

Smart Parking Limited (ASX:SPZ)

FY21 Half Year Results

25 February 2021
CEO Paul Gillespie

smartparking.com



Smart Parking Ltd (ASX:SPZ)

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

Parking management services

Provision of parking management solutions, predominantly servicing the retail sector, managing agents and land owners in the UK. SPZ has recently been accredited in NZ to run parking management services across the country.

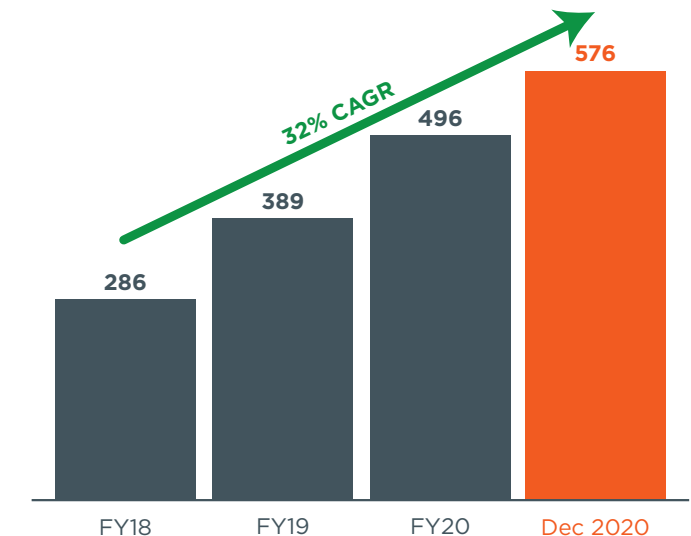
Technology

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

Research & development

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

Sites Managed - ANPR



8 MILLION CARS PER MONTH
THROUGH UK ESTATE



OVER 31m SMARTCLOUD
TRANSACTIONS PER DAY



OVER 600 CUSTOMERS
WORLDWIDE



OPERATING IN OVER
10 TERRITORIES

H1 FY21 Highlights

576 Total sites,
up 27% 

**As of 31 December 2020 compared to PCP*

Adjusted EBITDA margin
increased 210 bps to

14% 

**H1 FY21 compared to PCP*

Growth in parking
breach notices up

40% 

**H1 FY21 compared to H2 FY20*

Cash of
\$9.3m

**At 31 December 2020*

Favourable VAT
settlement

\$6.9m 

**Includes \$2.9m cash to be received in H2 FY21*

\$2.2m

 Adjusted operating
cash flow up 48%

**H1 FY21 compared to PCP*

Business Update

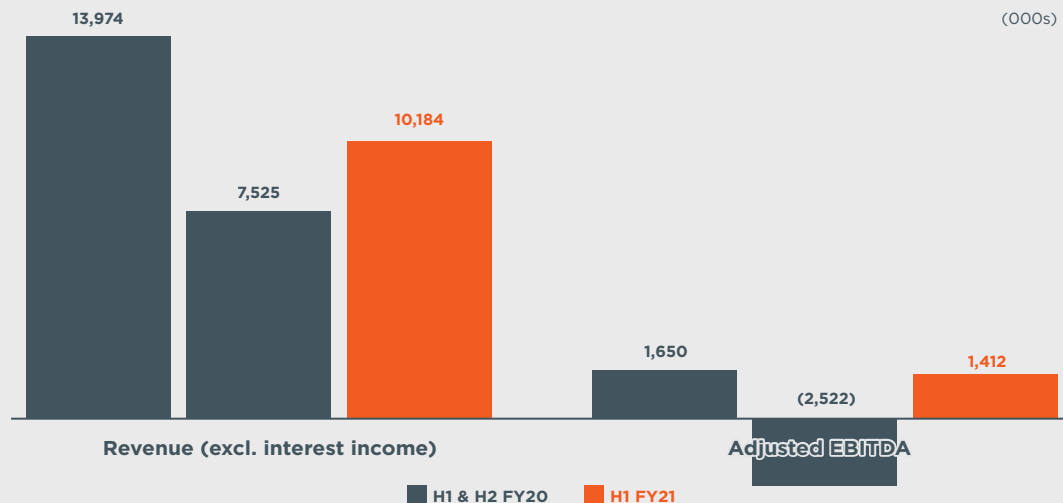
| Building the portfolio to support long term growth and earnings

- Strong recovery in Managed Services with H1 FY21 showing 51% revenue growth vs COVID impacted H2 FY20. Technology revenues and capital projects delayed by the pandemic.
- New business wins leading to 85 new ANPR sites installed in the UK and on track to achieve the 1,000 site target by June 2023.
- Positive Group adjusted operating cashflow of \$2.2m – despite government lockdown restrictions in many areas of the UK.
- New Technology business wins in H1 FY21 delivering 2,400 sensors.
- New IP development and products delivered to market.
- Resolved long running VAT dispute resulting in a refund of \$2.9m expected in H2 FY21, and total write back of \$6.9m.
- Strong pipeline of new sites, rate of installations depends on access and pandemic related restrictions.
- NZ Managed Services business established and pipeline growing.
- Expecting a strong Q4 performance as the UK vaccination progress continues, additional sites contribute new revenues and seasonality boosts activity.



H1 FY21 Financial Update

Smart Parking Group



- The business experienced a strong recovery in H1 FY21 with Parking Breach Notices increasing 40% compared to H2 FY20.
- Overheads were down 29% with personnel costs down 29% as a result of the cost saving initiatives implemented in FY20.
- \$3m annualised savings achieved in FY20 with additional 6 months contribution in FY21.
- The Group recognised a one-off benefit of \$6.9m in H1 FY21 related to the resolution of the VAT dispute. The VAT settlement will result in increased profitability in future periods. The pre-tax profit would have been approximately \$1.7m higher in FY20 had the agreed method applied in FY20.

