



**May and August 2020 Strategic Case Study Examination**  
**Pre-seen material**



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## Introduction

You are a senior manager in the finance function at Runnabout, the parent company of the Runnabout Group. You report directly to the Board and advise on special projects and strategic matters.

Runnabout is a quoted company that operates pay-as-you go “hoverboard” vehicles for use by the public in major cities. Geeland is a large and prosperous country with a population of more than one billion people. Geeland’s major cities have grown rapidly and many are struggling with the difficulties caused by traffic congestion and the resulting pollution.

Runnabout is based in Geeland where the currency is the G\$. Geeland requires companies to prepare their financial statements in accordance with International Financial Reporting Standards (IFRS).

Geeland has an active and well-regulated stock exchange. Companies that are quoted on the exchange are required to adhere to the Geeland Code of Corporate Governance, which sets out detailed regulations relating to the governance arrangements for quoted companies.

## The micromobility industry

Micromobility is a relatively recent innovation, dating from the early 2000s. It involves the provision of one-way rental services that enable users to complete the so-called “last mile” of a journey quickly and efficiently. Micromobility users rent, say, a bicycle, scooter or hoverboard from one location and return it to another location that is conveniently close to their final destination. Typically, users are commuters who need a fast and efficient way to get from, say, a city-centre railway station to their offices.

Micromobility is generally used for relatively short journeys and so augments traditional public transport rather than replacing it. Commuters might be encouraged to travel into the city centre by train or bus, knowing that micromobility solutions are available enables them to get to work on time, without walking long distances or relying on local bus or taxi services that are likely to be slow-moving because of rush hour traffic.

### Bicycle-sharing

Bicycle-sharing permits users who are registered with a provider to rent bicycles on a short-term basis. The provider creates a network of bicycle docking stations or “docks” across a suitable location such as a city centre. Users can release a bicycle from a dock by identifying themselves, usually by swiping a debit or credit card. They can use the bicycle for as long as they wish but are charged a hire fee from releasing the bicycle until it is returned to one of the provider’s docks, which may not be the dock from which the bicycle was taken. Providers locate docks in places which encourage one-way journeys. For example, city centre bus and railway stations make convenient pickup points for morning commuters. Docks close to major office buildings are



convenient dropping off points. Users may then, if they wish, hire a bicycle for the first part of their return journey, taking a bicycle from a dock close to their place of employment and dropping it off at the station from which they will catch their bus or train home.

Bicycle-sharing is a relatively cheap and convenient way to cover the so-called “last mile” of a journey to a city-centre location. Cycling is generally faster than walking and can also be faster than a local bus service when rush-hour traffic is taken into account. Bicycle hire charges for sharing schemes are generally inexpensive.

While peak demand for bicycles occurs during the morning and evening rush hours, there is a constant demand throughout the day and late into the evening. Students often use bicycle-sharing schemes to travel between their accommodation and their college campuses. Tourists find them useful to explore cities and for transportation between attractions such as museums. Many cities have large numbers of flat-dwellers who live within a few miles of the city centre and who find it convenient to be able to use a bicycle sharing-scheme to get to and from work and for short journeys outside of work.

Bicycle-sharing schemes came into being in the early 2000s. They have since grown and developed in many cities around the world. There has been some controversy about their use and they have also been subject to competition from other types of transportation.

It is generally illegal to ride bicycles on pavements or in pedestrianised areas. Most countries’ laws require cyclists to ride on designated bicycle lanes or on the roads when



bicycle lanes are not available. Not surprisingly, increasing the numbers of cyclists on the roads increases the numbers of injuries involving cyclists.




Strict legislation has been introduced to reduce the risks associated with riding bicycles owned by sharing schemes. Operators must ensure that bicycles are roadworthy. Most operators require users to return a bicycle to its dock immediately if they believe that it is defective and to inform the operator of the bicycle's status using an app, in which case the bicycle will not be released to another user. Operators generally employ mechanics who attend to simple repairs such as flat tyres while the bicycle is still in its dock. For more serious repairs, the bicycles are transported to the operator's depot by van.



In many countries, including Geeland, cyclists are required to wear crash helmets. Bicycle-sharing schemes have no specific responsibility for ensuring that cyclists comply with this law, but it does mean that scheme users must either purchase and carry helmets if they wish to hire a bicycle or they must risk being stopped by the police and fined for failing to wear a helmet.

Bicycle sharing schemes continue to be popular in many countries and the number of trips made by users of those

schemes is increasing steadily. There are, however, some competing modes of transport in this market:

<b>Electric bicycles</b>		<p>Electric bicycles have battery powered motors that augment the users' pedalling and so require less effort. Many commuters prefer to use electric bicycles because of this.</p> <p>The bicycles' batteries are automatically recharged while they are in the docking station.</p>
<b>Electric scooters</b>		<p>Electric scooters are powered by batteries. They do not require any effort from their users. They are recharged while docked.</p> <p>They have proved controversial because they are often ridden on pavements rather than on the road and have been involved in accidents involving pedestrians.</p>
<b>Hoverboards</b>		<p>Hoverboards are generally ridden on pavements in a city context.</p> <p>They can be recharged while docked and used in a similar manner to electric scooters.</p> <p>Hoverboards are slower than electric scooters.</p>

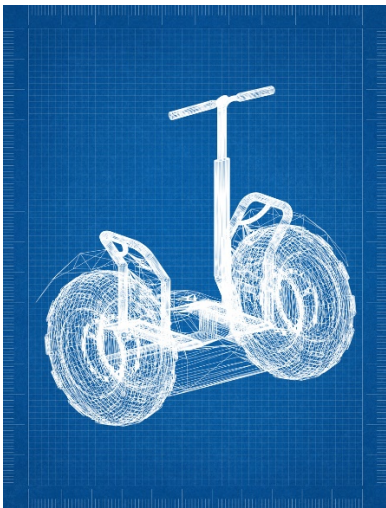


## Hoverboard-sharing

Hoverboards do not actually “hover”. They are two-wheeled vehicles that are driven by electric motors, powered by rechargeable batteries. The user stands on a platform that fits between the two wheels. The hoverboard is controlled by the operator leaning in the desired direction of travel. A slight lean forward makes the machine roll ahead and leaning to the left or right makes the machine turn in that direction. Leaning backward will make the hoverboard slow down and reverse if the operator continues to lean in that direction after stopping.



