ASX Release

ASX: A2B

21 February 2023

2023 Half Year Results Presentation

Attached is the Presentation for H123 Results.

- ENDS -

Authorised for lodgement by the Board of A2B Australia Limited.

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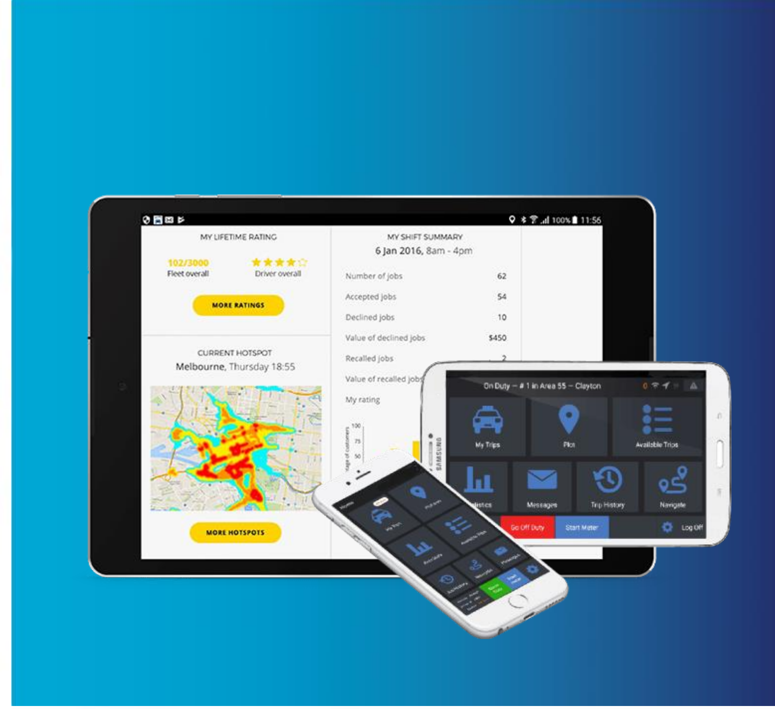
About us

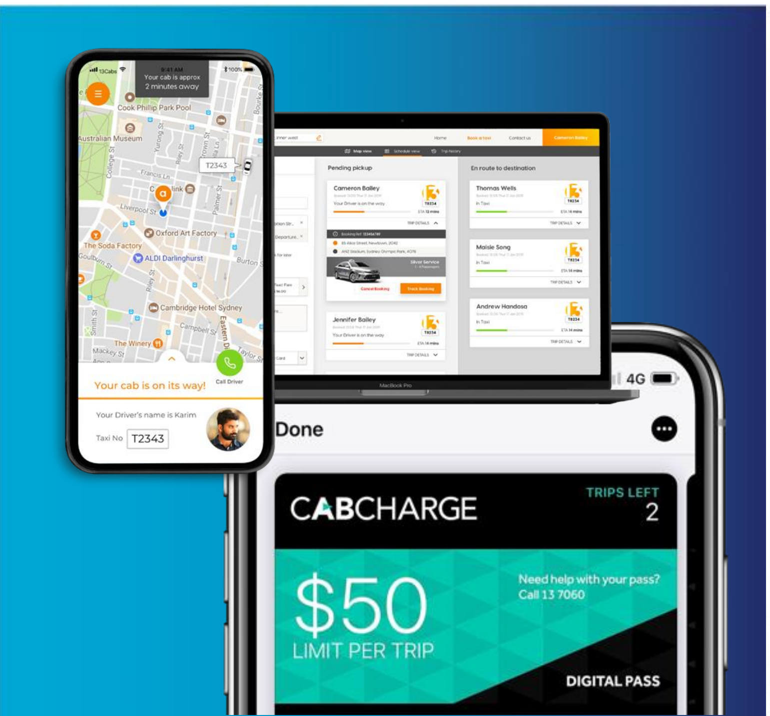
Operating since 1976, over the past 40+ years A2B has grown to become the market leader in the personal transport sector.

For further information, please visit: https://www.a2baustralia.com/.

FY23 Half Year Results

21 February 2023





Turnaround accelerates in FY23 H1

Doing what we said we would do

"BETTER BEFORE BIGGER" operating strategy is rapidly returning A2B to profitability and sustainable growth

Strategic Pillar	Goal outlined in July 2022 (strategy update to the market)	Progress over H1 FY23
Put in place "culture and values"	• Implement core values	✓ Five core values now embedded within the business
Grow core business	• Grow revenue and market share	✓ Fleet up 7.8% (+533 cars) vs 30 June 2022 ✓ Network subscription pricing up ~4% from 1 Oct 2022 ✓ Fares processed up 73.7% (+$190.4m) vs H1 FY22 ✓ Strong driver pipeline, 1,641 or +16% during the half ✓ Improved efficiency with a booking automation rate of 79.8% in 1H23 (59.1% pcp)
Divest non-core and loss-making businesses	• Implement planned divestitures	✓ Flamingo Pay discontinued (1 Jul 2022) and courier business divested (1 Aug 2022) ✓ Bus business retained and being assessed for long term fit ✓ Owned taxi fleet reduced 57.1% (180 cars)
Labour and cost savings	• Implement operating efficiencies to return to profitability while still supporting growth initiatives	✓ Achieved 15% (or $15m pa) cost reduction (run rate) with FTE reduced by 128 and overheads lower ✓ Cash costs down 6.5% vs H1 FY22, with further reductions to flow in H2 FY23
CEO and Board renewal	• Renew leadership	✓ Board and CEO role successfully renewed ✓ 15% reduction in Director's fee in line with labour & cost savings within the business
Property disposals	• Realise value and return capital to shareholders	✓ Bourke Rd property sold for $19m

