JAYRIDE

ASX Announcement

3rd November 2023

Quarterly Business Review Call Transcript

Jayride Group Limited (ASX:JAY) ("**Jayride**" or the "**Company**") the world leading online travel marketplace for airport transfers, today releases the transcript of the Jayride Quarterly Business Review Presentation held on 31st October 2023 at 2.30pm AEDT.

Start of Transcript

Rod Cuthbert (Jayride Executive Chairman): Welcome everybody. Let me take you through the main points of the results and an overall summary. Then I'll hand it over to Peter to take you through the numbers in more detail.

The key points are as follows;

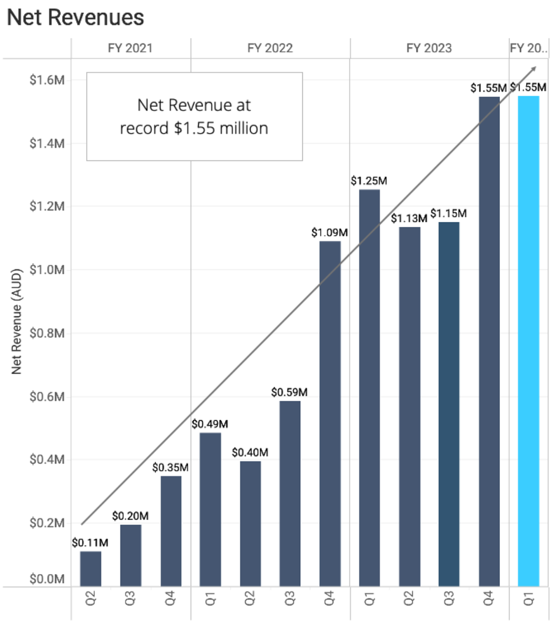
- The Company booked record passenger trips in the first quarter of this financial year, up 50% on the same period last year.
- Our net revenue also grew in the quarter, up 24% against last year.
- Disappointingly though, the contribution profit margin dipped from 44% to 42% because of lower net revenue per trip.
- In response to that, in October, we enacted fixed cost savings of 15%, and we have some other measures underway to grow contribution profit.
- Our net cash receipts declined in Q1. That's in line with normal seasonality and reflects payment to transport companies for trips in the prior quarter.
- In October, we completed a $2 million capital raise designed to strengthen our balance sheet, and we are reaffirming our previous guidance that we'll be cash flow positive for the full FY24 year.

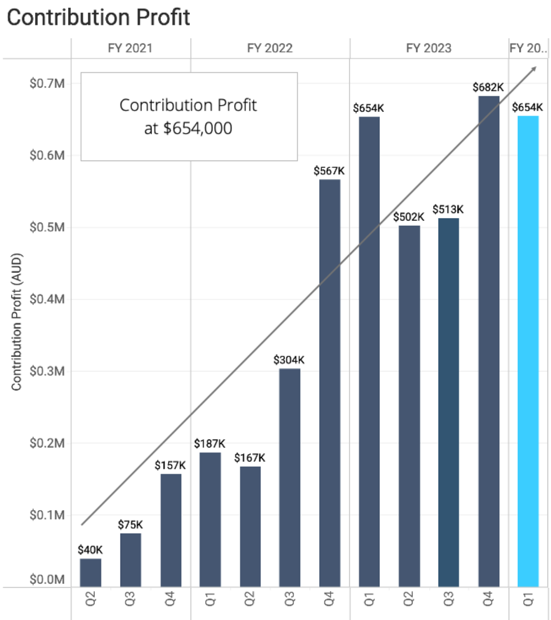
So, what does this mean overall? While we're pleased to start the year with passenger trips booked at a record level, we're disappointed with the revenue growth rate and contribution profit margin. Both are impacted by lower net revenue per trip as one certain channel and Asian destinations deliver good volumes but at lower margins. We are really focused on work to enhance contribution margins and reduce non-variable costs.

Two focus areas are growing volume through the higher-yielding travel agent channel and enhancing net revenue per trip in lower-yielding channels and destinations.

We're also serious about our cost savings agenda. We've recently reduced our fixed cost base by 15% to make the Company more streamlined.

Q1 marks the bottom of our cash flow cycle. We are looking forward to growth into December trading and then the next Northern Hemisphere summer season. That seasonality and the returns on investments we've already made are what gives us the confidence that earnings and cash flows are positioned to improve. We reaffirm our guidance for Jayride to be cash flow positive for FY24 with a strong second half.





I will now hand over to Peter, our Chief Financial Officer, to cover the results in detail.

Peter McWilliam (Chief Financial Officer): Thanks, Rod and good afternoon, everyone.

