Managed Services

Our UK Parking Management division has seen rapid growth in FY22, with a record 260 new and acquired sites added in FY22, as well as a record 506,872 PBNs issued over the financial year, up 72% on FY21.

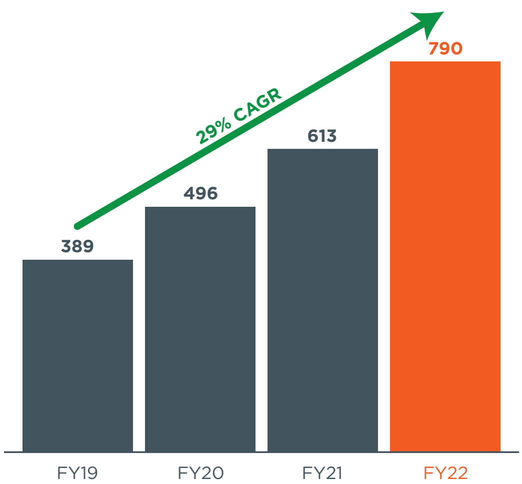
The Company has been focused on a disciplined growth strategy, resulting in the acquisition of two UK parking management companies in addition to strong organic growth, with a combined total of 790 sites now operating under Smart Parking UK.

UK Parking Breach Notices Issued



Reduction in PBNs in Q3 is in line with normal seasonal variations.

UK ANPR Sites Under Management



Parking Management division

APAC Managed Services

Launched in March 2021 in New Zealand and July 2021 in Australia, our Parking Management division in APAC, operating under Smart Compliance Management, has grown in sites, revenue and personnel.

FY22 has been a successful year, with 14 new sites in New Zealand and 27 new sites in Australia, with 35,629 (2021: 4,889) PBNs being issued in the financial year.

Smart Compliance Management

New Zealand

New Zealand has steadily been growing the managed services business since its inception in March 2021. The sales teams has recently doubled to four heads, and the business has a growing presence in major metropolitan areas including Auckland, Wellington and Christchurch - an attractive market with limited competition and significant potential for growth

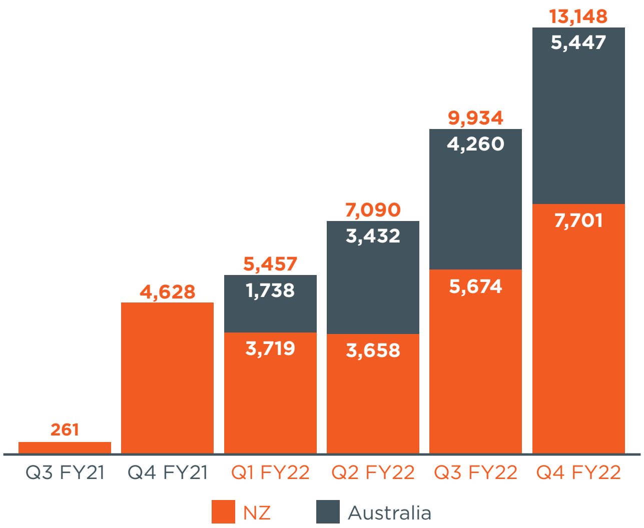
While Q1 and Q2 breach notice issuance was impacted by NZ COVID-19 restrictions, the company took the opportunity to conduct remote site surveys, and sites under management are performing above expectations and delivering a strong payback.

Australia

As with NZ, Smart Parking is leveraging our ANPR technology to enter a market with the advantage of first mover differentiation. Australia has also increased the sales team, and has recently moved into a dedicated Smart Compliance Management office in Brisbane.

There is significant market opportunity available, with legacy solutions provided by competitors not meeting the needs of today's customers.

APAC Parking Breach Notices Issued



For personal use only

For personal use only

Germany Managed Services

Since its inception in January 2021 Smart Parking Germany has been building the business both in personnel and sites, with eight customer contracts signed and seven locations live and generating revenue, as at August 2022.

The Company has established an office in Düsseldorf and has increased the sales team to four heads.

Similar to APAC, Germany presents a market opportunity to be one of the first movers, leveraging tried and tested Smart Parking knowledge and experience executing market entry plan by differentiating ourselves through technology.

Technology division

The technology division continues to be focused on the provision of real-time information through SmartCloud and bay monitoring technology and supporting the Parking Management division.

By focusing on new market verticals such as enforcement software and managed services, the Company has unlocked new revenue streams to complement our traditional customer base.

Our on-street and off-street products

- SmartApp
- ANPR cameras
- SmartSpot Gateway
- SmartCloud
- Overhead Guidance Indicators (OHIs)
- Pay & Walk
- Enforcement Management System

FY22 at a glance

City of Moonee Valley (Australia)
Deployed the Tessera enforcement software and app. ANPR camera system for one off street car park.

City of Bunbury (Australia)
2,092 sensors, Wayfinding and payment App, Tessera, 5 year contract.

Dandenong Plaza (Australia)
512 OHIs, signange, 3 year contract.

One City Hill (Australia)
862 OHIs, signage, 5 year contract.

South City Square (Australia)
436 OHIs, signage, 3 year contract.

Queensgate Shopping Centre (New Zealand)
1,062 OHI & 695 vehicle detection sensors.

Outlook

Continued uptake of Smart Parking technology to support managed parking services.

The division will leverage off its proprietary technology to facilitate the growth of parking management services.

This offers a competitive advantage as SmartCloud allows successful plate matching with infringement business rules, mapping the full life cycle of a breach notice from issuance to payment or collection.

For personal use only

For personal use only

Research & development division

Smart Parking's R&D division has rolled out more technology offerings within our app and SmartCloud platform.

We continue to expand our offerings beyond the usual parking equipment, with a strong focus on ANPR and the development of complementary technologies.

FY22 development at a glance

APAC Managed Services
Integration of new sites in Australia and New Zealand continues, with changes in the system to allow the first NZ-based paid-parking site to go live.

Germany Managed Services
Development has been completed so Germany can offer ANPR parking management services, based on our experience in managed services in the UK.

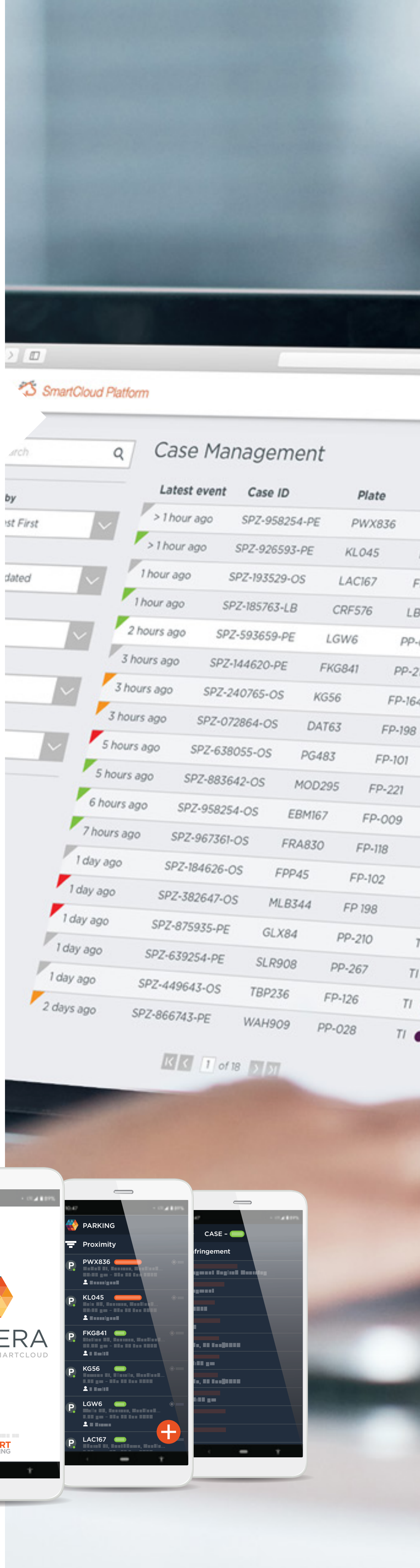
Enforcement Management System
Smart Parking has enhanced and deployed the enforcement management system (Tessera). This consists of an app and management system within the SmartCloud platform.

Outlook

Market leader in smart parking technology

Smart Parking is well poised to support the growth in all managed services territories and any new territories.

Our in-house development and technical capabilities are a competitive advantage enabling us to quickly adapt and scale up, leading to new opportunities and revenue streams.



For personal use only

1

Directors' Report

This Annual Report covers both Smart Parking Limited as an individual entity and the Consolidated entity comprising Smart Parking Limited and its subsidiaries. The Group's functional and presentation currency is AUD ($).

A description of the Group's operations and of its principal activities is included in the review of operations and activities in the Director's report on page 13. The Directors' report is not part of the financial report.

Directors' Report

For personal use only

Your Directors present their report on the consolidated entity (referred to hereafter as the Group) consisting of Smart Parking Limited and entities it controlled at the end of, or during the year ended 30 June 2022.

Directors

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

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

Principal activities

The Group operates three divisions:

- **Parking Management:** Provision of parking management solutions, predominantly servicing the retail sector, managing agents and land owners in the United Kingdom, NZ and Australia. The division recently established operations in Germany.
- **Technology:** The sale of technology, hardware and software predominantly for parking solutions around the world and to support the parking management division.
- **Research & Development:** Includes costs to research, develop and enhance ANPR software/hardware for both the Technology and Parking Management divisions.

Review of Operations

The Group recorded a net profit after income tax of $1.0m (2021: $5.3m) for the financial year ended 30 June 2022.

An analysis of underlying Adjusted EBITDA in the current period which is calculated after excluding the effects of items incurred but not related to underlying operations or not expected to occur in the future is outlined below. The FY21 year was impacted by the COVID-19 global pandemic.

	2022	2021
Revenue[1]	**38,148,460**	**22,708,492**
Net Profit for the year after tax	**959,767**	**5,302,608**
EBITDA[2]	7,397,851	11,207,629
Professional fees[3]	129,882	585,966
Restructuring costs[4]	-	60,236
VAT adjustment[5]	-	(6,900,913)
Other dispute settlements[6]	-	(1,334,277)
Other non-recurring items[7]	293,311	(30,000)
Financial reporting system implementation[8]	114,943	-
COVID-19 Government Subsidies[9]	(15,338)	(748,724)
Research and development tax incentive[10]	(234,762)	-
Foreign exchange (gains)/losses[11]	1,086,096	(622,813)
Adjusted EBITDA[12]	**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 EBIT[12]	**4,185,889**	**(1,478,434)**

1 Refer to Note 2 e) in the Financial Statements
2 EBITDA represents Earnings before interest, taxation, depreciation, amortisation and loss on disposal of plant and equipment.
3 The 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.
4 The restructuring costs relate to a reorganisation of the UK Parking Management division.
5 The VAT adjustment relates to the resolution of outstanding VAT matters with HMRC in FY21.
6 The 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.
7 The other non-recurring items are either non-recurring and/or non-operating in nature.
8 Implementation of a new cloud based financial reporting system.
9 COVID-19 Government subsidies include the utilisation of the UK Coronavirus Job Retention Scheme and Australian Tax Office Cash Flow boost.
10 Relates to a research and development tax incentive received from the IRD in New Zealand.
11 The foreign exchange gains/(losses) relate to funding within the Group.
12 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.

For personal use only

Total revenue of $38.1m for FY22 was up 68% on FY21. The increase reflects the uplift in sales activity, expansion into new operating territories, strategic acquisitions and the recovery from COVID-19 restrictions.

After accounting for unusual and non-recurring items, the Adjusted EBITDA profit of $8.8m is up 296%, or $6.6m, against FY21.

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

EBITDA is $7.4m, down by $3.8m on FY21. The strong business results in FY22 were offset by some large one-off positive adjustments in FY21, including the net $6.5m adjustment related to the settlement of historic VAT disputes.

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.

The Group has 87% (UK Parking Management and Technology) of its revenue derived in the UK resulting in revenue and profits denominated in Great British Pound ("GBP"). These are impacted by movements in the exchange rate between GBP and the Group's presentation currency.

As at 30 June 2022, the Group had cash on hand (excluding cash held on behalf of customers) of $10.8m (2021: $10.7m).

The Group had net operating cash inflows for the year ended 30 June 2022 of $10.3m (2021 inflow: 3.0m). The reported net operating cash inflows including movements in client funds was $10.1m (2021 inflow: $7.0m). The following table summarises the net operating cash movements for the period:

	2022	**2021**
Net operating cash flow excluding movement in client funds and non-recurring items	10,300,972	3,037,743
Non-recurring items	(129,882)	3,618,075
Net movement in client funds	(42,623)	390,756
Net Reported Operating Cash Flow	**10,128,647**	**7,046,574**

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. Therefore movements in cash balances will also be reflected in movements in trade and other payables (refer Note 7). 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.

Cash flow from operating activities excluding the movements in client cash better reflects the Company's underlying performance.

The Company spent $4.1m on capital expenditure which will support revenue and earnings growth in future periods.

The Group spent $1.9m (net of cash acquired) on the acquisition of Enterprise Parking Solutions and NE Parking.

The Company conducted a share buy-back in FY22 at a total cost of $1.1m at an average price of $0.2023 per share.

For personal use only

Parking Management Division

Sales of $33.4m (2021: $18.3m) were up 83% compared to the prior year.

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, rising from 389 ANPR sites under management at 30 June 2019 to 839 ANPR sites under management at 30 June 2022.

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-19 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 in H2 FY22 related to the setup and running of the German ANPR operation which was established in January 2022.

Overheads of $10.6m were up 71% compared to FY21 with a review of resourcing requirements following increased activity, expansion into new territories, end of the furlough scheme and reinstatement of temporary reductions to salaries.

Directors' Report (cont.)

For personal use only

Technology Division

External revenue in the Technology division was $4.7m (2021: $4.4m).

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.

Recurring revenue from maintenance and data charges of $4.6m increased 29% on the prior year.

Research and Development Division

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

Dividends

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

Significant changes in state of affairs

There were no significant changes in the state of affairs of the Group during the financial year other than items noted elsewhere in this Director's Report.

Matters subsequent to the end of the financial year

There have been no matters subsequent to the end of the financial year that have significantly affected, or may significantly affect the operations of the group, the results of those operations or the state of affairs of the group in future years.

.Likely developments and expected results of operations

The Parking Management division currently operates in the United Kingdom, Germany, New Zealand and Australia and the majority of the revenue for the Group will continue to be derived from this division.

The division expects revenue and earnings growth as a result of the growth in number of sites and recent expansion into new territories.

The UK enforcement market opportunity remains significant with a substantial number of sites being suitable for the Smart Parking technology offering.

The Company continues to work with the Government on the proposed Parking Code of Practice. The Parking Code of Practice has been withdrawn pending review of the levels of private parking charges and additional fees.

The Parking Management division recently expanded into Germany, an attractive market with a large number of opportunities.

The Company expects to grow its footprint in the UK, Germany, New Zealand and Australia, and to assess if other markets are suitable for new operations.

For personal use only

Directors' Report (cont.)

For personal use only

Information on Directors

Mr Christopher Morris
Non-Executive Chairman
Age: 74

Term of office
Mr Morris was appointed non-executive Chairman in March 2009 when the company traded as Empire Beer Group Limited and continued as non-executive Chairman when the company changed the nature of its activities in February 2011 and became Smart Parking Limited (formerly Car Parking Technologies Limited). Mr Morris was last re-elected by shareholders in November 2020.

Experience
Mr Morris was the founder of Computershare Limited and Chief Executive Officer from 1990 to 2006. He has worked across the global securities industry for more than 30 years. His knowledge, long term strategic vision and passion for the industry were instrumental in transforming Computershare from an Australian business into a successful global company.

Special responsibilities
Remuneration Committee, Risk and Audit Committee.

Interest in Shares & Options: Held in Smart Parking Limited
118,945,076 Ordinary Shares[1] (indirect)

Directorships held in other listed entities
Mr Morris was a Non-Executive Director of Computershare Limited until November 2021.

Mr Paul Gillespie
Managing Director
Age: 48

Term of office
Mr Gillespie was appointed Managing Director in January 2013.

Experience
Mr Gillespie was appointed Managing Director of Smart Parking in January 2013. Mr Gillespie has over 20 year's experience in the parking marketplace with a variety of sales and management positions. Before joining Smart Parking, he led the UK division of Xerox Parking Services where he was successful in running two business units providing hardware and software solutions to a variety of public and private organisations. Whilst at Xerox, Mr Gillespie was responsible for all sales, operations and finance activities along with the development and delivery of new products to the UK parking market.

Interest in Shares & Options: Held in Smart Parking Limited
5,227,206 Ordinary Shares[1] (direct)
1,084,602 Rights to deferred shares[1] (direct)

Directorships held in other listed entities
Nil

1 As at 30 June 2022

For personal use only

Mr Jeremy King
Director (Non-Executive)
Age: 48

Qualifications
LLB

Term of office
Mr King was appointed non-executive Director in August 2012. Mr King was last re-elected by shareholders in November 2020.

Experience
Mr King is a Director of Mirador Corporate Pty Ltd, where he specialises in corporate advisory matters. Mr King is a corporate lawyer with over 20 years' experience in domestic and international legal, financial and corporate matters.

Special responsibilities
Remuneration Committee (Chair), Risk and Audit Committee.

Interest in Shares & Options: Held in Smart Parking Limited
640,000 Ordinary Shares[1] (direct)

Directorships held in other listed entities
Mr King is a Non-Executive Chairman of Redcastle Resources Limited, ECS Botanics Limited and Sultan Resources Limited.