H1 FY21 Results | Group Profit & Loss (m)

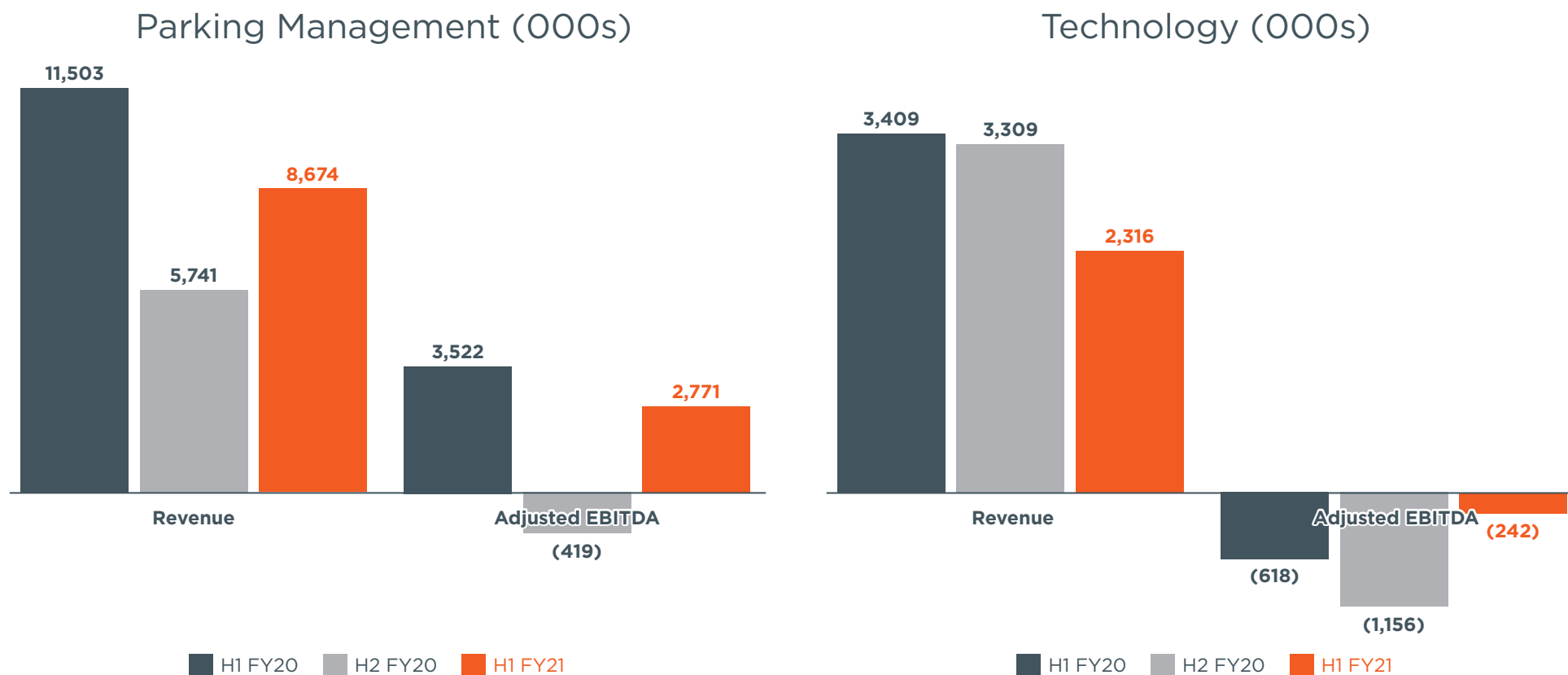
	H1 FY20	H1 FY21
Revenue	14.0	10.2
Cost of Sales	(5.1)	(3.6)
Gross Profit	8.9	6.6
Overheads	(7.3)	(5.2)
Adjusted EBITDA	1.6	1.4
Depreciation and amortisation	(1.8)	(1.8)
Other	(0.0)	(0.1)
Adjusted EBIT	(0.2)	(0.5)
VAT Adjustment	(0.9)	6.9
Other Non-operating/Non-recurring items	(0.2)	(0.2)
Net Interest	(0.2)	(0.2)
Net Profit/(Loss)	(1.5)	6.0
Tax expense	0.0	(1.5)
Net Profit/(Loss) after tax	(1.5)	4.5

Gross Margin %	64.0%	64.9%
Overheads/Revenue %	52.2%	51.1%
Adjusted EBITDA Margin %	11.8%	13.9%
Statutory EPS (cents per share)	(0.41)	1.25
Adjusted EPS (cents per share)	(0.17)	(0.26)

