

ASX: A2B

21 February 2023

2023 Half Year Results

Attached is the 2023 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 the market leader in the personal transport sector.

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

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Appendix 4D

Half Year Report for the period ended 31 December 2022

Results for announcement to the market

| | Dec 2022 \$'000 | Dec 2021 \$'000 | Change \$'000 | Change % |
|--|--------------------|--------------------|------------------|-------------|
| Revenue | 72,271 | 59,678 | 12,593 | 21% |
| Statutory net profit/(loss) after tax for the period attributable to owners of the Company | 3,660 | (6,854) | 10,514 | 153% |
| Underlying net profit/(loss) after tax for the period attributable to owners of the Company* | 4,060 | (6,239) | 10,299 | 165% |

* 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. December 2021 values have been adjusted to reflect changes made in calculating underlying net profit/(loss) in December 2022.

The Board has decided not to declare an interim FY23 dividend.

| | Dec 2022 \$ | Dec 2021 \$ |
|----------------------------------|----------------|----------------|
| Net tangible assets per security | 0.41 | 0.49 |

Net tangible assets per security includes A2B's property portfolio carried at cost (net book value of \$10.1 million). An independent valuation conducted in June 2022 values these three property assets at a range between \$102 million and \$114 million.

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 2022.

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 2022. 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
21 February 2023

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Consolidated Half Year Financial Statements
31 December 2022

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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 2022.

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 – appointed 3 October 2022
- David Grant – retired 3 October 2022

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

Review of operations

| | Dec 2022 | Dec 2021 | Change |
|--------------------------------|----------|----------|--------|
| (\$m) | | | |
| Revenue | 72.3 | 59.7 | 12.6 |
| Other income | 0.2 | 2.5 | (2.3) |
| EBITDA | 9.8 | (1.2) | 11.0 |
| EBITDA underlying ¹ | 9.3 | (1.7) | 11.0 |
| NPAT | 3.7 | (6.7) | 10.4 |
| NPAT underlying ¹ | 4.1 | (6.2) | 10.3 |

¹ December 2021 values have been adjusted to reflect the changes made in the calculation of underlying EBITDA and underlying NPAT in December 2022.

Overview

During the half year ending 31 December 2022, the Company returned to profitability and made significant progress on its 'BETTER BEFORE BIGGER' turnaround strategy.

A2B recorded a statutory net profit of \$3.7 million (1H22 \$6.7 million loss) while statutory EBITDA ended at \$9.8 million (1H22 \$1.2 million loss).

The \$11.0 million period-on-period EBITDA improvement was supported by both revenue growth and cost reductions. Revenue improvements were primarily driven by an increased fleet, reaching 7,364 cars (an increase of 533 cars or 7.8%) and fares processed ending at \$448.7 million (an increase of \$190.4 million or 73.7%).

Whilst operational performance improved significantly, A2B also made progress on its previously communicated property portfolio strategy being the decision to sell both of its Alexandria properties. In December 2022, A2B agreed to sell the first of its two Alexandria properties, Bourke Road, for \$19.0 million. Settlement is due to occur in April 2023.

Financial results

Basis of preparation

Unless otherwise stated, the half year results disclosed in this review of operations are underlying results on a pre-AASB16 basis excluding significant items. Underlying profit is a non-statutory measure for the purpose of assessing the performance of the Group. 1H23 underlying profit before tax excludes \$0.4 million of significant items (1H22 \$0.8 million).

