

Smart Parking Limited (ASX:SPZ)

H1 FY24 Results

19 February 2024
CEO Paul Gillespie

smartparking.com


H1 FY24 Highlights

Revenue of \$26.6m¹ up

20% 


¹ Excludes interest revenue

Adjusted EBITDA
\$7.6m up

44% 

Adjusted EBITDA margin
of 28.4% up

463  bps

1,219 Total sites
up **24%**² 

² Compared to 31 December 2022

Cash of
\$9.7m

1,500
Global sites target by
December 2024 - affirmed

Record H1 FY24 results

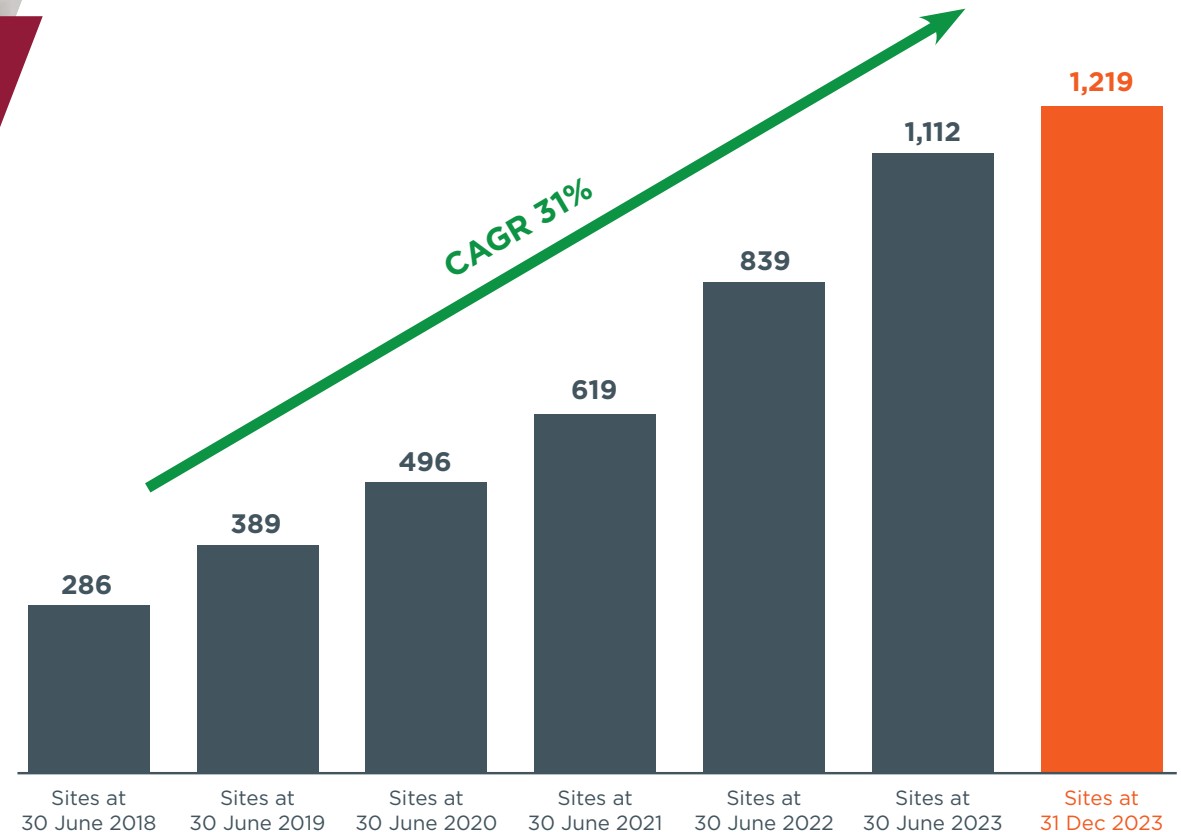
Delivering Record results |

CEO Observations

- Disciplined execution of growth strategy delivers record results
- 20% revenue growth, 28.4% EBITDA margin, NPAT up 20% and \$4m positive adjusted free cash flow¹
- Strong performance in existing territories
- Building scale in new territories, Denmark operations commenced February 2024
- Corporate activity and Private Equity investments highlight positive UK industry outlook
- Balance sheet capacity to self-fund ongoing organic growth, and complementary acquisitions

¹ excludes non-operating/non-recurring items, and capex

Total Group ANPR sites



Growth strategy

| Leveraging core technology and capability in new territories



UK



NZ



Australia (QLD)¹



Germany

NEW



Denmark

GROWTH IN ANPR SITES

981 total sites
14% up on PCP

124 total sites
202% up on PCP

71 total sites
3% up on PCP

43 total sites
330% up on PCP

GROWTH IN PBNs

13% up on PCP

113% up on PCP

89% down on PCP

2,237% up on PCP

REVENUE (\$000s)

21,764
22% up on PCP

2,125
99% up on PCP

44
96% down on PCP

1,089
1,643% up on PCP

TAM

45,000 sites

3,000 sites

2,000 sites

90,000 sites

10,000 sites

- Established the business in February 2024
- Managing Director recruited
- Operational structure set up complete
- Further recruitment underway for sales and operational team

¹ Technology enforcement currently paused

H1 FY24 business update

| Record results, expanding market opportunities to accelerate growth.

FINANCIAL

- Revenue (excluding interest) of \$26.6m and Adjusted EBITDA of 7.6m.
- Delivering operating leverage with Adjusted EBITDA margin of 28.4% (+463bp expansion from PCP).
- Contributions from all regions outside of Australia with revenue growth compared to PCP of:
UK - 22%, NZ - 99%,
Germany - 1,643%
- Adjusted free cashflow¹ positive of \$4.0m.
- **Cash of \$9.7m** to self-fund growth, technology investments, and complementary acquisition opportunities.

EXPANSION

- **1,219 total group sites** under management as at 31 December 2023, up 24% on PCP.
- Integration of ParkInnovation - recent German acquisition. Integration is complete with synergies and efficiencies being delivered and realised in H2 FY24.
- European expansion continues with the establishment of Smart Parking Denmark. Denmark has a good regulatory structure, a market that is early in the adoption of ANPR technology and a positive commercial operating environment that fits the SPZ model.
- Existing territories continue to deliver new site acquisitions with growth in all operating regions outside of Australia.