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

Segment reporting

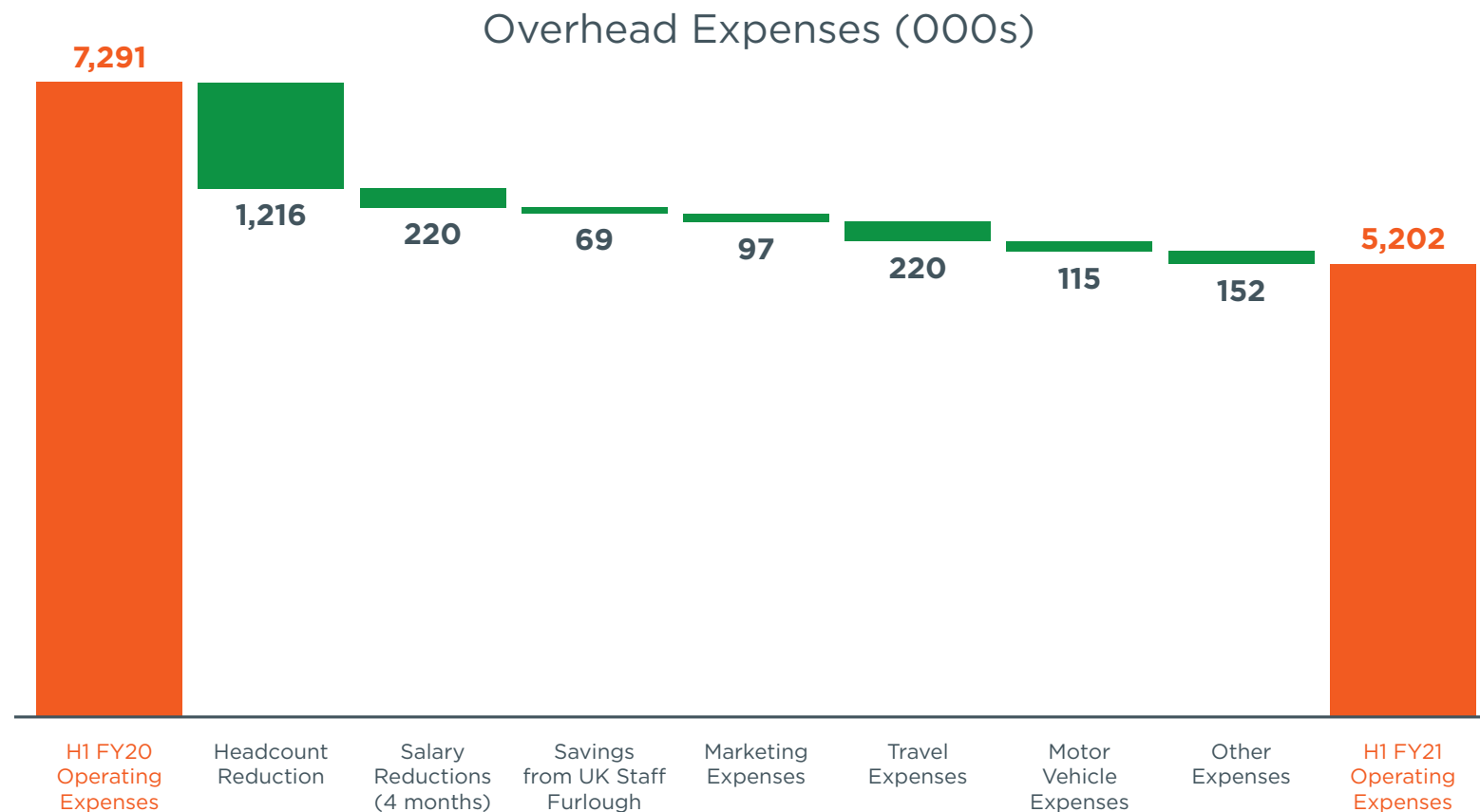
| Recovery underway with parking management revenue up 51% on COVID lows



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

Operating expense analysis

| Benefiting from cost saving initiatives in FY20



Group financial position

- \$9.3m of cash – capital to self-fund recovery and growth strategies.
- The Company drew down a UK Coronavirus Business Interruption Loan for \$2.7m in September 2020.
- \$2.9m VAT cash refund will be received in H2 FY21 (in current receivables).
- Reversal of \$4m VAT provision reflected in current liabilities.
- The Group will conduct an on-market buy-back of shares with an aggregate value of up to \$5m over the following 12 months.



Group Financial Position (m)

\$m	Jun-20	Dec-20
Current assets	11.9	18.9
Non current assets	22.2	19.7
Total assets	34.1	38.6
Current liabilities	10.2	8.4
Non-current liabilities	11.0	12.6
Total equity	12.9	17.6
Cash & cash equivalents*	6.3	9.3

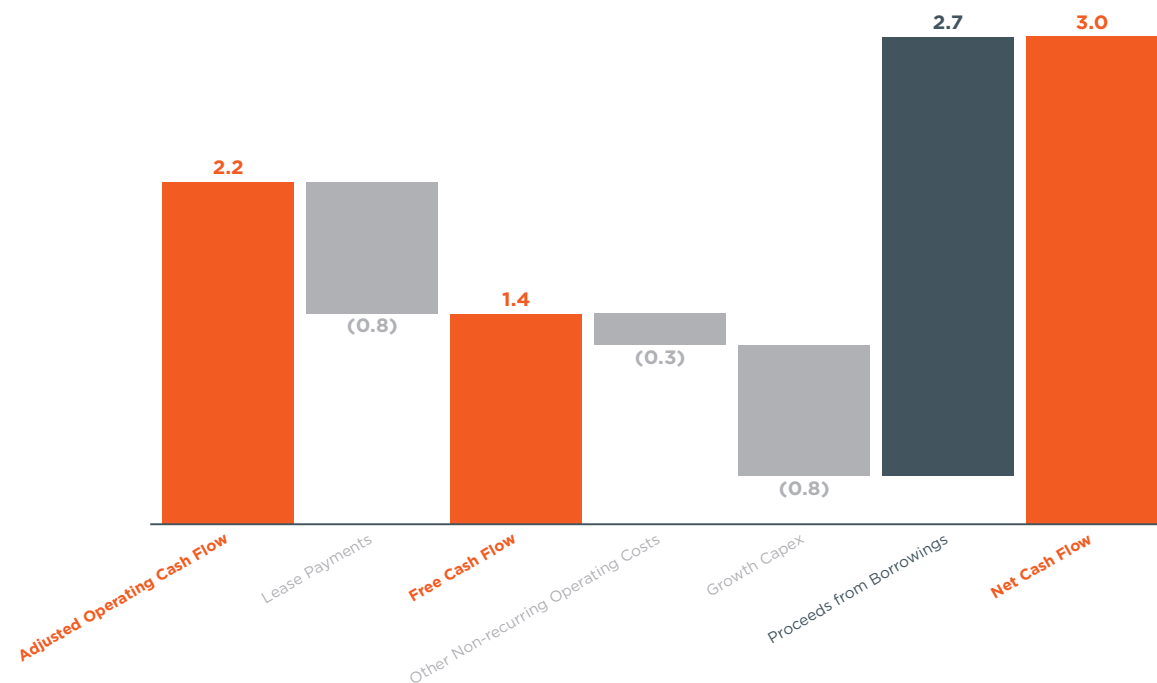
*\$2.9m expected from HMRC in H2 FY21

Group cash flow

- Cash on hand of \$9.3m as at 31 December 2020.
- Positive adjusted operating cash flow of \$2.2m, up 48% compared to PCP.
- Growth Capex of \$0.8m including ANPR camera equipment which will benefit future periods.
- Average payback for ANPR and Managed Services investment is 7-9 months.
- Investment to increase to \$2-3m per annum to capitalise on significant growth opportunities.



