

Smart Parking Limited  
and its Controlled Entities

ABN 45 119 327 169

# Preliminary Final Report

for the year ended  
30 June 2021



# ASX PRELIMINARY FINAL REPORT

**Smart Parking Limited**  
**ABN 45 119 327 169**

**30 June 2021**

Lodged with the ASX under Listing Rule 4.3A

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

## Smart Parking Limited

### Year ended 30 June 2021

#### Details of the reporting period

**Current period:** 12 months ending 30 June 2021 (FY21)

**Prior period:** 12 months ending 30 June 2020 (FY20)

#### RESULTS FOR ANNOUNCEMENT TO MARKET

		2021	2020
Revenue from ordinary activities	Down 4%	20,675,020	21,587,234
Profit/ (Loss) after tax attributable to members	Up 173%	5,302,608	(7,272,434)
Total comprehensive income for the year attributable to owners	Up 173%	5,155,632	(7,088,517)

#### Dividends

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

#### Commentary on the results for FY21

The net statutory profit after tax attributable to members is \$5.3m, up \$12.6m on FY20. The profit after tax is an outstanding result in a difficult year which was significantly impacted by COVID-19 and government restrictions across our business, especially the UK - the major source of revenue - which this financial year experienced approximately 7 months of lockdowns.

The pleasing result reflects strong cost management, an outstanding 25% growth in the number of UK sites, the opening of a new parking management business in New Zealand, and settlement of outstanding litigation matters. Underlying growth in the core parking management business is accelerating as the vaccination rollout reduces the impact of COVID-19.

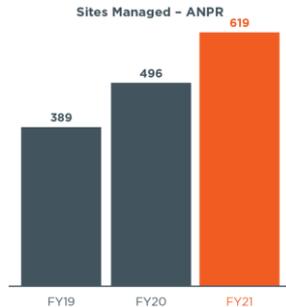
The results include a net \$6.4m positive adjustment related to the resolution of outstanding UK VAT matters with HMRC (refer to Note 22 for additional information), and a net \$1.2m from dispute settlements on other matters.

EBITDA is \$11.2m, up by \$14.6m on FY20. After accounting for \$9.0m of unusual and non-recurring items, the Adjusted EBITDA profit of \$2.2m is up 354%, or \$3.1m, against FY20 (refer Note 2 for an explanation of unusual and non-recurring items). The improvement is largely due to the growing number of parking sites under management along with the impact of cost reductions, despite being partly offset by lower levels of activity due to COVID-19.

Despite months of government restrictions, total revenue of \$20.7m for FY21 was down only 4% on FY20. Revenue in the Parking Management division of \$16.3m was down 6% (2020: \$17.2m). The COVID-19 global pandemic continued to cause volatility in trading results with varying restrictions over the range of locations. Despite COVID-19 restrictions, the company won and installed an additional 141 new ANPR sites for a mix of existing and new customers, resulting in the net 25% increase in sites over the year. The portfolio has undergone rapid

growth over the last two years, as shown in the next graph, rising from 389 sites under management at 30 June 2019, to 496 sites at 30 June 2020, to 619 sites under management at 30 June 2021.

The company established a Parking Management business in NZ with the business performing ahead of expectations with 6 sites installed at 30 June. An Australian Parking Management business was recently launched starting in Queensland, and the focus in NZ and Australia is on growing the pipeline to capitalise on the new market opportunity.



The company remains focused on its strategy of growing the installed number of sites to 1,000 by 30 June 2023.

Despite the increase in sites, the number of PBNs issued decreased by 4% in FY21 due to the significant impact of COVID-19 restrictions. However, following a recent easing in UK COVID-19 restrictions, pleasingly, PBNs for Q4 FY21 were up 14% compared to Q4 FY19 (pre COVID-19) and up 278% on the same period last year. In the absence of government restrictions and changed driver behaviours, the division expects strong revenue and earnings growth in FY22 as a result of increased car count, longer stay times, as well as the contribution of new sites installed during FY21 and ongoing further new sites.

The 18% reduction in costs resulted in Adjusted EBITDA for FY21 in the Parking Management Division of \$4.2m, up 36% on FY20. Personnel costs of \$4.0m were down 20% on the prior corresponding period following a review of resourcing requirements in 2020 due to the impact of COVID-19, utilisation of the UK Coronavirus Job Retention Scheme and reductions to executive and staff salaries.