Hoverboards, which are sometimes referred to as “self-balancing scooters” work as follows:

<p><b>Electric motors</b></p> <p>Each wheel is powered by its own electric motor, which enables the hoverboard to steer. If the user wishes to turn left then the right-hand wheel spins a little faster, making the board turn left.</p> <p>The motors also prevent the board from tilting by more than a few degrees, even when it is standing still.</p>	 A wireframe diagram of a hoverboard, showing the two wheels, the central platform, and the handlebars. The diagram is rendered in white lines on a blue background.	<p><b>Computer</b></p> <p>The electric motors are controlled by an onboard computer that is programmed to manage both stability and movement.</p> <p>Sensors in the platform provide the computer with inputs that keep the platform stable enough to stand on and that detect the user’s control inputs to control speed and direction.</p>
<p><b>Gyroscope</b></p> <p>A gyroscope built into the platform enables the computer to measure the angle of the platform. The computer sends instructions to the wheels using feedback from the gyroscope to prevent the platform from tilting.</p>	<p><b>Platform</b></p> <p>The platform is strong enough to carry the weight of the user. It carries the hoverboard’s other components. It also contains pressure switches that measure the control inputs from the user.</p>	<p><b>Battery</b></p> <p>Hoverboards generally use 36-volt batteries, which provide sufficient power to ensure a satisfactory performance.</p> <p>The hoverboard’s range is determined by the capacity of the batteries.</p>

Hoverboards come in different sizes, depending on whether they are being sold as adult transportation or children’s toys. Adult hoverboards can reach speeds of approximately 10 miles per hour (or 16 kilometres per hour), although riding at full speed will quickly run down the battery. A fully-charged hoverboard that is driven at the equivalent of a brisk walking pace can travel over 15 miles (or 24 kilometres) before running out of power.

Hoverboards trace their roots back to the launch of self-balancing scooters in the early 2000s. They captured the public’s attention because they looked inherently unstable and yet they could be ridden with apparent ease because of a combination of ingenious engineering and electronics.



Early hoverboards were too expensive for consumers to buy, but they quickly became established as a means of fast and efficient transportation for staff who needed to be mobile within areas populated by pedestrians. For example, security staff in theme parks, shopping malls and airports can respond to alerts quickly without having to rely on conventional vehicles that would be too large and could pose an unacceptable risk to the public. These hoverboards also enable the rider to see over pedestrians because the platform is a

few inches above ground level. The hoverboards have other uses, such as giving first aiders and paramedics the ability to get to a casualty quickly or giving staff supervisors the ability to attend incidents or interact with staff spread across their areas of responsibility.



The machines themselves require no training to operate. The rider simply must lean in the desired direction of travel and can regulate speed by leaning more to go faster and less to slow down. These machines are not, however, without their risks, especially if they are operated irresponsibly. They can generally travel faster than a brisk walking pace, so the rider may have to navigate around pedestrians. The user could fall off or strike an obstacle if riding carelessly and a collision with a pedestrian would be potentially serious because the combined mass of the hoverboard and its user would have significant momentum when travelling at speed.

Hoverboards are generally designed to operate on smooth surfaces, such as pavements and tiled floors. They cannot be ridden safely on roads because their wheels could catch in potholes and drains. They would also be vulnerable to motor vehicles and would force passing cyclists away from the kerb and into the paths of larger and faster vehicles.

Hoverboards have also raised safety risks associated with their batteries overheating and bursting into flames. Hoverboards require both high voltages and high currents in order to ensure that the platform remains stable and achieves an acceptable speed. Loose connections can result in a short circuit that causes the battery to overheat and possibly catch fire. In extreme cases, rough handling of a battery can crack the battery's case, creating the risk of an explosion if the electrolyte is released and comes into contact with the air. Batteries are vulnerable to damage if hoverboards are ridden carelessly or if they are mistreated in use or storage.

## Runnabout

Runnabout was established in 2005. The company was created to rent bicycles in response to the successful launch of city centre bicycle-sharing schemes that had been launched in several other countries. The company started with three docks in the centre of Geeland's Capital City. It rapidly expanded until it had a total of 32 docks across Capital City and a significant presence in 14 other cities across the country.

Runnabout was quoted on the Geeland Stock Exchange in 2010.

In 2012, Runnabout's Board commissioned a strategic review of the market for micromobility in Geeland. The directors were concerned that demand for sharing schemes based on conventional bicycles was tailing off because commuters were becoming unwilling to rely on pedal power for even short distances. Geeland is a relatively flat country, so cyclists do not have to contend with many hills, but the weather can be rather windy, which can make cycling quite tiring.

On an experimental basis, Runnabout modified some of the docks in Capital City to operate both electric and conventional bicycles. That enabled users to choose between pedal driven and electric bicycles, with a slightly higher rental fee for electric bicycles to cover the cost of recharging batteries. The docks were located to enable users to use electric bicycles on frequently used routes. Runnabout also replaced all of the docks and bicycles in Western City so that users could use electric bicycles across the whole of that city's network. Runnabout found that the introduction of electric bicycles did little to stimulate demand.

