

22 August 2023

FY23 Full Year Results Announcement

Attached is the FY23 Full Year Results Announcement.

The following associated documents will be provided separately for lodgement:

- 2023 Appendix 4E & Annual Report (which includes the FY23 Financial Statements)
- FY23 Investor Deck
- 2023 Corporate Governance Statement & Appendix 4G

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 a market leader in the personal transport sector.

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

ASX: A2B

22 August 2023

A2B delivers turnaround; exceeds FY23 guidance; reinstates dividend

Key FY23 results highlights (vs FY22):

- **Turnaround delivers strong financial performance**
 - Revenue up 17.7% to \$147.3 million
 - Statutory net profit after tax (NPAT) of \$27.1 million (FY22 \$(27.8) million loss)
 - Underlying EBITDA of \$20.1 million exceeding guidance (FY22 \$(9.4) million loss)
- **Fleet size up 14.2% to 7,803 at 30 June 2023**
 - Combined 13cabs and Silver Service fleet up 26.7%
- **Total fares processed up 40.8% to \$854.4 million, with total fares reaching 87% of pre-Covid levels (FY19)**
- **Successfully sold two Alexandria (Sydney) properties for \$97 million**
- **\$13.9 million net cash at 30 June 2023**
- **Dividends reinstated, commencing with final FY23 dividend of \$0.05 per share fully franked**
- **Board intends to declare a special dividend of \$0.55 per share fully franked once the O’Riordan Street, Alexandria property is settled (expected in December 2023).**

A2B Australia Limited (ASX: A2B) is pleased to announce its results for the 12 months ended 30 June 2023 (FY23). The Company has successfully executed its turnaround strategy, underpinning a return to growth and profitability, and reinstated dividends for shareholders.

Commenting on the Company’s FY23 results, A2B Executive Chairman Mark Bayliss said:

“The successful execution of our ‘BETTER BEFORE BIGGER’ strategy delivered a substantial turnaround in the business during the past 12 months, returning the Company to profitability and sustainable growth. Pleasingly, both fleet and fares increased, reflecting our focus on the key value levers for our drivers, operators, customers and team members. I want to thank our entire team for their dedication and commitment in delivering the change necessary to enable A2B to deliver on its potential.

“We did what we said we were going to do, selling the two Sydney properties to strengthen the Company’s balance sheet and ultimately return capital to shareholders. Our earnings guidance for FY23 was exceeded, with strong growth achieved in EBITDA, and we expect to continue the growth trajectory in FY24.”

Strong financial performance across key metrics

Financial performance	2023 \$m	2022 \$m	Change \$m	Change %
Revenue	147.3	125.1	22.2	↑ 18%
Underlying EBITDA	20.1	(9.4)	29.5	↑ 313%
Statutory EBITDA	42.8	(22.3)	65.1	↑ 291%
Statutory Net profit after tax	27.1	(27.8)	54.9	↑ 197%

Revenue was up \$22.2 million or 17.7% to \$147.3 million, excluding the impact of one-off benefits from property transactions and licence plate compensation¹, reflecting growth in fleet size and fares. The underlying growth in revenue in FY23 was even stronger as FY22 benefited from \$2.8 million in revenue from courier operations (now divested) and \$5.6 million from vehicle sanitisation income not recurring in FY23.

Total expenses fell \$9.7 million or 7.1%, reflecting a year-on-year underlying cost reduction of \$13.9 million. The underlying reduction in expenses was partially offset by a \$4.3 million increase in revenue growth-related expenses. During the year we completed the restructuring of A2B's contact centres, as part of A2B's drive to streamline its business and improve efficiency.

Other income reduced \$2.3 million compared with FY22, with COVID-related support payments received from Government not recurring in FY23.

The strong growth in revenue, combined with the reduced cost base, enabled A2B to exceed its underlying EBITDA guidance in FY23. Underlying EBITDA was up \$29.5 million to \$20.1 million, and statutory net profit after tax was up \$54.9 million to \$27.1 million.