A2B turnaround accelerates as strategy gains traction

Financial performance	FY23 H1 ($m)	FY22 H1 ($m)	Var ($m)	Var (%)
Revenue	72.3	59.7	12.6	21.1%
Underlying EBITDA*	9.3	(1.7)	11.1	647.1%
Statutory EBITDA	9.8	(1.2)	11.0	916.7%
Net profit after tax	3.7	(6.7)	10.4	155.2%

- **Revenue up 21.1% to $72.3m**, driven by network affiliation +$5.6m and taxi fares processed +$6.6m.
- Statutory EBITDA of $9.8m, up $11.0m on pcp.
- Underlying results are on a pre-AASB16 basis and exclude $0.4m in significant items (1H22 $0.8m).
- **Underlying EBITDA of $9.3m, up $11.1m** on pcp.

Financial Performance

- **On track to achieve FY23 guidance of $18m EBITDA** (previously provided)
- Net debt of $7.1m as at 31 December 2022
- Sufficient funding in place through $25m working capital facility, expiring 30 September 2024

Operational Performance

- Growth in key metrics continued, **fleet up 7.8%** vs 30 June 2022 and **taxi fares up 73.7%** on pcp.
- Network subscription pricing exceeded pre-COVID levels
- Fare growth driven by demand growth (91%) and fare rises across various states (9%)

Property Update

- Bourke Rd property has been sold for $19.0m, settlement expected in April 2023

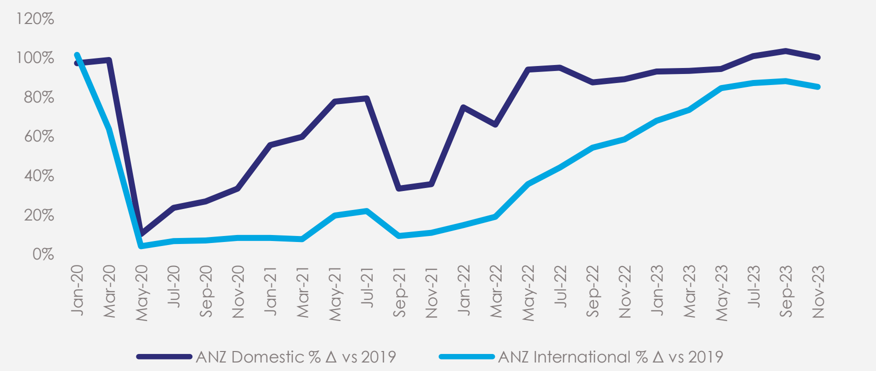
*Underlying is non-IFRS measure to provide a greater understanding of the business performance of the group

Industry recovering with demand nearing pre-COVID levels

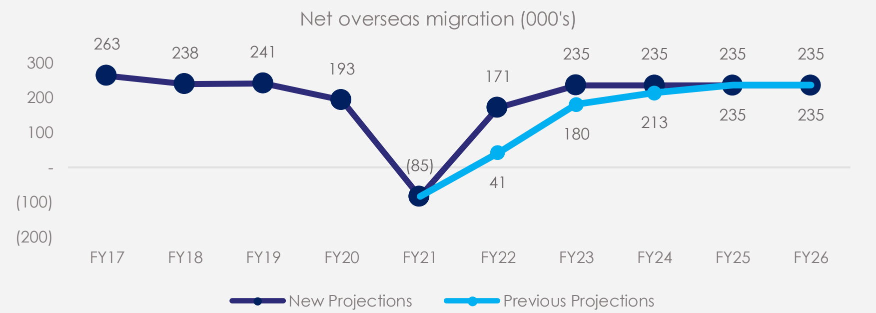
- Leading indicators improving despite macroeconomic challenges
- Driver pipeline strong driven by A2B's improved driver value proposition and improved net migration

Leading indicators for industry recovery ahead of earlier expectations

Domestic airline activity back to pre-COVID levels with international also recovering

