

JUNE 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 30 June 2023.

Carly has continued to deliver on key objectives, achieving a material increase in fleet size while maintaining high fleet utilisation which delivered an 83% increase in subscription revenue YOY. Following on from a strong March 2023 Quarter, subscription revenue increased by a further 12% in the June 2023 Quarter.

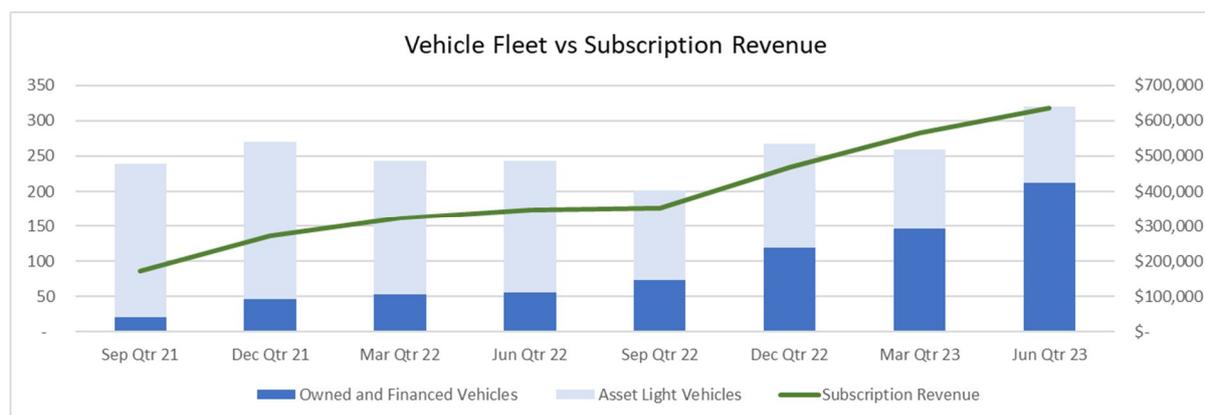
Having secured an asset finance facility of up to \$10 million in the March 2023 Quarter, \$2.2 million has already been drawn and used in purchasing new vehicles, with the majority of these vehicles being delivered towards the end of the June 2023 Quarter.

Key highlights include:

- 83% increase in Subscription Revenue vs June 2022 Quarter and 12% increase vs March 2023 Quarter
- Average Monthly Subscription Revenue reached \$212,000 per month in the quarter (\$189,000 March 2023 Quarter) - another new record for the business. This performance represents an Annualised Run Rate of >\$2.5 million.
- Customer Receipts exceeded \$1m for the quarter, up 11% on the March 2023 Quarter and up 25% vs June 2022 Quarter
- Ongoing focus on cash management with a 14% reduction in Net Cash Used (excluding R&D Tax Refund of \$127,000) compared to June 2022 Quarter. Net Cash Used (excluding R&D Tax Refund) in the June 2023 Quarter was up 28% compared to the March 2023 Quarter due to the growing vehicle fleet and investment in marketing
- Subscription Vehicle Utilisation reduced to 84% across the June 2023 Quarter (88% March 2023 Quarter), due to the addition of new vehicles across the latter part of the quarter which take an initial period to be subscribed out
- Ongoing growth in the size of the owned and financed vehicle fleet, reaching 212 vehicles at the end of the June 2023 Quarter, an increase of 285% since the June 2022 Quarter
- Receipt of an R&D Tax Incentive Refund of \$127,000 and a Claims Experience Discount of \$60,000 in recognition of low claims against the motor fleet insurance policy
- 16% decrease in Product Manufacturing and Operating Costs vs June 2022 Quarter
- 19% decrease in Advertising and Marketing vs June 2022 Quarter
- Continued utilisation of funding facilities, with a further 66 vehicles acquired across the June 2023 Quarter
- Successfully completed \$1.25m Tranche 1 capital raising, out of \$1.6m total commitment in capital raising (Tranche 2 of \$0.35m subject to shareholder approval)



Subscription Revenue increased by 12% compared to the March 2023 Quarter (and increased 83% compared to the June 2022 Quarter) driven by 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 contributions than asset-light vehicles, continues to deliver a proportionally higher share of revenue. Owned and financed vehicles comprised 66% of the fleet at June 2023, compared to 56% at the end of March 2023. Carly continues to engage with asset-light vehicle providers with a view to the ongoing development and growth of the asset-light fleet. Recent additions to the asset-light fleet include the Ioniq 5 and Ioniq 6 electric vehicles provided by Hyundai Australia.

Utilisation of Asset Finance Facility of up to \$10 million

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.

