Smart Parking Limited (ASX:SPZ)

H1 FY23 Results

20 February 2023
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 launched in three new territories, with accreditation achieved in NZ, Australia (Queensland) and Germany to run parking management services.

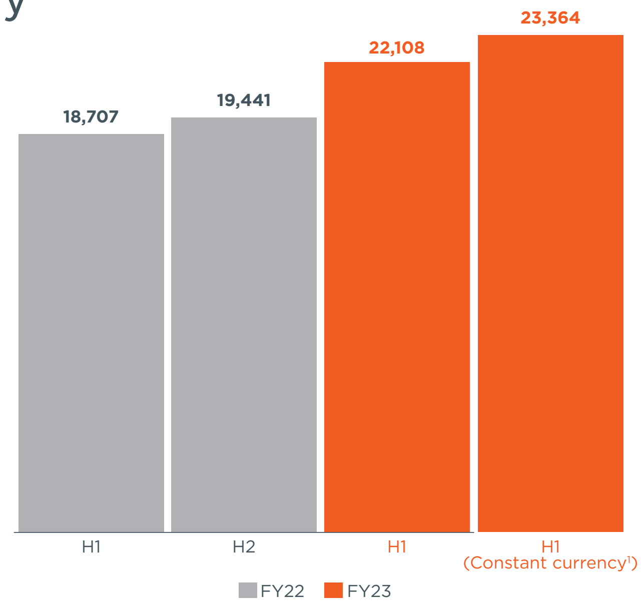
Technology

Proprietary technology to facilitate the growth of parking management services. Competitive advantage - SmartCloud allows successful plate matching with infringement business rules, mapping the full life cycle of a breach notice from issuance to payment or collection.

Research & development

Full migration of legacy UK systems to SmartCloud, completion in 2023.

Revenue ($000s)



OVER 13 MILLION CARS PER MONTH THROUGH THE ESTATE

OVER 31m SMARTCLOUD TRANSACTIONS PER DAY

OVER 900 CUSTOMERS WORLDWIDE

SALES AND OPERATIONS IN UK, GERMANY, NZ & AUSTRALIA

[1] In constant currency (H1 FY22 exchange rates)

Growth strategy - leverage UK footprint into new territories

| Currently operating in four territories around the world

TAM 45,000 SITES

TAM 3,000 SITES

TAM 2,000 SITES

TAM 90,000 SITES

H1 FY23

984 Total sites up 17%

*As at 31 Dec 2022 compared to 30 June 2022

Revenue of $22.1m ($23.4m[1]) up 25%[1]

*Compared to PCP (in constant currency)

Adjusted EBITDA $6.1m ($6.5m[1]) up 27%[1]

Excludes $0.9m investment in Germany (nil H1 FY22)

*Compared to PCP (in constant currency)

Cash of $10.7m

*At 31 Dec 2022 (excludes customers' cash)

Free cash flow of $4.7m up 9%

Excludes $0.9m investment in Germany (nil H1 FY22) and new site CAPEX

*Compared to PCP

1,500 Global sites target by June 2025 - affirmed

*1,005 sites at 20 Feb 2023

1 In constant currency (H1 FY22 exchange rates)

H1 FY23 business update

| Record results, expanding market opportunities to accelerate growth.

FINANCIAL

- **Record results –** Revenue $22.1m and Adjusted EBITDA $6.1m[1] ($23.4m and $6.5m[1] in constant currency)
- Strong H1 FY23 with contributions from all regions. **Revenue growth of 25%, Adjusted EBITDA margin of 28%** (in constant currency).
- **Cash of $10.7m** to self-fund growth, technology investments and complementary acquisition opportunities.
- **Free cash flow of $4.7m** up 9% on PCP.

EXPANSION

- **Built foundations for growth** in Germany, while continuing to scale the core business in the UK, Australia and New Zealand.
- APAC Parking Services business experiencing **rapid growth** through disciplined execution of growth strategy with revenue **up 484% on PCP**.
- **984 total group sites** under management as at 31 December 2022.
- Successfully scaling the APAC services business, 110 sites under management (June 2022: 47).
- Germany starting to gain pace with contract wins in the retail and fast food sector. Key wins with Aldi, Burger King and KFC proving the business model in a large addressable market.

OUTLOOK

- **Good start to FY23 with 1,005 sites** as at 20 February - on track for 1,500 sites under management by June 2025.
- Continuous and disciplined execution of UK expansion plan in large addressable market of 45,000 sites.
- Scope for further accretive acquisitions.
- Despite recent challenges in Queensland, SPZ is committed to working with the Queensland Government to ensure a constructive framework is in place to find the best solution for both industry and government.
- **Positive outlook for further profitable growth in H2 FY23.**

1 Excludes $0.9m investment in Germany

SMART PARKING

H1 FY23 Financial Update

H1 FY23 performance

Group Profit & Loss ($m)