External revenue in the Technology division was up 4% on the prior corresponding period to \$4.4m. Installations included City of Marion, Wyndham City Council, Queen Victoria Market and Ormiston Town Centre (NZ). The Adjusted EBITDA profit of \$0.3m improved from a loss of \$1.8m in FY20, a pleasing result in spite of ongoing disruption from government lockdowns.

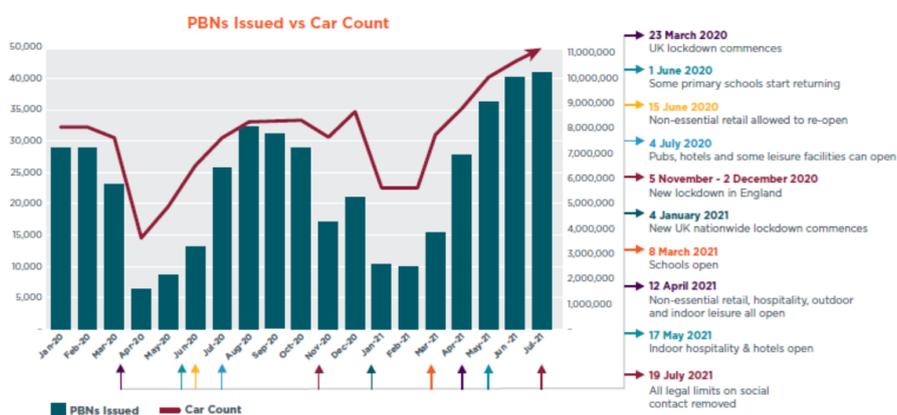
SPZ at the date of reporting has \$3.3m of work in progress and new orders to deliver which includes a delayed order from Gatwick Airport (United Kingdom) for \$1.3m. The timing of installation and revenue recognition for the Gatwick Airport contract remains uncertain due to the ongoing impact of the COVID-19 global pandemic.

The company continues to implement initiatives as it proactively seeks to further enhance the technology division's profitability.

The company invested \$1.0m on Research and Development and continued to invest in technology. The division continued to enhance the functionality of its Smart City platform (SmartCloud) and Parking App, and launched its Enforcement Management System, to complete the end-to-end customer journey, opening up a wider pool of customers with a greater product offering.

The company is seeing a strong recovery in early FY22:

- All UK restrictions on social contact were removed on 19<sup>th</sup> July 2021.
- At 15<sup>th</sup> August, 40.4 million people (approximately 76% of UK adults) in the UK have received both doses of the COVID-19 vaccine.
- The company has seen an increase in both the car count and contravention rate as UK restrictions are eased with the company issuing 41,885 PBNs in July (July 2019: 34,729) and up from a low of 6,250 in April 2020.
- The average stay time is increasing and still has room to grow towards pre-COVID levels. Grace periods have reverted to historical levels.
- In addition to the 68 sites recently acquired sites, the Managed Services division expects to install 55 new sites in Q1 FY22. The division is focused on growing the number of installations by 200 new sites in FY22.
- The Group incurred \$2.0m of capital investment in FY21, the benefit of which will be realised largely in future periods.
- The Technology division continues to win new business, and was recently awarded Queensgate multi-storey car park (NZ).



Net operating cash inflows for the year were \$6.7m, up from an outflow of \$0.2m in FY20. This includes net cash inflows from dispute settlements (after deducting legal costs) of \$1.2m and a net UK VAT settlement receipt of \$2.4m (after deducting professional fees).

At year end, the group had available cash of \$10.7m. The company conducted a share buy-back in FY21 at a total cost of \$1.1m. In July 2020, the group entered into a UK Coronavirus Business Interruption Loan for \$2.7m which was drawn down during September to be used for working capital and capital expenditure. The loan is repayable in 36 monthly instalments commencing from the first anniversary after draw down. Refer to Note 15 for additional information.

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.

On 6<sup>th</sup> 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.