Cash Flow Waterfall (m)

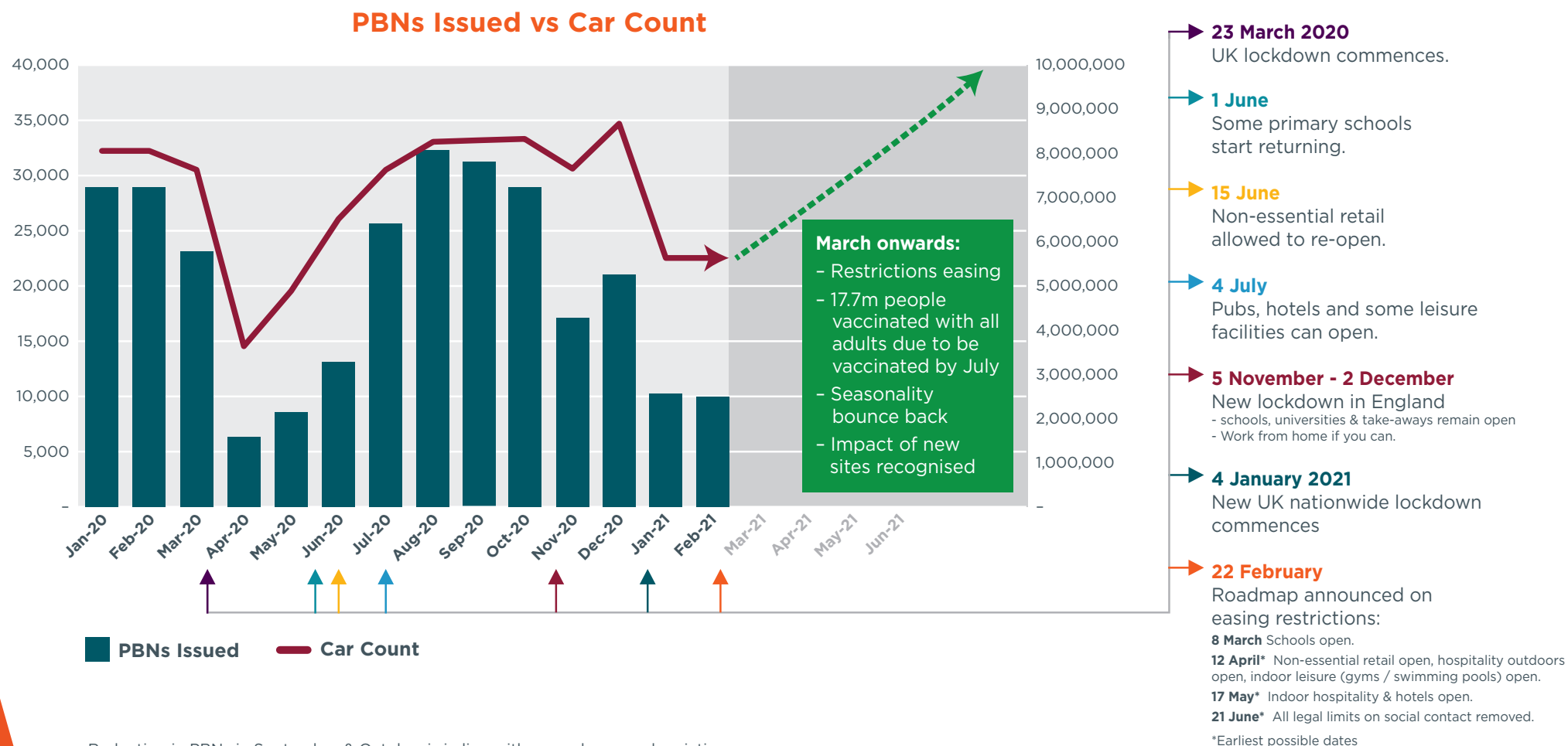




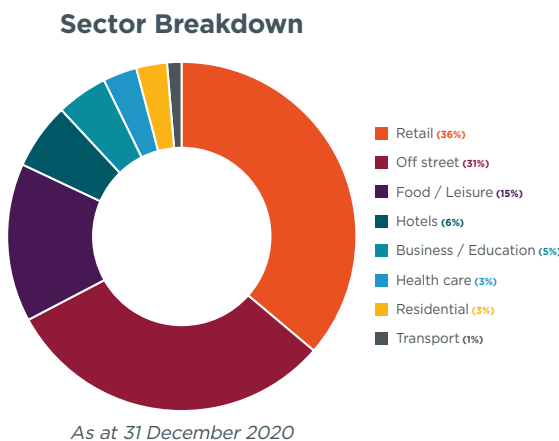
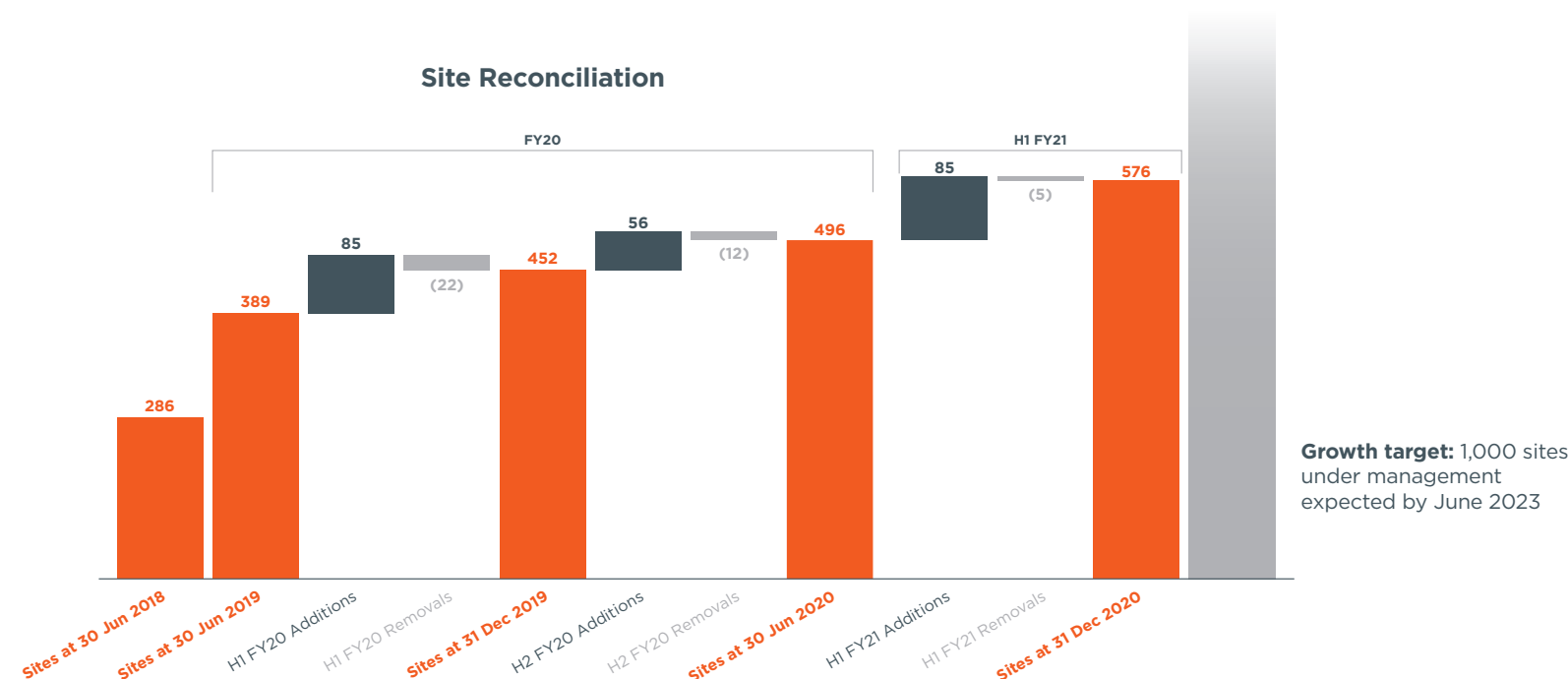
H1 FY21 Business Update

UK pandemic tracker

| Strong recovery in Q4 expected – UK vaccination progress continues, additional sites contribute new revenues and seasonality boosts activity.



Management services – growing the estate



UK ANPR roll out continues

- 85 new sites installed in H1 FY21, with 5 removed.