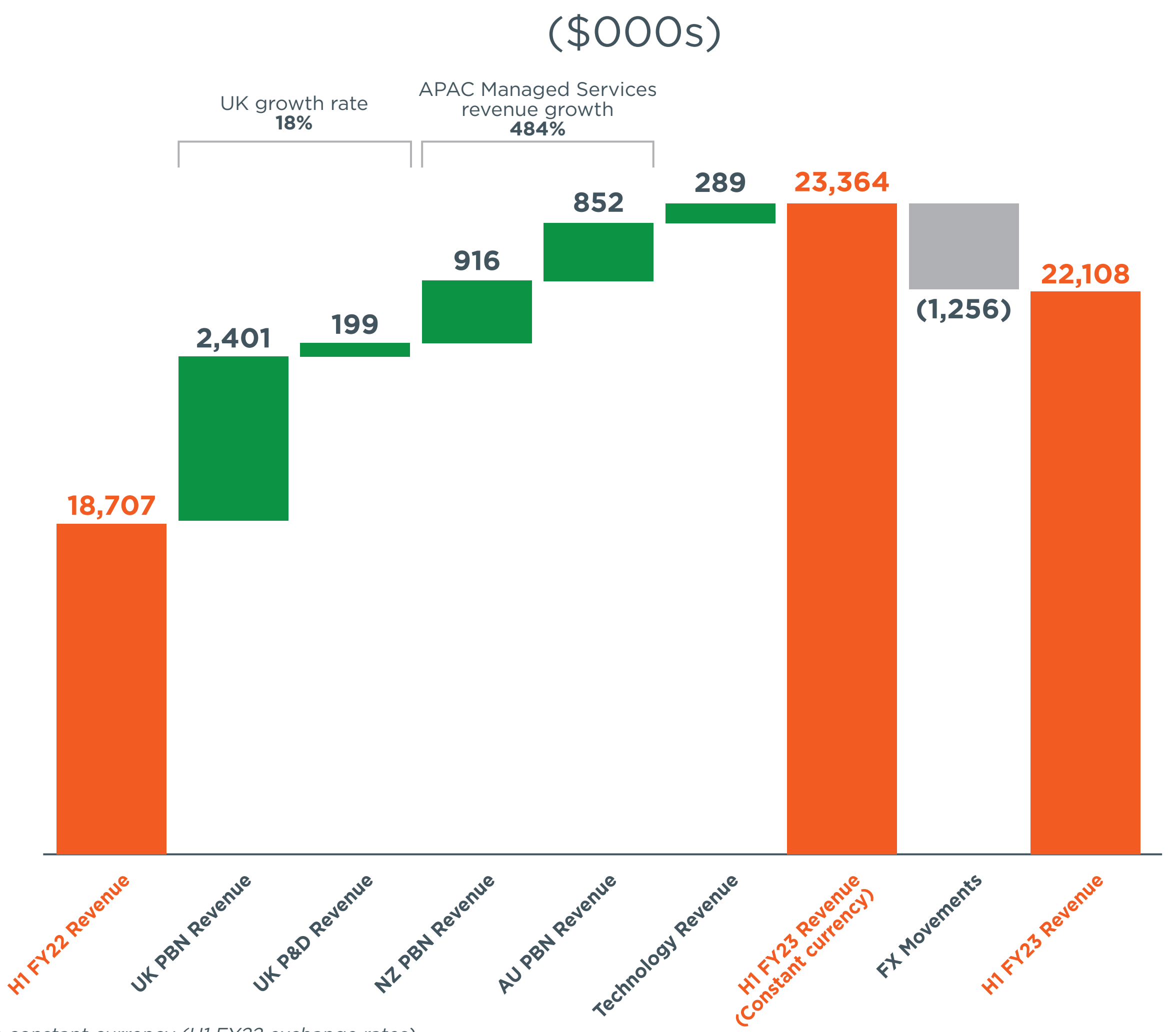
	H1 FY23	H1 FY23 (Constant currency)[3]	H1 FY22
Revenue (excl interest)[1]	**22.0**	**23.3**	18.7
Cost of Sales[1]	**(7.2)**	**(7.7)**	(6.5)
Gross Profit[1]	**14.8**	**15.6**	12.2
Overheads[1,2]	**(8.7)**	**(9.1)**	(7.1)
Adjusted EBITDA[1]	**6.1**	**6.5**	5.1
Germany expansion costs	**(0.9)**	**(0.9)**	–
Other Non-operating/Non-recurring items	**0.1**	**0.1**	0.0
EBITDA[1]	**5.3**	**5.7**	5.7
Depreciation and amortisation	**(2.6)**	**(2.7)**	(2.0)
EBIT	**2.7**	**3.0**	3.1
Net Interest	**(0.3)**	**(0.3)**	(0.2)
Net Profit	**2.4**	**2.7**	2.9
Tax expense	**(0.5)**	**(0.6)**	(0.8)
Net Profit after tax	**1.9**	**2.1**	2.1
Gross Margin %[1]	67.3%	67.1%	65.5%
Overheads/Revenue %[1]	39.6%	39.1%	38.0%
Adjusted EBITDA Margin %[1]	27.6%	28.0%	27.5%
Basic EPS (cents per share)	0.55	0.61	0.60

1 Excludes Germany to enable like for like comparison with PCP
2 The balances are adjusted for amounts that are not related to underlying operations or not expected to occur in the future
3 In constant currency (H1 FY22 exchange rates)

- Revenue increased 25%[3] due to the expansion of sites under management by 17%.
- Overheads were up 28%[3] compared to H1 FY22 with a review of resourcing requirements following increased activity, expansion into new territories (excludes $0.9m investment in the new German operation in H1 FY23).
- Adjusted EBITDA (excluding the $0.9m investment in Germany) of $6.5m[3] was up 27%[3] on H1 FY22.

Revenue growth

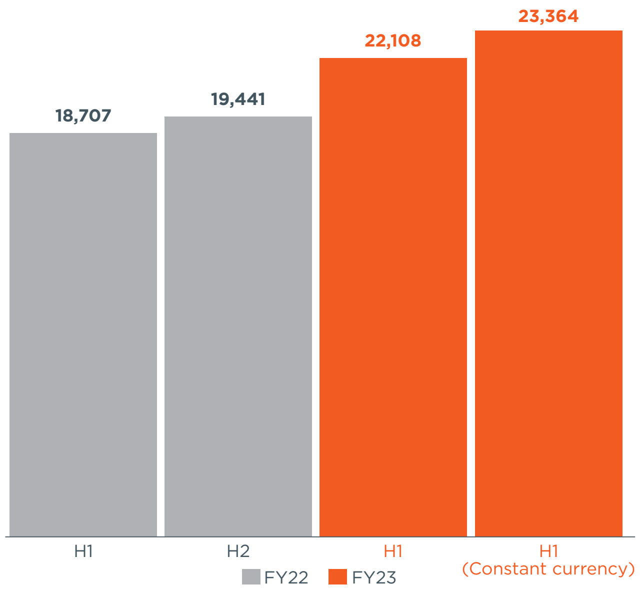
| Revenue up 25%[1] from increased sites under management and expansion into new territories