OUTLOOK

- **Positive outlook for further growth** - on track to exceed 1,500 sites by 31 December 2024.
- Continuing to evaluate new territories with suitable legislative frameworks for the SPZ model.
- Continuing to work with the Queensland and UK governments to find the best solution for both the industry and government.
- Scope for further accretive acquisitions across all territories with conversion opportunities to SPZ platform.
- **Significant new interest and investment from Private Equity in the UK private parking management market.** Two transactions in H1 demonstrate the attractive growth opportunity in the UK.
- Recent transactions delivered deal values of over \$230m.

¹ excludes non-operating/non-recurring items, and capex

H1 FY24 Financial Update



H1 FY24 performance

Group Profit & Loss (\$m)

	H1 FY24	H1 FY23	H1 FY24 vs H1 FY23
Revenue (excluding interest revenue)	26.6	22.1	20%
Cost of Sales	(7.6)	(7.3)	4%
Gross Profit	19.0	14.8	28%
Overheads	(11.4)	(9.6)	20%
Adjusted EBITDA¹	7.6	5.2	44%
Other Non-operating/Non-recurring items	(0.9)	0.1	(1,285%)
EBITDA	6.7	5.3	26%
Depreciation and amortisation	(3.2)	(2.6)	26%
EBIT	3.5	2.8	26%
Net Interest	(0.2)	(0.3)	(33%)
Net Profit	3.3	2.5	34%
Tax expense	(1.0)	(0.5)	82%
Net Profit after tax	2.3	1.9	20%
Gross Margin %	71.6%	67.2%	
Overheads/Revenue %	43.1%	43.4%	
Adjusted EBITDA Margin %	28.4%	23.8%	
Basic EPS (cents per share)	0.66	0.55	20%

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

EPS growth of 20%.

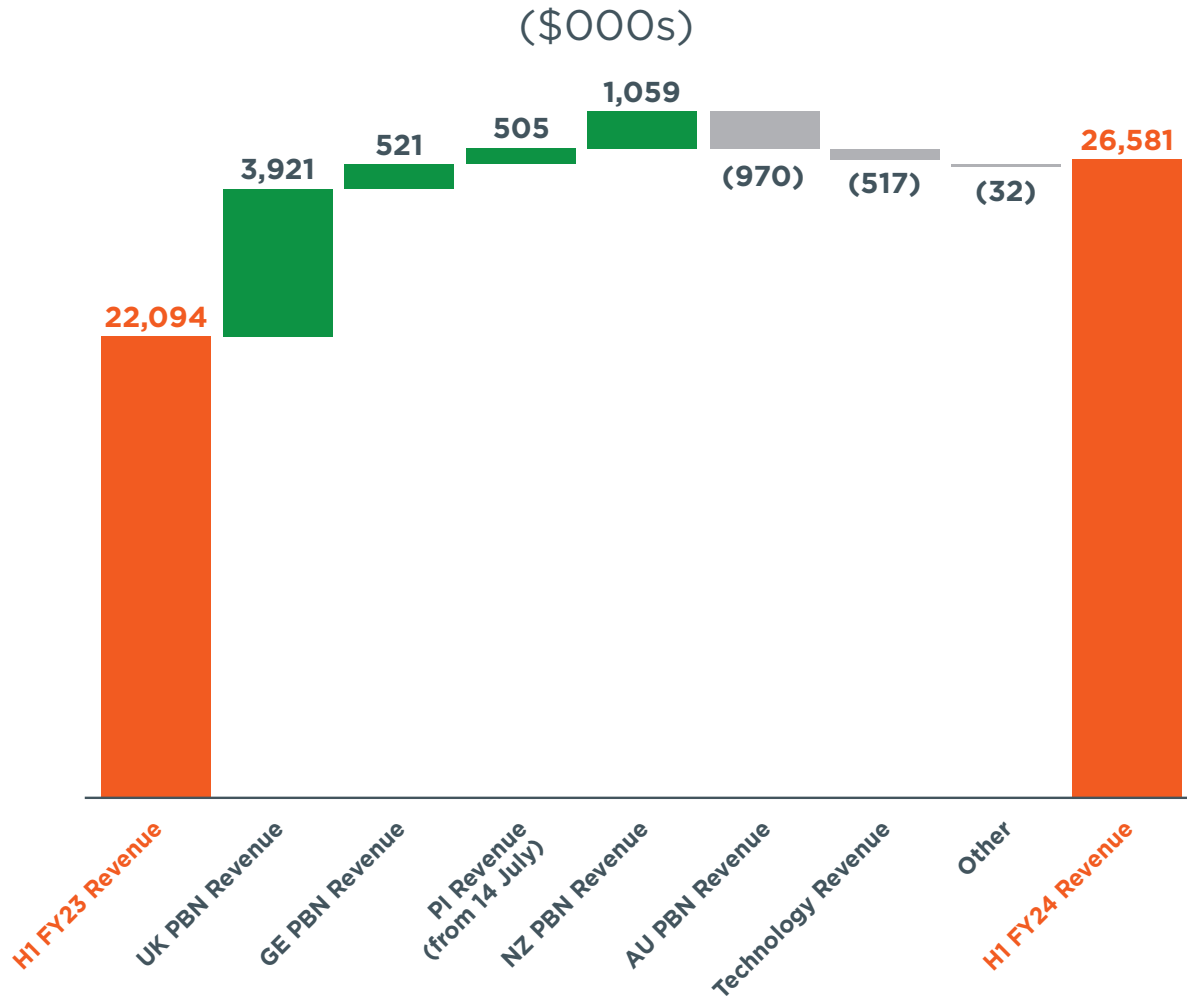
Revenue increased 20% due to the expansion of sites under management by 24%, demonstrating revenue growth in all territories outside Australia.

Overheads are up 20% compared to H1 FY23 following increased activity, ongoing expansion into new territories, the acquisition of ParkInnovation, along with cost increases.

Adjusted EBITDA of \$7.6m is up 44% on H1 FY23.

