

DECEMBER 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 December 2023.

Carly has continued to deliver on its business objectives, steadily increasing its fleet size, the number of active subscribers and subscription revenue, YoY and against the September 2023 Quarter. Following on from a strong September 2023 Quarter, subscription revenue increased by a further 16% in the December 2023 Quarter.

Carly unlocked access to a further \$6 million of asset finance in December 2023 and placed orders for 109 vehicles valued at over \$4 million, including 44 electric vehicles (EVs), with the first deliveries received in December. These newly ordered vehicles will continue to be delivered in March & June 2024 Quarters and will increase fleet size by 29% compared to 31 December 2023.

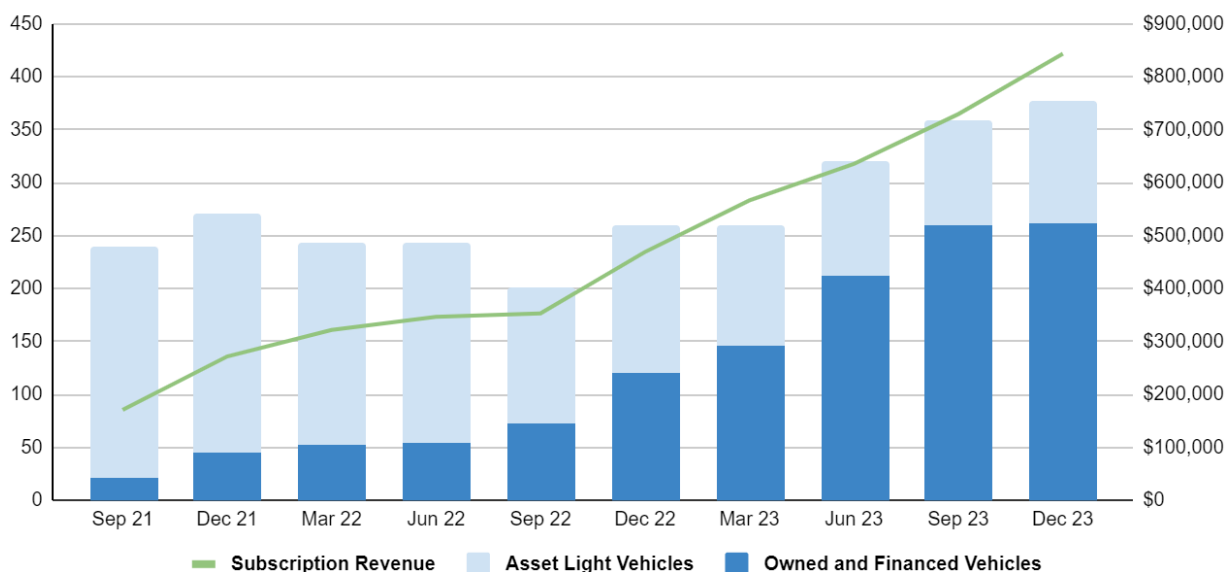
Key highlights include:

- 80% increase in Subscription Revenue vs December 2022 Quarter and 16% increase vs September 2023 Quarter
- 19% increase in Subscription Revenue Annualised Run Rate, reaching >\$3.7 million, (based on \$309,000 in the month of December) compared to ~\$3.1 million at September 2023. Average Monthly Subscription Revenue continues to grow, reaching \$281,000 per month in the quarter (\$243,000 September 2023 Quarter).
- Unlocked access to \$6 million Facility B of the \$10 million asset finance facility announced on 22 March 2023 and placed orders for 109 vehicles, valued at over \$4 million, equivalent to 29% of fleet size at 31 December 2023
- 18 vehicles were added to the vehicle fleet in the December 2023 Quarter, reaching a fleet size of 377 vehicles at 31 December 2023. A further 25 new vehicles have been added to the fleet in the first 3 weeks of January 2024
- A Sales and Customer Experience Manager commenced to oversee growth, subscriber experience and rollout of new subscription product features to consumers, corporate, government and not for profit sectors
- Successfully completed \$2.85m convertible note issuance to support ongoing business expansion

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Vehicle Fleet vs Subscription Revenue



Subscription Revenue increased by 16% compared to the September 2023 Quarter, and increased 80% compared to the December 2022 Quarter, driven by continued growth in the number of subscriptions and an increase in the number of new 2023 model vehicles. Total fleet size at the end of December 2023 was 377 vehicles, with owned and financed vehicles representing 69% of the fleet. Carly continues to invest in its owned and financed vehicles as well as source vehicles under its asset light model from preferred partners. This enables Carly to align its fleet with customer demand and take advantage of market opportunities to access vehicles using its own capital or access third-party vehicles when there is market supply.

While subscription growth continued to accelerate, additional investments were made in marketing and the vehicle fleet. Timing differences associated with the payment of fleet management costs, staff costs and recruitment fees, including non-recurring expenses, resulted in the Net Cash Used in Operating Activities increasing compared to the September 2023 Quarter. As the owned vehicle fleet expands, outgoing payments start prior to new subscriptions commencing, resulting in a lagging effect for cash receipts. Over time, as the vehicle utilisation increases, the net cash flow for vehicle subscriptions substantially improves.