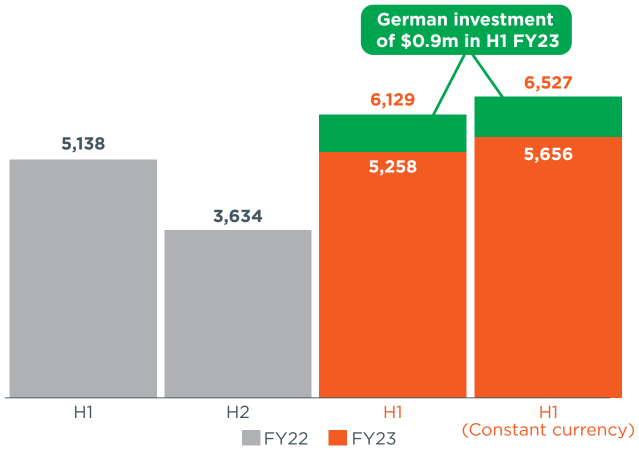


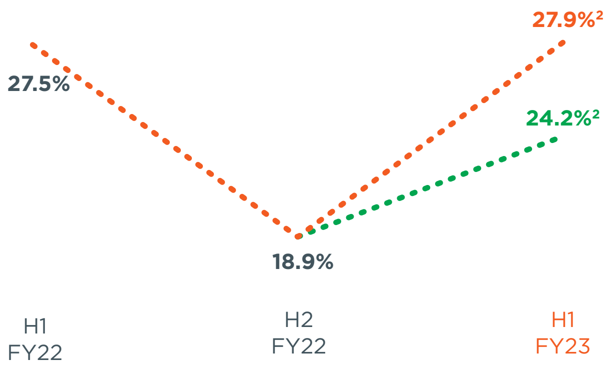
1 In constant currency (H1 FY22 exchange rates)

- UK parking management revenue growth of 18%[1] compared to H1 FY22.
- APAC parking management revenue of $2.1m up 484%[1] on PCP (H1 FY22: $0.4m).

FY23 – Margin expansion







Revenue up
25%[1] on PCP

Adjusted EBITDA up
27%[1] on PCP

H1 FY23 excludes $0.9m investment in Germany (nil H1 FY22)

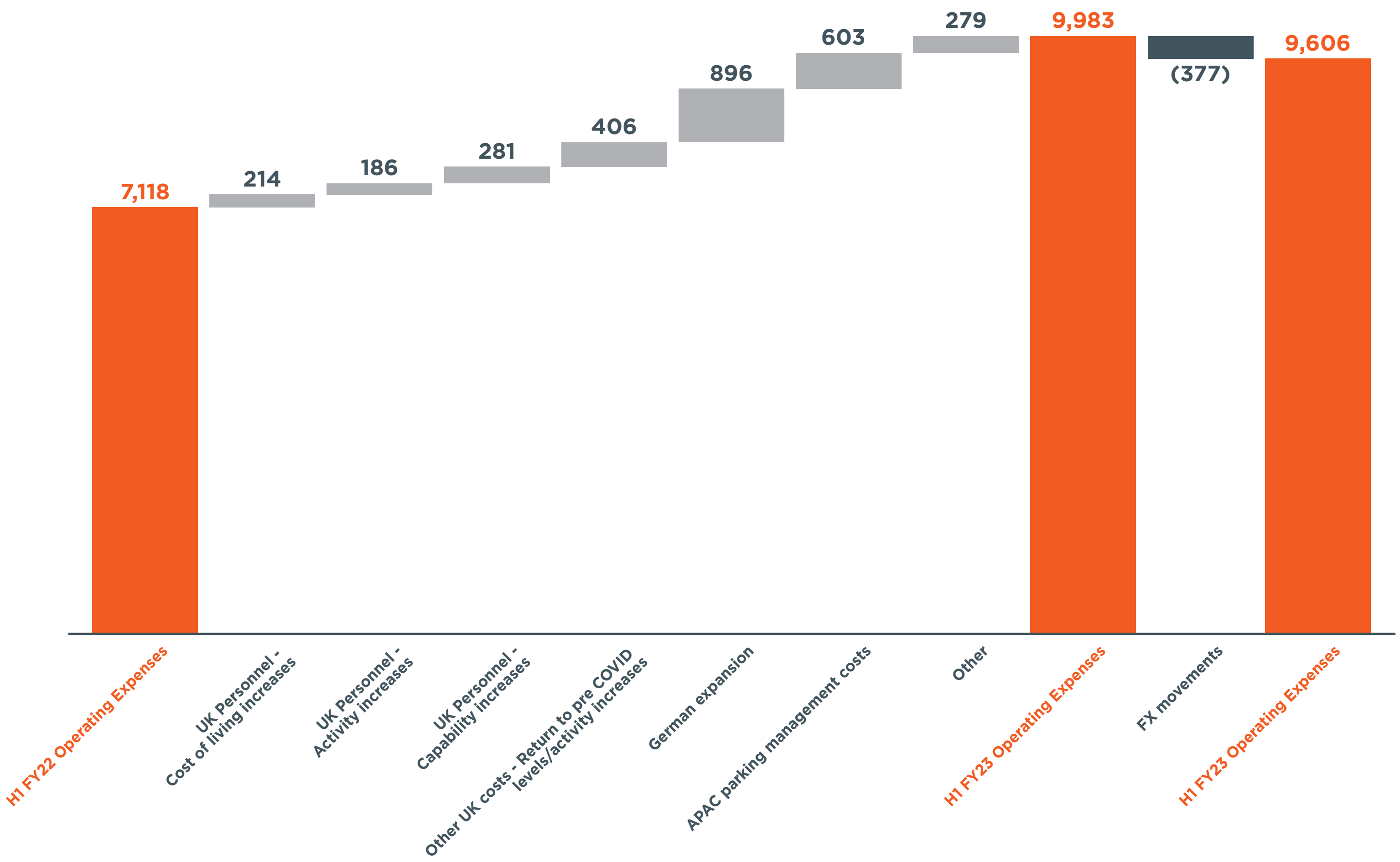
1 In constant currency (H1 FY22 exchange rates)
2 Excludes Germany to enable like for like comparison with PCP

- H1 revenue up 25%[1] on PCP.
- Investment in Germany of $0.9m.
- Adjusted EBITDA up 27%[1] excluding $0.9m investment in Germany, EBITDA margin of 28%[1].
- Growth CAPEX of $3.0m including ANPR camera equipment to support the acceleration of site growth and benefit future periods.
- Average payback for organic ANPR and Managed Services investment is 6-8 months.

