26 August 2021

The Manager

Market Announcements Office
Australia Securities Exchange
20 Bridge Street
SYDNEY NSW 2000

**Electronic Lodgement**
**FY21 Full Year Results – Appendix 4E**

Attached is an announcement for release to the market.

Authorised for lodgement by:

**Adrian Lucchese**

Company Secretary

**Investor Relations**
investorrelations@a2baustralia.com
0403 372 612

**A2B Australia Limited**

**Final Report**

**For the year ended 30 June 2021**

**ABN 99 001 958 390**

# Table of contents

Table of contents ..... 2
Appendix 4E ..... 3
1. Results for announcement to the market ..... 3
2. Commentary on the results ..... 3
Operating and Financial Review ..... 4
Board of Directors ..... 14
Directors' Report ..... 16
Remuneration Report ..... 20
Auditor's Independence Declaration ..... 37
Consolidated Financial Statements ..... 38
Directors' Declaration ..... 82
Independent Auditor's Report ..... 83

# Appendix 4E

Preliminary Final Report

Financial year ended 30 June 2021

## 1. Results for announcement to the market

| | 2021 $'000 | 2020* $'000 | Change $'000 | Change % |
|---|---|---|---|---|
| | | (Re-stated) | | |
| Revenue | 113,373 | 170,894 | (57,521) | -33.7% |
| Statutory net (loss) after tax attributable to owners of the Company | (18,274) | (23,883) | 5,609 | -23.5% |
| Underlying net (loss) after tax attributable to owners of the Company** | (15,822) | (4,525) | (11,297) | 249.7% |

*Certain amounts have been re-stated to reflect adjustments relating to Note 2 of the consolidated financial statements.
**Underlying net (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.

| | Franked amount per share (cents) | Amount per share (cents) | Total dividend $'000 | Payment date |
|---|---|---|---|---|
| 2020 interim dividend | 4.0 | 4.0 | 4,817 | 30 Apr 20 |

Given uncertainty around the current economic environment the Board has decided not to declare a final FY21 dividend.

| | 30 June 2021 | 30 June 2020 |
|---|---|---|
| Net tangible assets per security | 0.54 | 0.65 |

## 2. Commentary on the results

Please refer to the Operating and Financial Review section in the Directors' Report accompanying the attached Financial Report for the year ended 30 June 2021.

The information in the consolidated financial statements has been audited and is not subject to audit dispute or qualification.

This report should be read in conjunction with any public announcements made by A2B Australia Limited (**A2B** or the **Company**) in accordance with the continuous disclosure requirements arising under the Corporations Act 2001 and ASX Listing Rules.

Ton van Hoof
Chief Financial Officer

Date: 26 August 2021

# Operating and Financial Review

**Background and Overview**

A2B Australia Limited is a provider of Technology and Payment services supporting the mobility industry globally. A2B operates Taxi Networks in Australia servicing on-demand transport needs. A2B's payments capabilities extend beyond mobility.

A2B commenced implementation of a new strategy to accelerate A2B's transformation into an integrated, digitally driven, global mobility and payments company to maximise value creation opportunities for shareholders. The new strategy is focused on the global growth potential of Mobile Technologies International (MTI), advancements in A2B's payments capabilities, and the significant opportunity to fulfil first and last mile instant deliveries throughout Australia. A2B operates in the markets for Mobility Services, Mobility Platforms and Payments.

**Mobility Services**

A2B provides Taxi network services to Taxi Operators and Drivers nationally in Australia. Network services include Taxi booking services, full Taxi fit-outs and repairs, vehicle financing and insurance, as well as Driver training and education.

Mobility Services are provided under brands including 13cabs, Silver Service, Maxi Taxi and Yellow Couriers. The majority of revenue comes from Network subscriptions which are charged monthly while revenue from related and ancillary services is generated as the services are provided (eg sales of uniform, vehicles or equipment not included in subscriptions).

In FY21 Subscriber fleet numbers remained stable and pricing recovered to pre-pandemic levels even while activity was affected by government restrictions. Reduced trips were partially offset by growth in on-demand deliveries, which utilised the existing Taxi fleet and provided a new natural hedge against travel restrictions.

Geographic expansion continued during FY21 with 12 new locations. 13cabs launched a new Taxi Network in Wollongong and Geraldton. Existing industry participants subscribed to 13cabs via Bureau Arrangements in Apollo Bay, Wellington, Mandurah, Broken Hill, Yarram, Orbost, Moranbah, Echuca, Moama and Bright.

A2B aspires to be Australia's first choice for personal transport and instant local deliveries. Features of A2B's Mobility Services offerings include:

- 9.7m unique passengers have booked and travelled with 13cabs during the last 10 years
- Integrated 'one-stop-shop' taxi network services – vehicle sales, finance and insurance, training, safety equipment and monitoring, software and communications
- Earns monthly subscription fees from affiliated cars across the network with the leading geographic coverage of all ride providers in Australia
- Tailored product offerings for different market segments (eg corporates, elderly, insurance and health) with access to class leading booking, dispatch and payment solutions
- Proving ground for innovations which can be white-labelled and sold as part of A2B's Mobility Platform.

**Mobility Platforms**

A2B provides integrated booking, payment and safety technologies to Taxi and private hire businesses under brands including Cabcharge and Mobile Technologies International. 29,284 vehicles were using A2B technology on 30 June 2021, up 16.1% yoy.

Cabcharge offers Taxi Passengers a convenient, fast and secure method for cashless fare payments via electronic terminals for which Cabcharge earns a service fee. Cabcharge provides payment terminals that enable Drivers to process non-cash trip payments. 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 and rental income for the provision of payment terminals to Drivers and Taxi Networks.

Mobile Technologies International provides a SaaS booking, dispatch, payment, contact centre and vehicle monitoring platform. During FY21 MTI continued its growth in North America and the Nordic countries, adding 2,349 vehicles to the MTI platform outside Australia. MTI earns subscription revenue from vehicles accessing its technologies, income from bespoke software development, and fees from project management (eg for the installation of a new dispatch system).

A2B captured a rapid acceleration in digital payment momentum in FY21, with 84% conversion of app bookings to payments in the 13cabs fleet. A strengthening capability to link bookings with payments is beginning to differentiate A2B's Mobility Platform offerings from its traditional competitors.

A2B provides electronic subsidy programs for Taxi travel in Queensland, Victoria, the ACT, Tasmania and the Northern Territory. In FY21, A2B's demonstrated mobility payment technologies enabled A2B to win the tender to provide Smartcards to 40,000+ citizens living with disability on behalf of Transport for NSW.

A2B aspires to deliver products, technologies, and processes that enable mobility businesses and organisations to elevate customer experience, compete and win. Features of A2B's Mobility Platforms offerings include:

- A comprehensive Mobility platform solving global on-demand transport problems, delivered as a SaaS offering
- World class omni channel digital experiences for Passengers, Clients and Drivers, (App, Web, Contact centre), unique product offerings like Preferred Driver, Price Guarantee, Hail to digital trip experience
- Specialist in business transport solutions: API integration, Closed Loop payments (Cabcharge Digital Pass, Transport Subsidy Programs, NDIS), AI route optimization for international customers to deliver Subsidized transport solutions
- Business Process Optimization capabilities like paperless Operator onboarding, Digital Account 'dockets', 7-day payment settlement
- The Passenger App team supports over 150 individual apps for 69 transport networks across the globe
- Sophisticated Card Not Present payment processing capabilities.

**Payments**

A2B provides payment consulting, software, processing and terminals under brands including EFT Solutions, Spotto, Giraffe and now Flamingo.

During FY21 A2B launched 365-day settlements leveraging the New Payments Platform and certified its first Android payment terminal with AusPayNet. In a significant milestone for A2B, our expanded payment capabilities have been used to launch our own new retail payment terminal offering named Flamingo.

Spotto payments, a handheld payment terminal for Drivers from which A2B derives service fee income based on the value of fares processed, recovered rapidly as COVID-19 related restrictions began lifting at various stages of FY21, even exceeding pre-pandemic levels in April.

A2B aspires to deliver scalable products, technologies and processes that extend our payments capabilities beyond mobility and into retail. Features of A2B's payments offerings include:

- Leader in Personal Transport payment processing with scaled end to end payment infrastructure (terminal distribution, maintenance, software development, and transaction switching)
- Innovative payment software solutions across personal transport, retail, and banking sectors with clients such as Aus Post, Woolworths and Westpac
- Accept a complete range of payment types with direct acquiring relationships with multiple schemes
- New market entrant to Australian Payment Aggregation market with differentiated offering for Small to Medium Businesses
- Integration between issuing and acquiring capabilities transforming payment acceptance into an integrated marketing and customer engagement solution.

**Financial Results**

In FY21 the global pandemic continued to impact travel movements and Driver supply. The effects on activity were felt mostly in Sydney and in Melbourne. A2B has been proactive in managing these challenges, while at the same time investing for future growth as A2B transforms into a digitally driven mobility and payments company. A2B implemented a range of measures aimed at preserving liquidity in the near term that resulted in $11 million in cost savings.

Revenue in FY21 decreased $57.5 million or 33.7% to $113.4 million (FY20 $170.9 million) while statutory loss after tax for the year ended at -$18.1 million (FY20 -$23.8 million).

As of 30 June 2021, A2B had access to $35 million in liquidity, with $10 million in net cash and $25 million of undrawn bank facilities. The Group's existing finance facility has a limit of $25 million and expires on 1 July 2023.

Underlying EBITDA ended at -$3.7 million compared to $12.1 million in FY20.

Specific items influencing the company's results include the impacts of COVID-19, asset impairments of $1.9 million and $0.9 million in employee separation costs.

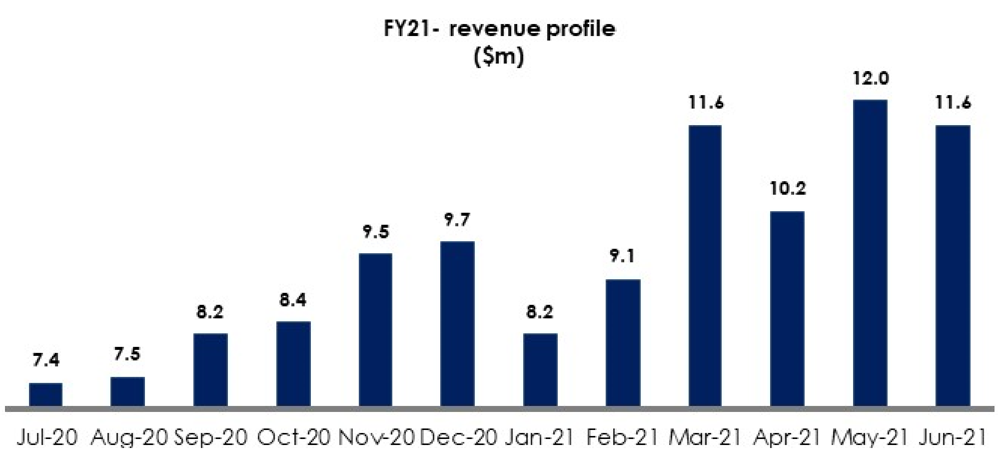
Unless otherwise stated, full year results disclosed in this Operating and Financial Review are underlying results from continuing operations excluding significant items. Underlying profit is a non-statutory measure for the purpose of assessing the performance of the group.

| Underlying financial results | FY21 $m | Re-stated FY20 $m | Change over PCP |
|---|---|---|---|
| **Revenue** | **113.4** | **170.9** | **(33.7%)** |
| Other income | 18.0 | 9.0 | |
| Expenses | (135.1) | (167.8) | |
| **EBITDA** | **(3.7)** | **12.1** | **(130.7%)** |
| Depreciation & Amortisation | (17.9) | (17.4) | |
| **EBIT** | **(21.6)** | **(5.3)** | **310.3%** |
| Net interest | (1.0) | (1.2) | |
| **Profit before tax** | **(22.6)** | **(6.5)** | **249.4%** |
| Income tax | 6.8 | 1.9 | |
| **NPAT** | **(15.8)** | **(4.5)** | **249.4%** |
| EBITDA margin | (3.3%) | 7.1% | |
| EBIT margin | (19.1%) | (3.1%) | |
| Underlying earnings per share (AUD) | (13.2 cents) | (3.8 cents) | |

| Reconciliation of underlying profit to statutory profit | FY21 $m | Re-stated FY20 $m | Change over PCP |
|---|---|---|---|
| **Underlying profit before tax** | **(22.6)** | **(6.5)** | **249.4%** |
| Acquisition and integration related costs (incl MTI retention costs) | (0.2) | (1.1) | |
| Asset write-offs and accelerated depreciation | 0.0 | (1.7) | |
| Once-off advisory costs | 0.0 | (0.5) | |
| Rebranding cost | 0.0 | (0.1) | |
| Taxi license plate impairment charges | 0.0 | (14.5) | |
| Other Impairment charges | (1.9) | (0.4) | |
| Employee separation cost | (0.9) | (0.7) | |
| Other Write offs | 0.0 | (0.4) | |
| **Total items excluded from underlying profit before tax** | **(3.0)** | **(19.5)** | **84.7%** |
| **Statutory profit before tax** | **(25.6)** | **(26.0)** | **(1.4%)** |
| Income tax | 7.5 | 2.2 | |
| **Statutory NPAT** | **(18.1)** | **(23.8)** | **24.0%** |
| Statutory earnings per share (AUD) | (15.0 cents) | (19.8 cents) | 24.0% |

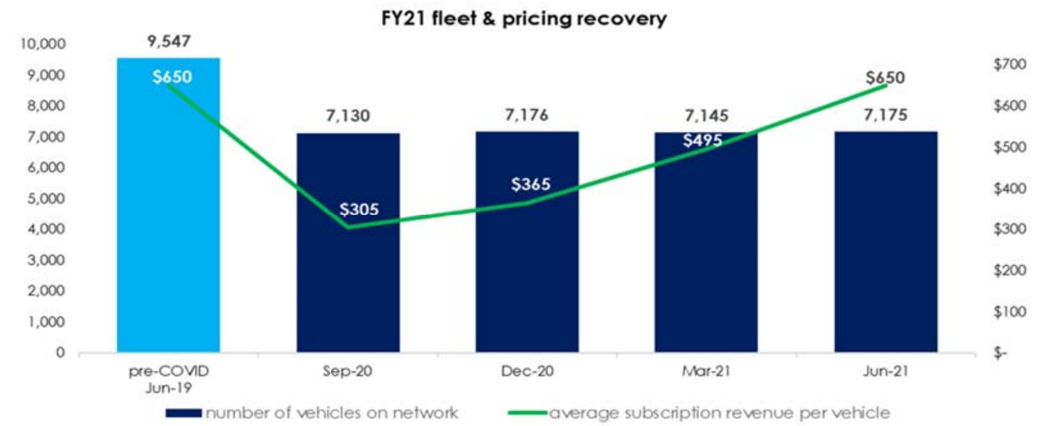
## Revenue

A2B recorded total revenue of $113.4 million (FY20 $170.9 million), a decrease of $57.5 million or 33.7% compared to prior year.




Revenue continued to improve over the course of FY21 as Taxi fares processed and network subscription pricing recovered. In the final two months of the year average revenue was $12m after network subscription pricing returned to pre-COVID levels. On an annualised basis revenue in May/June was at ~80% of pre-COVID levels.

## Fleet




On a national basis fleet levels remained stable while subscription pricing recovered in all states over the course of the year. Fleet levels in Melbourne declined following the extended lockdown in early FY21 while all other states experienced different levels of recovery. Our Queensland fleet recovered to pre-COVID levels supported by geographic growth through new Bureau contracts.

Network subscription fee income decreased by $29.6 million or 49% to $31.1 million (FY20 $60.7 million). This decline was driven by the full year impact of reduced fleet levels and subscription pricing levels.

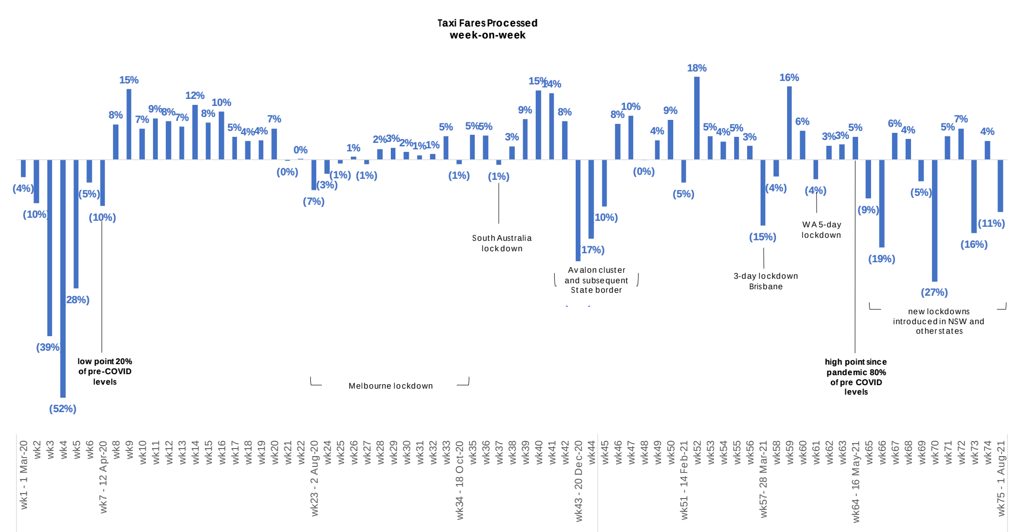
Brokered Taxi license plate income declined $16.8 million to $1.5 million (FY20 $18.3 million). This decline is primarily driven by continued COVID-19 relief measures A2B put in place by reducing monthly Taxi license plate fees.

Taxi operating income decreased $1 million or 7.8% to $11.4 million (FY20 $12.3 million). A2B's active operated fleet reduced by 79 vehicles.

During the pandemic courier services income improved by $0.4m or 9.2% to $5 million (FY20 $4.6 million). This income primarily relates to A2B's courier business in Queensland.

Vehicle sales income increased $0.3 million to $5.5 million (FY20 $5.2 million) with 165 cars sold in FY21. Improvement in vehicles sales and vehicle financing were encouraging in both Queensland and NSW.

## Taxi fares processed



Taxi service fee income decreased by $10.1 million or 31% to $22.7 million (FY20 $32.8 million). Total Taxi fares processed ended at $525m, a decline of $236 million or 31% compared to last year (FY20 $761 million).

Since the start of the pandemic recovery rates post lockdowns have been encouraging. As illustrated above, demand recovers quickly and consistently. In May total transaction values were at 80% of pre-COVID levels. The reintroduction of restrictions in June resulted in reduced travel activity.

While the Spotto handheld payment recovered faster than FAREWAYplus, experiencing a decline of 24% compared to last year. In-app payments gained real traction in FY21 through the introduction of Price Guarantee by 13cabs. In FY21 a total of $23.9 million in-app payments were processed (FY20 $4.3 million) representing ~15% (FY20 ~2%) of total transaction volumes in 13cabs.

A2B's payment terminal rental offering continued to expand in FY21 despite reduced transaction volumes. Total terminal rental income was up 25% on last year ending at $1.5 million. The terminal rental offering was expanded beyond our existing Giraffe (Hire Car) in FY20. As at 30 June 2021 the number of total FAREWAYplus terminals on a rental plan increased to 3,868 (FY20 2,801).

Cabcharge corporate account volumes ended at $128 million (FY20 $240 million), a decrease of 46.7%. The decline in corporate account volumes was driven by reduced demand for business travel. Bank Issued volumes were down 23.4% while 3rd Party volumes showed were down 66.8% compared to FY20.

Revenue from contracts with Government for the provision of school bus services and payment services for Taxi subsidy schemes improved $1.1 million to $8.7 million (FY20 $7.6 million).

Other revenue improved by $4.3 million to $11.3 million (FY20 $7 million) primarily driven by the extension of our sanitisation contracts.

### Other income

In FY21 A2B recognised $15.2m in JobKeeper payments (FY20 $6.9m) and $2.4m in industry incentives (FY20 $1.7m), driving a $9 million increase in other income compared to last year.

### Operating expenses

On a statutory basis total operating expenses decreased $48.6 million or 23.8% to $155.9 million.

In FY21 A2B incurred $1.9 million in asset impairment charges, $0.9 million in employee separation costs, and $0.2 million in other one-off costs. These expenses totalling $3 million (FY20 $19.5 million) are excluded from underlying operating expenses.

On an underlying basis total operating expenses decreased $34 million or 18.4% to $151 million. This includes $1.1 million relating to doubtful debt provisions.

### Volume driven operating expenses

Volume driven operating expenses ended $25.2 million or 51.5% below last year at $49.1 million (FY20 $49.1 million). This decrease is primarily attributable to $17.3 million lower brokered Taxi license plate costs and $2.3 million lower processing fees paid to Taxi networks and Drivers and $2.2 million lower Taxi operating expenses.

### Non-volume driven operating expenses

Non-volume driven operating expenses decreased 6% or $7.1 million to $118.4 million (FY20 $118.4 million). The decrease in non-volume operating expenses primarily relates to reduced employee expenses ($2.3 million), marketing expenses ($0.6 million), technology and communication expenses ($1.5 million) and travel expenses ($1.2 million).

### Depreciation and amortisation

Total depreciation and amortisation charges increased 1.3% or $0.2 million. A reduction in depreciation charges of $2.3 million was offset by an increase in amortisation charges of $2.5 million.

### Net finance costs

Net finance costs decreased $0.3 million to $1 million (FY20 $1.3 million) this decrease is primarily driven by lower interest charges during the year.

### Income tax expense

A2B recorded an income tax benefit of $7 million (FY20 $2.2 million tax benefit) resulting from a $25.6 million loss before income tax adjusted for non-deductible items.

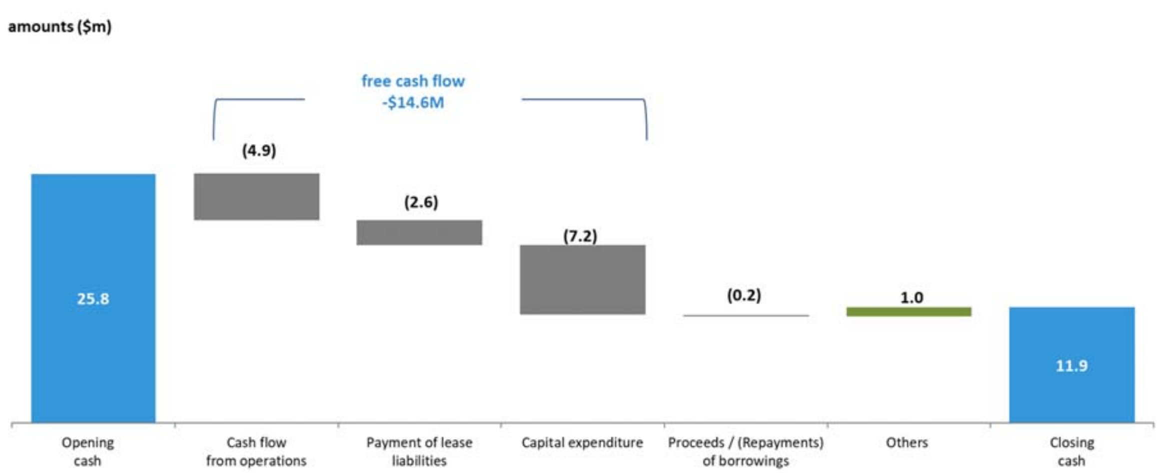
### Profit after tax

Underlying net loss after tax was -$15.8 million (FY20 $4.5 million). A statutory net loss after tax of $18.1 million was recorded in FY21 (FY20 $23.8 million).