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

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

**Consolidated Statement of Profit or Loss and Other Comprehensive Income**  
**For the year ended 30 June 2021**

	Note	Consolidated	
		2021	2020
		\$	\$
Revenue from operations	9(c)	<b>20,675,020</b>	21,587,234
Raw materials and consumables used		<b>(3,364,747)</b>	(3,432,902)
Employee benefits expense		<b>(8,384,403)</b>	(10,904,401)
Depreciation and amortisation expense		<b>(3,575,788)</b>	(3,724,325)
Rental and operating lease costs		<b>(530,333)</b>	(367,577)
Share-based payments expense		<b>(254,704)</b>	(314,357)
Finance and interest expense		<b>(488,569)</b>	(580,271)
Foreign exchange gains/(losses)		<b>622,813</b>	(141,100)
VAT adjustment	9(c),22	<b>6,900,913</b>	(1,620,169)
Dispute settlements	9(c)	<b>1,334,277</b>	-
COVID-19 subsidies	9(c)	<b>748,724</b>	778,649
Other expenses		<b>(6,609,101)</b>	(8,885,016)
Profit/(loss) before income tax		<b>7,074,102</b>	(7,604,235)
Income tax (expense)/benefit		<b>(1,771,494)</b>	331,801
Profit/(loss) for the year from continuing operations		<b>5,302,608</b>	(7,272,434)
Other comprehensive income:			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translation of foreign operations		<b>(146,976)</b>	183,917
Other comprehensive income for the year, net of tax		<b>(146,976)</b>	183,917
Total comprehensive income for the year		<b>5,155,632</b>	(7,088,517)
Total comprehensive income for the year attributable to owners of Smart Parking Limited		<b>5,155,632</b>	(7,088,517)
Earnings per share from continuing operations attributable to the ordinary equity holders of the company.			
- basic earnings/ (loss) per share (cents per share)		<b>1.49</b>	(2.02)
- diluted earnings/ (loss) per share (cents per share)		<b>1.48</b>	(2.02)

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

**Consolidated Statement of Financial Position**  
As at 30 June 2021

	Note	Consolidated 2021 \$	2020 \$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	10	11,287,265	6,466,817
Trade and other receivables	11	7,747,443	3,768,331
Contract assets		146,641	139,720
Inventories		1,253,185	1,511,882
Income tax receivable		363	624
<b>Total Current Assets</b>		<b>20,434,897</b>	<b>11,887,374</b>
<b>Non-current Assets</b>			
Receivables	11	-	131,707
Property, plant and equipment	12	6,487,904	6,486,557
Right-of-use asset		10,846,437	11,934,426
Intangible assets	13	2,048,137	2,099,772
Deferred tax assets		-	1,595,274
<b>Total Non-current Assets</b>		<b>19,382,478</b>	<b>22,247,736</b>
<b>TOTAL ASSETS</b>		<b>39,817,375</b>	<b>34,135,110</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables	14	6,330,487	7,537,564
Lease liabilities		1,187,309	1,380,761
Borrowings	15	767,484	1,767
Contract liabilities		1,483,738	804,121
Provisions		586,833	524,933
Deferred tax liabilities		114,040	-
<b>Total Current Liabilities</b>		<b>10,469,891</b>	<b>10,249,146</b>
<b>Non-current Liabilities</b>			
Lease liabilities		10,084,954	10,965,529
Borrowings	15	1,995,456	-
<b>Total Non-current Liabilities</b>		<b>12,080,410</b>	<b>10,965,529</b>
<b>TOTAL LIABILITIES</b>		<b>22,550,301</b>	<b>21,214,675</b>
<b>NET ASSETS</b>		<b>17,267,074</b>	<b>12,920,435</b>
<b>EQUITY</b>			
Contributed equity	8	67,802,022	68,865,719
Accumulated losses	3	(54,821,207)	(60,123,815)
Reserves	16	4,286,259	4,178,531
<b>TOTAL EQUITY</b>		<b>17,267,074</b>	<b>12,920,435</b>

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

**Consolidated Statement of Changes in Equity**  
**For the year ended 30 June 2021**

	Contributed equity \$	Reserves \$	Accumulated losses \$	Total \$
Balance at 1 July 2020	68,865,719	4,178,531	(60,123,815)	12,920,435
<b>Total comprehensive income for the year</b>				
Profit for the year	-	-	5,302,608	5,302,608
Other comprehensive income	-	(146,976)	-	(146,976)
<b>Total comprehensive profit/(loss) for the year</b>	-	(146,976)	5,302,608	5,155,632
<b>Transactions with owners, recorded directly in equity</b>				
<b>Contributions by owners</b>				
Share buy-back	(1,063,697)	-	-	(1,063,697)
Share-based payment transactions	-	254,704	-	254,704
Total transactions with owners	(1,063,697)	254,704	-	(808,993)
<b>Balance at 30 June 2021</b>	<b>67,802,022</b>	<b>4,286,259</b>	<b>(54,821,207)</b>	<b>17,267,074</b>

