

DECEMBER 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 31 December 2022.

Carly has continued to deliver on key objectives, achieving a material increase in fleet size while maintaining high utilisation which delivered a 72% increase in subscription revenue.

Further to the October/November revenue update announced on 15 December 2022, subscription revenue accelerated in December 2022 to deliver the strongest ever quarter for Carly Car Subscription.

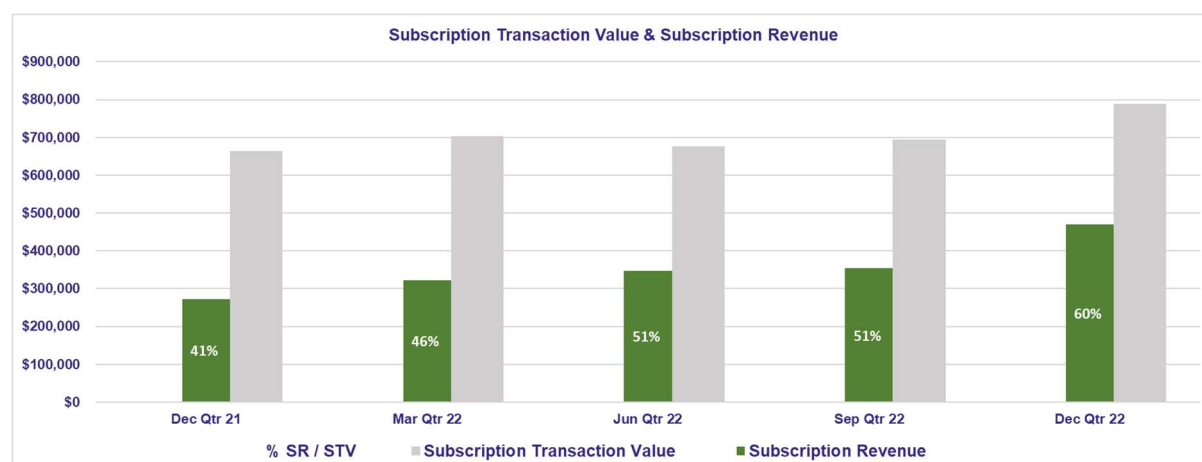
Key highlights include:

- 72% increase in Subscription Revenue vs December 2021 Quarter and 33% increase vs September 2022 Quarter
- Average Monthly Subscription Revenue reached \$156,000 per month in the quarter - a new record for the business and represents an Annualised Run Rate of \$2 million (based on \$167,000 Subscription Revenue in December 2022)
- 18% increase in Receipts from Customers vs December 2021 Quarter and 14% increase vs September 2022 Quarter
- 26% decrease in Net Cash Used in Operating Activities vs December 2021 Quarter and 19% decrease vs September 2022 Quarter (excluding R&D refund)
- Subscription Vehicle Utilisation remained at 87% across the December 2022 Quarter, despite the continued addition of new vehicles, demonstrating Carly's ability to quickly fulfil subscriber demand
- 6% decrease in Product Manufacturing and Operating Costs vs December 2021 Quarter and 6% decrease vs September 2022 Quarter
- 56% decrease in Advertising and Marketing vs December 2021 Quarter, stable vs September 2022 Quarter
- \$1.5m asset finance facility fully utilised and an additional \$700,000 secured from new asset finance providers late in December 2022 to support fleet growth
- Forward orders were placed for over 100 new vehicles, in anticipation of securing additional asset finance facilities
- Substantial progress made in progressing additional material asset finance facilities

Subscription Revenue increased by 33% compared to the September 2022 Quarter driven by upselling to higher value subscription plans, continued growth in the number of subscriptions and a 31% increase in average active subscribers at the end of December 2022, compared to September 2022.

