

26 August 2021

The Manager

Market Announcements Office  
Australia Securities Exchange  
20 Bridge Street  
SYDNEY NSW 2000

**Electronic Lodgement  
FY21 Full Year Results**

Attached is an announcement for release to the market.

Authorised for lodgement by:



**Adrian Lucchese**

Company Secretary

**Investor Relations**

investorrelations@a2baustralia.com

0403 372 612

For personal use only



## ASX Release

26 August 2021

## FY21 Results

### Resilience through the pandemic and positioned for future growth

- \$113m revenue, down 33.7% on FY20 due to the impact of COVID restrictions
- \$35m in liquidity to manage the impact of the pandemic and execute growth strategy
- New contract wins and launch of 13things on-demand delivery partially offset lower taxi fleet activity
- Mobility Platforms business strengthened by Mobile Technologies International (MTI) adding 2,349 new subscriber vehicles and continued momentum of digitisation of Taxi fare payments (processed \$24m in app-based payments, up 462% vs pcp)
- Expanded our payment capabilities with the launch of a new retail payment terminal offering branded Flamingo
- Underlying EBITDA loss of \$3.7m, with \$32.7m in costs removed from the business, \$20.2m of direct support provided by A2B to affiliated Networks, Operators and Drivers, and \$17.6m in state and federal government COVID-related support
- Strong net asset position supported by a substantial property portfolio with a fair value of \$81m – a \$70.3m increase on 30 June 2021 reported book value
- Underlying net loss of \$15.8m reflecting continued investment in technology opportunities
- New 4-year strategy launched to accelerate A2B's transformation into an integrated, digitally driven, global mobility and payments company with continued value creation opportunities for shareholders

### Operational update

Pandemic-related restrictions resulted in challenging market conditions for A2B during FY21. While conditions improved through the second half, management responded by seeking to offset temporary revenue headwinds with new products and services, accelerating new growth opportunities and implementing decisive cost-saving initiatives.

**Mobility Services.** While subscriber fleet numbers remained stable and pricing recovered to pre-pandemic levels, activity was affected by government restrictions in response to COVID. Reduced trips were partially offset by strong growth in 13things on-demand deliveries, a service that utilises the existing Taxi fleet and provides a new natural hedge against travel restrictions. We provided delivery services to 194 Woolworths stores nationally in June 2021 (up from seven stores pcp). Our fleet services won new contracts, including the exclusive contract to transport Year 12 Students to and from vaccination centres in Sydney. Geographic expansion of our fleet continued during FY21, with 12 new locations added including Wollongong and Broken Hill in NSW, Mandurah and Geraldton in WA, and Apollo Bay and Bright in Victoria.

For personal use only



**Mobility Platforms.** MTI, our SaaS booking, dispatch, payment and vehicle monitoring platform, added 2,349 net new vehicles to the platform across North America and the Nordic countries. As of 30 June 2021, a total of 29,284 vehicles were using A2B technology, up 16.1% year-on-year. In addition, we processed \$525m of Taxi fares across our affiliated fleet, with continuing momentum of digital payments as evidenced by the conversion of app bookings to payments in the 13cabs fleet increasing in June to 82% (up from 8% pcp). Our demonstrated payment technologies allowed A2B to win the tender to provide Smartcards on behalf of Transport for NSW to 40,000+ citizens living with disability.

**Payments.** As of June 2021, we deployed over 25,000 payment terminals and 3,868 have been converted to a rental model. Spotto payment volumes recovered rapidly when COVID-related restrictions were lifted, exceeding pre-pandemic levels in April. Our digital payment capabilities continued to expand. We launched 365-day settlements leveraging the New Payments Platform, certified our first Android payment terminal with AusPayNet and transitioned 16% of Cabcharge payments into our proprietary digital product suite. Our payments capabilities enabled us to continue to provide payment and software services to high-profile organisations such as Australia Post, Woolworths and Westpac. In a significant milestone for A2B, we have expanded our payment capabilities with the launch of our own new retail payment terminal offering under the brand Flamingo.

