ASX Release

ASX: A2B

16 November 2023

A2B 2023 AGM
Executive Chairman's Address and Presentation

Attached for release to the market are:

- the Executive Chairman's address; and
- the Executive Chairman's presentation.

\- ENDS -

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

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About us
Operating since 1976, during 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/.

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16 November 2023

A2B 2023 AGM
Executive Chairman's Address

Slide 4 – Chairman's Address

When I joined in March 2022, it was clear to me that A2B was a business with significant potential that had underperformed for several years. It was a loss making, unfocussed business trying to do too many things. We quickly implemented the change that was needed, and I'm delighted to say that the past year has been transformative for our Company, turning it into a strong profitable and growing business.

We are in a stronger operational and financial position today compared to the previous year, and this reflects our team delivering on every goal that was set. Our accomplishments over FY23 include:

- Successfully executing our "Better Before Bigger" strategy
- Growing our 2 key revenue streams of fleet and fares
- Exceeding EBITDA guidance
- Strengthening the balance sheet and rationalising our assets
- Reinstating dividend payments and planning to return capital to shareholders.

Slide 5 – Delivering the plan

A2B's turnaround strategy "Better before Bigger", outlined in the 2022 strategic review, had six pillars that were all delivered on, underpinning our Company's return to profitability in FY23, and creating the foundations for sustainable growth going forward.

We implemented our five core values; grew revenue through fleet and fares, along with market share; divested non-core assets; reduced costs; renewed our leadership; and successfully sold our two properties in Sydney to realise significant value for shareholders.

A2B is in a very strong financial and operational position today.

Slide 6 – FY23 performance

The benefits of the successful execution of our turnaround strategy were clear in our FY23 performance.

Revenue was up 17.7% to $147.3 million driven by growth in network affiliation and payment processing. Underlying EBITDA came in at $20.1 million, outperforming guidance of $18 million.

Across the operational side of the business, there was growth in both our core revenue metrics – fleet and fares. Our fleet grew by over 14% and fares by over 40%. Network subscription pricing exceeded pre-Covid levels with two price rises implemented during the year. Fare growth also rose across the country, driven by a surge in demand and price, with demand accounting for 82% of the growth and fare rises 18%.

Slide 7 – A strong balance sheet to support future growth

As part of our "Better before Bigger" strategy, we focussed on strengthening our balance sheet to support future growth investment while also returning surplus capital to shareholders.

I am pleased to say that we also have delivered on this.

Our balance sheet is now in a very strong position. We ended FY23 with $13.9 million of net cash, compared to $6.6 million in net debt a year earlier. We improved our capital structure, paying down debt, while also extending our $15 million working capital facility out to 30 September 2026.

Our net asset position improved by $28.1 million to $114.2 million. The cash received from reducing receivables by $14.5 million was used to reduce creditors and bring them back into terms that had been extended during the COVID slowdown.

Finally, a $22.7 million deferred tax asset at 30 June will assist us in returning $73 million to shareholders in the form of a fully franked dividend once funds for the sale of our O'Riordan Street property are received.

Slide 8 – 'From Better to Best'

A2B's strategy heading into FY24, is about moving from "Better to Best", and is aimed at delivering sustainable growth and a further enhanced culture. This strategy ties into our vision, which is to be the leading provider of personalised transportation services and solutions, committed to the success of our customers, our people and our stakeholders.

Our values also align with our purpose, which is to deliver a safe, reliable, sustainable personalised transportation experience.

Slide 9 – Strategic approach

A2B has the building blocks in place to implement its "Better to Best" strategy, with our scale, strong brands, quality offering, and value proposition for drivers and passengers.

In moving from "Better to Best", we will seek to improve A2B's profitability by increasing productivity, refining pricing, and simplifying and modernising our in-car technology.

Growth will also come from exploring new products and service offerings in the personal mobility space, as well as potential international opportunities through our MTI platform.

Slide 10 – Update on the upgrade of our in-car payments technology

We are continuing to improve our business to drive sustainable growth by investing in technology.