In 2014, the government of Geeland introduced legislation to make it mandatory to wear helmets while cycling. That reduced demand for both pedal driven and electric bicycles. The company experimented with various schemes, such as offering to sell scheme members helmets at discounted prices.

The new helmet legislation coincided with the launch of two competing bicycle-sharing schemes in Geeland. Both of Runnabout's new competitors focussed their attention on Capital City, but soon started to expand into other towns and cities. These competitors grew steadily.



In 2016, Runnabout replaced its bicycles with hoverboards in Western City. The docks that had previously been used to secure bicycles were replaced with hoverboard-compatible docks. These were an immediate success, with hoverboards quickly becoming popular with many commuters because they required even less effort to ride than electric bicycles. They also opened up new markets, with hoverboards proving popular with tourists, who found them an ideal way to explore a city, either individually or as part of a guided tour. They are particularly

suitable for tours of seafronts in coastal resorts because they are generally flat and offer wide paved areas that are free of traffic. Hoverboards also proved popular with shoppers, who could park at the edge of a city centre and use a hoverboard to get to the shops. Runnabout was encouraged by these results and so replaced bicycles with hoverboards across Geeland.

Runnabout moved quickly to establish its hoverboard-sharing scheme in Capital City and in each of the other 14 cities in which it previously operated as a bicycle-sharing operator. The other bicycle-sharing companies continue to rent out both pedal and electric bicycles, but none have expressed any interest in converting to hoverboards or other forms of micromobility. The city authorities have made it clear that they wish to observe the effects of hoverboards on the flow of pedestrians and traffic in city streets and also on the safety implications of these devices. Each of the 15 cities in which Runnabout operates (including Capital City) has



announced that it will not permit any other hoverboard-sharing schemes on its streets, leaving Runnabout as the sole provider for the foreseeable future. All of those cities will, however, continue to encourage the development of bicycle sharing.

In Geeland, the responsibility for the management of road and pedestrian safety is a matter for individual town and city councils (the elected local government authorities responsible for many services including transport). Companies that wish to offer any form of public transport, including micromobility services, must be licensed by the appropriate town or city council.

Runnabout employs 15,000 people, including 2,000 planning and analysis staff at its Head Office. The company's experience of providing micromobility services has given it a deep understanding of the flow of pedestrians through city centres. That understanding extends to the interaction between micromobility and different forms of public transport, to the extent that town and city councils have sought advice about transportation services from Runnabout on a consultancy basis.

Runnabout has a total of 30,270,000 registered users. Registration requires the user to create an account on Runnabout's secure website and to download a mobile phone app. Registration is free, but all hoverboard rides are charged to the user's credit card. When creating an account, users must provide their 16-digit credit card number accompanied by their 3-digit credit card validation (CCV) number.

Users can use the app to locate the nearest Runnabout dock that has available hoverboards. Alternatively, users can walk to convenient docks in the hope that there will be sufficient hoverboards available.



Each dock has a 4-digit location number. Each user logs into the app using an individual pin number and then inputs the location number of the dock from which they wish to hire a hoverboard. Runnabout's central server verifies the user's account and sends a 5-digit one-time code to the user's phone. The user keys the one-time code into the dock and the dock releases a hoverboard.

The app can locate nearby docks to which a hoverboard can be returned, or the user can simply ride to a known dock. The user activates the dock using the phone app and is directed to place the hoverboard in a bay at street level. That brings the hire period to an end and the cost is charged to the user's credit card.

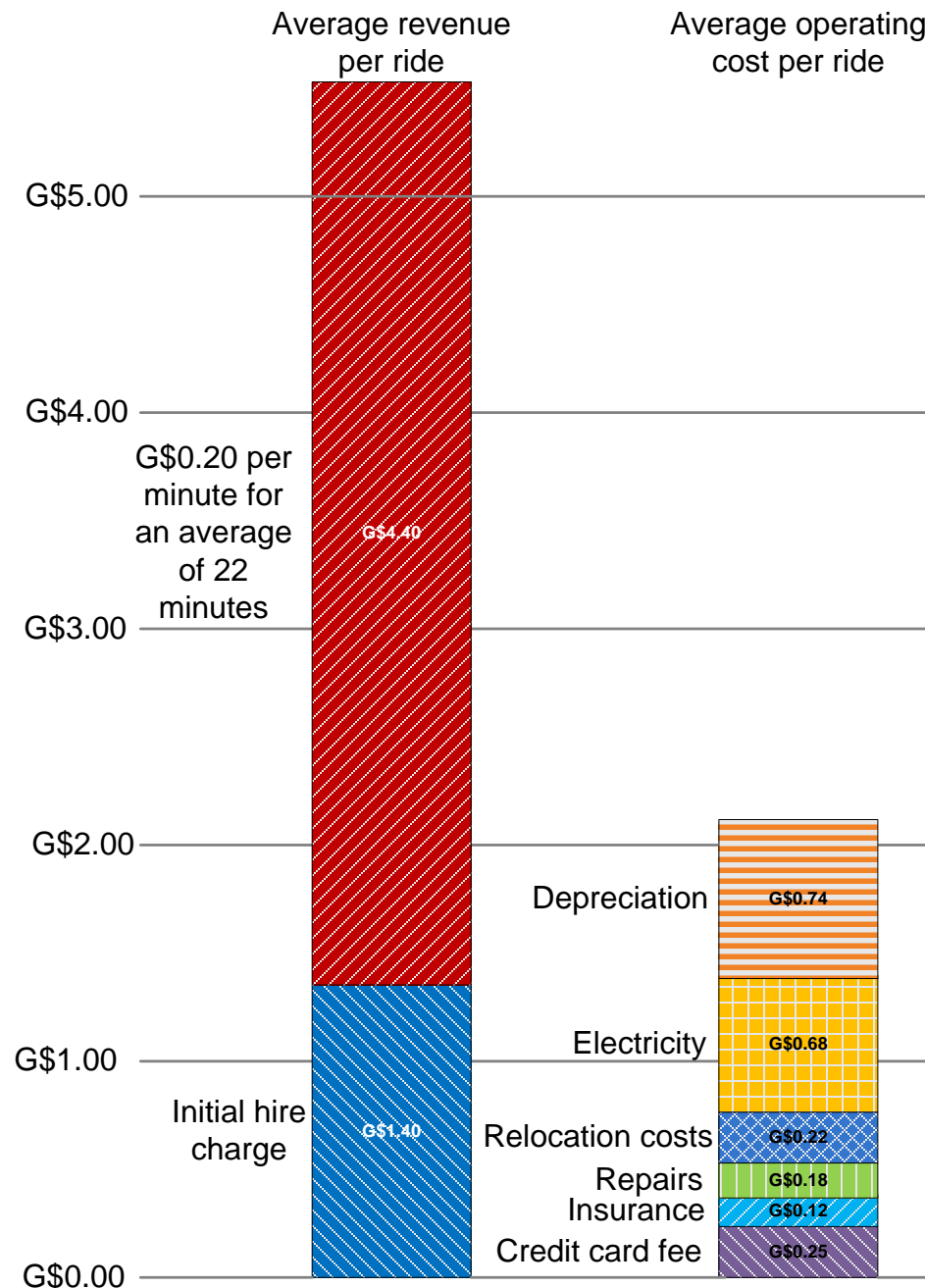
The mechanism inside the dock interrogates the electronic self-diagnosis software on the hoverboard's computer. The hoverboard is taken out of service and is set aside for collection by a mechanic if it reports any mechanical or electrical failures. Otherwise, it is docked and charged ready for hire by the next user.