Operating expense analysis

| Increased costs reflect expansion into new territories and significant growth in activity

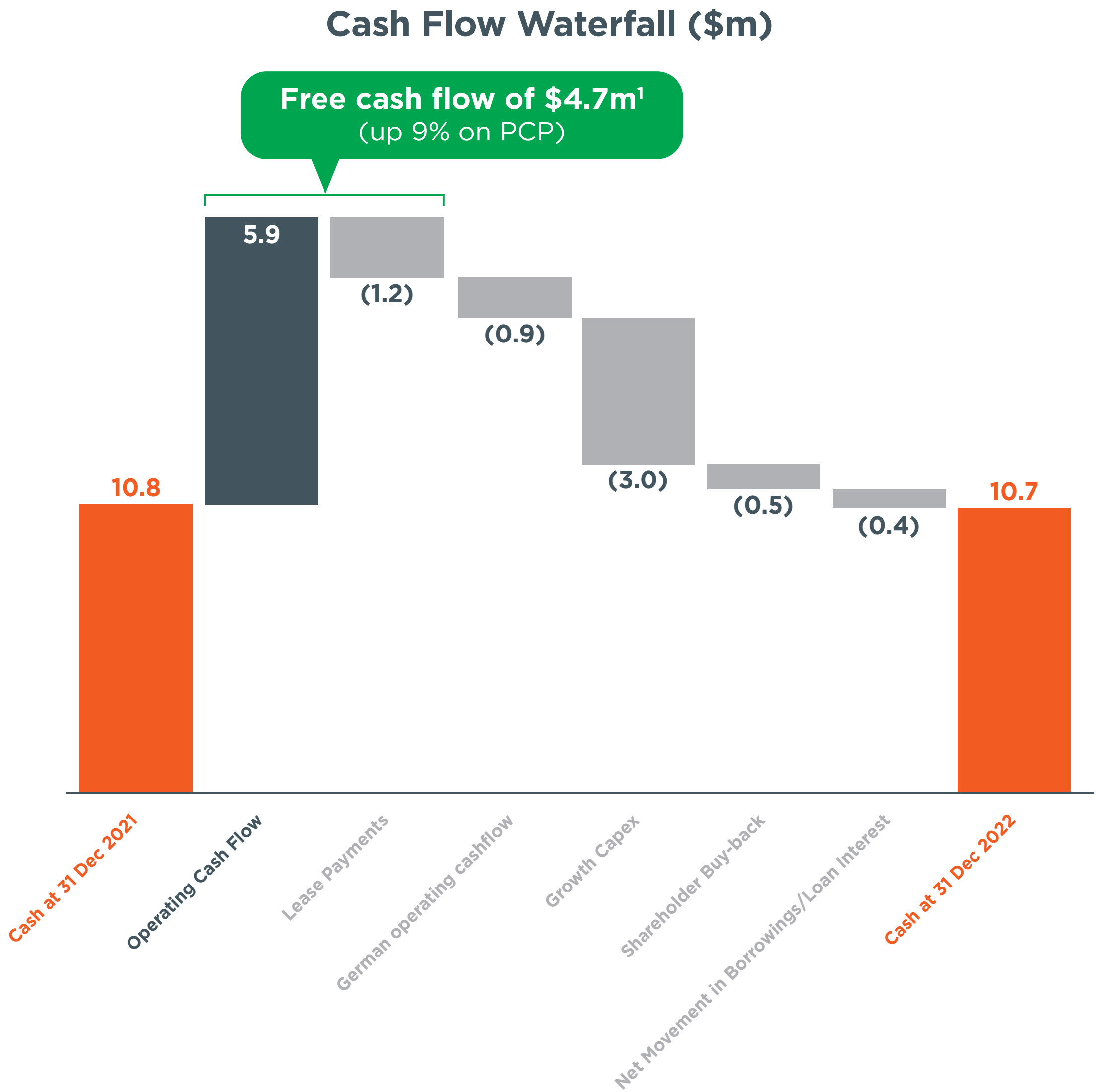
($000s)



- H1 FY23 operating expenses of $1.5m includes costs related to expansion into new territories (Germany $0.9m, APAC $0.6m).
- UK operating expenses increased by $1.1m due to activity returning to pre-COVID levels, new staff to increase business capability for future expansion and cost of living increases.
- Monthly exit opex rate is $1.7m.

Positive free cash flow

| $10.7m cash to fund growth strategy and shareholder returns



1 Excludes Germany to enable like for like comparison with PCP

- Cash on hand of $10.7m as at 31 December 2022.
- Positive free cash flow of $4.7m up 9% compared to PCP (excluding Germany).
- Working capital cycle funds growth.
- Minimal maintenance CAPEX required - capital light business model.
- CAPEX investment in H2 FY23 expected to be c. $3m to capitalise on significant growth opportunities.
- Disciplined evaluation of new M&A opportunities.
- The Group continued with an on-market buy-back of shares for $0.5m in H1 FY23.

Strong balance sheet to fund growth strategy

Group Financial Position ($m)