A key project is now underway that will upgrade our payments technology in approximately 18,000 vehicles, before the 3G network is switched off in June 2024. This initiative is pivotal in ensuring the continuity of our payments processing volumes, and is expected to support future growth of our second largest revenue stream.

To deliver this project we have partnered with experts in the payments industry to develop a future proof and scalable solution that simplifies our technology platform and further enhances the passenger and driver experience. The roll out for New South Wales went live this week, and we are on track to deliver this project on time.

Slide 11 – Trading update

As foreshadowed at our FY23 results announcement in August, a softening macro-economic environment has impacted demand for trips due to a reduction in available discretionary spend following recent interest rate increases.

However, our strong presence across both the consumer and corporate segment has meant that continued growth from corporate customers has largely alleviated any decline in consumer spending on personal transport.

More pleasingly, the successful implementation of our strategy has allowed us to extract more value from each trip.

On the fleet side of our business, we experienced continued growth in line with our expectations. As of last week, our fleet grew by 185 cars, realising over 45% of the targeted 400 car growth for FY24.

Importantly, we have maintained market share for both fleet and fares.

We are therefore confident of delivering on our previous FY24 guidance, which I will touch upon shortly.

Slide 12 – Divestment of property portfolio on track

A key part of our restructuring over the past 12 months was the divestment of our property portfolio.

The last remaining property located in Oakleigh Melbourne was listed for sale in July. Sales contracts were exchanged earlier this week for a value of $8 million. This site is used for our Victorian operations and will be leased back for two years commencing in December at an incremental rental expense of $475,000 per annum.

We have now successfully sold all three of our properties for a total of $105 million. The sale proceeds were in line with the independent external valuations from May last year, which is particularly pleasing given the subsequent deterioration in the commercial real estate market.

As we have communicated before, the net proceeds from the sale of our properties will enable the Board to return surplus capital to shareholders via a fully franked special dividend after allowing for debt repayment and future working capital needs.

Slide 13 – Returning dividend back to shareholders as per plan

Given our successful turnaround strategy, A2B generated free positive cashflow in FY23, simplified its balance sheet, and as I just outlined, successfully divested our 3 properties for a total of $105 million. In addition, the Company returned to an EBITDA profit of $20 million in FY23, and we expect to deliver $22 million EBITDA in FY24.

Given the strength of the Company's balance sheet, positive cashflow and earnings, and growth outlook, the Directors declared a 5 cent fully franked dividend that was paid in October, and intend to pay a further special dividend of 55 cents per share fully franked in late December post settlement of the O'Riordan Street property.

In line with moving from "Better to Best", the Board has implemented a dividend policy of a minimum payout of 50% of underlying net profit, and we will be commencing this new policy from the second half of FY24.

Slide 14 – Guidance and outlook reaffirmed

A strong presence across our markets, combined with the strategic initiatives put in place, have enabled us to protect and grow earnings even in a softer market environment.

I am therefore pleased to reaffirm our EBITDA guidance for FY24 of circa $22 million. On a like for like basis, this is an improvement of circa 21% on FY23 excluding the incremental rent for our Alexandria and Oakleigh properties both of which will be leased back from December as a result of their sale.

Slide 15 – Thank you

Before we move to the formal part of today's meeting, I would like to take the opportunity to thank a few people.

Firstly, I would like to thank my fellow directors, for their valuable counsel and advice.

On behalf of the Board, I would like to thank the entire A2B team for their drive, dedication, and continued focus as we finish our turnaround and move from "Better to Best". Thank you also to our valuable drivers and operators who deliver a critical service to our communities.

And finally, thank you to you, our shareholders, for your ongoing support as we continue our exciting journey.

A2B today is in a very different position to 12 months ago. The entire team has done a tremendous job in transforming a loss making, unfocussed business trying to do too many things, into a strong profitable and growing business. We are excited by what we see for the year ahead and continuing our growth trajectory.

