

CARLY AGREES CAR SUBSCRIPTION OPERATIONS MERGER WITH CARBAR

Carly Holdings Limited (ASX: CL8) (**Carly, Company** or **CL8**) is pleased to announce that it has signed a non-binding agreement to merge its Carly car subscription business with Carbar Holdings Pty Ltd (**Carbar**) in a deal that will merge two of Australia's largest and original car subscription platforms.

The merger will take place via the sale to Carbar of all of the shares in Carly's operating entities, Carly Car Subscription Pty Ltd (**Carly Car Subscription**), OneX Operations Pty Ltd (**OneX**) and ElevenX Operations Pty Ltd (**ElevenX**) (**the Proposed Transaction**). Following completion of the sale, Carly will hold shares in Carbar which will be the head company of the merged group. The Proposed Transaction is subject to Carly shareholder approval pursuant to ASX Listing Rule 11.2 at a general meeting, a notice of meeting for which will be dispatched shortly.

The Proposed Transaction follows broader consolidation within the automotive technology and mobility sectors, mainly through merger and acquisition. The number of car subscription services in Australia grew exponentially after Carbar and Carly Car Subscription were the first to launch car subscription services in Australia.

Carly has been reviewing growth and funding options for several months in conjunction with its financiers. After considering a number of options including refinancing, capital raising and several M&A opportunities, Carly's Board is pleased to be providing its shareholders with the proposed merger of its car subscription operations with Carbar, which will accelerate the size and scale and unlock significant synergies for the merged group. The Board of Directors of the Company believe the Proposed Transaction will provide significantly more value for shareholders than other alternatives.

Consideration

The consideration payable by Carbar for the acquisition comprises approximately \$3.8 million (prior to working capital adjustments and other completion adjustments) consisting of approximately \$160,000 in cash and approximately \$3.64 million worth of fully paid ordinary shares in the capital of Carbar (**Carbar Shares**). Working capital and any other adjustments will adjust the Carbar Shares component. The consideration is to be allocated between the Company and its financier (funds associated with iPartners) as described below.

In addition to the consideration payable, as a part of Carbar acquiring the OneX and ElevenX entities, Carbar will also assume the respective asset finance facilities of OneX and ElevenX which, at 31 December 2024, were approximately \$6.9 million and \$1.2 million respectively. iPartners will provide funding to OneX on revised arrangements as agreed between iPartners and Carbar.

Prior to any completion adjustments, the Proposed Transaction consideration will be allocated to iPartners and Carly as outlined below.



As part of the Proposed Transaction and in order to rationalise the Company's capital structure, iPartners has agreed to termination of the existing Convertible Note facility (a liability of \$2.76 million recorded in Carly's accounts as at 30 June 2024), and will receive proceeds of approximately \$2.77 million worth of Carbar Shares and additionally agreed to extend its waiver to enable the transaction to be completed.

Carly will receive proceeds of approximately \$160,000 in cash and approximately \$0.87 million worth of Carbar Shares.

Any completion adjustments will reduce or increase the Carbar Shares component (as required) and the adjustment will be allocated 50% to iPartners and 50% to the Company.

A summary of key transaction terms is included at **Annexure A**.

Carly CEO, Chris Noone commented *"Since 2019 we have been passionate proponents of the car subscription model and the benefits and flexibility it offers consumers and businesses alike. As with many technology driven, high growth potential markets it is important to reach scale as quickly as possible to ensure success. The merger with Carbar will provide immediate economies of scale and access to capital to accelerate the growth for both brands. Carly's core car subscription offering and innovative products including EV Trial, CarlyNow and salary packaged car subscription supported by an exclusive ATO Product Ruling, complement Carbar's car subscription and other offerings."*

Carbar CEO Des Hang said: *"Through merging with Carly, we're aiming to not only better service our existing customers, but to also push more aggressively into servicing the emerging novated subscription market. We strongly believe this is one of the best avenues for the car subscription offering, due both to the flexibility for employees and creating potential tax savings through current incentives."*

"Carbar was one of the pioneer car subscription brands to market. There are substantial benefits in merging with Carly, bringing each group more scale and efficiency. Both Carbar and Carly have complementary offerings, targeting different segments and channels of the market. Bringing the businesses together will leverage the advantages of each brand."

Carbar and Carly car subscriptions offer subscribers full access to the vehicle and include maintenance, roadside assistance, insurance and registration for a fixed weekly payment. There's no lock-in contract and customers can stop, switch or upgrade to a different car.

The Proposed Transaction is subject to execution of long form, binding transaction documents. As at the date of this announcement, no binding documentation has been signed and there is no certainty that the Proposed Transaction will complete within a specific timeframe, or that it will complete at all.

Carly's intentions post Completion of the Proposed Transaction

If the Proposed Transaction proceeds to completion, the Company intends to continue to hold the shares in Carbar to gain future appreciation of value and intends to continue as an ASX listed company and seek other opportunities to deliver growth to shareholders following completion of the Proposed Transaction. The Company intends on applying the cash consideration from the Proposed Transaction towards supporting operations whilst the Company seeks other opportunities. The Company intends to reduce its overheads to a level consistent with its market capitalisation and operations whilst it seeks other opportunities.



As part of the notice of meeting seeking shareholder approval for the Proposed Transaction, the Company will also seek shareholders' approval to change the Company's name to "CL8 Holdings Limited". The change of name will be subject to completion of the Proposed Transaction occurring.