During the period the group changed the way it reports its operating segments. In 1H23 A2B simplified its structure into two operating segments comprising B2C (Business to Consumer) and B2B (Business to Business). Further detail can be found in Note 9 to the consolidated half year financial statements. Comparative figures have been updated where appropriate to reflect the segment changes.

| Underlying financial results (excl. AASB16 impact & excl. significant items) | FY23 H1 \$m | FY22 H1 \$m | Change over PCP |
|---|----------------|----------------|--------------------|
| Revenue | 72.3 | 59.7 | 21.1% |
| Other income | 0.2 | 2.5 | |
| Expenses | (63.2) | (63.9) | |
| EBITDA | 9.3 | (1.7) | 647.1% |
| Depreciation & Amortisation | (4.9) | (7.0) | |
| EBIT | 4.4 | (8.8) | 150.4% |
| Finance costs | (1.7) | (0.1) | |
| Profit before tax | 2.8 | (8.8) | 131.1% |
| Income Tax | 1.4 | 2.6 | |
| NPAT | 4.1 | (6.2) | 166.4% |
| EBITDA margin | 12.9% | (2.9%) | |
| EBIT margin | 6.2% | (14.7%) | |
| Earnings per share | 3.4 cents | (5.1 cents) | |

| Reconciliation of underlying profit to statutory profit | FY23 H1 \$m | FY22 H1 \$m | Change over PCP |
|---|----------------|----------------|--------------------|
| Underlying profit/(loss) before tax | 2.8 | (8.8) | 131.1% |
| AASB 16 Impact | 0.0 | 0.1 | |
| Underlying profit/(loss) before tax | 2.8 | (8.8) | 132.0% |
| Termination and restructuring | - | (0.8) | |
| Long-Term Incentive Provision | (0.4) | - | |
| Total items excluded from underlying profit before tax | (0.4) | (0.8) | 50.0% |
| Statutory profit/(loss) before tax | 2.4 | (9.6) | 125.1% |
| Income tax | 1.4 | 2.9 | |
| Statutory NPAT | 3.7 | (6.7) | 156.5% |
| Statutory earnings per share (AUD) | 3.0 cents | (5.7 cents) | 151.4% |

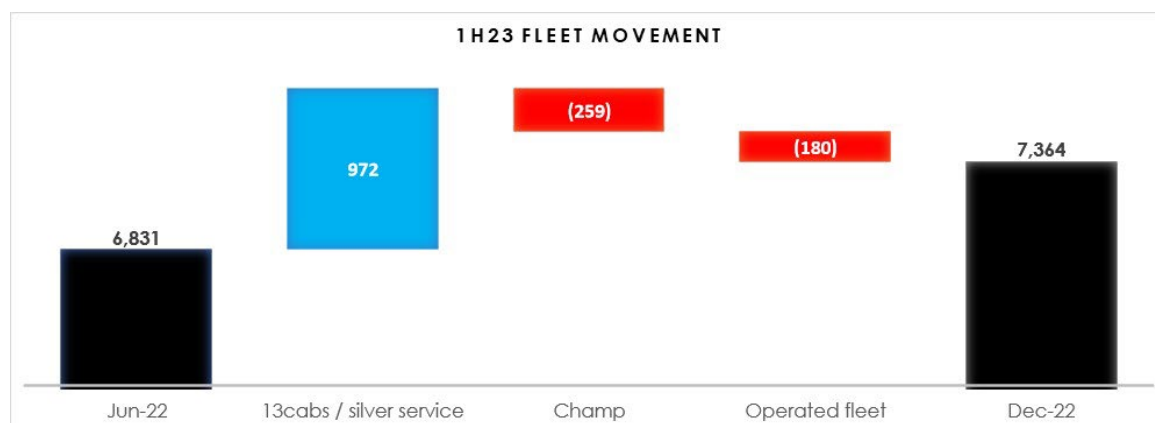
Revenue

As of 31 December 2022, A2B recorded total revenue of \$72.3 million (1H22 \$59.7 million), an increase of \$12.6 million or 21.1%. Revenue growth was primarily driven by A2B's 2 core revenue streams:

1) Network subscription revenue, up \$5.6 million or 28.3% ending at \$25.3 million (1H22 \$19.7 million)

Network subscription revenue is A2B's largest revenue stream and is driven by the number of cars affiliated with its networks (13cabs, Silver Service, CHAMP).