### Cashflow

A2B commenced FY21 in a strong financial position and the proven operational leverage to adapt to this new uncertain environment.

In FY21 A2B had a negative operational cash flow of -$7.4 million, inclusive of payment of lease liabilities, (FY20 $38 million) and reduced capital expenditure to $7.2 million resulting a negative free cash flow of -$14.6 million (FY20 $20.7 million). No dividends were paid in FY21 and cash ended at $11.9 million.




Capex spend was reduced as part of continued cash preservation initiatives. Total capital expenditure for FY21 was $7.2 million (FY20 $17.2 million). The decrease of $10 million compared to prior year was primarily driven by a reduction in in-vehicle hardware investments ($6.9 million) and reduction in vehicle purchases. Capitalised labour reduced $1.1 million to $4.3 million.

### FY21 Dividends

Given uncertainty around the current economic environment and focus on cash preservation the Board decided not to declare a dividend in relation to FY21.

### Financial position

#### Balance sheet

| $m | 30 Jun-21 statutory | 30 Jun-20 statutory (re-stated) |
|---|---|---|
| Cash and cash equivalents | 11.9 | 25.8 |
| Other current assets | 57.1 | 41.5 |
| **Total current assets** | **69.0** | **67.3** |
| Property, plant and equipment | 33.0 | 39.7 |
| Taxi plate licences | 1.3 | 3.3 |
| Other non-current assets | 61.9 | 61.8 |
| Right of use asset | 12.7 | 17.8 |
| **Total non-current assets** | **109.0** | **122.7** |
| **Total assets** | **178.0** | **189.9** |
| Payables | 39.7 | 29.5 |
| Loans and borrowings | 1.9 | 2.0 |
| Other | 8.2 | 8.3 |
| Lease liabilities | 2.0 | 2.3 |
| **Total current liabilities** | **51.8** | **42.1** |
| Lease liabilities | 11.3 | 15.9 |
| Other liabilities | 1.9 | 1.3 |
| **Total non-current liabilities** | **13.2** | **17.3** |
| **Total liabilities** | **65.0** | **59.3** |
| **Total net assets** | **113.0** | **130.6** |
| Net cash | 10.0 | 23.7 |

The company's net assets as at 30 June 2021 decreased to $113 million from $130.6 million at 30 June 2020. This reduction is primarily due to the net loss of $18.6 million.

A2B maintained a strong financial position and retained a net cash position, $10 million 30 June 2021. A2B currently has a finance facility of $25 million in place expiring on 1 July 2023 bringing total available liquidity to $35 million as at 30 June 2021.

## Outlook

A2B observed fast returns towards pre-pandemic activity levels as restrictions were lifted in FY21. By June 2021, A2B had recovered 84% of its pre-pandemic revenue despite ongoing and intermittent restrictions. While we are now dealing with the Delta strain, A2B is encouraged by the pace of vaccination, particularly in NSW. The support of the National Cabinet for the adoption of the Doherty institute benchmarks for the reopening of the economy also gives us cause for optimism.

Throughout the pandemic A2B has continued to make choices that reshape our business for future growth. While reductions in migration and air travel are likely to impact our Australian operations for some time, digitisation of payments, new business models, the growing provision of instant deliveries and expansion of the national and global footprints are all providing A2B avenues for resilience and future growth.

A2B is well positioned to invest in executing its strategy and to consider acquisition opportunities. A2B is continuing its disciplined approach to testing future opportunities for compelling value or a transformative impact, particularly in the payments industry.

## Material business risks

In FY21 the COVID-19 pandemic continued to test the financial strength of many companies and highlighted the required focus on liquidity and credit risks.

In FY21 the Ccompany maintained its financial strength and continued to closely monitor credit balances while having the benefit of first access to cash from affiliated Operators through A2B's payments system. Receivables balances identified as representing a specific risk as at 30 June 2021 have been fully provided for.

As at 30 June 2021 A2B had available net cash of $10 million and access to an undrawn finance facility of $25 million.

The Board reviews material business risks on a regular basis. Risks that have the potential to impact the Company's future financial prospects and strategic imperatives are set out in the table below, together with mitigating actions to minimise those risks.

The risks are in no particular order and do not include common risks that affect all companies, such as key person risk. Nor do they include general economic risks such as significant changes in economic growth, inflation, interest rates, consumer sentiment and business confidence that could have a material impact on the future performance of the Company.

| Strategic Risk | Nature of Risk | Actions / Plans to Mitigate |
|---|---|---|
| **Regulatory changes** | A2B's operations are subject to State and Territory regulation and control. New State Passenger levies were introduced.<br>All states and territories have implemented a 5% limit on payment service fees, including Tasmania in FY21.<br>More recently the NSW government announced it will introduce a package of reforms for the point to point transport industry. These reforms include freeing up the supply of taxis by removing the limit on the number of Taxi licences that are available. Once these changes take effect, Taxi licences will no longer be able to be bought and sold.<br>It is possible that Taxi Regulators may impose lower limits on the level of service fees able to be charged to Cabcharge | Continue to work with Taxi Regulators on issues affecting the Taxi Industry.<br>Building administration tools that assist with levy collections and ensure Drivers and Operators have the information they require in order to comply with levy requirements.<br>Advocate for and deliver standards and controls that result in maintaining or improving the standards of Customer service and safety that are essential to transport user confidence.<br>Maximise opportunities for A2B presented by regulatory frameworks. |

| | | |
|---|---|---|
| | Customers thereby potentially impacting revenue and earnings.<br>It is possible that Taxi Regulators may change rules around required standards and quality control aspects of Taxi Networks.<br>Taxi Regulators may affect the value of Taxi plate licences through setting supply of new Taxi plate licences and setting rates for Government leased Taxi plate licences.<br>In addition, changes in Taxi regulation, including establishing a regulatory environment for non-Taxi transport can indirectly affect the value of Taxi plate licences.<br>Taxi Regulators may also restrict the supply of Taxi plate licences which limits growth opportunities for the Taxi Industry. | |
| **Changes to competitive landscape / changes to IT environment** | Continued emergence of competitors in personal transport who offer alternative service and payment methods, both within and outside the regulatory framework, or subject to less stringent regulation.<br>Potential loss of business if the Company fails to keep pace with technological change with respect to Network Operations, bookings and payments. | Be at the forefront of technology development serving the personal transport industry. Development and integrate bookings and payments.<br>Strategic acquisition-led growth to bolster existing technology and resources and leverage scale.<br>Standardising, scaling and raising service standards in the mobility business to be leveraged in Australia and the overseas markets we operate in. |

# Board of Directors

## Paul Oneile

Independent Chairman

Paul was appointed as Chairman in February 2017. He is a member of the Remuneration and Nominations Committee and a member of the Audit and Risk Committee. Paul is currently a Non-executive Director of Thorn Group Limited. He was formerly the independent Chairman of Intecq Limited from September 2012 to December 2016. Paul has over 30 years of executive experience across many industries including leisure and entertainment, retail, manufacturing, property, software and technology. His previous roles included CEO and Managing Director of Aristocrat Leisure Limited (2003 – 2008), Chairman and CEO of United International Pictures (1996 - 2003), Non-executive Director of Village Roadshow Limited (1990 - 1996), and Managing Director of The Greater Union Organisation Pty Ltd (1990 – 1996).

Paul holds a Bachelor of Economics degree from the University of Sydney.

## David Grant

Independent Non-executive Director

David was appointed as a Director of A2B on 2 June 2020. He is a member of the Audit and Risk Committee and the Remuneration and Nominations Committee. David is an experienced Non-executive Director and currently on the Boards of Event Hospitality and Entertainment Limited, Retail Food Group Limited and The Reject Shop Limited. With broad financial and commercial experience David has held various senior executive roles including Group M&A Director at Goodman Fielder Limited and Chief Financial Officer of Iluka Resources Limited.

David has a Bachelor of Commerce from the University of NSW, is a graduate of the Australian Institute of Company Directors and a member of Chartered Accountants Australia & New Zealand.

## Jennifer Horrigan

Independent Non-executive Director

Jennifer was appointed as a Director in September 2020. She is a member of the Remuneration and Nominations Committee and a member of the Audit and Risk Committee. Jennifer brings 25 years' experience across investment banking, financial communications and investor relations. Formerly the Chief Operating Officer in Australia of the independent investment bank Greenhill & Co, Jennifer has extensive experience in enterprise management, including the supervision and management of compliance, HR and financial management.

Jennifer is also a Non-executive Director of APN Funds Management Limited, QV Equities, Yarra Funds Management Limited, Nikko Asset Management Australia Limited and Redkite (national cancer charity supporting children with cancer and their families).

Jennifer's qualifications include Bachelor of Business (QUT), Graduate Diploma in Applied Finance (FINSIA) and Graduate Diploma in Management (AGSM).

### Louise McCann

Independent Non-executive Director

Louise was appointed as a Director in August 2017. She is the Chairman of the Remuneration and Nominations Committee and a member of the Audit and Risk Committee. Louise is currently the Chairman of Grant Thornton Australia Limited and a Non-executive Director of Great Southern Bank and the University of Notre Dame Australia. Louise was previously a Non-executive Director of Macquarie Media Limited (2015-2019) and iiNet Limited (2011 – 2015). Louise has over 25 years of experience in media, publishing and market research in Australia and internationally. Her previous executive roles include CEO for Asia and Managing Partner for Australia for Hall & Partners (2009 – 2012), CEO and Chairman of Research International (ANZ) (2004 – 2009), and CEO of OzTAM Pty Ltd (2001 – 2004).

Louise holds a Master of Management from Macquarie Graduate School of Management and is a fellow of the Australian Institute of Company Directors, the Institute of Managers and Leaders, and the Royal Society for Arts, Manufacturers and Commerce.

### Clifford Rosenberg

Independent Non-executive Director

Clifford was appointed as a Director in August 2017. He is a member of the Audit and Risk Committee and the Remuneration and Nominations Committee. Clifford is currently a Non-executive Director of Bid Corporation Limited, Nearmap Limited and Technology One Limited. Clifford was previously a Non-executive Director of Afterpay Limited (2017-2020) and has over 20 years of experience in the digital space as an entrepreneur and as an executive, with specific experience in disrupting businesses. His previous executive roles include Managing Director, South-East Asia, Australia & New Zealand for LinkedIn (2009 – 2017), Managing Director of Yahoo! Australia & New Zealand (2003 – 2006) and Founder and Managing Director of iTouch Australia and New Zealand, one of the largest mobile content and application providers in Australia.

Clifford holds a Master of Science in Management from the Ben Gurion University of the Negev, and a Bachelor of Business Science (Honours) in Economics and Marketing from the University of Cape Town.

### Andrew Skelton

Chief Executive Officer and Managing Director

Andrew was appointed CEO in June 2014 and Managing Director in December 2014. Andrew was the Group Corporate Counsel and Company Secretary from December 2011 until his appointment as CEO. Andrew has over 20 years of experience in the personal transport industry. He has held senior management and executive roles in Taxi Networks, payments and operations, including as Chief Operating Officer of Black Cabs Combined from 2005 to 2011. Prior to this Andrew was a solicitor at K&L Gates in Melbourne specialising in mergers and acquisitions.

Andrew holds an MBA, Bachelor of Laws, Bachelor of Commerce and a Graduate Diploma of Applied Corporate Governance.

# Directors' Report

The Directors present their report (including the Remuneration Report), together with the financial statements of the consolidated entity being A2B Australia Limited ("A2B" or the "Company") and the entities it controls (the "Group") for the financial year ended 30 June 2021.

**Directors**

The Directors of the Company at any time during or since the end of the financial year up to the date of this report are:

- Paul Oneile (Chairman)
- David Grant
- Jennifer Horrigan (appointed on 11 September 2020)
- Louise McCann
- Richard Millen (retired on 19 November 2020)
- Clifford Rosenberg
- Andrew Skelton (CEO and Managing Director)

The qualifications, experience and special responsibilities of current Directors of the Company are set out in the Board of Directors section.

**Directorships of other listed companies**

The directorships in other listed companies a Director has held at any time in the last three years immediately before the end of the financial year are set out in the table below.

| Director | Name of listed company | Appointment date | Cessation date |
|---|---|---|---|
| Paul Oneile | Thorn Group Limited | 14 October 2019 | - |
| David Grant | Event Hospitality & Entertainment Ltd | 25 July 2013 | - |
| | Retail Food Group Limited | 25 September 2018 | - |
| | The Reject Shop Ltd | 1 May 2020 | - |
| | Murray Goulburn Co-Op Ltd | 27 October 2017 | 26 June 2020 |
| | MG Responsible Entity Ltd | 27 October 2017 | 26 June 2020 |
| Jennifer Horrigan | APN Industria REIT | 30 April 2012 | - |
| | APN Convenience Retail REIT | 30 April 2012 | - |
| | QV Equities Limited | 26 April 2016 | - |
| Louise McCann | Macquarie Media Ltd | 10 June 2015 | 30 October 2019 |
| Richard Millen | - | - | - |
| Clifford Rosenberg | Technology One Limited | 27 February 2019 | - |
| | IXUP Limited | 29 September 2017 | 2 July 2019 |
| | Afterpay Limited | 30 March 2017 | 24 May 2020 |
| | Pureprofile Limited | 12 June 2015 | 28 February 2019 |
| | Nearmap Limited | 3 July 2012 | - |
| Andrew Skelton | - | - | - |

**Company Secretary**

Adrian Lucchese
*Group General Counsel and Company Secretary*

Adrian Lucchese was appointed as Group General Counsel and Company Secretary in October 2014. Adrian began his career with Blake Dawson Waldron (now Ashurst) in 1988 and has held a number of senior management and executive roles including Group General Counsel and Company Secretary of George Weston Foods Limited where, amongst other things, he was responsible for many of the improvements to its competition compliance program. From August 2011 to October 2014, Adrian was Company Secretary of AMP Capital Holdings Limited where he contributed to governance, structural and business improvement initiatives.

Adrian holds Bachelor degrees in both Science and Laws from the University of Sydney and a Master of Laws from the University of Sydney.

**Dividends**

No dividends were paid or declared since the end of the previous financial year.

**Principal activities**

The principal activities of the Group are included in the Operating and Financial Review ("OFR") set out on pages 4 to 13. Other than those mentioned in the OFR there were no other significant changes to the nature of the activities of the Group during the year.

**Review of operations**

A review of the Group's operations during the year and the results of those operations, together with its financial position, are included in the OFR set out on pages 4 to 13. The Group's business strategies and prospects for future financial years are also included in the OFR.

**Significant changes in state of affairs**

In the opinion of the Directors, there were no significant changes in the state of affairs of the Group during the financial year, other than those changes mentioned in the OFR.

**Events subsequent to reporting 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.

**Likely developments**

Information about likely developments in the Group's operations is included in the "Outlook" section of the OFR on page 11.

**Environmental regulation**

The Group's operations are not subject to any particular and significant environmental regulations under a law of the Commonwealth or of a State or Territory.

**Directors' interests and benefits**

The relevant interests and benefits of each Director as at the date of this report are set out in the table below.

| Director | Interest in shares |
|---|---|
| Paul Oneile | 106,968 |
| David Grant | 27,000 |
| Jennifer Horrigan | 0 |
| Louise McCann | 48,800 |
| Richard Millen | 60,000 |
| Clifford Rosenberg | 111,307 |
| Andrew Skelton | 66,799[1] |

1. 45,938 fully paid ordinary shares are held by Julie Skelton.

Mr Skelton has been granted performance rights under the Company's Long Term Incentive ("LTI") Plan

| **Grant period** | **Performance Rights** |
|---|---|
| FY18 grant (for period ending 30 June 2021) | 222,222 |
| FY19 grant (for period ending 30 June 2021) | 179,372 |
| FY20 grant (for period ending 30 June 2022) | 275,862 |
| FY21 grant (for period ending 30 June 2023) | 370,370 |
| **Total** | **1,047,826** |

**Remuneration Report**

The Remuneration Report is set out on pages 20 to 36 and forms part of this Directors' Report, has been audited as required by section 308(3C) of the Corporations Act.

**Directors' meetings**

The number of Directors' meetings and attendance by each Director at those meetings during the financial year are set out in the table below.

| **Director**[1] | **Board** | | **Audit and Risk**[2] | | **Remuneration and Nominations**[2] | |
|---|---|---|---|---|---|---|
| | **Held**[3] | **Attended** | **Held**[3] | **Attended** | **Held**[3] | **Attended** |
| Paul Oneile | 9 | 9 | 4 | 4 | 4 | 4 |
| David Grant | 9 | 9 | 4 | 4 | 4 | 4 |
| Jennifer Horrigan[4] | 7 | 7 | 3 | 3 | 3 | 3 |
| Louise McCann | 9 | 9 | 4 | 4 | 4 | 4 |
| Richard Millen[5] | 5 | 5 | 1 | 1 | 1 | 1 |
| Clifford Rosenberg | 9 | 9 | 4 | 4 | 4 | 4 |
| Andrew Skelton | 9 | 9 | - | - | - | - |

1. "Director" in the table means a Director who was a director of the Company at any time during the financial year.
2. All Directors are invited to and generally attend, Board Committee meetings. The "Attended" columns in the table reflect attendance at meetings by Committee members.
3. The "Held" columns in the table reflect the number of meetings held during the period in which the Director held office.
4. Jennifer Horrigan was appointed on 11 September 2020.
5. Rick Millen retired on 19 November 2020.

**Share options and performance rights**

There were no options over unissued shares of the Company granted to the Directors or any executives during or since the end of the financial year.

As at the date of this report there are 3,177,608 performance rights over unissued shares which have been granted to the CEO and Managing Director, current and former senior executives under the Company's LTI Plan. Further information on the LTI Plan and performance rights held by key management personnel are included in the Remuneration Report on pages 20 to 36.

**Indemnification and insurance of officers and auditors**

The Company's Constitution requires it to indemnify current and former Directors (including alternate directors), officers, and auditors (if determined by the directors) of the Company against liabilities incurred by the person as an officer (or auditor if determined by the Directors).

The Company has agreed to provide indemnities to and procure insurance for past and present Directors and officers of the Company and its controlled entities. The indemnities provide broad indemnification against liabilities to another person (other than the Company or related body corporate) and for legal costs that may arise from their position as Directors and officers of the Company and its controlled entities. The indemnities are subject to certain exceptions such as where the liability arises out of conduct involving a lack of good faith.

The Company has also paid insurance premiums for insurance policies providing the type of cover commonly provided to Directors, officers and senior employees of listed companies such as the Company. As is commonly the case, the insurance policies prohibit further disclosure of the nature of the insurance cover and the amount of the premiums.

There has been no indemnification of the current auditors, nor have any insurance premiums been paid in respect of the current auditors since the end of the previous year.

**Non-audit services by auditors**

Details of the non-audit services provided by the Group's auditor, KPMG, during the financial year including fees paid or payable for each service, are set out in note 25 to the Consolidated Financial Statements.

The Board has considered the non-audit services provided during the year by KPMG and in accordance with written advice provided by resolution of the Audit and Risk Committee, is satisfied that the provision of those non-audit services during the year by the auditor is compatible with, and did not compromise, the auditor independence requirements of the Corporations Act for the following reasons:

- all non-audit services were subject to the corporate governance policies and procedures adopted by the Company and have been reviewed by the Audit and Risk Committee to ensure they do not impact the integrity and objectivity of the auditor; and
- the non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards.

**Lead auditor's independence declaration**

The lead auditor's independence declaration required under section 307C of the Corporations Act is set out on page 37.

**Rounding off**

A2B is a company of the kind referred to in ASIC Corporation 2016/191 (Rounding in Financial/Directors' Reports) Instrument. 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.

This Directors' Report has been signed in accordance with a resolution of the Directors.

Paul Oneile
Chairman
26 August 2021

Andrew Skelton
CEO and Managing Director
26 August 2021

# Remuneration Report

**Table of contents**

1. Overview
   - Who is covered by this report
   - Realised remuneration
   - Remuneration strategy
2. Remuneration governance
3. Executive KMP remuneration arrangements
   - Remuneration principles and link to Company strategy
   - Remuneration structure
   - Remuneration elements and incentive plans
   - Executive KMP contracts
4. Executive KMP remuneration outcomes for FY21
   - FAR
   - STI performance and outcomes
   - LTI performance and outcomes
   - Snapshot of Group performance
   - Executive remuneration in FY21
   - LTI awards held by executive KMP
5. Non-executive Director fee arrangements
   - Board and committee fees
   - Fees in FY21
   - NED remuneration in FY21
6. Additional disclosures relating to securities
   - Shares
   - Rights
7. Transactions with KMP and their related parties
8. Shareholder voting for the 2020 Remuneration Report

This Remuneration Report for the year ended 30 June 2021 outlines the remuneration arrangements of A2B Australia Limited ("A2B" or "Company") and is prepared in accordance with the requirements of the Corporations Act 2001 ("Corporations Act") and the Corporations Regulations 2001. The information in sections 1 to 7 has been audited as required by section 308(3C) of the Act, unless otherwise stated.

## 1. Overview

The Board of Directors present the Company's Remuneration Report for the financial year ended 30 June 2021 ("FY21"). This report details the Company's remuneration framework and its alignment with the Company's performance and strategy. It also sets out the remuneration arrangements and outcomes for the Company's key management personnel ("KMP") who have authority and responsibility for planning, directing and controlling the activities of the Company.

The Board in its deliberations on the performance of the KMP's took into account the whole FY21 year and also the significant disruption brought about by COVID-19.

The Board has been satisfied that the KMP Executives and the CEO have been extremely focused and have significantly performed during this period, fast tracking, accelerating and commencing a number of new initiatives to position A2B as strongly as possible to navigate the disruption and to recover post the pandemic. In addition, they have also operated in a manner that considered not only the significant disruption to A2B and its various stakeholders but the boarder implications to other competitors in the sectors in the overall spirit of A2B's pandemic response.

### *Who is covered by this report*

The KMP covered by this report are listed in table 1 below.

Table 1: KMP included in this report

| KMP | Role | Change in FY21 |
|---|---|---|
| **Non-executive Director** | | |
| Paul Oneile | Independent Chairman | |
| David Grant | Independent Director | |
| Jennifer Horrigan | Independent Director | Appointed 11 September 2020 |
| Louise McCann | Independent Director | |
| Richard Millen | Independent Director | Retired 19 November 2020 |
| Clifford Rosenberg | Independent Director | |
| **Executive** | | |
| Andrew Skelton | Managing Director and CEO | |
| Ton van Hoof | Chief Financial Officer | |
| Adrian Lucchese | General Counsel and Company Secretary | |
| Deon Ludick | Chief Technology Officer | |
| Stuart Overell | Chief Operating Officer - Taxi Networks | |

### *Realised remuneration*

The details of statutory executive KMP remuneration prepared in accordance with the Australian Accounting Standards can be found in table 6 on page 32. Details of statutory Non-executive Director fee arrangements can be found in table 9 on page 34.

The table below provides shareholders with an understanding of the actual remuneration earned by executive KMP in FY21. The value of remuneration includes the STI components received in cash during the year in relation to deferred STI from previous years and the equity grants where executive KMP received control of the shares in FY21.