- ENDS -

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

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Annual General Meeting

16 November 2023

Executive Chairman's welcome

Mark Bayliss

Your Board

Mark Bayliss
Executive Chairman

Jennifer Horrigan
Independent non-executive director

Brent Cubis
Independent non-executive director

Clifford Rosenberg
Independent non-executive director

Howard Edelman
General Counsel and Company Secretary

Ton van Hoof
Chief Financial Officer

Executive Chairman’s address

Delivering the plan

A2B's operating strategy has rapidly returned A2B to profitability and sustainable growth

Strategic Pillar	Goal outlined in July 2022 (strategy update to the market)	Progress during 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 +14.2% and fares processed up processed up +40.8% on pcp ✓ Network subscription pricing up ~+5% from 1 October 2022 ✓ Strong driver pipeline ✓ Improved efficiency with booking automation rates of 85% versus 51% at the start of the year
Divest non-core and loss-making businesses	• Implement planned divestitures	✓ Divested non-core business assets ✓ Owned taxi fleet reduced 59.0% (186 cars) and returned to profitability
Cost reduction	• Implement operating efficiencies to return to profitability while still supporting growth initiatives	✓ Expenses reduced $9.7 million or 7.1% reflecting a year-on-year underlying cost reduction of $13.9 million
Board renewal	• Renew leadership	✓ Board successfully renewed ✓ 15% reduction in Director's fee in line with cost savings within the business
Property disposals	• Realise value and return capital to shareholders	✓ All three properties sold in line with independent JLL May 2022 valuation for a total of c$105m. Third Oakleigh property was sold in November 2023.

FY23 performance

Guidance exceeded and dividend reinstated

Underlying Basis* ($m)	FY23	FY22	*Variance*
Revenue	**147.3**	**125.1**	***22.2***
Other income	0.3	2.6	*(2.3)*
Expenses	(127.5)	(137.1)	*9.7*
EBITDA	**20.1**	**(9.4)**	***29.5***
Depreciation & Amortisation	(9.6)	(14.2)	*4.6*
EBIT	**10.5**	**(23.6)**	***34.1***
Finance costs	(3.1)	(0.9)	*(2.2)*
Profit before tax	**7.4**	**(24.5)**	***31.9***
Income Tax	(2.3)	7.3	*(9.6)*
NPAT	**5.1**	**(17.1)**	***22.2***
EBITDA margin	*13.6%*	*(7.5%)*	
Earnings per share	**4.2 cents**	**(14.1 cents)**	

** Underlying results excludes the adoption of AASB 16 leases and excludes +$22.7m (pre-tax) underlying adjustments (FY22 -$12.9m)*

Financial Performance

- **FY23 $20.1m underlying EBITDA** (+$29.5m vs pcp), exceeding guidance
- **FY23 $5.1m underlying NPAT** (+$22.2m vs pcp)
- **FY23 Statutory results**
  - **EBITDA of $42.8m** (+$65.1m vs pcp)
  - **NPAT $27.1m** (+$54.9m vs pcp)

  Statutory results includes AASB16 impact, pre-tax $21.3m gain on property transactions and $1.6m in NSW taxi license compensation
- FY23 final **dividend declared of $0.05 per share fully franked**
- **Reinstatement of dividends in FY24**

Operational Performance

- Growth in key metrics continued, **fleet up 14.2%** vs 30 June 2022 and **taxi fares up 40.8%** on pcp
- Network subscription pricing exceeded pre-COVID levels, with 2 price increases implemented in FY23
- Fare growth driven by demand growth (82%) and fare rises across various states (18%)

A strong balance sheet supporting future growth

Balance sheet ($m)	30-Jun-23	30-Jun-22
Cash and cash equivalents	29.5	12.3
Trade and other receivables	45.8	60.3
Assets held for sale	10.4	0.0
Other current assets	6.7	7.0
Total current assets	**92.4**	**79.5**
Property, plant and equipment	16.7	23.7
Taxi plate licenses	1.3	1.3
Other non-current assets	70.3	67.0
Right of use asset	4.1	6.5
Total non-current assets	**92.4**	**98.5**
Total assets	**184.8**	**178.1**
Payables	38.2	55.9
Loans and borrowings	0.6	1.6
Other	10.8	8.5
Lease liabilities	1.2	1.6
Total current liabilities	**50.8**	**67.6**
Loans and Borrowings	15.0	17.3
Lease liabilities	3.5	5.5
Other liabilities	1.3	1.5
Total non-current liabilities	**19.8**	**24.3**
Total liabilities	**70.6**	**91.9**
Total net assets	**114.2**	**86.1**
Net (debt) / cash	**13.9**	**(6.6)**