At the start of the pandemic we took a decisive approach to operating costs and capital expenditure, resulting in \$32.7m in cost reductions, including \$8.1m in indirect costs and \$24.6m in activity-driven costs. We have identified an incremental \$4m in annualised indirect cost reductions for initiation in 1H22. Combined with our strong balance sheet, our ongoing cost-improvement program will allow us to manage the temporary impacts of the pandemic and enable re-investment in our business. This has already included continued investment in our technology stack, brand and our payments business.

### **Financial Results**

FY21 revenue of \$113.4m was down \$57.5m or 33.7% on FY20 driven by the impact of COVID-related lockdowns. Revenue steadily improved in the second half and was up \$12m or 24% on the first half.

FY21 underlying EBITDA loss of \$3.7m was down \$15.8m, with the revenue reduction mitigated by a \$32.7m reduction in underlying operating expenses, including \$8.1m in indirect costs, and \$17.6m of state and federal government support including JobKeeper payments. The loss is primarily driven by government-enforced restrictions placed on our Mobility Services business while our Mobility Platforms business maintained a positive EBITDA and we continued to invest in our payments business to drive future growth in other verticals.

FY21 underlying net loss of \$15.8m was down \$11.3m, reflecting continued investment in technology and transformation to utilise the Company's strong funding position and optimise drivers of growth through to FY25.

A2B is in a net cash position and has strong asset backing. A2B's strong net asset position is supported by a substantial property portfolio with a fair value of \$81m, representing a \$70.9m premium over 30 June 2021 reported book value following an independent market valuation of the company's properties in August 2021.



Current liquidity remains robust at \$35m as of 30 June 2021, including a net cash balance of \$10m, and provides ample headroom to manage pandemic related headwinds and fund costs associated with the new 4-year strategy. Given our financial flexibility, we are well positioned to manage the remaining period of restrictions and are preparing for a significant rebound when restrictions are lifted with upgraded global technology offerings.

No dividend was declared, reflecting the challenges related to the pandemic and the prioritisation of investment in future growth strategies.

### **Strategic reset**

A2B's previous strategic reset in FY17 resulted in the company achieving a record revenue result in FY19, with underlying revenues compounding at 10% per year, a trend that continued until the beginning of the pandemic.

During that period, the company undertook a strategic review that resulted in the sale of non-core assets, generating more than \$200m in proceeds. This allowed the company to return to a net cash position, reinvest in the business (including strategic acquisitions) and return \$96m to shareholders through a special dividend.

A2B has commenced the implementation of a new strategy to transform A2B into an integrated, digitally driven, global mobility and payments company with value creation opportunities for shareholders. The new strategy is focused on the global growth potential of MTI, advancements in A2B's holistic payments capabilities, and the significant opportunity to fulfil first and last mile instant deliveries throughout Australia.

The company will provide further details of its new 4-year strategy roadmap at a Strategy Day scheduled for 28 September 2021.

### **FY22 Outlook**

A2B observed fast returns towards pre-pandemic activity levels as restrictions were lifted in FY21. By June 2021, A2B had recovered 84% of its pre-pandemic revenue despite ongoing and intermittent restrictions. While we are now dealing with the Delta strain, A2B is encouraged by the pace of vaccination, particularly in NSW. The support of the National Cabinet for the adoption of the Doherty Institute benchmarks for the reopening of the economy also gives us cause for optimism.

Throughout the pandemic A2B has continued to make choices that reshape our business for future growth. While reductions in migration and air travel are likely to impact our Australian operations for some time, digitisation of payments, new business models, the growing provision of instant deliveries and expansion of the national and global footprints are all providing A2B avenues for resilience and future growth.

A2B is well positioned to invest in executing its strategy and to consider acquisition opportunities. A2B is continuing its disciplined approach to testing future opportunities for compelling value or a transformative impact, particularly in the payments industry.