Runnabout's mechanics must collect and relocate hoverboards throughout the day in response to capacity in the docks and availability of hoverboards. On a typical weekday, 43% of all hoverboard hires occur during the "rush hour" periods of 7.00 to 9.00am and 4.00 to 6.00 pm. During the morning rush hour, many hoverboards are undocked from bus and railway stations and redocked in city centre locations close to places of employment. The opposite is true of the evening rush hour. Runnabout uses vans to relocate hoverboards from docks that are close to being full up to docks that are in danger of running out of hoverboards. That



ensures that users can rely on finding an available hoverboard that can be redocked close to their final destination. Runnabout's vans also uplift faulty hoverboards for repair.

The average hire period for one of Runnabout's hoverboards is 22 minutes. The revenue and cost associated with a typical hire is as follows:



The average revenue per journey is G\$5.80 and the average cost to Runnabout is G\$2.19.

The software in Runnabout's hoverboards restricts the maximum speed of travel to 6 miles per hour (approximately 10 kilometres per hour). That is faster than a typical brisk walking pace of 3 to 4 miles per hour. The hoverboards could travel at much greater speeds, but Runnabout is concerned that a higher speed would lead to more accidents.

Runnabout requires users to be at least 18 years old and to have a valid car driver's licence. Although there is no legal requirement for users to be of a minimum age or to hold an official driving licence, Runnabout's insurers would charge more in the absence of those requirements. Runnabout is insured both against claims arising from injury to users and damage to their property and public liability insurance that covers injury or property damage to third parties.

The insurance cost stated above refers to the insurance cover provided to users with respect to any injury caused by the user to a third party or damage to third party property. This cover applies automatically for the duration of any valid hire by a user. Runnabout also incurs significant cost for insurance against claims made against the company by users or by third parties for injury or property damage.

To date, all of Runnabout's hoverboards have been purchased from Minnerring Robotics, a major manufacturer of industrial equipment based in Deeland, a country that is strongly associated with excellence in engineering. Minnerring has no connection with Runnabout, other than as a supplier. Runnabout selected Minnerring's hoverboard because it was a robust design that had been designed for use in factories as personal transportation for security staff and supervisors. When ridden carefully on flat surfaces such as tiled or concreted floors, Minnerring's hoverboards could be used for 40 hours a week for up to 6 months before they had to be replaced. The average depreciation charge of G\$0.74 per ride is based on estimates of life expectancy provided by Minnerring.

Minnerring sells its hoverboards to a wide range of customers around the world, although Runnabout is the only customer who uses them to facilitate shared-hoverboard services. Minnerring hoverboards are used extensively in industrial and retail settings. For example, many security departments equip their officers with Minnerring hoverboards for patrol and fast-response duties.



## Extracts from Runnabout's annual report

### Runnabout's vision, mission and values

#### ***Vision***

To keep Geeland moving.

#### ***Mission***

Runnabout's mission is to offer an economical and efficient approach to micromobility. We wish to harness both new and existing technologies to enrich our users' lives while creating wealth for our shareholders.

#### ***Values***

Runnabout will:

1. provide users with safe and convenient transportation,
2. minimise the environmental footprint of its micromobility solutions,
3. protect the safety and dignity of its employees,
4. engage with stakeholders to the mutual benefit of all.

## Runnabout's Board of Directors

### *Jack Avery, Non-Executive Chairman*

Jack is a retired business executive who was CEO of Capital City Buses, which operates an extensive network of buses across Greater Capital City.

During his period of leadership, Capital City Buses increased the number of buses in service by 22%.

Jack was appointed by Runnabout in 2017.

### *Mei Yee, Chief Executive Officer*

Mei worked as a senior logistics manager in a courier company in Geeland for 16 years. She then joined Runnabout in 2018.

