

ASX: A2B

16 February 2024

FY24 Half Year Results

Attached are the 2024 Appendix 4D and Consolidated Half-Year Financial Statements.

- 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 a market leader in the personal transport sector.

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

Appendix 4D

Half Year Report for the period ended 31 December 2023

Results for announcement to the market

	Dec 2023 \$'000	Dec 2022 \$'000	Change \$'000	Change %
Revenue	81,323	72,271	9,052	13%
Statutory net profit after tax for the period attributable to owners of the Company	50,961	3,660	47,301	1292%
Underlying net profit after tax for the period attributable to owners of the Company*	5,850	4,060	1,790	44%

* Underlying net profit/(loss) after tax attributable to owners of the Company is a non-IFRS measure reported to provide a greater understanding of the underlying business performance of the Group. Non-IFRS measures have not been subject to audit or review.

	Amount per share (cents)	Franked Amount per share (cents)	Total Dividend \$'000	Payment Date
FY23 Final Dividend	5.0	5.0	6,062	26 October 2023
FY24 Special Dividend	60.0	60.0	73,791	30 January 2024

The Directors have declared a fully franked special dividend of \$0.60 per share on 22 December 2023, following the successful completion of the sale of its two remaining properties.

	Dec 2023 \$	Dec 2022 \$
Net tangible assets per security	0.33	0.41

Commentary on the results

Please refer to the 'Review of operations' in the Directors' Report accompanying the attached half yearly Report for the six months ended 31 December 2023.

This information should be read in conjunction with the consolidated financial statements of A2B Australia Limited (the "Company" or "A2B") for the year ended 30 June 2023. This report should also be read in conjunction with any public announcements made by A2B Australia Limited in accordance with the continuous disclosure requirements arising under the Corporation Act 2001 and ASX Listing Rules.



Ton van Hoof
Chief Financial Officer
16 February 2024



Consolidated Half Year Financial Statements

31 December 2023

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Directors' Report

The Directors of A2B present their half year report on the Company and its controlled entities (together referred to as the "Group") for the half year ended 31 December 2023.

Directors

The directors of A2B in office at any time during or since the end of the half year up to the date of this report are:

- Mark Bayliss (Executive Chairman)
- Jennifer Horrigan
- Clifford Rosenberg
- Brent Cubis

Directors have been in office since the start of the period to the date of this report unless otherwise stated.

Completion of property divestments and Scheme of Arrangement

On 22 December 2023, A2B announced a series of events that represent the culmination of the company's "Better Before Bigger" turnaround strategy. On this date the company received a \$78 million payment in relation to the sale of its O'Riordan Street, Alexandria property. In total A2B raised \$105 million in proceeds from property divestments. This has allowed the Board to declare a fully franked special dividend of \$0.60 per share, that was paid on 30 January 2024.

In addition, A2B also entered into a Scheme Implementation Agreement (SIA) on this date with ComfortDelGro Corporation Australia Pty Ltd (CDC), a wholly owned subsidiary of ComfortDelGro Corporation Limited (CDG), under which it is proposed that CDC would acquire 100% of the shares in A2B that CDG does not already own by way of a Scheme of Arrangement (Scheme).

If the Scheme is implemented, A2B shareholders will receive \$1.45 per A2B share in cash (Scheme Consideration). The Scheme Consideration of \$1.45, which excludes the above mentioned \$0.60 fully franked special dividend, values A2B's issued equity (on a fully diluted basis) at \$182 million.

The implementation of the Scheme is subject to various customary conditions and if satisfied, the Scheme is expected to be implemented early April 2024.

Review of operations

	Dec 2023	Dec 2022	Change
(\$m)			
Revenue	81.3	72.3	9.0
Other income	63.3	0.2	63.1
EBITDA	77.9	9.8	68.2
EBITDA underlying	13.8	9.3	4.5
NPAT	51.1	3.7	47.3
NPAT underlying	5.8	4.1	1.7

Overview

During the half year ending 31 December 2023, the Company continued to make progress on its new strategy to deliver sustainable growth by leveraging the momentum built in FY23.

A2B recorded an underlying net profit of \$5.8 million (1H23 \$4.1 million) while underlying EBITDA ended at \$13.8 million (1H23 \$9.3 million). The \$4.5 million EBITDA improvement was supported by revenue growth of \$9.0 million or 12.5% and an improvement in EBITDA margin that ended at 17.0% (1H23 12.9%).

On a statutory basis, A2B recorded a net profit of \$51.1 million, up \$47.3 million versus last year. Statutory net profit includes \$5.8 million contributed from the underlying performance of the business as mentioned above and \$45.3 million relating to property transactions and taxi license compensation received from the NSW Government.

Financial results

Basis of preparation

The 1H24 statutory results, including the prior comparative results in the financial statements, are reported in accordance with Australian Accounting Standards adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001, including the leasing standard AASB16.

The Company believes that its underlying results, while being a non-statutory measure, provide a better indicator of Group performance. As such, unless otherwise stated, the half year results disclosed in this Review of Operations are underlying results on a pre-AASB16 basis, excluding significant items and the impact of one-off transactions. In 1H24, underlying profit before tax excludes \$63.1 million of significant items (1H23 \$0.4 million).