With respect to Carly's ASX listing, paragraph 4.7 of ASX Guidance Note 12 (Significant Changes to Activities) notes that a company disposing of its main undertaking will generally be afforded a period of 6 months from the date of the agreement to dispose of its main undertaking to demonstrate to the ASX that it is compliant with Listing Rule 12.1 and ASX will suspend trading in the company's securities at the end of that 6 month period if it has not demonstrated compliance with Listing Rule 12.1 to ASX's satisfaction.

However, CL8's securities are currently suspended from trading under Listing Rule 17.5 for failure to lodge its Full Year Accounts for the period ending 30 June 2024. Accordingly, there can be no guarantee that trading of CL8's securities will resume upon the lodgement by CL8 of the outstanding accounts as ASX has indicated it will need to be satisfied with the Company's compliance with the Listing Rules generally, including LR 12.1 & 12.2 in order to consider reinstating CL8's securities to trading.

Status of iPartners arrangements

The Company is pleased to advise that as outline below iPartners has extended its waiver (refer to the Company's Appendix 4E released to ASX on 30 August 2024 for further information) so that the Proposed Transaction can be completed.

The Company has also entered into a binding deed of agreement with iPartners Nominees Pty Ltd (**Deed**) pursuant to which the parties have agreed key objectives around completing the Proposed Transaction, managing the existing operations of Carly and its subsidiaries in a cost-efficient manner so that the Proposed Transaction can be completed; the terms upon which iPartners will provide the relevant consents and waivers to facilitate the Proposed Transaction and processes that may be followed in the event the Proposed Transaction does not complete. All operational decisions regarding the Company remain the responsibility of the Directors. The Deed will remain in place until the earlier of completion of the Proposed Transaction or the Proposed Transaction failing to complete.

Authorised for release by:

Chris Noone
CEO and Director
Carly Holdings Limited

Investor Relations

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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>



Annexure A

Key terms of the Proposed Transaction are set out below.

Vendor

Carly Holdings Limited (ACN 066 153 982).

Purchaser

Carbar Holdings Pty Ltd (ACN 612 049 260).

iPartners

iPartners Nominees Pty Ltd (ACN 619 036 663)

Assets Being Sold

100% of the issued share capital of Carly Car Subscription Pty Ltd (ACN 075 505 494), OneX Operations Pty Ltd (ACN 666 515 457) and ElevenX Operations Pty Ltd (ACN 650 588 480).

Consideration

The consideration payable by the Purchaser for the acquisition comprises approximately \$3.8 million (prior to working capital adjustments and other completion adjustments) consisting of approximately \$160,000 in cash and approximately \$3.64 million worth of fully paid ordinary shares in the capital of the Purchaser (**Purchaser Shares**).

Working capital and any other adjustments will reduce the Purchaser Shares component.

The consideration is to be allocated between the Vendor and iPartners as follows:

- (a) As part of the transaction iPartners has agreed to cancellation of the existing Convertible Note facility (a liability of \$2.76 million recorded in Carly's accounts as at 30 June 2024), and will receive proceeds of approximately \$2.77 million worth of Purchaser Shares;
- (b) Carly will receive proceeds of approximately \$160,000 in cash and approximately \$0.87 million worth of Purchaser Shares.

Any completion adjustments will reduce or increase the Purchaser Shares component (as required) and the adjustment will be allocated 50% to iPartners and 50% to the Vendor.

In addition to the consideration payable, the Purchaser will assume the asset finance obligations of OneX Operations Pty Ltd and ElevenX Operations Pty Ltd, which at 31 December 2024 were approximately \$6.9 million and \$1.2 million respectively, as part of the acquisition of those entities. iPartners is to provide funding to OneX on revised arrangements as agreed between iPartners and Carbar.

Issuance of Purchaser Shares consideration and lock up

85% of the Purchaser Shares to be issued as consideration will be issued at completion of the Proposed Transaction (**Completion**), with the remaining 15% to be issued approximately one month after Completion following the finalisation of completion accounts and the calculation of any necessary adjustments.

The Purchaser Shares will be subject to a lock-up period of 24 months from Completion, preventing their transfer without approval of Carbar.



Conditions Precedent

Completion of the Proposed Transaction is conditional upon the satisfaction or waiver of the following conditions precedent, including the following, by 31 March 2025:

- (a) the Purchaser notifying the Vendor that it is satisfied with the outcome of its commercial, financial, legal, technical and operational due diligence investigations on the business;
- (b) entry into long form, binding transaction documents incorporating change of control consents, warranties, indemnities, restraints, limitations on the liability of the Purchaser customary for a transaction of this type and reflective of any matters identified in due diligence;
- (c) no material adverse events have occurred prior to Completion;
- (d) the parties obtaining all necessary and material third-party consents, authorisations and approvals (including any necessary regulatory approvals) required to give effect to the Proposed Transaction; and
- (e) the shareholders of the Vendor resolving to approve the Proposed Transaction in accordance with the requirements of Chapter 11 of the Listing Rules.

Pre-Completion Operations

Until Completion, Carly must continue to operate the Carly car subscription business in the usual and ordinary course and in line with its recent operations.

Exclusivity

The initial period of exclusivity is 45 days from 14 February 2025 or as otherwise agreed between the Vendor and the Purchaser.

Completion

Completion will take place following satisfaction or waiver of the Conditions Precedent and the parties completing standard completion procedures. The Parties have agreed to proceed in a timely manner and will use their best endeavours to enable Completion to occur by no later than 31 March 2025.

Termination

Subject to satisfaction of Conditions Precedent and the long stop date of 31 March 2025.

Other Terms

Other terms and conditions typical for a transaction of this nature and scale.