Ms Fiona Pearse
Director (Non-Executive)
Age: 53

Qualifications
B. Ec., MBA, FCPA, FAICD

Term of office
Ms Pearse was appointed non-executive Director in May 2019. Ms Pearse was last re-elected by shareholders in November 2021.

Experience
Ms Pearse has extensive commercial and financial expertise gained from a long career at global companies BHP and BlueScope Steel. She has served in a number of non-executive positions, including as a Non-Executive Director of City West Water, Monash Health, U Ethical (fund manager) and significant not-for-profits such as World Vision Australia and Scotch College. She has served as an advisory board member to a fintech based in Stone & Chalk and is an independent member of the Victorian Parliament Audit Committee. She has a Senior Executive MBA from the University of Melbourne, and is a Fellow of CPA Australia and a Fellow of the Australian Institute of Company Directors..

Special responsibilities
Remuneration Committee, Risk and Audit Committee (Chair).

Interest in Shares & Options: Held in Smart Parking Limited
613,137 Ordinary Shares[1] (indirect)

Directorships held in other listed entities
Nil

1 As at 30 June 2022

For personal use only

Directors meetings

The number of Directors' meetings and the number of meetings attended by each of the Directors of the Company for the time the Director held office during the financial year are:

	Director's Meetings		Risk and Audit Committee Meetings		Remuneration Committee Meetings	
	A	B	A	B	A	B
Mr Christopher Morris	5	5	6	6	1	1
Mr Paul Gillespie	5	5	-	-	-	-
Mr Jeremy King	5	5	6	6	1	1
Ms Fiona Pearse	5	5	6	6	1	1

A – Number of meetings held. B – Number of meetings attended.

Remuneration Report

For personal use only

This remuneration report sets out remuneration information for Smart Parking Limited non-executive directors, executive directors and other key management personnel.

Directors and Executives disclosed in this report

Non-Executive and Executive Directors	
Mr Christopher Morris	Non-Executive Chairman
Mr Paul Gillespie	Managing Director
Mr Jeremy King	Non-Executive Director
Ms Fiona Pearse	Non-Executive Director
Ms Tiffany Fuller[1]	Non-Executive Director

Other Key Management Personnel	
Mr Richard Ludbrook	Group Chief Financial Officer and Company Secretary
Ms Johanna Hiney[2]	UK General Manager

1 Resigned 31 December 2020
2 Appointed 1 July 2021

The information provided in this remuneration report has been audited as required by section 308 (3c) of the *Corporations Act 2001.*

A. Principles used to determine the nature and amount of remuneration

The Remuneration Committee is a committee of the Board. It is primarily responsible for making recommendations to the Board on:

- Non-Executive Directors fees
- Executive remuneration (directors and other executives), and
- The overarching executive remuneration framework and incentive plan policies.

Non-Executive Directors

Fees and payments to Non-Executive Directors reflect the demands which are made on them and their respective responsibilities. During the year Mr Morris, Ms Pearse and Mr King have received Non-Executive Director fees for their services.

Non-Executive Directors' fees are determined by the Board within an aggregate directors' fee pool limit, which is periodically recommended for approval by shareholders. The maximum aggregate non-executive directors fee pool currently stands at $500,000 per annum.

Non-executive Directors do not receive performance based pay. All non-executive directors receive a base fee of $80,000 (effective 1 April 2022, up from $60,000). The Chairman receives an additional $20,000 and the Chair of the Risk and Audit Committee receives an additional $20,000 in recognition of the additional responsibilities which are commensurate with their respective roles. All figures are inclusive of superannuation where applicable.

The following fees were paid during the year:

Base Fees (including superannuation where applicable)	**2022**	**2021**[1]
Chairman	85,000	69,333
Other Non-Executive Directors	150,000	143,516
	235,000	**212,849**

1 Base fees were reduced for Directors by 40% effective 1 April to 31 October 2020 as a result of COVID-19.

Additional fees

A Director may also be paid fees or other amounts as the Directors determine if a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director.

Executive remuneration

The executive remuneration and reward framework has three components:

- base pay and benefits;
- short-term incentives; and
- long-term incentives through the issue of share options and the Deferred Share and Incentive Plan.

The combination of these comprises the executive's total remuneration.

For personal use only

Base remuneration and benefits

Executive remuneration is structured as a total employment cost package which may be delivered as a combination of cash, superannuation and prescribed non-financial benefits. Executives are offered a competitive base pay that comprises the fixed component of pay. Base remuneration for executives is reviewed annually to ensure the executive's remuneration is competitive within the market. An executive's total remuneration is also reviewed every 12 months. Executives receive benefits including car allowances. Executives' base pay was reduced by 20% from 1 April to 31 October 2020 in response to the pandemic. This included Paul Gillespie (Chief Executive Officer), Richard Ludbrook (Chief Financial Officer) and
John Heard (former Chief Technical Officer).

Short term incentives

Short term incentives (STI) for executives for the year ended 30 June 2022 comprised of a cash bonus.

Executives are provided with an 'on target package guide' which is an amount equal to the value of their base salary and their STI assuming 'on target' performance. If an executive achieves 'on target performance' their total STI award varies depending on their seniority in the company, and could be up to approximately 21% of their base salary. The maximum entitlement that an executive could receive would be up to approximately 32% of their base salary for above target performance.

The STI is based on board determined Key Performance Indicators (KPI's) with 70% relating to Budgeted EBIT for the Company or relevant business area and 30% related to personal objectives tailored to the executive's responsibilities and role, subject to the Board's discretion to amend the STI in the event of unforeseen circumstances. Matters typically covered include business expansion, service levels, and other matters relevant to the business. Refer to tables on pages 23 and 27.

Long term incentives

The Group offers long term incentives to executives identified as Key Management Personnel through a share based incentive plan.

Participation in the plan is at the board's discretion with typically 50% of the LTI award being based on the EPS performance compared to the prior year of the Group and 50% being based on the Board's assessment of an individual's performance which includes measures around business performance, leadership, strategy implementation, change management and culture.

Australian and United Kingdom based executives receive Smart Parking shares held in escrow for a period of 2 years. The shares are released from escrow at the end of the vesting period provided the executive remains employed at Smart Parking at the time of vesting. New Zealand based executives receive Deferred Share Rights which vest after 2 years, provided the executive remains employed at Smart Parking, after which the employee has 2 years to exercise their rights over Smart Parking shares.

Voting and comments made at the Company's last Annual General Meeting

Smart Parking Limited received more than 99% of 'yes' votes on its Remuneration Report for the financial year ended 30 June 2021. The Company received no specific feedback on its Remuneration Report at the Annual General Meeting.

Consequences of performance on shareholder wealth

In considering the Group's performance and benefits for shareholder wealth, the Board have regard to the following indices in respect of the current financial year and the previous four financial years:

Item	2022	2021	2020	2019	2018
EPS (cents per share)	0.27	1.49	(2.02)	(1.37)	0.46
Net profit /(loss)	$1.0m	$5.3m	($7.3m)	($4.9m)	$1.7m
Share price (30 June)	$0.18	$0.19	$0.096	$0.098	$0.18

For personal use only

B. Details of Remuneration

Amounts of remuneration

Details of the remuneration of the directors and the key management personnel (as required under Section 300A of the *Corporations Act 2001*) of Smart Parking Limited and its subsidiaries are set out in the following tables.

Key Management Personnel of the Group and other executives of the Group and of the Company

	Short Term Employee Benefits				Post Employment	Share Based Payments		Total
30 June 2022	**Salary & Fees**	**Commissions/ Cash Bonus[4]**	**Non Monetary**	**Other**	**Superannuation Contributions**	**Shares & Deferred Share Rights**	**Termination Benefits**	**Total**
Non-Executive Directors								
Mr Christopher Morris	85,000	-	-	-	-	-	-	85,000
Mr Jeremy King	65,000	-	-	-	-	-	-	65,000
Ms Fiona Pearse	77,275	-	-	-	7,725	-	-	85,000
Sub Total Non-Executive Directors	**227,275**	**-**	**-**	**-**	**7,725**	**-**	**-**	**235,000**
Executive Directors								
Mr Paul Gillespie[5]	329,336	101,250	-	-	23,568	107,819	-	561,973
Other Key Management								
Mr Richard Ludbrook[1]	263,792	33,226	-	-	-	30,672	-	327,690
Ms Johanna Hiney[2,3,5]	167,706	-	11,177	-	10,062	7,333	-	196,278
Total Key Management Personnel Compensation (Group)	**988,109**	**134,476**	**11,177**	**-**	**41,355**	**145,824**	**-**	**1,320,941**

1 Mr Ludbrook is paid in New Zealand dollars and translated into Australian dollars at average rates and his Share Based Payments are Deferred Share Rights with a 2 year vesting period.

2 Appointed 1 July 2021.

3 Ms Hiney is paid in Great British pounds and translated into Australian dollars at average rates.

4 Cash bonuses paid in H1 FY22.

5 Share based payments are shares with a 2 year escrow period.

Remuneration Report (cont.)

	Short Term Employee Benefits				Post Employment	Share Based Payments		Total
30 June 2021	Salary & Fees	Commi-ssions/ Cash Bonus[5]	Non Monetary	Other	Super-annuation Contribut-ions	Shares & Deferred Share Rights	Termination Benefits	Total
Non-Executive Directors								
Mr Christopher Morris[1]	69,333	-	-	-	-	-	-	69,333
Ms Tiffany Fuller[1,2]	22,592	-	-	-	-	-	-	22,592
Mr Jeremy King[1]	52,000	-	-	-	-	-	-	52,000
Ms Fiona Pearse[1]	62,944	-	-	-	5,980	-	-	68,924
Sub Total Non-Executive Directors	**206,869**	**-**	**-**	**-**	**5,980**	**-**	**-**	**212,849**
Executive Directors								
Mr Paul Gillespie[3]	293,192	75,939	-	-	22,934	117,888	-	509,953
Other Key Management								
Mr Richard Ludbrook[3,4]	235,834	24,193	-	-	-	22,163	-	282,190
Total Key Management Personnel Compensation (Group)	**735,895**	**100,132**	**-**	**-**	**28,914**	**140,051**	**-**	**1,004,992**

1 Non-Executive Directors fees were reduced by 40% effective 1 April to 31 October 2020 as a result of COVID-19.
2 Resigned 31 December 2020.
3 Mr Gillespie & Mr Ludbrook's salaries were reduced by 20% effective 1 April to 31 October 2020 as a result of COVID-19.
4 Mr Ludbrook is paid in New Zealand dollars and translated into Australian dollars at average rates and his Share Based Payments are Deferred Share Rights with a 2 year vesting period.
5 Cash bonuses paid in H1 FY21.
6 Share based payments are shares with a 2-5 year escrow period.

For personal use only

For personal use only

The relative proportions of remuneration that are linked to performance and those that are fixed are as follows:

	Fixed Remuneration		At Risk STI		At Risk LTI	
Name	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**
Non-Executive Directors						
Mr Christopher Morris	100%	100%	-	-	-	-
Ms Tiffany Fuller[1]	-	100%	-	-	-	-
Mr Jeremy King	100%	100%	-	-	-	-
Ms Fiona Pearse	100%	100%	-	-	-	-
Executive Directors						
Mr Paul Gillespie	70%	70%	15%	15%	15%	15%
Other Key Management						
Mr Richard Ludbrook	85%	85%	7.5%	7.5%	7.5%	7.5%
Ms Johanna Hiney[2]	80%	-	10%	-	10%	-

1 Resigned 31 December 2020

2 Appointed 1 July 2021

C. Service Agreements

Remuneration and other terms of employment for the Executive Directors and other key management personnel are formalised in service contracts or standard employment agreements.

All contracts with executives may be terminated early by either party with the notice periods detailed below.

Name		Term of agreement	Annual Base salary including superannuation	Notice Period
Mr Paul Gillespie	Managing Director	Ongoing commencing 7 January 2013	$352,904	1 Month
Mr Richard Ludbrook[1]	Group Chief Financial Officer and Company Secretary	Ongoing commencing 16 February 2011	$256,809	1 Month
Ms Johanna Hiney[2,3]	UK General Manager	Ongoing commencing 12 October 2015	$171,963	2 Months

1 Paid in New Zealand Dollars. Based on closing exchange rate at 30 June 2022.

2 Appointed UK General Manager 1 July 2021

3 Paid in Great British Pounds. Based on closing exchange rate at 30 June 2022.

Remuneration Report (cont.)

For personal use only

D. Share-based compensation

Deferred Share and Incentive Plan

In January 2011 shareholders approved the establishment of a Deferred Share and Incentive Plan (Plan). The Plan was established to ensure that Smart Parking Limited has appropriate mechanisms in place to continue to attract and retain the services of employees of a high calibre and as compensation for past performance and incentive for future performance.

Under the Deferred Share and Incentive Plan, Australian and United Kingdom based employees receive Smart Parking shares held in escrow for a period of 3 years. The shares are released from escrow at the end of the escrow period provided the employee remains employed at Smart Parking. New Zealand based employees receive deferred share rights which vest after 3 years, provided the employee remains employed at Smart Parking, after which the employee has 2 years to exercise their rights over Smart Parking shares. Participation in the plan is at the Board's discretion and no individual has a contractual right to participate in the plan or receive any guaranteed benefits. The Plan is administered by the Plan Trustee in accordance with the instructions from the Board with shares being issued once the time based hurdles have been achieved. In addition to the above shares can be issued to key management under the Long Term Incentive Plan which vest after meeting a 2 year time period.

At 30 June 2022 1,645,561 (2021: 2,259,784) deferred share rights or shares have been set aside under the Plan and 1,645,561 (2021: 2,259,784) deferred share rights or shares, depending on the relevant jurisdiction, have been allocated to employees. The terms and conditions of each deferred share right affecting remuneration in the previous, this or future reporting periods are as follows:

Grant or Allocation Date	Date Vested or Date Released from Escrow	Expiry Date	Exercise Price	Value Per Right /Share at Grant /Allocation Date	% vested
1 July 2014	1 July 2017	1 July 2019	$0.00	$0.14	100%
1 August 2014	1 August 2017	1 August 2019	$0.00	$0.17	100%
2 March 2015	2 March 2018	2 March 2020	$0.00	$0.11	100%
1 July 2015	1 July 2018	21 August 2020	$0.00	$0.09	100%
21 August 2015	21 August 2017	21 August 2019	$0.00	$0.12	100%
1 November 2015	1 November 2018	1 November 2020	$0.00	$0.13	100%
1 September 2016	1 September 2019	1 September 2021	$0.00	$0.29	100%
22 September 2016	22 September 2018	22 September 2020	$0.00	$0.29	100%
7 November 2016	7 November 2018	7 November 2020	$0.00	$0.30	100%
7 November 2016	7 November 2019	7 November 2021	$0.00	$0.30	100%
7 November 2016	7 November 2020	7 November 2022	$0.00	$0.30	100%
7 November 2016	7 November 2021	7 November 2023	$0.00	$0.30	100%
1 September 2017	1 September 2020	1 September 2022	$0.00	$0.26	100%
1 December 2017	1 December 2019	1 December 2021	$0.00	$0.25	100%
31 March 2018	31 March 2021	31 March 2023	$0.00	$0.44	100%
1 April 2018	1 April 2021	1 April 2023	$0.00	$0.43	100%
1 October 2018	1 October 2021	1 October 2023	$0.00	$0.18	100%
19 November 2018	19 November 2020	19 November 2022	$0.00	$0.16	100%
19 November 2018	19 November 2021	19 November 2023	$0.00	$0.16	100%
1 December 2018	1 December 2020	1 December 2022	$0.00	$0.14	100%
1 December 2018	1 December 2021	1 December 2023	$0.00	$0.14	100%
1 December 2019	1 December 2021	1 December 2023	$0.00	$0.24	100%
30 April 2020	30 April 2023	30 April 2025	$0.00	$0.12	0%
1 July 2020	1 July 2023	1 July 2025	$0.00	$0.10	0%
1 October 2020	1 October 2023	1 October 2025	$0.00	$0.11	0%
23 November 2020	23 November 2022	23 November 2024	$0.00	$0.18	0%
23 November 2021	23 November 2023	23 November 2025	$0.00	$0.225	0%

For personal use only

Employee Options

There were no options granted for the year ending 30 June 2022.

Director Options and Shares

There were no options or shares granted to Directors or other key management personnel during the year ending 30 June 2022 other than 460,227 share rights granted to Mr Gillespie and 153,996 deferred share rights granted to Mr Ludbrook as part of the long term incentives included in their remuneration.

The fair value of the shares and deferred share rights at grant date was $0.225 and can be exercised at nil value after meeting a 2 year time period and remaining at the Company. Other than exceptional circumstances where the exercise of rights would be manifestly unreasonable, there are no further performance based conditions.

The assessed fair value at grant date of options granted to the individuals, if applicable, is allocated over the period from grant date to vesting date, and the amount is included in the remuneration tables above. Fair values at grant date are independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

Further information on the Deferred Share and Incentive Plan is set out in Note 26 to the financial statements.

Shares issued on the exercise of options

There were no share options exercised during the year ended 30 June 2022.

Shares under option

There were no unissued ordinary shares in Smart Parking Limited under option at the date of this report.

Bonuses included in remuneration

Details of the short term incentive cash bonuses awarded as remuneration to each Key Management Personnel and the percentage of the available bonus that was paid in the financial year is set out below.