Revenue growth

| Revenue up 20% from increased sites under management and from the PI acquisition



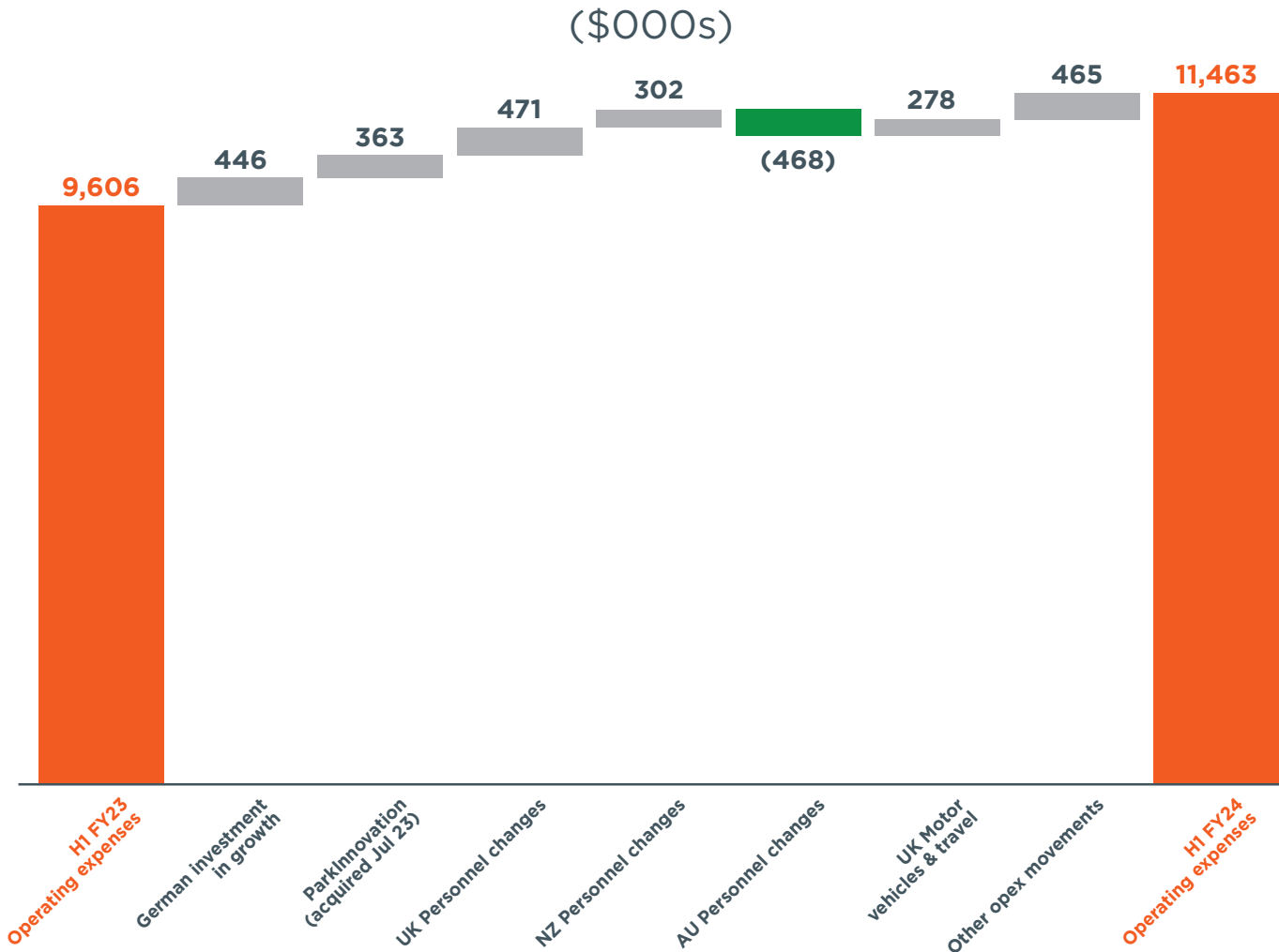
UK PBN revenue growth of 24% compared to H1 HY23.

NZ parking management revenue of \$2.1m up 99% on PCP (H1 FY23: \$1.1m).

ParkInnovation revenue contribution of \$0.5m from date of acquisition (13 July 2023).

Operating expense analysis

| Increased costs reflect scaling territories for growth and acquisition of ParkInnovation



\$0.8m of operating expenses relate to investing in the German business for growth and overheads related to ParkInnovation (acquired July 2023).

\$0.5m reduction in personnel costs in Australia related to the pause in Queensland operations.

UK personnel costs up 16% on H1 FY23. UK minimum wage increased 9.7% in April 2023, and due to increase 9.8% in April 2024.

Other operating expense increases relate to ongoing expansion and higher levels of activity, and cost increases.

Monthly exit opex rate is \$1.9m.

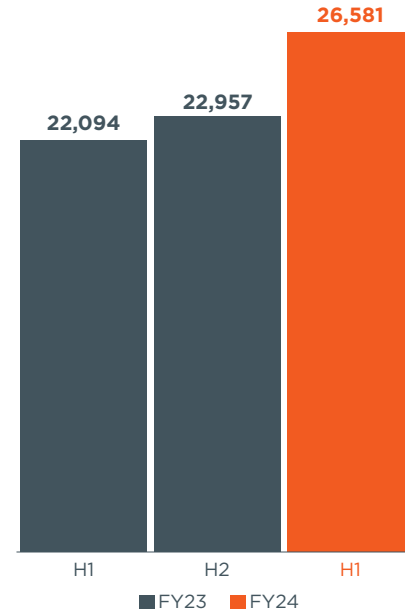
H1 FY24 margin expansion

Revenue increased by 20% due to the expansion in sites under management by 24%, demonstrating revenue growth across all territories outside Australia.

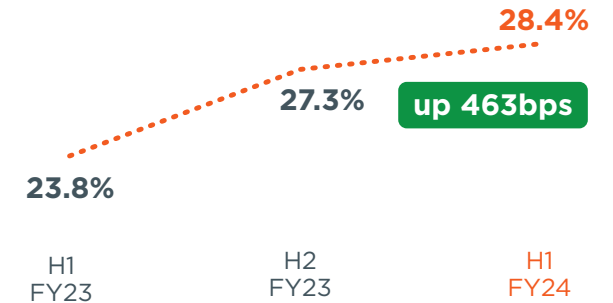
Adjusted EBITDA of \$7.6m is up 44% on H1 FY23.

Improved operating leverage with EBITDA margin of 28.4% up 463bp.