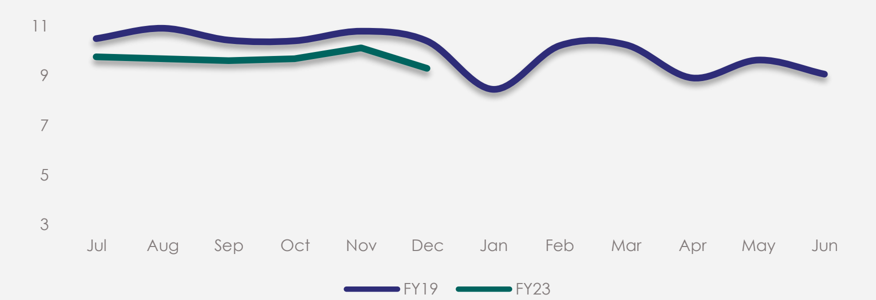


Net overseas migration ahead of earlier predictions

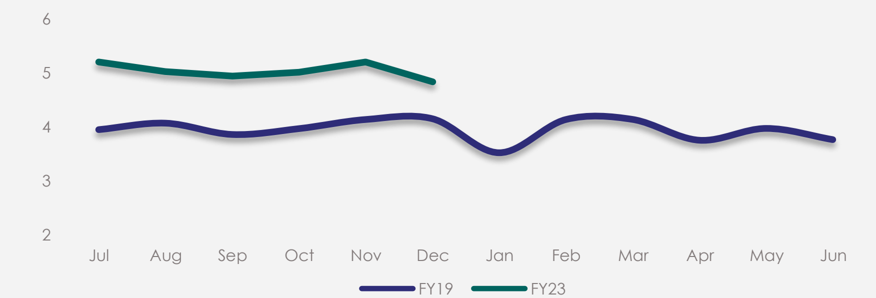


Average trips per car in A2B networks nearing FY19 levels with increasing value derived from booked trips

Average completed trips per car per day



Average completed bookings per car per day

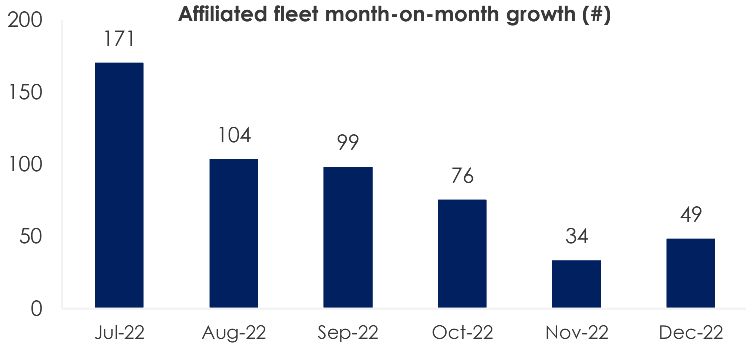


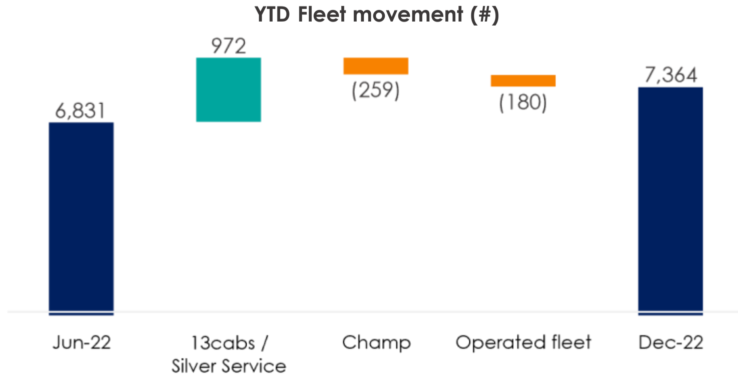
Source: SRS Analyser, Macquarie Research, February 2023; Federal Budget, ABS, October 2022

B2C – recovery on track, 13cabs / Silver Service fleet growing

Fleet performance

- **Fleet up 533 cars or 7.8%** on 30 June 2022 ending at 7,364.
- In line with strategy, lower yield CHAMP fleet reduced (-259 cars) and operated fleet reduced (-180 cars), more than offset by growth in higher yield core fleets of **13cabs / Silver Service (up 972 cars or 16.4%)**.
- Revenue derived from fleet subscription ended at $25.3m, up $5.6m or 28.3% on pcp.





Divestitures and Initiatives

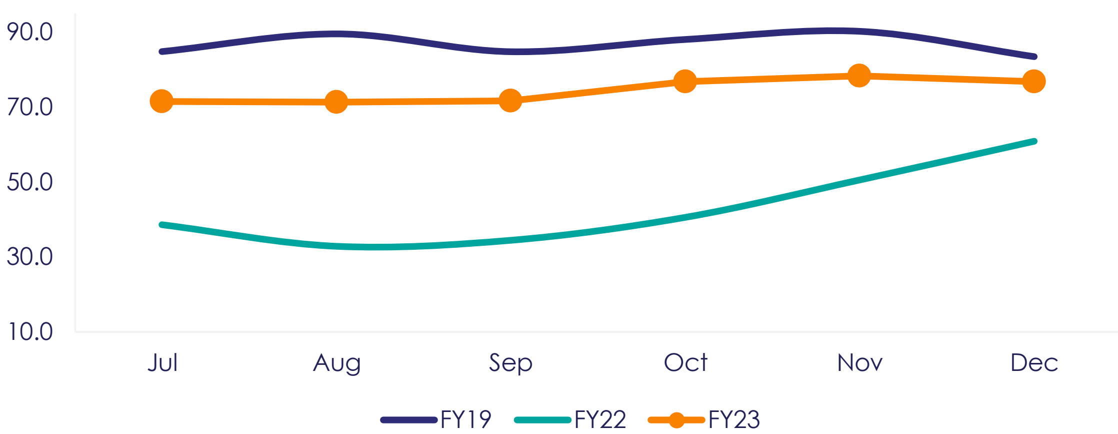
- Rationalisation of low margin taxi operations completed (owned vehicles) and discontinuation of CHAMP fleet underway.
- Network subscription pricing review in 1H23 with fee increases implemented across all networks. The **average network fee now exceeds pre-COVID levels**.

