

JUNE 2024 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 2024.

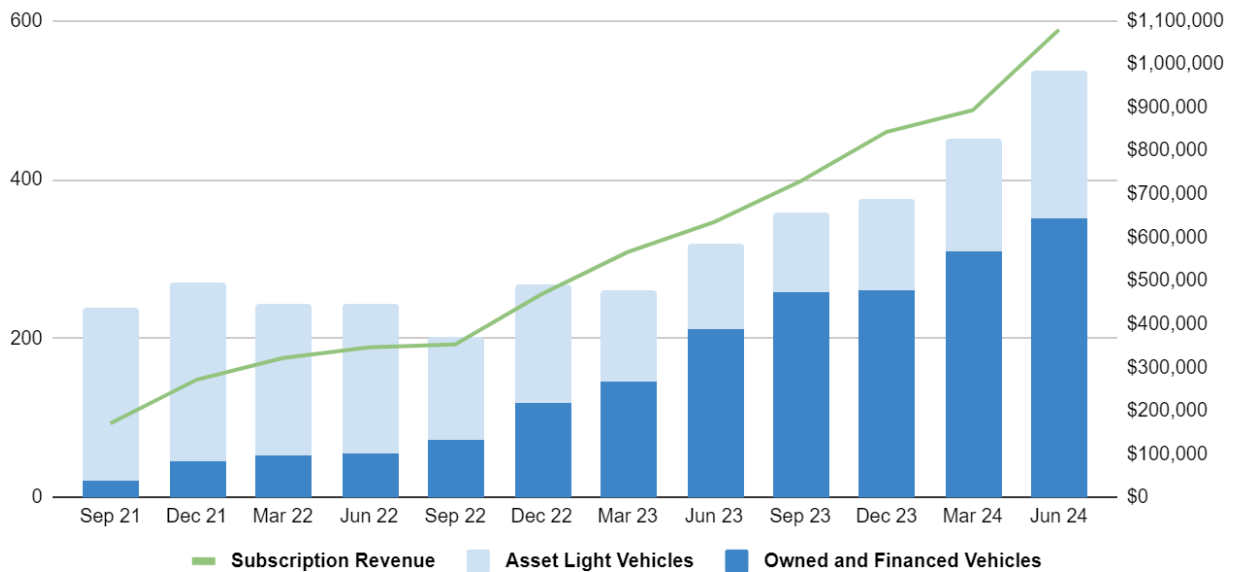
Carly has continued to deliver on its business objectives, achieving accelerated growth in active subscribers, revenue and fleet size, both YoY and QoQ, while reducing net cash used in operating activities. Growth in revenue was attributed to increases in consumer subscribers, expansion of the corporate customer base and an increase in electric vehicle subscriptions driven by EV Trial. New product launches continued with the deployment of CarlyNow in multiple automotive dealerships.

Key highlights include:

- 69% increase in Subscription Revenue vs June 2023 Quarter, outpacing the 58% growth achieved in the March 2024 Quarter
- 48% increase in Customer Receipts vs June 2023 Quarter, exceeding \$1.5 million for the first time
- 7% reduction in net cash used in operating activities vs the June 2023 Quarter and March 2024 Quarter, despite additional investment in growth resources
- 37% decrease in staff costs vs March 2024 Quarter and 6% decrease vs June 2023 Quarter
- Receipt of Claims Experience Discount of \$13,000 on the motor fleet insurance policy earned as a result of achieving a claims loss ratio below the target threshold, and a reduction in per vehicle insurance premium, improving overall gross profits
- Receipt of an R&D tax incentive rebate of \$115,000 before costs
- Total fleet size of 538 which is an increase of 68% vs June 2023 Quarter and 19% vs March 2024 Quarter with 87 vehicles added in the June 2024 Quarter
- The asset light fleet increased by 72% vs June 2023 Quarter and 33% vs the March 2024 Quarter as more automotive dealers and manufacturers seek subscription monetisation for their vehicles via Carly
- Owned vehicles represented 65% of total fleet size, a reduction from 69% in the March 2024 Quarter due to the faster growth of the asset light fleet
- The in-dealer subscription tool, CarlyNow was launched in a number of automotive dealerships during the quarter with deployments continuing in the September 2024 Quarter



Vehicle Fleet vs Subscription Revenue



The June 2024 Quarter saw a strong uplift in subscription revenue, an increase of 68% compared to the June 2023 Quarter, an improvement on the 58% growth achieved in the March 2024 Quarter (vs March Quarter 2023). Subscription revenue grew by 20% vs the March 2024 Quarter as recent asset heavy vehicle purchases were taken up by a larger number of consumer subscribers and a broadening base of corporate customers. Much of the growth in the June 2024 Quarter occurred in the month of June 2024 and has continued strongly into July 2024. In the corporate sector, Carly has identified a number of industry segments that have a higher propensity for use of subscription vehicles due to the nature of demand or employee situation. Following success with early customers in these segments, Carly is signing up multiple similar customers.