	STI included in remuneration	STI as percentage of maximum
Mr Paul Gillespie[1]	101,250	100%
Mr Richard Ludbrook[1]	33,226	100%

1 Cash bonuses paid in H1 FY22 were based on the Group exceeding budget and the executives achieving their personal objectives.

For personal use only

E. Other information

Deferred shares and rights held by Key Management Personnel

The number of deferred shares and share rights to acquire shares in the Company held during the reporting period by each of the Key Management Personnel of the Group; including their related parties are set out below.

	2022					
Name	Balance at the start of the year	Granted as compen-sation	Exercised/ Released from Escrow	Balance at end of the year	Vested and exercisable	Unvested
Directors						
Mr Paul Gillespie	3,263,254	460,227	(2,638,879)	1,084,602	0	1,084,602
Other Key Management Personnel						
Mr Richard Ludbrook	266,498	153,996	(71,429)	349,065	0	349,065
Ms Johanna Hiney[1]	400,000	0	0	400,000	200,000	200,000
Total	**3,929,752**	**614,223**	**(2,710,308)**	**1,833,667**	**200,000**	**1,633,667**

1 Appointed to KMP role 1 July 2021

Shares held by Key Management Personnel

The number of ordinary shares in the Company during the 2022 reporting period held by each of the Group's Key Management Personnel, including their related parties, is set out below:

	2022				
Name	Balance at the start of the year	Exercised/ Released from Escrow	Purchases[1]	Disposals	Balance at end of the year
Directors					
Mr Christopher Morris	117,972,280	0	972,796	0	118,945,076
Mr Paul Gillespie	2,588,327	2,638,879	0	0	5,227,206
Mr Jeremy King	640,000	0	0	0	640,000
Ms Fiona Pearse	462,236	0	150,901	0	613,137
Other Key Management Personnel					
Mr Richard Ludbrook	1,211,414	71,429	0	0	1,282,843
Ms Johanna Hiney[2]	0	0	0	0	0
Total	**122,874,257**	**2,710,308**	**1,123,697**	**0**	**126,708,262**

1 All purchases were on market

2 Appointed to KMP role 1 July 2021

For personal use only

Loans to/from Key Management Personnel

There were no loans made to or outstanding from directors of Smart Parking Limited and other key management personnel of the Group, including their related parties.

Other transactions with Key Management Personnel

The following Director of the Company – Mr Morris was a Director of Computershare (up until his resignation on 11 November 2021) and is a current shareholder of Computershare Limited. Computershare Limited has provided share registry and bulk print and mail services to Smart Parking Limited during the year on normal commercial terms and conditions. The share registry services agreement was in place prior to the Director's appointment to Smart Parking.

A Director, Mr Morris, is the Executive Chairman and shareholder of Finico Pty Limited. Finico Pty Limited has provided a serviced office and administrative functions to Smart Parking Limited during the year on normal commercial terms and conditions.

Aggregate amounts of each of the above types of other transactions with key management personnel or their related entities of Smart Parking Limited:

	2022	2021
Amounts recognised as expense		
Share registry fees[1]	**20,406**	20,038
Bulk print and mail services[1,2]	**478,924**	228,859
Rent	**4,800**	24,000
	504,130	272,897

1 These are annual amounts despite Mr Morris resigning from the board of Computershare Limited on 11 November 2021.

2 The increase relates to the higher number of Parking Breach Notices issued in the UK

End of Audited Remuneration Report.

For personal use only

Indemnities given and insurance premiums paid to auditors and officers

During the financial year, Smart Parking Limited paid a premium to insure the Directors and Company Secretary of the Company and its controlled entities, and the general managers of each of the divisions of the Group.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the Group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings to the extent permitted by law. This does not include such liabilities that arise from conduct involving a willful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for them or someone else or to cause detriment to the Company. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

The Group has not otherwise, during or since the end of the financial year, except to the extent permitted by law indemnified or agreed to indemnify any current or former officer or auditor of the Group against a liability incurred by such an officer or auditor.

Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the *Corporations Act 2001.*

Environmental regulation

The operations of the Group are not subject to any particular and significant environmental regulation under a law of the Commonwealth or of a State or Territory.

Non-audit services

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or the Group are important.

Details of the amounts paid or payable to the auditors (Grant Thornton) for audit and non-audit services provided during the year are set out below.

The Board of Directors has considered the position and, in accordance with advice received from the Risk and Audit Committee, is satisfied that the provision of any non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the provision of any non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- Any non-audit services have been reviewed by the Risk and Audit Committee to ensure they do not impact the impartiality and objectivity of the auditor; and
- None of the services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*.

During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:

	Consolidated	
	2022	**2021**
Audit Services		
Audit and review of financial reports		
Grant Thornton, Australia	**88,500**	79,400
Grant Thornton, United Kingdom	**134,740**	67,615
Total remuneration for audit services	**223,240**	147,015
Non-audit services		
Total remuneration for non-audit related services	**-**	-

For personal use only

Auditor's Independence Declaration

A copy of the Auditors' Independence Declaration as required under section 307C of the *Corporations Act 2001* is set out on page 42.

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

Christopher Morris **Non-Executive Chairman**	**Paul Gillespie** **Managing Director**

30 September 2022

Corporate Governance Statement

Smart Parking Limited and the Board are committed to achieving and demonstrating the highest standards of corporate governance. Smart Parking Limited has reviewed its corporate governance practices against the Corporate Governance Principles and Recommendations (4th edition) published by the ASX Corporate Governance Council.

The 2022 Corporate Governance Statement is dated as at 30 June 2022 and reflects the corporate governance practices in place throughout the 2022 year. The 2022 Corporate Governance Statement was approved by the Board on 30 September 2022. A description of the Group's current corporate governance practices is set out in the Group's Corporate Governance Statement which can viewed at www.smartparking.com/investor-centre/investor-centre

Corporate Governance

For the year ended 30 June 2022

The Board of Directors of Smart Parking Limited ("SPZ") is responsible for the corporate governance of the Company. The Board guides and monitors the business and affairs of the Company on behalf of the shareholders by whom they are elected and accountable. The Board continuously reviews its governance practices to ensure they remain consistent with the needs of the Company.

The Company complies with each of the recommendations set out in the Australian Securities Exchange Corporate Governance Council's Corporate Governance Principles and Recommendations 4th Edition ("the ASX Principles") where considered appropriate for a company of SPZ's size, nature and stage of development. This statement incorporates the disclosures required by the ASX Principles under the headings of the eight core principles as adopted by the Company.

Further details in respect to the Company's corporate governance practices are summarised below and copies of Company's corporate governance policies are available of the Company's website at www.smartparking.com

Principle 1: Lay solid foundations for management and oversight

A listed entity should clearly delineate the respective roles and responsibilities of its board and management and regularly review their performance.

Recommendation 1.1

A listed entity should have and disclose a board charter setting out:

a) *the respective roles and responsibilities of its board and management; and*

b) *those matters expressly reserved to the board and those delegated to management.*

The Company's Corporate Governance Plan (www.smartparking.com/investor-centre) has established the functions reserved to the Board and has set out these functions in its Board Charter. The Board is responsible for oversight of management and the overall corporate governance of the Company including its strategic direction, establishing goals for management and monitoring the achievement of those goals, monitoring systems of risk management and internal control, codes of conduct and legal compliance.

The responsibility for the operation and administration of the Company is delegated by the Board to the Managing Director and management team. The Board ensures that both the Managing Director and the management team are appropriately qualified and experienced to discharge their responsibilities and have procedures in place to monitor and assess their performance. The management team are responsible for supporting and assisting the Managing Director to conduct the general operations and financial business of the Company in accordance with the delegated authority of the Board and to progress the strategic direction provided by the Board.

Recommendation 1.2

A listed entity should:

a) *undertake appropriate checks before appointing a director or senior executive or putting someone forward for election as a director ; and*

b) *provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a Director*

The full Board carries out the role of the Nomination Committee.

Accordingly, the responsibility for the selection of potential Directors lies with the full Board of the Company. A separate Nomination Committee has not been constituted because the Board considers that the size of the current full Board permits it to act as the Nomination Committee and to regularly review membership. This includes an assessment of the necessary and desirable competencies of Board members, Board succession plans and an evaluation of the Board's performance and consideration of appointments and approvals.

When a Board vacancy occurs, the Board, acting as the Nomination Committee, identifies the particular skills, experience and expertise that will best complement Board effectiveness, and then undertakes a process to identify candidates who can meet those criteria.

Directors are not appointed for specific terms, as their periods in office are regularly reviewed as part of regular performance evaluation processes and they are subject to re-election every three (3) years.

The Company undertakes appropriate checks before appointing a person, or putting forward to shareholders a candidate for election, as a Director. Candidates are assessed through interviews, meetings and/or background and reference checks (which may be conducted both by external consultants and by Directors) as appropriate.

The Company provides shareholders all material information in its possession relevant to the decision on whether or not to elect (or re-elect) a Director, either in the Notice of Meeting at which the election of the Director is to be held, or by including in the notice a clear reference to the location on the Company's website, Annual Report or other document lodged with ASX where the information can be found.

For personal use only

For personal use only

Recommendation 1.3

A listed entity should have a written agreement with each Director and senior executive setting out the terms of their appointment.

Appointment terms of the Company's Directors and senior executives are summarised in written agreements.

Recommendation 1.4

The Company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.

In accordance with the Board Charter, the decision to appoint or remove the Company Secretary must be made or approved by the Board. The Company's Secretary is accountable directly to the Board through the Chair, on all matters to do with the proper functioning of the Board. This includes agendas, Board papers and minutes, advising the Board and its Committees (as applicable) on governance matters, monitoring that the Board and Committee policies and procedures are followed, communication with regulatory bodies and the ASX and statutory and other filings.

Recommendation 1.5

A listed entity should:

a) have and disclose a diversity policy;

b) through its board or a committee of the board set measurable objectives for achieving gender diversity in the composition of its board, senior executives and workforce generally; and

c) disclose in relation to each reporting period:

1) the measurable objectives set for that period to achieve gender diversity;

2) the entity's progress towards achieving those objectives; and

3) either:

a) the respective proportions of men and women on the board, in senior executive positions and across the whole workforce; or

b) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators," as defined in and published under that Act.

The Board has adopted a Diversity Policy and provides a framework for the Company to establish and achieve measurable diversity objectives. The Diversity Policy allows the Board to set measurable gender diversity objectives (if considered appropriate) and to assess annually both the objectives (if any have been set) and the Company's progress toward achieving them.

The Company recognises that a talented and diverse workforce is a key competitive advantage and that an important contributor to the Company's success is the quality, diversity and skills of its people. The Company has not yet set measurable targets for achieving gender diversity objectives due to the Company's current size and level of operations. The Company is aware of the importance of gender diversity within the workforce and looks to achieve a culture of inclusion when assessing a suitable candidate for an open position and through its day-to-day practices. The Company opposes all forms of unlawful and unfair discrimination.

The participation of women in the Company at the date of this report is as follows:

- Women on the Board – 25%
- Women in senior management positions – 36%
- Women employees in the Company - 31%

A proportion of the work force is car parking attendants who due to the nature of the work tend to be male.

Recommendation 1.6

A listed entity should:

a) have and disclose a process for periodically evaluating the performance of the Board, its committees and individual Directors; and

b) disclose for each reporting period whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period.

On a regular basis, the Board conducts a performance review of the whole Board, the Directors individually and each Committee.

The Board review includes consideration of the following:

- comparing the performance of the Board against requirements of its Charter;
- assessing the performance of the Board over the previous 12 months having regard to the corporate strategies, operating plans and the annual budget;
- reviewing the Board's interaction with management;
- reviewing the type and timing of information provided to the Board by management;
- reviewing management's performance in assisting with the Board to meet its objectives; and

For personal use only

- identifying any improvements to the Board Charter and operations.

Committee performance reviews were conducted during the year in accordance with the above process. The Board will continue to review its performance on a regular basis.

The Chair of the Board may also meet individually with each Board member to discuss their performance. Non-executive Directors may also meet to discuss the performance of the Chair or the Managing Director.

The Managing Director's performance is regularly assessed by the Chairman and the Non-Executive Directors and, in addition, the Managing Director's performance is formally assessed annually in the context of incentive remuneration assessment.

Recommendation 1.7

A listed entity should:

a) have and disclose a process for periodically evaluating the performance of its senior executives at least once every reporting period; and

b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process or in respect of that period.

Each of the Group's senior executives, including the Chief Executive Officer, has a service agreement that clearly sets out his or her role and the Group's expectations in terms of performance. KPIs and targets for senior executives are set at least annually and form the basis of the calculation of short term and long term incentives.

Performance of senior management is reviewed by the Remuneration Committee annually or more frequently if required. The Board as a whole may then hold a facilitated discussion during which each Board member has the opportunity to raise any matter, suggestion for improvement or other feedback with senior executives.

The Company monitors and assesses senior management via the Chief Executive Officer who reports on the progress of senior management to the Board.

Performance reviews of senior executives were conducted during the year in accordance with the above process.

Principle 2: Structure the Board to be effective and add value

The board of a listed entity should be of an appropriate size and collectively have the skills, commitment and knowledge of the entity and the industry in which it operates, to enable it to discharge its duties effectively and to add value.

Recommendation 2.1

The Board of a listed entity should:

a) have a nomination committee which:

1) has at least three members, a majority of whom are independent Directors; and

2) is chaired by an independent director, and disclose:

3) the charter of the committee;

4) the members of the committee; and

5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or

b) if it does not have a nomination committee, disclose that fact and the processes it employs to address Board succession issues and to ensure that the Board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.

The Board is currently not of a relevant size that justifies the formation of a separate Nomination Committee. The full Board also operates as the Nomination Committee.

The Board oversees the appointment and induction process for Directors and the selection, appointment and succession planning process of the Company's Managing Director, where relevant. When a vacancy exists or there is a need for a particular skill, the Board determines the selection criteria that will be applied. The Board will then identify suitable candidates with assistance from an external consultant if required, and will interview and assess the selected candidates.

Directors are initially appointed by the Board and must stand for re-election at the Company's next Annual General Meeting of shareholders. Directors must then retire from office and nominate for re-election at least once every three years with the exception of the Managing Director.

The Company's succession plans are designed to maintain an appropriate balance of skills, knowledge, experience, independence and diversity on the Board. The Board continues to review its composition with a view to enhancing its base of skills and experience.

The Board is responsible for conducting new Director inductions. Professional development opportunities are considered on an individual Director basis, with opportunities provided to individual Directors where appropriate.

For personal use only

Recommendation 2.2

A listed entity should have and disclose a Board skills matrix setting out the mix of skills and diversity that the Board currently has or is looking to achieve in its membership.

The Board has developed a Board skills matrix which sets out the skills and experiences that the Board has or is looking to achieve. The following table summarises the key skills of the existing non-executive directors:

Leadership and Governance

- Strategy
- Innovation and Entrepreneurship
- CEO level experience
- Other non-executive director experience
- Corporate governance

Financial and risk

- Accounting, finance and tax
- Audit, risk and compliance

Business experience

- M&A and capital markets experience
- International business experience
- Outsourced business services
- Business development/access to networks
- Parking business and related industry experience
- Local government/councils and tender business
- Listed company experience

Geographic experience

- North America
- UK and Europe
- Asia
- Australia

Other

- Technology
- HR/remuneration
- Legal

Gaps in the collective skills of the Board are regularly reviewed by the Board as a whole, with the Board proposing candidates for Directorships having regard to the desired skills and experience required by the Company as well as the proposed candidates' diversity of background.

Recommendation 2.3

A listed entity should disclose:

a) the names of the Directors considered by the board to be Independent Directors;

b) if a Director has an interest, position or relationship that might cause doubts about their independence as a Director but the Board is of the opinion that their independence isn't compromised, the nature of the interest, position, association or relationship in question and an explanation of why the Board is of that opinion; and

c) the length of service of each Director.

The Board considers an independent director to be a Non-Executive Director who is not a member of the Company's senior executive and who is free of any interest, position, association or relationship that might influence, or reasonably be perceived to influence, in a material respect his or her capacity to bring an independent judgement to bear on issues before the Board and to act in the best interest of the Company and its shareholders.

The current Board composition includes three Non-Executive Directors, two of whom are considered independent.

Mr Jeremy King is regarded as an Independent Director. The other Directors are satisfied that he brings an independent judgement to bear on all matters considered by the Board.

Ms Fiona Pearse is regarded as an Independent Director. The other Directors are satisfied that she brings an independent judgement to bear on all matters considered by the Board.

Mr Paul Gillespie is not regarded as an Independent Director as he is Managing Director of the Company.

Mr Chris Morris is not regarded as an Independent Director as he is a substantial shareholder of the Company.

Details of each Director's backgrounds including experience, knowledge and skills are set out in the Directors Report of this Annual Report.

Recommendation 2.4

A majority of the Board of a listed entity should be Independent Directors.

The Board regularly reviews the independence of each Non-executive Director.

The Company does not comply with recommendation 2.4. The Board is cognisant of the value of having a Board with a majority of independent Directors and will strive to achieve this in the future as Smart Parking grows.

Corporate Governance (cont.)

For personal use only

Recommendation 2.5

The Chair of the Board of a listed entity should be an Independent Director and, in particular, should not be the same person as the CEO of the entity.

The Chairman, Mr Chris Morris, is not the CEO of the Company. He is not considered independent, for the reasons set out above. However, Mr Morris provides significant expertise and international business experience and the balance of the Board is collectively satisfied that Mr Morris exercises independent judgement in carrying out his duties as Chairman of the Company. To the extent that the Board views any Director to have a conflict or perceived conflict of interest in matters that come before the Board then such Directors will be required to excuse themselves from the relevant decision making process.