Key performance measures

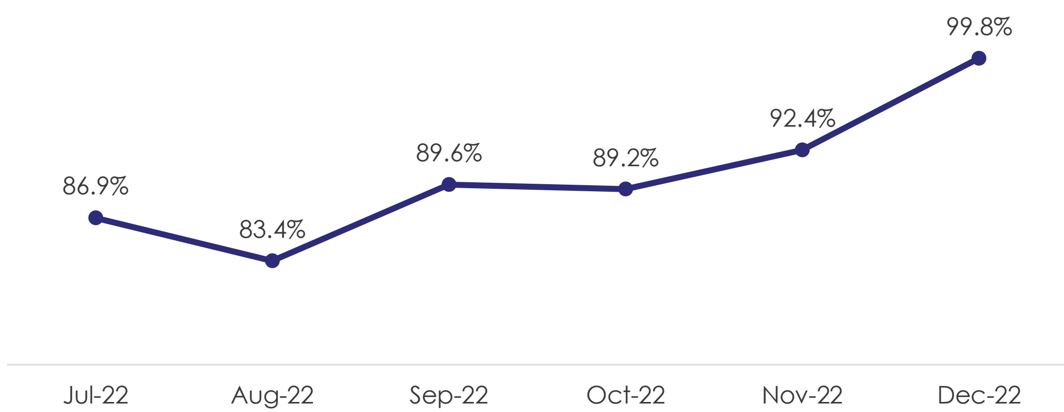
- **Booking growth continued, up 18% on pcp while total trips were up 37%.**
- Booking automation rate improved to 79.8% compared to 59.1% last year.
- Driver engagement and leads continued to improve, **1,641 drivers joined A2B in 1H23** brining total driver pool to 12,016.

B2B – value of taxi fares processed approaching pre-COVID levels

Fares processed ($m)



Total fares processed vs pre-COVID (1H20) levels



Commentary

- $448.7m taxi fares processed in 1H23, **+73.7%** vs pcp.
- Taxi fares processed for the half **reached 90.0% of pre-COVID levels** with December 2022 on par with December 2019.
- Of $190.4m or 73.7% growth, 91% was attributable to increased demand and 9% to fare rises.
- **In-app payments almost doubled** to $35.0m, supported by 54% app booking growth and roll-out of Price Guarantee offering.
- Revenue derived from processed taxi fares ended at $18.2m, up $6.6m or 57.5%.

Strong financial performance in FY23 H1

Strong growth in earnings as benefits of strategy gain traction

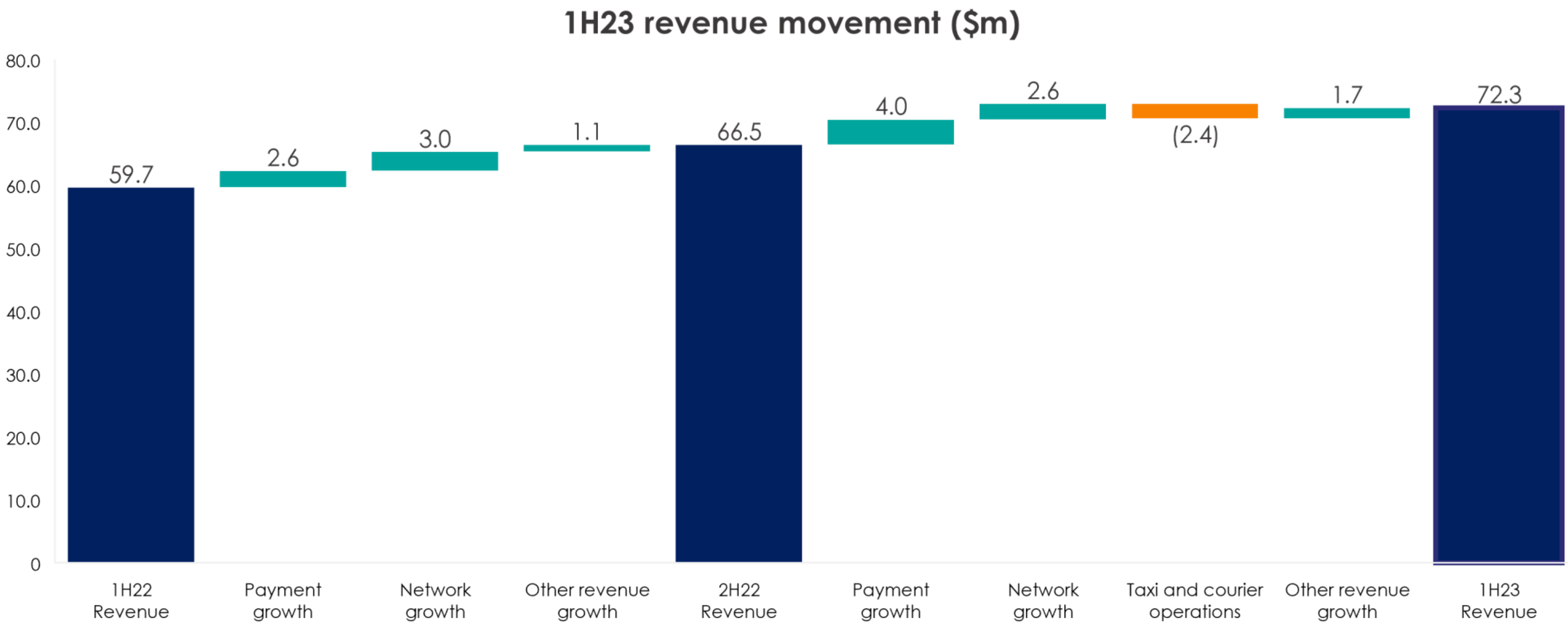
Underlying Basis* ($m)	FY23 H1	FY22 H1	Variance
Revenue	**72.3**	**59.7**	**12.6**
Government support	0.2	2.5	(2.3)
Expenses	(63.2)	(63.9)	0.8
EBITDA	**9.3**	**(1.7)**	**11.1**
Depreciation & Amortisation	(4.9)	(7.0)	2.2
EBIT	**4.4**	**(8.8)**	**13.2**
Finance costs	(1.7)	(0.1)	(1.6)
Profit before tax	**2.8**	**(8.8)**	**11.6**
Income Tax	1.4	2.6	(1.2)
NPAT	**4.1**	**(6.2)**	**10.4**
EBITDA margin	12.9%	(2.9%)	
EBIT margin	6.2%	(14.7%)	
Earnings per share	3.4 cents	(5.1 cents)	