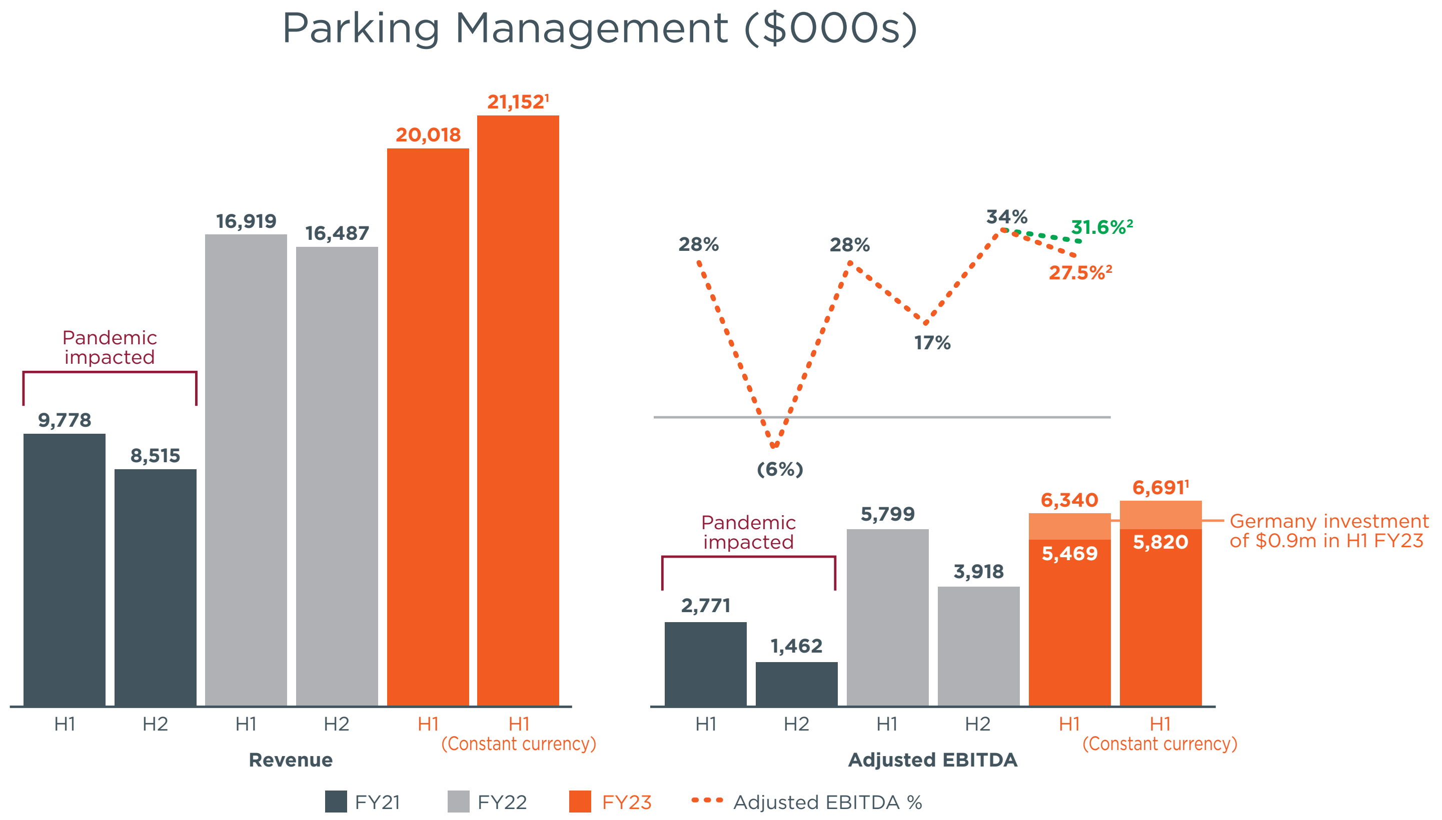
$m	Dec-22	Jun-22
Current assets	**22.1**	23.1
Non-current assets	**26.2**	26.0
Total assets	**48.3**	49.1
Current liabilities	**15.1**	16.6
Non-current liabilities	**14.2**	15.0
Total equity	**19.0**	17.5
Cash & cash equivalents[1]	**10.7**	10.8

1 Excludes cash held on behalf of customers

- $10.7m[1] of cash – capital to fund growth strategies.
- In October 2021 the Company commenced repayments of a UK Coronavirus Business Interruption Loan ($2.7m) in 36 equal monthly instalments.
- From 23 August to 12 October 2022 the Group purchased 2.2m shares as part of a share buy-back for $0.5m with an average price of $0.2291.

Parking Management

| 25% revenue growth in H1 FY23 vs PCP



- Parking management represents 91% of group revenues
- Includes $0.9m investment in the new German operation in H1 FY23

1 In constant currency (H1 FY22 exchange rates)
2 Excludes Germany to enable like for like comparison with PCP

SMART PARKING

Revenue up

25% [1]

**Compared to PCP (In constant currency).*

Adjusted EBITDA margin of

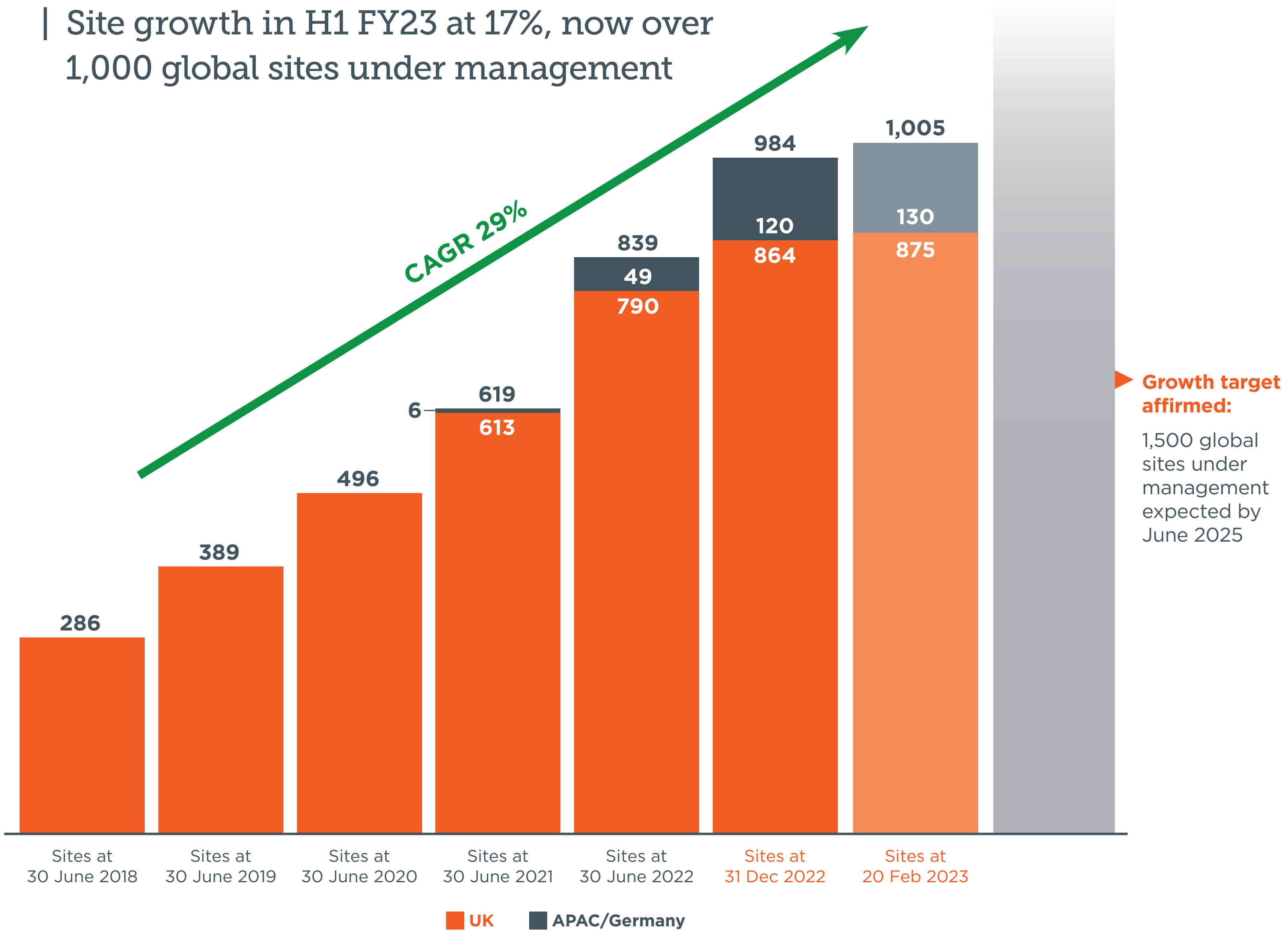
31.6% [1,2]