	Contributed equity \$	Reserves \$	Accumulated losses \$	Total \$
Balance at 1 July 2019	68,865,719	3,680,257	(52,851,381)	19,694,595
<b>Total comprehensive income for the year</b>				
Loss for the year	-	-	(7,272,434)	(7,272,434)
Other comprehensive income	-	183,917	-	183,917
<b>Total comprehensive profit/(loss) for the year</b>	-	183,917	(7,272,434)	(7,088,517)
<b>Transactions with owners, recorded directly in equity</b>				
<b>Contributions by owners</b>				
Contributions of equity net of transaction costs	-	-	-	-
Share-based payment transactions	-	314,357	-	314,357
Total transactions with owners	-	314,357	-	314,357
<b>Balance at 30 June 2020</b>	<b>68,865,719</b>	<b>4,178,531</b>	<b>(60,123,815)</b>	<b>12,920,435</b>

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

**Consolidated Statement of Cash Flows**  
**For the year ended 30 June 2021**

	Note	Consolidated 2021 \$	2020 \$
<b>Cash flows from operating activities</b>			
Cash receipts in the course of operations		18,422,615	24,600,312
Cash payments in the course of operations		(15,421,887)	(24,457,426)
VAT settlement refund	22	2,902,318	-
Other dispute settlements		1,334,277	-
Professional fees (related to VAT resolution dispute settlements, corporate advisory costs (FY20))		(585,966)	(405,814)
Interest received		4,200	105,808
Income taxes received/(paid)		261	(289)
<b>Net cash inflow/(outflow) from operating activities before movement in client funds</b>		<b>6,655,818</b>	<b>(157,409)</b>
Net increase/(decrease) in cash held on behalf of customers		<b>390,756</b>	<b>(178,804)</b>
<b>Net cash inflow/(outflow) from operating activities</b>	17	<b>7,046,574</b>	<b>(336,213)</b>
<b>Cash flows from investing activities</b>			
Purchase of intangible assets		(58,328)	(283,542)
Purchase of plant and equipment		(1,980,889)	(2,195,430)
<b>Net cash outflow from investing activities</b>		<b>(2,039,217)</b>	<b>(2,478,972)</b>
<b>Cash flows from financing activities</b>			
Payments for on-market share buy-back		(1,063,697)	-
Hire purchase payments		(1,779)	(60,833)
Interest and other finance costs paid		(528,664)	(430,283)
Principal elements of lease payments		(1,389,641)	(1,122,377)
Proceeds from borrowings		2,709,538	-
<b>Net cash outflow from financing activities</b>		<b>(274,243)</b>	<b>(1,613,493)</b>
Net increase/(decrease) in cash and cash equivalents		<b>4,733,114</b>	<b>(4,428,678)</b>
Cash and cash equivalents at beginning of period		<b>6,466,817</b>	10,912,363
Effects of exchange rate changes on cash and cash equivalents		<b>87,334</b>	(16,868)
<b>Cash and cash equivalents at end of period</b>	10	<b>11,287,265</b>	6,466,817

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

## **Supplementary Appendix 4E Information**

### **1. Statement of significant accounting policies**

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

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

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

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

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

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

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

The profit of the Group for the financial year after income tax amounted to \$5.3m (2020: loss of \$7.3m).

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

	2021 \$	2020 \$
<b>Net Profit/(Loss) for the year after tax</b>	<b>5,302,608</b>	<b>(7,272,434)</b>
EBITDA <sup>1</sup>	11,207,629	(3,374,167)
Professional fees <sup>2</sup>	585,966	1,105,510
Restructuring costs <sup>3</sup>	60,236	361,811
VAT adjustment <sup>4</sup>	(6,900,913)	1,620,169
Other dispute settlements <sup>5</sup>	(1,334,277)	-
Other non-recurring items <sup>6</sup>	(30,000)	52,248
COVID-19 Government Subsidies <sup>7</sup>	(748,724)	(778,649)
Foreign exchange (gains)/losses <sup>8</sup>	(622,813)	141,100
<b>Adjusted EBITDA<sup>9</sup></b>	<b>2,217,104</b>	<b>(871,978)</b>
Depreciation and amortisation	(3,575,788)	(3,724,325)
Loss on disposal of fixed property, plant and equipment	(119,750)	(77,164)
<b>Adjusted EBIT<sup>9</sup></b>	<b>(1,478,434)</b>	<b>(4,673,467)</b>