### *Geo Pataros, Chief Financial Officer*

Geo was a senior accountant with an electric scooter manufacturer before he was appointed to Runnabout's Board. He is a qualified accountant.

Geo was appointed in 2019.

### *Alan Peters, Director of Operations*

Alan is a traffic engineer by training. He worked for Western City Council for twenty years, working on a range of responsibilities including road planning and public transport management.

Alan joined Runnabout's Board in 2015.

### *Shaun McDougall, IT Director*

Shaun has held a number of senior positions in major quoted companies including gaming companies. He enjoys a challenge and was delighted to join the Board in 2018.

### *Pat Olly, Human Resource Director*

Pat has held senior HR roles in a number of organisations. She joined Runnabout as Human Resource Director in 2017.

### *Marco Palermo, Independent Non-Executive Director*

Marco is a qualified accountant who was a partner in one of Geeland's leading accountancy firms before he retired from full-time employment.

Marco was appointed to Runnabout's Board in 2017.

### *Juliana Leung, Independent Non-Executive Director*

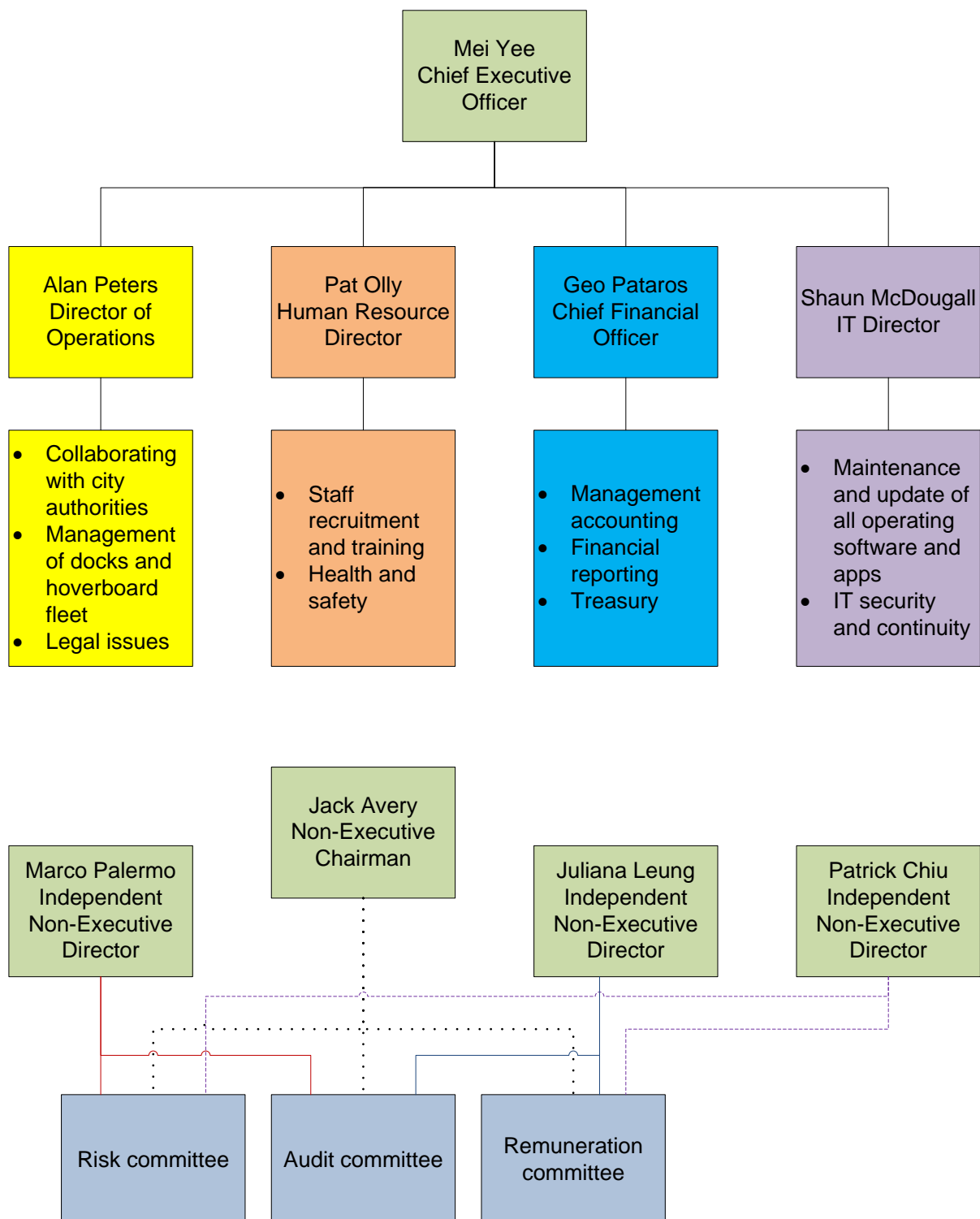
Juliana founded a successful transport company. She retired in 2013 and was appointed to Runnabout's Board in 2016.

### *Patrick Chiu, Independent Non-Executive Director*

Patrick was a senior manager in Geeland's Health Service, specialising in financial management. He was appointed to Runnabout's Board in 2017.