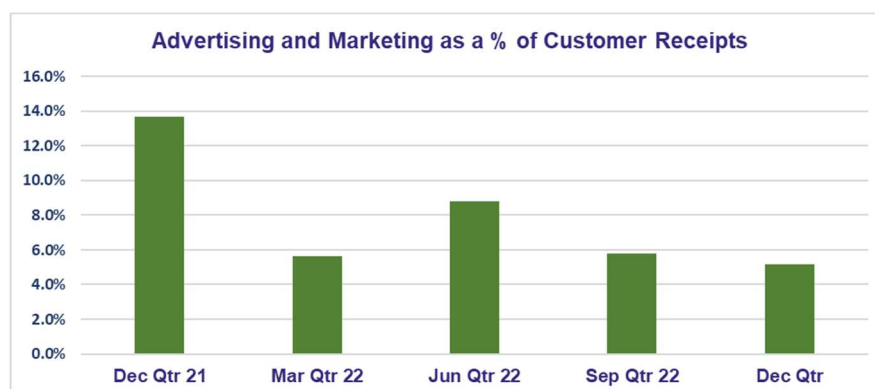


The business strategy to increase the number of owned and financed vehicles, which deliver higher average margins than asset-light vehicles, has resulted in the number of owned and financed vehicles making up 44% of the dedicated fleet at December 2022, compared to 31% at the end of September 2022.



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 supplier situations, as well as to achieve better control over vehicle availability and fleet size. During the December 2022 quarter, Carly received delivery of all remaining vehicles ordered under the \$1.5m asset finance facility announced on 23 June 2022 and was able to introduce the new vehicles into the fleet, whilst maintaining a subscription vehicle utilisation rate of 87% during the December 2022 quarter. This is a revolving facility which is supporting the delivery of additional vehicles in January 2023 and beyond. In addition, in late December 2022 Carly secured \$700,000 of new asset finance facilities which had not been utilised at the end of the quarter. Additional asset finance facilities are also currently under negotiation. Carly will continue to apply the same nimble strategy to order, acquire and introduce new vehicles into the fleet. During the quarter Carly placed forward orders for over 100 new vehicles.

In implementing this strategy, Carly is experiencing 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 56% compared to the December 2021 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 \$283,000 (YTD: \$533,000)
- Product manufacturing and operating costs of \$579,000 (YTD: \$1,192,000)
- Advertising and marketing costs of \$47,000 (YTD \$93,000)
- Staff costs of \$393,000 (YTD: \$749,000)
- Administration and corporate costs of \$67,000 (YTD \$180,000)
- Leased vehicles comprising:
 - Interest amount of \$25,000 (YTD: \$39,000)
 - Principal amount of \$108,000 (YTD: \$170,000).

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 December 2022 Quarter of \$114,000 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 2022 Quarter, the Company maintained a cash balance of \$1.62 million, an increase of \$1.34 million from the September 2022 Quarter.

On 2 November 2022, Carly announced the completion of the renounceable rights issue, raising \$2.11 million before costs.

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 December 2022

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	913	1,714
1.2 Payments for		
(a) research and development	(283)	(533)
(b) product manufacturing and operating costs	(579)	(1,192)
(c) advertising and marketing	(47)	(93)
(d) leased assets (interest amounts)	(31)	(52)
(e) staff costs	(393)	(749)
(f) administration and corporate costs	(67)	(180)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	4	5
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	(482)	(912)

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 (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	-	-

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	2,113	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	(142)	(142)
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)	(147)	(246)
3.10	Net cash from / (used in) financing activities	1,824	1,725

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	276	805
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(482)	(912)
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)	1,824	1,725

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	1,618	1,618

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	1,618	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)	1,618	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	114
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
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.		

7.	Financing facilities <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>	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)	2,200	1,500
7.4	Total financing facilities	2,200	1,500
7.5	Unused financing facilities available at quarter end	700	
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 has access to asset finance facilities which enables Carly to finance motor vehicle purchases of up to an aggregate facility limit of \$2.2 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 2022 was 6.43% 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)	(482)
8.2	Cash and cash equivalents at quarter end (item 4.6)	1,618
8.3	Unused finance facilities available at quarter end (item 7.5)*	-
8.4	Total available funding (item 8.2 + item 8.3)	1,618
	* The unused asset finance facilities of \$0.7 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)	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: **18 January 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.