
JUNE 2022 QUARTERLY ACTIVITIES REPORT

Carly Holdings Limited (ASX:CL8) is pleased to present its consolidated cash flow report and business update for the quarter ended 30 June 2022.

Key highlights include:

- **Total Revenue in the June 2022 Quarter increased 7% vs March 2022 Quarter, and increased 49% vs the June 2021 Quarter**
- **8% increase in Subscription Revenue** vs March 2022 Quarter and 112% increase vs June 2021 Qtr
- **Subscription Revenue was 51% of Subscription Transaction Value** in the June 2022 Quarter vs 46% in the March 2022 Quarter
- **Subscription Revenue contributed 92% of Total Revenue** in the June 2022 Quarter vs 91% in the March 2022 Quarter
- **Subscription Revenue from Owned and Leased Vehicles increased by 18%** vs March 2022 Qtr and contributed 45% of total Subscription Revenue

Carly continued to focus on higher margin and higher revenue opportunities currently provided by owned and leased vehicles. Despite a small reduction in Subscription Transaction Value and Cash Receipts from Customers due to the expected retirement of a number of asset light vehicles (third party owned vehicles), Subscription Revenue from owned and leased vehicles increased by 18%, contributing to an 8% increase in overall Subscription Revenue.

In the June 2021 Quarter, prior to the introduction of owned and leased vehicles, Subscription Revenue comprised 36% of Subscription Transaction Value, increasing to 46% in the March 2022 Quarter and reaching an all-time high of 51% in the June 2022 Quarter. Subscription Revenue is increasing at a faster rate (112% increase in June 2022 Quarter compared to June 2021 Quarter) than Subscription Transaction Value (47% increase in June 2022 Quarter compared to June 2021 Quarter) due to acquisition of owned and leased vehicles (where the entire Subscription Transaction Value is retained as revenue by Carly as vehicle owner), continued success in upselling customers to higher value and higher margin subscription plans and also general price increases.

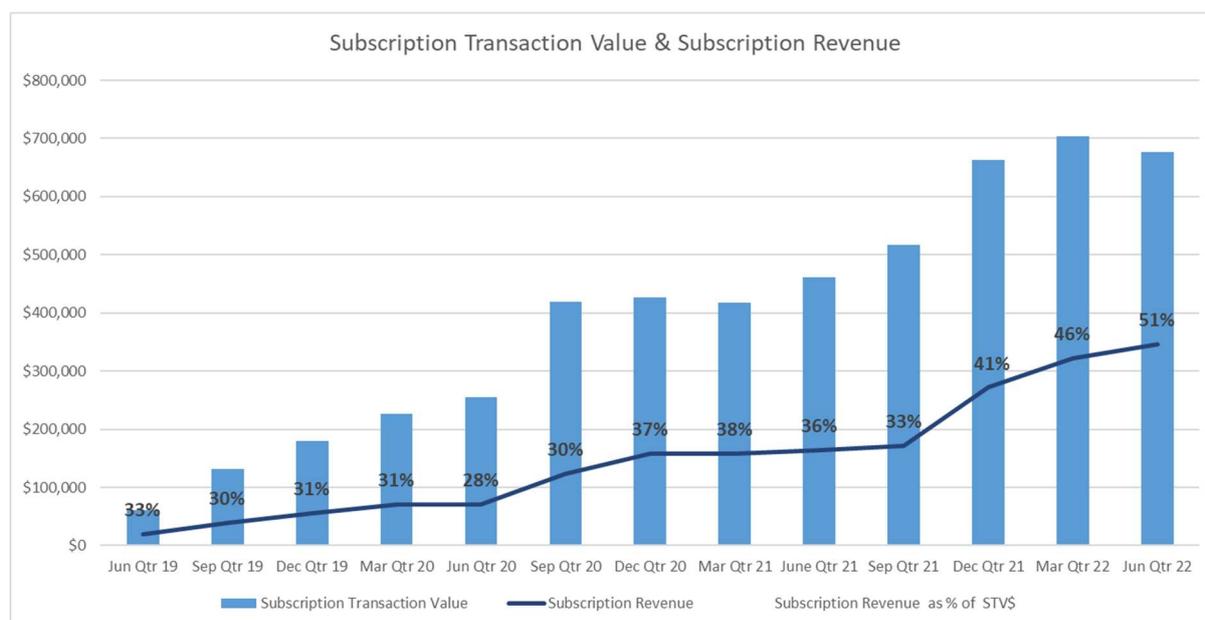
The increase in Carly Subscriptions has been offset by a reduction in the traditional DriveMyCar and Rideshare Rentals, which saw a 66% reduction in Rental Transaction Value in June 2022 Quarter compared to June 2021 Quarter as the business transitioned its focus to car subscription. The net result across both components saw a 10% increase in the total of Rental and Subscription Transaction Value in the June 2022 Quarter compared to June 2021 Quarter. However, total revenue increased by 49% over the same period.



