ASX Announcement: P2P

28 April 2020

QUARTERLY ACTIVITY REPORT & APPENDIX 4C CASHFLOW STATEMENT

P2P Transport Limited (ASX: P2P) (**P2P** or the **Company**), one of Australia's largest vertically integrated passenger transport fleet managers provides this Trading Update and Appendix 4C Cash Flow Statement for the FY20 third quarter ended 31 March 2020.

Key points

- Receipts from customers of $9.3m for the quarter to 31 March 2020
- The company generated $1.85m in net cash from operating activities
- Continued strong reduction in overall operating costs
- Impact of COVID-19 commenced late March 2020
- Existing agreements with financiers and various creditors come to an end and are being renegotiated
- Existing debtor finance facility plus JobKeeper payments (expected 15 May) provide some cashflow support

Financial Update

Receipts

Third quarter FY20 receipts of $9.3m were achieved during the seasonal downturn Christmas holiday period. The successful integration of the Black & White Cabs network and subsequent expansion into New South Wales and Victoria is assisting cash inflows and providing synergies with the Fleet Services business.

Costs

Cost savings and integration benefits have continued to deliver results with further cost savings achieved across the business through plate lease reductions, optimisation of staffing and improvements in general costs and controls. Network Services stepped up its rollout of an Automated Voice Response System, with digital natural language processing, for inbound bookings in mid-December 2019. The system has enabled P2P to achieve immediate additional net cost savings that will be in the order of $50,000 per month. The Company is continuing to pursue further cost savings by way of a reduction in rent costs through site rationalisation, continued supplier consolidation and further reduction in plate lease fees.

Related Party Payments

There were $199,000 related party payments made during the quarter ended 31 March 2020, these payments were associated with property rental and taxi plate leases payments, conducted on an arm's length basis. The rental expenditure and taxi licences payments are a continuation of the agreements disclosed in Note 13 of the Appendix 4D/ Half Year Report announced to the ASX on 2 March 2020.

Operations Update

COVID-19

There has been an adverse impact on the Company as a result of the Coronavirus travel restriction and social distancing measures introduced by the various levels of Government. This commenced late March 2020. Revenue declines are substantial. Management continues to assess the virus's impact on the business and respond accordingly. There has been a large number of staff stood down and the business is largely in hibernation mode.

Operating costs are now extremely low and the Federal Government JobKeeper payments will commence mid May 2020.

Finance / Creditor Update

The Company is actively engaging with all its financiers and creditors, including its bank and the convertible note holders. To assist with forward outflows, the Company has a Debtor Finance Facility for $2m with a recognised and long-standing financier to Australian businesses on favourable commercial terms.

Existing agreements with various creditors (Westpac, a secured creditor, an unsecured creditor, Earn Out recipients and Convertible Note holders) come to an end on or about 30 April 2020 and negotiations to extend those arrangements have commenced.

Outlook for FY20

The company will continue operations largely in hibernation mode until travel and social distancing measures are relaxed. Post COVID-19, the company intends to resume its focus on cost management, improved management processes and customer service levels.

As previously advised, the Company continues to actively pursue and engage with interested parties to strengthen the company's balance sheet.

-END -

This ASX release has been approved for release by the Board of P2P Transport Limited.

For further information, contact:

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About P2P Transport Limited

P2P Transport is an integrated network services, fleet management and advertising company in the passenger transport industry, with 2400 vehicles across Australia as either directly controlled fleet vehicles or vehicles on the Black and White network.

P2P Transport's fleet includes a range of taxis, corporate and ride-share vehicles servicing each segment of the point-to-point passenger transport industry.

Zevra, Black & White Cabs, Adflow, and Australia Wide Chauffeur Cars are amongst some of the brands managed by P2P Transport.