- 576 total sites under management using ANPR technology at 31 December.
- Pipeline continues to grow.

Growing managed services

- Accreditation achieved to become an ANPR parking services operator in New Zealand.
- Underway to prepare the business to capitalise on new market opportunity.

80

Net new sites added in H1 FY21

27% Increase in sites

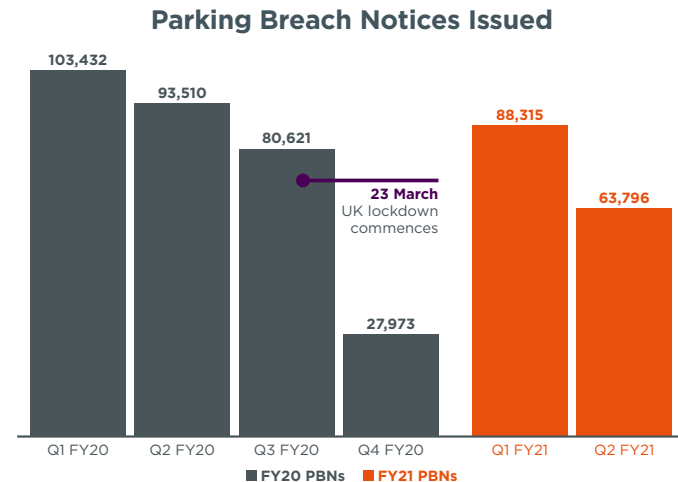
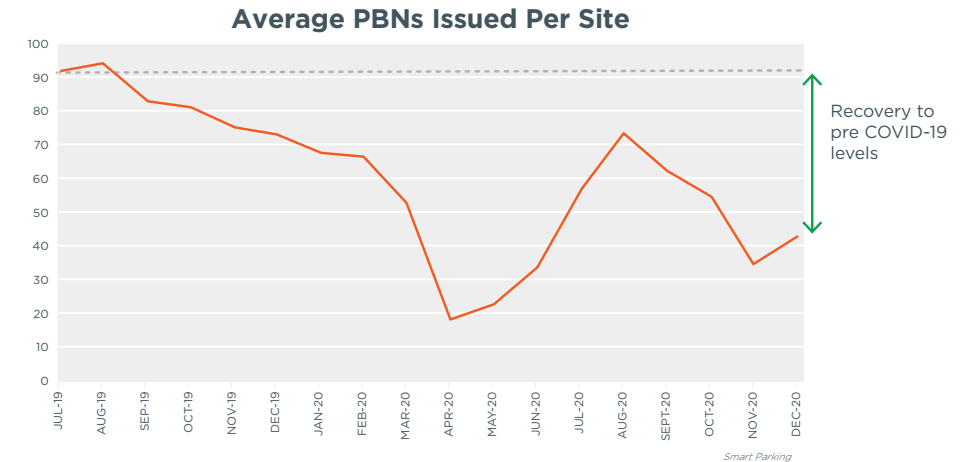
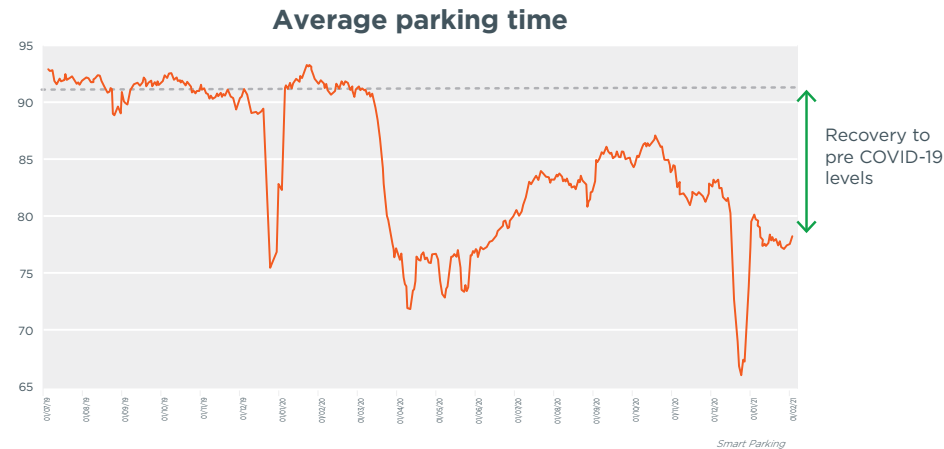
*Compared to PCP