Revenue (ex interest) (\$000s)



Adjusted EBITDA % Margin

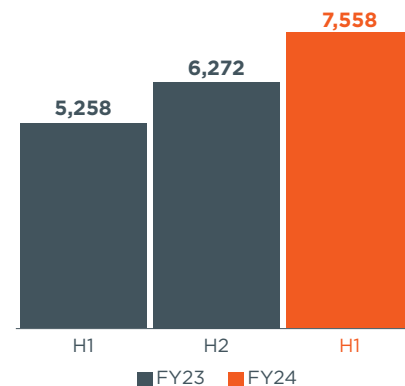


Revenue up **20%** on PCP

Adjusted EBITDA up **44%** on PCP

463 bps on PCP

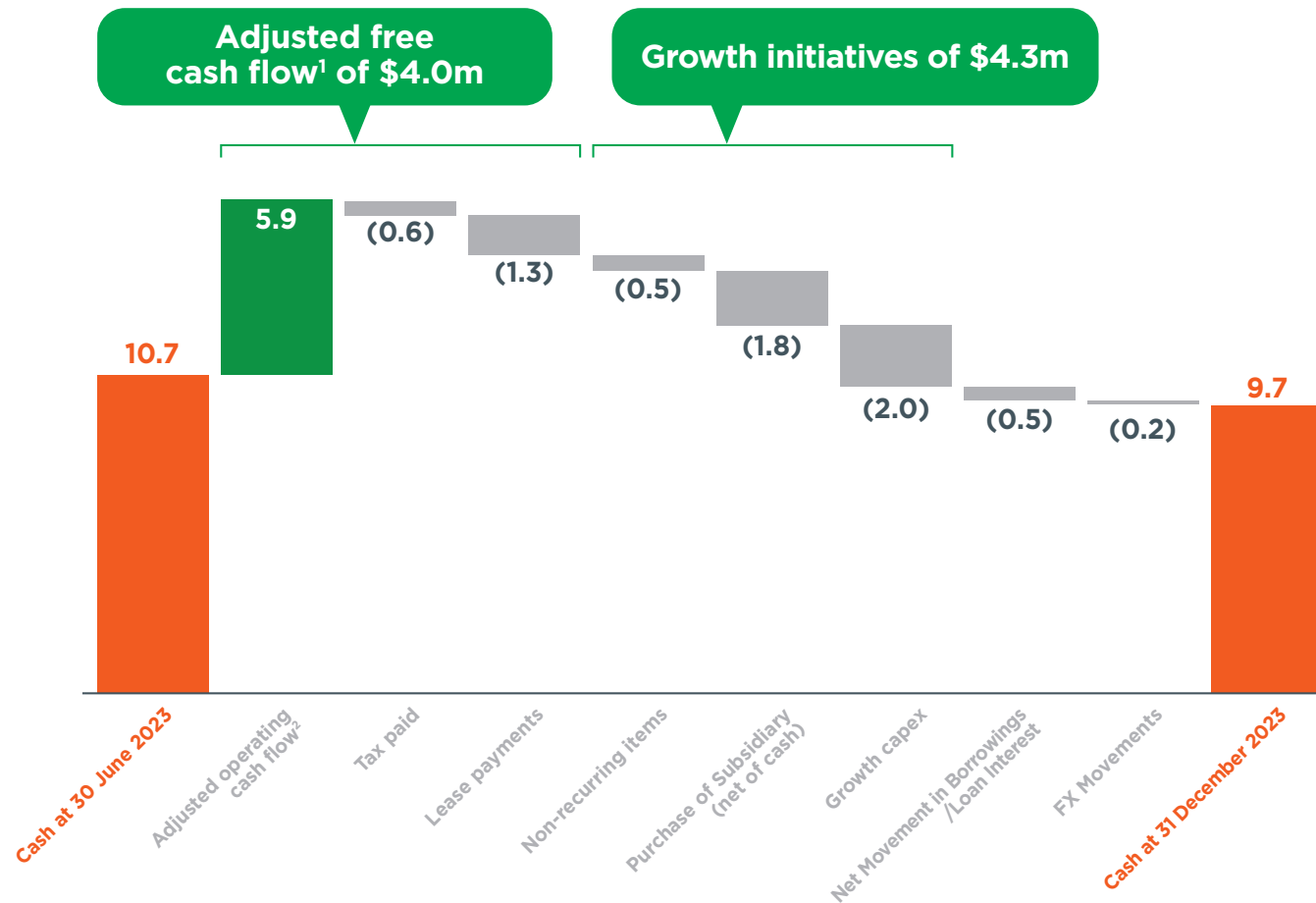
Adjusted EBITDA (\$000s)



Positive free cash flow

| \$9.7m cash to fund growth strategy and shareholder returns

Cash Flow Waterfall (\$m)



¹ excludes non-operating/non-recurring items, and capex
² excludes tax and non-operating/non-recurring items

Cash on hand of \$9.7m as at 31 December 2023.

Positive adjusted free cashflow¹ of \$4.0m.

Adjusted free cashflow¹ includes UK tax payments of \$0.6m (H1 FY23: nil).

Organic growth Capex of \$2.0m including ANPR camera equipment to support site growth and benefit future periods (excluded from free cash flow).

In July 2023 the Company acquired ParkInnovation, a German parking management business for \$1.8m (net of cash acquired).

Strong balance sheet to fund growth strategy

Group Financial Position (\$m)

\$m	Dec-23	Jun-23
Current assets	26.0	25.8
Non-current assets	31.2	30.2
Total assets	57.2	56.0
Current liabilities	16.4	16.7
Non-current liabilities	14.8	15.6
Total equity	26.0	23.7
Cash & cash equivalents	9.7	10.7

\$9.7m of cash – capital to fund growth strategies.

In July 2023 the Company acquired ParkInnovation, a German parking management business for \$2m.

