
SEPTEMBER 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 September 2022.

Carly has continued to deliver on key objectives, having achieved material increases in revenue and vehicle utilisation, significant reductions in customer acquisition costs and placed orders for up to \$1.5m of vehicles, of which 30% were delivered in the September 2022 Quarter. Combined, these results contributed to a substantial reduction in net cash outflows.

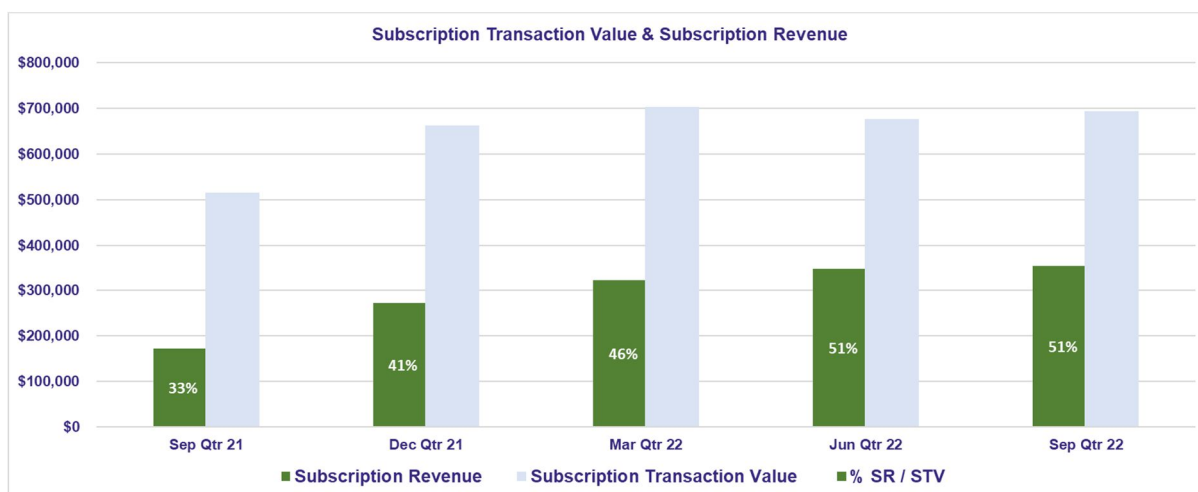
Key highlights include:

- 40% decrease in Net Cash Used in Operating Activities (excluding receipt of R&D Tax Incentive Refund in July 2022) vs September 2021 Quarter and 17% decrease vs June 2022 Quarter
- 108% increase in Subscription Revenue vs September 2021 Quarter
- 27% increase in Receipts from Customers vs September 2021 Quarter
- Subscription Vehicle Utilisation reached 87% in the September 2022 Quarter, an 11% increase vs 76% utilisation in the September 2021 Quarter
- 23% decrease in Research & Development and 19% decrease in Staff Costs vs September 2021 Quarter
- 7% decrease in Product Manufacturing and Operating Costs vs September 2021 Quarter and 14% decrease vs June 2022 Quarter
- 49% decrease in Advertising and Marketing vs September 2021 Quarter and 36% decrease vs June 2022 Quarter
- 30% of vehicles ordered under the \$1.5m asset finance facility announced in June 2022 were delivered and highly utilised in the September Quarter with the remaining 70% of vehicles expected to be delivered in the December 2022 Quarter

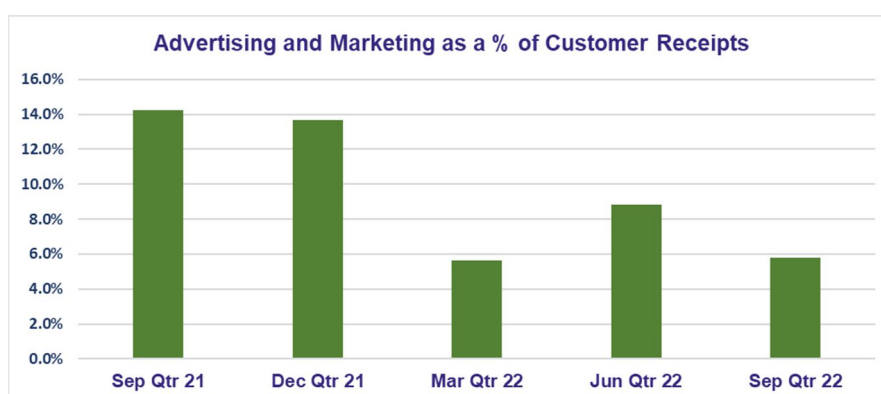
During the September 2022 Quarter Net Cash Used in Operating Activities decreased by 40% compared to the September 2021 Quarter after accounting for the receipt of the R&D Tax Incentive Refund in July 2022. This positive outcome was achieved through increases in sales, higher utilisation of vehicles and a broad reduction in expenses.

Subscription Revenue increased by 108% compared to the September 2021 Quarter driven by increases in average selling prices, upselling to higher value subscription plans and an overall increase in the number of subscriptions. The increase in Subscription Revenue was proportionally higher than the 27% increase in Receipts from Customers due to an increase in the number of owned and financed vehicles which deliver higher margins than asset-light vehicles.