## Organisation chart



## Runnabout's Principal Risks (extracted from annual report)

Risk theme	Risk impact	Risk mitigation
<b>Safety</b>	Hoverboards can cause injury and property damage when ridden irresponsibly.	Users must be at least 18 years old and hold a driver's licence before they can register as users.
	Hoverboards can injure pedestrians because they travel at relatively high speed on pavements and in pedestrianised areas.	Runnabout has comprehensive insurance cover for both injury and property damage.
	Hoverboards are powered by high capacity rechargeable batteries that can be prone to catching fire or exploding. They are particularly dangerous when dismantled or handled roughly.	All employees are fully trained in the safe handling of hoverboards. The hoverboards themselves have self-diagnostic sensors that can provide warning of problems with electrical connections and battery temperature.
<b>Regulation and licensing</b>	Runnabout requires the permission of city authorities in order to locate docks in convenient locations and offer the hire of vehicles for use on public pavements and pedestrianised areas. If that permission is withdrawn by any given city then operations would have to cease.	Runnabout maintains strong communication links with the local authorities.  Runnabout's Board takes care to ensure that any concerns raised by the authorities are addressed as a matter of priority.
<b>Competition</b>	Runnabout has to compete with other providers of micromobility services, as well as traditional public transport, taxi and ride-sharing services. Competitors may take advantage of developments in technology and may receive subsidies from the government or city authorities.	Runnabout is the only provider of shared hoverboards in the cities in which it operates. That has a number of advantages. Hoverboards are the only vehicles that can be ridden on pavements, and so do not expose users to the risks of riding on the roads. They are also unaffected by delays caused by heavy traffic.
<b>IT</b>	Runnabout's operations are wholly dependent upon the availability of its servers and users' access to mobile phone networks in order to operate their apps.	The servers are backed up to a remote hot backup site that can take over in the event of the main site becoming unavailable.  Mobile phone networks rarely go out of service. Those rare outages that do occur rarely affect more than one service provider, so it would be unlikely to prevent all users from hiring hoverboards.
	Runnabout's files contain sensitive data about users, including credit card details and the location of users when they hire and return hoverboards.	Runnabout ensures that its servers are secure. Staff are subject to background checks to ensure that they are trustworthy before they are granted access to users' data.

## Runnabout's internal audit charter

Internal Audit is overseen by Runnabout's Audit Committee. The Chief Internal Auditor reports to Marco Palermo, the convener of the Audit Committee.

The Chief Internal Auditor is responsible for the management and organisation of internal audit staff. Internal Audit investigations will be conducted in accordance with appropriate professional audit standards.

The members of the Internal Audit Department are granted unrestricted access to any records, locations and assets that they deem necessary in order to discharge their duties. They are also free to interview all staff and have a right to receive full cooperation whenever they do so.

Audit staff will submit a written report to the Chief Internal Auditor at the conclusion of each audit investigation. The Chief Internal Auditor will provide the Convener of the Audit Committee with a summary of all audit reports, in addition to copying the full reports to the Convener.

Internal audit reports will be used to provide feedback to managers who are responsible for the areas subject to audit. Where exceptions are noted, the managers responsible will agree a plan for rectification and the internal audit staff will ensure that agreed changes are implemented.

An internal audit plan will be developed each year and approved by the Audit Committee. The plan will focus on areas identified using a risk-based approach. The Chief Internal Auditor will seek authorisation from the Convener of the Audit Committee before deviating from the plan. The Audit Committee has the authority to require revisions to the plan or to request special investigations that are deemed necessary.

## Financial statements

The following information has been extracted from Runnabout Group's financial statements for the year ended 31 December 2019

### Runnabout Group

#### Consolidated statement of profit or loss for the year ended 31 December

	2019	2018
	G\$ million	G\$ million
Revenue	97,943	85,211
Cost of goods sold	(39,908)	(34,323)
Marketing expenses	(5,083)	(4,175)
Administration expenses	(21,055)	(20,213)
Operating profit	31,897	26,500
Financial expense	(5,623)	(2,892)
Profit before tax	26,274	23,608
Tax	(6,831)	(6,883)
Profit for the year	19,443	16,725

### Runnabout Group

#### Consolidated statement of changes in equity for the year ended 31 December 2019

	Share capital	Retained earnings	Total
	G\$ million	G\$ million	G\$ million
Opening balance	10,000	29,143	39,143
Profit for year		19,443	19,443
Dividend		(7,095)	(7,095)
Closing balance	10,000	41,491	51,491



**Runnabout Group**  
**Consolidated statement of financial position**  
**as at 31 December**

	2019 G\$ million	2018 G\$ million
<b>Non-current assets</b>		
Property, plant and equipment	128,790	109,471
Intangible assets	1,621	1,508
	<u>130,411</u>	<u>110,979</u>
<b>Current assets</b>		
Inventories	389	306
Trade receivables	9,821	9,035
Cash and cash equivalents	2,325	2,622
	<u>12,535</u>	<u>11,963</u>
<b>Total assets</b>	<u><u>142,946</u></u>	<u><u>122,942</u></u>
<b>Equity</b>		
Share capital	10,000	10,000
Retained earnings	41,491	29,143
	<u>51,491</u>	<u>39,143</u>
<b>Non-current liabilities</b>		
Loans	62,475	55,475
Deferred tax	15,079	15,012
	<u>77,554</u>	<u>70,487</u>
<b>Current liabilities</b>		
Trade payables	7,056	6,421
Current tax	6,845	6,891
	<u>13,901</u>	<u>13,312</u>
<b>Total equity and liabilities</b>	<u><u>142,946</u></u>	<u><u>122,942</u></u>

## Major competitor

Runnabout is the only provider of hoverboard-sharing services in Geeland, but it is not the only provider of micromobility services. Dokbyke operates an electric bicycle-sharing scheme in Capital City and five other major cities.