Recommendation 2.6

A listed entity should have a programme for inducting new directors and for periodically reviewing whether there is a need for existing directors to undertake professional development to maintain the skills and knowledge needed to perform their role as directors effectively.

The process for this is outlined in 2.1 above.

Principle 3: Instil a culture of acting lawfully, ethically and responsibly

A listed entity should instil and continually reinforce a culture across the organisation of acting lawfully, ethically and responsibly.

Recommendation 3.1

A listed entity should articulate and disclose its values.

The Company has adopted a Statement of Values that underpins the commitment that each individual and the Company as a whole lives by each and every day and includes the following values:

- Trust
- Passion
- Accountability
- Innovation

Recommendation 3.2

A listed entity should:

a) have and disclose a code of conduct for its directors, senior executives and employees; and

b) ensure that the board or a committee of the board is informed of any material breaches of that code.

The Company recognises the importance of establishing and maintaining high ethical standards and decision making in conducting its business and is committed to increasing shareholder value in conjunction with fulfilling its responsibilities as a good corporate citizen. All Directors, managers and employees are expected to act with the utmost integrity, honesty and objectivity, striving at all times to enhance the reputation and performance of the Company.

The Company has established a Code of Conduct which can be viewed on its website. Unethical practices, including fraud, legal and regulatory breaches and policy breaches are required to be reported on a timely basis to management and the Risk and Audit Committee of the Board, and will result in disciplinary action, including in some cases termination.

Recommendation 3.3

A listed entity should:

a) have and disclose a whistleblower policy; and

b) ensure that the board or a committee of the board is informed of any material incidents reported under that policy.

The Company has a Whistleblower Policy which is available on the Company's website that incorporates the use of an independent external whistleblowing service.

The Risk and Audit Committee of the Board is informed of any material incidents reported under that Policy.

Recommendation 3.4

A listed entity should:

a) have and disclose an anti-bribery and corruption policy; and

b) ensure that the board or a committee of the board is informed of any material breaches of that policy.

The Company has an Anti-Bribery and Corruption Policy which is available on the Company's website.

The Risk and Audit Committee of the Board will be informed of any material incidents reported under that Policy.

Principle 4: Safeguard the integrity of corporate reports

A listed entity should have appropriate processes to verify the integrity of its corporate reports.

Recommendation 4.1

The board of a listed entity should:

a) have an audit committee which:

1) has at least three members, all of whom are Non-executive Directors and a majority of whom are Independent Directors; and

2) is chaired by an Independent Director, who is not the Chair of the Board, and disclose:

For personal use only

3) the charter of the committee;

4) the relevant qualifications and experience of the members of the committee; and

5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or

b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.

The Risk and Audit Committee is governed by a Board approved charter which is disclosed on the Company's website.

The principal function of the Risk and Audit Committee is to provide assistance to the Board in fulfilling its corporate governance and oversight responsibilities in relation to the Company's financial reporting, internal control structure, risk management systems and external audit functions.

The Risk and Audit Committee is chaired by Ms Fiona Pearse who is not the Chair of the Company. The Committee currently has two other permanent non-executive director members being Mr Jeremy King and Mr Chris Morris. The Directors' Report includes the qualifications and experience of the members Committee.

The Board considers that these members have the required financial expertise and an appropriate understanding of the markets in which the Group operates. The Managing Director, Chief Financial Officer and the Company's external auditors are invited to meetings of the Risk and Audit Committee at the Committee's discretion.

Meetings of the Risk and Audit Committee and member's attendance is disclosed in full in the Directors Report.

The external auditors attend the Company's AGM and are available to answer questions from security holders relevant to the audit.

Recommendation 4.2

The Board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

In accordance with Recommendation 4.2 and Section 295A of the Corporations Act 2001 the Board receives a signed declaration from the CFO and Managing Director prior to the approval of the Company's financial statements.

Recommendation 4.3

A listed entity should disclose its process to verify the integrity of any periodic corporate report it releases to the market that is not audited or reviewed by an external auditor.

The Company ensures that corporate reports it releases are reviewed by management and provided to the Board to ensure the financial and technical content is accurate, balanced and understandable. Where appropriate, information contained in corporate reports is referenced to supporting documents and sources.

Principle 5: Make timely and balanced disclosure

A listed entity should make timely and balanced disclosure of all matters concerning it that a reasonable person would expect to have a material effect on the price or value of its securities.

Recommendation 5.1

A listed should have and disclose a written policy for complying with its continuous disclosure obligations under the Listing Rules.

The Company has established policies and procedures to ensure timely disclosure of all material matters and ensure that investors have access to information on the Company's operating and financial performance. This ensures the Company is compliant with the information disclosure requirements under the ASX Listing Rules. The policies and procedures include a Continuous Disclosure Policy that includes identification of matters that may have a material impact on the price of the Company's securities, notifying them to the ASX, posting relevant information on the Company's website and issuing media releases.

Matters involving potential market sensitive information must first be reported to the Managing Director (or in the absence of a Managing Director, the Chair) either directly or via the Company Secretary. The Managing Director/Chair will advise the Board if the issue is important enough and if necessary seek external advice. In all cases, the appropriate action must be determined and carried out in a timely manner in order for the Company to comply with the Information Disclosure requirements of the ASX.

For personal use only

A copy of the Continuous Disclosure Policy is available on the Company's website and outlines the processes that the Company implements to ensure compliance with its continuous disclosure obligations. The Board receives regular reports on the status of the Company's activities. Continuous disclosure is reviewed as a routine agenda item at Board meetings.

Recommendation 5.2

A listed entity should ensure that its board receives copies of all material market announcements promptly after they have been made.

The Board receives copies of all material market announcements promptly after they have been made.

Recommendation 5.3

A listed entity that gives a new and substantive investor or analyst presentation should release a copy of the presentation materials on the ASX Market Announcements Platform ahead of the presentation.

Any new and substantive investor or analyst presentation will be released on the ASX Market Announcements Platform ahead of the presentation.

Principle 6: Respect the rights of security holders

A listed entity should provide its security holders with appropriate information and facilities to allow them to exercise their rights as security holders effectively.

Recommendation 6.1

A listed entity should provide information about itself and its governance to investors via its website.

The Company values its relationship with shareholders and understands the importance of timely communication with them. To keep shareholders informed, the Company releases announcements on its activities via the ASX website.

Comprehensive information regarding the Company's activities, governance, policies and procedures is also available on the Company's website.

Recommendation 6.2

A listed entity should design and implement an investor relations programme to facilitate effective two-way communication with investors.

Smart Parking has an investor relations programme in place with the aim of facilitating effective communication between Smart Parking and its investors. A key feature of the programme is to ensure that shareholders are notified of, or are otherwise able to access information necessary to assess Smart Parking's performance. Information is communicated to shareholders through the following means:

- The Annual Report, which is available on the website and distributed to all shareholders who elect to receive it.
- The AGM and any other shareholder meetings called from time to time as required.
- The Investor Relations section of the Company's website which includes information released to the ASX and press releases.
- By email to those shareholders who have supplied their email address for the purpose of receiving communications from the Company electronically. Smart Parking actively encourages shareholders to provide an email address to facilitate more timely and effective communication.
- Periodic business updates held by conference call or video conference available to all shareholders.
- The Company's investor relations programme includes scheduled interactions and briefings with institutional investors and analysts which incorporates a review of financial results presentations.

Recommendation 6.3

A listed entity should disclose how it facilitates and encourages participation at meetings of security holders.

The Company acknowledges that respecting shareholders' rights is of fundamental importance and that communication with shareholders is a key element of this. Shareholders are encouraged to attend general meetings for the opportunity to meet the Board and senior management. The Company's Shareholder Communication Policy addresses security holder attendance at Shareholder Meetings.

Recommendation 6.4

A listed entity should ensure that all substantive resolutions at a meeting of security holders are decided by a poll rather than by a show of hands.

The Company has a policy that all resolutions at a meeting of security holders are to be decided by a poll.

Recommendation 6.5

A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.

The Company encourages the use of electronic communication and offers Security Holders the option to receive and send electronic communication to the Company and its share registry where possible.

For personal use only

Principle 7: Recognise and manage risk

A listed entity should establish a sound risk management framework and periodically review the effectiveness of that framework.

Recommendation 7.1

The Board of a listed entity should:

a) have a committee or committees to oversee risk, each of which:

1) has at least three members, a majority of whom are Independent Directors; and

2) is chaired by an Independent Director, and disclose:

3) the charter of the committee;

4) the members of the committee; and

5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or

b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.

The Risk and Audit Committee is governed by a Board approved charter which is disclosed on the Company's website. The Company's Risk and Audit Committee is responsible for overseeing, monitoring and periodically reviewing the Company's risk management system. The Company has a Risk Management Policy which can be found on the Company's website. The Company's management is responsible for managing operational risk and for implementing risk mitigation measurement within parameters set by the Board. For more information on the Risk and Audit Committee, see Recommendation 4.1.

Recommendation 7.2

The Board or a committee of the Board should:

a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound and that the entity is operating with due regard to the risk appetite set by the board; and

b) disclose, in relation to each reporting period, whether such a review has taken place.

The Risk and Audit Committee is responsible for reviewing the Company's risk management framework. Risk framework reviews occur annually or more frequently as necessitated by changes in the Company and its operating environment.

A formal and detailed risk framework review has taken place during the financial year ended 30 June 2022.

Recommendation 7.3

A listed entity should disclose:

a) if it has an internal audit function, how the function is structured and what role it performs; or

b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk and internal control processes.

Given the Company's size and current stage of development it does not have an internal audit function.

The Board and the Risk and Audit Committee are responsible for overseeing the establishment and implementation of effective risk management and internal control systems to manage the Company's material business risks and for reviewing and monitoring the Company's application of those systems. Monitoring procedures include:

- Annual budgeting and monthly reporting to monitor performance
- External financial audits and other external review engagements where appropriate
- Approved limits for matters requiring Board approval
- Annual review of the insurance programme
- Regular invitation of key operational and sales management to the Risk and Audit Committee to probe key risks
- Bi-annual review and assessment of risks facing the Company and the mitigation processes in place to manage these risks in accordance with the Board's risk appetite.

Recommendation 7.4

A listed entity should disclose whether it has any material exposure to environmental or social risks and, if it does, how it manages or intends to manage those risks.

The Risk and Audit Committee and the Board assists management to determine whether the Company has any material exposure to environmental and social sustainability risks, and, if it does, how it manages or intends to manage those risks.

There are a number of business risks that could materially impact the Company. As part of the risk management process described above, the Company has identified and assessed those areas of risk that may impact the business. Effective monitoring and mitigation of these risks supports the Company's ongoing growth and profitability.

A material social or environmental risk faced by the Company is a significant reduction in people parking to visit public places due to causes including a pandemic

For personal use only

resulting in government restrictions or people's desire to no longer be in public places, or a material shift towards using alternative modes of transport including public transport. These risks are managed by cost control which would be significantly strengthened in the event of an impermanent event like a pandemic; adopting a variable cost base where practicable; short capital payback periods, and ongoing monitoring for early detection of shifts in behaviour or regulation to promptly respond.

To mitigate the risk of regulatory restrictions impacting the company's operations, the Company has diversified its operations into multiple jurisdictions. It also treats drivers responsibly and fairly, and collaborates with other parking companies to help government understand the benefit of landowners having an effective deterrent for inappropriate use.

Principle 8: Remunerate fairly and responsibly

A listed entity should pay director remuneration sufficient to attract and retain high quality directors and design its executive remuneration to attract, retain and motivate high quality senior executives and to align their interests with the creation of value for security holders and with the entity's values and risk appetite.

Recommendation 8.1

The Board of a listed entity should:

a) have a remuneration committee which:

1) has at least three members, a majority of whom are Independent Directors; and

2) is chaired by an Independent Director, and disclose:

3) the charter of the committee;

4) the members of the committee; and

5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or

b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for Directors and senior executives and ensuring that such remuneration is appropriate and not excessive.

The Board has established a separate Remuneration Committee.

The principle function of the Remuneration Committee is to assist the Board in ensuring that the Group's remuneration levels are appropriate and sufficient to attract and retain directors and key executives required to run the Group successfully.

The Remuneration Committee is chaired by Mr Jeremy King. The Committee currently has two other permanent non-executive members being Mr Chris Morris and Ms Fiona Pearse with Mr Paul Gillespie (Managing Director) attending by invitation. Ms Fiona Pearse and Mr Jeremy King are considered independent directors.

The Committee meets at least annually, with additional meetings being convened as required.

Recommendation 8.2

A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.

The Remuneration Report in the Company's Annual Report sets out details of the Company's policies and practices for remunerating directors and executives.

Recommendation 8.3

A listed entity which has an equity-based compensation remuneration scheme should:

a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and

b) disclose that policy or a summary of it.

The Company has an equity based compensation scheme for senior executives. It has a formal policy restricting the entry into transactions which may limit the economic risk of participating in the scheme. The scheme involves employees being awarded equity in the Company at nil consideration. The award of such equity is based on individual and Company performance and is subject to milestones and vesting terms.

For personal use only

Grant Thornton

Grant Thornton Audit Pty Ltd
Level 22 Tower 5
Collins Square
727 Collins Street
Melbourne VIC 3008
GPO Box 4736
Melbourne VIC 3001

T +61 3 8320 2222

Auditor's Independence Declaration

To the Directors of Smart Parking Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the audit of Smart Parking Limited for the year ended 30 June 2022, 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 audit; and

b) no contraventions of any applicable code of professional conduct in relation to the audit.

Grant Thornton Audit Pty Ltd
Chartered Accountants

B A Mackenzie
Partner – Audit & Assurance

Melbourne, 30 September 2022

Grant Thornton Audit Pty Ltd ACN 130 913 594 a subsidiary or related entity of Grant Thornton Australia Limited ABN 41 127 556 389 ACN 127 556 389. 'Grant Thornton' refers to the brand under which the Grant Thornton member firms provide assurance, tax and advisory services to their clients and/or refers to one or more member firms, as the context requires. Grant Thornton Australia Limited is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. GTIL and each member firm is a separate legal entity. Services are delivered by the member firms. GTIL does not provide services to clients. GTIL and its member firms are not agents of, and do not obligate one another and are not liable for one another's acts or omissions. In the Australian context only, the use of the term 'Grant Thornton' may refer to Grant Thornton Australia Limited ABN 41 127 556 389 ACN 127 556 389 and its Australian subsidiaries and related entities. Liability limited by a scheme approved under Professional Standards Legislation.

For personal use only

Grant Thornton Audit Pty Ltd
Level 22 Tower 5
Collins Square
727 Collins Street
Melbourne VIC 3008
GPO Box 4736
Melbourne VIC 3001

T +61 3 8320 2222

Independent Auditor's Report

To the Members of Smart Parking Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of Smart Parking Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2022, 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 year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and the Directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

a giving a true and fair view of the Group's financial position as at 30 June 2022 and of its performance for the year ended on that date; and

b complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group 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 financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

www.grantthornton.com.au
ACN-130 913 594

Grant Thornton Audit Pty Ltd ACN 130 913 594 a subsidiary or related entity of Grant Thornton Australia Limited ABN 41 127 556 389 ACN 127 556 389. 'Grant Thornton' refers to the brand under which the Grant Thornton member firms provide assurance, tax and advisory services to their clients and/or refers to one or more member firms, as the context requires. Grant Thornton Australia Limited is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. GTIL and each member firm is a separate legal entity. Services are delivered by the member firms. GTIL does not provide services to clients. GTIL and its member firms are not agents of, and do not obligate one another and are not liable for one another's acts or omissions. In the Australian context only, the use of the term 'Grant Thornton' may refer to Grant Thornton Australia Limited ABN 41 127 556 389 ACN 127 556 389 and its Australian subsidiaries and related entities. Liability limited by a scheme approved under Professional Standards Legislation.

For personal use only

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition (Note 2)

Key audit matter

In accordance with AASB 15 *Revenue from Contracts with Customer*, revenues from goods and services are recognised based on the completion of performance obligations under each contract.

The Group derives revenue through the supply and installation of technology solutions, measuring progress toward completion using an input method over time. Revenue is also derived from maintenance services over the time period the maintenance obligations are contracted. Parking Breach Notice ('PBN') revenue is recognised at the point in time when the variable constraint is resolved. PBNs received in lieu of site management fees are recognised over time as the customer simultaneously receives and consumes the benefits provided by the Group (being the ongoing management of the site). The Group recognises a year-end accrual PBN infringements issued, payment for which has not yet been received.

The determination of the appropriate timing of revenue recognition due to the nature of sale, the contractual arrangements and measuring progress towards satisfaction of performance obligations can require significant judgment. The determination of the PBN accrual requires management to take into account contractual terms with car parking owners and to estimate various factors that can impact on the cash subsequently collected, including the potential for cancellation or non-recovery.

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).

This area is a key audit matter due to the inherent audit risk pertaining to revenue recognition for a business with multiple revenue streams, and because of the high level of estimation and management judgement required to determine an appropriate value for accrued PBN revenue.