Underlying financial results (excl. AASB16 impact & excl. significant items)	Dec 2023 \$m	Dec 2022 \$m	Change over PCP
Revenue	81.3	72.3	13%
Other income	0.1	0.2	
Expenses	(67.6)	(63.2)	
EBITDA	13.8	9.3	48%
Depreciation & Amortisation	(5.0)	(4.9)	
EBIT	8.9	4.4	100%
Finance costs	(0.5)	(1.7)	
Profit before tax	8.4	2.8	203%
Income Tax	(2.5)	1.4	
NPAT	5.8	4.1	41%
EBITDA margin	17.0%	12.9%	
Earnings per share	4.8 cents	3.4 cents	

Reconciliation of underlying profit to statutory profit	Dec 2023 \$m	Dec 2022 \$m	Change over PCP
Underlying profit before tax (excl. AASB16 impact, significant items and impact of one-off transactions)	8.4	2.8	203%
AASB 16 Impact	(0.1)	0.0	
Net gain on property transactions	62.3	0.0	
NSW taxi plate licence compensation	0.9	0.0	
Long-Term Incentive Provision	0.0	(0.4)	
Total items excluded from underlying profit before tax	63.1	(0.4)	15881%
Statutory profit before tax	71.5	2.4	2931%
Income tax	(20.4)	1.4	
Statutory NPAT	51.1	3.7	(1266%)
Statutory earnings per share (AUD)	41.4 cents	3.0 cents	

Revenue – up 12.5% to \$81.3 million

A2B recorded total revenue of \$81.3 million (1H23 \$72.3 million), up \$9.0 million or 12.5%, reflecting:

- Network subscription revenue, +\$5.8 million or +22.8%
- Payment processing revenue, +\$2.5 million or +14.0%
- School taxi, bus route and TSS revenue, +\$1.7 million or 27.5%
- Taxi license plate income, +\$0.6 million or +28.9%
- Taxi equipment hardware sales and rental income, +\$0.5 million or 13.9%

Partly offset by:

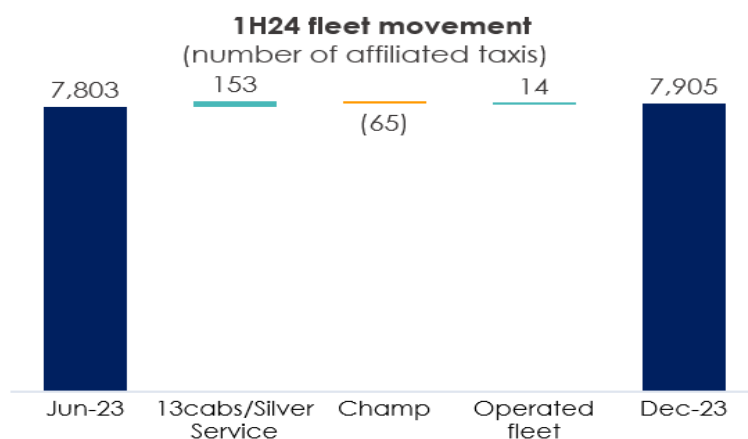
- Car and hardware sales revenue, -\$1.4 million or -29.6%
- Taxi operating revenue, -\$0.6 million, following fleet rationalisation in line with strategy
- Courier service revenue, -\$0.3 million, discontinued in August 2022 in line with strategy

A2B's two core revenue streams, network subscription revenue and payment processing revenue contributed 62% of total revenue. Further detail of these key revenue streams is provided below.

1) Network subscription revenue, up \$5.8 million or 22.8% ending at \$31.0 million (1H23 \$25.3 million)

Network subscription revenue is A2B's largest revenue stream and is driven by the number of taxis affiliated with its networks.

In line with A2B's strategy, fleet growth continued while fleet mix further improved compared with last year resulting in an improved yield (average subscription revenue per taxi). The total fleet in H1 improved by 102 taxis or 1.3%, with the higher yield fleets 13cabs and Silver Service growing by 153 taxis partly being offset by a reduction in the lower yield Champ fleet. As at the end of December, 98.9% of the fleet was affiliated with either 13cabs or Silver Service. Compared with 30 June 2023, the operated fleet improved by 14 taxis, taxi operations were rationalised and returned to profitability, consistent with A2B's strategy.

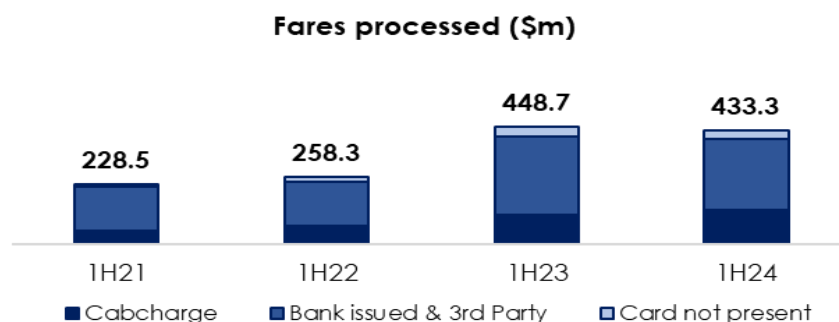


Compared with the previous period, total network subscription revenue improved by \$5.8 million or 22.8%, of which \$3.2 million was attributable to fleet growth and \$2.6 million was attributable to price impact. Compared with last year, the price impact was driven by a combination of subscription fees returning to pre-COVID levels, fee increases being implemented in October 2022 and fleet mix driven by a higher relative share of 13cabs / Silver Service vehicles in the fleet.