In line with A2B's strategy fleet growth was targeted at its core and higher yield networks, 13cabs and Silver Service. These fleets combined increased by 972 cars or 16.4% during the half and was partly offset by a decline in the lower yield CHAMP fleet (-259 cars) and a reduction in operated fleet (-180 cars). As a result, A2B's affiliated fleet increased by 533 cars or 7.8% compared to 30 June 2022.



Compared to the previous period (1H22) total network subscription revenue improved by \$5.6 million or 28.3% of which \$1.5 million was attributable to fleet growth and \$4.1 million was attributable to price impact. The price impact is 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 \$6.6 million or 57.5% ending at \$18.2 million (1H22 \$11.5 million)

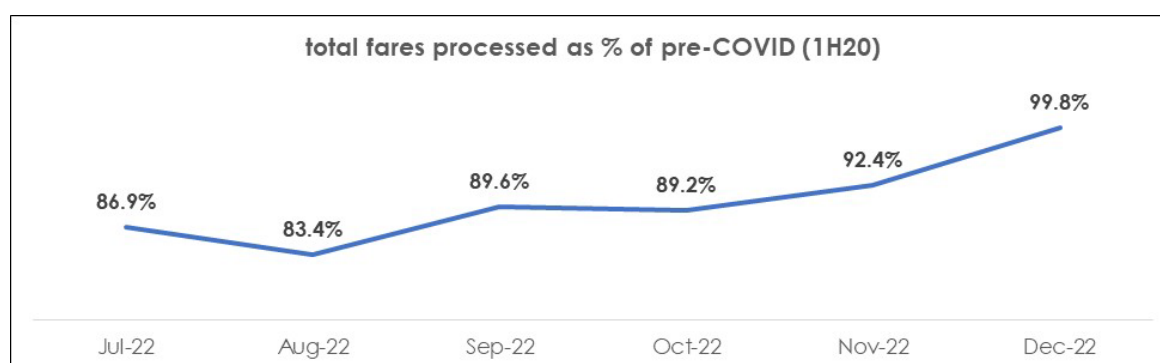
Payment processing revenue is A2B's second largest revenue stream and is driven by the value of taxi fares processed through A2B's payment system.

Total taxi fares processed ended at \$448.7 million in 1H23, an increase of \$190.4 million or 73.7% on the prior period. Of the \$190.4 million 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 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.

| Fares processed (\$m) | 1H23 | YoY growth |
|------------------------------|--------------|--------------|
| Cabcharge | 111.5 | 55.8% |
| In-app payments | 35.0 | 98.0% |
| FAREWAYplus | 218.0 | 62.0% |
| Spotto | 84.2 | 144.1% |
| Total fares processed | 448.7 | 73.7% |

Consistent with fleet and booking growth, taxi fares processed continued to trend upwards towards pre-COVID levels. Total taxi fares processed for the six-month period reached 90.0% of pre-COVID (1H20) levels.



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

Other income

In 1H23 A2B recognised \$0.2 million in other income, a decrease of \$2.3 million on the comparative 1H22 period. The reduction in other income relates to JobSaver payments received in NSW in the prior period not recurring in 1H23.

Operating expenses

On a statutory basis, total operating expenses decreased \$0.7 million or 1.1% to \$62.7 million (1H22 \$63.4 million). Excluding the impact of direct mobility and payment related expenses (ie: linked to revenue growth), operating expenses reduced \$1.1 million or 2.0%.

Depreciation and amortisation

Total depreciation and amortisation charges decreased 30.7% or \$2.5 million. The lower depreciation and amortisation in the current period is primarily the result of asset impairments in 2H22.

Net finance costs

Net finance costs have increased by \$1.5m to \$1.8 million (1H22 \$0.3 million). This increase is primarily driven by the increase in loans and borrowings.

Income tax expense

A2B recorded an income tax benefit of \$1.4 million (1H22 \$2.9 million tax benefit) due to the recognition of \$1.9 million of previously unbooked capital losses. The sale of the Bourke Road property has provided certainty that these losses will be utilised to offset the capital gain arising from this sale.