How our audit addressed the key audit matter

Our procedures included, amongst others:

- Assessed the revenue recognition policies for appropriateness and compliance with AASB 15.
- Identified key controls in the revenue recognition process and assessing their operating effectiveness;
- Performed detailed testing of a sample of revenue transactions for each material revenue stream by agreeing to supporting documentation to ensure revenue was recognised correctly in accordance with AASB 15;
- Performed non-substantive analytical procedures to understand movement and trends in revenue and where movements were outside expectations, an explanation was obtained along with corroborating evidence;
- Reviewed managements estimation process and model utilised in determining the PBN accrual, which included;
  - Assessed the model for compliance with AASB 15;
  - Verified the mathematical accuracy of the model;
  - Tested the appropriateness of the key inputs utilised in the model (including cancellation rates and average collection rates) by comparing to historical rates and reviewing collections subsequent to year end; and
- Assessed the appropriateness of related financial statement disclosures, including those related to the revenue and cost of sales restatement.

For personal use only

Key audit matter	How our audit addressed the key audit matter
Business combination – Enterprise Parking Solutions Ltd (Note 10)	
On the 6th of August 2021, Smart Parking Limited acquired 100% of the issued shares of Enterprise Parking Solutions Ltd, for consideration of $1,544,547. The business combination is accounted for according to AASB 3 *Business Combinations*. The assets, liabilities and contingent liabilities acquired were stated at their fair values which were determined in the course of the purchase price allocation performed. This results in net assets measured at fair value in the amount of $1,319,115 and goodwill in the amount of $225,432 The purchase price allocation performed requires the management to make discretionary decisions, estimates, forecasts and assumptions. Changes in these assumptions may have a material impact on the fair values of identified intangible assets acquired. Due to the matter described above, we considered the business combination and in particular the purchase price allocation as a key audit matter.	Our procedures included, amongst others: • Assessed the approach in identifying the assets acquired and liabilities assumed at the acquisition date; • Verified the measurement methods applied and examined, the determination of the identifiable assets acquired as well as of the liabilities and contingent liabilities assumed; • Considered the scope, workings and conclusions of managements corporate finance experts; • Engaged our internal experts, who assisted in the testing of key assumptions, methodologies, inputs and calculations; and • Examined the disclosures on the acquisition made in the notes in accordance with the requirements of AASB 3.

Information other than the financial report and auditor's report thereon

The Directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2022, but does not include the financial report and our auditor's report thereon.

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

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

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

Responsibilities of the Directors for the financial report

The Directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

For personal use only

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/auditors_responsibilites/ar1_2020.pdf. This description forms part of our auditor's report.

Report on the remuneration report

Opinion on the remuneration report

We have audited the Remuneration Report included in the Directors' report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of Smart Parking Limited, for the year ended 30 June 2022 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Grant Thornton Audit Pty Ltd
Chartered Accountants

B A Mackenzie
Partner – Audit & Assurance

Melbourne, 30 September 2022

For personal use only

For personal use only

Financial Statements

The financial statements of Smart Parking Limited for the year ended 30 June 2022 were authorised for issue in accordance with a resolution of the directors on 30 September 2022 and covers the Group consisting of Smart Parking Limited and its subsidiaries as required by the *Corporations Act 2001.*

The financial statements are presented in the Australian currency in $s.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2022

For personal use only

	Note	Consolidated 2022	2021 (Restated)[1]
Revenue from operations	2	**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	3	**(4,482,710)**	(3,575,788)
Rental and operating lease costs		**(699,479)**	(530,333)
Share-based payments expense	26	**(218,338)**	(254,704)
Finance and interest expense	3	**(812,781)**	(488,569)
Foreign exchange gains/(losses)		**(1,086,096)**	622,813
VAT adjustment	4	**-**	6,900,913
Dispute settlements	1	**-**	1,334,277
COVID-19 subsidies	1	**15,338**	748,724
Other expenses	3	**(13,869,496)**	(8,642,573)
Profit before income tax		**2,109,063**	7,074,102
Income tax expense	4	**(1,149,296)**	(1,771,494)
Profit for the year from continuing operations		**959,767**	5,302,608
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
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)	28	**0.27**	1.49
Diluted earnings per share (cents per share)	28	**0.27**	1.48

1 Refer to Note 2 e)

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

Consolidated Statement of Financial Position

As at 30 June 2022

For personal use only

	Note	Consolidated 2022	2021 (Restated)[1]
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	**11,362,399**	11,287,265
Trade and other receivables	6	**9,994,009**	8,356,434
Contract assets	2	**758,507**	146,641
Inventories	9	**959,981**	1,253,185
Income tax receivable	4	**-**	363
Total Current Assets		**23,074,896**	21,043,888
NON-CURRENT ASSETS			
Property, plant and equipment	11	**8,225,673**	6,487,904
Right-of-use asset	12	**13,988,470**	10,846,437
Intangible assets	13	**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	7	**10,610,044**	6,939,478
Lease liabilities	12	**1,645,775**	1,187,309
Borrowings	8	**962,582**	767,484
Contract liabilities	15	**1,814,088**	1,483,738
Provisions	16	**861,784**	586,833
Current tax liabilities	4	**813,139**	-
Total Current Liabilities		**16,707,412**	10,964,842
NON-CURRENT LIABILITIES			
Lease liabilities	12	**13,100,354**	10,084,954
Borrowings	8	**1,102,098**	1,995,456
Deferred tax liabilities	14	**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	17	**66,684,005**	67,802,022
Accumulated losses	18(b)	**(53,861,440)**	(54,821,207)
Reserves	18(a)	**4,630,936**	4,286,259
Total Equity		**17,453,501**	17,267,074

1 Refer to Note 2 e)

The above Consolidated Statement of Financial Position is to be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

For the year ended 30 June 2022

For personal use only

	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 for the year		**-**	**126,339**	**959,767**	**1,086,106**
Transactions with owners, recorded directly in equity					
Contributions by owners					
Share buy-back	17	(1,118,017)	-	-	(1,118,017)
Share-based payment transactions	18	-	218,338	-	218,338
Total transactions with owners	17, 18	**(1,118,017)**	**218,338**	**-**	**(899,679)**
Balance at 30 June 2022		**66,684,005**	**4,630,936**	**(53,861,440)**	**17,453,501**

	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 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					
Contributions of equity net of transaction costs		-	-	-	-
Share buy-back	17	(1,063,697)	-	-	(1,063,697)
Share-based payment transactions	18	-	254,704	-	254,704
Total transactions with owners	17, 18	**(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 is to be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

For the year ended 30 June 2022

For personal use only

	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	19	**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		**(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	17	**(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	8	**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	5	**11,362,399**	11,287,265

The above Consolidated Statement of Cash Flows is to be read in conjunction with the accompanying notes.

Notes to the Financial Statements

For personal use only

1. 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 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, NZ, Australia and Germany, and Research and Development includes costs to research, develop and enhance software/hardware for both the Technology and Parking Management divisions.

The segment disclosures are before corporate costs. The corporate function's 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

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 and income, and government subsidies. Interest income is 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.

The Board also receives information about the segments' revenue on a regular basis. Information about segment revenue is disclosed in Note 2.

b) Segment information

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

Group – 2022	Technology	Research and Development	Parking Management	Total
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**
Total segment assets	4,657,082	-	53,240,373	57,897,455
Total assets includes:				
Additions to non-current assets	32,368	-	12,382,943	12,415,311
Non-current assets	979,429	-	25,082,262	26,061,691
Total segment liabilities	8,448,654	-	53,064,971	61,513,625

For personal use only

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

Group – 2021	Technology	Research and Development	Parking Management	Total
Segment 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)
Segment adjusted EBIT	**(74,387)**	**(983,330)**	**890,267**	**(167,450)**
Total segment assets (Restated)[1]	**2,889,902**	**-**	**39,948,101**	**42,838,003**
Total assets includes:				
Additions to non-current assets	36,339	-	1,918,245	1,954,584
Non-current assets	669,586	-	18,368,192	19,037,778
Total segment liabilities (Restated)[1]	**2,441,274**	**-**	**43,477,524**	**45,918,798**

c) Other segment information

(i) Adjusted EBIT

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

	Note	Consolidated 2022	2021
Segment Adjusted EBIT[2]		**5,559,994**	(167,450)
Interest revenue	2(b)	**2,085**	4,200
Interest expense	3	**(704,779)**	(442,189)
VAT adjustment[3]		**-**	6,900,913
Other dispute settlements[4]		**-**	1,334,277
Other non-recurring items[5]		**(538,136)**	(616,202)
COVID-19 Government subsidies[6]		**15,338**	748,724
Research and development tax incentive[7]		**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

1 Refer to Note 2 e)
2 Segment Adjusted EBIT is for the operating divisions which excludes corporate costs and non-recurring items.
3 The VAT adjustment relates to the resolution of outstanding VAT matters with HMRC in FY21.
4 The 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.
5 Non-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.
6 COVID-19 Government subsidies include the utilisation of the UK Coronavirus Job Retention Scheme and Australian Tax Office cash flow boost.
7 Relates to a research and development tax incentive received from the IRD in New Zealand.

For personal use only

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

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

	Consolidated	
	2022	2021 (Restated)[1]
Segment assets	**57,897,455**	42,838,003
Intersegment eliminations	**(35,773,467)**	(28,007,546)
Unallocated:		
Parent company assets	**27,012,599**	25,595,909
Total assets as per the balance sheet	**49,136,587**	40,426,366

(iii) Segment liabilities

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

Reportable segment liabilities are reconciled to total liabilities as follows:

	Consolidated	
	2022	2021 (Restated)[1]
Segment liabilities	**61,513,625**	45,918,798
Intersegment eliminations	**(34,797,141)**	(23,246,333)
Unallocated:		
Parent company liabilities	**4,966,602**	486,827
Total liabilities as per the balance sheet	**31,683,086**	23,159,292

1 Refer to Note 2 e)

For personal use only

2. Revenue from contracts with customers

Revenue arises mainly from the sale of;

- Technology including the sale of car parking hardware, software and associated products and services.
- Provision of Parking Management solutions in the UK, NZ, Australia and Germany.

a) Disaggregation of revenue from contracts with customers

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 statement of profit or loss and other comprehensive income.

Group – 2022	Technology	Research & Development	Parking Management	Total
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**
The Group's revenue disaggregated by pattern of revenue recognition as follows:				
Services transferred over time	4,740,979	-	33,405,396	38,146,375
	4,740,979	**-**	**33,405,396**	**38,146,375**

Group – 2021 (Restated)[1]	Technology	Research & Development	Parking Management	Total
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**
The Group's revenue disaggregated by pattern of revenue recognition as follows:				
Services transferred over time	4,411,382	-	18,292,910	22,704,292
	4,411,382	**-**	**18,292,910**	**22,704,292**

1 Refer to Note 2 e)

For personal use only

b) Segment revenue reconciliation

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

	Consolidated	
	2022	2021 (Restated)[1]
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

c) Revenue by territory

Revenue for the Group is analysed as follows:

	Revenue	
Group	2022	2021 (Restated)[1]
New Zealand	**4,799,609**	929,598
Australia	**4,907,016**	2,508,867
United Kingdom	**32,997,806**	21,669,501
Other	**170,114**	132,066
Totals prior to intercompany eliminations	**42,874,545**	25,240,032
Intercompany eliminations	**(4,728,170)**	(2,535,740)
Total	**38,146,375**	22,704,292

1 Refer to Note 2 e)

During the year the Group had no customers that contributed more than 10% of revenue from sales of good and services (2021: nil).

d) Assets and liabilities related to contracts with customers

The Group has recognised the following assets and liabilities related to contracts with customers.

	Consolidated	
Contract assets	2022	2021
Accrued revenue	**586,325**	89,332
Work in progress	**172,182**	57,309
	758,507	146,641

Recoverability of contract assets is reviewed on an ongoing basis. A provision for impairments based on the simplified expected loss model (ECL).

Contract liabilities		
Deferred income	**1,814,088**	1,483,738
	1,814,088	1,483,738

For personal use only

e) Restatement of 2021 Comparative

During the year Smart Parking Limited reviewed and amended its accounting policies for its arrangements with debt recovery agencies related to debt collection costs for outstanding Parking Breach Notices identifying that Smart Parking Limited was under recognising revenue and other expenses. This would subsequently result in the under recognition of trade receivables and trade payables respectively. 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 (as prev. reported)	FY21 (re-stated)	Change
Impact on profit/(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

	FY20 (re-stated)	FY21 (as prev. reported)	FY21 (re-stated)	Change
Trade & other receivables	4,274,941	7,747,443	8,356,434	608,991
Total Current Assets	12,393,984	20,434,897	21,043,888	608,991
Total Assets	34,641,720	39,817,375	40,426,366	608,991
Trade & other payables	(8,044,174)	(6,330,487)	(6,939,478)	(608,991)
Total Current Liabilities	(10,755,756)	(10,355,851)	(10,964,842)	(608,991)
Total Liabilities	(21,721,285)	(22,550,301)	(23,159,292)	(608,991)

f) Accounting policies and significant judgements

Accounting Policies

Details of the requirements of AASB 15 Revenue from Contracts with Customers as well as the judgments and estimates used in determining any possible impact are described below.

The core principle of AASB 15 is that an entity shall recognise revenue to depict the transfer of promised goods and services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Revenue is measured at the transaction price allocated to the performance obligation.

(i) Technology Contracts

The Group enters into contracts for the supply and installation of technology solutions in exchange for a fixed fee and recognises the revenue over time as control of the solution transfers to the customer.

The Group determined that the supply and installation of technology solutions are not capable of being distinct. The Group does not sell the technology and the installation services on a stand-alone basis.

Additionally, the Group is providing a significant integration service because the technology hardware cannot operate as intended without the installation and integration with the Group's technology software.

To determine the progress by which the Group transfers control of the solution to the customer, and to establish when and to what extent revenue can be recognised, the Group measures its progress towards complete satisfaction of the performance obligation by using an input method. This involves comparing actual costs spent to date (as the measure of input) with the total estimated costs required to supply and install each solution.

Where multiple contracts are entered into with a customer on or about the same time, these are considered one contract where the additional contracts include goods or services not sold at their stand-alone selling price.

Accrued revenue and work in progress are recognised in the statement of financial position under contract assets. A contract asset is recognised when the Group has a right to consideration in exchange for goods or services transferred to the customer however the payment from the customer is not yet due

When a contract also includes promises to perform after-sales maintenance, this is determined to be a separate performance obligation as the maintenance services are capable of being distinct as they are not highly interrelated or interdependent on the supply and installation of the technology and the customer can benefit from maintenance services on their own. Where a contract includes after-sales maintenance, the total transaction price is allocated to each of the distinct performance obligations identifiable under the contract on the basis of its relative stand-alone selling price.

Maintenance services are recognised over time based on the period of the maintenance contract because the customer simultaneously receives and consumes the benefits provided by the Group.

Stand alone selling prices are determined based on the prices charged to customers when the services are sold to customers in a distinct, stand-alone contract.

Most arrangements include a deposit as part of a customer payment schedule. When deposits are received from customers these are treated in the statement of financial position under contract liabilities.

(ii) Parking Management

Parking Breach Notice (PBN) revenue is recognised at the point in time when the variable constraint is resolved.

PBNs received in lieu of site management fees are recognised over time as the customer simultaneously receives and consumes the benefits provided by the Group (being the ongoing management of the site).

Under both methods, an adjustment is made to ensure that revenue is only recognised when it is highly probable that a significant reversal of revenue will not occur as required by AASB 15.

PBN revenue is a variable income stream as amounts vary based on the time of payment in accordance with the British Parking Association Approved Operator Scheme Code of Practice.

As described below in critical judgements, adjustments to PBN revenue recognised takes into account the expected cancellations and expected payment recovery of PBNs issued but not yet paid by customers.

Critical judgements in calculating amounts

The Group recognises a year-end revenue accrual for Parking Breach Notice infringements issued but for which payment has not yet been received which is a form of variable consideration. The determination of the accrual requires management to estimate various factors that can impact on the cash subsequently collected, including the average value per infringement, expected cancellations, the customers share of the revenue and the expected payment recovery.

The year end accrual increased by $1.5m due to the uplift in sales activity, expansion into new operating territories and strategic acquisitions. PBNs in FY22 were up by 81% compared to the previous corresponding period.

Notes to the Financial Statements (cont.)

For personal use only

	Note	Consolidated 2022	2021 (Restated)[1]
3. Expenses			
Profit before income tax includes the following specific expenses:			
Depreciation			
Right-of-use assets	12	**(1,646,275)**	(1,392,491)
Motor vehicles	11	**(28,571)**	(42,550)
Plant and equipment	11	**(2,314,721)**	(1,889,678)
Office equipment	11	**(69,299)**	(48,072)
Leasehold improvements	11	**(40,434)**	(39,997)
Total depreciation		**(4,099,300)**	(3,412,788)
Amortisation	13	**(383,410)**	(163,000)
Total depreciation and amortisation		**(4,482,710)**	(3,575,788)
Finance costs			
Interest expense		**(704,779)**	(442,189)
Bank fees and charges		**(108,002)**	(46,380)
Total finance costs		**(812,781)**	(488,569)
Other expenses			
Audit fees	27	**(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)**	-
Expected credit losses		**(607,703)**	(77,533)
Debt recovery costs[1]		**(2,822,080)**	(2,033,472)
Other expenses		**(2,526,379)**	(1,810,498)
		(13,869,496)	(8,642,573)

1 Refer to Note 2 e)

For personal use only

4. Income tax expense

	Consolidated 2022	Consolidated 2021
a) Income tax expense		
Current tax	**465,748**	42,701
Deferred tax	**659,182**	1,709,314
Under/over provision in previous period	**24,366**	19,479
Income tax expense	**1,149,296**	1,771,494
Deferred income tax (revenue) expense included in income tax expense comprises:		
Decrease/(increase) in deferred tax assets	**104,914**	1,595,274
(Decrease)/increase in deferred tax liabilities	**554,268**	114,040
b) Reconciliation of income tax expense to prima facie tax payable		
Profit/(loss) before income tax expense	**2,109,063**	7,074,102
Tax at the Australian rate of 30.0% (2021: 30.0%)	**632,719**	2,122,231
Tax effect of permanent differences:		
Rate differences	**(374,808)**	(859,965)
Intangible amortisation expense	**35,088**	37,714
Share-based payments expense	**68,706**	70,154
Deferred tax assets utilised that were not previously recognised	**332,251**	194,654
Deferred tax assets not brought to account	**429,384**	185,823
Other non-deductible expenses	**1,590**	1,404
Under/over provision in previous period	**24,366**	19,479
Income tax expense	**1,149,296**	1,771,494
c) Unrecognised deferred tax assets		
Deferred tax assets and liabilities (at their tax effected value) not recognised relate to the following:		
Deferred tax assets		
Tax losses	**3,980,668**	4,427,877
Other temporary differences	**887,591**	990,343
	4,868,259	5,418,220

For personal use only

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.