- **$29.5m in cash, net cash of $13.9m** (reversed from -$6.6 net debt)
- **Net asset position improved $28.1m ending at $114.2m** and includes net tangible assets at 30 June 2023 of $71.9m or $0.59 (FY22 $0.37) per share
- A2B's **property portfolio,** recorded under assets held for sale and property plant and equipment**, are carried at cost of $12.6m and includes:**
  - The **O'Riordan St property carried at cost of $10.4m** and **sold for $78.0m** in March with settlement scheduled for December 2023
  - A2B's **Melbourne property carried at cost of $2.2m** and **sold for $8.0m** with settlement scheduled for December 2023.
- Balance sheet strengthened, a **reduction of $14.5m in receivables** offset by **$17.7m lower payables**. As a result, the current ratio (excl. assets held for sale) improved to 1.6 compared with 1.2 last year
- Total **loans and borrowings reduced $3.3m**. In August 2023 A2B extended its current $15m working capital facility to 30 September 2026
- **Right of use asset (AASB16) reduced $2.4m**, offset by reduction in lease liabilities. This is reflective of A2B's continuing effort to improve efficiency and collaboration across divisions by **exiting or consolidating office sites**

‘From better to best’

Our current strategy is focused on **leveraging the momentum built in FY23** in becoming the **leading provider** of personalized transportation services.

the a2b framework

Our vision

The leading provider of personalised transportation services and solutions, committed to the success of our customers, our people and our stakeholders.

Our strategy From Better to Best

- Improve profitability
- Grow core business
- Expand into new markets

Customers at the centre | People at the heart | Commercially focused

Our values

Caring | Collaborative | Accountable | Authentic | Progressive

Our purpose: Delivering a safe, reliable, sustainable personalised transportation experience.

Strategic approach

A2B's **scale**, highly recognised **brands**, consistent **quality offering**, and proven **value proposition to drivers and** passengers provide a strong platform for a successful implementation of its **"Better to Best" growth strategy**

Our strategy From Better to Best

Improve profitability

- Increase productivity (eg call centre automation)
- Refine pricing (eg network fees, legislated fares increases)
- Simplify and modernise technology

Grow core business

- Refine and further digitise product portfolio
- Increase fleet size including owned taxis
- Increase share of payments

Expand into new markets

- Grow internationally with MTI
- Explore new products and service offerings in personal mobility

Customers at the centre

- Prioritise driver and passenger needs around speed and ease of payment, safety and comfort

People at the heart

- Adopt and live A2B's values of being caring, collaborative, accountable, authentic and progressive