2) Payments processing revenue, up \$2.5 million or 14.0%, ending at \$20.7 million (1H23 \$18.2 million)

Payment processing revenue is A2B's second largest revenue stream and is driven by the value of taxi fares processed through A2B's payment system.

As foreshadowed, a softening in the macro-economic environment continued in 1H24, resulting in a reduction of 3.4% in taxi fares processed compared with last year, ending at \$433.3m. However, total revenue from payments processing ended \$2.5 million or 14.0% ahead of last year, with the impact of strategic initiatives more than offsetting the reduction in service fee income.



Further breakdown of A2B's other revenue streams can be found in Note 2.

Other income

On a statutory basis, A2B recognised \$63.3 million in other income in 1H24 (1H23 \$0.2m) and includes a \$62.3 million gain on the disposal of the O'Riordan Street and Oakleigh properties and \$0.9 million in relation to taxi license plate compensation received from the NSW Government. On an underlying basis, other income ended at \$0.1 million in 1H24 compared with \$0.2 million in the prior year period.

Operating expenses

Total operating expenses ended at \$67.6 million, an increase of \$4.4 million or 7.0%, of which \$0.8 million relates to direct mobility and payment related expenses (ie: linked to revenue growth). Operating expenses, excluding direct mobility and payments related expenses increased \$3.6 million, supporting growth and investment in the business.

Depreciation and amortisation

Total depreciation and amortisation charges ended at \$5.0 million (1H23 \$4.9 million). On a statutory basis, including the impacts of AASB16, total depreciation and amortisation charges ended at \$5.8 million compared with \$5.6 million in the prior year period.

Net finance costs

On an underlying basis, net finance costs reduced by \$1.2 million to \$0.5 million (1H23 \$1.7 million). This decrease is primarily driven by the reduction in loans and borrowings. On a statutory basis, including the impact of AASB16, net finance costs ended at \$0.6 million, a reduction of \$1.2 million on last year.

Income tax expense

On a statutory basis, A2B recorded an income tax expense of \$20.4 million (1H23 \$1.4 million tax benefit), which was largely driven by the sale of its O'Riordan Street and Oakleigh properties. On an underlying basis A2B recorded an income tax expense of \$2.5 million (1H23 \$1.4 million tax benefit) reflecting a tax effective rate of 30%.

Profit after tax

On a statutory basis, A2B recorded a net profit after tax of \$51.1 million (1H23 \$3.7 million), with the underlying performance of the business contributing \$5.8 million, while \$45.3 million was realised through property sales and taxi license compensation received from the NSW Government.

Cash flow and liquidity

On a statutory basis, cash flow from operations ended at -\$5.6 million in 1H24, a reduction of \$9.2 million, compared with the prior year period. This reduction was mainly driven by \$7.1 million in income tax payments and \$7.6 million repayment of deferred payments to the Australian Tax Office. Excluding these impacts, operating cash flow ended at \$9.0 million, an improvement of \$5.4 million on a like-for-like basis.

Net cash flow from investing activities was \$80.7 million (1H23 -\$3.0 million), an improvement of \$83.7 million, with proceeds from property related transactions (\$86.0 million), taxi license plate compensation (\$0.9 million), disposal of plant and equipment (\$0.5 million) being partly offset by capital expenditure (-\$6.7 million).

Net cash flow from financing activities ended at -\$9.1 million comprising -\$6.1 million payment of the FY23 final dividend in October 2023, -\$2.0 million repayment in borrowings and -\$1.0 million relating to the payment of lease liabilities.

	Dec 2023	Dec 2022
\$m		
Net Cash Flow from Operations	(5.6)	3.6
Net Cash Flow from Investing	80.7	(3.0)
Net Cash Flow from Financing	(9.1)	1.7
Net Change in Cash Position	66.0	2.3
Cash and Cash equivalents at 1 July	29.5	12.3
Effect of foreign exchange conversion	0.3	-
Gross Cash at the end of Period	95.8	14.6

Dividends

A FY23 final fully franked dividend of \$0.05 per share was paid on 26 October 2023, totalling to \$6.1 million. In addition, the Directors declared a special fully franked dividend of \$0.60 per share on 22 December 2023, following the successful divestment of A2B's property portfolio. This dividend was paid on 30 January 2024 totalling to \$73.8 million.

Financial position

A2B continues to be in a strong financial position and is well equipped to support further growth of the business through its new strategy.