The amounts disclosed in the table below are intended to provide an explanation of the pay for performance relationship in our remuneration framework and are in addition to the information provided in the statutory executive KMP remuneration table in table 6 prepared in accordance with the Australian Accounting Standards.

Table 2: Executive remuneration earned in FY21 (non-statutory) (unaudited)

| Executive | Fixed remuneration[1] $ | STI Earned for FY21 & vesting of deferred STI $ | LTI vested in FY21[3] $ | Total $ |
|---|---|---|---|---|
| Andrew Skelton | 825,000 | 233,550[2] | 0 | 1,058,550 |
| Ton van Hoof | 400,000 | 82,875 | 0 | 482,875 |
| Adrian Lucchese | 420,000 | 74,000 | 0 | 494,000 |
| Deon Ludick | 450,000 | 88,500 | 0 | 538,500 |
| Stuart Overell | 425,000 | 60,000 | 0 | 485,000 |

1. Fixed remuneration means contracted remuneration amount for base salary and superannuation.
2. Under the STI arrangements, 25% of the CEO's earned STI is deferred, with payment being made in equal instalments 12 and 24 months later. This amount includes payment of the second (and last) instalment of FY19 deferred STI (being $45,000) and the first instalment of FY20 deferred STI (being $26,250). It also includes 75% of the FY21 STI earned (being $162,300), which will be paid in September 2021 (with the remainder being deferred and paid in cash in two equal instalments over the next 24 months).
3. The LTI rights awarded in FY17 were tested in September 2020 and did not vest. The LTI rights awarded in FY18 & FY19 are due to vest in September 2021. Further information on vesting is set out in the LTI section of this report.

***Remuneration strategy***

The Board is committed to ensuring that A2B's remuneration framework remains responsive, robust and reflective of current market practice. The Company has introduced adjustments progressively, recognising both the need to remain flexible and retaining the ability to fine-tune the remuneration framework from time to time in an orderly and fair manner for both the Company and its people.

This year, the Company has embarked on a new 4 year strategic plan aimed at accelerating its transformation into an integrated, digitally driven, global mobility and payments organisation. To tightly align the efforts of the Company's KMP with execution of this strategy, the Board will seek to introduce equity components within the existing remuneration framework that contain performance metrics aligned to this 4 year strategic plan. These metrics are expected to be directly linked to delivering key elements of the strategy and targeted at motivating and closely aligning KMP interests with creating shareholder value.

## 2. Remuneration governance

The Board consults with the Remuneration and Nominations Committee ("Committee"), management and where necessary, external advisors, when making remuneration decisions. The diagram below illustrates the remuneration decision-making process.

**Board**

- Ensures remuneration is fair and competitive, and supports the Company's strategic and operational goals
- Approves remuneration policies, structures and arrangements after consideration of recommendations from the Committee
- Approves performance measures and outcomes after consideration of recommendations from the Committee

**Remuneration and Nominations Committee**

- Comprises at least three members appointed by the Board
- Must have an independent chair and a majority of independent Directors
- Makes recommendations to the Board regarding remuneration policies, structures and arrangements
- Makes recommendations to the Board regarding performance measures and outcomes
- The Committee met four times in FY21

For more detail on the Company's charters and policies, see:
www.a2baustralia.com/investor-center/corporate-governance/

**Management**

- CEO proposes individual remuneration arrangements and performance outcomes for direct reports to the Committee
- CEO not present when his remuneration is decided

**External remuneration consultants and advisors**

- Engaged and appointed by the Board or the Committee as required
- Advises the Committee and management to ensure that the Company is fully informed when making decisions
- Mandatory disclosure requirements apply to use of remuneration consultants under the Corporations Act

## 3. Executive KMP remuneration arrangements

***Remuneration principles and link to Company strategy***

The Company has adopted the following principles to guide its remuneration strategy:

- Align to the business strategy to encourage opportunities to be pursued and executives rewarded accordingly for the creation of long-term shareholder value
- Be supported by a governance framework
- Provide that executive KMP and Non-executive Director remuneration is balanced and market competitive in order to recruit, motivate, reward and retain skilled senior executives and Directors
- Align the interests of executive KMP with the long-term interests of the Company and its shareholders with the use of performance-based remuneration
- Set short and long-term incentive performance hurdles that are challenging and linked to the creation of sustainable shareholder returns
- Ensure any termination benefits are justified and appropriate

| Business objectives | Remuneration strategy objectives | Remuneration structure |
|---|---|---|
| ▪ Enhance and expand operational platform for the creation of a sustainable business model for future growth<br>▪ Focus on creation of shareholder value | ▪ Attract and retain key talent through balanced remuneration, market competitive pay and performance focused STI and LTI<br>▪ Focus the executive team on the key strategic business imperatives<br>▪ Align interests of executive KMP and shareholders<br>▪ Invite executive KMP to participate in the STI and LTI plans | **Fixed annual remuneration ("FAR")**<br>Set with reference to job size and organisations of similar complexity and industry dynamics<br>**Short-term incentive ("STI")**<br>Cash incentive comprising a group financial performance target (60%) and individual targets focused on strategic priorities (40%)<br>**Long-term incentive ("LTI")**<br>Equity incentive comprising of performance rights vesting over three years, subject to achievement of an absolute total shareholder return and an indexed total shareholder return performance metrics<br>**Executive arrangements**<br>Executive services agreements formalise incentive arrangements, and include termination and post-termination provisions |

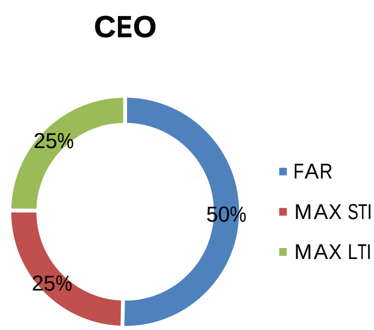
***Remuneration structure***

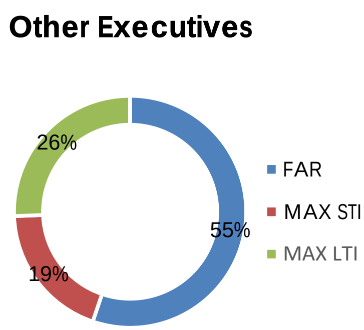
The Company aims to reward its executive KMP with a level and mix of remuneration appropriate to an individual's experience, position, responsibilities and performance.

The Board and the Committee regularly review the remuneration level and structure for the Company's executive KMP and make adjustments where appropriate to support the strategic initiatives of the business whilst ensuring that it remains market competitive for recruiting and retaining skilled individuals.

In FY21, the executive KMP remuneration structure consisted of FAR and performance based at risk short term and long term incentives awarded pursuant to STI and LTI plan rules. Adjustments or changes to remuneration arrangements made in FY21 are detailed under each remuneration element below.

The following graphs summarise the CEO and other executive KMP remuneration mix for FY21.




***Remuneration elements and incentive plans***

FAR

Details of executive KMP FAR are disclosed below.

| | |
|---|---|
| What is FAR? | FAR is comprised of salary and other benefits provided to an executive on an ongoing basis, such as superannuation contributions. |
| How is FAR determined? | FAR is reviewed annually and our standard executive services agreements do not include any guaranteed FAR increases.<br>When reviewing FAR for executives a number of factors are considered, including the individual's skills and experience relevant to their role, and internal and external factors.<br>The Company's policy is to position FAR competitively with reference to companies and roles of a similar complexity and industry dynamic to that of A2B. |
| Were any changes made in FY21? | Changes to FAR are typically implemented and take effect on 1 July of each year. The FAR for each executive in FY21 is shown in table 6 on page 32. |

STI

Details of executive KMP STI are disclosed below.

| | |
|---|---|
| What is the STI plan? | The STI plan provides participating executives with an opportunity to be rewarded for their individual achievements, as well as the achievements of their business unit and the Company. This further aligns their interests with |

the strategic priorities of the Company. All executive KMP are eligible and participated in the STI plan in FY21.

| | |
|---|---|
| What is the format for STI awards? | STI awards are delivered annually in the form of a cash payment that is subject to the satisfaction of performance measures that are set at the beginning of each financial year. For the CEO, 25% of any STI award is deferred and paid in two equal instalments over the next 24 months. |
| What is the performance period? | The performance period for the FY21 STI award is from 1 July 2020 to 30 June 2021. |
| What is the maximum opportunity? | The STI maximum opportunity is set individually and based upon market benchmarks for the remuneration mix. This figure when referenced to FAR is: CEO: 48% of FAR and other executives: on average 35% of FAR. |
| What are the STI performance measures? | The FY21 STI award vests subject to the achievement of a Group-wide financial performance measure and individual performance measures. The financial performance measure continues to apply to all executive KMP to ensure their common focus on the achievement of the Company's financial objectives. The individual performance measures for each executive are directly linked to the strategic imperatives of the Company and the contributions of the relevant executive towards achieving them. |

A summary of the FY21 performance measures is set out below.

*Group-wide financial performance measure (60% of STI)*

Earnings before interest, tax, depreciation and amortisation excluding acquisitions, divestments and impairments ("Gateway Hurdle").

The Gateway Hurdle was divided into quarterly targets and achievement individually rated against each target.

| | | Gateway Hurdle | |
|---|---|---|---|
| **FY21** | **Target** | **100%** | **90%** |
| 1Q21 | ($4.5m) | ($4.5m) | ($4.95m) |
| 2Q21 | ($3.3m) | ($3.3m) | ($3.63m) |
| 3Q21 | $2m | $2m | $1.8m |
| 4Q21 | $6m | $6m | $5.4m |

The minimum threshold for each Gateway Hurdle is 90%, triggering a 35% payment of the financial performance measure. Straight line vesting of 65% will occur between the minimum threshold of 90% and the maximum threshold of 100% for each Gateway Hurdle.

If the 90% minimum threshold is not met, no payment will be made under the financial performance measure and, subject to the Board's discretion, the individual performance measures below may be discounted by up to 33%.

*Individual performance measures (40% of STI)*

Details regarding the STI outcomes for FY21, based on achievement of the performance measures outlined above, are set out in section 4 of the Remuneration Report.

| Role | Performance measure |
|---|---|
| CEO | ▪ Adapting and responding to the COVID-19 Pandemic (14%)<br>▪ Corporate culture and Customer engagement (13%)<br>▪ Initiation and execution of strategic initiatives (13%) |
| Other executive KMP | Position-specific performance measures tailored for each executive having regard to their role, responsibility and specific strategic goals over which they have influence. Examples include:<br>▪ Employee safety, remuneration and governance<br>▪ Enhance financial systems and processes<br>▪ Streamline end of trip experience and grow CNP payment turnover<br>▪ Fleet growth |

**How is performance tested?**

The Committee considers the CEO's performance against the performance measures set for the year and provides a recommendation of the STI to be paid (if any) to the Board for approval. The CEO considers the performance of other executive KMP against the performance measures set for the year and, in consultation with the Committee, provides a recommendation of the STI to be paid (if any) to the Board for approval. The Board may approve, amend or reject the recommendations.

**What happens on a change of control or other significant events?**

If a change of control occurs before the end of the performance period, the Board will determine how STI awards will be dealt with. If a change of control occurs before the Board makes a determination, a pro rata amount of the STI award based on the proportion of the performance period that has elapsed at the time of the change of control will be paid.

The Board has the discretion to vary the terms of STI awards so that executives are not unfairly advantaged (or disadvantaged) by factors outside their control. Any variations will be disclosed and explained in the Remuneration Report.

**Does the plan provide for clawback?**

A2B has a clawback mechanism in place, which allows for the repayment of STI awards in cases involving fraud, dishonesty, breach of obligations (including a material misstatement of financial information), or any other omissions that result in an STI outcome. The Board may use its discretion to ensure that no unfair benefit is obtained, subject to applicable laws.

**What happens on termination of employment?**

Where employment ends prior to the end of the performance period by reason of resignation, fraudulent or dishonest conduct, or termination for cause (including gross misconduct), any entitlement to the STI award will be forfeited at termination of employment.

Where employment ends for any other reason, a pro rata portion of the STI award will remain on foot and will be tested at the end of the original performance period.

The Board retains the discretion to vary the treatment set out above based on the specific circumstances surrounding the termination of employment.

| | |
|---|---|
| | In respect of the deferred STI, when employment ends after payment of the initial STI instalment but prior to payment of the deferred portion of an STI award:<br>▪ By reason of fraudulent or dishonest conduct, or termination for gross misconduct, the entitlement to the deferred portion of the STI award will be forfeited at termination of employment.<br>▪ For any other reason, the deferred portion of the STI award will remain on foot and be paid in the ordinary course. |
| Were any changes made in FY21? | The STI performance measures were reviewed to ensure that they continue to align with strategic goals. |

LTI

Details of executive KMP LTI are disclosed below.

| | |
|---|---|
| What is the LTI plan? | The LTI plan provides participating executives with an opportunity to share in the long-term growth of A2B and aligns their interests with those of the Company's shareholders. All executive KMP are eligible and participated in the LTI plan in FY21. |
| What is the format for LTI awards? | LTI awards are delivered in the form of rights which are granted to participants for nil consideration. LTI awards are granted annually. The FY21 awards are subject to a three-year performance period.<br>Rights vest at the end of the performance period, subject to the satisfaction of the performance measures set out below. There is no retesting of performance. On vesting, each right converts into one ordinary share (or if determined by the Board into the equivalent cash value). Any rights which do not vest immediately lapse. |
| What is the performance period? | The performance period for the FY21 LTI award commenced on 1 July 2020 and will end on 30 June 2023. Subject to the satisfaction of the relevant performance measures, the FY21 award vests following testing of the performance measures, which is anticipated to occur following the release of the Company's audited financial results for the year ending 30 June 2023.<br>The performance period for the FY18 to FY20 LTI award is set out on table 7 on page 32. |
| What is the maximum opportunity? | The maximum LTI opportunity is set individually and based upon market benchmarks for the remuneration mix. This figure when compared to FAR is: CEO: 48% of FAR and other executives: on average 47% of FAR.<br>The number of rights granted to individuals was calculated by dividing their maximum LTI opportunity by the volume weighted average market price ("VWAP") of the Company's shares over the 5 trading day period commencing 30 days after the date of the release of the Company's audited financial results for the year ended 30 June 2020. No discount is made for dividends foregone nor for performance or other considerations. |

What are the LTI performance measures?

The rights for the FY19 to FY21 LTI award are subject to two performance metrics which are independent and will be tested separately.

**1. Absolute total shareholder return**

60% of the rights vest subject to absolute total shareholder return ("aTSR") performance over the performance period.

The aTSR metric requires minimum threshold performance of at least 4% compounded annual growth rate ("CAGR") in total shareholder return ("TSR") before any vesting will occur.

The percentage of rights subject to the aTSR metric that vest, if any, will be determined by the Board in accordance with the following vesting schedule.

| A2B aTSR CAGR performance | Rights that vest (% of tranche) |
|---|---|
| < 4% | 0% |
| = 4% | 35% |
| > 4% and < 12% | Straight-line vesting between 35% and 100% |
| 12% or more | 100% |

**2. Indexed total shareholder return**

40% of the rights vest subject to indexed total shareholder return ("iTSR") performance over the performance period.

The vesting of the rights subject to the iTSR metric will be determined by comparing the Company's TSR with the movement of the S&P/ASX 300 Index ("Index") over the performance period.

The iTSR metric requires minimum threshold performance of at least 100% of the Index before any vesting will occur.

The percentage of rights subject to the iTSR metric that vest, if any, will be determined by the Board in accordance with the following vesting schedule.

| A2B iTSR performance | Rights that vest (% of tranche) |
|---|---|
| < 100% of Index | 0% |
| = 100% of Index | 25% |
| > 100% of Index and < 100% of Index +8% CAGR | Straight-line vesting between 25% and 100% |
| > 100% of Index +8% CAGR | 100% |

The FY18 LTI award is subject to the achievement of an absolute total shareholder return target by the Company ("TSR Hurdle"). The TSR Hurdle measures the change in the Company's share price, including dividends paid, over the performance period. It is set at a level above average historical long-term market returns to ensure vesting will occur only if the Company's shareholders experience superior returns.

The TSR Hurdle requires a minimum threshold performance of at least 8% annual effective TSR per ordinary share before any vesting will occur.

The percentage of rights subject to the TSR Hurdle that vest, if any, will be determined by the Board in accordance with the following vesting schedule.

| TSR performance | Rights that vest (%) |
| --- | --- |
| Less than 8% return p.a. | 0% |
| At 8% return p.a. | 30% |
| Above 8% return p.a. but less than 12% return p.a. | Straight-line vesting between 30% and 100% of the award |
| 12% return p.a. or more | 100% |

For the purpose of calculating the growth in the Company's share price as part of the TSR calculation, the following opening and closing share prices will be used:

- the VWAP of the Company's shares over the 5 trading day period commencing 30 days after the date of the release of the Company's audited financial results for the year ended 30 June 2017, being $1.80; and
- the VWAP of the Company's shares over the corresponding 5 trading day period following the release of the Company's audited financial results for the year ended 30 June 2021.

Decisions regarding the level of performance achieved and relevant remuneration outcomes will be made by the Board according to the above vesting schedules following the end of the performance period, with the outcomes communicated to shareholders in the Remuneration Report.

**What happens on a change of control or other significant events?**

Where a change of control event occurs, the Board has discretion to determine the proportion of LTI awards to vest and may have regard to the executive's tenure, the proportion of the performance period that has elapsed, the extent to which the performance conditions have been satisfied at the time of the change of control and the interests of the Company's shareholders.

If a change of control occurs before the Board exercises its discretion, a pro rata number of unvested LTI awards will vest based on the extent to which the performance conditions are satisfied (or are estimated to have been satisfied) and the proportion of the performance period that has elapsed at the time of the change of control.

The Board may adjust the terms of LTI awards in exceptional situations where participants may be unfairly advantaged (or disadvantaged) by external factors outside of their control. The Board in all circumstances will ensure any variation takes into account the purpose of the LTI plan and achievement against the relevant performance conditions up until the relevant time. Any variations will be disclosed and explained in the Remuneration Report.

**Does the plan provide for clawback?**

The Company has a clawback mechanism in place, which allows for the lapsing and/or clawback of LTI awards in cases involving fraud, dishonesty, breach of obligations (including a material misstatement of financial information), or any other act or omission that result in an inappropriate LTI outcome. The Board may use its discretion to ensure that no unfair benefit is obtained by a participant, subject to applicable laws.

| | |
|---|---|
| What happens on termination of employment? | Where employment ends prior to the end of the performance period due to resignation, termination for cause or poor performance, unvested LTI awards will lapse. Where the employment ends for any other reason, unvested LTI awards will continue on-foot and be tested at the end of the original performance period against the relevant performance conditions. However, the Board has an overriding discretion to apply another treatment if it deems it appropriate. |
| Were any changes made in FY21? | No change to performance measures and period were made in FY21. |

### *Executive KMP contracts*

The Company has a contemporary standard executive service agreement. The remuneration arrangements for executive KMP are formalised in these agreements.

Table 3: Executive KMP contract terms

| Executive | Contract term | Notice period[1] |
|---|---|---|
| Andrew Skelton | Ongoing | 12 months |
| Ton van Hoof | Ongoing | 6 months |
| Adrian Lucchese | Ongoing | 6 months |
| Deon Ludick | Ongoing | 6 months |
| Stuart Overell | Ongoing | 6 months |

1. The length of the notice period is the same for the executive KMP and the Company. The Board has the discretion to make payments to executive KMP lieu of notice.

## 4. Executive KMP remuneration outcomes for FY21

The FY21 STI program successfully aligned executive effort and focus with the Company's strategy and objectives. The STI framework supported ongoing commitment and focus on the key actions that set the Company up for growth while market conditions ebbed and flowed during the year.

During the year each member of the executive team stepped up to manage a range of issues stemming from the pandemic and associated restrictions.

The level of executive effort enabled the Company to:

- Make substantial advances in technologies including in 13cabs app performance and the addition of new features like Price Guarantee;
- Significantly expand delivery capabilities; and
- Grow both the national and global footprint through the growth in 13cabs bureaus and networks (11 locations) and the MTI customer base (3 locations).

### *FAR*

The fixed annual remuneration of executive KMP for FY21 is set out at table 2 on page 22.

### *STI performance and outcomes*

The CEO assessed the performance of each executive KMP against their individual FY21 STI performance measures with recommendations presented to the Committee. The Committee also assessed the performance of the CEO with reference to his STI performance measures and made recommendations to the Board.

The Board considered the material provided to the Committee, its recommendations, and the annual financial results. This year the impact of the COVID-19 pandemic has also been a factor the Board has taken into account. The Board also agreed with the recommendations in relation to the individual performance of each executive KMP and the applicable value payable.

In respect of the CEO's FY21 STI outcomes, the Board approved the following.

| | | |
|---|---|---|
| Financial performance measure - Gateway Hurdle | 50% | Target 60% |
| Adapting and responding to the COVID-19 Pandemic | 70% | Target 14% |
| Corporate culture and Customer engagement | 60% | Target 13% |
| Initiation and execution of strategic initiative | 50% | Target 13% |

The individual FY21 STI outcomes for each executive KMP, including percentages and values payable are detailed in the table below.

Table 4: FY21 STI award outcomes

| Executive | Maximum FY21 STI opportunity $ | STI earned in FY21 $ | % of maximum opportunity achieved | % of maximum STI opportunity forfeited |
|---|---|---|---|---|
| Andrew Skelton | 400,000 | 216,400[1] | 54% | 46% |
| Ton van Hoof | 150,000 | 82,875 | 55% | 45% |
| Adrian Lucchese | 150,000 | 74,000 | 49% | 51% |
| Deon Ludick | 150,000 | 88,500 | 59% | 41% |
| Stuart Overell | 150,000 | 60,000 | 40% | 60% |

1. 25% of the STI earned in FY21 being $54,100 is deferred and paid in two equal instalments of $27,050 in July 2022 and $27,050 in July 2023.

### *LTI performance and outcomes*

The Company's shareholders approved the LTI plan in November 2014. The third tranche of performance rights under the LTI plan were granted for the performance period 1 July 2016 – 30 June 2020. The rights were tested in September 2020 and, due to regulatory and market disruption and disruptors, did not vest and lapsed immediately as the performance conditions attached to the rights, being an absolute TSR and a compound annual growth hurdle, were not achieved. Further details are shown in table 7 on page 32.

### *Snapshot of Group performance*

Table 5: Performance outcomes for the last five years

| | FY21 | FY20 | FY19 | FY18 | FY17 |
|---|---|---|---|---|---|
| Profit after tax from continuing operations ($m) | -18.1 | -23.7 | 11.9 | -1.9 | 13.8 |
| (Loss) Profit attributable to the owners of the Company ($m) | -18.3 | -23.8 | 11.8 | -2.2 | -90.5 |
| Dividend paid ($m) | 0 | 9.6 | 9.6 | 16.9 | 120.4 |
| Dividend paid per share fully franked (cents) | 0 | 8 | 8 | 14 | 100 |
| Closing share price at 30 June ($) | 1.26 | 0.81 | 1.77 | 2.4 | 2.53 |

Note: Opening share price in FY17 was $3.19

### *Executive remuneration in FY21*

The statutory remuneration of each executive KMP in FY21 is set out in the table below.