Profit after tax

Underlying net profit after tax was \$4.1 million in 1H23 (1H22 -\$6.2 million). A statutory net profit after tax of \$3.7 million was recorded in 1H23 (1H22 -\$6.7 million).

Cash flow and liquidity

On a statutory basis cash flow from operations ended at \$3.6 million in 1H23, an improvement of \$0.3m compared to the prior period. The 1H22 period benefited from a \$5.3 million tax refund which didn't recur in 1H23. As such, on a like-for like basis cash flow from operations improved by \$5.6 million compared to the prior period.

Net cash flow from investing activities was -\$3.0 million (1H22 -\$3.8 million), while free cash flow was \$0.6 million for the half, an improvement of \$1.1m compared to pcp.

On a pre-AASB16 basis, free cash flow improved \$1.4 million compared to pcp.

| | 1H23 | 1H22 |
|--|-------------|-------------|
| \$m | | |
| Net Cash Flow from Operations | 3.6 | 3.3 |
| Net Cash Flow from Investing | (3.0) | (3.8) |
| 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 |
| Gross Cash at the end of Period | 14.6 | 15.0 |

A2B's net debt position increased \$0.4 million to \$7.1 million and ended in line with internal expectations. The main drivers of this increase are shown below. Restructuring cost recognised in FY22 and paid in 1Q23 are a non-recurring expense, vehicle financing is expected to stabilise and reduce moving forward while the working capital position is projected to further improve moving forward.

| Net debt movement | \$m |
|-----------------------------------|--------------|
| Net debt 30 June 2022 | (6.6) |
| Underlying EBITDA 1H23 | 9.3 |
| Restructuring cost | (2.0) |
| Vehicle financing | (2.9) |
| Working capital & other movements | (1.8) |
| Capital expenditure | (3.0) |
| Total movement | (0.5) |
| Net debt 31 December 2022 | (7.1) |

Projected net debt at 30 June 2023 remains in the low single digit millions as disclosed previously, excluding any property sale proceeds.

Financial position

A2B's financial position remains robust and is well equipped to further grow the business supported by its new strategy. As at 31 December 2022, A2B's net asset position improved \$4.3 million to \$90.4 million. This translates to a net tangible assets per security of \$0.41 and includes A2B's property portfolio carried at cost (net book value of \$10.1 million). An independent valuation conducted in June 2022 values these three property assets at a range between \$102 million and \$114 million.

| | Dec 2022 | Jun 2022 |
|-------------------------------|--------------|--------------|
| \$m | | |
| Total current assets | 82.0 | 79.5 |
| Total non-current assets | 88.1 | 98.5 |
| Total assets | 170.1 | 178.1 |
| Total current liabilities | 53.1 | 67.6 |
| Total non-current liabilities | 26.7 | 24.3 |
| Total liabilities | 79.7 | 91.9 |
| Total net assets | 90.4 | 86.1 |
| Net cash | (7.1) | (6.6) |

The return to profitability, coupled with the sale of the Bourke Rd Alexandria property, outlined in Note 5 below, will allow A2B to return to net cash, reduce debt and improve its working capital position.

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 6 and forms part of the Directors' Report for the half year ended 31 December 2022.

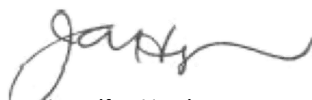
Rounding

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
21 February 2023



Jennifer Horrigan
Non-Executive Director
21 February 2023



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 2022 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.

KPMG

KPMG

Cameron Slapp

Partner

Sydney

21 February 2023

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Consolidated statement of comprehensive income