Cash generated from the underlying business, coupled with proceeds received from property sales, allowed for a further reduction in trade payables (-\$15.2 million) and bank debt (-\$2.0 million). The deferred tax assets reduced by \$15.8 million compared with 30 June 2023, with carry forward tax losses being utilised against the gain on property sales. As a result, A2B was able to declare a fully franked special dividend of \$0.60 per share in December and is recorded as a current liability totalling \$73.8 million as at 31 December 2023. This dividend was paid on 30 January 2024.

	Dec 2023	Jun 2023	Change
\$m			
Cash and cash equivalents	95.8	29.5	66.3
Trade and other receivables	41.5	45.8	(4.3)
Assets held for sale	0.0	10.4	(10.4)
Other current assets	5.0	6.6	(1.6)
Total current assets	142.3	92.4	49.9
Net deferred tax assets	7.0	22.7	(15.8)
Other non-current assets	68.4	69.7	(1.3)
Total non-current assets	75.4	92.5	(17.1)
Total assets	217.7	184.8	32.8
Trade and other payables	23.0	38.2	(15.2)
Dividends payable	73.8	0.0	73.8
Other current liabilities	13.5	12.6	0.9
Total current liabilities	110.3	50.8	59.5
Loans and borrowings	13.0	15.0	(2.0)
Other non-current liabilities	8.7	4.8	3.9
Total non-current liabilities	21.7	19.8	1.9
Total liabilities	132.0	70.6	61.4
Total net assets	85.6	114.2	(28.6)
Net cash	82.3	13.9	68.3

A2B's cash position at 31 December 2023 improved by \$66.3 million, to \$95.8 million while net cash improved by \$68.3 million to \$82.3 million.

Events subsequent to balance date

No other matter or circumstance has arisen since the reporting date that significantly affects or may significantly affect the Group's operations in future years, the results of those operations in future years, or the Group's state of affairs in future years.

Lead auditor's independence declaration

The lead auditor's independence declaration is set out on page 7 and forms part of the Directors' Report for the half year ended 31 December 2023.

Rounding

The Company is of a kind referred to in ASIC Corporations Instrument 2016/191 (Rounding in Financial/Directors' Reports) and in accordance with that Instrument, amounts in the consolidated financial statements and the Directors' Report have been rounded off to the nearest thousand dollars, unless otherwise stated.

Signed in accordance with a resolution of the board of directors.



Mark Bayliss
Executive Chairman
16 February 2024



Brent Cubis
Non-Executive Director
16 February 2024



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of A2B Australia Limited

I declare that, to the best of my knowledge and belief, in relation to the review of A2B Australia Limited for the half-year ended 31 December 2023 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- ii. no contraventions of any applicable code of professional conduct in relation to the review.

A handwritten signature in blue ink that reads 'KPMG'.

KPMG

A handwritten signature in blue ink, appearing to read 'C Slapp'.

Cameron Slapp
Partner
Sydney
16 February 2024

Consolidated statement of comprehensive income

For the half year ended 31 December 2023

	Notes	Dec 2023 \$'000	Dec 2022* \$'000
Revenue	2	81,323	72,271
Other income	2	63,299	226
		144,622	72,497
Direct mobility and payment related expenses	3	(17,974)	(17,168)
Employee benefits expenses		(29,374)	(30,688)
Advertising and marketing expenses		(2,279)	(1,453)
Technology and communications expenses		(7,461)	(6,175)
Depreciation and amortisation expenses		(5,777)	(5,587)
Other expenses		(9,610)	(7,244)
Results from operating activities		72,146	4,183
Finance income		205	7
Finance costs		(849)	(1,831)
Net finance costs		(644)	(1,824)
Profit before income tax		71,502	2,359
Income tax (expense)/benefit	4	(20,443)	1,379
Profit for the period		51,060	3,738
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Foreign exchange translation differences, net of tax		(86)	(7)
Other comprehensive (loss) for the period, net of income tax		(86)	(7)
Total comprehensive profit for the period		50,974	3,731
Attributable to:			
Owners of the Company		50,961	3,660
Non-controlling interest		99	78
Total profit for the period		51,060	3,738
Owners of the Company		50,875	3,653
Non-controlling interest		99	78
Total comprehensive profit for the period		50,974	3,731
Earnings per share			
Total attributable to owners of the Company:			
Basic earnings per share		41.4 cents	3.0 cents
Diluted earnings per share		41.4 cents	3.0 cents

The accompanying notes form an integral part of these consolidated half yearly financial statements.

* The comparative information in relation to Direct Mobility and payment related expenses and Other expenses have been reclassified to better reflect the nature of these expenses (Refer Note 1f).