This quarter's cash performance was primarily driven by seasonality and some one-off timing issues. The seasonality and timing issues tested our balance sheet but were anticipated in our 12-month plan to achieve cash flow positive for FY24.

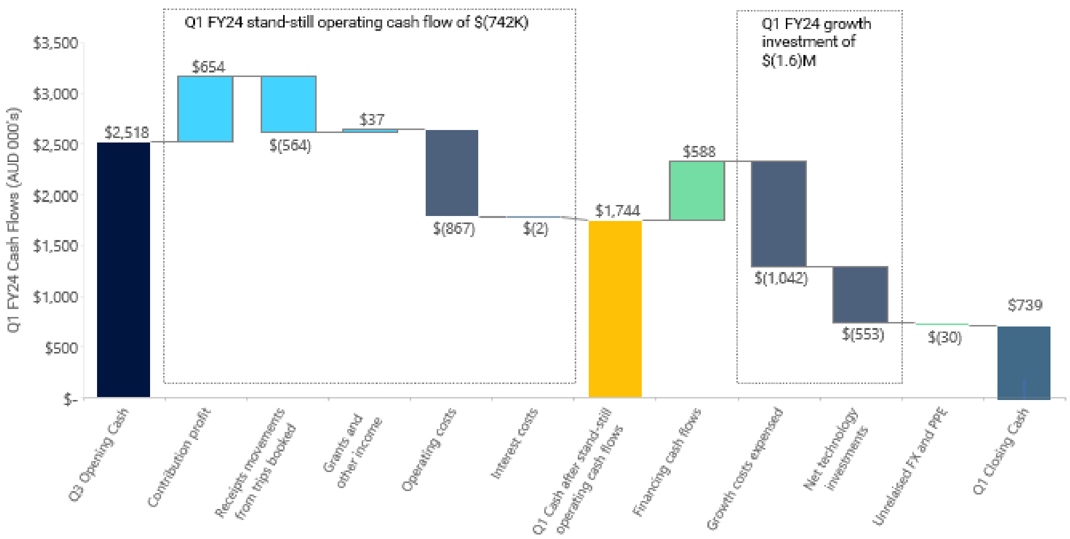
The result was typical of Q1 seasonality, and when taken together with Q2, Q3, and Q4 ahead, we retain our outlook on cash flow positive for FY24.

Let's initially take a look at the cash results. If you have the Quarterly Business Review open, the best chart to consider is the cash flow waterfall chart on page 2.

This quarter's cash flows were primarily driven by the northern hemisphere's peak season and our advanced payment working capital model. It marks the bottom of our cash flow cycle ahead of key inflection points expected in FY24.

The biggest driver of cash flows vs Q4 was the $1.2m movement in cash receipts. We call this receipts movement, and it is the amount of difference between our net cash flow movements on bookings and our net revenues. Each period, we itemise this so you can see the impact of our cash flow model. Typically, this is positive as we grow. Then typically after the end of the Northern Hemisphere summer peak season, it reverses to negative for one quarter as we make payments for transport that travelled during the peak season. In Q4, our cash flows benefited from a positive $650K receipts movement. This movement was reversed in Q1 by a negative

$560K movement. The combined receipts movement over the two quarters is $1.2m and is the key difference between our Q4 and Q1 cash results.



Playing a lesser role in our stand-still and operating cash flow results was an increase in accrued expense payments. The timing of the payments was consistent with the supplier's terms. You will note that operating costs in the waterfall chart varied from the operating costs in the performance dashboard on page 3 of the Quarterly Business Review. This also generally only happens after peak season and year-end reporting. The material accruals that were paid include $75K for auditing, tax compliance, and other professional services that are accrued monthly across the year, as well as an increased quarterly paid-search payment of $100K, which followed peak travel season.

With respect to business improvement costs, the Company made final payments relating to closing out its business improvement initiatives in Q1.

Looking ahead, you can expect Q1 to be the bottom of our cash cycle due to ongoing growth and seasonality. Increased contribution profit and scale from our growth initiatives will ensure the first two bars in the waterfall chart stack on top of each other over the next three quarters rather than reverse each other. Cash payments for operating costs will track more closely to the operating costs on the performance dashboard, which the recent $1.25m cost optimisations will bring down. The discretionary growth costs will similarly come down following the cost optimisations. The expected go-forward operating costs are $650K, and the discretionary growth investments are $1.25m per quarter.

Heading into Q2, the Company has total available cash liquidity of $3.15m, which includes the $740K closing balance of cash, the $2m of proceeds from the placements and entitlement offers, and $407K of undrawn credit line facility.