For the half year ended 31 December 2022

| | Notes | Dec 2022 \$'000 | Dec 2021 \$'000 |
|---|-------|--------------------|--------------------|
| Revenue | 2 | 72,271 | 59,678 |
| Other income | 2 | 226 | 2,461 |
| | | 72,497 | 62,139 |
| Direct mobility and payment related expenses | 3 | (11,162) | (10,397) |
| Employee benefits expenses | | (30,688) | (32,402) |
| Advertising and marketing expenses | | (1,453) | (3,842) |
| Technology and communications expenses | | (6,175) | (5,097) |
| Depreciation and amortisation expenses | | (5,587) | (8,056) |
| Other expenses | | (13,249) | (11,647) |
| Results from operating activities | | 4,183 | (9,302) |
| Finance income | | 7 | 1 |
| Finance costs | | (1,831) | (258) |
| Net finance costs | | (1,824) | (257) |
| Profit/(Loss) before income tax | | 2,359 | (9,559) |
| Income tax benefit | 4 | 1,379 | 2,871 |
| Profit/(Loss) for the period | | 3,738 | (6,688) |
| Other comprehensive income | | | |
| <i>Items that may be reclassified subsequently to profit or loss:</i> | | | |
| Foreign exchange translation differences, net of tax | | (7) | (76) |
| Other comprehensive (loss) for the period, net of income tax | | (7) | (76) |
| Total comprehensive profit/(loss) for the period | | 3,731 | (6,764) |
| Attributable to: | | | |
| Owners of the Company | | 3,660 | (6,854) |
| Non-controlling interest | | 78 | 166 |
| Total profit/(loss) for the period | | 3,738 | (6,688) |
| Owners of the Company | | 3,653 | (6,930) |
| Non-controlling interest | | 78 | 166 |
| Total comprehensive profit/(loss) for the period | | 3,731 | (6,764) |
| Earnings per share | | | |
| Total attributable to owners of the Company: | | | |
| Basic earnings per share | | 3.0 cents | (5.7 cents) |
| Diluted earnings per share | | 3.0 cents | (5.7 cents) |

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

Consolidated statement of financial position

As at 31 December 2022

| | Notes | Dec 2022 \$'000 | June 2022 \$'000 |
|---|-------|--------------------|---------------------|
| Current assets | | | |
| Cash and cash equivalents | | 14,546 | 12,295 |
| Trade and other receivables | | 52,058 | 60,254 |
| Assets held for sale | 5 | 10,157 | - |
| Inventories | | 2,723 | 3,667 |
| Prepayments | | 2,525 | 3,322 |
| Total current assets | | 82,009 | 79,538 |
| Non-current assets | | | |
| Trade and other receivables | | 5,514 | 5,303 |
| Financial assets | | 957 | 977 |
| Property, plant and equipment | | 13,911 | 23,673 |
| Right-of-use assets | | 4,887 | 6,517 |
| Net deferred tax assets | | 22,002 | 20,507 |
| Taxi plate licences | 6 | 1,349 | 1,349 |
| Goodwill | 6 | 27,487 | 27,487 |
| Intellectual property | 6 | 12,036 | 12,722 |
| Total non-current assets | | 88,143 | 98,535 |
| Total assets | | 170,152 | 178,073 |
| Current liabilities | | | |
| Trade and other payables | | 43,757 | 55,880 |
| Loans and borrowings | | 603 | 1,649 |
| Lease liabilities | | 1,429 | 1,556 |
| Current tax liabilities | | 357 | 310 |
| Deferred income | | 59 | 118 |
| Provisions | | 6,874 | 8,112 |
| Total current liabilities | | 53,079 | 67,625 |
| Non-current liabilities | | | |
| Loans and borrowings | | 21,000 | 17,274 |
| Lease liabilities | | 3,979 | 5,530 |
| Deferred income | | 236 | 236 |
| Provisions | | 1,436 | 1,268 |
| Total non-current liabilities | | 26,651 | 24,308 |
| Total liabilities | | 79,730 | 91,933 |
| Net assets | | 90,422 | 86,140 |
| Equity | | | |
| Share capital | | 138,325 | 138,325 |
| Reserves | | 2,705 | 2,016 |
| Profits reserve | | 22,483 | 18,823 |
| Retained losses | | (74,428) | (74,428) |
| Total equity attributable to equity holders of the Company | | 89,085 | 84,736 |
| Non-controlling interest | | 1,337 | 1,404 |
| Total equity | | 90,422 | 86,140 |