Consolidated statement of financial position

As at 31 December 2023

		Dec 2023	Jun 2023
	Notes	\$'000	\$'000
Current assets			
Cash and cash equivalents		95,807	29,541
Trade and other receivables		41,468	45,762
Inventories		2,562	3,157
Prepayments		2,472	3,490
Assets held for sale	5	-	10,438
Total current assets		142,309	92,388
Non-current assets			
Trade and other receivables		4,582	5,598
Property, plant and equipment		13,134	16,730
Taxi plate licences	6	1,341	1,341
Goodwill	6	27,487	27,487
Intellectual property	6	15,854	13,468
Right-of-use assets		5,018	4,123
Net deferred tax assets		6,974	22,740
Financial assets		963	963
Total non-current assets		75,353	92,450
Total assets		217,662	184,838
Current liabilities			
Trade and other payables		23,021	38,193
Dividends payable	7	73,791	-
Loans and borrowings		555	602
Lease liabilities		5,901	1,195
Current tax liabilities		704	3,096
Deferred income		59	118
Provisions		6,302	7,580
Total current liabilities		110,333	50,784
Non-current liabilities			
Loans and borrowings		13,000	15,000
Lease liabilities		6,994	3,453
Deferred income		118	118
Provisions		1,575	1,257
Total non-current liabilities		21,687	19,828
Total liabilities		132,020	70,612
Net assets		85,642	114,226
Equity			
Share capital		138,325	138,325
Reserves		3,439	3,230
Profits reserve		16,723	45,615
Retained losses		(74,428)	(74,428)
Total equity attributable to equity holders of the Company		84,059	112,742
Non-controlling interest		1,583	1,484
Total equity		85,642	114,226

The accompanying notes form an integral part of these consolidated half yearly financial statements.

Consolidated statement of cash flows

For the half year ended 31 December 2023

	Dec 2023 \$'000	Dec 2022 \$'000
Cash flows from operating activities		
Receipts from customers and others	533,585	535,816
Payments to suppliers, licensees and employees	(531,956)	(531,348)
Interest received	205	7
Finance costs paid	(346)	(763)
Tax payments	(7,069)	(69)
Net cash (outflow)/inflow from operating activities	(5,581)	3,643
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,264)	(3,059)
Payments for development of intellectual property	(4,444)	(1,250)
Government compensation for taxi plate licences	930	-
Proceeds from sale of property, plant and equipment	86,485	1,277
Net cash inflow/(outflow) from investing activities	80,707	(3,032)
Cash flows from financing activities		
Proceeds from borrowings	-	5,000
Repayment of borrowings	(2,049)	(2,319)
Payment of lease liabilities	(996)	(882)
Dividends paid to equity holders	(6,062)	-
Dividends paid to non-controlling interest in subsidiaries	-	(145)
Net cash (outflow)/inflow from financing activities	(9,107)	1,654
Net increase in cash and cash equivalents	66,019	2,265
Cash and cash equivalents at 1 July	29,541	12,295
Effect of movements in exchange rate on cash held	247	(14)
Cash and cash equivalents at 31 December	95,807	14,546

The accompanying notes form an integral part of these consolidated half yearly financial statements.

Consolidated statement of changes in equity

For the half year ended 31 December 2023

	Share capital \$'000	Other reserves \$'000	Profits reserves \$'000	Retained losses \$'000	Non-controlling interest \$'000	Total equity \$'000
Balance at 1 July 2023	138,325	3,230	45,615	(74,428)	1,484	114,226
Total comprehensive profit/(loss) for the period						
Profit for the period	-	-	-	50,961	99	51,060
Other comprehensive profit/(loss)	-	(86)	-	-	-	(86)
Total comprehensive profit/(loss) for the period	-	(86)	-	50,961	99	50,974
Transactions with owners in their capacity as owners:						
Transfer to profits reserve	-	-	50,961	(50,961)	-	-
Dividends payable	-	-	(73,791)	-	-	(73,791)
Dividends paid	-	-	(6,062)	-	-	(6,062)
Share-based payments	-	295	-	-	-	295
Dividends to non-controlling interest in subsidiaries	-	-	-	-	-	-
	-	295	(28,892)	(50,961)	-	(79,558)
Balance at 31 December 2023	138,325	3,439	16,723	(74,428)	1,583	85,642
Balance at 1 July 2022	138,325	2,016	18,823	(74,428)	1,404	86,140
Total comprehensive profit/(loss) for the period						
Profit for the period	-	-	-	3,660	78	3,738
Other comprehensive profit/(loss)	-	(7)	-	-	-	(7)
Total comprehensive (loss) for the period	-	(7)	-	3,660	78	3,731
Transactions with owners in their capacity as owners:						
Transfer to profits reserve	-	-	3,660	(3,660)	-	-
Share-based payments	-	696	-	-	-	696
Dividends to non-controlling interest in subsidiaries	-	-	-	-	(145)	(145)
	-	696	3,660	(3,660)	(145)	551
Balance at 31 December 2022	138,325	2,705	22,483	(74,428)	1,337	90,422

The accompanying notes form an integral part of these consolidated half yearly financial statements.

Notes to the consolidated half yearly financial statements

1. Basis of preparation of the consolidated half yearly financial statements

a) Reporting entity

A2B Australia Limited (the "Company") is a for-profit company domiciled in Australia. The Consolidated Half Yearly Financial Statements of the Company as at and for the six months ended 31 December 2023 comprise the Company and its subsidiaries (together referred to as the "Group").

b) Statement of compliance

The consolidated half yearly financial statements are general purpose financial statements which have been prepared in accordance with AASB 134 Interim Financial Reporting and the Corporations Act 2001.