The Company reaffirms cash flow positive for FY24 with a strong 2H expected.

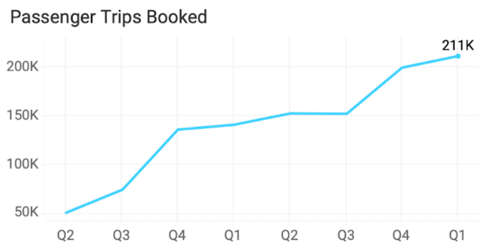
Let's now take a look at the business performance dashboard on page 3 of the Quarterly

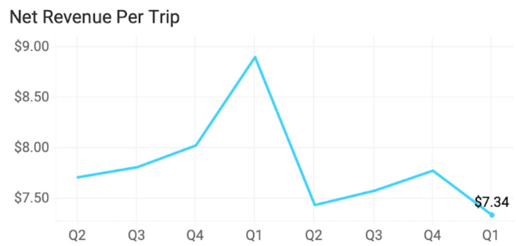
Business Review and cover our new data-driven approach to growth.

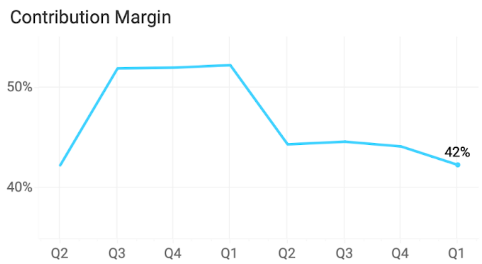
This quarter and for the remainder of the year, the Company has a very clear data-driven plan for driving profitability and ultimately achieving cash flow positive for FY24. We have shifted from an all-out growth strategy to a more focused strategy where we are selectively choosing the right channels and regions to enhance returns.

We have set the performance milestones of 1 million trips per year at $10 net revenue per trip and a 50% contribution margin. Our modelling shows that this volume at those economics and our working capital model will generate sufficient cash to deliver a cash flow positive result and a key inflection point for the business. We provide the performance dashboard so you can track our results and so that we can easily communicate about each area.

Let's now go through each chart in the performance dashboard and cover what we are doing to drive performance.







Passenger trips booked increased to 211K trips for the quarter, short of our 1m run-rate trip objective. The Company achieved the 1m run-rate trip objective in July during peak season. Volume increases are expected from high unit economic channels in the coming period and also from lower unit economic channels that have been optimised to a level that makes the volume attractive.

Net revenue per trip declined in Q1 from $7.77 to $7.34, with material growth in a profitable yet low-yielding channel within Asia helping the trip result but not the net revenue per trip result. Net revenue per trip in all regions, excluding Asia increased from $8.89 to $8.94.

We are solving the net revenue per trip objective in two ways. First, by increasing the percentage of passenger trips being sourced from our highly profitable channels. Second, we are working to increase the unit economics of low-yielding channels through structural changes to our platform over and above Business As Usual enhancements. We expect to see net revenue per trip and margins improve during Q2 and for the remainder of the financial year due to these two strategies.

The contribution margin continues to be hindered by the lower net revenue per trip. Contribution margin decreased from 44% to 42%. The Company anticipates that the contribution margin will increase as the net revenue per trip increases.

Finally, operating costs remained relatively stable at $690K ahead of the $1.25m cost reduction. Going forward, operating costs in Q2 are expected to be $650k before any one-off costs to optimise the cost base.

Before handing it back to Rod, I want to reaffirm that we have a very clear data-driven plan for driving profitability and ultimately achieving cash flow positive for FY24. We have shifted from an all-out growth strategy to a more focused strategy where we selectively choose the right channels and regions to enhance returns. Q1 FY24 marks the bottom of our annual cash flow cycle. We expect to be cash flow positive for FY24, with the cash flow positive inflection point in the lead-up to the next Northern Hemisphere summer.

I look forward to answering any questions in the Q&A. Back to you Rod.

Rod Cuthbert: Thanks, Peter.

The change in leadership at the company sees a change in our approach to the business. We're becoming more data-driven, and we're intent on making good strategic choices about how we deploy our capital, who we partner with, and what type of business makes the most sense for us. We are very focused on having success with travel agents globally. We know they're under pressure themselves and that every ancillary sale they can make is of importance to them. To service their needs better, we've built a new travel agents portal, which we think will make it attractive for them to make regular transfer bookings for their customers using the Jayride platform. If we can achieve success in this channel, it really will transform our business as the unit economics are so favourable. Expect to hear more about this from us in the coming quarters as we continue to engage with this opportunity.