**Compared to PCP (in constant currency). Excluding investment in Germany.*


SMART PARKING
H1 FY23
Business
Update

On track for 1,500 ANPR sites by June 2025

| Site growth in H1 FY23 at 17%, now over 1,000 global sites under management



UK ANPR roll out continues

- **102** new sites in H1 FY23.

Growing APAC and Germany managed services

- **110** sites in New Zealand/ Australia installed as at 31 December 2022.
- Leveraging technology and expertise into new territories.

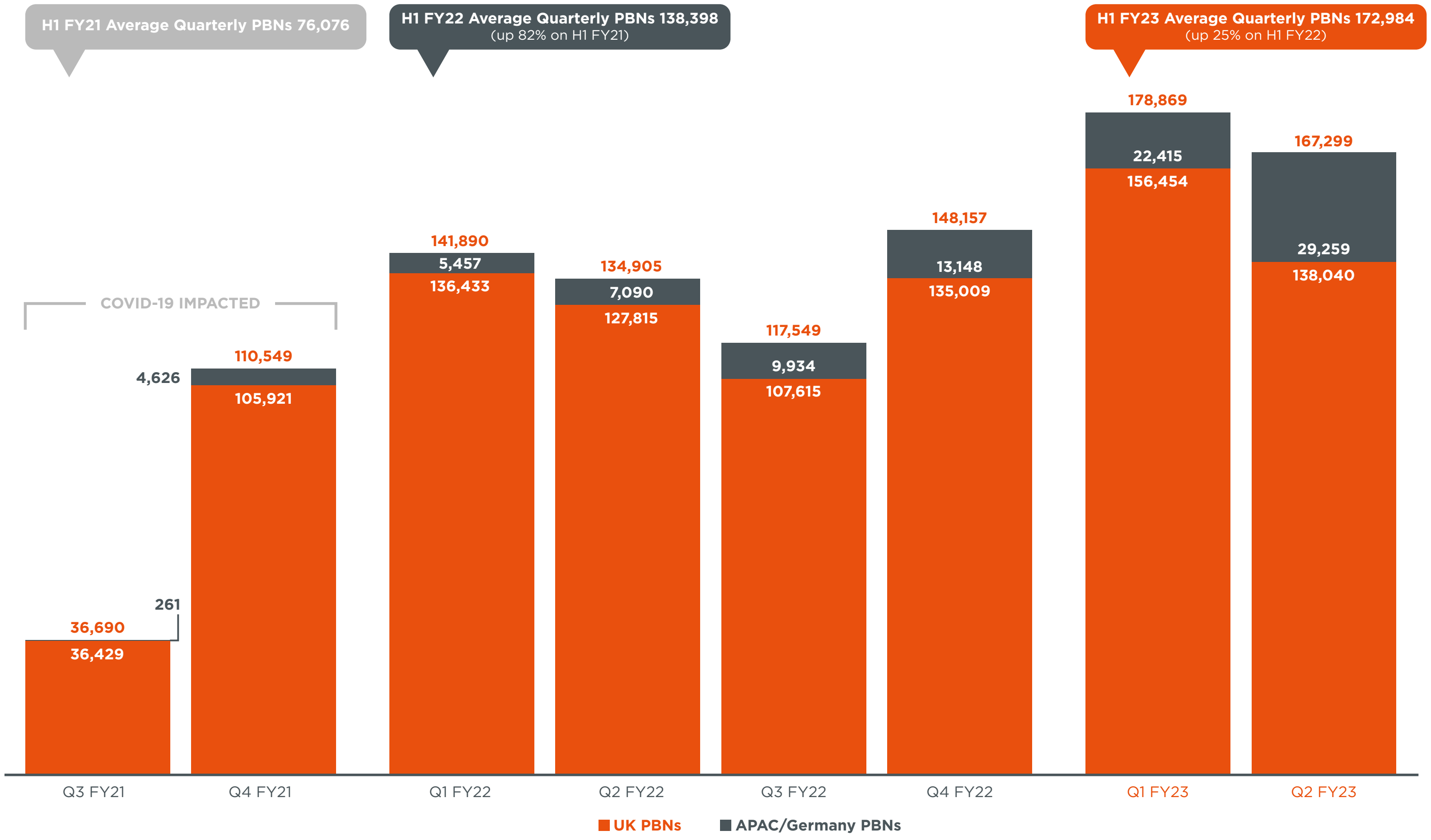
Globally

- 173 new sites added in H1.
- 1,005 sites installed and live at 20th February. On track to meet 2025 growth target of 1,500 ANPR sites.

Strong growth underway

| H1 FY23 record PBNs issued, up 25% vs PCP

Parking Breach Notices Issued



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

H1 FY23 growth delivered

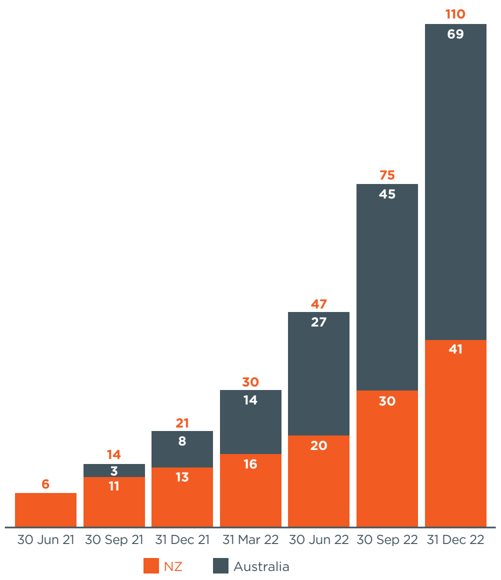
- PBN growth up 25% on PCP.
- Continuing to expand and enhance sales and account management capability to capture market share.