The consolidated half yearly financial statements do not include all of the information required for a full annual financial report and should be read in conjunction with the consolidated annual financial report of the Group as at and for the year ended 30 June 2023.

These consolidated half yearly financial statements were authorised for issue by the board of directors on 16 February 2024.

The Company is of a kind referred to in ASIC Corporations Instrument 2016/191 (Rounding in Financial/Directors' Reports) and in accordance with that Instrument, amounts in the consolidated interim financial statements and the Directors' Report have been rounded off to the nearest thousand dollars, unless otherwise stated.

c) Going concern

The consolidated half yearly financial statements have been prepared on a going concern basis.

Management has prepared cash flow forecast scenarios based on A2B's new strategic plan. The business is expected to continue improving its cash flow position through sustainable growth, supported by its recently implemented strategy and cost control initiatives. These cash flow forecasts demonstrate that the Group has sufficient cash and credit facilities to enable the Group to meet its obligations as they fall due.

Therefore, the directors believe that it remains appropriate to prepare the financial statements on a going concern basis and have a reasonable expectation that the Group will comply with the requirements of its debt facilities during the next 12 months from the date of which the financial report is authorised for issue.

d) Significant accounting policies

The accounting policies applied by the Group in these consolidated half yearly financial statements are the same as those applied by the Group in its consolidated financial report as at and for year ended 30 June 2023.

e) Estimates

The preparation of consolidated half yearly financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these consolidated half yearly financial statements, the judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated annual financial report as at and for the year ended 30 June 2023.

f) Change in classification

During the half year ended 31 December 2023, the Group updated the classification of certain operating expenses to better reflect the nature of these expenses. Comparative amounts in the consolidated statement of comprehensive income were re-stated as follows:

Restated financial statement disclosure	Dec-22 \$'000	Previous financial statement disclosure	Dec-22 \$'000
<u>Direct mobility and payment related expenses</u>		<u>Other expenses</u>	
Other Taxi related costs	(6,006)	Other expenses	(6,006)
	(6,006)		(6,006)

2. Revenue and other income

The disaggregation of the Group's revenue from contracts with customers are as follows:

	Dec 2023 \$'000	Dec 2022 \$'000
Revenue from contracts with customers		
Payments processing revenue	20,725	18,177
Network subscription revenue	31,015	25,250
Brokered taxi plate licence revenue	2,648	2,035
Owned taxi plate licence revenue	235	202
Other taxi related services revenue	1,700	908
Taxi operating revenue	3,060	3,647
Courier service revenue	-	315
Insurance commission revenue	624	648
Car and hardware sales revenue	3,296	4,683
School taxi and bus route services revenue	6,164	4,518
Taxi Subsidy Scheme revenue	1,932	1,831
Software consulting and licence revenue	2,726	2,800
Other	2,722	3,366
Total revenue from contracts with customers	76,847	68,380
Other revenue		
Interest on finance lease receivables and others	682	561
Taxi equipment and terminal rental revenue	3,794	3,330
Total other revenue	4,476	3,891
Total revenue	81,323	72,271
	Dec 2023 \$'000	Dec 2022 \$'000
Other income		
Government grants	1	155
Dividend income	81	-
NSW taxi plate licence compensation	930	-
Gain on disposal of property, plant and equipment	62,287	71
Total other income	63,299	226

Total turnover

Total turnover does not represent revenue in accordance with Australian Accounting Standards. Total turnover represents the transaction value processed through the A2B Payment System plus the Group's revenue from other sources. The Group's credit risk is based on turnover rather than revenue.

	Dec 2023	Dec 2022
	\$'000	\$'000
Total turnover	526,123	519,710

3. Direct mobility and payment related expenses

	Dec 2023	Dec 2022
	\$'000	\$'000
Direct mobility and payment related expenses		
Processing fees to networks	(2,300)	(2,525)
Brokered taxi plate license costs	(2,499)	(1,818)
Taxi operating expenses	(1,515)	(1,688)
Courier service expenses	-	(187)
Cost of cars and hardware sold	(3,115)	(4,007)
Other Taxi related costs	(8,545)	(6,943)
	(17,974)	(17,168)

Processing fees to networks

Processing fees to networks are fees paid to taxi networks and drivers relating to payments processed through the A2B Payment System.

Brokered taxi license plate costs

Brokered taxi license plate costs consists of taxi licence plate fees paid to taxi licence owners and Government.

Taxi operating expenses

Taxi operating expenses are all running expenses related to operating A2B's fleet of taxis. This fleet makes up a small proportion of all vehicles affiliated with A2B's network.

Courier service expenses

Courier service expenses are all expenses incurred by the Group related to the provision of courier dispatch services. A2B's courier's business was discontinued in August 2022.

Cost of cars and hardware sold

The cost of cars and hardware sold represents cost of goods sold, the cost of acquiring cars and hardware that the Group sells.

Other taxi related costs

Other taxi related costs include all costs related to fitting out of vehicles as taxis.

4. Income tax expenses

Tax expense is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year applied to the pre-tax income of the interim reporting period.