1,000

Sites growth target by June 2023

Multiple growth drivers

| Recovery to pre COVID-19 levels with increased sites under management will significantly enhance SPZ's earning potential



Revenue growth potential

- Recovery of PBNs per site as restrictions ease.
- Reinstatement of suspended sites as restrictions ease.
- Revenue from new site installations will benefit future periods.
- Leveraging existing customer base.
- Q3 impacted by COVID lockdown, expected PBNs of 28-35k.
- Q4 subject to lockdown easing, expected PBNs of 75-90k.

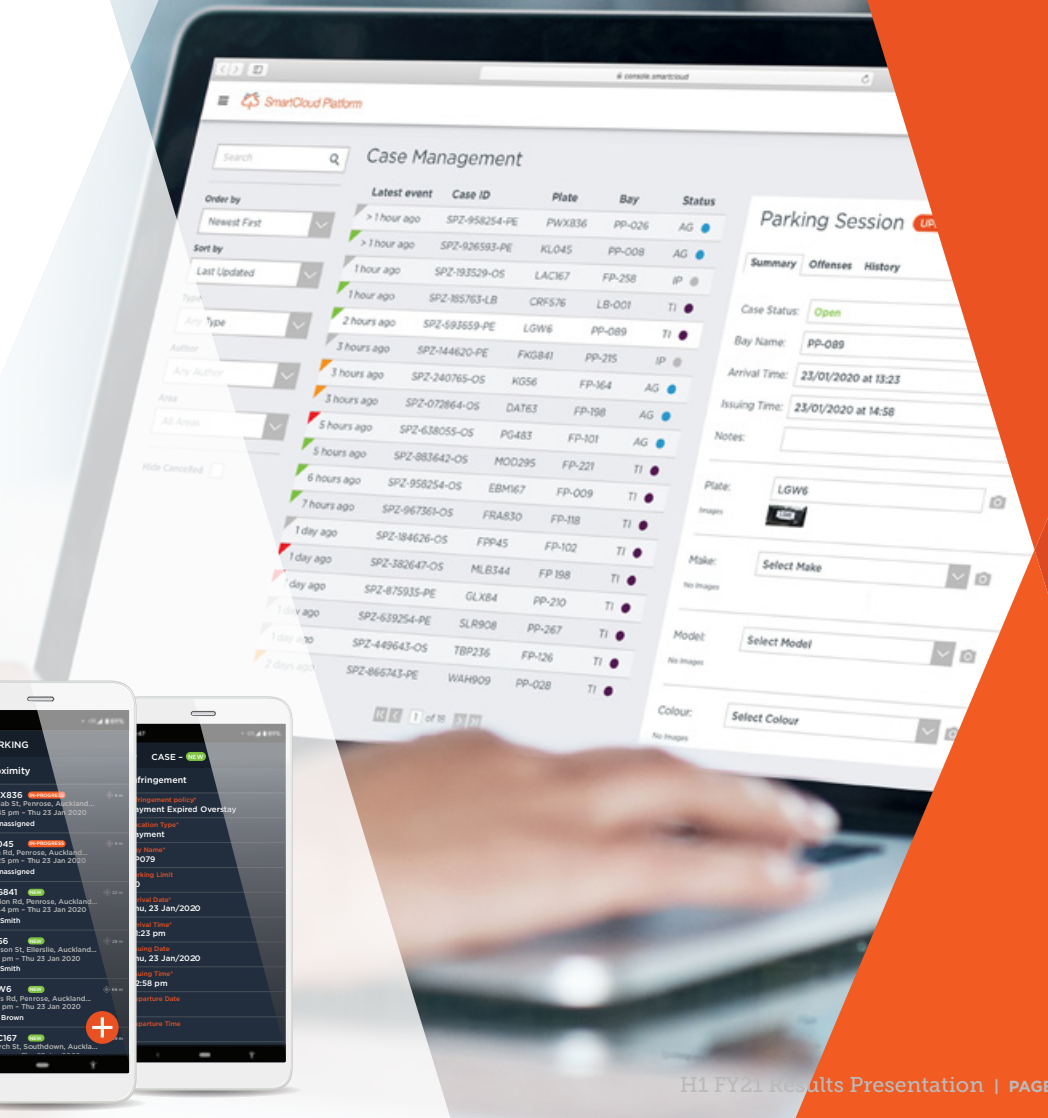
Global technology update

Summary

- Smart City and IoT market opportunity is growing with further adoption across all market verticals.
- Significant business development activity in H1 with a marked increase in public tenders being submitted across all SPZ territories.