### **Dokbyke Group**

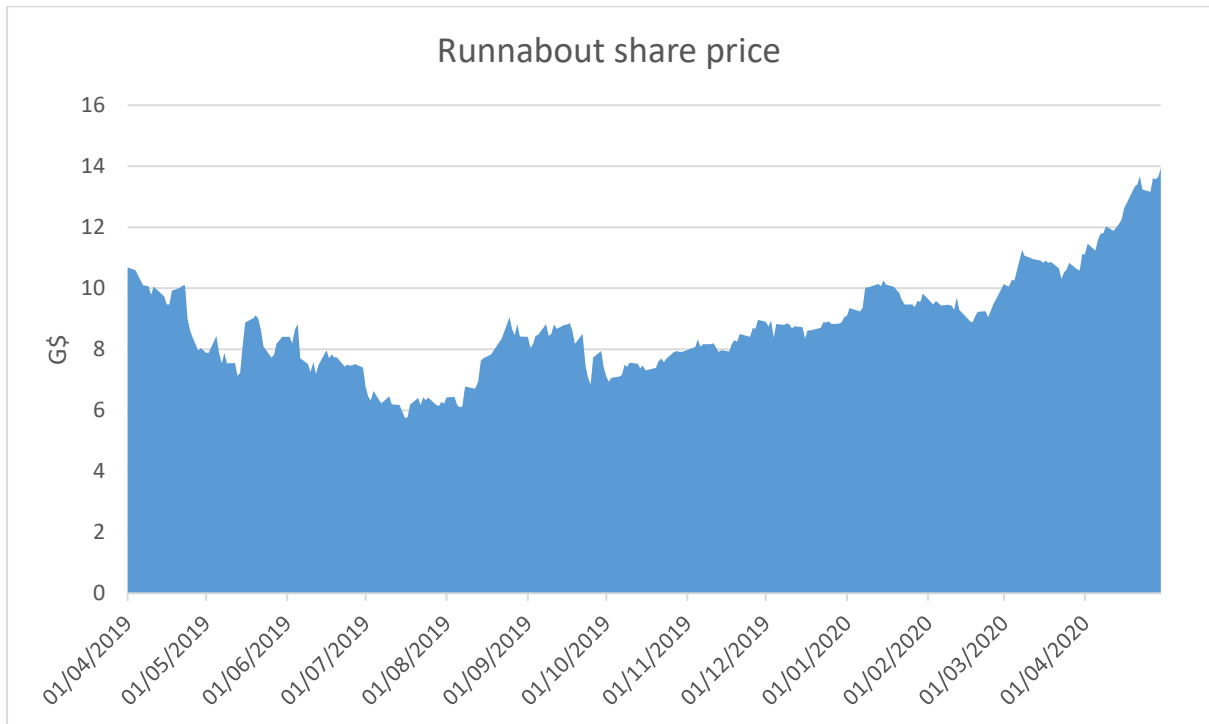
#### **Consolidated statement of profit or loss for the year ended 31 December**

	2019	2018
	G\$ million	G\$ million
Revenue	28,403	23,859
Cost of goods sold	(9,788)	(7,624)
Marketing expenses	(2,129)	(2,019)
Administration expenses	(5,913)	(5,475)
Operating profit	10,573	8,741
Financial expense	(1,079)	(1,298)
Profit before tax	9,494	7,443
Tax	(2,468)	(1,935)
Profit for the year	7,026	5,508

**Dokbyke Group**  
**Consolidated statement of financial position**  
**as at 31 December**

	2019 G\$ million	2018 G\$ million
<b>Non-current assets</b>		
Property, plant and equipment	24,470	24,084
Intangible assets	1,426	1,312
	<u>25,896</u>	<u>25,396</u>
<b>Current assets</b>		
Inventories	86	74
Trade receivables	3,143	3,072
Cash and cash equivalents	419	420
	<u>3,648</u>	<u>3,566</u>
<b>Total assets</b>	<u><u>29,544</u></u>	<u><u>28,962</u></u>
<b>Equity</b>		
Share capital	800	800
Retained earnings	7,860	5,229
	<u>8,660</u>	<u>6,029</u>
<b>Non-current liabilities</b>		
Loans	11,993	14,424
Deferred tax	4,222	4,504
	<u>16,215</u>	<u>18,928</u>
<b>Current liabilities</b>		
Trade payables	2,187	2,058
Current tax	2,482	1,947
	<u>4,669</u>	<u>4,005</u>
<b>Total equity and liabilities</b>	<u><u>29,544</u></u>	<u><u>28,962</u></u>

## Share price history



Runnabout's geared beta is 1.33. Its ungeared beta is 1.21.



# Geeland Daily News

## ‘Hoverboard ankle’ concerns doctors



Hospital emergency rooms have reported a steady increase in the number of ankle injuries caused by hoverboard users crossing roads by jumping off the kerb at maximum speed. This affects children playing with toy hoverboards near their homes and adults using larger hoverboards in city centres.

When hoverboards are ridden like this over time the springs that absorb the impact of jumping from the pavement down to the road weaken and sometimes even break. That puts users at risk of injury because the impact is then absorbed by their ankles, leading to sprains and broken bones.

Doctors blame the increase in injuries on the fact that users are becoming more confident in their riding ability and are taking greater risks.

Runnabout, the shared-hoverboard provider, advises its users that hoverboards should never be ridden over obstacles such as kerbs. If users need to cross the road they should either do so using a pedestrian crossing that has a lowered kerb or wait until the road is clear and carry their hoverboard to the opposite side.

# IT Monthly

## Dokbyke CIO criticises lack of qualified graduates



Titus Mohubedu, Chief Information Officer at Dokbyke, Geeland's largest bicycle-sharing service, spoke out against the many "irrelevant" degree courses in IT that are offered by some universities. In his opinion, many IT degrees are far too theoretical and pay insufficient attention to the real-world issues that matter to IT managers. He was speaking at the launch of the collaborative degree course that Dokbyke was sponsoring at the University of Capital

City. This combines academic study with structured practical experience at Dokbyke's data centres. It is hoped that the course will attract 150 students each year, most of whom will work for Dokbyke when they graduate.