	Dec 2023 \$'000	Dec 2022 \$'000
Numerical reconciliation between tax expense and pre-tax profit		
Profit before tax from continuing operations	71,502	2,359
Prima-facie income tax using the corporate tax rate of 30%	21,451	708
Effect of tax rates in foreign jurisdiction	(2)	(74)
Add tax effect of:		
Adjustment for prior years	604	-
Other non-deductible items	244	45
Less tax effect of:		
Rebatable fully franked dividends	(268)	(72)
Recognition of previously unbooked tax losses	(1,586)	(1,986)
Income tax expense / (benefit)	20,443	(1,379)

5. Assets held for sale

Non-current assets are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use. Such assets are generally measured at the lower of their carrying amount and fair value less costs to sell.

On 30 March 2023, the Group exchanged contracts for the sale of its property at 9-13 O'Riordan Street, Alexandria for \$78.0 million and the sale was settled on 22 December 2023. Accordingly, the Group's interest in the O'Riordan Street property was classified as an asset held for sale on 30 June 2023.

On 14 November 2023, the Group exchanged contracts for the sale of its property at Downing Street, Oakleigh for \$8.0 million and the sale was settled on 8 December 2023. As at 30 June 2023 this property was recorded under property plant and equipment.

As at 31 December 2023, both of the above mentioned properties had been divested.

	Dec 2023 \$'000	Jun 2023 \$'000
Property, plant and equipment at cost	-	14,945
Accumulated depreciation	-	(4,507)
	-	10,438

6. Goodwill, taxi plate licences and intellectual property

Composition

	Dec 2023	Jun 2023
	\$'000	\$'000
Goodwill	27,487	27,487
Accumulated Impairment loss	-	-
	27,487	27,487
Taxi licence plates		
- Indefinite life		
- Taxi licence plates - perpetual	1,304	1,304
- Finite life		
- Taxi licence plates - 50 year renewable	2,194	2,194
- Accumulated amortisation	(2,194)	(2,194)
- Taxi licence plates - 10 year renewable	3,356	3,356
- Accumulated amortisation	(3,319)	(3,319)
	1,341	1,341
Intellectual Property		
- Indefinite life		
- Trademark	944	944
- Finite life		
- Brands at cost	759	759
- Accumulated Amortisation	(759)	(759)
- Customer contracts at cost	5,684	5,684
- Accumulated Amortisation	(5,430)	(5,230)
- Software	2,700	2,700
- Accumulated Amortisation	(2,700)	(2,475)
- Capitalised development costs - internally developed at cost	40,425	40,425
- Accumulated Amortisation	(36,203)	(34,570)
- Capitalised development costs - under development	10,434	5,990
	15,854	13,468

7. Dividends paid and declared

The following dividends were declared and paid by the company.

	Dec 2023	Dec 2022
	\$'000	\$'000
FY23 Final dividend declared and paid - 5.0 cents per share	6,062	-
FY24 Special dividend declared - 60.0 cents per share	73,791	-
	79,853	-

8. Events subsequent to balance date

No other matter or circumstance has arisen since the reporting date that significantly affects or may significantly affect the Group's operations in future years, the results of those operations in future years, or the Group's state of affairs in future years.

9. Segment information

Identification of reportable segments

The Group's operating segments are organised and managed separately according to the nature of the products and services provided. These operating segments are B2C and B2B and further information is set out below.

Underlying EBITDA is the primary reporting measure used by A2B's Chief Operating Decision Maker (CODM). The CODM monitors the operating results of the business units separately for the purpose of making decisions about resource allocation and performance assessment.

Transfer prices between business segments are set on an arm's length basis in a manner similar to transactions with third parties. Segment revenue and expenses are eliminated on consolidation.

Segment description

Reportable segments under AASB 8 Operating Segments are as follows:

Reportable segment	Principal activities
B2C	<p>Provides taxi network services to taxi operators, drivers, taxi license owners and passengers nationally in Australia. These services include taxi booking services, vehicle financing and insurance, full taxi fit-outs, driver training and education.</p> <p>B2C operates through a variety of brands including 13cabs, Silver Service and Maxi Taxi. The majority of revenue comes from network subscriptions that are charged monthly while revenue from related and ancillary services are generated as and when the services are provided (eg: car sales income, interest on finance lease receivables and others, insurance commission revenue or taxi equipment and terminal rental income not included in subscriptions).</p>
B2B	<p>Provides services to taxi networks, independent operators, corporate clients and governments both nationally and internationally. These services include integrated booking, payment and dispatch technologies, corporate travel solutions, consulting, licensing and other services. B2B operates through a variety of brands including Cabcharge, Spotto, Giraffe and Mobile Technologies International (MTI).</p> <p>Cabcharge provides corporate clients with a range of payment solutions to charge trips on a designated account accompanied by detailed trip information to enable efficient management of travel expenditure.</p> <p>Cabcharge operates throughout Australia and receives service fee income on non-cash payments based on the value of the fare processed.</p> <p>Spotto and Giraffe represent our handheld offering for taxi and hire car drivers. The current pricing model attracts a service fee based on the value of transactions processed and/or a terminal rental fee.</p> <p>MTI provides a SaaS booking, dispatch, payment, contact centre and vehicle monitoring platform. MTI earns SaaS style subscription revenue from vehicles accessing its technologies, income from bespoke software development, and fees from project management, which are recorded under software consulting and licence income. MTI operates throughout Australia, New Zealand, North America, Europe and the United Kingdom.</p>