As EVs move from the early adopter phase to early majority, Carly has, for the first time, purchased electric vehicles to assist individuals and business fleets transition to EVs by providing EVs to trial for 30 days or more. The ability to trial EVs provides real-world feedback on the benefits and potential/perceived challenges of adopting EVs on a larger scale and removes many of the current anxieties associated with the new technology.

Carly has begun to offer to customers the Carsales 2023 Car of the Year Winner and 5 Star ANCAP rated MG4 EVs in New South Wales, Victoria and Queensland, providing access to EVs suitable for mainstream adoption. These vehicles join the Hyundai Ioniq 5 and 2023 World Car of the Year Ioniq 6 provided by Hyundai Australia on an asset-light basis, which are already extremely popular with Carly’s individual and corporate subscribers.



An agreement was signed with Chargefox, Australia's leading EV charging network enabling Carly to bundle EV charging packs with electric vehicle subscriptions, increasing the value provided to retail and corporate customers and simplifying the adoption of EVs for our customers. This relationship enhances Carly's 'try before you buy' EV subscription proposition and reduces the barriers to entry for individuals and companies transitioning to electric vehicles. Carly and Chargefox intend to work together to jointly promote the proposition.

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

- Securing supply of vehicles in a timely manner that are then monetised by consumers and corporate customers
- Increasing overall Subscription Transaction Value and retaining a higher proportion as revenue
- Investing in a clearly defined strategy to accelerate subscriber growth and cash inflows

Marketing Initiatives

During the December 2023 Quarter, Carly continued to invest in growing market and product awareness, laying the foundations for continued growth in the consumer and corporate markets:

Employee Rewards

Carly completed the signing of agreements to enable the distribution of educational information and promotional offers to over 990,000 Australian employees via employer benefits programs. Carly will continue to use this channel to access a large segment of retail customers and establish car subscription as the more flexible alternative to long term finance and debt.

Radio Advertising

Carly took the opportunity to trial advertising in the Sydney region during October/November. 15 and 30 second commercials were aired on commercial stations and across digital radio platforms. Carly identified an increase in subscriber inquiries and will assess, as the fleet expands, the use of this marketing medium in the future.

Fleet Auto News

Carly secured a 6 month sponsorship of leading fleet industry publications Fleet Auto News and Fleet EV News to position Carly as the provider of choice for fleet managers seeking flexible access to vehicles and a smooth transition to electric vehicles.

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Corporate

Payments to related parties and their associates in the December 2023 Quarter of \$192,000 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 December 2023 Quarter, the Company maintained a cash balance of \$3,116,000, an increase of \$2,146,000 from the September 2023 Quarter.

On 30 November 2023, Shareholders approved the issuing of 2,850,000 convertible notes at an issue price of \$1.00 per note, raising an additional \$2,850,000 (Convertible Note) before transaction costs. This has provided the funding to deliver substantial growth in fleet size and subscription revenues in coming months.

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

Carly Holdings Limited (ASX:CL8) is an Australian company leading the growth of the car subscription industry in Australia & New Zealand and supporting the transition to electric vehicles. Launched in 2019, [Carly Car Subscription](#) is a flexible alternative to buying or financing a vehicle, for individuals and businesses, with insurance, registration and servicing included in one monthly payment. Average subscription period is over 5 months. Carly has secured auto industry leaders SG Fleet (ASX:SGF) and Turners Automotive (ASX:TRA) as significant shareholders, joining long-term shareholder, RACV and OEM partner, Hyundai. For more information visit: <https://investors.carly.co>

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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 December 2023

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	1,211	2,344
1.2	Payments for		
	(a) research and development	(279)	(518)
	(b) product manufacturing and operating costs	(723)	(1,202)
	(c) advertising and marketing	(145)	(252)
	(d) leased assets (interest amounts)	(47)	(94)
	(e) staff costs	(491)	(935)
	(f) administration and corporate costs	(144)	(276)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	5	11
1.5	Interest and other costs of finance paid	(71)	(144)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other	-	-
1.9	Net cash from / (used in) operating activities	(684)	(1,066)

2.	Cash flows from investing activities		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	(579)	(1,696)
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 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	(579)	(1,696)

3. Cash flows from financing activities		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	-	350
3.2 Proceeds from issue of convertible debt securities	2,850	2,850
3.3 Proceeds from exercise of options	-	-
3.4 Transaction costs related to issues of equity securities or convertible debt securities	(188)	(253)
3.5 Proceeds from borrowings	1,000	1,800
3.6 Repayment of borrowings	-	-
3.7 Transaction costs related to loans and borrowings	(66)	(153)
3.8 Dividends paid	-	-
3.9 Other (principal amounts on lease liability)	(187)	(379)
3.10 Net cash from / (used in) financing activities	3,409	4,215

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	970	1,663
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(684)	(1,066)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(579)	(1,696)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	3,409	4,215

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	3,116	3,116

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	3,116	970
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)	3,116	970

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	192
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.</i>		
<i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1	-	-
7.2	-	-
7.3	11,200	6,000
7.4 Total financing facilities	11,200	6,000
7.5 Unused financing facilities available at quarter end		5,200
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 \$11.2 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 December 2023 was 8.44% 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	(684)
8.2	3,116
8.3	-
8.4	3,116
* 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)	4.6
<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>Not applicable</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?
	<p>Answer:</p> <p>Not applicable</p>

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: **25 January 2024**

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.