EV Trial www.evtrial.com.au, a simple and cost-effective way for car buyers to try an EV before they buy, continued to expand in the June Quarter, supported by the addition of owned and asset light electric vehicles. Corporate referral relationships have been established to drive demand for [EV Trial for Business](#). There has been strong interest from a number of manufacturers and distributors in providing their vehicles for EV Trial under the asset-light model.

Fleet size growth continued at a similar pace to the prior quarter, with 19% growth vs March 2024 Quarter and 68% growth in the 12 months to June 2024. The proportion of asset light vehicles increased from 31% in March 2024 to 35% in June 2024, reversing the trend of an increasing proportion of owned vehicles which had been evident since Covid supply issues were first apparent.

As highlighted in previous updates, Carly is witnessing a softening in the retail new car sales market as post Covid supply delays have largely been resolved and cost of living pressures weaken demand for new vehicle purchases. Both of these impacts are positive for Carly, increasing the potential supply of asset light vehicles as automotive dealers and manufacturers seek alternative revenue streams for excess vehicles and, on the demand side, consumers and businesses delay financing new vehicle purchases and opt for the lower risk and more flexible subscription option.



As indicated last quarter, the revenue growth from new additions to the fleet of asset heavy vehicles lags the vehicle additions and results in an increase in costs prior to the commencement of subscriptions. Having added a significant number of vehicles during the June Qtr, Carly is well placed for material revenue and subscription growth in coming quarters without further increases in costs.

The Claims Experience Discount received in relation to the motor fleet insurance policy was earned as a result of achieving a claims loss ratio below the target threshold. Carly conducts stringent processes to verify customers before a subscription is approved and telematic systems are used to monitor vehicles in the field. These processes and systems form part of Carly's proprietary PeerPass platform which utilises AI and other tools to drive optimum outcomes for subscribers and vehicle condition. This strong performance has also resulted in Carly receiving a reduction in vehicle insurance premiums upon renewal of its policy taking effect in May which will further improve subscription profitability in the coming year. This compares favourably to the broader insurance market which saw increases in motor vehicle insurance premiums.

CarlyNow was deployed in multiple dealerships in the June Quarter and launches continue in the current quarter. CarlyNow enables automotive dealers to subscribe vehicles to customers who visit their dealership by leveraging Carly's technology and operational expertise. A subscription can be created 'on the fly' by adding subscriber and vehicle details. Carly performs ID verification and affordability checks, processes payments, applies insurance to the vehicle and provides fleet management services. CarlyNow was developed to broaden customer acquisition channels and support growth of the asset light fleet.

Significant reductions were achieved in Staff Costs, reducing by 37% compared to the March 2024 Quarter and now reflecting the expected ongoing run rate. Product Manufacturing & Operating Costs increased as a natural consequence of a larger fleet and timing related items such as annual registration renewals (66 vehicles acquired June 2023 Quarter) and third party owner costs expensed in the prior quarter but invoiced and paid in the June 2024 Quarter. Corporate Costs increased due to R&D tax incentive refund consultant fees and half yearly audit costs.

Corporate

Payments to related parties and their associates in the June 2024 Quarter of \$105,000

Cash Balance at Quarter End and Funding

At the end of the June 2024 Quarter, the Company maintained a cash balance of \$1,313,000, a decrease of \$1,231,000 from the March 2024 Quarter. The reduction in available cash was due primarily due to the acquisition of new vehicles across the June 2024 Quarter, totalling \$2,080,000.

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")

30 June 2024

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	1,508	5,252
1.2 Payments for		
(a) research and development	(257)	(1,044)
(b) product manufacturing and operating costs	(716)	(2,393)
(c) advertising and marketing	(139)	(519)
(d) leased assets (interest amounts)	(42)	(181)
(e) staff costs	(499)	(2,224)
(f) administration and corporate costs	(161)	(503)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	19	39
1.5 Interest and other costs of finance paid	(281)	(550)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	115	115
1.8 Other	-	-
1.9 Net cash from / (used in) operating activities	(453)	(2,008)

2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(2,080)	(5,144)
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-

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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	(2,080)	(5,144)

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
3.3 Proceeds from exercise of options	-	-
3.4 Transaction costs related to issues of equity securities or convertible debt securities	-	(253)
3.5 Proceeds from borrowings	1,500	4,800
3.6 Repayment of borrowings	-	-
3.7 Transaction costs related to loans and borrowings	(17)	(187)
3.8 Dividends paid	-	-
3.9 Other (principal amounts on lease liability)	(191)	(758)
3.10 Net cash from / (used in) financing activities	1,292	6,802

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	2,554	1,663
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(453)	(2,008)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(2,080)	(5,144)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	1,292	6,802

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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	1,313	1,313

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	1,313	2,554
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)	1,313	2,544

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	105
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>		

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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)	9,200	9,000
7.4 Total financing facilities	9,200	9,000
7.5 Unused financing facilities available at quarter end		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 \$9.2 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 2024 was 8.98% 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)	(453)
8.2 Cash and cash equivalents at quarter end (item 4.6)	1,313
8.3 Unused finance facilities available at quarter end (item 7.5)*	-
8.4 Total available funding (item 8.2 + item 8.3)	1,313
* The unused asset finance facilities of \$0.2 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)	2.9
<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: **22 July 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.