Carly has traditionally operated an exclusively asset-light vehicle fleet, where third party owners provide vehicles in return for owner fees. Since Covid-19 caused global disruptions to vehicle supply, Carly leveraged its data and experience about in-demand vehicles and commenced purchasing and leasing vehicles to access more vehicle supply channels and meet the increasing demand for car subscription services. This strategy has been very successful to date, with owned and leased vehicles generating substantially more revenue and gross profit per vehicle compared to vehicles in the asset-light fleet. The owned and leased vehicles continue to perform at a higher utilisation than initial expectations.

The success of the owned and leased fleet strategy emphasises the benefit of securing asset finance facilities to more rapidly expand the fleet size to support accelerated revenue growth. In June 2022 Carly secured a new asset finance facility from a top-tier automotive financier to support the acquisition of an additional 60 to 70 vehicles. Vehicle orders have been placed and the first deliveries are expected in August. These financed vehicles will replace the asset-light vehicles that are expected to retire in the remainder of 2022 due to reaching kilometre thresholds.

The graph below illustrates the uplift in Subscription Transaction Value and Revenue which is being driven by the high utilisation and lower costs of the expanding owned and leased vehicle fleet.



Product and Manufacturing Costs increased during the June 2022 Quarter, largely due to timing differences regarding vehicle insurance payments between the March 2022 Quarter and the June 2022 Quarter. Excluding this vehicle insurance payment timing difference Product & Manufacturing Costs increased by 10%.

Customer Acquisition Costs remained consistent with the March 2022 Quarter, however overall Advertising and Marketing Costs increased due to costs for Carly’s attendance at the Australian Automotive Dealers Association exhibition and digital advertising costs in the June 2022 Quarter.

Cash flows during the quarter included payments for:

- Research and development costs of \$280,000 (YTD: \$1,060,000)
- Product manufacturing and operating costs of \$711,000 (YTD: \$2,551,000)
- Advertising and marketing costs of \$72,000 (YTD \$316,000)
- Staff costs of \$379,000 (YTD: \$1,525,000)
- Administration and corporate costs of \$71,000 (YTD \$336,000)
- Leased vehicles comprising:
 - Interest amounts of \$20,000 (YTD: \$61,000)
 - Principal amounts \$89,000 (YTD: \$276,000).

Further details of the cash flows of the group are set out in the attached Appendix 4C.

Subsequent to the end of the June 2022 Quarter, the R&D tax incentive refund of \$168,000 relating to FY21 was received.

Corporate

Payments to related parties and their associates in the June 2022 Quarter of \$74,000 related to remuneration of the executive and non-executive directors for the period.

Cash Balance at Quarter End and Funding

At the end of the June 2022 Quarter, the Company maintained a cash balance of \$0.8 million, a decrease of \$0.8 million from the March 2022 Quarter. The receipt of the R&D incentive refund of \$168,000 in the September 2022 quarter has increased the cash available to the Company.

The Directors closely monitor cash flows and funding requirements and are assessing all funding alternatives to ensure that the Company can continue to pursue the growth opportunities of the businesses. The Directors are very conscious of the cash flow requirements of the Group but also seek to ensure that funding is accessed at appropriate valuations so as to preserve value and limit dilution for all shareholders.

This announcement was authorised to be given to ASX by the Board of Directors of Carly Holdings Limited.

Authorised by:

Chris Noone
CEO and Director
Carly Holdings Limited

For more information please contact:

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About Carly Holdings Limited

Carly Holdings Limited (ASX:CL8) investors.carly.co/ is listed on the Australian Securities Exchange. It is Australia's leading listed company focused on providing innovative mobility solutions for consumers and the automotive industry. Carly Holdings operates www.Carly.co, Australia's first flexible car subscription service and www.DriveMyCar.com.au Australia's leading peer-to-peer car rental business.