APAC growth drivers

| Successfully scaling new territories

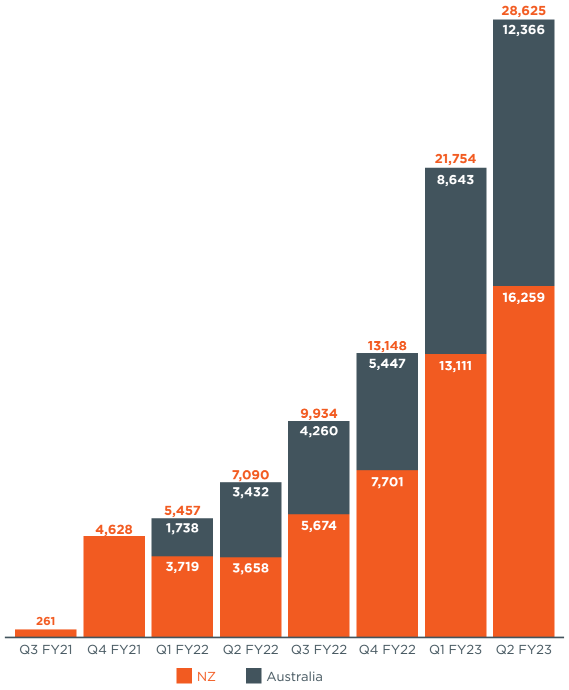
Sites

H1 FY23 APAC Sites Under Management up 424% on PCP



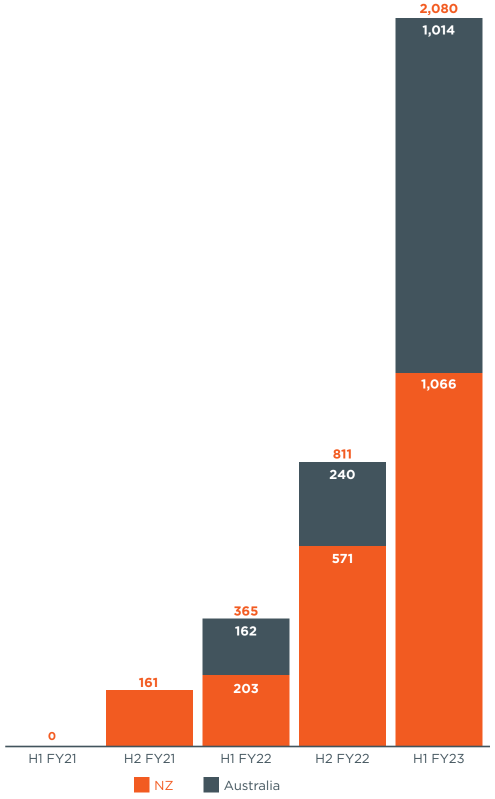
Parking Breach Notices Issued

H1 FY23 APAC PBNs up 302% on PCP



Revenue (000s)

H1 FY23 APAC Revenue up 484% on PCP



NZ

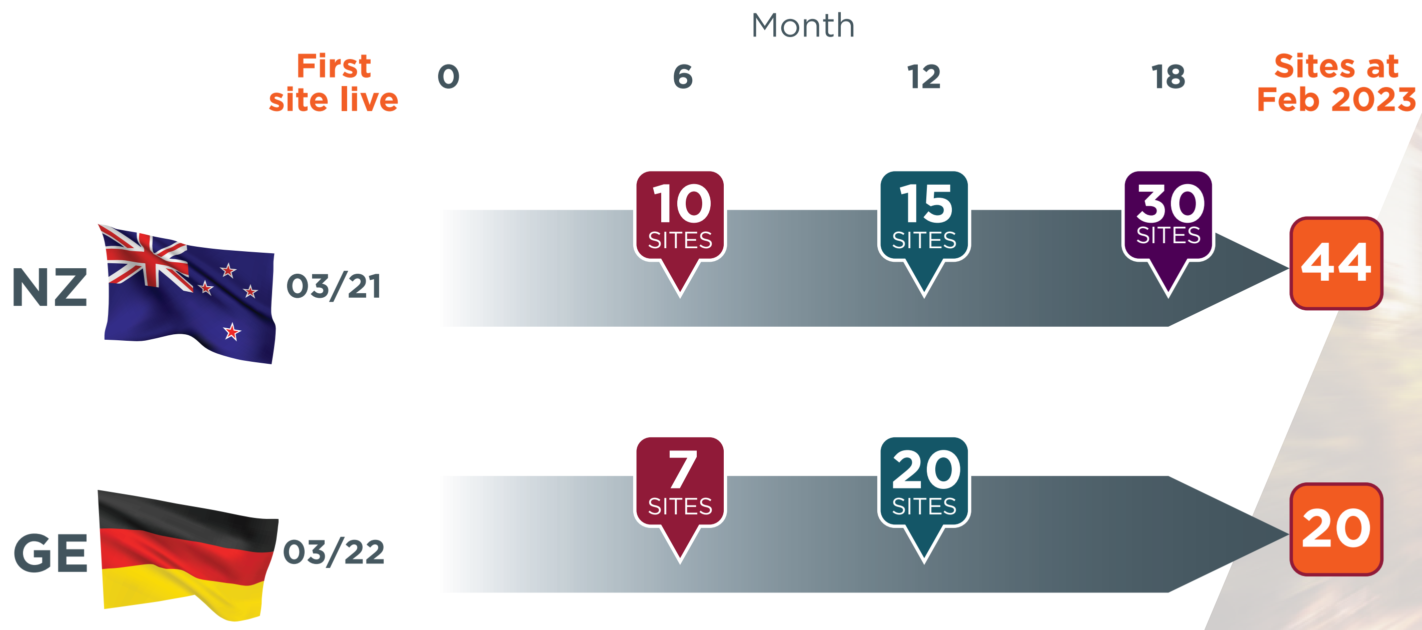
- First customers acquired in March 2021, NZ business now profitable and operating cash flow positive.
- Sales presence in major metropolitan areas including Auckland, Wellington & Christchurch.
- Sites under management performing above expectations and delivering a strong payback.
- Attractive market fundamentals with long term growth opportunity.
- Total addressable market approx 3,000 sites with ANPR potential.