** Underlying results excludes the adoption of AASB 16 leases and excludes $0.4m (pre-tax) underlying adjustments (1H22 $0.8m), further detail provided on slide 19*

- **Underlying EBITDA of $9.3m, up $11.1m on pcp,** driven by:
  - +$12.6m or 21.1% revenue improvement
  - $0.8m reduction in expenses, partly offset by
  - $2.3m reduction in Government Support (NSW JobSaver received last year)
- 2 core revenue streams contributing to revenue uplift:
  - Network subscription revenue +$5.6m or +28.3%
  - Payment processing revenue +$6.6m or +57.5%
- **Depreciation & Amortisation reduced $2.2m** following balance sheet review and asset impairments completed at 30 June 2022
- Increase in finance cost of $1.6m driven by increased borrowings. This is expected to reduce materially in 2H23 following debt repayments.
- **Underlying NPAT of $4.1m, an improvement of $10.4m,** both on an underlying and statutory basis.
- **EBITDA margin of 12.9%** on FY23 target

Revenue up 21.1% on pcp

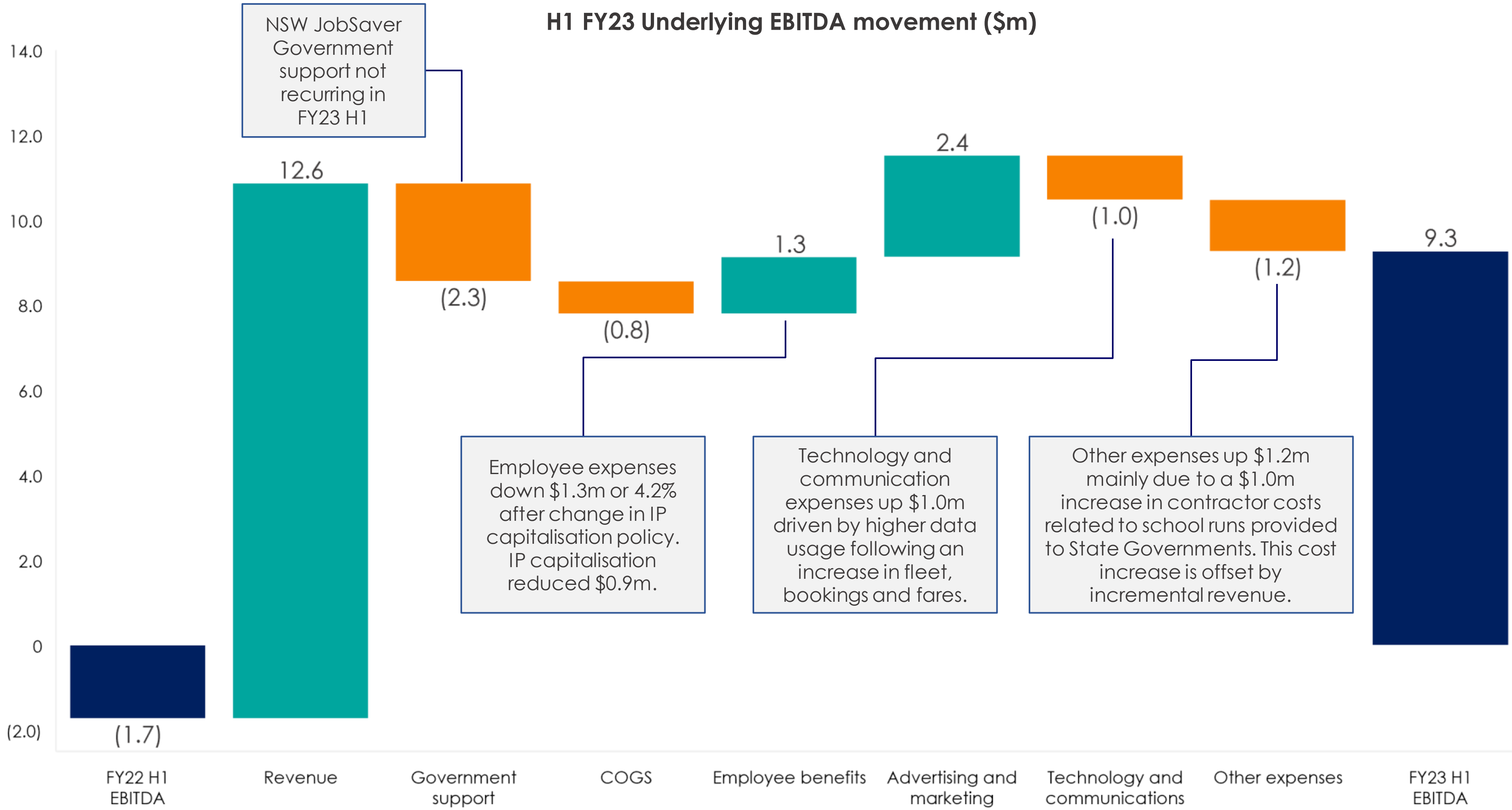
Revenue building on last year's momentum and successful implementation of strategic initiatives