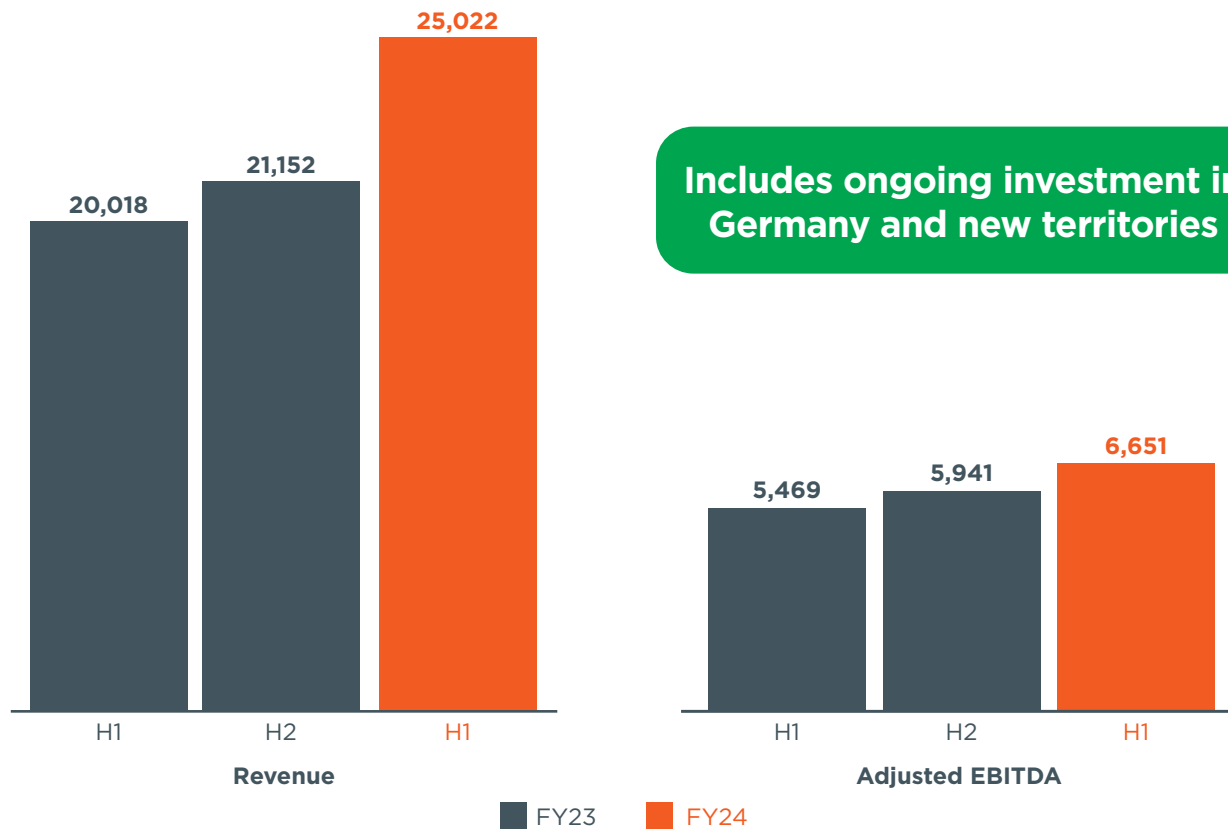
The UK Coronavirus Business Interruption Loan is due to be fully repaid in September 2024. Annual principal repayments are \$0.9m.

The Company will be debt free in September 2024.

Parking Management

| 25% revenue growth in H1 FY24 vs PCP

Parking Management (\$000s)



- Parking management represents 94% of group revenues



Revenue up
25%



Adjusted EBITDA up
21.6%

H1 FY24 Business Update



Growth strategy – multiple drivers

| Three key pillars for growth

Organic growth



Growth in sites = growth in PBNs =
revenue & profitability

High incremental margin
leveraging existing fixed
cost base

Existing and New markets:



TAM 45,000 SITES



TAM 3,000 SITES



TAM 2,000 SITES



TAM 90,000 SITES



TAM 10,000 SITES



1,500

ANPR site target by Dec 2024

Strong growth in the UK with
contributions from new territories
supports accelerated site target.

New territories



Investigating and evaluating
new market territories

Low cost
expansion strategy

Focused on territories with
appropriate regulatory
environment where SPZ can
**leverage IP and market
leading technology**

Acquisitions



Good pipeline
of opportunities

Adding scale where SPZ have
successful operations and
market intelligence

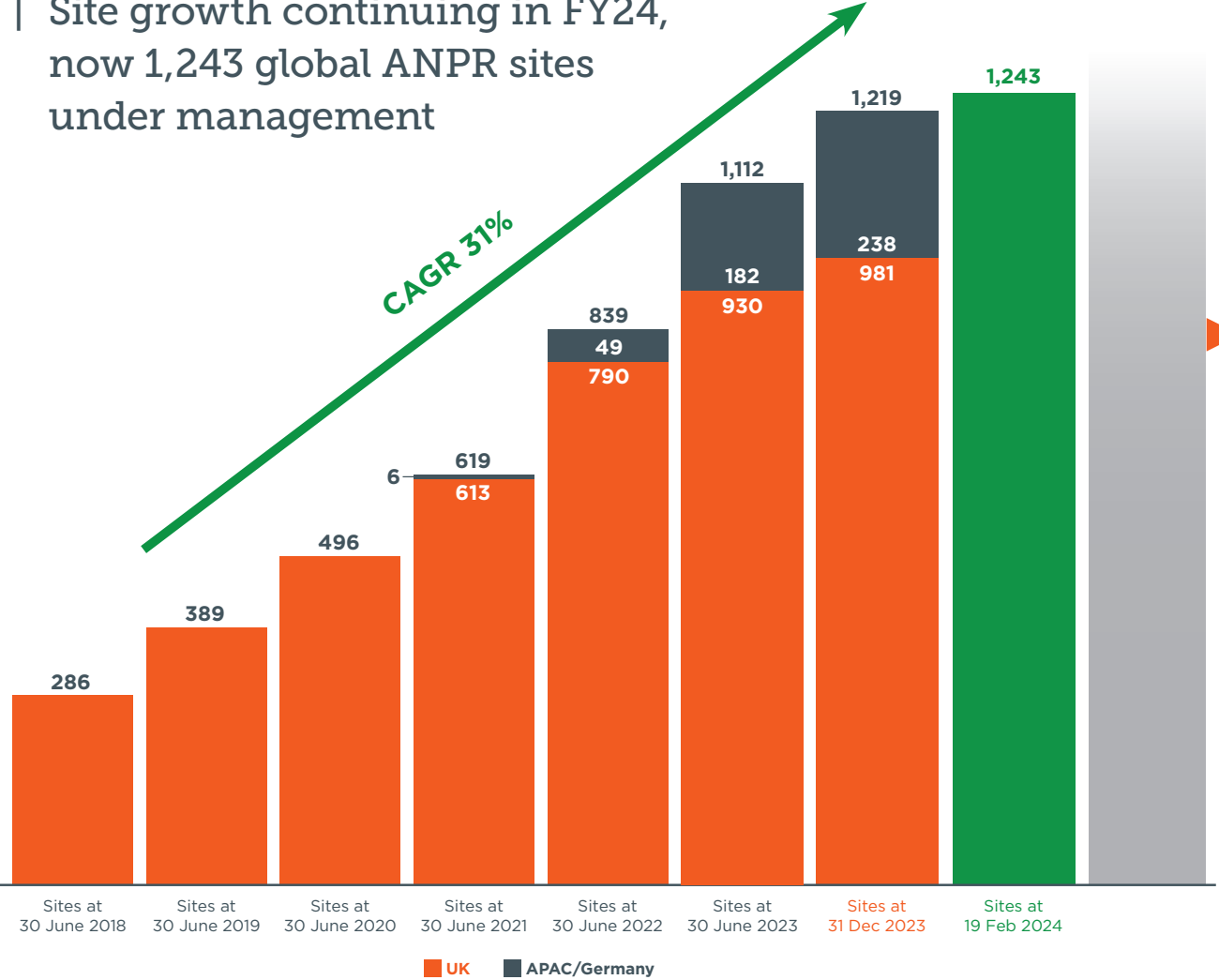
Disciplined selection criteria:
Strategic fit, technology and
earnings accretion