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 2022

| Notes | Dec 2022 \$'000 | Dec 2021 \$'000 |
|--|--------------------|--------------------|
| Cash flows from operating activities | | |
| Receipts from customers and others | 535,816 | 319,191 |
| Payments to suppliers, licensees and employees | (531,348) | (320,846) |
| Interest received | 7 | 1 |
| Finance costs paid | (763) | (337) |
| Income tax (paid) / received | (69) | 5,281 |
| Net cash provided by operating activities | 3,643 | 3,290 |
| Cash flows from investing activities | | |
| Purchase of property, plant and equipment | (3,059) | (1,824) |
| Payments for development of intellectual property | (1,250) | (2,186) |
| Proceeds from sale of property, plant and equipment | 1,277 | 198 |
| Net cash (used in) investing activities | (3,032) | (3,812) |
| Cash flows from financing activities | | |
| Proceeds from borrowings | 5,000 | 5,037 |
| Repayment of borrowings | (2,319) | (259) |
| Payment of lease liabilities | (882) | (1,136) |
| Dividends paid to non-controlling interest in subsidiaries | (145) | (45) |
| Net cash provided by financing activities | 1,654 | 3,597 |
| Net increase in cash and cash equivalents | 2,265 | 3,075 |
| Cash and cash equivalents at 1 July | 12,295 | 11,874 |
| Effect of movements in exchange rate on cash held | (14) | 44 |
| Cash and cash equivalents at 31 December | 14,546 | 14,993 |

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

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Consolidated statement of changes in equity

For the half year ended 31 December 2022

| Notes | Share capital \$'000 | Other reserves \$'000 | Profits reserves \$'000 | Retained losses \$'000 | Non- controlling interest \$'000 | Total equity \$'000 |
|--|-------------------------|-----------------------------|-------------------------------|------------------------------|---|------------------------|
| 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 profit/(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 |
| Balance at 1 July 2021 | 138,325 | 959 | 18,823 | (46,310) | 1,187 | 112,984 |
| Total comprehensive profit/(loss) for the period | | | | | | |
| (Loss) for the period | - | - | - | (6,854) | 166 | (6,688) |
| Other comprehensive profit/(loss) | - | (76) | - | - | - | (76) |
| Total comprehensive (loss) for the period | - | (76) | - | (6,854) | 166 | (6,764) |
| Transactions with owners in their capacity as owners: | | | | | | |
| Share-based payments | - | 375 | - | - | - | 375 |
| Dividends to non-controlling interest in subsidiaries | - | - | - | - | (45) | (45) |
| | - | 375 | - | - | (45) | 330 |
| Balance at 31 December 2021 | 138,325 | 1,258 | 18,823 | (53,164) | 1,308 | 106,550 |

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

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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 2022 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 2022.

These consolidated half yearly financial statements were authorised for issue by the board of directors on 21 February 2023.

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 that present plausible downside scenarios. The business is expected to retain a strong cash flow position through continued cost saving initiatives, closely monitoring credit balances and the sale of the Bourke Road property. These forecasts demonstrate that the Group has sufficient cash and undrawn credit facilities to enable the Group to meet its obligations as they fall due.

As such 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 2022.

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 2022.

2. Revenue and income

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

| | Dec 2022 \$'000 | Dec 2021 \$'000 |
|--|--------------------|--------------------|
| Revenue from contracts with customers | | |
| Payments processing revenue | 18,177 | 11,538 |
| Network subscription revenue | 25,250 | 19,684 |
| Brokered Taxi plate licence revenue | 2,035 | 1,192 |
| Owned Taxi plate licence revenue | 202 | 37 |
| Other Taxi related services revenue | 908 | 1,233 |
| Taxi operating revenue | 3,647 | 4,493 |
| Courier service revenue | 315 | 1,781 |
| Insurance commission revenue | 648 | 392 |
| Car and hardware sales revenue | 4,683 | 2,712 |
| School taxi and bus route services revenue | 4,518 | 2,898 |
| Taxi Subsidy Scheme revenue | 1,831 | 1,879 |
| Software consulting and licence revenue | 2,800 | 2,578 |
| Other | 3,366 | 5,686 |
| Total revenue from contracts with customers | 68,380 | 56,103 |
| Other revenue | | |
| Interest on finance lease receivables and others | 561 | 952 |
| Taxi equipment and terminal rental revenue | 3,330 | 2,623 |
| Total other revenue | 3,891 | 3,575 |
| Total revenue | 72,271 | 59,678 |