Outlook

- By capitalising on the Smart Cities movement, which is now branching out from traditional Council clients into the likes of infrastructure development and large multi-use retail centres, the company expects continued adoption of parking technology both in our key markets and new territories.
- The Company has \$3.4m of work in progress and new orders to deliver which includes a delayed order from Gatwick Airport for \$1.3m, and Queen Victoria Market in Melbourne
- The timing of installation and revenue recognition remains uncertain due to the ongoing impact of the COVID-19 global pandemic.



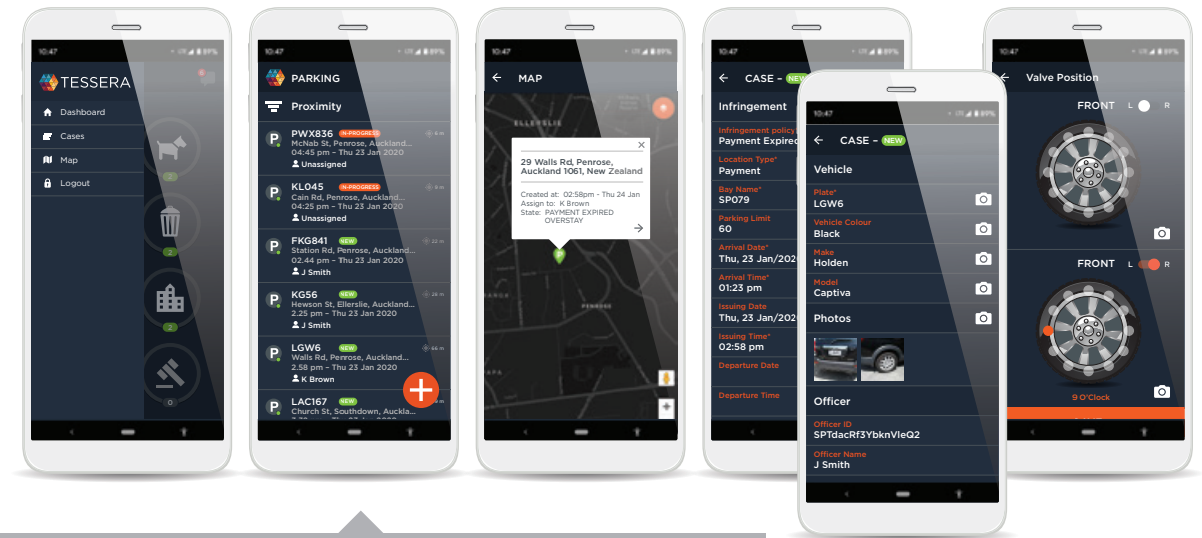
Smart City Product Launch



Enforcement App & Compliance Management System

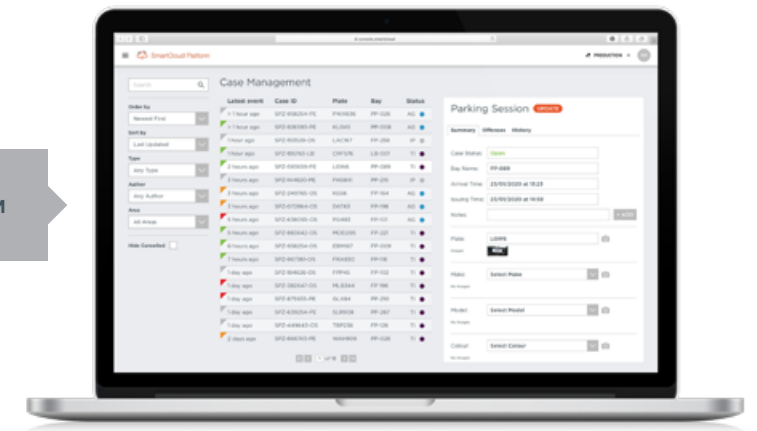
Smart Parking's mobile app and back office management system designed to enable councils and other businesses to efficiently manage parking compliance and enforcement.

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



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

EXAMPLE OF THE CASE MANAGEMENT SYSTEM IN SMARTCLOUD



Smart Parking outlook

| Strong recovery expected as the Pandemic restrictions ease

- UK Management Services recovery underway as vaccine rollout accelerates – all adults to be vaccinated by July 2021.
- 85 new ANPR sites installed in H1 with over 200 new sites in the pipe for H2 FY21.
- UK market opportunity intact – growth target of 1,000 sites by June 2023.
- UK PBN issuance well placed to recover in line with lockdown easing, new site contribution and positive impact of seasonality into Q4.
- Technology order book intact with \$3.4m of booked orders.
- Smart Parking Technology products are well placed to take advantage of global addressable IoT market place.
- Well capitalised to fund growth strategy – \$9.3m cash with an additional \$2.9m of cash from VAT settlement to be received in H2 FY21.

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

A long-exposure photograph of a multi-lane highway at night, showing red and white light trails from moving vehicles. The highway is elevated and curves through a cityscape with various buildings and greenery in the background.