Table 6: FY21 executive KMP remuneration (statutory)

| | | Short-term benefits | | | Post employment benefits | | | Share based payments | | |
|---|---|---|---|---|---|---|---|---|---|---|
| **Executive** | | Salary and fees $ | STI $ | Non-cash benefits $[1] | Superannuation contributions $ | Termination benefits $ | Other long-term employee benefits $[1] | LTI $ | Total $ | Performance related rem % of total rem[2] |
| **Andrew Skelton** | **2021** | **804,022** | **216,400[3]** | **16,443** | **21,694** | **-** | **15,239** | **210,494** | **1,284,292** | **33.24%** |
| | 2020 | 804,022 | 210,000[4] | 16,740 | 21,003 | - | 27,727 | 189,440 | 1,268,932 | 31.48% |
| **Ton van Hoof** | **2021** | **379,021** | **82,875** | **-** | **21,694** | - | **6,804** | **105,247** | **595,641** | **31.58%** |
| | 2020 | 379,020 | 71,625 | 26,839 | 21,003 | - | 3,823 | 63,025 | 565,335 | 23.82% |
| **Adrian Lucchese** | **2021** | **399,010** | **74,000** | **13,651** | **21,694** | **-** | **12,018** | **105,247** | **625,620** | **28.65%** |
| | 2020 | 399,010 | 85,000 | 16,997 | 21,003 | - | 7,474 | 94,720 | 624,204 | 28.79% |
| **Deon Ludick** | **2021** | **429,029** | **88,500** | **14,904** | **21,694** | **-** | **3,858** | **105,247** | **663,232** | **29.21%** |
| | 2020 | 429,029 | 72,500 | 10,259 | 24,399 | - | 3,025 | 83,525 | 622,737 | 25.05% |
| **Stuart Overell** | **2021** | **404,014** | **60,000** | **13,973** | **21,694** | - | **7,762** | **105,247** | **612,690** | **26.97%** |
| | 2020 | 404,014 | 68,250 | - | 21,003 | - | 10,932 | 94,720 | 598,919 | 27.21% |
| **Total** | **2021** | **2,415,096** | **521,775** | **58,971** | **108,470** | **-** | **45,681** | **631,482** | **3,781,475** | **30.50%** |
| | 2020 | 2,861,081 | 507,375 | 70,835 | 150,416 | 286,312 | 62,637 | 613,623 | 4,552,279 | 24.62% |

1. Movements in accruals for annual leave and reportable fringe benefits are disclosed as non-cash benefits. Other long-term employee benefits represent provisions for long service leave.
2. This represents the percentage of the total remuneration that relates to performance.
3. $54,100 is deferred and will be paid in two equal instalments of 27,050 the first in July 2022 and the second in July 2023.
4. $52,500 is deferred and will be paid in two equal instalments of $26,250 the first in July 2021 and the second in July 2022.

### *LTI awards held by executive KMP*

Details of all outstanding rights granted to executive KMP as LTI awards are set out in the table below. The tranche of performance rights under the LTI plan granted for the performance period 1 July 2016 – 30 June 2020 were tested in September 2020 and, due to regulatory and market disruption and disruptors, did not vest and lapsed immediately as the performance conditions attached to the rights, being an absolute TSR and a compound annual growth hurdle, were not achieved. Further details are shown in table 11 on page 35.

Table 7: LTI rights held by executive KMP

| **Executive** | **Grant Date** | **Performance period** | **Number of rights granted** | **Performance conditions** | **Vesting date** |
|---|---|---|---|---|---|
| Andrew Skelton | 26 April 2021 | 1 July 2020 – 30 June 2023 | 370,370 | Absolute TSR hurdle and indexed TSR | September 2023 |
| | 1 July 2020 | 1 July 2019 – 30 June 2022 | 275,862 | Absolute TSR hurdle and indexed TSR | September 2022 |
| | 21 February 2019 | 1 July 2018 – 30 June 2021 | 179,372 | Absolute TSR hurdle and indexed TSR | September 2021 |
| | 22 February 2018 | 1 July 2017 – 30 June 2021 | 222,222 | Absolute TSR hurdle | 14 September 2021 |
| Ton van Hoof | 26 April 2021 | 1 July 2020 – 30 June 2023 | 185,185 | Absolute TSR hurdle and indexed TSR | September 2023 |
| | 1 July 2020 | 1 July 2019 – 30 June 2022 | 137,931 | Absolute TSR hurdle and indexed TSR | September 2022 |
| | 21 February 2019 | 1 July 2018 – 30 June 2021 | 89,686 | Absolute TSR hurdle and indexed TSR | September 2021 |

| | | | | | |
|---|---|---|---|---|---|
| Adrian Lucchese | 26 April 2021 | 1 July 2020 – 30 June 2023 | 185,185 | Absolute TSR hurdle and indexed TSR | September 2023 |
| | 1 July 2020 | 1 July 2019 – 30 June 2022 | 137,931 | Absolute TSR hurdle and indexed TSR | September 2022 |
| | 21 February 2019 | 1 July 2018 – 30 June 2021 | 89,686 | Absolute TSR hurdle and indexed TSR | September 2021 |
| | 15 February 2018 | 1 July 2017 – 30 June 2021 | 111,111 | Absolute TSR hurdle | 14 September 2021 |
| Deon Ludick | 26 April 2021 | 1 July 2020 – 30 June 2023 | 185,185 | Absolute TSR hurdle and indexed TSR | September 2023 |
| | 1 July 2020 | 1 July 2019 – 30 June 2022 | 137,931 | Absolute TSR hurdle and indexed TSR | September 2022 |
| | 21 February 2019 | 1 July 2018 – 30 June 2021 | 89,686 | Absolute TSR hurdle and indexed TSR | September 2021 |
| | 15 February 2018 | 1 July 2017 – 30 June 2021 | 83,333 | Absolute TSR hurdle | 14 September 2021 |
| Stuart Overell | 26 April 2021 | 1 July 2020 – 30 June 2023 | 185,185 | Absolute TSR hurdle and indexed TSR | September 2023 |
| | 1 July 2020 | 1 July 2019 – 30 June 2022 | 137,931 | Absolute TSR hurdle and indexed TSR | September 2022 |
| | 21 February 2019 | 1 July 2018 – 30 June 2021 | 89,686 | Absolute TSR hurdle and indexed TSR | September 2021 |
| | 15 February 2018 | 1 July 2017 – 30 June 2021 | 111,111 | Absolute TSR hurdle | 14 September 2021 |

## 5. Non-executive Director fee arrangements

### *Board and Committee fees*

Non-executive Director ("NED") fees are paid out of an aggregate fee pool of $1.3m per annum which was approved by shareholders on 26 November 2014. The fee pool is inclusive of statutory entitlements (including superannuation). When recommending the aggregate fee pool for shareholder approval, the Board considers the fees required to attract and retain NEDs with the necessary skills and experience whilst incurring a cost acceptable to our shareholders.

NED fees consist of Board fees and committee fees. The payment of additional fees for serving on a committee recognises the additional time commitment required by NEDs. The Chairman of the Board is not eligible for additional fees for serving on committees. Fees are not linked to performance and no STI or LTI is provided to NEDs.

### *Fees in FY21*

The Committee reviewed the NED fees for FY21. Having taken into account the Committee's recommendation, the Board determined to increase the amount of NED fees to accommodate the recent regulated increases to superannuation contributions and to increase the annual NED fees by CPI each year commencing 1 July 2021.

The table below summarises NED fees payable in respect of FY21.

Table 8: Board and committee fees

| | Chairman $ | Member $ |
|---|---|---|
| Board | 226,000 | 103,000 |
| Audit and Risk Committee | 21,000 | 11,000 |
| Remuneration and Nominations Committee | 21,000 | 11,000 |

The Board and committee fees outlined in the table above include statutory superannuation contributions. NEDs do not receive retirement benefits other than statutory superannuation.

### *NED remuneration in FY21*

The statutory remuneration of each NED for FY21 is set out in the table below.

Table 9: FY21 NED remuneration (statutory)

| | | Short-term benefits | Post-employment benefits | |
|---|---|---|---|---|
| | | **Salary and fees $** | **Superannuation contributions $** | **Total $** |
| **Paul Oneile** | **2021** | **206,397** | **19,608** | **226,005** |
| Chairman | 2020 | 206,397 | 19,608 | 226,005 |
| **David Grant** | **2021** | **134,936** | **12,819** | **147,755** |
| Non-executive Director | 2020 | 9,936 | 944 | 10,880 |
| **Jennifer Horrigan[1]** | **2021** | **100,694** | **-** | **100,694** |
| Non-executive Director | 2020 | - | - | 0 |
| **Louise McCann** | **2021** | **123,293** | **11,713** | **135,006** |
| Non-executive Director | 2020 | 123,293 | 11,713 | 135,006 |
| **Richard Millen[2]** | **2021** | **45,692** | **10,559** | **56,251** |
| Non-executive Director | 2020 | 109,659 | 25,343 | 135,002 |
| **Clifford Rosenberg[3]** | **2021** | **125,000** | **-** | **125,000** |
| Non-executive Director | 2020 | 125,000 | - | 125,000 |
| **Total fees** | **2021** | **736,012** | **54,699** | **790,711** |
| | 2020 | 574,285 | 57,607 | 631,892 |

1. Ms Horrigan's fees were invoiced and paid monthly to Scarp Consulting Pty Ltd as trustee for The MacDonald Horrigan Family Trust. Ms Horrigan was appointed on 11 September 2020.
2. Mr Millen retired on 19 November 2020.
3. Mr Rosenberg's fees were invoiced and paid monthly to Rosenberg Trading Pty Ltd, a personal services company nominated by him.

## 6. Additional disclosures relating to securities

### *Shares*

In order to align the interests of NEDs with the Company's shareholders, the Board has adopted a policy that requires each NED to accumulate a minimum shareholding equivalent to their annual base fee. NEDs who were members of the Board before 20 June 2016 have three years from this date to meet the expected level of share ownership. NEDs appointed after 20 June 2016 have three years from their appointment date to meet the expected level of share ownership.

In April 2020 the Board resolved to suspend the requirement for NEDs to comply with the minimum shareholding level under the policy for 12 months. On 9 June 2021 the Board determined to resume the operation of the minimum shareholding requirement under the policy.

Executive KMP are granted rights under the LTI plan which convert into shares on the achievement of performance measures. The third tranche of performance rights under the LTI plan granted for the performance period 1 July 2016 – 30 June 2020 were tested in September 2020 and, due to regulatory and market disruption and disruptors, did not vest and lapsed immediately as the performance conditions attached to the rights, being an absolute TSR and a compound annual growth hurdle, were not achieved. Further details are shown in table 11 on page 35.

The relevant interests of each KMP (and their related parties) in the share capital of the Company for FY21 are detailed in the table below.

Table 10: Shareholdings of KMP and their related parties

| | Balance 1 July 2020 | | Received as remuneration | | Net other change | | Balance 30 June 2021 | |
|---|---|---|---|---|---|---|---|---|
| | Direct interest | Indirect interest | Direct interest | Indirect interest | Direct interest | Indirect interest | Direct interest | Indirect interest |
| **Non-executive Director** | | | | | | | | |
| Paul Oneile[1] | 50,000 | 56,968 | - | - | - | - | 50,000 | 56,968 |
| David Grant | - | - | - | - | 27,000 | - | 27,000 | - |
| Jennifer Horrigan | - | - | - | - | - | - | - | - |
| Louise McCann[2] | - | 48,800 | - | - | - | - | - | 48,800 |
| Richard Millen[3] | - | 60,000 | - | - | - | - | - | 60,000 |
| Clifford Rosenberg[4] | - | 111,307 | - | - | - | - | - | 111,307 |
| **Executive** | | | | | | | | |
| Andrew Skelton[5] | 20,861 | - | - | - | - | 45,938 | 20,861 | 45,938 |
| Ton van Hoof | 10,565 | - | - | - | 3,574 | - | 14,139 | - |
| Adrian Lucchese | 3,856 | - | - | - | - | - | 3,856 | - |
| Deon Ludick | - | - | - | - | - | - | - | - |
| Stuart Overell | - | - | - | - | - | - | - | - |

1. 56,968 fully paid ordinary shares held by PNM Management Pty Ltd atf the Kyambra Superannuation Fund.
2. 48,800 fully paid ordinary shares held by Tyrrell McCann Pty Ltd atf the Tyrrell McCann Superannuation Fund.
3. 60,000 fully paid ordinary shares held by Woor Pty Ltd atf the Millen Superannuation Fund. Mr Millen retired on 19 November 2020.
4. 111,307 fully paid ordinary shares held by Cliffro Pty Ltd atf the Cliffro Trust.
5. 45,938 fully paid ordinary shares are held by Julie Skelton.

***Rights***

The table below details the performance rights granted to executive KMP under the LTI plan as part of their remuneration.

Table 11: Rights granted under the LTI plan to executive KMP

| Executive | Balance 1 July 2020 | Number of rights granted in FY21[1] | Value of rights granted in FY21[2] | Net other change | Vested | Value of rights vested | Lapsed | Balance 30 June 2021 |
|---|---|---|---|---|---|---|---|---|
| Andrew Skelton | 802,067 | 370,370 | 400,000 | 0 | 0 | 0 | 124,611 | 1,047,826 |
| Ton van Hoof | 227,617 | 185,185 | 200,000 | 0 | 0 | 0 | 0 | 412,802 |
| Adrian Lucchese | 401,033 | 185,185 | 200,000 | 0 | 0 | 0 | 62,305 | 523,913 |
| Deon Ludick | 342,103 | 185,185 | 200,000 | 0 | 0 | 0 | 31,153 | 496,135 |
| Stuart Overell | 401,033 | 185,185 | 200,000 | 0 | 0 | 0 | 62,305 | 523,913 |

1. For performance rights granted as remuneration, the total fair value of $760,000 as calculated by an independent advisor as at the date of grant, using a Monte Carlo simulation model for the total shareholder return. This comprises of $0.68 per absolute TSR right and $0.69 per relative TSR right over a total of 1,111,110 rights granted in FY21. The number of rights are calculated by dividing the value of rights by the VWAP as at the date of the grant.
2. The value of rights granted in FY21 represents the maximum LTI opportunity set to the individual executive.

## 7. Transactions with KMP and their related parties

No loans were made, guaranteed, or secured, to KMP or any of their related parties.

There were no transactions between the Company (or any of its controlled entities) and any KMP (or their related parties) other than those within the normal employee, customer or supplier relationship on terms no more favourable than arms' length. Information about these transactions would not adversely affect investment decisions by shareholders, or the discharge of accountability by KMP.

## 8. Shareholder voting for the 2020 Remuneration Report

The Company received a “yes” vote on 84% of votes cast on its Remuneration Report for the 2020 financial year. The Board is committed to ongoing and transparent engagement with all stakeholders. It will continue to review the effectiveness of the Company’s remuneration practices and their alignment with strategic performance objectives to appropriately reward its executives and deliver shareholder value.

KPMG

# 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 audit of A2B Australia Limited for the financial year ended 30 June 2021 there have been:

i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

Cameron Slapp

*Partner*

Sydney

26 August 2021

# Consolidated Financial Statements

For the year ended 30 June 2021

## Table of Contents

Consolidated Financial Statements ..... 38
Consolidated statement of comprehensive income ..... 40
Consolidated statement of financial position ..... 41
Consolidated statement of cash flows ..... 42
Consolidated statement of changes in equity ..... 43
Notes to the consolidated financial statements ..... 44
1. Reporting entity ..... 44
2. Basis of preparation ..... 44
3. Revenue and other income ..... 47
4. Finance income ..... 50
5. Income tax expense ..... 50
6. Trade and other receivables ..... 51
7. Inventories ..... 52
8. Financial assets ..... 53
9. Business combination ..... 53
10. Property, plant and equipment ..... 55
11. Deferred tax assets and liabilities ..... 57
12. Taxi plate licences ..... 58
13. Goodwill ..... 60
14. Intellectual property ..... 61
15. Contract liabilities, trade and other payables ..... 63
16. Loans and borrowings ..... 64
17. Provisions ..... 64
18. Share capital and Reserves ..... 65
19. Dividends ..... 67
20. Earnings per share ..... 67
21. Dividend franking balance ..... 67
22. Parent entity disclosures ..... 68
23. Deed of Cross Guarantee ..... 68
24. Related Party and Key Management Personnel disclosures ..... 70
25. Remuneration of auditors ..... 71
26. Particulars relating to controlled entities ..... 72
27. Capital expenditure commitments ..... 73

28. Contingencies ........ 73
29. Leases ........ 73
30. Notes to the consolidated statement of cash flows ........ 75
31. Financial instruments and financial risk management ........ 76
32. Operating segment ........ 80
33. Share-based payment – Long term incentive ........ 80
34. Subsequent event ........ 81
Directors' Declaration ........ 82
Independent Auditor's Report ........ 83

# Consolidated statement of comprehensive income

For the year ended 30 June 2021

| | Notes | 2021 $'000 | 2020* $'000 (Re-stated) |
|---|---|---|---|
| **Continuing operations** | | | |
| Revenue | 3 | 113,373 | 170,894 |
| Other income | 3 | 17,992 | 9,010 |
| Processing fees to taxi networks | | (4,183) | (6,461) |
| Brokered taxi plate licence costs | | (1,323) | (18,592) |
| Other taxi related costs | | (2,559) | (5,572) |
| Taxi operating expenses | | (6,688) | (8,985) |
| Courier service expenses | | (3,450) | (3,198) |
| Employee benefits expenses | | (62,990) | (66,696) |
| Cost of cars and hardware sold | | (5,562) | (6,330) |
| General and administrative expenses | | (33,740) | (40,379) |
| Depreciation | 10 & 29 | (11,745) | (14,051) |
| Amortisation | 12 &14 | (6,170) | (3,629) |
| Impairment charges | 12 &14 | (1,879) | (14,983) |
| Other expenses | | (15,616) | (15,653) |
| **Results from operating activities** | | **(24,540)** | **(24,625)** |
| Finance income | 4 | 16 | 77 |
| Finance costs | | (1,079) | (1,416) |
| **Net finance costs** | | **(1,063)** | **(1,339)** |
| **(Loss) before income tax** | | **(25,603)** | **(25,964)** |
| Income tax benefit | 5 | 7,537 | 2,206 |
| **(Loss) after tax for the year** | | **(18,066)** | **(23,758)** |
| **Other comprehensive income** | | | |
| *Items that may be reclassified subsequently to profit or loss:* | | | |
| Foreign exchange translation differences, net of tax | | 128 | (52) |
| *Items that will not be reclassified to profit or loss:* | | | |
| Net change in fair value of financial assets | | (233) | (477) |
| **Other comprehensive (loss) for the year, net of income tax** | | **(105)** | **(529)** |
| **Total comprehensive (loss) for the year** | | **(18,171)** | **(24,287)** |
| **Attributable to:** | | | |
| Owners of the Company | | (18,274) | (23,883) |
| Non-controlling interest | | 208 | 125 |
| **Total (loss) for the year** | | **(18,066)** | **(23,758)** |
| Owners of the Company | | (18,379) | (24,412) |
| Non-controlling interest | | 208 | 125 |
| **Total comprehensive (loss) for the year** | | **(18,171)** | **(24,287)** |
| **Earnings per share** | | | |
| Basic earnings per share | 20 | (15.2 cents) | (19.8 cents) |
| Diluted earnings per share | 20 | (15.2 cents) | (19.8 cents) |

*Certain amounts have been re-stated to reflect adjustments relating to Note 2

The consolidated statement of comprehensive income is to be read in conjunction with the notes to the consolidated financial statements.

# Consolidated statement of financial position

As at 30 June 2021

| | Notes | 2021 $'000 | 2020* $'000 (Re-stated) |
|---|---|---|---|
| **Current assets** | | | |
| Cash and cash equivalents | 30 | 11,874 | 25,759 |
| Trade and other receivables | 6 | 44,620 | 34,217 |
| Current tax assets | | 5,604 | 282 |
| Inventories | 7 | 3,271 | 3,009 |
| Prepayments | | 3,629 | 3,987 |
| **Total current assets** | | **68,998** | **67,254** |
| **Non-current assets** | | | |
| Trade and other receivables | 6 | 5,841 | 5,624 |
| Financial assets | 8 | 977 | 1,298 |
| Property, plant and equipment | 10 | 32,989 | 39,740 |
| Right-of-use assets | 29 | 12,716 | 17,820 |
| Net deferred tax assets | 11 | 8,218 | 6,149 |
| Taxi plate licences | 12 | 1,349 | 3,275 |
| Goodwill | 13 | 27,487 | 27,487 |
| Intellectual property | 14 | 19,414 | 21,284 |
| **Total non-current assets** | | **108,991** | **122,677** |
| **Total assets** | | **177,989** | **189,931** |
| **Current liabilities** | | | |
| Contract liabilities, trade and other payables | 15 | 39,654 | 29,509 |
| Loans and borrowings | 16 | 1,864 | 2,031 |
| Lease liabilities | 29 | 1,999 | 2,262 |
| Deferred income | 3 | 118 | - |
| Provisions | 17 | 8,117 | 8,267 |
| **Total current liabilities** | | **51,752** | **42,069** |
| **Non-current liabilities** | | | |
| Lease liabilities | 29 | 11,318 | 15,926 |
| Deferred income | 3 | 354 | - |
| Provisions | 17 | 1,581 | 1,345 |
| **Total non-current liabilities** | | **13,253** | **17,271** |
| **Total liabilities** | | **65,005** | **59,340** |
| **Net assets** | | **112,984** | **130,591** |
| **Equity** | | | |
| Share capital | 18 | 138,325 | 138,325 |
| Other reserves | 18 | 959 | 433 |
| Profits reserve | | 18,823 | 18,823 |
| Retained losses | | (46,310) | (28,036) |
| **Total equity attributable to owners of the Company** | | **111,797** | **129,545** |
| Non-controlling interest | | 1,187 | 1,046 |
| **Total equity** | | **112,984** | **130,591** |

*Certain amounts have been re-stated to reflect adjustments relating to Note 2

The consolidated statement of financial position is to be read in conjunction with the notes to the consolidated financial statements

# Consolidated statement of cash flows

For the year ended 30 June 2021

| | Notes | 2021 $'000 | 2020* $'000 (Re-stated) |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Receipts from customers and others | | 658,710 | 989,728 |
| Payments to suppliers, licensees and employees | | (662,458) | (949,975) |
| Dividends received | | - | 387 |
| Interest received | | 16 | 77 |
| Finance costs paid | | (1,040) | (1,165) |
| Income tax paid | | (79) | (1,258) |
| **Net cash (used in) / provided by operating activities** | 30 | **(4,851)** | **37,794** |
| **Cash flows from investing activities** | | | |
| Purchase of property, plant and equipment | | (2,938) | (11,542) |
| Payments for development of intellectual property | | (4,253) | (5,513) |
| Acquisition of business assets, net of cash acquired | | - | (3,363) |
| Proceeds from sale of property, plant and equipment | | 1,029 | 2,259 |
| **Net cash (used in) investing activities** | | **(6,162)** | **(18,159)** |
| **Cash flows from financing activities** | | | |
| Proceeds from borrowings | | 5,132 | 20,242 |
| Repayment of borrowings | | (5,298) | (21,002) |
| Payment of lease liabilities | | (2,576) | (2,597) |
| Dividends paid to equity holders | 19 | - | (9,634) |
| Dividends paid to non-controlling interest in subsidiaries | | (67) | (70) |
| **Net cash (used in) financing activities** | | **(2,809)** | **(13,061)** |
| **Net (decrease) / increase in cash and cash equivalents** | | **(13,822)** | **6,574** |
| Cash and cash equivalents at 1 July | | 25,759 | 19,172 |
| Effect of movements in exchange rates on cash held | | (63) | 13 |
| **Cash and cash equivalents at 30 June** | 30 | **11,874** | **25,759** |

*Certain amounts have been re-stated to reflect adjustments relating to Note 2

The consolidated statement of cash flows is to be read in conjunction with the notes to the consolidated financial statements.

