
MARCH 2023 QUARTERLY ACTIVITIES REPORT

Carly Holdings Limited (ASX:CL8) is pleased to present its consolidated cash flow report and business update for the quarter ended 31 March 2023.

Carly has continued to deliver on key objectives, achieving a material increase in fleet size while maintaining high utilisation which delivered a 76% increase in subscription revenue YOY. Following on from a strong December 2022 Quarter, subscription revenue increased by a further 21% in the March 2023 Quarter.

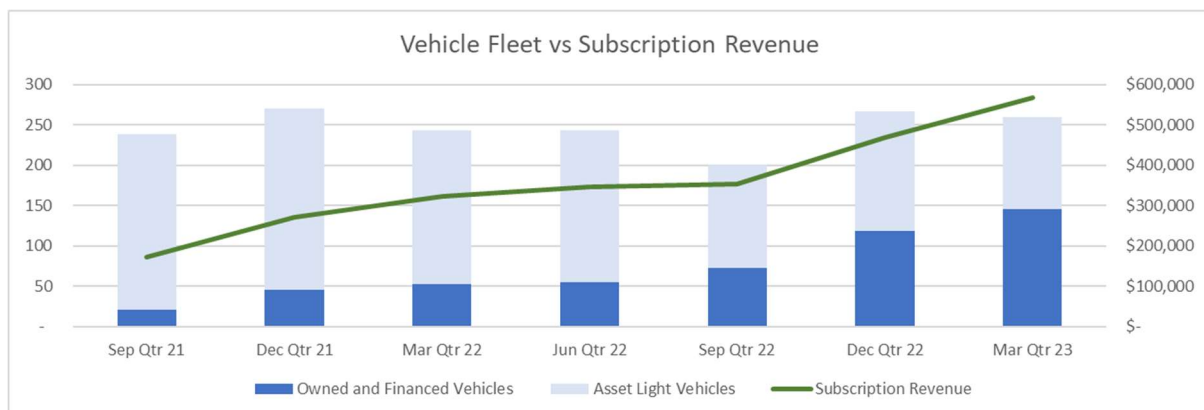
The securing of an asset finance facility of up to \$10 million on 22 March 2023 was a major milestone and positions the business well to continue this growth trajectory.

Key highlights include:

- 76% increase in Subscription Revenue vs March 2022 Quarter and 21% increase vs December 2022 Quarter
- Average Monthly Subscription Revenue reached \$189,000 per month in the quarter (\$156,000 December 2022 Quarter) - a new record for the business and represents an Annualised Run Rate of \$2.5 million (based on \$209,000 Subscription Revenue in March 2023). The Annualised Run Rate reported in the December 2022 Quarter was \$2.0 million
- Ongoing focus on cash management, with a 0% change in Net Cash Used in Operating Activities vs December 2022 Quarter, despite sales performance related incentives and half year statutory costs paid in the March 2023 Quarter
- Subscription Vehicle Utilisation increased to 88% across the March 2023 Quarter (87% December 2022 Quarter), despite the addition of new vehicles, demonstrating Carly's ability to quickly fulfil subscriber demand
- Ongoing growth in the size of the owned and financed vehicle fleet, reaching 146 vehicles at the end of the March 2023 Quarter, an increase of 175% since the March 2022 Quarter
- 16% decrease in Product Manufacturing and Operating Costs vs March 2022 Quarter and 17% decrease vs December 2022 Quarter
- 19% decrease in Advertising and Marketing vs March 2022 Quarter and 17% decrease vs December 2022 Quarter
- Secured asset financing of up to \$10 million from iPartners in March 2023, with initial drawdown of \$700,000 at the end of March facilitating the delivery of 28 vehicles by 20 April
- Continued to place forward orders to acquire vehicles during the June 2023 Quarter

Subscription Revenue increased by 21% compared to the December 2022 Quarter driven by upselling to higher value subscription plans, continued growth in the number of subscriptions and an increase in the number of new 2023 model vehicles.





The business strategy to increase the number of owned and financed vehicles, which deliver higher average margins than asset-light vehicles, continues to deliver a proportionally higher contribution of revenue. Owned and financed vehicles comprised 56% of the fleet at March 2023, compared to 45% at the end of December 2022, while contributing 68% of subscription revenue during the March 2023 Quarter, increasing from 57% in the December 2022 Quarter. Carly continues to engage with asset-light vehicle providers with a view to the ongoing development and growth of the asset-light fleet

Asset Finance Facility of up to \$10 million Secured to Continue Fleet Growth

Carly is focused on developing a portfolio of owned, financed and asset-light vehicles in order to have a range of options to access vehicles during different market supply situations, as well as to achieve better control over vehicle availability and fleet size. As announced to ASX on 22 March 2023, Carly successfully closed its largest ever asset finance facility, with iPartners providing up to \$10 million of vehicle financing, which if fully drawn down, would enable the purchase of up to 450 vehicles which would generate approximately \$4.7 million in annual revenue @ 87% utilisation. This is in addition to the existing annual revenue run rate of \$2.5m, which itself increased by 25% in the March 2023 Quarter.