Appendix 4C

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

Name of entity

Carly Holdings Limited (ASX:CL8)

ABN

60 066 153 982

Quarter ended ("current quarter")

30 June 2022

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	814	3,066
1.2 Payments for		
(a) research and development	(279)	(1,058)
(b) product manufacturing and operating costs	(711)	(2,551)
(c) advertising and marketing	(72)	(316)
(d) leased assets (interest amounts)	(20)	(61)
(e) staff costs	(379)	(1,525)
(f) administration and corporate costs	(71)	(336)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	10
1.5 Interest and other costs of finance paid	-	(1)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other	-	-
1.9 Net cash from / (used in) operating activities	(717)	(2,772)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	(265)
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
2.2 Proceeds from disposal of:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	-
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (transfer to vehicle lease security account)	-	(200)
2.6 Net cash from / (used in) investing activities	-	(465)

3. Cash flows from financing activities		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	-	655
3.2 Proceeds from issue of convertible debt securities	-	-
3.3 Proceeds from exercise of options	-	-
3.4 Transaction costs related to issues of equity securities or convertible debt securities	-	(72)
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	-	-
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (principal amounts on lease liability)	(89)	(276)
3.10 Net cash from / (used in) financing activities	(89)	307

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	1,611	3,735
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(717)	(2,772)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	-	(465)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	(89)	307

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	805	805

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts		Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	805	1,611
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	805	1,611

6. Payments to related parties of the entity and their associates		Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	74
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (asset finance facility)	1,500	-
7.4 Total financing facilities	1,500	-
7.5 Unused financing facilities available at quarter end		1,500
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
<p>The Company has access to an asset finance facility which will enable Carly to finance motor vehicle purchases of up to an aggregate facility limit of \$1.5 million. The prevailing asset finance market interest rate will be applied at the time vehicles are acquired and will be fixed for the term of the loan, and the term will be a maximum of four years from the date of acquisition of the relevant vehicle. The facility will be secured against the asset value of the vehicles acquired.</p>		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(717)
8.2 Cash and cash equivalents at quarter end (item 4.6)	805
8.3 Unused finance facilities available at quarter end (item 7.5)*	-
8.4 Total available funding (item 8.2 + item 8.3)	805
*The asset finance facility of \$1.5 million disclosed under item 7.5 has not been included in the calculation of total available funding for future operating activities as that funding is reserved for the purchase of motor vehicles.	
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	1.1
<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	

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

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

Answer:

The entity expects to have a lower level of net operating cash outflow in the September quarter due to the receipt of its R&D claim for the financial year 2021.

The Company expects to have negative operating cash flows for the time being due to the current stage of development of its businesses. The Company is aggressively growing the size, scale and market presence of the businesses and the level of operating expenditure is reflective of the ongoing investment being made. The business has stable fixed operational costs which do not materially increase with the scale of the existing businesses. Payments to vehicle owners are variable in nature and increase as a direct result of increased sales. But ultimately, as revenues grow, the negative operating cash flows are expected to reduce.

As outlined in the Quarterly Activities Report that accompanies this Appendix 4C, the Company is pursuing a number of strategic opportunities, predominantly for the Carly car subscription service. Carly is an alternative to car purchase and provides a lower risk option for consumers and businesses that require cars but do not want to take on long-term financial obligations. Given the recent economic turmoil arising due to the COVID-19 pandemic, Ukraine conflict, increasing interest rates and global market uncertainty, Carly provides a highly attractive flexible option for consumers and businesses, and Carly expects this business to continue to grow.

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

Answer:

The entity will be raising additional funding during the next quarter and has undertaken steps to begin this process. The entity believes it is high likely that additional funding will be secured prior to the end of the September quarter.

The Directors closely monitor cash flows and funding requirements and are assessing all funding alternatives to ensure that the Company can continue to pursue the growth opportunities of the businesses. The Directors are very conscious of the cash flow requirements of the Group but also seek to ensure that funding is accessed at appropriate valuations so as to preserve value and limit dilution for all shareholders.

The Company has demonstrated the ability to access various capital raising mechanisms as and when required via the support of existing and new investors. Therefore, the Directors believe that the Company will be successful in raising further funding as required.

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

Answer:

Yes, the entity does expect to continue its operations and meet its business objectives in growing its vehicle fleet size, increasing its customer subscription numbers and growing its revenue base.

The Company expects to continue its operations and to meet its business objectives as it is confident that it will be able to continue to raise funds as and when required.

This expectation is based on past experience and because the Company continues to have the support of its existing shareholders and strategic partners who also remain committed to the Company's strategy of providing flexible access to vehicles and its focus on Carly car subscription and rideshare rentals.

Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.

Compliance statement

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

Date: **29 July 2022**

Authorised by: **Board of Directors**
(Name of body or officer authorising release – see note 4)

Notes

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