We also intend to grow the channels that offer good unit economics. That isn't the case with every channel. It'll take hard decisions when they need to be taken if we can't get the numbers right.

In our last quarterly update, we disclosed that we'd reduce our cost base in October. We've followed through on that, and we've done it in a way that won't impact our growth outlook.

On the technology front, we're looking at each of our business processes in turn. Where relevant, we'll implement automated processes that will drive further efficiencies and deliver better customer service.

Q2 trading so far is up 23% on the prior year. We expect to see margin improvements as Q2 unfolds. We're making progress analyzing channel economics, and we've certainly got a lot of work to do. We look forward to being cash flow positive for FY24.

Michael, back to you.

Michael Brown: Thank you, Rod. Thank you, Peter. I'd now like to open the Q&A session. If you'd like to ask a question, please turn your camera on and take yourself off mute, or alternatively, use the Q&A button on the screen. While I let a queue form, I might open the session.

Peter, a question for you. What sort of initial takeup have you seen from travel agents?

Peter McWilliam: Thanks, Michael. We have seen promising initial takeup.

There are a couple of steps to commercialise the agent opportunity. First of all, we have to go and approach large travel agencies. We've been very successful at doing that. Prior to the launch, we had signed agreements with travel agents that had 3,000 travel agents that could use the platform. Since the August launch, we have added additional groups that have taken the number of individual agents to 8,000. We have been getting a level of engagement that we previously were unable to get. They are looking for a product like ours.

Now that we have access to a large pool of agents, our job is to move those travel agents onto the platform and to get them booking. It involves enhancing the individual travel agent sales and onboarding process, and incentivising both the travel agency groups to get their help. The good thing is it's a very profitable channel, and this gives us lots of scope to invest in it and get fast payback.

Michael: Thank you, Peter. Would any of you like to ask a question?

Peter, perhaps one more from me, just to give people a little more time. Looks like the decline in net revenue per trip was predominantly an Asia issue and also perhaps with one particular partner. How did net revenue per trip perform, excluding those two factors, for the rest of the group, so to speak?

Peter McWilliam: If you were to exclude that region, the net revenue per trip went from $8.89 to $8.94 this quarter. This is ahead of the rollout of the travel agent channel, which has unit economics closer to $15 per trip.

Michael: Very good, thank you. Okay. Would anybody like to ask a question? Rod, you're getting off for good behaviour.

Rod Cuthbert: Happy to take them if they're there, Michael.

Michael: Well, on that, Rod's absolutely right. We'd be delighted to take any questions offline, so please, the lines of communication are always open. Feel free to send questions through or just give us a call. But I would like to say thank you to everybody for joining us. We really do appreciate your interest and your time. And on that, I'll close the call. Thank you.

Rod Cuthbert: Thanks, Michael. Thanks everyone.

Peter McWilliam: Thank you.

End of Transcript

For more information please contact

Rod Cuthbert
Executive Chair
Email: corporate@jayride.com

ASX release authorised by Rod Cuthbert, Executive Chairman, Jayride Group Limited.

About Jayride Group Limited (ASX:JAY)

Jayride Group is the world's leading publicly listed airport transfers marketplace, where travellers compare and book rides around the world. With Jayride, travellers can compare and book with 3,700+ ride service companies, servicing 1,600+ airports in 110+ countries around the world which cover 95% of world airport trips, including across the Americas, Europe, Middle East, Africa, Asia and the Pacific.

The Jayride platform aggregates ride service companies and distributes them to travellers at Jayride.com, AirportShuttles.com, and via travel brand partners including other technology platforms, online travel agencies, travel management companies, and wholesalers. These travel brands implement Jayride APIs to sell door-to-door ride services that build traveller confidence and grow their core travel business.

Founded in 2012, Jayride Group is a global remote-first company incorporated in Australia and listed on the Australian Securities Exchange (ASX:JAY).

For more information, please visit www.jayride.com

Forward-looking statements

This announcement contains forward-looking statements that involve risks and uncertainties. Indications of, and guidelines or outlook on, future earnings, distributions or financial position or performance and targets, estimates and assumptions in respect of production, prices, operating costs, results, capital expenditures, reserves and resources are also forward-looking statements. These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions and estimates regarding future events and actions that, while considered reasonable as at the date of this announcement and are expected to take place, are inherently subject to significant technical, business, economic, competitive, political and social uncertainties and contingencies. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, the directors and management. We cannot and do not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this announcement will actually occur and readers are cautioned not to place undue reliance on these forward-looking statements. These forward-looking statements are subject to various risk factors that could cause actual events or results to differ materially from the events or results estimated, expressed or anticipated in these statements.