P2P Transport's business model is premised on the control of all key stages of the fleet management lifecycle, from vehicle acquisition, in-house customization and vehicle servicing, driver support, and fleet management and administration.

www.p2ptransport.com.au

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

P2P Transport Limited

ABN	**Quarter ended ("current quarter")**
77 617 760 819	31 March 2020

Consolidated statement of cash flows			**Current quarter $A'000**	**Year to date (9 months) $A'000**
1.	**Cash flows from operating activities**			
1.1	Receipts from customers		9,267	42,640
1.2	Payments for			
	(a)	research and development		
	(b)	product manufacturing and operating costs	(2,446)	(17,356)
	(c)	advertising and marketing	(152)	(553)
	(d)	leased assets		
	(e)	staff costs	(3,810)	(12,802)
	(f)	administration and corporate costs	(754)	(5,317)
1.3	Dividends received (see note 3)			
1.4	Interest received			
1.5	Interest and other costs of finance paid		(260)	(781)
1.6	Income taxes paid			
1.7	Government grants and tax incentives			
1.8	Other (provide details if material)			
1.9	**Net cash from / (used in) operating activities**		**1,845**	**5,831**

2.	**Cash flows from investing activities**			
2.1	Payments to acquire:			
	(a)	entities		
	(b)	businesses		
	(c)	property, plant and equipment	(75)	(1,522)
	(d)	investments		
	(e)	intellectual property		
	(f)	other non-current assets		

Consolidated statement of cash flows		Current quarter $A'000	Year to date (9 months) $A'000
2.2	Proceeds from disposal of:		
	(a) entities		
	(b) businesses		
	(c) property, plant and equipment	140	140
	(d) investments		
	(e) intellectual property		
	(f) other non-current assets		
2.3	Cash flows from loans to other entities		
2.4	Dividends received (see note 3)		
2.5	Other (provide details if material)		
2.6	**Net cash from / (used in) investing activities**	**65**	**(1,382)**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)		
3.2	Proceeds from issue of convertible debt securities		
3.3	Proceeds from exercise of options		
3.4	Transaction costs related to issues of equity securities or convertible debt securities		
3.5	Proceeds from borrowings		
3.6	Repayment of borrowings	(1,400)	(4,039)
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)	(492)	(1,515)
3.10	**Net cash from / (used in) financing activities**	**(1,892)**	**(5,554)**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	673	1,806
4.2	Net cash from / (used in) operating activities (item 1.9 above)	1,845	5,831
4.3	Net cash from / (used in) investing activities (item 2.6 above)	75	(1,382)

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (9 months) $A'000**
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(1,892)	(5,554)
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	**Cash and cash equivalents at end of period**	**701**	**701**

5.	**Reconciliation of cash and cash equivalents** at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	**Current quarter $A'000**	**Previous quarter $A'000**
5.1	Bank balances	701	673
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details)		
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**701**	**673**

6.	**Payments to related parties of the entity and their associates**	**Current quarter $A'000**
6.1	Aggregate amount of payments to related parties and their associates included in item 1	199
6.2	Aggregate amount of payments to related parties and their associates included in item 2	

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

6.1 includes property rent and Taxi Plate Leases

7.	**Financing facilities** *Note: the term "facility' includes all forms of financing arrangements available to the entity.* *Add notes as necessary for an understanding of the sources of finance available to the entity.*	**Total facility amount at quarter end $A'000**	**Amount drawn at quarter end $A'000**
7.1	Loan facilities	4,577	4,577
7.2	Credit standby arrangements	-	-
7.3	Other – Debtor financing	2,500	1,371
7.4	**Total financing facilities**	7,077	5,948

7.5	**Unused financing facilities available at quarter end**	-

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

7.1 is equipment financing facility and is secured by a charge over the assets of the Group.

7.3 debtor financing facility is secured by a charge over the receivable of Black & White Cabs Pty Ltd.

8.	**Estimated cash available for future operating activities**	**$A'000**
8.1	Net cash from / (used in) operating activities (Item 1.9)	1,845
8.2	Cash and cash equivalents at quarter end (Item 4.6)	701
8.3	Unused finance facilities available at quarter end (Item 7.5)	-
8.4	Total available funding (Item 8.2 + Item 8.3)	701
8.5	**Estimated quarters of funding available (Item 8.4 divided by Item 8.1)**	N/A Please refer the attached commentary.

8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer:

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer:

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer:

Compliance statement

1. This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
2. This statement gives a true and fair view of the matters disclosed.

Date: 29 April 2020

Authorised by: The Board of Directors of P2P Transport Limited
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [*name of board committee – eg Audit and Risk Committee*]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.