Across the March 2023 Quarter, Carly added a further 27 new vehicles to its fleet, fully utilising all of the finance facilities available prior to the signing of the iPartners facility. Despite the addition of these new vehicles, Carly was able to achieve a vehicle utilisation rate of 88% during the March 2023 Quarter. With access to the iPartners facility, Carly will continue to balance the growth of the fleet with the aim of maintaining a vehicle utilisation rate above 85%. This approach will ensure that the business optimises its marketing spend and maintains a low vehicle storage cost for under-utilised vehicles. Despite some ongoing delays with the importation of new vehicles into Australia, Carly continues to work closely with its dealer network in placing forward orders in the June 2023 Quarter. 28 vehicles have already been delivered under the iPartners facility since 1 April 2023 ensuring ongoing growth in the Carly fleet.

In implementing this strategy, Carly continues to experience an improvement in both the growth of subscription revenue and transaction value and a reduction in the average marketing cost, per subscriber. Overall, Advertising and Marketing Costs decreased by 19% compared to the March 2022 Quarter, despite a larger fleet size and growth in the subscriber base in the March 2023 Quarter

These latest results show that Carly is continuing to demonstrate success in three key objectives:

- Securing asset finance facilities that support growth in fleet size
- Securing supply of vehicles in a timely fashion that are then highly utilised
- Increasing overall Subscription Transaction Value and retaining a higher proportion as revenue.

Cash flows during the quarter included payments for:

- Research and development costs of \$265,000 (YTD: \$798,000)
- Product manufacturing and operating costs of \$479,000 (YTD: \$1,671,000)
- Advertising and marketing costs of \$39,000 (YTD \$132,000)
- Staff costs of \$477,000 (YTD: \$1,226,000)
- Administration and corporate costs of \$100,000 (YTD \$280,000)
- Leased vehicles comprising:
 - Interest amount of \$42,000 (YTD: \$81,000)
 - Principal amount of \$136,000 (YTD: \$306,000).

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

Corporate

Payments to related parties and their associates in the March 2023 Quarter of \$112,000 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 March 2023 Quarter, the Company maintained a cash balance of \$962,000, a decrease of \$656,000 from the December 2022 Quarter. During the June 2023 Quarter, the Company is expecting to receive an R&D Tax Incentive refund for the FY22 financial year and annual profit sharing contribution from the favourable claims loss experience for the motor fleet insurance policy. The aggregate of these cash inflows is forecast to be approximately \$180,000.

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.

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")

31 March 2023

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	918	2,632
1.2 Payments for		
(a) research and development	(265)	(798)
(b) product manufacturing and operating costs	(479)	(1,671)
(c) advertising and marketing	(39)	(132)
(d) leased assets (interest amounts)	(45)	(97)
(e) staff costs	(477)	(1,226)
(f) administration and corporate costs	(100)	(280)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	4	9
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	168
1.8 Other	-	-
1.9 Net cash from / (used in) operating activities	(483)	(1,395)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(507)	(507)
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
2.2 Proceeds from disposal of:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	-
(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)	-	-
2.6 Net cash from / (used in) investing activities	(507)	(507)

3. Cash flows from financing activities		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	-	2,113
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	(67)	(209)
3.5 Proceeds from borrowings	700	700
3.6 Repayment of borrowings	-	-
3.7 Transaction costs related to loans and borrowings	(118)	(118)
3.8 Dividends paid	-	-
3.9 Other (principal amounts on lease liability)	(181)	(427)
3.10 Net cash from / (used in) financing activities	334	2,059

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	1,618	805
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(483)	(1,395)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(507)	(507)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	334	2,059

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	962	962

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	962	1,618
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)	962	1,618

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	112
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)	6,200	2,700
7.4 Total financing facilities	6,200	2,700
7.5 Unused financing facilities available at quarter end		3,500
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 currently has access to a number of asset finance facilities which enables Carly to finance motor vehicle purchases of up to an aggregate facility limit of \$6.2 million. The prevailing asset finance market interest rate is applied at the time vehicles are acquired and are 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 average interest rate at 31 March 2023 was 6.77% on acquired vehicles. The facilities are 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)	(483)
8.2 Cash and cash equivalents at quarter end (item 4.6)	962
8.3 Unused finance facilities available at quarter end (item 7.5)*	-
8.4 Total available funding (item 8.2 + item 8.3)	962
* The unused asset finance facilities of \$3.5 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 solely for the purchase of motor vehicles.	
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	1.99
<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 Company expects to have reduced 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 business, and the level of operating expenditure is reflective of the ongoing investment being made in the acquisition of new motor vehicles and continued development of the business' processes to support the fleet expansion. During the June 2023 Quarter, the Company is expecting to receive an R&D Tax Incentive refund for the FY22 financial year and annual profit sharing contribution from the favourable claims loss experience for the motor fleet insurance policy. The aggregate of these cash inflows is forecast to be approximately \$180,000. The business has stable fixed operational costs which do not materially increase with the scale of the existing businesses. As the number of vehicles within the portfolio continues to grow the negative operating cash flows are expected to reduce.

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 when required and has undertaken steps to begin this process. The entity believes it is highly likely that appropriate additional funding will be secured prior to the end of the June quarter.

The Directors closely monitor cash flows and funding requirements and are assessing all funding alternatives to ensure the Company can continue to pursue the growth opportunities available to the business. 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 is confident that it will be able to continue to raise funds as and when required.

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

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: **26 April 2023**

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.