Analysis by segment

	B2C	B2B	Unallocated /Eliminations ¹	Consolidated
	\$'000	\$'000	\$'000	\$'000
Dec 2023				
External segment revenue and other income	48,418	32,962	63,242	144,622
Intersegment revenue and other income	1,313	1,173	(2,486)	-
Total segment revenue and other income	49,731	34,135	60,756	144,622
Underlying EBITDA	8,401	5,436	-	13,837

	B2C	B2B	Unallocated /Eliminations ¹	Consolidated
	\$'000	\$'000	\$'000	\$'000
Dec 2022				
External segment revenue and other income	42,952	29,545	-	72,497
Intersegment revenue and other income	1,332	851	(2,183)	-
Total segment revenue and other income	44,284	30,396	(2,183)	72,497
Underlying EBITDA	4,232	5,093	-	9,325

¹ Unallocated / Eliminations represents unallocated corporate costs, consolidation eliminations entries and one-off transactions.

Reconciliation of Underlying EBITDA to Statutory Results from operating activities

	Dec 2023	Dec 2022
	\$'000	\$'000
Underlying EBITDA	13,837	9,325
Items not included in Underlying Profit Before Tax:		
Long term incentive cost	-	(449)
AASB16 impact	869	894
NSW taxi plate licence compensation	930	-
Gain on disposal of property, plant and equipment	62,287	-
Total items not included in underlying EBITDA	64,086	445
Depreciation and amortisation expenses	(5,777)	(5,587)
Results from operating activities	72,146	4,183

Segment assets and liabilities have not been disclosed as these are not reported to the CODM and not used by the CODM to assess performance and to make resource allocation decisions.

Geographical information

The Group operates predominantly in one geographic segment, with >95% of revenue generated in Australia during the period.

Through its MTI and Mantax subsidiaries, the Group operates in other geographic segments including North America, Europe and the United Kingdom. These foreign subsidiaries contributed \$3.7 million revenue and non-current assets of \$0.6 million to the Group's Consolidated Statements.

10. Status of scheme implementation with ComfortDelGro

On 22 December 2023 A2B entered into a Scheme Implementation Agreement (SIA) on this date with ComfortDelGro Corporation Australia Pty Ltd (CDC), a wholly owned subsidiary of ComfortDelGro Corporation Limited (CDG), under which it is proposed that CDC would acquire 100% of the shares in A2B that CDG does not already own by way of a Scheme of Arrangement (Scheme).

If the Scheme is implemented, A2B shareholders will receive \$1.45 per A2B share in cash (Scheme Consideration). The Scheme Consideration of \$1.45 excludes the \$0.60 fully franked special dividend that was declared on 22 December 2023 and values A2B's issued equity (on a fully diluted basis) at \$182 million.

The implementation of the Scheme is subject to various customary conditions, including shareholder approval, and if satisfied the Scheme is expected to be implemented early April 2024.

Directors' declaration

In accordance with a resolution of the directors of A2B Australia Limited (the "Company"), we state that in the opinion of the directors:

1. the consolidated half yearly financial statements and notes set out on pages 8 to 18 are in accordance with the Corporation Act 2001, including:
 - a. giving a true and fair view of the financial position of the Group as at 31 December 2023 and of its performance for the half year ended on that date; and
 - b. complying with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Regulations 2001.
2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the board of directors.



Mark Bayliss
Executive Chairman
16 February 2024



Brent Cubis
Non-Executive Director
16 February 2024

Independent Auditor's Review Report

To the shareholders of A2B Australia Limited,

Conclusion

We have reviewed the accompanying **Half-year Financial Report** of A2B Australia Limited.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Half-year Financial Report of A2B Australia Limited does not comply with the *Corporations Act 2001*, including:

- giving a true and fair view of the **Group's** financial position as at 31 December 2023 and of its performance for the Half-year ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The **Half-year Financial Report** comprises:

- Consolidated statement of financial position as at 31 December 2023
- Consolidated statement of comprehensive income, Consolidated statement of changes in equity and Consolidated statement of cash flows for the Half-year ended on that date
- Notes 1 to 10 comprising material accounting policies and other explanatory information; and
- The Directors' Declaration.

The **Group** comprises A2B Australia Limited (the Company) and the entities it controlled at the Half year's end or from time to time during the Half-year.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report.

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with these requirements.



Responsibilities of the Directors for the Half-year Financial Report

The Directors of the Company are responsible for:

- the preparation of the Half-year Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- such internal control as the Directors determine is necessary to enable the preparation of the Half-year Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Review of the Half-year Financial Report

Our responsibility is to express a conclusion on the Half-year Financial Report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the Half-year Financial Report does not comply with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2023 and its performance for the Half-Year ended on that date, and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a Half-year Financial Report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with *Australian Auditing Standards* and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

KPMG

Cameron Slapp

Partner

Sydney

16 February 2024