Ability to leverage technology
and deep domain expertise to
deliver synergies

Proven track record
with successful integrations

Site roll-out progressing, growth target accelerated to December 2024

| Site growth continuing in FY24, now 1,243 global ANPR sites under management



1,500 site target accelerated - will be delivered in December 2024 through organic growth.

131 sites added in H1 FY24, total 1,219 at 31 December 2023.

Invested in upgraded sales capacity and capability to support future revenue growth ambitions.

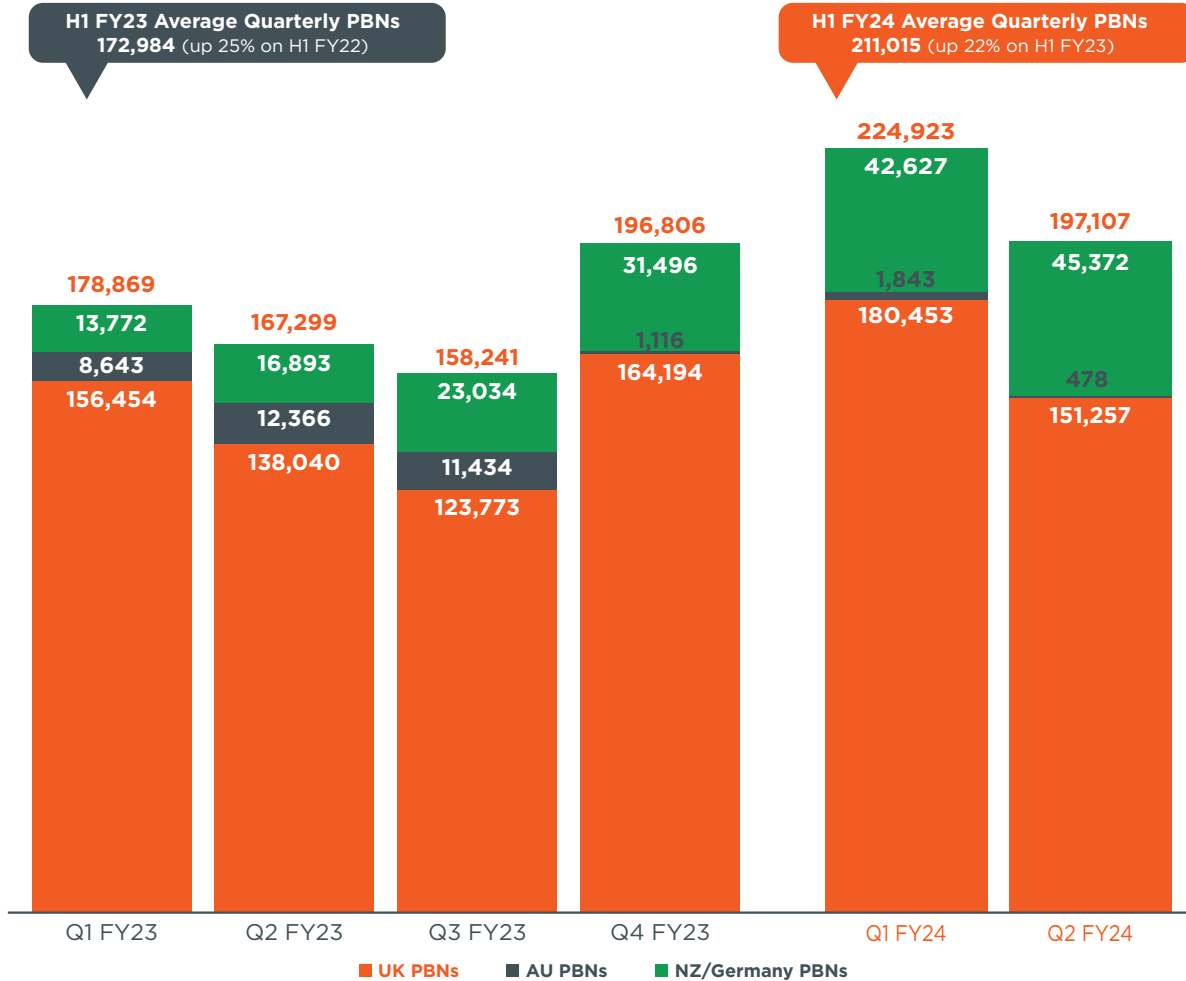
Enhanced customer value proposition enables sales performance in all business units outside Australia.

Continuing to leverage technology and expertise into new markets.

Growth underway

| H1 FY24 record PBNs issued, up 22% vs PCP

Parking Breach Notices Issued



Reduction in PBNs in Q2 and Q3 is in line with normal seasonal variations.