| | Dec 2022 \$'000 | Dec 2021 \$'000 |
|---|--------------------|--------------------|
| Non-operating activities | | |
| Government grants | 155 | 2,437 |
| Gain on disposal of property, plant and equipment | 71 | 24 |
| Total other income | 226 | 2,461 |

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 2022 \$'000 | Dec 2021 \$'000 |
|-----------------------|--------------------|--------------------|
| Total turnover | 519,710 | 317,794 |

3. Direct mobility and payment related expenses

| | Dec 2022 \$'000 | Dec 2021 \$'000 |
|---|--------------------|--------------------|
| Direct mobility and payment related expenses | | |
| Processing fees to networks | (2,525) | (1,574) |
| Brokered Taxi plate licence costs | (1,818) | (979) |
| Taxi operating expenses | (1,688) | (3,084) |
| Courier service expenses | (187) | (1,251) |
| Cost of cars and hardware sold | (4,007) | (2,528) |
| Other Taxi related costs | (937) | (981) |
| | (11,162) | (10,397) |

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 benefit

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 2022 \$'000 | Dec 2021 \$'000 |
|--|--------------------|--------------------|
| Numerical reconciliation between tax expense and pre-tax profit | | |
| Profit / (loss) before tax from continuing operations | 2,359 | (9,559) |
| Prima-facie income tax using the corporate tax rate of 30% | 708 | (2,868) |
| Effect of tax rates in foreign jurisdiction | (74) | (63) |
| Add tax effect of: | | |
| Non-deductible depreciation | - | 149 |
| Adjustment for prior years | - | 31 |
| Other non-deductible items | 45 | 33 |
| Less tax effect of: | | |
| Rebatable fully franked dividends | (72) | (21) |
| Recognition of previously unbooked tax losses | (1,986) | (132) |
| Income tax (benefit) | (1,379) | (2,871) |

5. Assets held for sale

A2B owns three properties of which two are in Alexandria, Sydney and one is located in Oakleigh, Melbourne. Following the completion of the previously announced strategic review, the Company decided to sell two of its properties located in Alexandria.

| | Dec 2022 \$'000 | Dec 2021 \$'000 |
|---------------------------------------|--------------------|--------------------|
| Property, plant and equipment at cost | 14,692 | - |
| Accumulated depreciation | (4,535) | - |
| | 10,157 | - |

On 20 December 2022, A2B exchanged contracts for the sale of its Bourke Road, Alexandria property for \$19.0 million, with expected settlement in April 2023. A2B's second property in Alexandria, on O'Riordan St, has also be classified as an asset held for sale.

The property located in Oakleigh, Melbourne is currently not held for sale and is accounted for under Property, Plant and Equipment. This property is measured at cost less accumulated depreciation and impairment losses. The book value of A2B's interest in this property was \$1.8 million as at 31 December 2022.