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

<sup>2</sup>The professional fees relate to expert advice on the VAT dispute with HMRC. The professional fees in 2020 relate to the UK management restructure, GDPR set up costs, corporate advisory costs and expert advice on the VAT dispute. These costs are non-operating in nature.

<sup>3</sup>The restructuring costs relate to a reorganisation of the UK Parking Management division.

<sup>4</sup>The VAT adjustment relates to the resolution of outstanding VAT matters with HMRC in FY21. FY20 related to additional accounting provisions associated with the VAT dispute. Refer to note 22 for additional information.

<sup>5</sup>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.

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

<sup>7</sup>COVID-19 Government subsidies include the utilisation of the UK Coronavirus Job Retention Scheme and Australian Tax Office cash flow boost.

<sup>8</sup>The foreign exchange gains/(losses) relate to funding within the Group.

<sup>9</sup>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.

**3. Retained Earnings** (Appendix 4E item 6)

	Consolidated	
	2021	2020
	\$	\$
Balance 1 July	(60,123,815)	(52,851,381)
Net profit/(loss) for the year	<u>5,302,608</u>	<u>(7,272,434)</u>
Balance 30 June	<u>(54,821,207)</u>	<u>(60,123,815)</u>

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

There were no dividends paid or proposed during the year.

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

The company has no dividend reinvestment plan in operation.

**6. NTA Backing** (Appendix 4E item 9)

	Consolidated	
	2021	2020
	\$	\$
Net tangible asset backing per ordinary share	\$0.0437	\$0.0324

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

	Consolidated	
	2021	2020
Basic profit/(loss) per share (cents per share)	1.49	(2.02)
Diluted profit/(loss) per share (cents per share)	1.48	(2.02)
Profit/(loss) used in calculating EPS (\$)	5,302,608	(7,272,434)
Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	No. <u>356,004,320</u>	No. 359,215,361
Weighted average number of ordinary shares outstanding during the year used in calculating diluted EPS	No. <u>358,264,104</u>	No. <u>359,215,361</u>
<i>Reconciliation of basic and diluted loss per share</i>		
Profit/(loss) attributable to the ordinary equity holders of the company used in calculating earnings per share:	<u>5,302,608</u>	<u>(7,272,434)</u>

The earnings per share calculation in 2020 was not adjusted for the 4,266,828 deferred share rights as the company made a loss in the year and this would be considered antidilutive.

## 8. Contributed Equity *(Appendix 4E item 14.2)*

On 25 February 2021, Smart Parking Limited announced an on-market share buy-back with an aggregate value of up to \$5m for capital management purposes, which commenced on 11 March 2021.

From 11 March 2021 until 18 June 2021, the company purchased and cancelled 6,135,652 ordinary shares at a total cost of \$1.1m with an average price of \$0.1734 and a price range of \$0.1600 to \$0.1850.

<b>Details</b>	<b>No of shares</b>	<b>Purchase price</b>	<b>\$</b>
Balance at 1 July 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		
<b>Balance at 30 June 2021</b>	<b>358,079,709</b>		<b>67,802,022</b>

## 9. Segment information *(Appendix 4E item 14.4)*

### a) Description of segments

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

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

The segment disclosures are before corporate costs. The corporate function's main purpose is to conduct financing and Head Office activities and represents parent company costs which are not otherwise allocated to operating segments and foreign exchange gains and losses on the translation of foreign operations.