# Consolidated statement of changes in equity

## For the year ended 30 June 2021

| | Notes | Share capital $'000 | Other reserves $'000 | Profits reserves $'000 | Retained losses $'000 | Non-controlling interest $'000 | Total equity $'000 |
|---|---|---|---|---|---|---|---|
| **Balance at 1 July 2020** | | **138,325** | **433** | **18,823** | **(28,036)** | **1,046** | **130,591** |
| **Total comprehensive (loss) for the year** | | | | | | | |
| Loss for the year | | - | - | - | (18,274) | 208 | (18,066) |
| Other comprehensive loss | | - | (105) | - | - | - | (105) |
| **Total comprehensive (loss) for the year** | | **-** | **(105)** | **-** | **(18,274)** | **208** | **(18,171)** |
| **Transactions with owners in their capacity as owners** | | | | | | | |
| Share-based payments | 33 | - | 631 | - | - | - | 631 |
| Dividends to non-controlling interest in subsidiaries | | - | - | - | - | (67) | (67) |
| | | **-** | **631** | **-** | **-** | **(67)** | **564** |
| **Balance at 30 June 2021** | | **138,325** | **959** | **18,823** | **(46,310)** | **1,187** | **112,984** |
| | | | | | | | |
| **Balance at 1 July 2019 (Re-stated)*** | | **138,325** | **71** | **-** | **24,845** | **177** | **163,418** |
| **Total comprehensive (loss) for the year** | | | | | | | |
| Loss for the year (Re-stated)* | | - | - | - | (23,883) | 125 | (23,758) |
| Other comprehensive loss | | - | (529) | - | - | - | (529) |
| **Total comprehensive (loss) for the year** | | **-** | **(529)** | **-** | **(23,883)** | **125** | **(24,287)** |
| **Transactions with owners in their capacity as owners** | | | | | | | |
| Transfer of reserves | | - | 541 | - | (541) | - | - |
| Transfer to profits reserve | | - | - | 23,640 | (23,640) | - | - |
| Share-based payments | 33 | - | 350 | - | - | - | 350 |
| Dividends to equity holders | 19 | - | - | (4,817) | (4,817) | - | (9,634) |
| Dividends to non-controlling interest in subsidiaries | | - | - | - | - | (70) | (70) |
| | | **-** | **891** | **18,823** | **(28,998)** | **(70)** | **(9,354)** |
| **Changes in ownership interest** | | | | | | | |
| Acquisition of subsidiary with NCI | | - | - | - | - | 814 | 814 |
| **Balance at 30 June 2020 (Re-stated)*** | | **138,325** | **433** | **18,823** | **(28,036)** | **1,046** | **130,591** |

*Certain amounts have been re-stated to reflect adjustments relating to Note 2

The consolidated statement of changes in equity is to be read in conjunction with the notes to the consolidated financial statements

# Notes to the consolidated financial statements

For the year ended 30 June 2021

## 1. Reporting entity

A2B Australia Limited (the "Company") is a company domiciled in Australia. The address of the Company's registered office is 152-162 Riley Street, East Sydney. The Consolidated Financial Statements as at and for the year ended 30 June 2021 comprise the Company and its subsidiaries (together referred to as the "Group"). The Group is a for-profit entity and during the year ended 30 June 2021 was involved in providing technology, payment and Taxi related services.

## 2. Basis of preparation

### Statement of compliance

The Consolidated Financial Statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards ("AASBs") adopted by the Australian Accounting Standards Board ("AASB") and the Corporations Act 2001. The Consolidated Financial statements comply with International Financial Reporting Standards ("IFRSs") adopted by the International Accounting Standards Board ("IASB").

The Consolidated Financial Statements were authorised for issue by the Board of Directors on 26 August 2021.

### Going concern

The financial report has been prepared on a going concern basis. In determining the appropriateness of the basis of preparation, the Directors have considered the impact of COVID-19 on the Group's operations and in particular the next 12 months from the date of which the financial report is authorised for issue.

In FY21 the Group implemented a range of measures aimed at preserving liquidity in the near term that resulted in $11 million in cost savings. These measures include reduced employee expenses ($5m), marketing expenses ($1.3m), technology and communication expenses ($1.5m) and travel expenses ($1.2m).

As of 30 June 2021, the Group had access to $36.9 million in liquidity, with $11.9 million in cash and $25 million of undrawn bank facilities. The Group's existing finance facility has a limit of $25 million and expires on 1 July 2023.

Management has prepared cash flow forecast scenarios that present plausible downside scenarios, mainly driven by prolonged lockdowns arising from the impact of COVID-19. The business is expected to retain a strong cash flow position through continued cost saving initiatives and closely monitoring credit balances. 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.

### Basis of measurement

The Consolidated Financial Statements have been prepared on the historical cost basis except for financial assets (unlisted investments), which are measured at fair value through other comprehensive income.

### Functional and presentation currency

These Consolidated Financial Statements are presented in Australian dollars, which is the Company's functional currency and the functional currency of the majority of the Group entities.

The Company is of a kind referred to in ASIC Corporation 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.

### Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

### Use of estimates and judgements

The preparation of Consolidated Financial Statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the Consolidated Financial Statements are described in the following notes:

Note 6 Trade and other receivables
Note 10 Property, plant and equipment
Note 12 Taxi plate licences
Note 13 Goodwill
Note 14 Intellectual property

The Group has specifically exercised judgement in evaluating the impact of COVID-19 on the areas noted above.

### Transactions eliminated on consolidation

Intra-group balances, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the Consolidated Financial Statements.

### Amended Accounting Standard not yet adopted

The amended Accounting Standard below is effective for annual periods beginning after 1 July 2021 and earlier application is permitted; however, the Group has not early adopted the amended standards in preparing these consolidated financial statements. This amended standard is not expected to have a significant impact on the Group's financial statements.

- Classification of Liabilities as Current or Non-current (Amendments to AASB 101)

### Changes to significant accounting policy

#### Software-as-a-Service (SaaS) arrangements

The International Financial Reporting Standards Interpretations Committee (IFRIC) has issued two final agenda decisions which impact SaaS arrangements:

• *Customer's right to receive access to the supplier's software hosted on the cloud* (March 2019) – this decision considers whether a customer receives a software asset at the contract commencement date or a service over the contract term.
• *Configuration or customisation costs in a cloud computing arrangement* (April 2021) – this decision discusses whether configuration or customisation expenditure relating to SaaS arrangements can be recognised as an intangible asset and if not, over what time period the expenditure is expensed.

The Group's accounting policy has historically been to capitalise costs related to SaaS arrangements as intangible assets in the Statement of Financial Position. The adoption of the above agenda decisions has resulted in these intangible assets to recognition being recognised as an expense in the Statement of Comprehensive Income, impacting both the current and/or prior periods presented.

The new accounting policy is presented in Note 14.

Historical financial information has been restated to account for the impact of the change in accounting policy in relation to SaaS arrangements, as follows:

**Consolidated statement of financial position**

| Balance at 30 June 2020 | As previously reported $'000 | Adjustments $'000 | As re-stated $'000 |
|---|---|---|---|
| Current tax assets | - | 282 | 282 |
| **Total current assets** | **66,972** | **282** | **67,254** |
| Net deferred tax assets | 6,122 | 27 | 6,149 |
| Intellectual property | 22,328 | (1,044) | 21,284 |
| **Total non-current assets** | **123,694** | **(1,017)** | **122,677** |
| **Total assets** | **190,666** | **(735)** | **189,931** |
| Current tax liabilities | 4 | (4) | - |
| **Total current liabilities** | **42,073** | **(4)** | **42,069** |
| **Total liabilities** | **59,344** | **(4)** | **59,340** |
| **Net assets** | **131,322** | **(731)** | **130,591** |
| Retained earnings | (27,305) | (731) | (28,036) |
| **Total equity** | **131,322** | **(731)** | **130,591** |

| Balance at 1 July 2019 | As previously reported $'000 | Adjustments $'000 | As re-stated $'000 |
|---|---|---|---|
| Intellectual property | 21,185 | (953) | 20,232 |
| **Total non-current assets** | **114,452** | **(953)** | **113,499** |
| **Total assets** | **214,908** | **(953)** | **213,955** |
| Current tax liabilities | 1,120 | (286) | 834 |
| **Total current liabilities** | **49,261** | **(286)** | **48,975** |
| **Total liabilities** | **50,822** | **(286)** | **50,536** |
| **Net assets** | **164,086** | **(667)** | **163,419** |
| Retained earnings | 25,513 | (667) | 24,846 |
| **Total equity** | **164,086** | **(667)** | **163,419** |

**Consolidated statement of comprehensive income**

| Year ended 30 June 2020 | As previously reported $'000 | Adjustments $'000 | As re-stated $'000 |
|---|---|---|---|
| General and administrative expenses | (40,198) | (181) | (40,379) |
| Amortisation | (3,720) | 91 | (3,629) |
| **Results from operating activities** | **(24,535)** | **(90)** | **(24,625)** |
| **(Loss) before income tax** | **(25,874)** | **(90)** | **(25,964)** |
| Income tax benefit | 2,179 | 27 | 2,206 |
| **(Loss) after tax for the year** | **(23,695)** | **(63)** | **(23,758)** |
| **Total comprehensive (loss) for the year** | **(24,224)** | **(63)** | **(24,287)** |

There is no impact on Basic and diluted EPS.

**Consolidated statement of cash flows**

| Year ended 30 June 2020 | As previously reported $'000 | Adjustments $'000 | As re-stated $'000 |
|---|---|---|---|
| Payments to suppliers, licensees and employees | (949,794) | (181) | (949,975) |
| **Net cash provided by operating activities** | **37,975** | **(181)** | **37,794** |
| Payments for development of intellectual property | (5,694) | 181 | (5,513) |
| **Net cash (used in) investing activities** | **(18,340)** | **181** | **(18,159)** |

## 3. Revenue and other income

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control over a product or service to a customer.

The following is a description of the Group's principal activities from which the Group generates its revenue:

### Taxi service fee income

Taxi service fee income is derived from Taxi payments processed through the A2B Payment System and is disclosed net of Goods and Services Tax (GST) and third party credit card fees. As the Group acts in the capacity of an agent, the revenue represents only the fee received on the transaction, although the Group is exposed to credit risk on the full amount of the Taxi payments proceeds. Taxi service fee income is recognised at the point in time when the payment is processed.

### Network subscription fee and Taxi plate licence incomes

Network subscription fee and Taxi plate licence incomes are billed every month in advance. Revenue is recognised over the period when the services are provided. Operating revenue receipts relating to services performed in the period beyond the current financial year are shown in the Consolidated Statement of Financial Position as contract liabilities under the heading of Current liabilities – Contract liabilities, trade and other payables, refer to Note 15.

### Other Taxi related services income

Other Taxi related services income is generated from fit-out of vehicles as Taxis, repair and replacement of in-vehicle Taxi equipment. Revenue is recognised over the period when the services are provided, or a point in time when the Group has transferred the control to the buyer through ownership, generally when the customer has taken delivery of the goods.

### Taxi operating income

Taxi operating income is derived from the rental of vehicles to Independent Drivers. This revenue is recognised at a point in time or over time when services are rendered, whichever is applicable.

### Courier service income

Courier service income is generated from providing courier dispatch services to Customers, of which revenue is recognised at point in time when services are rendered. Revenue is also generated from subscriptions by courier agents, which is recognised over the period when the services are rendered.

### Insurance commission revenue

Insurance commission revenue comprised of brokerage fees received from referral to insurance products. Revenue is recognised at point in time when the referral has been fully rendered.

### Hardware sales

Sales of hardware is recognised at point in time when the Group has transferred the control to the buyer through ownership, generally when the customer has taken delivery of the goods. Hardware sales primarily relates to sale of Taxi equipment.

### Car sales income

Car sales income is generated through the sale of cars to Taxi Operators. This revenue is recognised at a point in time when the ownership of the car is transferred to Customers.

### School bus route services revenue

School bus route services revenue is based on contracts for these services with State Government. It is billed weekly in arrears and recognised over the period when services are rendered.

### Taxi subsidy scheme revenue

The Taxi Subsidy Scheme (TSS) revenue is derived from providing services to issue TSS cards and process Taxi travel transactions of TSS participants in some States and Territories. It is billed monthly in arrears and is recognised over the period when services are rendered.

### Software consulting and licence income

Software consulting and licence income is derived through the provision of a software license to a licensee for the return of a fixed fee. Software consulting income is derived in relation to payment consulting and software development. It is recognised over time when services are rendered.

### Other revenue

Other revenue is generated from ancillary Taxi operations. It is recognised at a point in time or over time, whichever is applicable, when services are rendered.

### Interest on finance lease receivables

Interest earned on vehicle and insurance loans is recognised on a basis reflecting a constant periodic return based on the lessor's net investment outstanding in respect of the loan.

### Taxi equipment and terminal rental income

Taxi equipment and terminal rental income is derived from the rental of Taxi equipment and payment terminals. This revenue is recognised at a point in time or over time when services are rendered, whichever is applicable.

## Revenues

| | 2021 $'000 | 2020 $'000 |
|---|---|---|
| **Revenue from contracts with customers** | | |
| Taxi service fee income | 22,666 | 32,806 |
| Network subscription fee income | 31,140 | 60,735 |
| Brokered taxi plate licence income | 1,517 | 18,300 |
| Owned taxi plate licence income | 115 | 3,207 |
| Other taxi related services income | 3,300 | 5,172 |
| Taxi operating income | 11,381 | 12,349 |
| Courier service income | 4,984 | 4,564 |
| Insurance commission revenue | 1,069 | 1,064 |
| Hardware sales | 55 | 769 |
| Car sales income | 5,514 | 5,246 |
| School bus route services income | 6,042 | 5,758 |
| Taxi Subsidy Scheme Revenue | 2,611 | 1,845 |
| Software consulting and licence income | 5,394 | 6,063 |
| Other | 11,314 | 7,045 |
| **Total revenue from contracts with customers** | **107,102** | **164,923** |
| | | |
| **Other revenue** | | |
| Interest on finance lease receivables and others | 1,387 | 1,256 |
| Taxi equipment and terminal rental income | 4,884 | 4,715 |
| **Total other revenue** | **6,271** | **5,971** |
| **Total revenue** | **113,373** | **170,894** |

For more information about receivables and contract liabilities from contract with customers, refer Note 6 and 15, respectively.

The Group has elected to apply the following practical expedient under AASB 15 whereby information on future performance obligations has not been disclosed as performance obligations form part of a contract that has an original expected duration of one year or less.

### Other income

| | 2021 $'000 | 2020 $'000 |
|---|---|---|
| **Non-operating activities** | | |
| Government grants | 17,643 | 8,716 |
| Gain on disposal of property, plant and equipment | 349 | 294 |
| **Total other income** | **17,992** | **9,010** |

## Government grants

The Group has recognised Government grants (JobKeeper payment and industry stimulus support package) at their fair value where there is a reasonable assurance that grants will be received.

In FY21 the Group received Government grants amounting to $18,115,000 (FY20 $8,716,000) where the amount of $17,643,000 is presented as part of other income (FY20 $8,716,000) and the amount of $472,000 is recognised as deferred income (FY20: nil) as it is related to the capitalised development costs and amortised over the useful life of the projects.

## Total turnover

Total turnover does not represent revenue in accordance with Australian Accounting Standards. Total turnover represents the value of Taxi hire charges (fares) paid through the Cabcharge Payment System plus Cabcharge's Taxi service fee plus the Group’s revenue from other sources. A2B's credit risk is based on turnover rather than revenue.

The receipts from customers and others as disclosed in the consolidated statement of cash flows includes the total turnover.

## 4. Finance income

Finance income comprises interest income on funds invested and foreign currency gains. Interest income is recognised as it accrues using the effective interest method.

| | 2021 $'000 | 2020 $'000 |
|---|---|---|
| **Finance income** | | |
| Interest income | 16 | 77 |
| **Total finance income** | **16** | **77** |

## 5. Income tax expense

Income tax expense comprises current and deferred tax. Income tax expense is recognised except to the extent that it relates to a business combination or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

A2B Australia Limited and its wholly owned Australian resident subsidiaries form a tax consolidated group. The current tax rate applicable to the group is 30%.

### Amounts recognised in profit and loss

| | 2021 $'000 | 2020* $'000 (Re-stated) |
|---|---|---|
| **Current income tax benefit** | | |
| Current year | (6,517) | (1,933) |
| Adjustment for prior years | (398) | (386) |
| | (6,915) | (2,319) |
| **Deferred tax expense** | | |
| Origination and reversal of temporary differences | (519) | (1,373) |
| Utilisation of previously unbooked tax losses | (103) | - |
| Derecognition of previouly recognised tax losses | - | 1,486 |
| **Total income tax (benefit)** | **(7,537)** | **(2,206)** |

*Certain amounts have been re-stated to reflect adjustments relating to Note 2

### Amounts recognised in other comprehensive income

| | 2021 | | | 2020 | | |
|---|---|---|---|---|---|---|
| | Before tax $'000 | Tax (expense) benefit $'000 | Net of tax $'000 | Before tax $'000 | Tax (expense) benefit $'000 | Net of tax $'000 |
| Items that may be reclassified subsequently to profit or loss: | | | | | | |
| Foreign exchange translation differences | (128) | - | (128) | 52 | - | 52 |
| | **(128)** | **-** | **(128)** | **52** | **-** | **52** |
| Items that will not be reclassified to profit or loss: | | | | | | |
| Net change in fair value of financial assets | 333 | (100) | 233 | 651 | (174) | 477 |
| | **333** | **(100)** | **233** | **651** | **(174)** | **477** |
| | **205** | **(100)** | **105** | **703** | **(174)** | **529** |

Numeric of reconciliation between tax expense and pre-tax profit

| | 2021 $'000 | 2020* $'000 (Re-stated) |
|---|---|---|
| Profit before tax | (25,603) | (25,964) |
| Prima-facie income tax using the corporate tax rate of 30% (2020: 30%) | (7,681) | (7,789) |
| Effect of tax rates in foreign jurisdiction | (85) | (16) |
| Add tax effect of: | | |
| Non-deductible depreciation | 213 | 101 |
| Non-allowable impairment charges | 564 | 4,495 |
| Other non-allowable items | 23 | 82 |
| Less tax effect of: | | |
| Rebateable fully franked dividends | (70) | (95) |
| Tax exempt dividends | - | (60) |
| Utilisation of previously unbooked tax losses | (103) | (24) |
| Adjustment for prior years - tax payable | (398) | (386) |
| Derecognition of previouly recognised tax losses | - | 1,486 |
| **Income tax (benefit)** | **(7,537)** | **(2,206)** |
| **Effective tax rate on pre-tax profit** | **29.4%** | **8.5%** |

*Certain amounts have been re-stated to reflect adjustments relating to Note 2

## 6. Trade and other receivables

Trade receivables are recognised initially at the value of the invoice sent to the Customer and subsequently at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses are recognised in profit or loss. Any gains or losses on derecognition is recognised in profit or loss. The Group derecognises a financial asset when contractual rights to the cash flows from the financial assets expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial assets are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

### Finance lease receivables

When the Group is the lessor in a lease agreement that transfers substantially all of the risks and rewards incidental to ownership of an asset to the lessee, the arrangement is classified as a finance lease and a receivable equal to the net investment in the lease is recognised and presented within trade and other receivables.

### Impairment

The Group has considered the increased risk arising from the economic impacts of the COVID-19 pandemic. The Group has specifically assessed the circumstances of individual customers in the current environment, resulting in a material year on year increase in the level of accumulated losses relative to the gross trade receivables balance. Specific doubtful debt provision accounts for most of the Group's allowance for impairment as at 30 June 2021.

In addition, the Group recognises an allowance for expected credit losses using the simplified approach allowed under AASB 9. Expected credit losses are based on the difference between the contractual cash flows due and all the cash flows that the Group expects to receive. The collective loss allowance is determined based on the historical default rate

### Write-off

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

| | 2021<br>$'000 | 2020<br>$'000 |
|---|---|---|
| **Current** | | |
| Trade receivables | 42,688 | 30,430 |
| Accumulated impairment losses | (7,366) | (6,323) |
| Finance lease receivables | 3,237 | 3,139 |
| Other receivables | 6,061 | 6,971 |
| | **44,620** | **34,217** |
| **Non-current** | | |
| Finance lease receivables | 5,841 | 5,624 |
| | **5,841** | **5,624** |
| **Movement in allowance for impairment** | | |
| **Opening balance** | **(6,323)** | **(2,275)** |
| Net remeasurement in allowance for impairment | (1,106) | (6,199) |
| Amount written off as uncollectable | 63 | 2,151 |
| **Closing balance** | **(7,366)** | **(6,323)** |

### Ageing of trade receivables

| | 2021 | | | 2020 | | |
|---|---|---|---|---|---|---|
| | Gross<br>$'000 | Impairment<br>$'000 | Net<br>$'000 | Gross<br>$'000 | Impairment<br>$'000 | Net<br>$'000 |
| Not past due | 27,773 | (312) | 27,461 | 19,733 | (1,662) | 18,071 |
| Past due 1 - 30 days | 3,025 | (406) | 2,619 | 2,566 | (142) | 2,424 |
| Past due 31 - 60 days | 2,178 | (267) | 1,911 | 1,608 | (316) | 1,292 |
| Past due 61 - 90 days | 3,055 | (279) | 2,776 | 1,840 | (422) | 1,418 |
| Past due over 90 days | 6,657 | (6,102) | 555 | 4,683 | (3,781) | 902 |
| | **42,688** | **(7,366)** | **35,322** | **30,430** | **(6,323)** | **24,107** |

The Group’s credit risk management policies are outlined in Note 31. There have been no changes to the credit risk management policies during the year.

### Finance lease receivables

| | 2021 | | | 2020 | | |
|---|---|---|---|---|---|---|
| | Future minimum lease payments<br>$'000 | Interest<br>$'000 | Present value of minimum lease payments<br>$'000 | Future minimum lease payments<br>$'000 | Interest<br>$'000 | Present value of minimum lease payments<br>$'000 |
| Less than one year | 4,068 | 831 | 3,237 | 3,887 | 748 | 3,139 |
| Between one and five years | 6,616 | 775 | 5,841 | 6,359 | 735 | 5,624 |
| | **10,684** | **1,606** | **9,078** | **10,246** | **1,483** | **8,763** |

There have been no unguaranteed residual values. No lease payments are considered uncollectable at the reporting date.

No credit terms have been re-negotiated with Customers. Collateral is held in the case of finance lease receivables, where the Group holds a lien over the leased asset. The market value of such collateral is not expected to vary materially from the net investment value of the finance lease receivables.

There has been no change in credit risk policies during the financial year.