H1 FY24 growth delivered

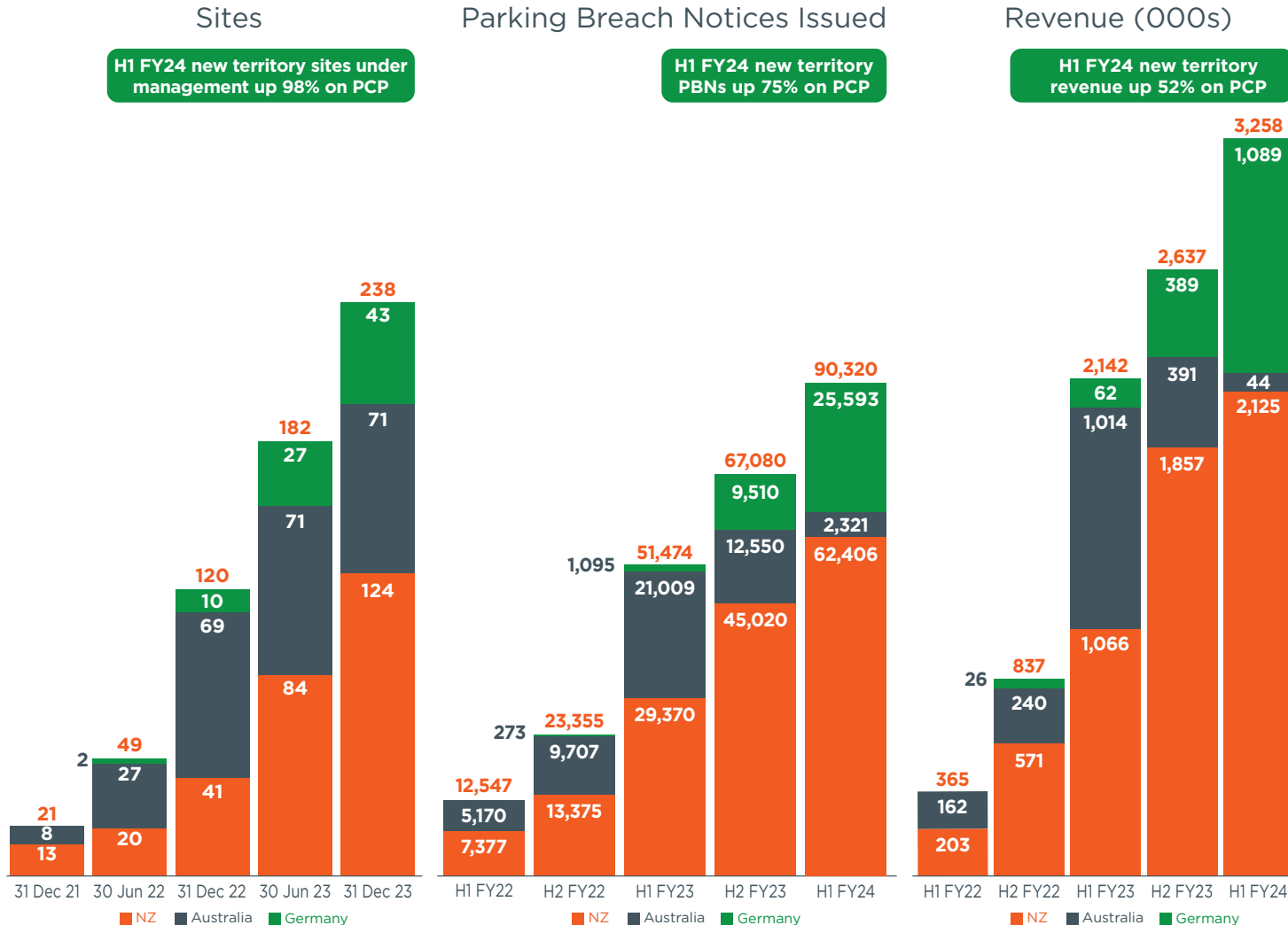
PBN growth up 22% on PCP.

PBN growth up 29% on PCP on a proforma basis (excluding Australia where operations paused).

Continuing to expand and enhance sales and account management capability to capture market share.

New territory growth underway

| Successfully scaling new territories



NZ:

NZ continues to show strong growth with 202% increase in sites under management.

Attractive market with limited competition and significant potential for growth.

Germany:

With the recent acquisition of ParkInnovation the Company expects to convert some of the 46 manually operated sites to ANPR in 2024.

Germany is the largest market SPZ currently operate in with a TAM of 90,000 sites.

Denmark:

It has a good regulatory structure.

Is early in the adoption of ANPR technology for parking management.

Highly attractive commercial operating environment.

Large addressable market adding 10,000 potential sites to the SPZ TAM taking us to over 150,000 sites.

Australia:

ANPR operations in Queensland remain on hold while the government consult on the operation of private car parks.

Regulatory update



UK regulatory update

Positive and ongoing dialogue with the UK Government

The UK government want to ensure the UK private parking industry drives compliance in a regulated and fair way. SPZ fully supports the raising of standards and believe we will benefit from greater regulation in the future

Scottish local authorities have adopted higher value PBN's and have also introduced an £100 PBN for pavement parking – this further demonstrates the need for an effective deterrent and £100 is the correct PBN value

Significant recent interest and investment from Private Equity in the UK private parking management market. Two transactions in H1 demonstrate the attractive growth opportunity in the UK

FY24 priorities



01

SPZ are growing strongly, are profitable and cash flow positive, with continued progress to the 1,500 site target by December 2024.

02

Expanding into large addressable markets with proprietary technology, excellent market knowledge and sound industry expertise.

03

New private equity investment in the UK highlights positive industry outlook.

04

\$9.7m of cash on hand to fund organic expansion, growth and disciplined acquisitions.

05

Continued focus on international expansion and complementary M&A strategy.

Smart Parking Limited (ASX:SPZ)

Q&A

Supplementary Information



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 across multiple territories. SPZ operates in the UK, New Zealand, Australia and Germany. SPZ has recently launched in Denmark and is focused on expanding into new regions around the globe.

Technology

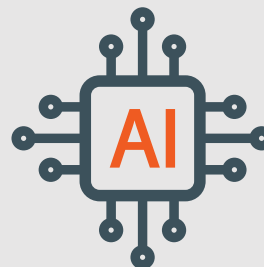
Proprietary technology to facilitate the growth of parking management services. Competitive advantage - SmartCloud allows successful plate matching with infringement business rules, mapping the full life cycle of a breach notice from issuance to payment or collection.