Mr Mohubedu pointed out that many service providers, including Dokbyke and similar entities, were wholly dependent upon the efficiency of their IT infrastructure. He said that Dokbyke employed more staff in IT than it did in maintaining and servicing its bicycles. Dokbyke's IT spend amounts to 14% of its total operating costs.

# Geeland Telegraph

## Business News

### Banks criticise credit card customers



A recent report by the banking industry has demonstrated that many credit card customers took a very careless view of the security features that are built into their cards. The two largest issuers have more than 500 million cardholders between them, so that could represent a significant exposure to fraudulent transactions.

Typical cardholder errors include:

- Physical security – many cardholders leave their wallets and purses in plain sight in their homes, which means that burglars can steal their credit cards, along with the other data that can be used to validate a telephone payment, such as their dates of birth and postal addresses.
- Failing to sign the signature strip on the back of their card – those signatures are rarely examined, but they are there to help confirm the cardholder's identity and there is no need to make life easy for a thief.
- Carelessness with the 3-digit security number on the back of the card – contrary to popular belief, the 16 digit number on the front of the card is rarely sufficient on its own to validate an online or telephone payment, but having the extra three digits is often sufficient to validate a payment.
- Writing down the PIN number – it is commonplace for cardholders to carry a piece of paper with their personal identification number (PIN) in their wallet or to have their PIN written in their diary.

The banks have warned that their losses from credit card fraud are unsustainable and that cardholders who are careless may be held liable for some or all of any unauthorised charges made against their accounts.

# Geeland Telegraph

## Bicycles make city streets safer for all



A research study published by the University of Western City suggests that micromobility was changing the nature of accidents involving pedestrians. There is a strong negative correlation between the numbers of bicycles and the number of pedestrians being knocked down by motor vehicles. That has been attributed to the “traffic calming” effects of motorists driving more slowly because of the difficulties of overtaking groups of cyclists safely. There have been fewer cases of

pedestrians being knocked down by motor vehicles while crossing the road.

Unfortunately, the pavements themselves are becoming increasingly dangerous because of hoverboards. The danger is that pedestrians who step to the side to let hoverboards pass are at risk of stepping into the paths of bicycles that are approaching silently from behind.

Overall, there is no evidence that city streets are becoming more dangerous, but all road and pavement users are reporting an increase in the perceived risk of travelling at busy times.

# Geeland Telegraph

## City Councillor clashes with Transport Minister

A row has broken out between Geeland's Transport Minister and the Councillor who is responsible for oversight of the Capital City Street Safety (CCSS) department at Capital City Council.



The dispute is over the need for regulation of the siting of docks to support micromobility schemes on city streets.

The Transport Minister, who is responsible for governing transportation at a national level, wishes to impose more stringent rules relating to the maximum size of docks and the minimum distance from roads. The City Councillor objects on the grounds that city councils should retain the power to

decide such matters, taking account of the needs of local pedestrians and local traffic conditions.

This debate is unlikely to be resolved soon. There are important democratic principles at stake, which are not helped by the fact that the ruling party in charge of Capital City Council is not the same as the party in charge of Geeland's national parliament.

## Extracts from Whiny Turner's Blog

### Personal best!



I had my fastest run yet from the railway station to my office. I hired a trusty Runnabout hoverboard as usual and, by luck, the pavements were quieter than usual. It only took me 18 minutes to get to the dock outside the office instead of the usual 20 minutes or more. Admittedly, the hoverboard felt pretty hot when I redocked it. That must be why the machine was making that beeping noise when I was pushing it hard up the slight incline to the junction with Harper Street!

#### COMMENTS

I think the beeping noise means that the battery is overheating. I don't think that Runnabout can complain if we push their machines hard because we pay by the minute. Shaving two minutes off your run would save you a fair amount over a week.

Street Surfer

Whiny, we should race one day!

Rubber Burner

### Warm jumper



I had my first serious "incident" today, trying to get back to the station in time to catch the early train. I had to cross Pike Street and was heading for the pedestrian crossing when the road cleared. Rather than risk getting caught at the lights, I turned and jumped the hoverboard I was riding from the pavement down to the road. I have made that manoeuvre many times, but the pavement was higher than I had expected and I hit the road with a crash. I managed to stay upright, but the hoverboard's platform was badly broken and it would have been crazy to have tried to ride it like that. I ended up carrying the hoverboard to the nearest dock and returning it. The battery was really hot, although I wasn't riding all that hard.

Needless to say, I missed my train.

#### COMMENTS

You might get a letter from Runnabout. They will know that you were the last person to ride that hoverboard, unless somebody else is stupid enough to take it out in that condition. My advice is to say that it was like that when you hired it.

Sad Eric

I think that you were lucky. The hoverboard probably had a short circuit after the crash and that made it overheat. You could have been burned.

Throttle Master



## Putting on weight?



I left for the station at the same time as a colleague today. We like to race to the station and it is usually a good contest because there is rarely more than a few seconds between us. Tonight, my colleague forgot that he was wearing a rucksack full of books that he had collected for charity. It must have weighed at least 30 kg.

Anyway, he couldn't understand why he was unable to keep up with me. When I told him that Runnabout has a 95 kg weight limit, which is highlighted during Runnabout's initial registration process, he said that he weighs only 80 kg. He couldn't understand that he had to count the weight of his rucksack too.

### COMMENTS

Runnabout says that the maximum weight is 95 kg, but it is probably ok to exceed that by 5 kg or so. Your colleague almost certainly overloaded the hoverboard to breaking point. He was lucky not to have lost a wheel or broken the platform because falling off a hoverboard while travelling at 6 miles per hour will always be unpleasant.

Boy Racer