The Group has the following tax losses available after recognition of the above deferred tax asset in New Zealand of $14,216,672 (2021: $15,813,847) giving rise to an unrecognised deferred tax asset of $3,980,668 (2021: $4,427,877).

The UK government has cancelled the planned Corporation Tax increase from April 2023 with the tax rate remaining at 19% rather than increasing to 25%. This is subject to receiving the necessary Parliamentary approvals.

The Group has other temporary differences related to Intellectual Property assets owned in Australia giving rise to an unrecognised deferred tax asset of $887,591 (2021: $990,343).

At 30 June 2022, there is no recognised or unrecognised deferred income tax liability for taxes that would be payable on the unremitted earnings of the Group's subsidiaries as the Group has no liability for additional taxation should such amounts be remitted.

d) Tax consolidation legislation

Smart Parking Limited and its wholly owned Australian controlled entities have elected to enter into the tax consolidation legislation from 9 January 2007. The accounting policy in relation to this legislation is set out in Note 32. On adoption of the tax consolidation legislation, the entities in the tax consolidated group entered into a tax sharing agreement which, in the opinion of the directors, limits the joint and several liability of the wholly owned entities in the case of a default by the head entity, Smart Parking Limited.

The entities entered into a tax funding agreement under which the wholly owned entities fully compensate Smart Parking Limited for any current tax payable assumed and are compensated by Smart Parking Limited for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to Smart Parking Limited under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly owned entities' financial statements.

The amounts receivable/payable under the tax funding agreement are due upon receipt of the funding advice from the head entity, which is issued as soon as practicable after the end of each financial year. The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax installments. The funding amounts are recognised as current intercompany receivables or payables, no amounts have been recognised.

	Consolidated	
	2022	**2021**
5. Cash and cash equivalents		
Cash at bank and in hand	**10,819,910**	10,702,153
Cash held on behalf of customers	**542,489**	585,112
	11,362,399	11,287,265

For cash flow statement presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

For personal use only

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. Refer to Note 7 for additional information.

a) Interest rate risk exposure

The Group's exposure to interest rate risk is discussed in Note 21.

6. Trade and other receivables

	Consolidated	
	2022	**2021 (Restated)[1]**
Current		
Trade receivables	**3,406,600**	3,186,877
Provision for impairment of receivables	**(365,521)**	(77,533)
	3,041,079	3,109,344
Prepayments	**948,749**	745,967
Accrued Parking Breach Notice revenue[2]	**5,570,555**	4,110,405
Other receivables	**433,626**	390,718
	9,994,009	8,356,434

1 Refer to Note 2 e)

2 The Group recognises a year-end accrual for Parking Breach Notice infringements issued but which have not been received. Refer to Note 2 for additional information.

Trade receivables, other receivables and non-current receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade receivables are generally due for settlement within 30 - 60 days.

Recoverability of trade receivables and other receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for impairment of trade receivables is based on the simplified expected loss model (ECL).

For personal use only

a) Impaired trade receivables

As at 30 June 2022 current trade receivables of the Group with a nominal value of $365,521 (2021: $77,533) were impaired. The amount of the provision was $365,521 (2021: $77,533).

The ageing analysis of these trade receivables is as follows:

	Consolidated	
	2022	**2021**
1 to 3 months	**108,901**	30,208
3 to 6 months	**39,529**	47,325
Over 6 months	**217,091**	-
	365,521	77,533

Movements in the provision for impairment of receivables are as follows:

At 1 July	**77,533**	12,540
Provision for impairment recognised during the year	**598,537**	72,123
Receivables written off during the year as uncollectible	**(297,367)**	-
Unused amount reversed	**-**	(8,812)
Foreign exchange translation	**(13,182)**	1,682
At 30 June	**365,521**	77,533

The creation and release of the provision for impaired receivables has been included in 'Other Expenses' in the Consolidated Statement of Profit or Loss and Other Comprehensive Income. Amounts charged to the provision for impairment are generally written off when there is no expectation of recovering additional cash.

b) Past due but not impaired

As of 30 June 2022, trade receivables of $2,088,101 (2021: $1,984,306) were past due but were not impaired. These relate to a number of independent customers for whom there is no recent history of default. The increase in overdue trade receivables relates to amounts due after a change to VAT treatment following the resolution of UK VAT matters. Management determined these amounts were not impaired based on historical trends and communications with customers. The ageing analysis of these trade receivables is as follows:

Up to 3 months	**1,125,740**	696,837
3 months and over	**962,361**	1,287,468
	2,088,101	1,984,306

c) Fair values and credit risk

Due to the short term nature of these receivables the carrying values represent their respective fair values at 30 June 2022 and 30 June 2021.

The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivables mentioned above. Refer to Note 21 for more information on the risk management policy of the Group and the credit quality of its receivables.

For personal use only

d) Other receivables

These amounts include accrued income for Pay and Display revenue including cash not collected or cash collected and in transit to the bank at reporting date and Parking Breach Notice 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 so that they are net of estimated non-collectibles.

e) Non-current receivables

These amounts generally arise from transactions outside the usual operating activities of the Company. Interest may be charged at commercial rates where the terms of repayment exceed normal payment terms. Collateral is not normally obtained.

f) Foreign exchange and interest rate risk

Information about the Group's exposure to foreign currency risk and interest rate risk in relation to trade and other receivables is provided in Note 21.

7. Trade and other payables

	Consolidated 2022	Consolidated 2021 (Restated)[1]
Current		
Trade payables	**3,713,236**	2,347,314
Related party payables	**120,799**	81,632
Other payables	**6,776,009**	4,510,532
	10,610,044	6,939,478

1 Refer to Note 2 e)

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

These liabilities are recognised at amortised cost.

.**(a)** All current trade and other payables are expected to be settled within 12 months.

(b) Other payables includes $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 5. Other payables also includes amounts due for licencing authority fees, debt recovery costs, client PBN share and other accrued expenses.

(c) Risk exposure

Details of the Group's exposure to risks arising from trade and other payables are set out in Note 21.

For personal use only

8. Borrowings

	Consolidated 2022	Consolidated 2021
Secured		
UK Coronavirus Business Interruption Loan - current	**962,582**	767,484
UK Coronavirus Business Interruption Loan - non current	**1,102,098**	1,995,456
	2,064,680	2,762,940

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 was interest free for the first year.
- Principal repayments commenced monthly on the first anniversary of the loan drawdown date in 36 equal installments.
- The interest rate payable will vary in line with the Bank of England Base Rate plus 2.30%.
- 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).

Borrowings also includes a UK Coronavirus Business Interruption Loan acquired as part of a business combination. Refer to Note 10.

9. Inventories

	Consolidated 2022	Consolidated 2021
Stock in transit	**4,598**	-
Finished goods	**1,246,265**	1,455,486
	1,250,862	1,455,486
Provision for stock obsolescence	**(290,881)**	(202,301)
	959,981	1,253,185

Inventories are measured at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Cost is based on weighted average cost and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. Goods in transit are recognised when the control of the asset has passed to the Group.

For personal use only

Critical judgements in calculating amounts

The Group annually reviews inventory on hand to determine whether there are any items which are obsolete or have a net realisable value less than cost. The Company critically assesses previous generations of the technology and adequately provides for it where appropriate. Judgement is involved in determining the future realisable value of slow moving items or technology items which may become obsolete with advancements in future technology.

10. Business combination

Enterprise Parking Solutions Ltd

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 as at the date of acquisition were:

	Fair value recognised on acquisition
Assets	
Cash and cash equivalents	134,325
Trade and other receivables	112,394
Property, plant and equipment (Note 11)	474,132
Customer relationships (Note 13)	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**

a) Goodwill

The goodwill is attributable to Enterprise Parking's increased profitability as a result of synergies expected to arise after the company's acquisition of the new subsidiary. None of the goodwill is expected to be deductible for tax purposes.

For personal use only

(b) 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.

(c) Revenue contribution

The acquired business contributed revenues of $1,863,129, EBITDA of $1,312,090 and net profit before tax of $1,159,019 to the group for the period from 6th August 2021 to 30th June 2022. If the acquisition had occured on 1 July 2021, consolidated pro-forma revenue, EBITDA and net profit before tax for the year ended 30 June 2022 would have been $2,012,463, $1,425,273 and $1,258,286 respectively. These amounts have been determined by applying the Group's accounting policies.

NE Parking Ltd (provisional)

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 or profitability 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 recognised on acquisition
Assets	
Cash and cash equivalents	18,225
Trade and other receivables	11,463
Customer relationships (Note 13)	565,216
	594,904
Liabilities	
Trade and other payables	27,978
Deferred tax liability	141,304
Loan	83,070
	252,352
Total identifiable assets at fair value	**342,552**
Goodwill arising on acquisition	181,557
Purchase consideration transferred	**524,109**

For personal use only

a) 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.

(b) 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.

Critical judgements in calculating amounts

Customer relationships

Smart Parking Limited acquired 100% of the issued shares of Enterprise Parking Solutions Ltd and NE Parking Limited in FY22.

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.

Notes to the Financial Statements (cont.)

For personal use only

11. Property, plant and equipment (non-current)

	Consolidated				
	Motor Vehicles	Office Equipment	Plant and Equipment	Leasehold Improvements	Total
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 10)	-	-	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**

	Consolidated				
	Motor Vehicles	Office Equipment	Plant and Equipment	Leasehold Improvements	Total
Year ended 30 June 2021					
Opening net book amount	93,504	139,326	5,841,549	412,178	6,486,557
Additions	9,692	75,880	1,865,469	25,480	1,976,521
Disposals	-	-	(125,680)	(477)	(126,157)
Depreciation charge for the year	(42,550)	(48,072)	(1,889,678)	(39,997)	(2,020,297)
Foreign exchange translation	437	1,481	157,992	11,370	171,280
Closing net book amount	**61,083**	**168,615**	**5,849,652**	**408,554**	**6,487,904**
At 30 June 2021					
Cost or fair value	330,461	500,886	15,941,081	615,257	17,387,685
Accumulated depreciation & impairment	(269,378)	(332,271)	(10,091,429)	(206,703)	(10,899,781)
Net book amount	**61,083**	**168,615**	**5,849,652**	**408,554**	**6,487,904**

For personal use only

11. Property, plant and equipment (non-current) (cont.)

Property, plant and equipment is stated at cost less accumulated depreciation and any impairment. Cost includes expenditure that is directly attributable to the acquisition of the item and may include installation costs.

Depreciation is recognised in profit or loss on a straight line basis over the estimated useful lives of each component of an item of property, plant and equipment:

Motor vehicle	3 – 5 years
Office equipment	1 – 6 years
Plant and equipment - ANPR cameras	5 years
Plant and equipment - pay & display machines	7 years
Plant and equipment - other	1 – 10 years
Leasehold improvements	3 – 10 years

The assets' useful lives and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit and loss.

12. Leases

The Group leases various offices, car parks and cars. Rental contracts are typically made for fixed periods of 3 to 5 years but may have extensions. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

Leases, with the exception of short term (under 12 months) and low-value leases, are recognised on the balance sheet, as a right-of-use asset and a corresponding interest-bearing liability at the date at which the assets are available for use by the group. The associated right-of-use assets were measured at the amount equal to the new lease liability.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Remaining fixed payments less any lease incentives receivable; plus
- the exercise of a lease extension if the lessee is reasonably certain the extension will be exercised.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used. The weighted average incremental borrowing rate applied to lease liabilities on 30 June 2022 was 3.7%.

For personal use only

Lease costs are recognised in the income statement over the lease term in the form of depreciation on the right-of-use asset and finance charges representing the unwinding of the discount on the lease liability. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease on a straight-line basis.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. Cost comprises:

- the amount of the initial measurement of the lease liability, plus
- any lease payments made at or before the commencement date less any lease incentives received

The company elected to take the practical expedient with payments associated with short term leases and leases of low value assets which are recognised on a straight-line basis as an expense in the profit or loss.

Lease Liabilities	**2022**	**2021**
Of which are:		
Current lease liabilities	**1,645,775**	1,187,309
Non-current lease liabilities	**13,100,354**	10,084,954
	14,746,129	11,272,263

Right-of-use assets	**2022**	**2021**
Opening net book amount	**10,846,438**	11,934,426
Additions	**5,375,793**	-
Depreciation charge	**(1,646,275)**	(1,392,491)
Exchange differences	**(587,486)**	304,502
Closing net book amount[1]	**13,988,470**	10,846,437

At 30 June	**2022**	**2021**
Cost	**18,298,073**	13,690,861
Accumulated depreciation	**(4,309,603)**	(2,844,424)
Net book amount[1]	**13,988,470**	10,846,437

1 $12.8m (2021: $9.6m) relates to leases on car parks, $1.4m (2021: $0.8m) relates to office leases, with the balance related to motor vehicle leases.

The total cash outflows in relation to leases for the year ending 30 June 2022 was $1,929,513 (2021: $1,823,807).

Refer to Note 21(c) for the contractual maturity dates.

For personal use only

13. Intangible assets (non-current)

	Consolidated					
	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 10)	-	-	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**

	Consolidated					
	Software	Developed Technology	Goodwill	Customer relation-ships	Other intangible assets	Total
Year ended 30 June 2021						
Opening net book amount	434,405	69,909	1,595,458	-	-	2,099,772
Additions	12,961	49,875	-	-	-	62,836
Exchange differences	2,390	-	46,139	-	-	48,529
Amortisation charge	(132,557)	(30,443)	-	-	-	(163,000)
Closing net book amount	**317,199**	**89,341**	**1,641,597**	-	-	**2,048,137**
At 30 June 2021						
Cost	1,556,501	5,931,658	2,562,577	-	17,318	10,068,054
Accumulated amortisation and impairment	(1,239,302)	(5,842,317)	(920,980)	-	(17,318)	(8,019,917)
Net book amount	**317,199**	**89,341**	**1,641,597**	-	-	**2,048,137**

For personal use only

13. Intangible assets (non-current) (cont.)

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary/associate at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisitions of associates is included in investments in associates. Goodwill is not amortised. Instead, goodwill is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. As at acquisition date, any goodwill acquired is allocated to each of the cash-generating units expected to benefit from the combination synergies.

Software development

Expenditure on research activities, undertaken with the prospect of gaining new technical knowledge and understanding, is recognised in profit or loss as incurred.

Software development activities involve a plan or design for the production of new or substantially improved products and processes. Software development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalised includes the cost of direct labour, overhead costs that are directly attributable to preparing the asset for its intended use, and capitalised borrowing costs. Other software development expenditure is recognised in profit or loss as incurred.

Capitalised software development expenditure is measured at cost less accumulated amortisation and accumulated impairment losses.

Developed technology

Developed technology comprises patented and unpatented technology, and computer software. These three items collectively represent an end to end solution and as such are not separable from each other.

Customer relationships

Customer relationships comprises the fair value of acquired customer relationships less accumulated amortisation.

Other intangible assets

Other intangible assets consisting of patents, which are acquired by the Company and have finite useful lives, are measured at cost less accumulated amortisation and accumulated impairment losses.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

Amortisation

Amortisation is based on the cost of the asset, less its residual value.

Amortisation is recognised in profit or loss on a straight line basis over the estimated useful lives of intangible assets, from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful lives for the current and comparative periods are as follows:

Software	3 years
Developed technology	5 years
Customer relationships	5 years

Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

For personal use only

(a) Impairment test for goodwill

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units or CGUs). Goodwill is allocated to a CGU or group of CGUs that is expected to benefit from synergies of the related business combination and represent the lowest level within the Group at which management monitors goodwill. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

Goodwill is allocated to a Group of CGUs at the lowest level for which there are separately identifiable cash inflows which are largely independent of cash flows from other CGUs or group of CGUs..

A CGU level summary of the allocation is presented below.

	Consolidated	
	2022	2021
CGU or group of CGUs		
Parking Management group of CGUs – goodwill	**1,965,840**	1,641,597

The recoverable amount of the Parking Management group of CGUs is determined on value-in-use calculations. These calculations use cash flow projections based on financial budgets prepared by management covering a one year period and expected short term growth rates for a further four years. Cash flows beyond the five year period are extrapolated using the estimated growth rates stated below.

Critical judgements in calculating amounts

The recoverable amounts of cash-generating units have been determined using value-in-use calculations. These calculations require the use of assumptions. Refer to Note 13(b) for details of these assumptions and the potential impact of changes to the assumptions.

The carrying value of the goodwill is $1,965,840 (2021: $1,641,597). During the year there were no impairment losses.

The carrying value of goodwill includes goodwill on the acquisition of Enterprise Parking Solutions and NE Parking Ltd. Refer to Note 10 for additional information.