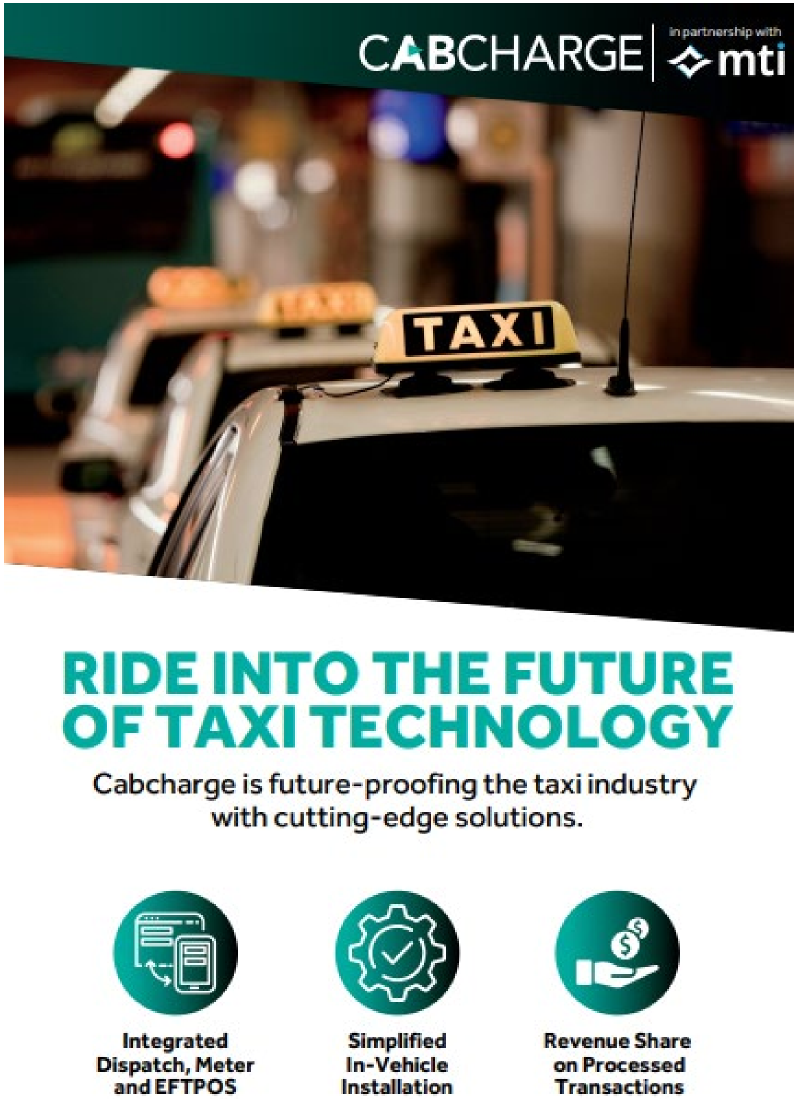
Commercially focused

- Optimise linkages between demand generation (trips) and supply (fleet size)

Update on the upgrade of our in-car payments technology

In FY24 we will upgrade the payments technology in ~18,000 vehicles before 3G shut down

- A major project is underway to ensure continuity and future growth of our payments processing volumes, before 3G is switched off on 30 June 2024
- A2B is partnering with experts in the payments industry to develop a future proof scalable solution utilising the latest payments technology and commoditised hardware aimed at delivering:
  - An in-vehicle combined payment terminal and tablet solution improving driver adoption
  - A platform that accepts all types of payment
  - Improved customer satisfaction focused on passengers, operators, drivers & networks
  - A solution that improves the rate of return on the technology we deploy
- Roll out commenced in NSW this week and we are on track to deliver this project on time



Trading update

Successful implementation of strategic initiatives offsets demand softening

- Macro-economic environment impacting demand for trips
- Successful implementation of our strategy has enabled us to extract more value from each trip, protecting A2B's earnings from near term softening in demand
- A2B maintained market share during the YTD October period for both fleet and fares

Supply (fleet growth)

- **>45% of targeted 400 car fleet growth realised** early in the year, with **total fleet ending at 7,988 cars on 11 November.** Up 185 cars or 2.4% compared to 30 June.
- Reduction in Champ fleet continued (-52 YTD) allowing us to improve service standards and average income per car
- Despite softer market conditions our driver pipeline remains strong

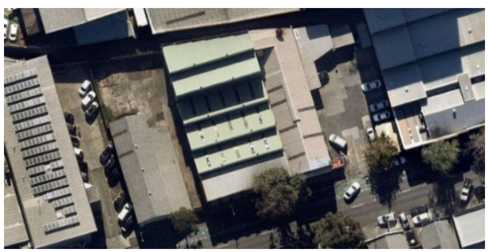
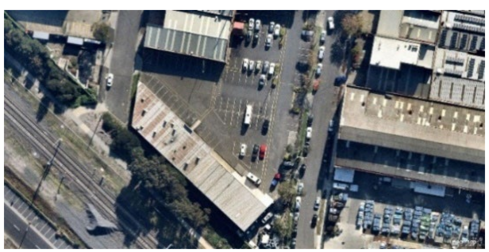
Demand (fares processed)