**b) Segment information provided to the board**

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

	Technology	Research and Development	Parking Management	Total
<b>Group – 2021</b>	\$	\$	\$	\$
Total segment revenue	6,947,122	-	16,259,438	23,206,560
Inter-segment revenue	(2,535,740)	-	-	(2,535,740)
<b>Revenue from external customers</b>	<b>4,411,382</b>	<b>-</b>	<b>16,259,438</b>	<b>20,670,820</b>
<b>Segmental Adjusted EBITDA</b>	<b>278,869</b>	<b>(983,330)</b>	<b>4,232,549</b>	<b>3,528,088</b>
Depreciation and amortisation	(353,256)	-	(3,222,532)	(3,575,788)
Loss on disposal of fixed property, plant and equipment	-	-	(119,750)	(119,750)
<b>Segmental Adjusted EBIT</b>	<b>(74,387)</b>	<b>(983,330)</b>	<b>890,267</b>	<b>(167,450)</b>

The segment information provided to the Board for the reportable segments for the year ended 30 June 2020 was as follows:

	Technology	Research and Development	Parking Management	Total
<b>Group – 2020</b>	\$	\$	\$	\$
Total segment revenue	6,717,939	-	17,243,752	23,961,691
Inter-segment revenue	(2,462,637)	-	-	(2,462,637)
<b>Revenue from external customers</b>	<b>4,255,302</b>	<b>-</b>	<b>17,243,752</b>	<b>21,499,054</b>
<b>Segmental Adjusted EBITDA</b>	<b>(1,774,945)</b>	<b>(1,001,993)</b>	<b>3,103,347</b>	<b>326,409</b>
Depreciation and amortisation	(355,558)	-	(3,368,767)	(3,724,325)
Loss on disposal of fixed property, plant and equipment	-	-	(77,164)	(77,164)
<b>Segmental Adjusted EBIT</b>	<b>(2,130,503)</b>	<b>(1,001,993)</b>	<b>(342,584)</b>	<b>(3,475,080)</b>

**c) Other segment information**

(i) Segment revenue

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

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

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Total segment revenue	<b>23,206,560</b>	23,961,691
Intersegment eliminations	<b>(2,535,740)</b>	(2,462,637)
Interest revenue	<b>4,200</b>	88,180
	<b>20,675,020</b>	<b>21,587,234</b>

(ii) Adjusted EBIT

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

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

	2021	2020
	\$	\$
<b>Segment Adjusted EBIT<sup>1</sup></b>	<b>(167,450)</b>	(3,475,080)
Interest revenue	4,200	88,180
Interest expense	<b>(442,189)</b>	(516,758)
VAT adjustment <sup>2</sup>	<b>6,900,913</b>	(1,620,169)
Other dispute settlements <sup>3</sup>	<b>1,334,277</b>	-
Other non-recurring items <sup>4</sup>	<b>(616,202)</b>	(1,519,570)
COVID-19 Government subsidies <sup>5</sup>	<b>748,724</b>	778,649
Foreign exchange gain/(loss) on intra group funding	<b>622,813</b>	(141,100)
Adjusted EBIT for Group Corporate function	<b>(1,310,984)</b>	(1,198,387)
<b>Profit/(loss) before income tax from continuing operations</b>	<b>7,074,102</b>	(7,604,235)

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

<sup>2</sup> The VAT adjustment relates to the resolution of outstanding VAT matters with HMRC in FY21 (excluding expert advisor fees). FY20 related to additional accounting provisions associated with the VAT dispute. Refer to note 22 for additional information.

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

<sup>4</sup>Non-recurring items include professional fees and restructuring costs. In FY20, the non-recurring items includes costs comprising professional fees, corporate advisory costs, restructuring costs and other costs expenses which are either non-recurring or non-operating in nature.

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

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

	2021	2020
	\$	\$
<b>Segment Adjusted EBIT</b>	<b>(167,450)</b>	(3,475,080)
Adjusted EBIT for Group Corporate function	<b>(1,310,984)</b>	(1,198,387)
<b>Adjusted Group EBIT</b>	<b>(1,478,434)</b>	(4,673,467)

## 10. Cash and cash equivalents

	Consolidated	
	2021	2020
	\$	\$
Cash at bank and in hand	10,702,153	6,272,461
Cash held on behalf of customers	585,112	194,356
	<u>11,287,265</u>	<u>6,466,817</u>

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

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

## 11. Trade and other receivables

### Current

Trade receivables	3,186,877	1,059,594
Provision for impairment of receivables	(77,533)	(12,540)
	<u>3,109,344</u>	<u>1,047,054</u>
Prepayments	745,967	581,456
Other receivables	3,892,132	2,139,821
	<u>7,747,443</u>	<u>3,768,331</u>
Non-current receivables	-	131,707
	<u>7,747,443</u>	<u>3,900,038</u>