For personal use only

13. Intangible assets (non-current) (cont.)

(b) Key assumptions used for value-in-use calculations

The key assumptions below used for value-in-use calculations relate to the Parking Management CGU.

	Consolidated 2022	2021
Parking Management CGU		
Average annual growth rate over the budget period[1]	**7.6%**	10.9%
Terminal value growth rate[2]	**2.5%**	2.5%
Discount rate[3]	**14.2%**	11.7%

1 Average revenue growth rate used to determine cash flows.
2 Weighted average growth rate over 5 year forecast period used to extrapolate cash flows beyond the budget period to perpetuity.
3 The discount represents the post-tax Weighted Average Cost of Capital for the CGU.

These assumptions have been used for the analysis of the Parking Management CGU. Management determined budgeted revenue and gross margin based on its expectations for the future.

The weighted average growth rate is based on management projections for the future. The discount rate is the Group's weighted average cost of capital adjusted for specific risks relating to the relevant CGU where appropriate.

(c) Impairment charge

There has been no impairment charge for the year ended 30 June 2022.

(d) Impact of possible changes in key assumptions

If the revenue forecast in the five year cash flow projections for the Parking Management CGU had been 5% lower than management's estimates at 30 June 2022 the value-in-use would reduce by $6.5m but the goodwill would not be impaired.

If the discount rate used in the forecast in the five year cash flow projections for the Parking Management CGU had been 1% higher than management's estimates at 30 June 2022 the value-in-use would reduce by $1.3m but the goodwill would not be impaired.

	Consolidated 2022	2021
14. Deferred Tax		
The balance comprises temporary differences attributable to:		
Tax losses	**104,914**	162,997
Other temporary differences	**(878,136)**	(277,037)
Deferred Tax Assets/(Liabilities)	**(773,222)**	(114,040)

For personal use only

14. Deferred Tax (cont)

Movements	Tax losses	Other temporary differences	Total
At 1 July 2020	1,724,635	(129,361)	1,595,274
(Charged)/credited			
- to profit or loss	(1,561,638)	(147,676)	(1,709,314)
- directly to equity	-	-	-
At 30 June 2021	**162,997**	**(277,037)**	**(114,040)**
(Charged)/credited			
- to profit or loss	(58,083)	(253,195)	(311,278)
- on business combinations during the year (refer to Note 10)	-	(347,904)	(347,904)
- directly to equity	-	-	-
At 30 June 2022	**104,914**	**(878,136)**	**(773,222)**

Refer to Note 4 for details of the recognition of deferred tax asset.

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.

Critical judgements in calculating amounts

As disclosed in Note 4 the Group has available carry forward tax losses for utilisation against future taxable income. Tax losses are brought to account as a deferred tax asset where it is determined that it is probable that the tax losses will be utilised against future taxable income. Judgement is required in determining whether it is probable that the tax losses will be utilised against future taxable income and the quantum of the amount which is considered to be probable.

	Consolidated	
	2022	2021
15. Contract liabilities		
Current		
Contract liabilities	**1,814,088**	1,483,738

Contract liabilities relates to revenue received in advance from a number of customers which have paid in advance for the Group to provide parking technology solutions and parking management services.

16. Provisions

Current		
Employee benefits	**861,784**	586,833

The current provision for employee benefits includes accrued payroll costs, annual leave and payroll taxes. The entire amount is treated as current, since the Group does not have the unconditional right to defer settlement for any of these obligations.

For personal use only

17. Issued capital

	Note	Group 2022 No.	Group 2022 $	Group 2021 No.	Group 2021 $
Ordinary shares					
Issued and fully paid	(a)	352,553,001	66,684,005	358,079,709	67,802,022
Less Treasury shares		(1,645,561)		(2,259,784)	
Total consolidated contributed equity		**350,907,440**	**66,684,005**	**355,819,925**	**67,802,022**

(a) Movements in ordinary share capital

Details	No of shares	Purchase price	$
Balance at 30 June 2020	359,215,361		68,865,719
Share buy-back	(6,135,652)	$0.1734	(1,063,697)
Shares issued under deferred share and incentive plan	5,000,000		
30 June 2021	**358,079,709**		**67,802,022**
Share buy-back	(5,526,708)	$0.2023	(1,118,017)
30 June 2022	**352,553,001**		**66,684,005**

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Treasury shares are shares in Smart Parking Limited that are held by the Car Parking Technologies Employee Share Trust for the purpose of issuing shares under the Car Parking Technologies Limited Employee share scheme (refer to Note 26(b)).

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.

Capital risk management

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can continue to provide returns to shareholders and benefits for other stakeholders and to maintain an optimal capital structure. The Company has minimal debt (refer Note 8) and does not currently pay dividends as profits are reinvested to fund growth.

At 30 June 2022 the Group has capital of $17,453,501 (2021: $17,267,074).

For personal use only

	Consolidated	
	2022	**2021**
18. Reserves and accumulated losses		
(a) Reserves		
Share based payments	**3,769,722**	3,551,384
Foreign currency translation	**861,214**	734,875
	4,630,936	4,286,259
Movements in share based payment reserve were as follows:		
Balance 1 July	**3,551,384**	3,296,680
Shares and deferred share rights expense	**218,338**	254,704
Balance 30 June	**3,769,722**	3,551,384

Share based options

The Company has no unlisted options over ordinary shares on issue at 30 June 2022.

Shares and deferred share rights

The Company has 1,645,561 deferred share rights or shares on issue at 30 June 2022. Each right or share shall entitle the holder to acquire one share for nil consideration providing they are still employed by the Company and they have met the time hurdle.

	2022	2021
Movements in foreign currency translation reserve were as follows:		
Balance 1 July	**734,875**	881,851
Currency translation differences arising during the year	**126,339**	(146,976)
Balance 30 June	**861,214**	734,875

Nature and purpose of reserves

Share-based payments reserve

The share-based payments reserve is used to record the value of equity benefits which may be provided:

- to Directors on terms determined by the shareholders; and
- to employees, advisers and consultants as payments for services.

For personal use only

18. Reserves and accumulated losses (cont.)

Foreign currency translation reserve

Exchange differences arising on translation of the foreign controlled entity are recognised in other comprehensive income as described and accumulated within a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

	Consolidated	
	2022	2021
(b) Accumulated losses		
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)

	Consolidated	
	2022	2021 (Restated)[1]
19. Reconciliation of cash flows from operating activities		
Reconciliation of Cash Flow from Operations with Profit/(Loss) after Income Tax		
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 in trade receivables and contract assets	**(766,983)**	(1,932,133)
Decrease in inventories	**293,204**	258,697
Increase in other current assets	**(2,769,326)**	(595,005)
Increase/(decrease) in trade payables and accruals	**4,343,814**	(1,466,786)
Increase in tax payable and deferred tax	**1,472,684**	1,709,575
Net cash inflow from operations	**10,128,467**	7,046,574

1 Refer to Note 2 e)

For personal use only

20. Critical accounting estimates and judgements

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies.

The areas involving significant estimates or judgements are:

- Parking breach notice revenue – Note 2
- Customer relationships – Note 10
- Leases – Note 12
- Goodwill and intangible assets – Note 13

21. Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of the financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group does not use derivative financial instruments, however the Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, and aging analysis for credit risk.

Risk management is overseen by the Board of Directors and carried out on a day to day basis by management. The Board provides written principles for overall risk management in accordance with the Company's Risk Management Framework commensurate with the evolution and size of the Group.

The Group holds the following financial instruments:

	Consolidated	
	2022	2021 (Restated)[1]
Financial assets		
Cash and cash equivalents	**11,362,399**	11,287,265
Trade and other receivables	**9,045,260**	7,610,467
	20,407,659	18,897,732
Financial liabilities		
Trade and other payables	**10,610,044**	6,939,478
Lease liabilities	**17,952,109**	11,272,263
Borrowings	**2,064,680**	2,762,840
	30,626,833	20,974,581

1 Refer to Note 2 e)

For personal use only

21. Financial risk management (cont.)

a) Market risk

(i) Foreign Exchange Risk

The Group operates internationally (predominantly in the United Kingdom) and is exposed to foreign exchange rate risk arising from various currency exposures.

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the entity's functional currency.

The Group's exposure to foreign currency risk (primarily the Great British Pound) at the end of the reporting period, expressed in Australian dollars was $7.5m (2021: $10.8m).

The Group's exposure to foreign exchange movements from external trading is not material given that the majority of commercial transactions and recognised assets and liabilities are denominated in the same currency as the functional currency of each respective subsidiary. Any foreign exchange movements on these items are realised through Other Comprehensive Income for the Group. The Group is exposed to foreign currency risk on intercompany trading between the New Zealand and United Kingdom subsidiaries.

(ii) Price risk

The Group is not exposed to equity securities price risk as it does not hold securities that are subject to price fluctuations.

(iii) Cash flow and fair value interest rate risk

Some of the Group's cash balance is held in an interest earning account. Sensitivity analysis is not disclosed as based on management's calculations the amounts are considered immaterial.

The Group manages cash flow and interest rate risk by regularly reviewing cash facilities and ensuring we are attracting the highest and most suitable interest rate on our cash holdings. As at reporting date, the Group had the following variable rate cash and borrowings held at variable rates.

	30 June 2022		30 June 2021	
	Weighted average interest rate	**Balance**	Weighted average interest rate	Balance
Cash and cash equivalents	**0.17%**	**11,362,399**	0.18%	11,287,265

b) Credit risk

Credit risk is managed on a Group basis. Credit risk arises from cash and cash equivalents, as well as credit exposure to trade and other receivables. The board manages credit risk by ensuring all cash balances held at banks are held at internationally and domestically recognised institutions.

The Group continuously monitors defaults of customers and incorporates this information into its credit risk controls. The Group's policy is to deal only with credit worthy counterparties.

The maximum exposure to credit risk is the carrying amount of the financial assets of cash and other receivables to the value of $20,993,984 (2021: $18,987,064).

As of 30 June 2022, trade receivables of $2,088,101 (2021: $1,984,306) were past due but were not impaired. These relate to a number of customers for whom there is no recent history of default (Refer to Note 6).

The increase in overdue trade receivables relates to amounts due after a change to VAT treatment following the resolution of UK VAT matters.

For personal use only

c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding. The Group manages liquidity risk by continuously monitoring forecast and actual cash flows on a regular basis.

As at reporting date the Group had net working capital of $6,367,484 (2021: $10,079,046).

The financial liabilities of the Group at reporting date included:

- Trade payables incurred in the normal course of the business. These were non interest bearing and were due within the normal 30-60 days terms of creditor payments.
- Lease liabilities
- Borrowings.

Maturities of financial liabilities

The tables below analyse the Group's and the parent entity's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date.
The amount disclosed in the table for trade payables and borrowings is the contractual undiscounted cash flows. The amount disclosed in the table for lease liabilities is the contractual discounted cash flows. Refer to Note 12 for additional information

GROUP As at 30 June 2022	Less than 6 months	6-12 months	1-2 years	2-5 years	Greater than 5 years	Total contractual cashflows	Carrying Amounts
Non-derivatives							
Trade payables	10,610,044	-	-	-	-	10,610,044	10,610,044
Lease liabilities	1,081,430	1,080,651	1,851,077	4,736,358	9,202,593	17,952,109	14,746,129
Borrowings	481,290	481,291	881,679	220,420	-	2,064,680	2,064,680
	12,172,764	1,561,942	2,732,756	4,956,778	9,202,593	30,626,833	27,420,853

GROUP (Restated)[1] As at 30 June 2021	Less than 6 months	6-12 months	1-2 years	2-5 years	Greater than 5 years	Total contractual cashflows	Carrying Amounts
Non-derivatives							
Trade payables	6,939,478	-	-	-	-	6,939,478	6,939,478
Lease liabilities	795,112	796,175	1,569,428	3,401,023	7,460,276	14,022,014	11,272,263
Borrowings	306,993	460,490	920,980	1,074,477	-	2,762,940	2,762,940
	8,041,583	1,256,665	2,490,408	4,475,500	7,460,276	23,724,432	20,974,681

1 Refer to Note 2 e)

For personal use only

d) Fair value

The fair value of financial assets and liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets, such as trading and available for sale securities, where applicable, is based on current quoted market prices at reporting date. The quoted market price used for financial assets held by the Group is the current market price.

The fair value of financial instruments that are not traded in an active market such as unlisted investments and subsidiaries is determined using valuation techniques where applicable. Where this is unable to be done they are carried at cost. The carrying value less impairment provision of current trade receivables and payables are assumed to approximate their fair values due to their short term nature.

22. Contingencies

The Group had contingencies at 30 June 2022 in respect of:

Contingent liabilities

Certain commercial claims are made in the normal course of business against the Group from time to time. In consultation with legal counsel it is not expected that any material liabilities will eventuate from such claims.

23. Commitments

(a) Capital commitments

The Group has $29,216 (2021: $146,537) of capital expenditure contracted for at the reporting date.

(b) Non-cancellable operating lease commitments

Commitments for minimum lease payments under non-cancellable operating leases and management contracts are payable as follows:

	Consolidated	
	2022	**2021**
Within one year	-	6,604
Later than one year but not later than five years	-	-
Later than five years	-	-
	-	6,604

For personal use only

24. After reporting period events

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

25. Related party transactions

The consolidated financial statements incorporate the assets, liabilities and results of subsidiaries in accordance with the accounting policy described in Note 32(a).

(a) Parent entity

The parent entity of the Group is Smart Parking Limited which is the ultimate Australian parent.

(b) Director related entities

During the year the parent and its subsidiaries made payments to Directors and their related entities for services provided. Details are disclosed in the Director's Report and Note 30.

26. Share based payments

(a) Options

There were no un-issued ordinary shares under option at 30 June 2022.

(b) Deferred Share and Incentive Plan

In January 2011 shareholders approved the establishment of a Deferred Share and Incentive Plan (Plan). The Plan was established to ensure that Smart Parking Limited has appropriate mechanisms in place to continue to attract and retain the services of employees of a high calibre and as compensation for past performance and incentive for future performance.

Under the Deferred Share and Incentive Plan, Australian and United Kingdom based employees receive Smart Parking shares held in escrow for a period of 3 years. The shares are released from escrow at the end of the escrow period provided the employee remains employed at Smart Parking. New Zealand based employees receive deferred share rights which vest after 3 years provided the employee remains employed at Smart parking after which the employee has 2 years to exercise their rights over Smart Parking shares.

In addition to the above, shares can be issued to key management under the Long Term Incentive Plan, which vest after meeting a 2 year time period.

Participation in the plan is at the Board's discretion and no individual has a contractual right to participate in the plan or receive any guaranteed benefits.

At 30 June 2022 1,645,561 (2021: 2,259,784) deferred share rights or shares have been set aside under the Plan and 1,645,561 (2021: 2,259,784) deferred share rights or shares, depending on the relevant jurisdiction, have been allocated to employees.

No deferred share rights were issued to Directors for the year ending 30 June 2022 other than 460,227 shares granted to Mr Gillespie as part of the long term incentives included in his remuneration (2021: 624,375).

Valuation is based on a number of factors including the share price at the date of issue, the exercise price and the years to maturity.

For personal use only

26. Share based payments (cont.)

The terms and conditions of each deferred share right affecting remuneration in the previous, this or future reporting periods are as follows:

Grant or Allocation Date	Date Vested or Date Released from Escrow	Expiry Date	Exercise Price	Value Per Right /Share at Grant /Allocation Date	% vested
1 July 2014	1 July 2017	1 July 2019	$0.00	$0.14	100%
1 August 2014	1 August 2017	1 August 2019	$0.00	$0.17	100%
2 March 2015	2 March 2018	2 March 2020	$0.00	$0.11	100%
1 July 2015	1 July 2018	21 August 2020	$0.00	$0.09	100%
21 August 2015	21 August 2017	21 August 2019	$0.00	$0.12	100%
1 November 2015	1 November 2018	1 November 2020	$0.00	$0.13	100%
1 September 2016	1 September 2019	1 September 2021	$0.00	$0.29	100%
22 September 2016	22 September 2018	22 September 2020	$0.00	$0.29	100%
7 November 2016	7 November 2018	7 November 2020	$0.00	$0.30	100%
7 November 2016	7 November 2019	7 November 2021	$0.00	$0.30	100%
7 November 2016	7 November 2020	7 November 2022	$0.00	$0.30	100%
7 November 2016	7 November 2021	7 November 2023	$0.00	$0.30	100%
1 September 2017	1 September 2020	1 September 2022	$0.00	$0.26	100%
1 December 2017	1 December 2019	1 December 2021	$0.00	$0.25	100%
31 March 2018	31 March 2021	31 March 2023	$0.00	$0.44	100%
1 April 2018	1 April 2021	1 April 2023	$0.00	$0.43	100%
1 October 2018	1 October 2021	1 October 2023	$0.00	$0.18	100%
19 November 2018	19 November 2020	19 November 2022	$0.00	$0.16	100%
19 November 2018	19 November 2021	19 November 2023	$0.00	$0.16	100%
1 December 2018	1 December 2020	1 December 2022	$0.00	$0.14	100%
1 December 2018	1 December 2021	1 December 2023	$0.00	$0.14	100%
1 December 2019	1 December 2021	1 December 2023	$0.00	$0.24	100%
30 April 2020	30 April 2023	30 April 2025	$0.00	$0.12	0%
1 July 2020	1 July 2023	1 July 2025	$0.00	$0.10	0%
1 October 2020	1 October 2023	1 October 2025	$0.00	$0.11	0%
23 November 2020	23 November 2022	23 November 2024	$0.00	$0.18	0%
23 November 2021	23 November 2022	23 November 2025	$0.00	$0.225	0%

For personal use only

26. Share based payments (cont.)

	Consolidated 2022	Consolidated 2021
Shares and deferred share rights issued under the plan to participating employees	**1,645,561**	2,259,784

(c) Expenses arising from share based payment transactions	2022	2021
Shares and deferred share rights ($)	**218,338**	254,704

27. Auditor's Remuneration

	Consolidated 2022	Consolidated 2021
Audit Services		
Audit and review of financial reports		
Grant Thornton, Australia	**88,500**	79,400
Grant Thornton, United Kingdom	**134,740**	67,615
Total remuneration for audit services	**223,240**	147,015
Non-audit services	**–**	–
Total remuneration for non-audit related services	**–**	–

28. Earnings per share

	Consolidated 2022	Consolidated 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. 354,951,908**	No. 356,004,320
Weighted average number of ordinary shares outstanding during the year used in calculating diluted EPS	**No. 356,597,469**	No. 358,264,104
Reconciliation of basic and diluted profit per share		
Profit attributable to the ordinary equity holders of the company used in calculating earnings per share:	**959,767**	5,302,608

(i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

For personal use only

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

29. Parent Entity Information

The following details information related to the parent entity, Smart Parking Limited, as at 30 June 2022. The information presented here has been prepared using consistent accounting policies as presented in the notes to the Annual Report.