Successfully executed 'BETTER BEFORE BIGGER' strategy

The financial results of FY23 were achieved through the Company's 'BETTER BEFORE BIGGER' strategy. A2B's team turned around the operational and financial performance of the business by focussing on its main drivers of revenue, being total fleet size and fares. The total fleet grew by 14.2% during the past 12 months to 7,803 cars at 30 June 2023 and total fares process reached \$854.4 million, about 87% of pre-pandemic levels (FY19). Pleasingly, the increase in fares and fleet also bolstered the profitability for A2B's drivers and operators.

A2B played to its strengths by investing in growing its core fleet brands 13cabs and Silver Service, with a move away from the CHAMP brand and a further streamlining of the business. The combined 13cabs and Silver Service brands' fleets grew 26.7% during the past year. The two brands also showcased their value proposition through the enhanced user experience of the new app, servicing an average of 9 trips per day per car across A2B's fleet.

Enhancing shareholder value – dividend reinstated and intended capital return

Two of the 'BETTER BEFORE BIGGER' strategy's main goals were for A2B's core operations to deliver sustainable profits by:

- 1) creating positive free cash flow; and
- 2) unlocking value through the return of capital to shareholders from property divestments.

The strategy implemented has delivered significant earnings and cash flow improvement during FY23 and strongly positioned the Company for continued growth in FY24.

During FY23, A2B sold its two Sydney properties in Alexandria for a combined value of \$97 million (in line with the independent valuation undertaken by Jones Lang LaSalle in May 2022). In addition to the Board's plan to return capital to shareholders, A2B will use some of the proceeds to repay debt and for working capital. In July 2023, A2B commenced the sale process for its remaining property located in Melbourne.

The successful delivery of A2B's strategy has enabled the Board to reinstate dividends, and declare a fully franked final dividend for FY23 of \$0.05 per share. In addition, the Board intends to declare

¹ One-off transactions included \$21.3million relating to the sale of the Bourke Rd property and a land swap on our O'Riordan St property in Alexandria, and \$1.6 million compensation from the NSW Government relating to taxi licence plates.

a further special fully franked dividend of \$0.55 per share following receipt of proceeds from the sale of the O'Riordan Street property currently expected for mid- December 2023.

The Board has also set a dividend policy of providing a minimum dividend payout of 50% of underlying attributable profit at every reporting period from the second half of FY24. The Board's ability to make these dividend commitments reflects the success of the operational strategy implemented.

FY24 outlook

Commenting on the Company's positive outlook for circa 20% growth in underlying earnings in FY24, Mr Bayliss said:

"We are seeing how salient and trusted our brands are in Australia, with a strong increase in the 13cabs and Silver Service fleets during the past year and total fares nearing pre-pandemic levels, along with improving efficiency through healthy booking rates.

"As we head into FY24, fleet growth is continuing with 150 cars added since 30 June. Positive factors such as rising migration levels, an improvement in vehicle supply, along with the removal of restrictions on taxi license plates as a result of deregulation in NSW, will assist with further growth. However, some wider economic factors such as recent decline in consumer spending may soften fares in the near term.

"Another key focus for FY24 is improving our value proposition for drivers and passengers. In FY24 we will undertake a major project by upgrading all in-car technology (before 3G is switched off in June 2024) to ensure the continuity and future growth of our payments processing volumes. We are investing \$3.5 million through a one-off capex investment to simplify our technology platform and further enhance passenger and driver experience.

"With the Company's balance sheet repaired, dividends reinstated including a planned special dividend, and successfully returning A2B to profitability by right-sizing its cost structure, we are well placed to continue growing in FY24 and beyond. Based on the performance of the business over the first six weeks of FY24 and the Company's plans for the year ahead, the Board expects A2B to generate like-for-like EBITDA growth of circa 20% in FY24, equating to an underlying EBITDA of circa \$22 million (including six months of rent on O'Riordan Street of \$2.0 million)."

A briefing session for investors and analysts will be held at 11:00am AEST today. Participants can register for the briefing session via: <https://s1.c-conf.com/diamondpass/10032259-pqv4wr.html>.

Please note that registered participants will receive their dial in number upon registration.

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Authorised for lodgement by the Board of Directors of A2B Australia Limited.

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