Australia

- Launched in July 2021, now operating 71 locations as at 20 February 2023.
- Recent events in Queensland will impact the Australian Services business. SPZ are committed to working with the Queensland Government to create a positive working framework of operation.

Growth profile

| German site growth in line with strong NZ performance



- German growth in line with NZ start-up and expected to continue strong growth in SPZ's largest addressable market
- NZ expected to have 52 sites installed by March

FY23 priorities – execution under way

- ✔ Continue to make strong progress towards growth target of 1,500 global ANPR sites under management by June 2025.
- ✔ Execution of organic growth strategy - we are very early in the long term growth runway in large addressable markets.
- ✔ Continue successful international expansion strategy.
- ✔ Grow German Parking Services business, focus on building scale in Europe's largest market - TAM 90,000 sites.
- ✔ Well capitalised to fund further strategic acquisition opportunities and new territory expansion.

** All forward-looking statements can be subject to change.*

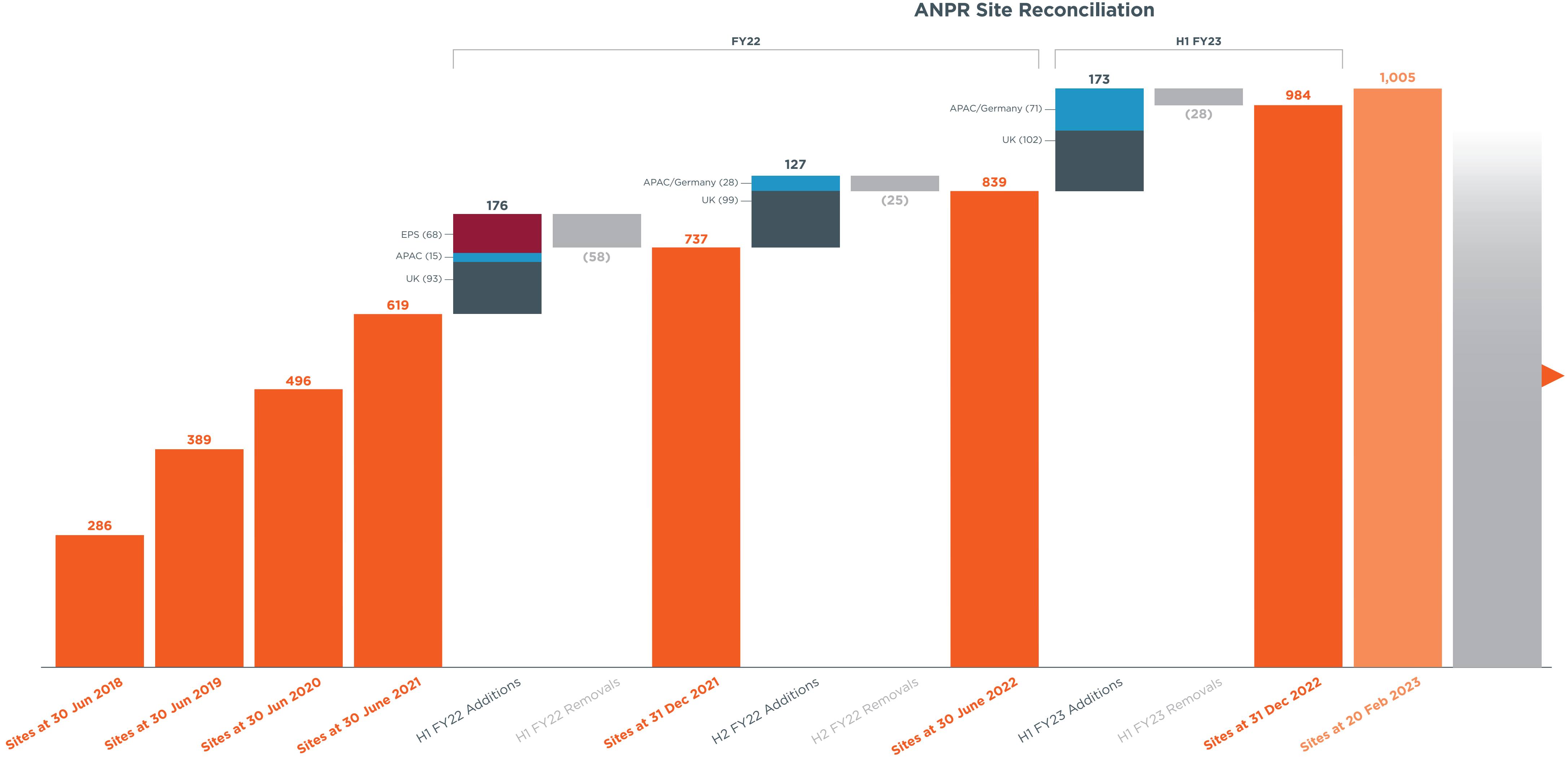
Supplementary Information

Segment reporting

($000's)	Revenue			Adjusted EBITDA			Adjusted EBITDA Margin	
	H1 FY22	**H1 FY23**	**H1 FY22 vs H1 FY23**	H1 FY22	**H1 FY23**	**H1 FY22 vs H1 FY23**	H1 FY22	**H1 FY23**
Parking Management	16,919	**20,018**	**18.3%**	5,799	**5,469**	(10.8%)	34.3%	**27.3%**
Technology Division	3,457	**3,943**	**14.1%**	403	**811**	173.7%	11.7%	**20.6%**
Research & Development	-	**-**	**-**	(418)	**(318)**	(23.9%)	-	**-**
	20,376	**23,961**	**17.6%**	5,784	**5,962**	3.0%	-	**-**
Corporate	1	**14**	**1300.0%**	(646)	**(704)**	8.0%	-	**-**
Eliminations	(1,669)	**(1,867)**	**11.9%**	-	**-**	-	-	**-**
Revenue / Adjusted EBITDA excluding one-off costs	18,708	**22,108**	**18.2%**	5,138	**5,258**	2.4%	27.5%	**23.8%**

Management services – ANPR estate growth

| Over 1,000 global sites under management



Growth target affirmed:

1,500 global sites under management expected by June 2025

Management services: How it works

| Parking management improving customer satisfaction and revenue generation.

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

Motorist
Enters the carpark at the defined entrance

Validation & payment
Machines facilitate pay & walk or validate parking

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

SmartCloud
Automates information and provides detailed reporting

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

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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