Supplementary Information

Segment reporting

(000's)	Revenue			Adjusted EBITDA			Adjusted EBITDA Margin	
	H1 FY20	H1 FY21	H1 FY21 vs H1 FY20	H1 FY20	H1 FY21	H1 FY21 vs H1 FY20	H1 FY20	H1 FY21
Parking Management	11,503	8,674	(24.6%)	3,522	2,771	(21.3%)	30.6%	31.9%
Technology Division	3,409	2,316	(32.1%)	(618)	(242)	(60.8%)	(18.1%)	(10.4%)
Research & Development	-	-	-	(618)	(467)	(24.4%)	-	-
	14,912	10,990	(26.3%)	2,286	2,062	(9.8%)	-	-
Corporate	62	3	(95.2%)	(637)	(651)	2.2%	-	-
Eliminations	(938)	(807)	(14.0%)	-	-	-	-	-
Underlying Revenue / Adjusted EBITDA	14,036	10,186	(27.4%)	1,649	1,411	(14.4%)	11.7%	13.9%

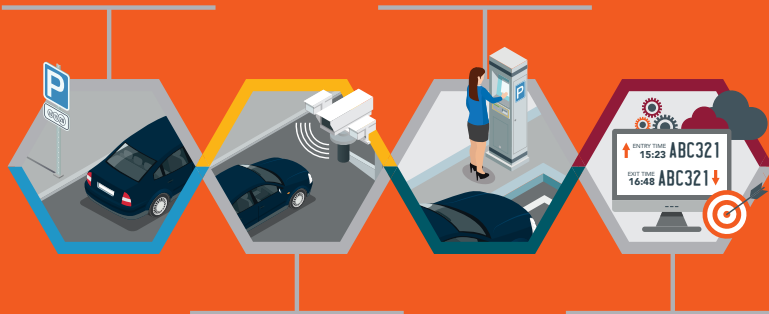
Management services: How it works

| Parking management improving customer satisfaction and revenue generation.

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

Motorist

Enters the carpark at the defined entrance



ANPR Recognition

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

Validation & payment

Machines facilitate pay & walk or validate parking

SmartCloud

Automates information and provides detailed reporting





ANPR: How it works

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

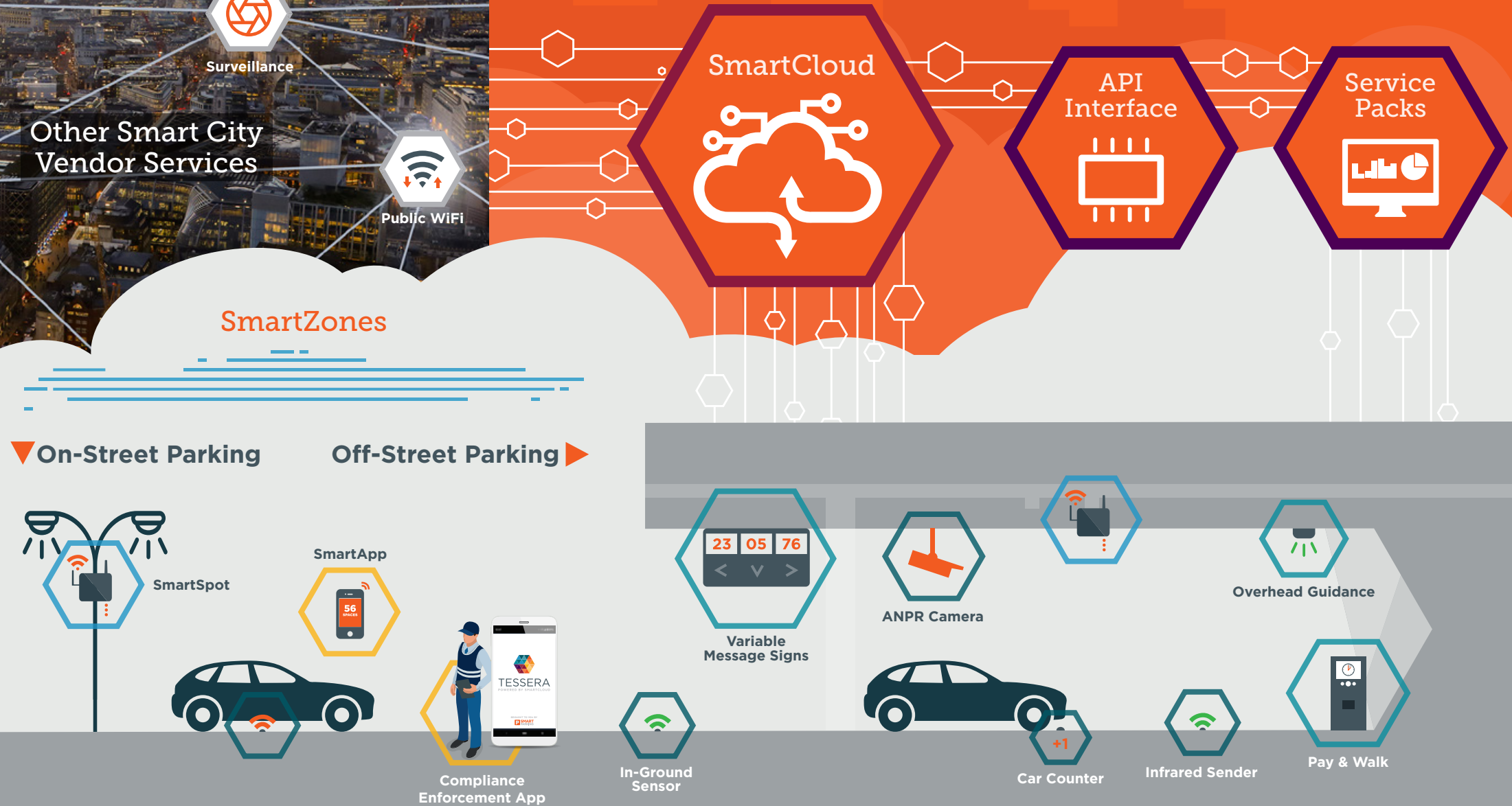
It is proven to serve a wide range of industries including supermarkets, retail, hotels, hospitals and leisure centres. Smart Parking's ANPR solution ensures greater compliance and increased parking revenue.

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



Technology: How it works

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



Smart Parking app

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

Features and benefits:

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



Glossary

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

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

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