- **YTD October fares processed ended 2.4% below pcp**
- Reduced discretionary spend resulting in **softer consumer demand for trips**
- **Corporate segment showing strong growth ending at 94% of pre-COVID levels in October**, largely offsetting softening in consumer demand
- **Revenue impact of lower service fee income is being more than offset by pricing improvements** that were introduced as part of our new strategy

Divestment of property portfolio on track

3 properties sold for $105m, settlement of final 2 properties scheduled for December

- The **independent property portfolio review** completed by MA Financial last year recommended the sale **of all three A2B properties**
- All 3 properties have been sold **in line with the independent valuations** completed by JLL in May 2022
- **Net proceeds from property sales**, after assessing future working capital and debt requirements, will be **distributed to shareholders** through a fully franked dividend

A2B Property Portfolio		Status	Earnings impact
9-13 O'Riordan Street Alexandria NSW		▪ Sold for $78.0m in May 2023 ▪ Settlement in December 2023 ▪ 12% deposit received, held in escrow	▪ Sale and 3 year leaseback ▪ FY24 impact: ~($2.0m) ▪ FY25 impact: ~($4.0m) ▪ Long term lease cost pa ~($2.0m) post 3 year leaseback
9-13 Bourke Road Alexandria NSW		▪ Sold for $19.0m in December 2023 ▪ Settled in May 2023	▪ No impact, property was not used for A2B's operations
35 Downing Street Oakleigh Vic		▪ Sold for $8.0m in November 2023 ▪ Settlement in December 2023 ▪ 10% deposit received, held in escrow	▪ Property used for A2B's operations in Victoria ▪ Sale and 2 year lease back at $475k p.a.

Returning Dividend back to shareholders as per plan

5 cents paid in October with an additional 55 cents to be declared in December

Following a successful implementation of the "Better Before Bigger" strategy, the Board is pleased to announce its ability to return capital back to shareholders

Distribution of proceeds from property sales*

- **$73m or $0.60 per share** to be distributed to shareholders **fully franked**
  - **FY23 final dividend of $0.05 / share** paid on 26 October 2023
  - **Special dividend of $0.55 / share**, post settlement of the O'Riordan St property which is planned for December 2023

Reinstatement of dividend policy

- The Board has set a dividend policy providing a **minimum dividend payout of 50% of** underlying attributable profit
- New policy **commencing from the 2H24** reporting period
- The reinstatement of regular dividend payments is reflective of the successful implementation of our operational strategy

* Subject to the settlement of the O'Riordan Street, NSW, property by end of December 2023

Guidance and outlook reaffirmed

Like-for-like improvement of ~21%, excl. incremental rent for both our Alexandria and Oakleigh properties

A2B remains confidently on track to deliver FY24 guidance

	FY23	FY24	
Fleet 30 June (number of cars)	**7,803** (+14.2% YoY)	**~+5%**	Targeting **~+5% fleet growth or 400 cars** in FY24, supported by **strong driver pipeline**, **NSW deregulation** and greater **driver and vehicle availability**
Fares processed	**$854m** (+40.8% YoY)	**flat on FY23**	Fares processed projected to **end in line with FY23**, reflective of **near-term recent softening** in demand
Revenue	**$147.3m** (+17.7% YoY)	**~+10%**	**Revenue growth primarily supported by fleet** (incremental fleet, compounding effect FY23 growth, price increases)
EBITDA (margin)*	**$20.1m** 13.6%	**~$22m** ~14%	**FY24 EBITDA of ~$22m, +$2.0m or 10%** inclusive of ~**$2.3m incremental rent** post settlement O'Riordan St & Oakleigh **Like-for-like EBITDA growth of ~$4.3m or ~21%** while the **underlying margin** of **~15%**, excl. rent impact
D&A and Capex	**D&A $9.6m** **Capex $8.8m**	**D&A ~$10m** **Capex $10m - $12m**	**One-off incremental ~$3.5m investment** to upgrade all in-car vehicle technology ahead of 3G shut down in June 2024. Level of internally developed software in line with FY23 at $2.5m

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

Thank you

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