## 12. Property, plant and equipment

	Motor Vehicles	Office Equipment	Plant and Equipment	Leasehold Improvements	Total
	\$	\$	\$	\$	\$
<b>Consolidated</b>					
<b>Year ended 30 June 2021</b>					
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
<b>Closing net book amount</b>	<b>61,083</b>	<b>168,615</b>	<b>5,849,652</b>	<b>408,554</b>	<b>6,487,904</b>
<b>At 30 June 2021</b>					
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)
<b>Net book amount</b>	<b>61,083</b>	<b>168,615</b>	<b>5,849,652</b>	<b>408,554</b>	<b>6,487,904</b>

## 13. Intangible assets

	Software	Developed Technology	Goodwill	Other intangible assets	Total
	\$	\$	\$	\$	\$
<b>Year ended 30 June 2021</b>					
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)
<b>Closing net book amount</b>	<b>317,199</b>	<b>89,341</b>	<b>1,641,597</b>	<b>-</b>	<b>2,048,137</b>
<b>At 30 June 2021</b>					
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)
<b>Net book amount</b>	<b>317,199</b>	<b>89,341</b>	<b>1,641,597</b>	<b>-</b>	<b>2,048,137</b>

## 14. Trade and other payables

	Consolidated	
	2021	2020
	\$	\$
Current		
Trade payables	2,347,314	1,523,368
Related party payables	81,632	73,986
Other payables	3,901,541	5,940,210
	<b>6,330,487</b>	<b>7,537,564</b>

All current trade and other payables are expected to be settled within 12 months. Other payables includes \$585,112 (2020: 194,356) 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 10.

## 15. Borrowings

	Consolidated	
	2021	2020
	\$	\$
Hire purchase liabilities	-	1,767
UK Coronavirus Business Interruption Loan - current	767,484	-
	<b>767,484</b>	<b>1,767</b>
UK Coronavirus Business Interruption Loan - non-current	1,995,456	-
	<b>2,762,940</b>	<b>1,767</b>

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 25<sup>th</sup> of September 2020. The terms of the loan include:

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

## 16. Reserves

	Consolidated	
	2021	2020
	\$	\$
Share based payments	3,551,384	3,296,680
Foreign currency translation	734,875	881,851
	<u>4,286,259</u>	<u>4,178,531</u>

## 17. Reconciliation of cash flows from operating activities

Reconciliation of Cash Flow from Operations with Profit/(loss) after Income Tax

	2021	2020
	\$	\$
Profit/(loss) after income tax for the period	5,302,608	(7,272,434)
Adjustments for:		
Loss on disposal of plant and equipment	119,750	77,164
Depreciation and amortisation expense	3,575,788	3,724,325
Interest expense	442,189	516,758
Share-based payments expense	254,704	314,357
Net foreign exchange differences	(622,813)	141,100
Change in operating assets and liabilities, net of effects from purchase of controlled entity:		
(Increase)/decrease in trade receivables and contract assets	(1,932,133)	1,093,412
(Increase)/decrease in inventories	258,697	(423,110)
(Increase)/decrease in other current assets	(595,005)	1,942,426
Increase/(decrease) in trade payables and accruals	(1,466,786)	53,254
(Increase)/decrease in tax receivable and deferred tax	1,709,575	(503,465)
Net cash inflow/(outflow) from operations	<u>7,046,574</u>	<u>(336,213)</u>

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

Refer to the attached Market Announcement and Investor Presentation.

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

Refer to the attached Market Announcement and Investor Presentation.

## 20. Controlled Entities Acquired or Disposed of *(Appendix 4E item 10)*

The Company did not acquire/dispose of interests in Controlled Entities during the period.

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

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

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

### VAT

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

The settlement resulted in:

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

The \$6.9m writeback to profit for prior years is partly offset by VAT expert advisor fees of \$0.5m, giving a net \$6.4m positive impact on profit in FY21.

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

## **23. Matters subsequent to the end of the financial year**

On 6<sup>th</sup> 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 its 68 sites increase the Company's sites under management by 11%.

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

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

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

Refer to the attached Market Announcement and Investor Presentation.

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

Refer to the attached Market Announcement and Investor Presentation.