## 7. Inventories

Inventories are measured at the lower of cost and net realisable value. Costs are assigned on a first-in, first-out basis and include direct materials and the cost of purchase. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

| | 2021 $'000 | 2020 $'000 |
|---|---|---|
| Motor vehicles - at cost | 418 | 337 |
| Parts, safety cameras and sundries - at cost | 2,853 | 2,672 |
| | 3,271 | 3,009 |

In 2021, inventories of $7,743,000 (2020: $9,315,000) were recognised as an expense during the year and included in "cost of cars and hardware sold" and "other taxi related costs".

## 8. Financial assets

Unlisted equity investments are recognised initially and subsequently at each reporting date at fair value. Unrealised gains and losses arising from changes in fair value are recognised in other comprehensive income and presented in the fair value reserve in equity. There is no subsequent reclassification of fair value gains and losses to profit or loss on derecognition of the investment. Dividends from these investments are recognised in profit or loss when the Group's right to receive payments is established.

These unlisted investments are primarily investments in unrelated Taxi Network operations where the shareholding held by the Group is not sufficient to demonstrate significant influence. The Group has no intention to dispose of these unlisted investments in the foreseeable future.

| | 2021 $'000 | 2020 $'000 |
|---|---|---|
| **Unlisted investments** | | |
| Shares in other corporations | 977 | 1,298 |
| | **977** | **1,298** |

## 9. Business combination

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

### Gold Coast Cabs

On 2 July 2019 the Group acquired the business operations and various assets of Gold Coast Cabs ("GCC") for a purchase consideration of $2.4 million. GCC is the Taxi network and operations business of Regent Taxis Ltd and has been trading for over 80 years on the Gold Coast providing transport services from Coolangatta to Omeau. The assets of GCC include a 33.3% share in Tweed Heads Coolangatta Taxi Service Pty Ltd ("THCT").

The Group owned a 22.2% share in THCT prior to this acquisition. In accordance with AASB 10, the Group assessed that it had control of THCT on 2 July 2019. The results of the acquired business have been consolidated in the Group results from 2 July 2019.

The Group incurred acquisition related costs of $145,000 included in general administrative expenses.

Goodwill of $1,199,000 is attributable to the knowledge and expertise of the workforce, the location of the business acquired and the synergies expected to be achieved. None of the goodwill recognised is expected to be deductible for tax purposes.

The fair value of the identifiable net assets and liabilities acquired as at the date of acquisition were as follows:

| | 2 July 2019<br>$'000 |
|---|---|
| Cash and cash equivalent | 35 |
| Trade and other receivables | 646 |
| Inventory | 34 |
| Other current assets | 26 |
| Investments | 84 |
| Net deferred tax assets | 86 |
| Property, plant and equipment | 1,811 |
| Right-of-use assets | 231 |
| Taxi plates | 492 |
| Trade and other payables | (441) |
| Bank borrowings | (90) |
| Lease liabilities | (231) |
| Current tax liabilities | (8) |
| Employee entitlements | (286) |
| **Fair value of identifiable net assets acquired** | **2,389** |
| **Non-controlling interest*** | **(781)** |
| **Fair value of previously held equity interest** | **(391)** |
| **Consideration paid, satisfied in cash** | **(2,416)** |
| **Goodwill (refer to Note 13)** | **1,199** |

* based on their proportionate interest in the fair value of identifiable net assets acquired.

The remeasurement to fair value of the Group's existing 22.2% interest in THCT resulted in a gain of $197,000 in FY20. This amount has been included in "other comprehensive income".

### Corporate Cabs Pty Ltd business

On 15 January 2020 the Group acquired the business of Corporate Cabs Pty Ltd, for a consideration of $900,000.

Goodwill of $465,000 is attributable to the knowledge and expertise of the workforce, the location of the business acquired and the synergies expected to be achieved. None of the goodwill recognised is expected to be deductible for tax purposes.

The fair value of the identifiable net assets and liabilities acquired as at the date of acquisition were as follows:

| | 15 January 2020 $'000 |
|---|---|
| Inventory | 38 |
| Net deferred tax assets | 50 |
| Property, plant and equipment | 514 |
| Right-of-use assets | 886 |
| Lease liabilities | (886) |
| Employee entitlements | (167) |
| **Fair value of identifiable net assets acquired** | **435** |
| **Consideration paid, satisfied in cash** | **(900)** |
| **Goodwill (refer to Note 13)** | **465** |

### Taxi Industry (Australia) Insurance Brokers Pty Ltd ("TIAIB")

On 1 June 2020 TIAIB cancelled 540 shares held by Black & White Holdings Limited by way of a selective-share buy-back for a consideration of $100,000. Immediately following the selective-share buy-back and shares cancellation, the Group holds a majority of TIAIB's share capital (61.6%).

Goodwill of $115,000 resulted from this selective-share buy-back and cancellation of shares.

The fair value of the identifiable net assets and liabilities acquired as at the date of acquisition were as follows:

| | 1 June 2020 $'000 |
|---|---|
| Cash and cash equivalent | 62 |
| Trade and other receivables | 47 |
| Other current assets | 3 |
| Investments in other company | 25 |
| Trade and other payables | (35) |
| Current tax liabilities | (18) |
| **Fair value of identifiable net assets acquired** | **84** |
| **Non-controlling interest*** | **(32)** |
| **Fair value of previously held equity interest** | **(167)** |
| **Goodwill (refer to Note 13)** | **115** |

* based on their proportionate interest in the fair value of identifiable net assets acquired.

The remeasurement to fair value of the Group's existing 45% interest in TIAIB resulted in a loss of $67,000 in FY20. This amount has been included in "other comprehensive income".

## 10. Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the item.

### Depreciation

Items of property (excluding freehold land), plant and equipment are depreciated at rates based upon their expected useful lives using the straight-line method. Leased assets are depreciated over the shorter of the lease term and their useful lives.

The estimated useful lives of each major class of asset for the current and comparative periods are:

| | |
|---|---|
| ▪ Buildings | 40 to 50 years |
| ▪ Leasehold improvements | 10 years |
| ▪ Furniture, fittings, plant and equipment | 3 to 8 years |
| ▪ EFTPOS Equipment | 4 to 8 years |

Depreciation methods, useful lives and residual values are reassessed at each reporting date.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within other income/other expense in profit or loss.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred.

### Impairment testing

The property, plant and equipment is allocated to the two groups of Cash Generating Units (CGU) according to business operation and assessed for impairment based on the methodology described in Note 13.

If the recoverable amount of specific property, plant and equipment is identified to be less than its carrying value, an impairment charge is recognised in the profit or loss, and the carrying value of the asset written-down to its recoverable amount. Should the recoverable amount increase in future periods the carrying value may be adjusted to the lower of the recoverable value or the amortised cost of the asset had it not been impaired.

### Independent valuations of interests in land and buildings

In monitoring market values for the Group's interest in land and buildings the directors have relied upon independent valuations from registered qualified valuers. The last market valuations were completed in August 2021. The properties included in the independent valuations are subject to mortgage security to secure the Group's bank loan facilities.

Amounts disclosed below represent the fair value of the Group's interest in land and buildings, as determined at the time of the most recent independent valuation report. Independent registered qualified valuers are engaged to perform the valuations. The values are determined based on the highest and best use of each property.

The fair value disclosure has been categorised as a Level 3 fair value based on certain unobservable inputs to the valuation techniques used. The valuers have used either a capitalisation of net income approach or a direct comparison approach to determine the fair value. The significant inputs to the capitalisation of net income approach included the forecast net income, adopted capitalisation rate and the discount rate. The significant inputs to the direct comparison approach included the land value range per square metre and the estimated demolition costs.

The fair values determined by the independent registered qualified valuers are sensitive to changes in these significant inputs, amongst others. However, overall the fair value of the Group's interest in land and buildings is significantly higher than the book value of these interests as noted below:

Book value of properties subject to an independent valuation: $10,656,000
Fair value of properties subject to an independent valuation: $81,080,000

The above market valuations do not consider the potential impact of capital gains tax

| | Land & buildings | Furniture, fittings, plant and equipment | Eftpos equipment | Total |
|---|---|---|---|---|
| | $'000 | $'000 | $'000 | $'000 |
| **2021 year:** | | | | |
| **Cost** | | | | |
| Opening balance | 15,817 | 77,688 | 43,909 | 137,414 |
| Additions | 493 | 1,786 | 659 | 2,938 |
| Disposals | (18) | (1,429) | - | (1,447) |
| Closing balance | 16,292 | 78,045 | 44,568 | 138,905 |
| **Accumulated depreciation** | | | | |
| Opening balance | (4,859) | (56,953) | (35,862) | (97,674) |
| Depreciation expense | (795) | (6,080) | (2,039) | (8,914) |
| Disposals | 18 | 654 | - | 672 |
| Closing balance | (5,636) | (62,379) | (37,901) | (105,916) |
| **Net Book Value** | | | | |
| Opening balance | 10,958 | 20,735 | 8,047 | 39,740 |
| **Closing balance** | **10,656** | **15,666** | **6,667** | **32,989** |
| **2020 year:** | | | | |
| **Cost** | | | | |
| Opening balance | 14,518 | 70,029 | 43,834 | 128,381 |
| Additions | 268 | 9,333 | 1,941 | 11,542 |
| Additions through acquisition | 1,031 | 1,295 | - | 2,326 |
| Reclassification | - | | - | - |
| Disposals | - | (2,969) | (1,866) | (4,835) |
| Closing balance | 15,817 | 77,688 | 43,909 | 137,414 |
| **Accumulated depreciation** | | | | |
| Opening balance | (4,036) | (51,497) | (33,925) | (89,458) |
| Depreciation expense | (823) | (6,820) | (3,443) | (11,086) |
| Reclassification | | | | - |
| Disposals | - | 1,364 | 1,506 | 2,870 |
| Closing balance | (4,859) | (56,953) | (35,862) | (97,674) |
| **Net Book Value** | | | | |
| Opening balance | 10,482 | 18,532 | 9,909 | 38,923 |
| **Closing balance** | **10,958** | **20,735** | **8,047** | **39,740** |

## 11. Deferred tax assets and liabilities

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences relating to investments in subsidiaries and associates to the extent that the Group is able to control the timing or reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Deferred tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences and tax losses can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the Group will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

Recognised deferred tax assets and liabilities and the movements in these balances are set out below:

| | Opening balance $'000 | Charged to income $'000 | Charged to OCI $'000 | Charged to equity $'000 | Acquisitions / (Transfer) $'000 | Closing balance $'000 |
|---|---|---|---|---|---|---|
| **2021 year:** | | | | | | |
| Accumulated impairment losses - receivables | 1,790 | 310 | - | - | - | 2,100 |
| Financial assets (unlisted investment) | 186 | - | 100 | - | - | 286 |
| Employee entitlements | 3,180 | 8 | - | - | - | 3,188 |
| Accruals | 229 | 182 | - | - | - | 411 |
| Tax losses** | 2,086 | 6,831 | - | - | (5,381) | 3,536 |
| Prepayments | (470) | 101 | - | - | - | (369) |
| Intellectual property | (538) | - | - | - | - | (538) |
| Other taxable temporary differences | (314) | (82) | - | - | - | (396) |
| | **6,149** | **7,350** | **100** | **-** | **(5,381)** | **8,218** |

| | Opening balance $'000 | Charged to income $'000 | Charged to OCI $'000 | Charged to equity $'000 | Acquisitions $'000 | Closing balance $'000 |
|---|---|---|---|---|---|---|
| **2020 year: (Re-stated)*** | | | | | | |
| Accumulated impairment losses - receivables | 683 | 1,107 | - | - | - | 1,790 |
| Financial assets (unlisted investment) | 214 | - | 174 | (202) | - | 186 |
| Employee entitlements | 3,067 | (23) | - | - | 136 | 3,180 |
| Accruals | 140 | 89 | - | - | - | 229 |
| Tax losses** | 1,455 | 631 | - | - | - | 2,086 |
| Prepayments | (376) | (94) | - | - | - | (470) |
| Intellectual property | (675) | 137 | - | - | - | (538) |
| Other taxable temporary differences | (397) | 83 | - | - | - | (314) |
| | **4,111** | **1,930** | **174** | **(202)** | **136** | **6,149** |

*Certain amounts have been re-stated to reflect adjustments relating to Note 2
**Based on cash flow projections, the Group determined that tax losses recognised as deferred tax assets at 30 June 2021 will be recovered in future periods. The Group has chosen to carry back tax loss to earlier years which resulted in the $5,381,000 of tax losses reclassified as current tax assets as at 30 June 2021.

## 12. Taxi plate licences

Taxi and other licences acquired separately are reported at cost less accumulated amortisation and impairment losses. Taxi and other licences with finite useful lives are amortised on a straight-line basis over their estimated useful lives of 50 years in current and comparative periods. Taxi and other licences with indefinite useful lives are not amortised. Such assets are tested for impairment in accordance with the accounting policy.

### Impairment testing

Taxi plate licences with indefinite useful lives are tested for impairment annually, and whenever there is any indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

## Composition and movement

| | Indefinite life | Finite life | | |
|---|---|---|---|---|
| | | 50 year renewable | 10 year | Total |
| | $'000 | $'000 | $'000 | $'000 |
| **2021 year:** | | | | |
| **Cost** | | | | |
| Opening balance | **2,879** | **2,506** | **3,356** | **8,741** |
| Additions | - | - | - | - |
| Impairment | (1,568) | (311) | - | (1,879) |
| Disposals | - | - | - | - |
| Closing balance | **1,311** | **2,195** | **3,356** | **6,862** |
| **Accumulated amortisation** | | | | |
| Opening balance | **-** | **(2,147)** | **(3,319)** | **(5,466)** |
| Amortisation expense | - | (47) | - | (47) |
| Disposals | - | - | - | - |
| Closing balance | **-** | **(2,194)** | **(3,319)** | **(5,513)** |
| **Net book value** | | | | |
| Opening balance | 2,879 | 359 | 37 | 3,275 |
| **Closing balance** | **1,311** | **1** | **37** | **1,349** |
| **2020 year:** | | | | |
| **Cost** | | | | |
| Opening balance | **15,756** | **3,709** | **3,319** | **22,784** |
| Additions | - | - | - | - |
| Additions through acquisition | 455 | - | 37 | 492 |
| Impairment | (13,332) | (1,203) | - | (14,535) |
| Disposals | - | - | - | - |
| Closing balance | **2,879** | **2,506** | **3,356** | **8,741** |
| **Accumulated amortisation** | | | | |
| Opening balance | **-** | **(2,006)** | **(3,319)** | **(5,325)** |
| Amortisation expense | - | (141) | - | (141) |
| Disposals | - | - | - | - |
| Closing balance | **-** | **(2,147)** | **(3,319)** | **(5,466)** |
| **Net book value** | | | | |
| Opening balance | 15,756 | 1,703 | - | 17,459 |
| **Closing balance** | **2,879** | **359** | **37** | **3,275** |

## Impairment considerations

After assessing the recoverable amount of Taxi plate licences based on value-in-use, using a discounted projected cash flow model, the Group determined that an impairment charge of $1,879,000 was required (FY20 $14,535,000). To determine value-in-use, 5 scenarios of free cash flows have been prepared based on estimated Taxi plate licence income for the forthcoming year plus annual growth of between -15% to 5% for years 2 to 5 based on expected market conditions with weights of between 10% to 30% (FY20 between 0% to 20% for years 2 to 5 with weights of between 10% to 50%) and a long term growth rate of between -20% to 0% after 5 years (FY20 0%). A post-tax discount rate of 9.5% (FY20 9.5%) was applied in determining recoverable amount. This long term growth rate reflects an estimation of the long term rental income growth for taxi plates and the discount rate is based on comparable industry market assumptions for the risk free rate, the market risk premium, the cost of debt, the beta and an additional risk weighting for these assets. Following the impairment charge, the recoverable amount of Taxi plate licences approximates the carrying value. An increase of 100 basis points in post-tax discount rate would result in further impairment of $44,000 and a decrease of 100 basis points in the long term growth rate would result in further impairment of $13,000.

## 13. Goodwill

Goodwill arising on the acquisition of a subsidiary is included in intangible assets. For the measurement of goodwill at initial recognition, refer to Note 9. Goodwill is subsequently measured at cost less accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Following changes in the way the business is managed and at what level performance of goodwill is monitored, two (previously three) groups of cash generating units have been identified against which goodwill has been allocated and for which impairment testing has been undertaken. The two groups of cash generating units are Mobility Services (previously Taxi Network) and Mobility Platforms (includes Cabcharge Payments and Mobile Technologies International). Comparatives have been restated with the goodwill allocation to the new groups of cash generating units presented below.

### Impairment considerations

For the purpose of impairment testing, goodwill is allocated to groups of Cash Generating Units (CGU), according to business operation and / or geography of operation, which represent the lowest level at which the goodwill is monitored for internal management purposes.

Goodwill is allocated to the Group's CGU's as set out below and assessment of the recoverable amount for each CGU has been performed on a value-in-use basis using discounted cash flow projections. Although this approach is consistent with prior years some adjustments have been made to reflect current uncertainties about the impact of COVID-19 on the broader economy, trajectory of the economic recovery and the impact on the Group.

The impairment tests of the goodwill allocated to each CGU as per 30 June 2021 was based on five different scenarios for the 5-year period FY22-FY26. A base case scenario was prepared based on a forecast EBITDA for the forthcoming year, COVID-19 recovery assumptions for years 1 and 2 and an annual growth rate of 2.1% for year 5 and a long-term growth rate of 2.1% (FY20 2.1%). For the base scenario, this resulted in a compound annual EBITDA growth rate over the 7 years from FY19 (being unaffected by Covid-19) to the FY26 terminal year of -1.0% for the Mobility Services CGU, and 1.2% for the Mobility Platforms CGU. A post-tax discount rate of 9.5% (FY20 9.5%) was applied in determining recoverable amount. The long-term growth rate reflects the general estimated long term Australian economic growth and the discount rate is based on comparable industry market assumptions for the risk free rate, the market risk premium, the cost of debt and the beta.

Under two high case scenarios cash flow improvements of 10% and 20% relative to the base case have been assumed. Under two low case scenarios cash flow declines of 20% and 40% relative to the base case have been assumed. A weighting of 50% is applied to the base case scenario, with the residual weightage equally allocated between the high case and low case scenarios.

For the Mobility Platforms CGU group, a reasonably possible unfavourable change in assumptions would not result in an impairment.

The valuation of the Mobility Services CGU assumes growth driven by an increased fleet and associated revenue. The recoverable amount of the Mobility Services CGU currently exceeds its carrying value in the base case model by $7.5m. This is based on a compound annual growth rate of -1% for EBITDA over the period from FY19 (being unaffected by COVID-19) to the FY26 terminal year, as used in the base case scenario noted above. A number of scenarios have been analysed and based on the modelling and analysis performed the recoverable amount of the Mobility Services CGU is expected to be greater than it’s carrying value.

Management has identified that a reasonably possible unfavourable change in the five-year compound annual EBITDA growth rate, long term growth rate and discount rate assumptions in isolation and in the absence of any mitigating factors would result in the carrying value of the Mobility Services CGU becoming equal to the recoverable amount.

Individual changes in key assumptions used in the base case model that would result in nil headroom would be a decrease to -1.8% in the 7-year compound annual EBITDA growth rate, a decrease to 1.5% in the long-term growth rate and an increase to 10.1% in the post-tax discount rate.

| | | Goodwill allocated | | Impairment loss | |
|---|---|---|---|---|---|
| | CGU | 2021 | 2020 | 2021 | 2020 |
| | | $'000 | $'000 | $'000 | $'000 |
| Mobility Services | MS | 22,954 | 22,954 | - | - |
| Mobility Platforms | MP | 4,533 | 4,533 | - | - |
| | | **27,487** | **27,487** | **-** | **-** |

| | MS | MP | Total |
|---|---|---|---|
| | $'000 | $'000 | $'000 |
| **2021 year:** | | | |
| **Cost** | | | |
| Opening balance | 22,954 | 4,533 | 27,487 |
| Additions through acquisition | - | | - |
| Impairment loss | - | - | - |
| **Closing balance** | **22,954** | **4,533** | **27,487** |
| **2020 year:** | | | |
| **Cost** | | | |
| Opening balance | 21,175 | 4,533 | 25,708 |
| Additions through acquisition | 1,779 | - | 1,779 |
| Impairment loss | - | - | - |
| **Closing balance** | **22,954** | **4,533** | **27,487** |

## 14. Intellectual property

### Intangible assets acquired in a business combination

Intangible assets acquired in a business combination primarily relating to customer contracts, software, trademarks and brand names are identified and recognised separately from goodwill where they satisfy the definition of an intangible asset and their fair values can be measured reliably. The cost of such intangible assets is their fair value at the acquisition date.

Trademarks are considered to have indefinite useful lives and such assets are tested for impairment in accordance with the policy below.

### Software-as-a-Service (SaaS) arrangements

SaaS arrangements are service contracts providing the Group with the right to access the cloud provider's application software over the contract period. As such the Group does not receive a software intangible asset at the contract commencement date.

The following outlines the accounting treatment of costs incurred in relation to SaaS arrangements:

| | |
|---|---|
| Recognise as an operating expense over the term of the service contract | • Fee for use of application software<br>• Customisation costs |
| Recognise as an operating expense as the service is received | • Configuration costs<br>• Data conversion and migration costs<br>• Testing costs<br>• Training costs |

Costs incurred for the development of software code that enhances or modifies, or creates additional capability to, existing on-premise systems and meets the definition of and recognition criteria for an intangible asset are recognised as intangible software assets.

### Capitalised development costs

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalised includes the cost of materials, direct labour, borrowing and overhead costs that are directly attributable to preparing the asset for its intended use. Other development expenditure is recognised in profit or loss when incurred.

Capitalised development expenditure is measured at cost less accumulated amortisation and impairment losses.

### Amortisation

Items of intellectual property are amortised at rates based upon their estimated useful lives using the straight-line method, and this amortisation is recognised in profit or loss.

The estimated useful lives for current and comparative periods are as follows:

| | |
|---|---|
| Customer contracts | 5 to 8 years |
| Software | 5 years |
| Capitalised development costs (Internally developed applications) | 4 to 8 years |

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

### Impairment testing

The intellectual property is allocated to the two groups of Cash Generating Units (CGU) according to business operation and assessed for impairment based on the methodology described in Note 13.

Intangible assets with indefinite useful lives and capitalised development costs (Under development) are tested for impairment annually, and whenever there is any indication that the asset may be impaired.