- Payment processing revenue up $6.6m supported by demand growth in the second half of last year (+$2.6m) and incremental growth in 1H23 (+$4.0m).
- Network subscription revenue up $5.6m compared to last year. Momentum in fleet recovery during the second half of last year contributed $3.0m to the YoY growth with additional fleet in 1H23 delivering an additional $2.5m in revenue.
- 1H23 revenue growth was partly offset by a reduction of $2.4m in taxi and courier operations revenue. This is in line with our strategy as outlined earlier.

H1 FY23 Underlying EBITDA turnaround

EBITDA up $11.0m, excl impact of last year's Government support EBITDA improved $13.3m



Robust balance sheet well equipped to support growth

Balance sheet ($m)	31-Dec-22	30-Jun-22
Cash and cash equivalents	14.5	12.3
Trade and other receivables	52.1	60.3
Assets held for sale	10.2	0.0
Other current assets	5.2	7.0
Total current assets	**82.0**	**79.5**
Property, plant and equipment	13.9	23.7
Taxi plate licenses	1.3	1.3
Other non-current assets	68.0	67.0
Right of use asset	4.9	6.5
Total non-current assets	**88.1**	**98.5**
Total assets	**170.2**	**178.1**
Payables	43.8	55.9
Loans and Borrowings	0.6	1.6
Other	7.3	8.5
Lease liabilities	1.4	1.6
Total current liabilities	**53.1**	**67.6**
Loans and Borrowings	21.0	17.3
Lease liabilities	4.0	5.5
Other liabilities	1.7	1.5
Total non-current liabilities	**26.7**	**24.3**
Total liabilities	**79.7**	**91.9**
Total net assets	**90.4**	**86.1**
Net (debt) / cash	**(7.1)**	**(6.6)**

- **$14.5m in cash, net debt of $7.1m**
- Net asset position improved $4.3m to $90.4m and includes A2B's property portfolio carried at cost ($10.1m). An independent valuation conducted in June 2022 values these three properties (2x Sydney, 1x Melbourne) at a range between $102m and $114m.
- Balance sheet strengthened with improvement in current assets of $9.9m offset by a reduction of $14.5m in current liabilities, net working capital effect $4.5m.
- A2B's **net debt position ended in line with internal expectations**. Main drivers of this increase are shown on the next slide.
- Draw down loan facility $21.0m at 31 December 2022 to fund working capital requirements and FY22 restructuring expenses. At 17 February 2023 this further reduced to $19.0m.
- **Projected strong net cash position at 30 June 2023** supported by improved financial performance and completion of the sale of Bourke Rd.
- Right of use asset (AASB16) further reduced $1.6m, offset by reduction in lease liabilities as A2B continued to exit premises

Cashflows steady

Cashflow statement ($m)	FY23 H1	FY22H1
Receipts from customers and others	535.8	319.2
Payments to suppliers, licensees and employees	(531.3)	(320.8)
Finance costs paid	(0.8)	(0.3)
Income tax received / (paid)	(0.1)	5.3
Net Cash Flow from Operations	**3.6**	**3.3**
Purchase of PPE	(3.1)	(1.8)
Development of intellectual property	(1.3)	(2.2)
Proceeds from sale of PPE	1.3	0.2
Net Cash Flow from Investing	**(3.0)**	**(3.8)**
Proceeds from borrowings	5.0	5.0
Repayment of borrowings	(2.3)	(0.3)
Payment of lease liabilities	(0.9)	(1.1)
Dividends paid to non-controlling interest in subsidiaries	(0.1)	(0.0)
Net Cash Flow from Financing	**1.7**	**3.6**
Net Change in Cash Position	**2.3**	**3.1**
Cash and cash equivalents at 1 July	**12.3**	**11.9**
Effect of movements in exchange rates on cash held	(0.1)	0.0
Gross Cash at the end of Period	**14.5**	**15.0**

Free cash flow movement ($m)	FY23 H1	FY22 H1
Net Cash Flow from Operations	3.6	3.3
Net Cash Flow from Investing	(3.0)	(3.8)
Payment of lease liabilities	(0.9)	(1.1)
Free cash flow (excl. AASB 16 impact)	**(0.3)**	**(1.7)**
One-off tax refund (Federal Government COVID relief measure)	0.0	(5.3)
Free cash flow (excl. AASB 16 impact & COVID relief measure)	**(0.3)**	**(6.9)**
YoY improvement	**6.7**	