Maximising return on investment and efficiency improvements have been a key focus of the business and success in this area is evidenced by the substantial improvement in vehicle utilisation and reduction in marketing costs. Subscription Vehicle Utilisation reached 87% in the September 2022 Quarter, an 11% increase compared to the September 2021 Quarter, due to the strong demand for the vehicles which Carly acquired specifically for subscription use. High utilisation was also supported by improvements to digital marketing campaigns and search engine optimisation which delivered more subscription bookings at lower cost. Marketing campaign optimisation contributed to a reduction in customer acquisition costs. Overall, Advertising and Marketing Costs decreased by 49% compared to the September 2021 Quarter.



Immediately upon securing the \$1.5m asset finance facility announced on 23 June 2022, Carly set about seeking deliveries of suitable vehicles in the shortest possible time frame. Due to ongoing Covid-19 impacts, Ukraine conflict, microchip shortages and shipping delays, the supply of new cars to Australia has been disrupted and delays of up to 12 months are common. During the September 2022 Quarter, Carly identified and placed orders for vehicles that would utilise the entire asset finance facility. Carly received delivery of 30% of the vehicles available under the asset finance facility in the September 2022 Quarter, with the remaining vehicles due to be delivered in the December 2022 Quarter. Carly's nimbleness and strong automotive industry relationships ensured that cars were delivered more quickly than would be expected, given the supply constraints. The new vehicles were rapidly subscribed after delivery and contributed to the high overall utilisation rate. The full benefit of the subscription of these vehicles will be seen in the December 2022 Quarter and beyond.

Cash flows during the quarter included payments for:

- Research and development costs of \$250,000 (YTD: \$250,000)
- Product manufacturing and operating costs of \$613,000 (YTD: \$613,000)
- Advertising and marketing costs of \$46,000 (YTD \$46,000)
- Staff costs of \$356,000 (YTD: \$356,000)
- Administration and corporate costs of \$113,000 (YTD \$113,000)
- Leased vehicles comprising:
 - Interest amounts of \$16,000 (YTD: \$16,000)
 - Principal amounts \$60,000 (YTD: \$60,000).

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 September 2022 Quarter of \$80,000 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 September 2022 Quarter, the Company maintained a cash balance of \$0.28 million, a decrease of \$0.53 million from the June 2022 Quarter.

On 5 October 2022, Carly announced the launch of a renounceable rights issue to raise up to \$2.8 million. The Rights Issue is intended to primarily fund growth in car subscription revenue from consumer and business markets, technology enhancements, R&D and for working capital. The minimum subscription under the Rights Issue is \$2.0 million.

Major shareholders and officers of the Company have confirmed their intention to take up rights under the Rights Issue totalling over \$700,000, namely SG Fleet Management Pty Limited and Willoughby Capital Pty Ltd as trustee for the Willoughby Capital Trust, Turners Automotive Group Limited and directors, Chris Noone and Adrian Bunter.

Eligible Shareholders who subscribe for their full Entitlement can also apply for shortfall in excess of their entitlement. Shareholders can also trade their rights under ASX ticker code CL8R until Wednesday, 19 October 2022. The Rights Issue will close on Wednesday, 26 October 2022 (unless extended).

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:

Chris Noone
CEO and Director
Carly Holdings Limited
E: shareholder@carly.co

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 September 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	801	801
1.2 Payments for		
(a) research and development	(250)	(250)
(b) product manufacturing and operating costs	(613)	(613)
(c) advertising and marketing	(46)	(46)
(d) leased assets (interest amounts)	(21)	(21)
(e) staff costs	(356)	(356)
(f) administration and corporate costs	(113)	(113)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	1
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	168	168
1.8 Other	-	-
1.9 Net cash from / (used in) operating activities	(429)	(429)

2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	-
(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	-	-

3. Cash flows from financing activities		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
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	-	-
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)	(100)	(100)
3.10 Net cash from / (used in) financing activities	(100)	(100)

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	805	805
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(429)	(429)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4 Net cash from / (used in) financing activities (item 3.10 above)	(100)	(100)

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	276	276

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	276	276
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)	276	276

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	80
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	499
7.4 Total financing facilities	1,500	499
7.5 Unused financing facilities available at quarter end		1,001
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 enables Carly to finance motor vehicle purchases of up to an aggregate facility limit of \$1.5 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 September 2022 was 6.15% on acquired vehicles. The facility is 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)	(429)
8.2 Cash and cash equivalents at quarter end (item 4.6)	276
8.3 Unused finance facilities available at quarter end (item 7.5)*	-
8.4 Total available funding (item 8.2 + item 8.3)	276
* 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)	0.6
<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?	
<p>Answer:</p> <p>Excluding the reported R&D claim in the September 2022 Quarter Appendix 4C, the entity expects to have a similar level of net operating cash outflow in the December Quarter.</p> <p>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. As the number of vehicles within the portfolio grows, the negative operating cash flows are expected to reduce.</p>	

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 is currently raising approximately \$2.8 million before costs, via an announced Renounceable Rights Issue (**Rights Issue**). The major shareholders and officers of the Company have confirmed their intention to take up rights under the Rights Issue totalling over \$700,000. The minimum subscription under the Rights Issue is \$2.0 million. The entity believes it is highly likely that additional funding will be secured prior to the end of the December 2022 quarter.

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.

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: **17 October 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.