

ASX: A2B

17 November 2022

**Chairman's Address
Annual General Meeting
Thursday 17 November 2022**

I am pleased to present my first AGM address as Executive Chairman of A2B.

Having joined in March 2022, it was clear to me from the outset that A2B was a business with significant potential that had underperformed for several years. To this end we quickly implemented change that was needed:

- Undertaking a strategic review
- Putting in place a new leadership team
- Resetting the Company's culture to realign and focus business priorities while reinvigorating the workforce
- And most importantly, regaining A2B's purpose to deliver a safe, reliable, sustainable personalised transportation experience.

FY22 PERFORMANCE

The ongoing pandemic hit the business hard in FY22, with government restrictions and consumer hesitancy limiting personal movement, significantly impacting profitability.

While revenue was up 10.4% to \$125.1 million, driven by fleet and service fee income, A2B was loss-making in FY22, recording an underlying EBITDA loss of \$9.4 million¹.

Although there were headwinds that affected the FY22 results, such as the pandemic restrictions in Australia over the previous year limiting movement and customer hesitancy, along with heavy taxi regulations in some States, we remain hopeful that overall conditions in Australia will improve and that the playing field will continue to equalise as some States look to deregulate.

BETTER BEFORE BIGGER

To propel the business forward and drive long term growth for all of our stakeholders – being our team members, customers, drivers, and shareholders, the entire A2B team from the executive leadership down, are focused on supporting our 'BETTER BEFORE BIGGER' strategy.

As part of being BETTER BEFORE BIGGER, we are defending and growing the core business by focussing on increasing the fleet size and the number of trips, while enhancing our corporate offering. At the same time, we have stopped work on all non-core and loss-making aspects of the business.

We have applied a rigorous cost reduction lens, requiring some difficult decisions. We have exited some businesses and reduced our personnel expenses by 15%, which unfortunately meant we had to part company with some valued colleagues. However, these difficult decisions were necessary to ensure future profit sustainability and growth.

¹ Excluding the impact of AASB16 (\$2.4 million) and one-off significant items totalling \$15.3 million, mainly due to costs associated with the transition, asset write-offs, terminations and restructuring.

The Board also implemented a 15% reduction to Non-Executive Director Board and Committee fee arrangements and reduced the aggregate Non-Executive Director fee pool from \$1.3 million per annum (which was approved by shareholders on 26 November 2014) to \$1.0 million per annum. These initiatives were consistent with the cost reduction initiatives implemented across the A2B operations.

RELEASING THE VALUE OF A2B'S PROPERTY ASSETS

We recently provided an update to the market that included commentary on the property sale process.

Having undertaken an independent review of our property portfolio, advised by MA Moelis Australia and Jones Lange Lasalle, the Board subsequently appointed Colliers to run separate marketing campaigns for 9-13 O'Riordan Street and 9-13 Bourke Road, Alexandria.

A2B has provided an exclusive due diligence period on 9-13 Bourke Road based on receiving a proposal on acceptable terms to the Company. Subject to satisfactory completion of this due diligence, binding transaction documentation is expected to be entered into prior to 31 December 2022.

In relation to 9-13 O'Riordan Street, the Board regards this as an attractive, strategic asset. Due to current property market conditions, the terms proposed for this site did not reflect its intrinsic value. Accordingly, the sales process for this site was stopped, and the process may be revisited when market conditions improve.

As a result, A2B does not expect to be in a position to pay a special dividend from the proceeds of the property sales. The net proceeds from 9-13 Bourke Road will be considered as part of determining an appropriate final dividend for FY23.

BOARD AND LEADERSHIP CHANGES

On 3 October the following changes occurred to A2B's Board of Directors:

- David Grant retired from the Board; and
- Brent Cubis was appointed to the Board as an Independent Non-executive Director and Chair of the Audit and Risk Committee.

Having been appointed to the Board in June 2020, David's unique mix of skills, attributes and expertise strengthened the capabilities of the Board and supported the Company through its most recent transformation. With new leadership in place, a strategic review undertaken, and A2B stabilised and refocused on returning to growth, David decided to step down from the Board. On behalf of the Board, I thank David for his valuable contribution to A2B and wish him all the best for his future endeavours.

We welcome Brent Cubis to the Board as an Independent Non-executive Director of A2B and Chair of the Audit and Risk Committee. Brent is nominated for re-election at today's AGM. He is a highly experienced Non-executive Director, Advisory Board Member and CFO mentor with over 20 years' board level experience, including being CFO of Cochlear, CFO of Nine Network Australia and a Non-executive Director of Prime Media Group.

Finally, we look forward to soon welcoming Daniela Fontana into the role of Chief Executive Officer & Managing Director. She will commence in that role on 1 March 2023. I will remain in the role of Executive Chairman until 30 June 2023 to support the transition and handover of executive responsibilities to Daniela. After this, I will resume the role of Non-executive Chairman as previously foreshadowed to the market.

We are delighted to have an executive of Daniela's experience, credentials and track record to lead A2B through its next phase of growth. She brings highly relevant experience in the consumer-focused transport sector, great leadership skills, strong financial management, and an ability to transform organisations and to relate business and growth to the requirements of a regulated industry.

A2B PERFORMING AS PLANNED YEAR TO DATE, REAFFIRMING OUTLOOK

The hard work done to put in place our new strategy and focus is gaining traction. A2B's key revenue drivers, being fleet size and fares charged, are performing well and trending in line with internal expectations.

At the end of October, A2B had a total fleet of 7,303 cars, up 472 cars or 6.9% since 30 June 2022 with the increase seen across all brands and States, and an improved fleet mix with growth coming through the 13cabs and Silver Service brands.

Total fares processed for the 4 months ending 31 October 2022 were \$293.1 million (unaudited), up \$144.5 million or 98.4% to the prior corresponding period, with all channels ahead of internal expectations. In October 2022, total fares processed reached 89% of pre-COVID October 2019 levels.

Besides an increase in demand for taxi trips, recent fare rises in Victoria, Queensland and WA further supported growth in fares processed in these States. This is welcome news as Taxi fares have remained static for a significant time.

The recent operational improvements implemented by the management team are demonstrating that A2B's strategy is gaining traction and delivering results. The Company's performance is continuing to return to pre-pandemic levels, and regulatory equalisation with rideshare will accelerate this turnaround.

A2B's Board is confident that the Company will return to growth, with a positive EBITDA and a solid EBITDA margin expected in FY23, supporting the Board's reaffirmation of the FY23 guidance issued last August.

THANK YOU

On behalf of the Board, I would like to thank the entire A2B team for their dedication and continued focus on our path to growth. I also thank my co-Directors for their valuable counsel and advice provided at Board level.

Our drivers and operators also deserve a special thanks for delivering a critical service to our communities.

Finally, we are all grateful to you, our shareholders, for your ongoing support as we strive to reach our full potential.

In closing, I would like to highlight three key points for you to takeaway today:

- A2B is now a well-positioned business with a focused growth strategy in place
- Operating conditions have been picking up due to our recent actions and a gradual improvement in the market and the regulatory environment
- Your Board is confident that A2B will return to growth, with a positive EBITDA and a solid EBITDA margin expected in FY23.

- 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 personal transportation services and solutions.

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