- **$2.8m cash flow from operations (excl. AASB16 impact)**
  - ➢ Statutory EBITDA +$9.3m
  - ➢ Restructuring costs (FY22) -$2.0m
  - ➢ Above avg. vehicle financing to operators -$2.9m
  - ➢ Other working capital movements -$1.6m

  $2.8m
- Restructuring cost is a non-recurring expense, vehicle financing relates to provision of finance to operators joining A2B networks and is expected to stabilise and reduce moving forward.
- Like for like free cash flow improvement of $6.7m (excl. $0.9m impact of AASB16 treatment and $5.3m one-off tax refund received last year)
- Net cash flow from investing activities $3.0m, a reduction of $0.8m compared to last year.
  - ➢ Development intellectual property reduced $0.9m following a policy change
  - ➢ Purchase plant and equipment primarily relates to roll-out tables in the A2B fleet with 53% completed at 31 December.

Positive outlook and FY23 guidance reaffirmed

Value of significant property holdings not reflected in share price

Underlying property value of $102m to $114m for A2B's three properties (based on independent valuations conducted in June 2022)

9-13 Bourke Road, Alexandria	• In December 2022, A2B agreed to sell its property at 9-13 Bourke Road, Alexandria for $19.0m • Settlement is due to occur in April 2023, with a 10% deposit already received • $19.0m sale price is in line with independent valuation undertaken in June 2022
9-13 O'Riordan Street, Alexandria	• As announced on 3 November 2022, A2B regards its 9-13 O'Riordan Street, Alexandria property as an attractive, strategic asset • A2B will continue evaluating its options regarding this site with the overarching objective of maximising value for shareholders

9-13 Bourke Road, Alexandria NSW

9-13 O'Riordan Street, Alexandria NSW

FY23 guidance of $18m EBITDA reaffirmed

A2B is on track to return to profitability and deliver a 13% EBITDA margin

	FY22	FY23	
Fleet 30 June (number of cars)	6,831	**+10% - 15%**	Targeting 10% to 15% growth in FY23. **Net fleet growth +7.8% as at 31 December 2022**.
Fares processed ($m)	$607m	**+5% on June 2022 run rate** ($67m in Jun-22)	Targeting 5% growth on June 2022 run rate. **$448.7m or 53% of FY23 target achieved in 1H23**.
Revenue	$125.1m	**~+10%**	Targeted revenue growth primarily driven by our core revenue streams, fleet growth and fares processed. **1H23 revenue up 21.1% on pcp**.
Cost control	**$1.0m** expense reduction	**~15% reduction** Indirect cost	Decisive action taken around costs, effective July 2023. 1H23 indirect cost down 2.7%, **cash cost down 7.6%** excl. impact policy change on internally developed IP. Further YoY cost reduction projected in 2H23.
EBITDA margin*	-7.5%	**targeting ~+13%**	FY23 objective to return to positive EBITDA and cash flow. **Target EBITDA margin achieved in 1H23, ending at 12.9%**.
D&A and Capex**	D&A $14.2m Capex $8.7m	**D&A $8m - $9m Capex $6m - $7m**	Focus on core resulting in discontinuation of certain business lines and associated non-cash write-offs. **D&A and capex reduced and on track**.
Net Debt	$6.6m	**low single-digit millions**	Reduction in net debt following return to positive cash flow. **Projected strong net cash position at 30 June 2023**.

* on an underlying basis
** excluding the impact of accounting standard AASB16

Thank you. Questions?

Appendix: supporting materials

Statutory to underlying reconciliation

Profit & Loss ($m)	FY22 H1 Statutory	Significant Items	FY22 H1 Underlying	AASB 16 Impact	FY22 H1 Underlying Pre-AASB 16	FY23 H1 Statutory	Significant Items	FY23 H1 Underlying	AASB 16 Impact	FY23 H1 Underlying Pre-AASB 16
Revenue	**59.7**	**0.0**	**59.7**	**0.0**	**59.7**	**72.3**	**0.0**	**72.3**	**(0.0)**	**72.3**
Other income	2.5	0.0	2.5	0.0	2.5	0.2	0.0	0.2	0.0	0.2
Expenses	(63.4)	0.8	(62.6)	(1.3)	(63.9)	(62.7)	0.4	(62.3)	(0.9)	(63.2)
EBITDA	**(1.2)**	**0.8**	**(0.5)**	**(1.3)**	**(1.7)**	**9.8**	**0.4**	**10.2**	**(0.9)**	**9.3**
Depreciation & Amortisation	(8.1)	0.0	(8.1)	1.1	(7.0)	(5.6)	0.0	(5.6)	0.7	(4.9)
EBIT	**(9.3)**	**0.8**	**(8.5)**	**(0.3)**	**(8.8)**	**4.2**	**0.4**	**4.6**	**(0.2)**	**4.4**
Finance costs	(0.3)	0.0	(0.3)	0.2	(0.1)	(1.8)	0.0	(1.8)	0.1	(1.7)
Profit before tax	**(9.6)**	**0.8**	**(8.8)**	**(0.1)**	**(8.8)**	**2.4**	**0.4**	**2.8**	**(0.0)**	**2.8**
Income Tax	2.9	(0.3)	2.6	0.0	2.6	1.4	0.0	1.4	0.0	1.4
NPAT	**(6.7)**	**0.5**	**(6.1)**	**(0.1)**	**(6.2)**	**3.7**	**0.4**	**4.2**	**(0.0)**	**4.1**
EBITDA margin	(2.1%)		(0.8%)		(2.9%)	13.5%		14.1%		12.9%
EBIT margin	(15.6%)		(14.3%)		(14.7%)	5.8%		6.4%		6.2%
Earnings per share	(5.7 cents)		(5.0 cents)		(5.1 cents)	3.0 cents		3.5 cents		3.4 cents

- Significant items of $0.4m in 1H23 relates to an equity alignment grant for the Executive Chairman.
- Significant items of $0.8m in 1H22 relates to termination expenses.