OVER 13 MILLION CARS PER MONTH THROUGH THE ESTATE



OVER 31m SMARTCLOUD TRANSACTIONS PER DAY



UTILISING AI TECHNOLOGY TO IMPROVE PLATE RECOGNITION



OVER 1000 CUSTOMERS WORLDWIDE



SALES AND OPERATIONS IN UK, GERMANY, NZ, AUSTRALIA & DENMARK

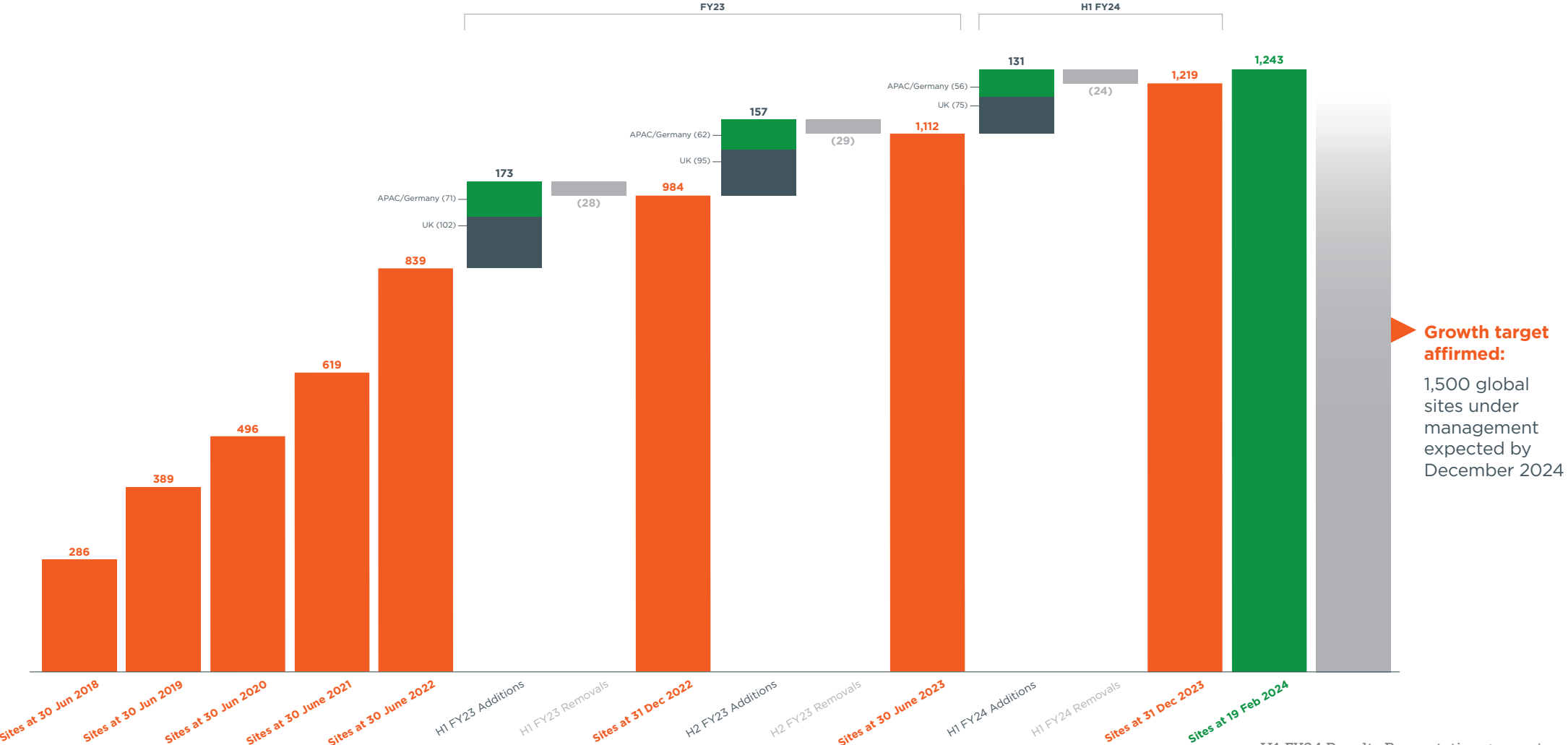
Segment reporting

(\$000's)	Revenue			Adjusted EBITDA			Adjusted EBITDA Margin	
	H1 FY23	H1 FY24	H1 FY23 vs H1 FY24	H1 FY23	H1 FY24	H1 FY23 vs H1 FY24	H1 FY23	H1 FY24
Parking Management	20,018	25,022	25.0%	5,469	6,658	21.7%	27.3%	26.6%
Technology Division	3,943	3,527	(10.6%)	811	2,068	155.0%	20.6%	58.6%
Research & Development	-	0		(318)	(379)	19.2%	-	
	23,961	28,549	19.1%	5,962	8,347	40.0%	-	
Corporate	14	145	935.7%	(704)	(789)	12.1%	-	
Eliminations	(1,867)	(1,968)	5.4%	-	-	-	-	
Revenue / Adjusted EBITDA excluding one-off costs	22,108	26,726	20.9%	5,258	7,558	43.7%	23.8%	28.3%

Management services – ANPR estate growth

| Over 1,200 global sites under management

ANPR Site Reconciliation

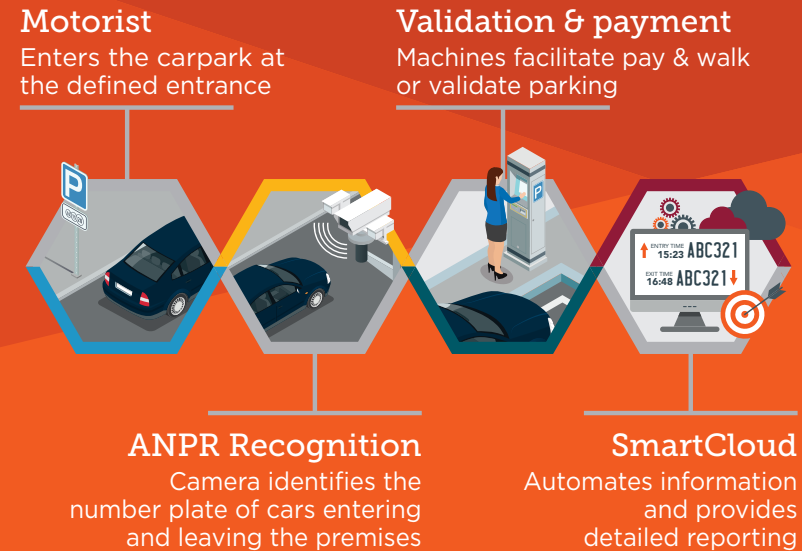


Growth target affirmed:
1,500 global sites under management expected by December 2024

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



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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