6. Goodwill, Taxi licence plates and intellectual property

Composition

| | Dec 2022 | June 2022 |
|--|---------------|---------------|
| | \$'000 | \$'000 |
| Goodwill | 27,487 | 27,487 |
| Accumulated Impairment loss | - | - |
| | 27,487 | 27,487 |
| Taxi licence plates | | |
| - Indefinite life | | |
| - Taxi licence plates - perpetual | 1,311 | 1,311 |
| - Finite life | | |
| - Taxi licence plates - 50 year renewable | 2,195 | 2,195 |
| - Accumulated amortisation | (2,194) | (2,194) |
| - Taxi licence plates - 10 year renewable | 3,356 | 3,356 |
| - Accumulated amortisation | (3,319) | (3,319) |
| | 1,349 | 1,349 |
| Intellectual Property | | |
| - Indefinite life | | |
| - Trademark | 944 | 944 |
| - Finite life | | |
| - Customer contracts at cost | 5,684 | 5,684 |
| - Accumulated Amortisation | (5,030) | (4,832) |
| - Software | 2,700 | 2,700 |
| - Accumulated Amortisation | (2,205) | (1,935) |
| - Capitalised development costs - internally developed at cost | 40,425 | 40,425 |
| - Accumulated Amortisation | (33,159) | (31,690) |
| - Capitalised development costs - under development at cost | 2,677 | 1,426 |
| | 12,036 | 12,722 |

7. Dividends paid

Whilst business performance and signals have significantly improved, the Board has determined that no interim dividend be paid in conjunction with the 1H23 period.

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.

The Group previously operated under three operating segments comprising of Mobility Services, Mobility Platforms and Payments. During the period ended 31 December 2022, the Group was simplified into two operating segments comprising B2C (Business to Consumer) and B2B (Business to Business). Each segment represents a strategic business unit that offers different products and operates in different markets. Comparative numbers have been restated to reflect this change.

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 and repairs, driver training and education as well as instant local deliveries.</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 Mobile Technologies International (MTI), Cabcharge, Spotto and Giraffe.</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> <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. 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> |

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Analysis by segment

| | B2C | B2B | Unallocated /Eliminations ¹ | Consolidated |
|---|---------------|---------------|---|---------------|
| Dec 2022 | \$'000 | \$'000 | \$'000 | \$'000 |
| 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 |

| | B2C | B2B | Unallocated /Eliminations ¹ | Consolidated |
|---|----------------|---------------|---|----------------|
| Dec 2021 ² | \$'000 | \$'000 | \$'000 | \$'000 |
| External segment revenue and other income | 38,178 | 21,465 | 2,496 | 62,139 |
| Intersegment revenue and other income | 639 | 2,781 | (3,420) | - |
| Total segment revenue and other income | 38,817 | 24,246 | (924) | 62,139 |
| Underlying EBITDA | (9,582) | 5,345 | 2,496 | (1,741) |

¹ Unallocated/Eliminations represents unallocated corporate costs, Government subsidies (including JobKeeper) and consolidation elimination entries.

² December 2021 values have been adjusted to reflect the changes made to segments and in the calculation of underlying EBITDA in December 2022.

Reconciliation of Underlying EBITDA to Statutory Results from operating activities

| | Dec 2022 | Dec 2021 ¹ |
|---|--------------|-----------------------|
| Underlying EBITDA | 9,325 | (1,741) |
| Items not included in Underlying Profit Before Tax: | | |
| Long term incentive cost | (449) | - |
| AASB16 net impact | 894 | 1,277 |
| Employee separation cost | - | (782) |
| Total items not included in underlying EBITDA | 445 | 495 |
| Depreciation and amortisation expenses | (5,587) | (8,056) |
| Results from operating activities | 4,183 | (9,302) |

¹ December 2021 values have been adjusted to reflect the changes made in the calculation of underlying EBITDA in December 2022.

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 \$3.2 million revenue and non-current assets of \$0.6 million to the Group's Consolidated Statements.

Directors' declaration

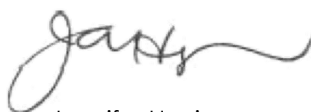
In accordance with a resolution of the directors of A2B Australia Limited (the "Company"), we state that in the opinion of the directors:

1. the consolidated half yearly financial statements and notes set out on pages 7 to 16 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 2022 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
21 February 2023



Jennifer Horrigan
Non-Executive Director
21 February 2023

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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 2022 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 2022
- 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 9 comprising a summary of significant accounting policies and other explanatory information; and
- The Directors' Declaration.

The **Group** comprises of A2B 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 2022 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

21 February 2023