	Parent	
	2022	**2021**
Current assets	**6,150,660**	7,708,758
Non-current assets	**20,861,939**	17,887,151
Total assets	**27,012,599**	25,595,909
Current liabilities	**4,966,602**	486,827
Non-current liabilities	**316,896**	-
Total liabilities	**4,966,602**	486,827
Contributed equity	**66,684,005**	67,802,022
Retained earnings/(accumulated losses)	**(48,407,730)**	(46,244,324)
Share based payments reserve	**3,769,722**	3,551,384
Total equity	**22,045,997**	25,109,082
Profit/(loss) for the year	**(2,164,970)**	8,630,053
Other comprehensive income/(loss) for the year	**-**	-
Total comprehensive income/(loss) for the year	**(2,164,970)**	8,630,053

30. Key management personnel disclosures

(a) Key management personnel compensation

	Consolidated	
	2022	**2021**
Short-term employee benefits	**1,133,762**	836,027
Superannuation contributions	**41,355**	28,914
Share based payments	**145,824**	140,051
	1,320,941	1,004,992

For personal use only

(b) Equity Instrument disclosures relating to key management personnel

(i) Options provided as remuneration and shares issued on the exercise of such options. There were no options granted for the year ending 30 June 2022.

(ii) Option holdings – There were no unissued ordinary shares under option at 30 June 2022.

(iii) Deferred share rights and shares provided as remuneration under the Deferred Share and Incentive Plan. The Group offers long term incentives to executives identified as key management personnel through an incentive plan.

Australian and United Kingdom based executives receive Smart Parking shares held in escrow for a period of 2 years. The shares are released from escrow at the end of the escrow period provided the executive remains employed at Smart Parking. New Zealand based executives receive deferred share rights which vest after 2 years provided the executive remains employed at Smart parking after which the employee has 2 years to exercise their rights over Smart Parking shares.

Participation in the plan is at the board's discretion with typically 50% of the compensation being based on the EPS performance compared to the prior year of the Group and 50% being based on the Board's assessment of an individual's performance which includes measures around business performance, leadership, strategy implementation, change management and culture.

(iv) Deferred share rights holdings – The number of deferred share rights over ordinary shares in the Company held during the financial year by each director of Smart Parking Limited and other key management personnel of the Group, including their personally related parties, are set out in the Director's Report.

(v) Share holdings – The numbers of shares in the Company held during the financial year by each director of Smart Parking Limited and other key management personnel of the Group, including their personally related parties are set out in the Director's Report.

(c) Loans to key management personnel

There were no loans made or outstanding to directors of Smart Parking Limited and other key management personnel of the Group, including their personally related parties.

(d) Other transactions with key management personnel or related entities.

Refer to Other Information in the Director's Report for detail of transactions with key management personnel or related entities.

	Consolidated	
	2022	2021
List other transactions		
Aggregate amounts of each of the above types of other transactions with key management personnel or their related entities of Smart Parking Limited:		
Amounts recognised as expense		
Share registry fees[1]	**20,406**	20,038
Bulk print and mail services[1]	**478,924**	228,859
Rent[2]	**4,800**	24,000
	504,130	272,897

1 Services provided through Computershare Limited which was a related party through Mr Morris.
2 Services provided through Finico Pty Limited which is a related party through Mr Morris.

The related party transactions are provided on normal commercial terms and conditions.

For personal use only

31. Dividends paid or proposed

There were no dividends paid or proposed during the year.

32. Summary of other significant accounting policies

Corporate Information

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements to the extent they have not already been disclosed in the other notes above. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the Group consisting of Smart Parking Limited and its subsidiaries The financial statements are presented in the Australian currency.

Smart Parking Limited is a for-profit company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange.

a) Basis of preparation

The financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements and interpretations of the Australian Accounting Standards Board, and the *Corporations Act 2001*.

Compliance with IFRS

The consolidated financial statements of Smart Parking Limited Group comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the financial assets and liabilities at fair value through profit or loss.

b) New and revised standards that are effective for these financial statements

The Group has adopted, for the first time, certain standards and amendments to accounting standards. This includes:

AASB 2020-1 Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-current.

Nature of change:

AASB 2020-1 makes amendments to AASB 101 *Presentation of Financial Statements* to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current. The AASB recently issued amendments to AASB 101 to clarify the requirements for classifying liabilities as current. Specifically:

- Clarifying that the classification of a liability as either current or non-current is based on the entity's right at the end of the reporting period;
- Stating that management's expectation around whether they will defer settlement or not does not impact the classification of the liability;
- Adding guidance about lending conditions and how these can impact classification; and
- Including requirements for liabilities that can be settled using an entity's own instruments.

Impact on initial application:

The Group has early adopted the amendments in AASB 101 on 1 July 2021. The amendments had no material impact on the financial statements.

21RU-005 Cloud computing arrangement costs - Updated.

Nature of change:

In April 2021, the International Financial Reporting Standards Interpretations Committee (IFRIC) issued a final agenda decision. *Configuration or customisation costs in a cloud computing arrangement*. The decision discusses whether configuration or customisation expenditure relating to cloud computing arrangements is able to be recognised as an intangible asset or if not, over what time period the expenditure is expensed.

Impact on Initial Application:

The Group applied the IFRIC agenda decision on 1 July 2021. The IFRIC agenda decision had no material impact on the financial statements.

c) New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2022. The consolidated entity has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

For personal use only

d) COVID-19 impact

For the year ended 30 June 2022, the Group recorded a profit of $1.0m (FY21: $5.3m) and net operating cash inflows of $10.1m (FY21: $7.0m). The Group's cash position at reporting date is $11.4m up from $11.3m at 30 June 2021.

The Directors have carefully analysed management's budget, and, considering a number of factors, have concluded that there exists only a remote risk that the Group would require additional equity funding in the next 12 months to ensure it can continue operating as a going concern. These factors include, inter-alia, the following:

- All UK COVID-19 restrictions have been removed.
- Parking Breach Notice (PBNs) revenue made up approximately 83% of the Group's revenue in FY22. 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-19 restrictions.
- In July 2020, the Group entered into a UK Coronavirus Business Interruption Loan to be used for working capital and capital expenditure. The total amount available under the facility is $2.7m and was drawn down in September 2020. The loan is repayable in 36 monthly instalments commencing September 2021.
- The Group spent $4.1m of capital investment for FY22, the benefit of which will primarily be realised in future periods. The Group anticipates that further capital investments will be made, however the level of investment will be assessed with regards to the business outlook at the time, satisfactory required investment returns and the timing of other cash inflows and outflows.
- The Group acquired Enterprise Parking Solutions Limited in August 2021 for $1.5m which generated positive operating cash flows.
- In the last 18 months the Group established parking management businesses in NZ and Australia which are expected to have improved operating cash flows in FY23.
- The budget assumes that COVID-19 has minimal impact on the level of business activity in FY23.
- There remain downside risks due to the impact of future restrictions related to COVID-19 and, while these are unlikely, the impact of these cannot be reasonably forecast at this time.

Accordingly on this basis the Directors believe the Group can continue to pay its debts as and when they fall due, and the financial report has been prepared on a going concern basis.

e) Principles of consolidation

The Group financial statements consolidate those of the Parent Company and all of its subsidiaries as of 30 June 2022. The Parent controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. All subsidiaries have a reporting date of 30 June.

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a Group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

Non-controlling interests, presented as part of equity, represent the portion of a subsidiary's profit or loss and net assets that is not held by the Group. The Group attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests.

f) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars, which is Smart Parking Limited's presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except when they are deferred in equity as qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

For personal use only

Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss and other comprehensive income, within finance costs. All other foreign exchange gains and losses are presented in the statement of comprehensive income on a net basis within other income or other expenses.

(iii) Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of the statement of financial position.
- Income and expenses for each statement of comprehensive income are translated at average exchange rates for the year (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- All resulting exchange differences are recognised in other comprehensive income as a separate component of equity (foreign currency translation reserve).

On consolidation, exchange differences arising from the translation of any net investment in foreign entities and of borrowings and other financial instruments designated as hedges of such investments are recognised in other comprehensive income. When a foreign operation is sold any borrowings forming part of the net investment are repaid and a proportionate share of such exchange rate difference is reclassified to profit or loss as part of the gain or loss on sale where applicable.

Goodwill and fair value adjustments arising from the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

g) Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

Tax consolidation legislation (if applicable)

Smart Parking Limited and its wholly owned Australian controlled entities have implemented the tax consolidation legislation.

The head entity, Smart Parking Limited, and the controlled entities in the tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand alone payer in its own right.

In addition to its own current and deferred tax amounts, Smart Parking Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are

For personal use only

recognised as amounts receivable from or payable to other entities in the Group. Details about the tax funding agreement are disclosed in Note 4.

Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution (or distributions from) wholly-owned tax consolidated entities.

h) Provisions, contingent liabilities and contingent assets

Provisions for product warranties, legal disputes, onerous contracts or other claims are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required from the Group and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain.

Restructuring provisions are recognised only if a detailed formal plan for the restructuring has been developed and implemented, or management has at least announced the plan's main features to those affected by it. Provisions are not recognised for future operating losses.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

Any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

In those cases where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognised.

i) Employee benefits

(i) Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled wholly within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

(ii) Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(iii) Share-based payments

Share-based compensation benefits are provided to employees via the Smart Parking Employee Option Plan and the Deferred Share and Incentive Plan.

The fair value of options granted under the Smart Parking Employee Option Plan, if any, is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options.

The fair value at grant date is independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

The fair value of the options granted is adjusted to reflect market vesting conditions, but excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets).

Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each reporting date, the entity revises its estimate of the number of options that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate. The impact of the revision to original estimates, if any, is recognised in the statement of profit or loss and other comprehensive income with a corresponding adjustment to equity.

Under the Deferred Share and Incentive Plan, deferred share rights are issued by Smart Parking to employees for no cash consideration which vest after a time based hurdle. At each reporting date,

For personal use only

the entity revises its estimate of the number of deferred share rights that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate. The impact of the revision to original estimates, if any, is recognised in the statement of profit or loss and other comprehensive income with a corresponding adjustment to equity.

j) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flow.

k) Government Grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

l) Interests in other entities

The Group's principal subsidiaries at 30 June 2022 are set out below. The country of incorporation or registration is also their principal place of business unless otherwise stated.

Name of entity	Place of business/country of incorporation	Ownership interest held by the Group		Principal activities
		2022	2021	
Smart Parking Technology Ltd	New Zealand	100%	100%	Parking Management, Provision of Parking Technology
Smart Parking (UK) Ltd	Scotland	100%	100%	Holding Company
Smart Parking Ltd[1]	Scotland	100%	100%	Parking Management, Provision of Parking Technology
Enterprise Parking Solutions Ltd[2]	England	100%	-	Parking Management
NE Parking Ltd[2]	England	100%	-	Parking Management
Smart Parking Germany GmbH[3]	Germany	100%	100%	Parking Management

1 Place of business is United Kingdom.
2 Acquired during FY22, refer to Note 10 for additional information.
3 Commenced trading 1 January 2022.

Directors' Declaration

For personal use only

In the Directors' opinion:

(a) The financial statements, comprising the statement of profit or loss and other comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity, accompanying notes, are in accordance with the *Corporations Act 2001*, and:

(i) comply with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

(ii) give a true and fair view of the financial position as at 30 June 2022 and of the performance for the year ended on that date of the Group.

(b) There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and

(c) The remuneration disclosures included in the directors' report (as part of the audited Remuneration Report), for the year ended 30 June 2022, comply with section 300A of the *Corporations Act 2001*.

(d) The Group has included in the notes to the financial statements an explicit and unreserved statement of compliance with International Financial Reporting Standards.

(e) The Directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer required by section 295A.

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

Christopher Morris
Non-Executive Chairman

Paul Gillespie
Managing Director

30 September 2022

ASX Additional Information

For personal use only

Additional information required by the ASX Limited Listing Rules not disclosed elsewhere in this Annual Report is set out below.

1. Shareholdings

The issued capital of the Company as at 2 September 2022 is 352,553,001 ordinary fully paid shares. All issued ordinary fully paid shares carry one vote per share.

Ordinary Shares

Shares Range	Holders	Units	%
1-1,000	84	12,266	0.00
1,001-5,000	427	1,401,205	0.40
5,001-10,000	267	2,134,113	0.61
10,001-100,000	710	25,746,789	7.30
100,001 and over	194	323,258,628	91.69
Total	**1,682**	**352,553,001**	**100.00**

Unmarketable parcels

There were 175 holders of less than a marketable parcel of ordinary shares.

2. Top 20 Shareholders as at 2 September 2022

	Name	Number of shares	%
1	Invia Custodian Pty Limited	122,301,550	34.69
2	J P Morgan Nominees Australia Limited	51,074,669	14.49
3	Sagittarius Holdings Limited	20,357,087	5.77
4	HSBC Custody Nominees (Australia) Limited	16,617,195	4.71
5	Pennilane Investments Pty Ltd	8,286,668	2.35
6	Tamily Pty Ltd	7,176,467	2.04
7	Custodial Services Limited	6,277,134	1.78
8	Car Parking Technologies Employee Share Plan Pty Limited	5,271,653	1.50
9	Mr Paul Gillespie	5,227,206	1.48
10	Mr Bart Engelsman	4,631,300	1.31
11	Lochinvar Securities Pty Limited	3,860,573	1.10
12	Citicorp Nominees Pty Ltd	2,852,953	0.81
13	Sanperez Pty Ltd	2,300,000	0.65
14	Old Fletcher & Partners Pty Ltd <Fletcher Super Fund A/C>	2,000,000	0.57
15	BNP Paribas Noms Pty Ltd	1,913,927	0.54
16	Ms Sharon Sills	1,881,681	0.53
17	Mr David Oakley	1,605,000	0.46
18	Senlinear Pty Ltd <Senlinear Family A/C>	1,500,000	0.43
19	Mr Gary Dyring	1,495,355	0.42
20	Mr Paul Gordon van der Oest	1,353,658	0.38
Total		**267,984,076**	**76.01**

3. Substantial Shareholders as at 2 September 2022

	Name	Number of shares	%
1	Invia Custodian Pty Limited	122,301,550	34.69
2	Microequities Asset Management Pty Ltd	40,846,264	13.74
3	ICE Investors Pty Ltd	21,429,845	6.08

4. Unquoted Options as at 2 September 2022

Nil.

5. Restricted Securities subject to escrow period

Nil.

6. Voting Rights

In accordance with the Company's Constitution, on a show of hands every shareholder present in person or by proxy, attorney or representative of a shareholder has one vote and on a poll every shareholder present in person or by proxy, attorney or representative of a shareholder has in respect of fully paid shares, one vote for every share held. No class of option holder has a right to vote, however the shares issued upon exercise of options will rank pari passu with the existing fully paid ordinary shares.

7. Company cash and assets

In accordance with Listing Rule 4.10.19, the company confirms that it has been using the cash and assets it had acquired at the time of admission and for the year ended 30 June 2022 in a way that is consistent with its business objective and strategy.

For personal use only

Corporate Directory

Directors

Mr Christopher Morris, Non-Executive Chairman

Mr Paul Gillespie, Managing Director

Mr Jeremy King, Non-Executive Director

Ms Fiona Pearse, Non-Executive Director

Company Secretary

Mr Richard Ludbrook

Registered Office

85 Dundas Place, Albert Park
Victoria 3206
T: +61 3 8644 4021

Share Registry

Computershare Investor Services Pty Ltd
Yarra Falls
452 Johnston Street
Abbotsford VIC 3067
T: +61 3 9415 4000
F: +61 3 9473 2500

Website

www.smartparking.com

Auditors

Grant Thornton
Collins Square, Tower 5
727 Collins Street
Melbourne VIC 3008

Bankers

National Australia Bank
500 Bourke Street
Melbourne VIC 3000

Solicitors

Lander and Rogers
Level 12
600 Bourke Street
Melbourne VIC 3000

Stock Exchange

Australian Securities Exchange Limited
Rialto Tower
525 Collins Street
Melbourne VIC 3000

ASX Code

SPZ

For personal use only