Intangible assets with finite useful lives and capitalised development costs (Internally developed) are tested for impairment whenever there is any indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

| | Indefinite life | Finite life | | | | | |
|---|---|---|---|---|---|---|---|
| | | | | | Capitalised development costs | | |
| | Trademarks | Brands | Customer contracts | Software | Internally developed | Under development | Total |
| | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 |
| **2021 year:** | | | | | | | |
| **Cost** | | | | | | | |
| Opening balance | 944 | 759 | 5,684 | 2,700 | 39,282 | 3,519 | 52,888 |
| Additions - internally developed | - | - | - | - | - | 4,253 | 4,253 |
| Transfer | - | - | - | - | 5,221 | (5,221) | - |
| Closing balance | 944 | 759 | 5,684 | 2,700 | 44,503 | 2,551 | 57,141 |
| **Accumulated amortisation** | | | | | | | |
| Opening balance | - | (759) | (3,774) | (897) | (26,174) | - | (31,604) |
| Amortisation expense | - | - | (560) | (518) | (5,045) | - | (6,123) |
| Closing balance | - | (759) | (4,334) | (1,415) | (31,219) | - | (37,727) |
| **Net book value** | | | | | | | |
| Opening balance | 944 | - | 1,910 | 1,803 | 13,108 | 3,519 | 21,284 |
| **Closing balance** | **944** | **-** | **1,350** | **1,285** | **13,284** | **2,551** | **19,414** |
| **2020 year: (Re-stated)*** | | | | | | | |
| **Cost** | | | | | | | |
| Opening balance | 1,392 | 759 | 5,684 | 2,700 | 31,495 | 6,317 | 48,347 |
| Additions - internally developed | - | - | - | - | | 5,513 | 5,513 |
| Transfer | - | - | - | - | 8,311 | (8,311) | - |
| Impairment | (448) | - | - | - | | - | (448) |
| Written-off | - | - | - | - | (524) | - | (524) |
| Closing balance | 944 | 759 | 5,684 | 2,700 | 39,282 | 3,519 | 52,888 |
| **Accumulated amortisation** | | | | | | | |
| Opening balance | - | (584) | (3,063) | (347) | (24,121) | - | (28,115) |
| Amortisation expense | - | (175) | (711) | (550) | (2,053) | - | (3,489) |
| Closing balance | - | (759) | (3,774) | (897) | (26,174) | - | (31,604) |
| **Net book value** | | | | | | | |
| Opening balance | 1,392 | 175 | 2,621 | 2,353 | 7,374 | 6,317 | 20,232 |
| **Closing balance** | **944** | **-** | **1,910** | **1,803** | **13,108** | **3,519** | **21,284** |

*Certain amounts have been re-stated to reflect adjustments relating to Note 2

## 15. Contract liabilities, trade and other payables

Trade and other payables are recognised at the fair value of the invoice received from the supplier. The carrying value of trade and other payables is considered to approximate fair value.

Contract liabilities primarily relates to revenue arising from network subscription fee income, brokered taxi plate licence income, owned taxi plate licence income, taxi Operating income, interest on vehicle and insurance loans and taxi equipment and terminal rental which have been billed in advance. This will be recognised as revenue when the services are provided to the customers in the following month.

| | 2021<br>$'000 | 2020<br>$'000 |
|---|---|---|
| Trade payables | 12,161 | 7,699 |
| Security deposit | 5,748 | 6,251 |
| Other payables and accruals | 16,596 | 11,015 |
| Contract liabilities | 5,149 | 4,544 |
| | 39,654 | 29,509 |

## 16. Loans and borrowings

Loans and borrowings are recognised at the consideration received, less directly attributable transaction costs, with subsequent measurement at amortised cost using the effective interest rate method.

For more information about the Group's exposure to interest rate and liquidity risk, refer to Note 31.

### Composition

| | 2021<br>$'000 | 2020<br>$'000 |
|---|---|---|
| Unsecured loans | 1,864 | 2,031 |
| | 1,864 | 2,031 |

### Disclosure in the Consolidated Statement of Financial Position

| | 2021<br>$'000 | 2020<br>$'000 |
|---|---|---|
| Current liability | 1,864 | 2,031 |
| | **1,864** | **2,031** |

The unsecured loans are at-call and bear variable interest rates at 1.5% per annum.

For more information about the Group's exposure to interest rate and liquidity risk, refer to Note 31.

## 17. Provisions

### Employee benefits and make good provisions

#### Wages, salaries and annual leave

Liabilities for employee benefits for wages, salaries and annual leave represent the present obligations resulting from employees' services provided up to reporting date. The provisions have been calculated at undiscounted amounts based on expected wage and salary rates that the Group expects to pay as at reporting date and include related on-costs, such as workers' compensation insurance and payroll tax. A liability is recognised in other payables for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

#### Long service leave

The provision for employee benefits for long service leave represents the present value of the estimated future cash outflows to be made by the Group resulting from employees' services provided up to the reporting date. The provision is calculated using expected future increases in wage and salary rates including related on-costs and expected settlement dates based on turnover history and is discounted using the rates attaching to corporate bonds at reporting date which most closely match the terms of maturity of the related liabilities.

### Superannuation plans

The Group contributes to defined contribution superannuation funds for the benefit of employees or their dependants on retirement, resignation, disablement or death. The Group contributes a percentage of individual employees' gross income and employees may make additional contributions on a voluntary basis. Obligations for contributions to defined contribution superannuation funds are recognised as an employee benefits expense in profit or loss in the periods during which services are rendered by employees.

### Make good provision

The make good provision represents the present value of the estimated future cash outflows to be made where the obligation to restore the lease property to its original condition exists.

### Composition

| | 2021 $'000 | 2020 $'000 |
|---|---|---|
| Employee benefit provision | | |
| - Annual leave provision | 4,647 | 4,248 |
| - Long service leave provision | 4,085 | 4,597 |
| Make good provision | 966 | 767 |
| | 9,698 | 9,612 |

### Disclosure in the Consolidated Statement of Financial Position

| | 2021 $'000 | 2020 $'000 |
|---|---|---|
| **Current provision** | | |
| - Employee benefits provision | 7,814 | 7,982 |
| - Make good provision | 303 | 285 |
| **Total current provision** | **8,117** | **8,267** |
| | | |
| **Non-current provision** | | |
| - Employee benefits provision | 918 | 863 |
| - Make good provision | 663 | 482 |
| **Total non-current provision** | **1,581** | **1,345** |
| **Total provisions** | **9,698** | **9,612** |

### Defined contribution superannuation funds

| | 2021 $'000 | 2020 $'000 |
|---|---|---|
| Contributions to defined contribution superannuation funds | **4,782** | **5,130** |

## 18. Share capital and Reserves

### Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

### Profits reserve

The profits reserve represents profits of entities within the Group transferred to a separate reserve to preserve their profit character. Such profits are available to enable payment of franked dividends in future years.

### Foreign currency translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

## Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of unlisted equity investments. On derecognition, the Group transfers that part of the reserve related to the underlying investment that is derecognised directly to Retained earnings.

## Employee Compensation Reserve

The fair value of Long Term Incentive plans granted is recognised in the employee compensation reserve over the vesting period.

## Composition and movement in issued capital (number of shares)

| | 2021 (number) | 2020 (number) |
|---|---|---|
| **Composition of issued capital** | | |
| **Fully paid ordinary shares** | **120,430,683** | **120,430,683** |

## Composition and movement in share capital (dollars)

| | 2021 $'000 | 2020 $'000 |
|---|---|---|
| **Composition of issued capital** | | |
| **Fully paid ordinary shares** | **138,325** | **138,325** |

## Options over unissued shares

No options were granted during the year and there were no options outstanding at the end of the financial year. Performance rights were awarded during the year and they may be converted into ordinary shares, subject to Board's discretion.

## Terms and conditions applicable to ordinary shares

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings. In the event of winding up of the Company, ordinary shareholders rank after all other shareholders and creditors and are fully entitled to any proceeds of liquidation. The Company does not have authorised capital or par value in respect of its issued shares. All issued shares are fully paid.

## Composition and movement in other reserves

| | Foreign currency translation reserve $'000 | Fair value reserve $'000 | Employee compensation reserve $'000 | Total $'000 |
|---|---|---|---|---|
| **2021 year:** | | | | |
| Opening balance | (135) | (434) | 1,002 | 433 |
| Net change in fair value of financial assets, net of tax | - | (233) | - | (233) |
| Foreign exchange translation differences, net of tax | 128 | - | | 128 |
| Share-based payments | - | - | 631 | 631 |
| **Closing balance** | **(7)** | **(667)** | **1,633** | **959** |
| **2020 year:** | | | | |
| Opening balance | (83) | (498) | 652 | 71 |
| Net change in fair value of financial assets, net of tax | - | (477) | - | (477) |
| Net change in fair value of financial assets transfered to retained earnings | - | 541 | - | 541 |
| Foreign exchange translation differences, net of tax | (52) | - | - | (52) |
| Share-based payments | - | - | 350 | 350 |
| **Closing balance** | **(135)** | **(434)** | **1,002** | **433** |

## 19. Dividends

Dividends are recognised as a liability in the period in which they are declared.

The following fully franked dividends were paid, franked at a tax rate of 30%.

### Dividends paid

| | 2021 $'000 | 2020 $'000 |
|---|---|---|
| 2020 year interim - 4.0 cents per share (from profits reserve) | - | 4,817 |
| 2019 year final - 4.0 cents per share | - | 4,817 |
| | - | 9,634 |

### Dividends cents per share - paid

| | 2021 | 2020 |
|---|---|---|
| Interim | - | 4.00 |
| Final | - | 4.00 |
| **Total** | **-** | **8.00** |

Recovery patterns during FY21 were encouraging however considering current uncertainties the Board has determined that no final dividend be paid in conjunction with FY21.

## 20. Earnings per share

Basic earnings per share ("EPS") is calculated by dividing the profit attributable to equity holders for the reporting period by the weighted average number of ordinary shares outstanding during the period.

Diluted EPS is calculated by dividing the profit attributable to equity holders for the reporting period by the weighted average number of ordinary shares outstanding including dilutive potential ordinary shares.

| | 2021 | 2020* (Re-stated) |
|---|---|---|
| **Consolidated (loss) attributable to owners of the Company (in thousands of AUD)** | **(18,274)** | **(23,883)** |
| **Weighted average number of fully paid ordinary shares outstanding during the year used in calculation of basic EPS (in thousands of shares)** | **120,431** | **120,431** |

*Certain amounts have been re-stated to reflect adjustments relating to Note 2

Any potential dilution in A2B's earnings per share which might arise following the exercise of the LTI awards is immaterial given the number of existing shares on issue.

| | 2021 | 2020 |
|---|---|---|
| **Basic EPS** | **(15.2 cents)** | **(19.8 cents)** |
| **Diluted EPS** | **(15.2 cents)** | **(19.8 cents)** |

## 21. Dividend franking balance

| | 2021 $'000 | 2020 $'000 |
|---|---|---|
| **Balance at the end of the financial year including franking credits / (debits) arising from income tax payable / (receivable) in respect of the financial year** | **32,854** | **33,564** |

The above available amounts are based on the balance of the dividend franking account at year-end adjusted for:

a. franking credits / (debits) that will arise from the payment/receipt of the current tax liabilities/receivables;

b. franking debits that will arise from the payment of dividends recognised as a liability at the year-end;

c. franking credits that will arise from the receipt of dividends recognised as receivables by the tax consolidated group at the year-end; and

d. franking credits that the entity may be prevented from distributing in subsequent years.

The ability to utilise the franking credits is dependent upon there being sufficient available profits to declare dividends. The impact on the dividend franking account of dividends proposed after the balance sheet date but not recognised as a liability is to reduce it by $nil (2020 $nil). In accordance with the tax consolidation legislation, the Company as the head entity in the tax consolidated group has also assumed the benefit of $32,854,000 (2020 $33,564,000) franking credits.

## 22. Parent entity disclosures

As at, and throughout, the financial year ended 30 June 2021 the parent entity of the Group was A2B Australia Limited.

| | 2021<br>$'000 | 2020*<br>$'000<br>(Re-stated) |
|---|---|---|
| **Result of the parent entity** | | |
| (Loss) for the year | (11,347) | (16,244) |
| Other comprehensive income, net of tax | 216 | 43 |
| **Total comprehensive (loss) for the year** | **(11,131)** | **(16,201)** |
| | | |
| **Financial position of parent entity at year end** | | |
| Current assets | 41,091 | 45,790 |
| Non-current assets | 258,656 | 261,931 |
| **Total assets** | **299,747** | **307,721** |
| Current liabilities | 30,374 | 25,265 |
| Non-current liabilities | 136,592 | 138,743 |
| **Total liabilities** | **166,966** | **164,008** |
| | | |
| **Total equity of the parent entity comprising of:** | | |
| Share capital | 138,325 | 138,325 |
| Reserves | 1,127 | 712 |
| Profits reserve | 18,823 | 18,823 |
| Retained earnings | (25,494) | (14,147) |
| **Total equity** | **132,781** | **143,713** |

*Certain amounts have been re-stated to reflect adjustments relating to Note 2

### Parent entity capital expenditure commitments and contingencies

At 30 June 2021 the parent entity has not made any capital expenditure commitments (2020 $nil). For the contingent liability as at 30 June 2021 (2020 $nil), refer to Note 28.

### Parent entity guarantees in respect of the debts of its subsidiaries

The parent entity has entered into a Deed of Cross Guarantee with the effect that the Company guarantees debts in respect of certain subsidiaries.

Further details of the Deed of Cross Guarantee and the subsidiaries subject to the deed are disclosed in Note 23.

## 23. Deed of Cross Guarantee

Pursuant to ASIC Corporations (Wholly owned Companies) Instrument 2016/785, the wholly-owned subsidiaries listed below are relieved from the Corporations Act 2001 requirements for preparation, audit and lodgement of financial reports, and Directors' reports.

It is a condition of the Instrument that the Company and each of the subsidiaries seeking relief enter into a Deed of Cross Guarantee (“Deed”). The effect of the Deed is that the Company guarantees to each creditor payment in full of any debt in the event of winding up of any of the subsidiaries under certain provisions of the Corporation Act. If a winding up occurs under other provisions of the Act, the Company will only be liable in the event that after six months any creditor has not been paid in full. The subsidiaries have also given similar guarantees in the event that the Company is wound up.

The subsidiaries are subject to the Deed are:

- Taxis Combined Services Pty Ltd
- Black Cabs Combined Pty Ltd
- Yellow Cabs (South Australia) Pty Ltd
- Yellow Cabs Australia Pty Ltd
- Combined Communications Network Pty Ltd
- EFT Solutions Pty Ltd
- Maxi Taxi (Australia) Pty Ltd
- 135466 Pty Ltd
- Newcastle Taxis Pty Ltd
- Austaxi Group Pty Ltd
- Taxitech Pty Ltd
- Arrow Taxi Services Pty Ltd
- North Suburban Taxis (Vic) Pty Ltd
- ABC Radio Taxi Pty Ltd
- Cabcharge Payments Pty Ltd
- Mobile Technologies International Pty Ltd

The Consolidated income statement and retained earnings for the Company and controlled entities which are a party to the Deed is as follows:

| | 2021<br>$'000 | 2020*<br>$'000<br>(Re-stated) |
|---|---|---|
| Revenue and other income | 113,075 | 159,891 |
| Expenses | (138,895) | (183,247) |
| **Results from operating activities** | **(25,820)** | **(23,356)** |
| Finance income | 15 | 76 |
| Finance costs | (958) | (1,290) |
| **(Loss) before income tax** | **(26,763)** | **(24,570)** |
| Income tax benefit | 7,737 | 2,346 |
| **(Loss) for the year** | **(19,026)** | **(22,224)** |
| *Items that will not be reclassified to profit or loss:* | | |
| Net change in fair value of financial assets | (333) | (703) |
| Income tax on other comprehensive income | 100 | 174 |
| **Other comprehensive loss for the year, net of income tax** | **(233)** | **(529)** |
| **Total comprehensive (loss) for the year** | **(19,259)** | **(22,753)** |
| Retained earnings at beginning of year | (22,228) | 28,453 |
| Transfer to profits reserve | - | (18,823) |
| (Loss) for the year | (19,026) | (22,224) |
| Dividends provided for or paid | - | (9,634) |
| **Retained earnings at end of year** | **(41,254)** | **(22,228)** |

*Certain amounts have been re-stated to reflect adjustments relating to Note 2

The Consolidated financial position for the Company and controlled entities which are a party to the Deed is as follows:

| | 2021<br>$'000 | 2020*<br>$'000<br>(Re-stated) |
|---|---|---|
| **Current assets** | | |
| Cash and cash equivalents | 8,488 | 22,922 |
| Trade and other receivables | 53,699 | 44,084 |
| Current tax assets | 5,541 | 288 |
| Inventories | 3,099 | 2,855 |
| Other current assets | 2,980 | 3,509 |
| **Total current assets** | **73,807** | **73,658** |
| **Non-current assets** | | |
| Trade and other receivables | 5,841 | 5,624 |
| Investments | 2,596 | 2,928 |
| Property, plant and equipment | 29,296 | 35,004 |
| Right-of-use assets | 11,972 | 17,438 |
| Net deferred tax assets | 7,951 | 6,320 |
| Taxi plate licences | 1,311 | 3,237 |
| Goodwill | 26,838 | 26,838 |
| Intellectual property | 18,924 | 21,014 |
| **Total non-current assets** | **104,729** | **118,403** |
| **Total assets** | **178,536** | **192,061** |
| **Current liabilities** | | |
| Trade and other payables | 37,097 | 27,779 |
| Loans and borrowings | 1,864 | 2,031 |
| Lease liabilities | 1,861 | 2,174 |
| Deferred income | 118 | - |
| Provisions | 8,664 | 8,097 |
| **Total current liabilities** | **49,604** | **40,081** |
| **Non-current liabilities** | | |
| Lease liabilities | 10,691 | 15,624 |
| Deferred income | 354 | - |
| Provisions | 1,503 | 1,345 |
| **Total non-current liabilities** | **12,548** | **16,969** |
| **Total liabilities** | **62,152** | **57,050** |
| **Net assets** | **116,384** | **135,011** |
| **Equity** | | |
| Share capital | 138,325 | 138,325 |
| Reserves | 490 | 91 |
| Profits reserve | 18,823 | 18,823 |
| Retained losses | (41,254) | (22,228) |
| **Total equity attributable to equity holders of the Company** | **116,384** | **135,011** |

*Certain amounts have been re-stated to reflect adjustments relating to Note 2

## 24. Related Party and Key Management Personnel disclosures

Apart from the details disclosed in this note, no key management personnel ("KMP") have entered into a material contract with the Company or the Group since the end of the previous financial year and there are no material contracts involving key management personnel interests existing at year end.

### KMP compensation (including Non-executive Directors)

| | 2021 | 2020 |
|---|---|---|
| | $ | $ |
| Short-term employee benefits - salary, fees, non-cash benefits and cash bonus | 2,995,842 | 4,013,576 |
| Post-employment benefits - superannuation | 108,470 | 208,024 |
| Other long-term benefits | 45,681 | 62,637 |
| Termination benefits | - | 286,312 |
| Share-based payment expense | 631,482 | 613,623 |
| | **3,781,475** | **5,184,172** |

### Loans to Directors and other KMP

No loans are made to Directors or other KMP.

### Transactions with Directors and other KMP

The Group has no transactions with related parties in the reporting period.

## 25. Remuneration of auditors

| | 2021 | 2020 |
|---|---|---|
| | $ | $ |
| **Audit and review of financial reports** | **431,012** | **415,000** |
| **Other services** | | |
| *Auditors of the Company - KPMG Australia* | | |
| Taxation services | 325,690 | 224,550 |
| Advisory services | - | 22,212 |
| | **756,702** | **661,762** |

## 26. Particulars relating to controlled entities

| | Group Interest % 2021 | Group Interest % 2020 |
|---|---|---|
| 13cabs Innovations Pty Ltd | 100 | 100 |
| 135466 Pty Ltd | 100 | 100 |
| A2B Corporate Services Pty Ltd (previously known as Voci Asia Pacific Pty Ltd) | 100 | 100 |
| ABC Radio Taxi Pty Ltd | 100 | 100 |
| Access Communications Net Pty Ltd | 100 | 100 |
| Arrow Taxi Services Pty Ltd | 100 | 100 |
| Austaxi Group Pty Ltd | 100 | 100 |
| Black Cabs Combined Car Sales Pty Ltd | 100 | 100 |
| Black Cabs Combined Pty Ltd | 100 | 100 |
| Cab Access Pty Ltd | 100 | 100 |
| Cabcharge (Investments) Pty Ltd | 100 | 100 |
| Cabcharge Payments Pty Ltd | 100 | 100 |
| Carbodies Australia Pty Ltd | 100 | 100 |
| Champ Australia Pty Ltd | 100 | 100 |
| Champ NSW Pty Ltd | 100 | 100 |
| Champ Victoria Pty Ltd | 100 | 100 |
| Champ WA Pty Ltd | 100 | 100 |
| Combined Communications Network Pty Ltd | 100 | 100 |
| EFT Solutions Pty Ltd | 100 | 100 |
| Enterprise Speech Recognition Pty Ltd | 100 | 100 |
| Go Taxis Pty Ltd | 100 | 100 |
| Helpline Australia Pty Ltd | 100 | 100 |
| Kingscliff Tweed Coast Taxis Pty Ltd | 56 | 56 |
| Mact Franchise Pty Ltd | 100 | 100 |
| Mact Network Pty Ltd | 100 | 100 |
| Mact Rental Pty Ltd | 100 | 100 |
| Maxi Taxi (Australia) Pty Ltd | 100 | 100 |
| Melbourne Taxi Cab Service Pty Ltd | 100 | 100 |
| Mobile Technologies Developments Pty Ltd | 100 | 100 |
| Mobile Technologies International Pty Ltd | 100 | 100 |
| Newcastle Taxis Pty Ltd | 100 | 100 |
| North Suburban Taxis (Vic) Pty Ltd | 100 | 100 |
| Silver Service (Victoria) Pty Ltd | 100 | 100 |
| Silver Service Taxis Pty Ltd | 100 | 100 |
| South Western Cabs (Radio Room) Pty Ltd | 100 | 100 |
| Taxi Data Australia Pty Ltd | 68 | 68 |
| Taxi Industry (Australia) Insurance Brokers Pty Ltd | 62 | 62 |
| Taxi Services Management (Newcastle) Pty Ltd | 100 | 100 |
| TaxiProp Pty Ltd | 100 | 100 |
| Taxis Australia Pty Ltd | 68 | 68 |
| Taxis Combined Services (Victoria) Pty Ltd | 100 | 100 |
| Taxis Combined Services Pty Ltd | 100 | 100 |
| Taxitech Pty Ltd | 100 | 100 |
| Thirteen Hundred Pty Ltd | 100 | 100 |
| Tiger Taxis NSW Pty Ltd | 100 | 100 |
| Tiger Taxis Operations Pty Ltd | 100 | 100 |
| Tiger Taxis Pty Ltd | 100 | 100 |
| Tiger Taxis Queensland Pty Ltd | 100 | 100 |
| Tweed Heads Coolangatta Taxi Service Pty Ltd | 56 | 56 |
| Yellow Cabs (Queensland) Holdings Pty Ltd | 100 | 100 |
| Yellow Cabs Australia Pty Ltd | 100 | 100 |
| Yellow Cabs of Sydney Pty Ltd | 100 | 100 |
| Yellow Cabs South Australia Pty Ltd | 100 | 100 |
| Yellow Cabs Victoria Pty Ltd | 100 | 100 |
| Cabcharge NZ Limited | 100 | 100 |
| Cabcharge North America Limited | 93 | 93 |
| Manchester Taxi Division Limited | 100 | 100 |
| Mobile Technologies International Limited | 100 | 100 |
| Mobile Technologies International LLC | 100 | 100 |

## 27. Capital expenditure commitments

The Group has not entered into any contracts to purchase plant and equipment for which amounts have not been provided as at 30 June 2021 (2020 $nil).

## 28. Contingencies

The Group had no material contingent liabilities at 30 June 2021 (2020 $nil)

## 29. Leases

The Group leases various offices and Taxitech workshops. The leases run typically for a fixed period of 1 to 10 years, with an option to renew the lease after that date.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Information about leases for which the Group is a lessee is presented below.