At the end of the March 2023 Quarter, Carly activated the iPartners facility, initially drawing \$0.7 million to acquire pre-ordered vehicles in April. Several draw downs were made in the quarter resulting in a total of \$1.5 million being received under the facility during the June 2023 Quarter, enabling Carly to add a total of 66 vehicles across the June 2023 Quarter. Despite the addition of these new vehicles, which take time to be subscribed out and therefore contribute towards revenues, Carly was able to achieve a vehicle utilisation rate of 84% across the June 2023 Quarter, just below its target rate of 85% (June 2023 monthly utilisation rate was 85%). Post 30 June 2023, Carly received a fourth draw down of \$0.8 million taking the facility to \$3m drawn down. Carly expects to receive delivery of a further 34 vehicles in July/early August 2023 and forward orders are in place for additional vehicles. 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.

On completion of the Company's capital raise in June 2023, the iPartners facility LVR improved from 80% to 90%, further supporting the vehicle growth strategy in FY 2024 with reduced equity capital requirements.

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 \$255,000 (YTD: \$1,053,000)
- Product manufacturing and operating costs of \$594,000 (YTD: \$2,266,000)
- Advertising and marketing costs of \$58,000 (YTD \$190,000)
- Staff costs of \$529,000 (YTD: \$1,755,000)
- Administration and corporate costs of \$152,000 (YTD \$432,000)
- Leased vehicles comprising:
 - Interest amount of \$43,000 (YTD: \$124,000)
 - Principal amount of \$152,000 (YTD: \$457,000).

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 June 2023 Quarter of \$106,000 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 2023 Quarter, the Company maintained a cash balance of \$1,663,000, an increase of \$701,000 from the March 2023 Quarter.

On 16 June 2023, the Company completed Tranche 1 of an oversubscribed \$1.6 million placement to sophisticated and professional investors and existing shareholders. The Company issued 50,000,000 fully paid ordinary shares at an issue price of \$0.025 per share raising \$1.25 million pursuant to Tranche 1 of the Placement. The Shares were issued utilising the Company's existing capacity under Listing Rules 7.1 and 7.1A. Subscribers under the Placement will receive free-attaching quoted options on a 1-for-2 basis, exercisable at \$0.06 per option, with an expiry date of 31 October 2024 (CL8O Options). Shareholder approval will also be sought at an EGM on 26 July for the issue of 14,000,000 Shares under Tranche 2 of the Placement and a total of 32,000,000 CL8O Options under the Placement. Subject to all necessary regulatory and shareholder approvals, Carly directors Chris Noone and Stephen Abolakian will participate in Tranche 2 of the Placement (total \$0.08m).

During the month of July 2023, subject to Shareholder approval, the Company is expecting to complete the Tranche 2 Placement which will result in the issue of 14 million shares at an issue price of \$0.025 per share, raising an additional \$350,000.

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

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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")

30 June 2023

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	1,017	3,649
1.2	Payments for		
	(a) research and development	(255)	(1,053)
	(b) product manufacturing and operating costs	(594)	(2,266)
	(c) advertising and marketing	(58)	(190)
	(d) leased assets (interest amounts)	(46)	(142)
	(e) staff costs	(529)	(1,755)
	(f) administration and corporate costs	(152)	(432)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	1	10
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	127	295
1.8	Other	-	-
1.9	Net cash from / (used in) operating activities	(489)	(1,884)

2.	Cash flows from investing activities		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	(1,257)	(1,763)
	(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)	-	-
2.6 Net cash from / (used in) investing activities	(1,257)	(1,763)

3. Cash flows from financing activities		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	1,250	3,363
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	(93)	(301)
3.5 Proceeds from borrowings	1,500	2,200
3.6 Repayment of borrowings	-	-
3.7 Transaction costs related to loans and borrowings	(12)	(130)
3.8 Dividends paid	-	-
3.9 Other (principal amounts on lease liability)	(198)	(627)
3.10 Net cash from / (used in) financing activities	2,447	4,505

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	962	805
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(489)	(1,884)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(1,257)	(1,763)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	2,447	4,505

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	1,663	1,663

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	1,663	962
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)	1,663	962

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	106
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<p><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></p>		

7.	Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (Asset Finance Facility)	6,200	4,200
7.4	Total financing facilities	6,200	4,200
7.5	Unused financing facilities available at quarter end		2,000
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.		
	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 30 June 2023 was 7.95% on acquired vehicles. The facilities are secured against the asset value of the vehicles acquired.		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(489)
8.2	Cash and cash equivalents at quarter end (item 4.6)	1,663
8.3	Unused finance facilities available at quarter end (item 7.5)*	-
8.4	Total available funding (item 8.2 + item 8.3)	1,663
	* The unused asset finance facilities of \$2.0 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)	3.4
	<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: Not applicable	
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: Not applicable	

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:

Not applicable

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: **13 July 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.