ASX Release

25 February 2022

The Manager

Market Announcements Office
Australia Securities Exchange
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SYDNEY NSW 2000

Electronic Lodgement

Attached is an announcement for release to the market.

Authorised for lodgement by Adrian Lucchese, Company Secretary.

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1H22 Results – Covid related factors continue to impact financial performance

- Revenue $59.7m, up $9.0m on pcp
- Underlying EBITDA of -$0.5m, down $1.3m on pcp
- Statutory EBITDA of -$1.2m, down $1.4m on pcp
- Statutory NPAT of -$6.7m, down $0.5m on pcp
- Net Cash of $8.4m as at 31 December 2021
- New $40m banking facilities in place, maturing January 2025
- Fare volumes for 1H22 13% up on pcp but 49% down on pre-Covid 1H20
- December Fleet size was 6,632 vehicles, down 7.6% on pcp and 32% down on pre-Covid 1H20
- Capacity to contest market share from Uber demonstrated by:
  - Increased number of trips booked through the App
  - "No surge pricing" point of differentiation and key quality parameters are resonating with Passengers
- Passenger demand is rebounding but Supply (Driver/Cars) constrained
- No Interim dividend declared
- Strategic review, Board renewal and CEO search to occur 2H22

The pandemic continued to impact the business with Government restrictions, consumer hesitancy and constrained vehicle/driver supply adversely impacting revenue and profitability. The encouraging signs of recovery experienced in 4Q21 were reversed in 1Q22 as the July – October period saw the toughest restrictions across the country since the start of the pandemic with lockdown periods of 107 days in Sydney and 82 days in Melbourne. Subsequent improvement in business conditions occurred in November as the impact of the Delta variant eased, however the emergence of the Omicron variant in late December once again curtailed recovery.

Group Financial Results

Revenue improved $9.0m or 17.8% over pcp comprising $6.9m increase in network subscription revenue plus $1.6m in payments processing revenue. The remaining $0.5m revenue increase spans multiple income streams including the recently awarded NSW Taxi Subsidy Scheme Contract.

The $9.0m increase in revenue results in a $1.3m reduction in underlying EBITDA due to a $12.0m negative half-on-half variance from the cesation JobKeeper, partially offset by a decrease in operating expenses of $1.8m. This reduction in operating expenses comprises both volume related variable cost reductions and reduced discretionary expenditures.

Financial Position

Net cash as at 31 December 2021 was $8.4m, assisted by a $5.3m tax refund from the Federal Government Covid relief measures. The company also negotiated a new $40m finance facility (executed early January) expiring in 2025, which represented a $15m increase over the previous facility and provides the Company with significant financial flexibility.

The company has property holdings spanning 3 locations (2 Sydney and 1 Melbourne). The combined market valuation of these properties as disclosed in the FY21 Financial Statements was $81m based on an independent valuation performed in August 2021. As announced on 8 February, the company intends to undertake a broad-based strategic review of the business, including its asset and property portfolio, over the course of 2H22.

Divisional Performance

Mobility Services Division revenue increased $5.9m on pcp to $41.6m. This increase was due to the reinstatement of subscription fees in November/December which had in prior months (and in pcp) been subject to fee relief as part of the company's Covid related Driver support measures. Underlying EBITDA improved by $6.9m to a loss of $5.1m driven by a combination of increased revenue (per above), coupled with reduced marketing spend and mitigating initiatives such as parcel/food deliveries, sanitisation services and other adjacencies.

Mobility Platforms Division revenue increased $2.6m on pcp to $16.3m. This increase was primarily driven by increases in fares processed across Cabcharge and FAREWAYplus as well as additional revenue from the NSW Taxi Subsidy Scheme Contract. Increases in international vehicles on the MTI mobility platform was offset by lagged recovery in Australian domestic vehicles. Revenue improvements coupled with lower personnel expenses resulted in Underlying EBITDA increasing by $3.9m to $6.8m.

Payments Division revenue increased $0.3m on pcp to $1.9m. The revenue improvement is primarily due to an in increase in taxi fares processed through the Spotto handheld mobility payment system. EBITDA was -$1.0m, an improvement of $0.3m on pcp with most of the revenue improvement dropping through to EBITDA. FlamingoPay brand was launched during H1 with direct sales capability and channel partnerships established. Product development continues with pilot customers secured for FlamingoPay Plus (loyalty, marketing, and payments in one device).

2H22 Outlook

From a demand perspective, the outlook for 2H22 appears positive. The track record of the business over 2 years of Covid trading has shown that Passengers return rapidly when restrictions ease. The company's ability to capture this rebound in demand is enhanced by the "no-surge" pricing which has resonated with Passengers, as well as growth in App based booking technology which has effectively bridged the technology gap with rideshare. In contrast, headwinds in Driver supply are likely to continue and are for the near term subject to the return of foreign workers, overseas students and migration. These constraints are exacerbated by labour supply issues pervading the broader economy whereby multiple driving and non-driving employment opportunities are competing for the same labour pool. The company is developing a suite of initiatives to increase Driver supply which it will implement over the balance of FY22.

Other factors potentially affecting 2H22 is the possible emergence of additional Covid variants or subsequent waves of the existing variants which could lead to the reintroduction of restrictions or otherwise limit Passenger activity. Similarly, the pace of return to work throughout the corporate and government sector will impact the rate of rebound in the Company's B2B offerings.

Comparing the Company's key metrics to the most recent pre-Covid comparable 1H provides a line of site to financial performance.

		1H20	1H22	Variance	
				#/$m	%
Affiliated Fleet as at 31 December	#	9,757	6,632	(3,125)	(31.0)
Fares Processed H1	$m	505	258.3	(246.7)	(48.9)
Group Revenue	$m	105	59.7	(45.3)	(43.1)
Group underlying EBITDA	$m	16.3	(0.5)	(16.8)	

Current key metrics are still well short of pre-Covid levels. Normalisation of conditions therefore supports confidence in a material future EBITDA improvement.

Strategic Review & Leadership update

As announced on 8 February 2022, the Board has appointed external advisers to lead a broad-based strategic review of the A2B business and the Company's asset portfolio. These reviews have commenced, along with the CEO search and Board renewal process. The Board remains focused on the timeline to enhanced returns and will disclose relevant updates to the market as they occur during 2H22.

For further information please call
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