Underlying EBITDA by division

A2B recently implemented a simplified organisational structure and will be reporting under 2 divisions, B2C and B2B, moving forward

EBITDA ($m)	FY23 H1	FY22 H1	Change
B2C	4.2	(9.6)	13.8
B2B	5.1	5.3	(0.3)
JobKeeper / JobSaver	-	2.5	(2.5)
Group EBITDA	**9.3**	**(1.7)**	**11.0**

- From FY23 onwards the divisional structure has changed reflecting the new strategy and new business operating model. Mobility Services has been renamed B2C, and Mobility Platforms has been renamed B2B. B2C comprises the 13cabs, Silver Service and CHAMP brands and includes Taxi operations. B2B comprises the Cabcharge, MTI, Spotto and Giraffe brands and includes contracted school runs provided to State Governments.
- Corporate overheads have been allocated directly to the respective business units. Last year these were reported separately.

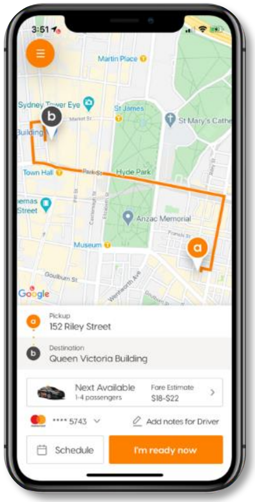
B2C

- **Revenue up $6.1m or 15.6%** on last year primarily driven by:
  - ➢ Fleet subscription revenue, +$5.6m
  - ➢ Brokered taxi license plate income, +$0.8m
  - ➢ Car sale revenue, +$1.0m

  Partly offset by
  - ➢ Courier service revenue, -$1.5m
  - ➢ Taxi operating revenue, -$0.8m
- The reduction in courier service and taxi operating revenue is in line with A2B's strategy to focus on its core.
  - ➢ In August 2023, the courier business was divested
  - ➢ During FY23 H1 the operated fleet reduced by 180 cars (-57%)
- Fleet growth was further supported by an increase of ~4% in network subscription pricing, effective 1 October 2022
- Fleet was up 533 cars or 7.8% compared to 30 June 2022 and up 732 cars or 11.0% compared to 31 December 2022
- YoY bookings were up 18.0% and total trips up 37% translating in average trips / car / day of 9.3 (+28% on last year)
- Booking automation rates improved to 80.7% in December 2022 (December 2021 59.1%)

	FY23 H1	FY22 H1	Change ($)	Change (%)
Revenue ($m)	44.3	38.8	5.5	14.1%
Underlying EBITDA ($m)	4.2	(9.6)	13.8	(144.1%)
EBITDA %	*9.5%*	*(24.7%)*	*34.2%*	
*Affiliated fleet (#)	7,364	6,632	732	11.0%

**Affiliated fleet reflects number of vehicles as at 31 Dec 2022*



B2B

Fares processed ended at $448.7m, up $190.4m or 73.7% on last year.

- Of the growth in fares processed, 91% was attributable to an increase in demand (ie volume impact) and 9% was attributable to higher average fares (ie price impact).
- The price impact was supported by recent fares rises in most states (WA, Qld, Vic, SA) during the half.
- All payment channels experienced double digit growth in 1H23 with the in-app payment channel reaching an all-time high in December 2022.
- Total taxi fares processed for the six-month period reached 90.0% of pre-COVID (1H20) levels.

Revenue up $6.2m or 25.4% on last year primarily driven by:

- Service fee revenue, +$6.6m
- School bus route revenue, +$1.6m
- Equipment and rental revenue, +$0.7m
- Software maintenance (MTI), +$0.2m

School bus revenue ($4.5m in 1H23) now forms part of B2B, previously included under Mobility Services.

	FY23 H1	FY22 H1	Change ($)	Change (%)
Revenue ($m)	30.4	24.2	6.2	25.4%
Underlying EBITDA ($m)	5.1	5.3	(0.3)	(4.7%)
EBITDA %	*16.8%*	*22.0%*	*(5.3%)*	
Cabcharge ($m)	111.5	71.6	39.9	55.8%
Bank issued and 3rd Party ($m)	302.1	169.0	133.1	78.8%
In-app payments ($m)	35.0	17.7	17.3	98.0%
Total fares processed ($m)	**448.7**	**258.3**	**190.4**	**73.7%**
Vehicles on MTI platform Domestic (#)*	17,844	16,221	1,623	10.0%
Vehicles on MTI platform International (#)*	13,834	12,420	1,414	11.4%
Total Vehicles on platform (#)	**31,678**	**28,641**	**3,037**	**10.6%**

**Vehicles on platform is as at 31 December 2022*

Disclaimer

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