### Right-of-use assets

The right-of-use assets are initially measured at cost, which comprises:

- The amount of the initial measurement of the lease liability
- Any lease payments made at or before the commencement date, less any lease incentives and any initial direct costs incurred by the lessee
- An estimate of the costs to dismantle and remove the underlying asset or to restore the underlying asset.

Subsequently the right-of-use asset is measured at cost less any accumulated depreciation and impairment losses and adjusted for certain measurements of the lease liability.

The right-of-use asset is depreciated over the shorter period of the lease term and the economic useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the costs of the right-of-use asset reflects that the Group will exercise a purchase option, the asset will be depreciated from the commencement date to the end of the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

Where the initially anticipated lease term is subsequently reassessed, any changes are reflected in a remeasurement of the lease liability and a corresponding adjustment to the asset.

If the recoverable amount of a right-of-use asset is less than its carrying value, an impairment charge is recognised in the profit or loss, and the carrying value of the asset written-down to its recoverable amount. Should the recoverable amount increase in future periods the carrying value may be adjusted to the lower of the recoverable value or the amortised cost of the asset had it not been impaired.

| | Land and buildings $'000 | Equipment $'000 | Total $'000 |
|---|---|---|---|
| **2021 year:** | | | |
| Balance at 1 July | 17,820 | - | 17,820 |
| Depreciation | (2,831) | - | (2,831) |
| Additions | 3,056 | - | 3,056 |
| Derecognition* | (5,329) | - | (5,329) |
| **Balance at 30 June** | **12,716** | **-** | **12,716** |

| | Land and buildings $'000 | Equipment $'000 | Total $'000 |
|---|---|---|---|
| **2020 year:** | | | |
| Balance at 1 July | 18,676 | 1,196 | 19,872 |
| Depreciation | (2,853) | (112) | (2,965) |
| Additions | 1,997 | - | 1,997 |
| Derecognition* | - | (1,084) | (1,084) |
| **Balance at 30 June** | **17,820** | **-** | **17,820** |

*Derecognition of the right-of-use assets during the 2020 and 2021 is a result of lease cancellation.

## Lease liabilities

| Contractual undiscounted cash flows | 2021 $'000 | 2020 $'000 |
|---|---|---|
| One year or less | 2,348 | 2,809 |
| From one to five years | 6,864 | 8,407 |
| Over five years | 5,927 | 10,752 |
| **Total undiscounted lease liabilities** | **15,139** | **21,968** |
| | | |
| Current | 1,999 | 2,262 |
| Non-current | 11,318 | 15,926 |
| **Total lease liabilities** | **13,317** | **18,188** |

The lease liability is initially measured at the present value of future lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or if this rate cannot be readily determined the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivables
- Variable lease payments that depend on an index or a rate
- The exercise price of a purchase option if the lessee is reasonably certain to exercise that option
- The amount expected to be payable under a residual value guarantee
- Payments of penalties for termination of the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

Variable lease payments not included in the initial measurement of the lease liability are recognised directly in profit or loss.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate
- The lease payments change due to changes in an index or rate or a change in the amount expected to be payable under a residual value guarantee

- A lease contract is modified, and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

### Amounts recognised in the Consolidated Statement of Comprehensive Income

| | 2021 $'000 | 2020 $'000 |
|---|---|---|
| Interest on lease liabilities | 595 | 621 |
| Depreciation | 2,831 | 2,965 |
| Expenses relating to variable lease payments not included in lease liablilities | 304 | 474 |

### Amounts recognised in the Consolidated Statement of Cash Flows

| | 2021 $'000 | 2020 $'000 |
|---|---|---|
| Total cash outflow for leases | 3,472 | 3,692 |

## 30. Notes to the consolidated statement of cash flows

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the Consolidated Statement of Cash Flows.

The carrying value of cash is considered to approximate fair value.

### Reconciliation of net cash provided by operating activities with profit from ordinary activities after income tax

| | 2021 $'000 | 2020* $'000 |
|---|---|---|
| (Loss) for the year attributable to owners of the Company | (18,274) | (23,910) |
| Adjustment for non-cash items: | | |
| Depreciation and amortisation | 17,917 | 17,680 |
| Net (profit) on disposal of property, plant and equipment | (254) | (294) |
| Share-based payments | 631 | 350 |
| Impairment charges | 1,879 | 14,983 |
| Acquisition related costs | - | 145 |
| Other non cash items | 291 | 593 |
| Changes in assets and liabilities, net of the effects of purchase of subsidiaries: | | |
| Change in trade and other debtors | (10,265) | 40,120 |
| Change in inventories | (262) | 462 |
| Change in creditors and accruals | 10,621 | (9,343) |
| Change in provisions | 86 | 71 |
| Change in income taxes payable | (5,322) | (1,229) |
| Change in deferred tax balances | (1,899) | (1,834) |
| **Net cash provided by operating activities** | **(4,851)** | **37,794** |

*Certain amounts have been re-stated to reflect adjustments relating to Note 2

### Reconciliation of liabilities arising from financing activities

| | Interest bearing loans | Lease liabilities | Total liabilities from financing activities |
|---|---|---|---|
| | $'000 | $'000 | $'000 |
| **Balance at 1 July 2020** | **2,031** | **18,188** | **20,219** |
| Net cash flows | (167) | (2,576) | (2,743) |
| Lease net additions, derecognition and remeasure | - | (2,296) | (2,296) |
| **Balance at 30 June 2021** | **1,864** | **13,316** | **15,180** |
| | | | |
| **Balance at 1 July 2019** | **2,701** | **-** | **2,701** |
| AASB 16 Transition adjustment | - | 19,872 | 19,872 |
| Changes arising from obtaining NCI | 90 | - | 90 |
| Net cash flows | (760) | (2,597) | (3,357) |
| Lease net additions and remeasure | - | 913 | 913 |
| **Balance at 30 June 2020** | **2,031** | **18,188** | **20,219** |

### Cash and cash equivalents

| | 2021 | 2020 |
|---|---|---|
| | $'000 | $'000 |
| Cash on hand and at bank | 10,422 | 8,520 |
| Money market deposits | 1,452 | 17,239 |
| **Balance per Consolidated Statement of Cash Flows** | **11,874** | **25,759** |

### Restricted cash

There was no restricted cash at 30 June 2021 (30 June 2020 $nil).

## 31. Financial instruments and financial risk management

**Overview**

The Board of Director's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board monitors the return on equity, which the Group defines as profit after tax divided by total shareholders' equity. The Board also determines the level of dividends to ordinary shareholders.

The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position. The Group's target is to achieve a return exceeding its cost of equity over the medium term.

There were no changes in the Group's approach to medium term capital management during the year.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

The Group has exposure to the following risks from financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Group's exposure to each of the above risks, its objectives, policies and processes for measuring and managing risk, and the management of capital. Further quantitative disclosures are included throughout these Consolidated Financial Statements.

**Financial risk management objectives**

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board has established the Audit & Risk Committee, which is responsible for developing and monitoring risk management activities. The Committee reports regularly to the Board of Directors on risk management.

Risk management practices are established to identify and analyse the risks faced by the Group, to set appropriate policies which include risk limits and controls, and to monitor risks and adherence to policies. Risk management practices are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through their training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit & Risk Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

**Credit risk**

Credit risk is the risk of financial loss to the Group if a Customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from Customers, investments with financial institutions and securities. The carrying value of cash and cash equivalents, trade and other receivables and deposits with financial institutions represents the maximum credit exposure of these assets.

Impairment losses and changes on financial assets recognised in the consolidated statement of comprehensive income were as follows:

| | 2021<br>$'000 | 2020<br>$'000 |
|---|---|---|
| Impairment loss on trade receivables arising from contracts with customers | (1,106) | (6,199) |
| Changes on financial assets measured at FVOCI | (333) | (581) |
| | **(1,439)** | **(6,780)** |

## a) Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each Customer and in the current market the broader impacts of COVID-19.

The Group minimises concentration of credit risk in relation to trade accounts receivable by undertaking transactions with a large number of Customers.

Credit risk in trade receivables is managed in the following ways:

- The Board has established delegated limits and authority for agreements, contracts and receivable write-off
- Each new Customer is analysed individually for creditworthiness under a credit policy before the Group's standard payment and delivery terms and conditions are offered
- Payment terms are 28 days
- A risk assessment process is used for Customers over 90 days; and
- Cash or bank guarantee is obtained where appropriate.

The Group assumes the credit risk for the full value of Taxi fares settled through the Cabcharge Payment System (refer to Note 3).

In assessing the combined collective loss allowance and specific doubtful debts provision as at 30 June 2021, the Group has considered the increased risk arising from the economic impacts of the COVID-19 pandemic. The Group has specifically assessed the economic circumstances of individual customers in the current environment, resulting in a material year on year increase in the level of accumulated losses relative to the gross trade receivables balance.

### b) Investments

The Group limits its exposure to credit risk by placing deposits with major Australian banks.

## Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group undertakes the following activities to ensure that there will be sufficient funds available to meet obligations:

- Prepare budgeted annual and monthly cash flows;
- Monitor actual cash flows on a daily basis and compare to liquidity requirements;
- Maintain standby money market and commercial overdraft facilities; and
- Maintain committed borrowing facility in excess of budgeted usage levels.

There has been no change in liquidity risk policies during the financial year.

Maturity profile of financial liabilities by remaining contractual maturities

| | Carrying amount | Contractual cashflows | 6 months or less | 6 to 12 months | 1 to 2 years | 2 to 5 years |
|---|---|---|---|---|---|---|
| | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 |
| **2021 year** | | | | | | |
| Contract liabilities, trade and other payables | 39,654 | 39,654 | 39,654 | - | - | - |
| Loans and borrowings | 1,864 | 1,897 | 1,897 | - | - | - |
| | **41,518** | **41,551** | **41,551** | **-** | **-** | **-** |
| **2020 year** | | | | | | |
| Contract liabilities, trade and other payables | 29,509 | 29,509 | 29,509 | - | - | - |
| Loans and borrowings | 2,031 | 2,075 | 2,075 | - | - | - |
| | **31,540** | **31,584** | **31,584** | **-** | **-** | **-** |

| | 2021 | 2020 |
|---|---|---|
| | $'000 | $'000 |
| **Bank facilities** | | |
| Revolving credit facility | 25,000 | 45,000 |
| Multi option facility | - | 5,000 |
| **Total facility** | **25,000** | **50,000** |
| **Amount used at 30 June** | **-** | **-** |
| **Amount unused at 30 June** | **25,000** | **50,000** |

Bank borrowings bear interest rate from 1.86% to 1.87% per annum.

Typically the Group ensures that it has sufficient cash on demand to meet expected current operational expenses, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. In addition, the Group maintains lines of credit as detailed in the above table.

## Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

### a) Currency risk

The Group has no significant exposure to foreign exchange risk in respect of the Company and the entities it controls.

### b) Interest rate risk

The principal risk to which financial assets and financial liabilities are exposed is the risk of loss from fluctuations in the future cash flows or fair values of financial instruments because of a change in market interest rates.

At the reporting date the interest rate profile of the Group's interest-bearing financial instruments was:

| | 2021<br>$'000 | 2020<br>$'000 |
|---|---|---|
| **Fixed rate instruments** | | |
| Financial assets - Finance lease receivables | 9,078 | 8,763 |
| Financial liabilities - lease liabilities | 13,317 | 18,188 |
| | **22,395** | **26,951** |
| **Variable rate instruments** | | |
| Financial assets - cash and cash equivalents | 11,874 | 25,759 |
| Financial liabilities - loans and borrowings | (1,864) | (2,031) |
| | **10,010** | **23,728** |

As at 30 June 2021 the carrying value of financial assets and liabilities on the above table are considered to approximate their fair value.

### c) Interest rates used for determining fair value

The interest rates used to discount estimated cash flows, where applicable, are based on the government yield curve at the reporting date plus an adequate credit spread, and were as follows:

| | 2021 | 2020 |
|---|---|---|
| Loans and borrowings | 1.5% to 2% | 1.5% to 2.8% |
| Finance lease receivables | 8% to 12% | 7% to 12% |

### d) Fair value hierarchy

To determine fair value, the Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising unobservable inputs. Fair value measurements that are recognised in the Consolidated Financial Statements are categorised as follows:

- Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The fair value hierarchy of the investments is provided below:

| | Level 1<br>$'000 | Level 2<br>$'000 | Level 3<br>$'000 | Total<br>$'000 |
|---|---|---|---|---|
| **30 June 2021** | | | | |
| Unlisted equity investments | - | - | 977 | 977 |
| **30 June 2020** | | | | |
| Unlisted equity investments | - | - | 1,298 | 1,298 |

The valuation techniques and significant unobservable inputs used to determine the fair value of on these unlisted equity investments at 30 June 2021 is as follows:

| Valuation techniques | Significant unobservable inputs |
|---|---|
| Future Maintainable Earnings (FME) methodology – the estimate of FME represents the fair value of the unlisted equity investments on a going concern and cash flow basis, determined by capitalising the maintainable earnings of the investee using an appropriate earnings multiple. | Expected earnings at 30 June 2021, with an adjusted earnings multiple of 1x, derived from comparable companies to the investee. The estimate of the fair value will increase (decrease) if the earnings and earnings multiple increases (decreases). |
| Net Tangible Assets approach – the estimate of fair value is determined by valuing the assets and liabilities of the investee at market value (excluding operating assets and liabilities). | Minority discount of 20%. The estimate of the fair value will increase (decrease) if the discount rate decreases (increases). |

The carrying amount of the unlisted equity investments is sensitive to possible changes in the significant unobservable inputs.

### e) Sensitivity analysis

i. Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore a change in interest rates at the reporting date would not affect profit or loss.

ii. Sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2020.

| | Profit or loss | |
|---|---|---|
| | **100 bp increase** | **100 bp decrease** |
| | **$'000** | **$'000** |
| 2021 | (18) | 18 |
| 2020 | (20) | 20 |

## 32. Operating segment

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are regularly reviewed by the Group's Chief Operating Decision Maker (CODM) to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

The Group operates in one business and geographic segment being the provision of taxi related services in Australia.

Through its subsidiary, MTI the Group operates in other geographic segments including North America and Europe. MTI's overseas revenue of $4,792,000 and non-current assets of $1,005,000 were included in the Group's Consolidated Statements

## 33. Share-based payment – Long term incentive

The Group has provided Long term incentive ("LTI") awards to the CEO and other executives and granted them annually in the form of Rights. The grant-date fair value of equity-settled share-based payment awards granted to employees is generally recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

The total share-based payment expense for the year was $631,482 (FY20 $677,170).

## Fair value

The fair value of the awards as at the valuation date is set out in the following table:

| Grant date/employees entitled | Number of Rights | Vesting conditions | Valuation methodology | Fair Value | Expected vesting date | Performance Period |
|---|---|---|---|---|---|---|
| **2021 year** | | | | | | |
| **Rights granted to CEO and key management personnel On 19 november 2020** | 666,667 | Absolute Total Shareholder Return (market condition)* | Monte Carlo simulation | $ 0.68 | 15 September 2023 | 1 July 2020 to 30 June 2023 |
| | 444,444 | Relative Total Shareholder Return (non-market condition)* | Monte Carlo simulation | $ 0.69 | | |
| **Total number of Rights** | **1,111,111** | | | | | |
| **2020 year** | | | | | | |
| **Rights granted to CEO and key management personnel On 21 November 2019** | 496,552 | Absolute Total Shareholder Return (market condition)* | Monte Carlo simulation | $ 0.79 | 15 September 2022 | 1 July 2019 to 30 June 2022 |
| | 331,034 | Relative Total Shareholder Return (non-market condition)* | Monte Carlo simulation | $ 0.87 | | |
| **Total number of Rights** | **827,586** | | | | | |

* Details of the operation of LTI awards are outlined in the Remuneration Report from page 27 to 30.

## Key assumptions

The key assumptions adopted for valuation of the awards are summarised in the following table:

| | 2021 | 2020 |
|---|---|---|
| | **19 November 2020** | **21 November 2019** |
| Share price at grant date | $ 1.20 | $ 1.61 |
| Expected life | 3 years | 3 years |
| Expected volatility | 38.0% | 38% |
| Dividend yield | 0.00% | 5.29% |
| Risk-free interest rate | 0.15% | 0.72% |

## Reconciliation

The reconciliation of outstanding rights is shown the following table:

| | Number of Rights | |
|---|---|---|
| **Performance Rights reconciliation** | **2021** | **2020** |
| Rights outstanding as at 1 July | 2,457,040 | 1,813,066 |
| Rights granted | 1,111,111 | 827,586 |
| Rights forfeited | - | - |
| Rights lapsed | (389,408) | (183,612) |
| Rights exercised | - | - |
| Rights outstanding as at 30 June | 3,178,743 | 2,457,040 |
| Rights exercisable as at 30 June | - | - |

# 34. Subsequent event

### Dividends

Recovery patterns during FY21 were encouraging however considering current uncertainties the Board has determined that no final dividend be paid in conjunction with FY21.

Other than the matters above, there have been no events subsequent to the reporting date that would have had a material impact on the Group's financial statements as at 30 June 2021.

# Directors' Declaration

1. In the opinion of the Directors of A2B Australia Limited ("Company"):
    a. the Consolidated Financial Statements and Notes set out on page 38 to 81, and the Remuneration Report in the Directors' Report, set out on page 20 to 36, are in accordance with the *Corporations Act 2001* (Cth), including:
        i. giving a true and fair view of the consolidated entity's financial position at 30 June 2021 and of the performance for the financial year ended on that date; and
        ii. complying with Australian Accounting Standards and the Corporations Regulations 2001.
    b. there are reasonable grounds to believe that the Company and the controlled entities identified in Note 23 as parties to a Deed of Cross Guarantee will be able to meet any obligations or liabilities to which they are or may become subject to by virtue of the Deed of Cross Guarantee between the Company and those entities pursuant to ASIC Corporations (Wholly owned Companies) Instrument 2016/785.
2. The Consolidated Financial Statements and Notes comply with International Financial Reporting Standards as disclosed in Note 2.
3. The Directors have been given the declarations by the Chief Executive Officer and the Chief Financial Officer required by section 295A of the Corporations Act.

Signed in accordance with a resolution of the Directors

**Paul Oneile**
Chairman
26 August 2021

**Andrew Skelton**
Managing Director
26 August 2021

KPMG

# Independent Auditor's Report

## To the shareholders of A2B Australia Limited

### Report on the audit of the Financial Report

### Opinion

We have audited the ***Financial Report*** of A2B Australia Limited (the Company).

In our opinion, the accompanying Financial Report of the Company is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the ***Group's*** financial position as at 30 June 2021 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The ***Financial Report*** comprises:

- Consolidated statement of financial position as at 30 June 2021;
- Consolidated statement of comprehensive income, Consolidated statement of changes in equity, and Consolidated statement of cash flows for the year then ended;
- Notes including a summary of significant accounting policies; and
- Directors' Declaration.

The ***Group*** consists of the Company and the entities it controlled at the year-end or from time to time during the financial year.

### Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Group in accordance with *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 Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.

KPMG

## Key Audit Matters

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Report of the current period.

This matter was addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

| **Valuation of Goodwill at 30 June 2021 ($27.5million)** | |
|---|---|
| Refer to Note 13: Goodwill in the Financial Report | |
| **The key audit matter** | **How the matter was addressed in our audit** |
| The valuation of Goodwill is considered a key audit matter due to the size of the balance and the increased judgement applied by us when evaluating the evidence available arising from:<br>• The industry in which the Group operates being impacted by disruptive technologies. Further, there are changes in government regulations impacting the taxi service fee which can be applied by the Group when processing payments;<br>• Significant estimation uncertainty on the recovery of the CGUs in the Group from the impacts of the COVID-19 global pandemic; and<br>• The Group changing the level at which the performance of goodwill is monitored, necessitating our consideration of the Group's allocation of goodwill to the CGUs to which they belong based on the management and monitoring of the business.<br>We focussed on the significant forward-looking assumptions the Group applied in their value in use models, including<br>• Discount rates are complicated in nature and vary according to the conditions and environment the specific cash generating unit (CGU) is subject to; | Our audit procedures included:<br>• We considered the appropriateness of the value in use method applied by the Group to perform the annual test of goodwill for impairment against the requirements of the accounting standards.<br>• We met with management to understand the impact of COVID-19 to the Group and impact of changes to government regulations.<br>• We checked the forecast cash flows in the Group's value in use model to the Board approved FY22 budget.<br>• We assessed the accuracy of previous forecasting for the Group as an indicator to inform our evaluation of forecasts included in the value in use models. We noted previous trends where constrained market conditions existed, in particular, for the interdependencies of key assumptions and how they impacted the business, for use in further testing.<br>• We challenged the Group's forecast cash flow and growth rate assumptions in light of the impact of COVID-19 and industry and regulatory changes on the Group. We compared forecast cash flow and growth rate assumptions for the taxi industry against available industry data. We considered the impact of COVID-19, including the expected rate of recovery of the CGU's, and industry and regulatory changes on the Group's key assumptions, for indicators of bias and inconsistent application using our knowledge of the Group, business and customers, and our industry experience. We checked the consistency of the growth rates to the Group's revised plans and our experience regarding the feasibility of these in the industry economic environment in which they operate. |

KPMG

| | |
|---|---|
| • Forecast growth rates and terminal growth rates. In addition to the uncertainties described above, the Group's models are highly sensitive to small changes in these assumptions, reducing available headroom. This drives additional audit effort specific to their feasibility and consistency of application to the Group's strategy.<br><br>These conditions increase the possibility of goodwill being impaired, which necessitates additional scrutiny by us, in particular to address the objectivity of sources used for assumptions, and their consistent application.<br><br>We involved valuation specialists to supplement our senior audit team members in assessing this key audit matter. | • We performed sensitivity analysis on the models by varying key assumptions such as forecast cash flows and terminal growth rate, within a reasonably possible range. We did this to identify those assumptions which are at higher risk of bias or inconsistency in application. Our sensitivity analysis included various scenarios for the forecast recovery from COVID-19.<br><br>• Working with our valuation specialists, we independently developed a discount rate range using publicly available data for comparable entities, adjusted by risk factors specific to the Group and the industry it operates in.<br><br>• We analysed the Group's internal reporting to assess the Group's monitoring and management of activities, and the consistency of the allocation of goodwill to CGUs.<br><br>• We assessed the Group's allocation methodology of corporate costs and assets to CGUs to our understanding of the business and the criteria in the accounting standards.<br><br>• We assessed the Group's disclosures of the qualitative and quantitative considerations in relation to the valuation of goodwill, by comparing these disclosures to our understanding obtained from our testing and accounting standard requirements. |

## Other Information

Other Information is financial and non-financial information in A2B Australia Limited's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinions.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

## Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error
- assessing the Group and Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group and Company or to cease operations, or have no realistic alternative but to do so.

## Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists. Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at: https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf. This description forms part of our Auditor's Report.

## Report on the Remuneration Report

### Opinion

In our opinion, the Remuneration Report of A2B Australia Limited for the year ended 30 June 2021, complies with *Section 300A of the Corporations Act 2001*.

### Directors' responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with *Section 300A of the Corporations Act 2001*.

### Our responsibilities

We have audited the Remuneration Report included in pages 20 to 36 of the Directors' report for the year ended 30 June 2021.

Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with *Australian Auditing Standards*.

KPMG

KPMG

Cameron Slapp

*Partner*

Sydney

26 August 2021