

CARLY HOLDINGS LIMITED
ACN 066 153 982
SUPPLEMENTARY PROSPECTUS

IMPORTANT INFORMATION

This is a supplementary prospectus (**Supplementary Prospectus**) intended to be read with the prospectus dated 15 April 2021 (**Prospectus**) issued by Carly Holdings Limited (ACN 066 153 982) (**Company**).

This Supplementary Prospectus is dated 13 May 2021 and was lodged with the Australian Securities and Investments Commission (**ASIC**) on that date. The ASIC, the ASX and their respective officers take no responsibility for the contents of this Supplementary Prospectus.

This Supplementary Prospectus should be read together with the Prospectus. Other than as set out below, all details in relation to the Prospectus remain unchanged. Terms and abbreviations defined in the Prospectus have the same meaning in this Supplementary Prospectus. If there is a conflict between the Prospectus and this Supplementary Prospectus, this Supplementary Prospectus will prevail.

This Supplementary Prospectus will be issued with the Prospectus in hard copy or as an electronic copy and may be accessed on the Company's website at www.carly.co/investors.

This is an important document and should be read in its entirety. If you do not understand it, you should consult your professional advisers without delay.

1. BACKGROUND

As announced on 12 May 2021, the Company's renounceable rights issue announced on 15 April 2021 closed significantly oversubscribed and raised \$3,392,115. To accommodate a portion of excess demand, the Company has agreed to undertake a placement to raise an additional \$1,454,810 on the same terms as the rights issue (**Follow-on Placement**).

The Company will issue 18,185,125 new Shares and 6,061,707 new Options in the Follow-on Placement, of which:

- (a) 10,000,000 new Shares and 3,333,333 new Options will be issued using the Company's existing capacity under Listing Rules 7.1 and 7.1A (**Tranche 1**); and
- (b) 8,185,125 new Shares and 2,728,374 new Options will be issued upon receipt of all necessary regulatory and shareholder approvals (**Tranche 2**).

By this Supplementary Prospectus, the Company makes the amendments to the Prospectus as set out in Section 2 by making an additional offer under the Prospectus of up to 10,000,000 Shares at an issue price of \$0.08 per Share to raise up to \$800,000 under Tranche 1 of the Follow-on Placement, together with one (1) free attaching New Option for every three (3) Shares subscribed for and issued (**Additional Offer**). The Additional Offer is being made due to the significant number of applications and interest received for the Shortfall Offer.

The amendments to the Prospectus outlined in Section 2 below should be read in conjunction with the Prospectus.

2. AMENDMENTS TO THE PROSPECTUS

2.1 General

The Company has resolved to seek to raise up to an additional \$800,000 by way of an offer of Shares (at the same price) and New Options (on the same ratio) as those securities offered under the Prospectus.

The Additional Offer is being made pursuant to this Supplementary Prospectus to remove any trading restrictions on the sale of the Shares and New Options to be issued under the Additional Offer.

The Share and New Options to be issued under the Additional Offer will be issued on the same date as the Shares and New Options under the Offer, being 14 May 2021.

2.2 Key statistics of the Offer and Additional Offer

Section 1.2 of the Prospectus is deleted and replaced with the following:

Shares

	<i>Minimum Subscription (\$3,150,000)¹</i>	<i>Maximum Subscription (\$3,392,115)²</i>	<i>Maximum Subscription + Additional Offer (\$4,192,115)</i>
<i>Offer Price per Share</i>	\$0.08	\$0.08	\$0.08
<i>Entitlement Ratio (based on existing Shares)</i>	3:4	3:4	3:4
<i>Shares currently on issue</i>	56,535,414	56,535,414	56,535,414
<i>Shares to be issued under the Offer</i>	39,375,000	42,401,439	42,401,439
<i>Shares to be issued under the Additional Offer</i>	-	-	10,000,000
<i>Gross proceeds of the issue of Shares</i>	\$3,150,000	\$3,392,115	\$4,192,115
Shares on issue Post-Offer	95,910,414	98,936,853	108,936,853

Notes:

1. Assuming the Minimum Subscription of \$3,150,000 is achieved under the Offer.
2. Assuming the Maximum Subscription of \$3,392,115 is achieved under the Offer.
3. Refer to Section 4.1 for the terms of the Shares.

Options

	Minimum Subscription (\$3,150,000)¹	Maximum Subscription (\$3,392,115)²	Maximum Subscription + Additional Offer (\$4,192,115)
Offer Price per New Option	nil	nil	nil
Option Entitlement Ratio (based on Shares subscribed for)	1:3	1:3	1:3
Options currently on issue	4,382,632	4,382,632	4,382,632
New Options to be issued under the Offer ³	13,125,000	14,133,813	14,133,813
New Options to be issued under the Additional Offer ³	-	-	3,333,333
New Options to be issued to the Lead Manager pursuant to the Offer ⁴	1,575,000	1,696,057	1,696,057
New Options to be issued to the Lead Manager pursuant to the Additional Offer ⁴	-	-	400,000
Gross proceeds of the issue of Options	nil	nil	nil
Options on issue Post-Offer	19,082,632	20,212,502	23,945,835

Notes:

1. Assuming the Minimum Subscription of \$3,150,000 is achieved under the Offer.
2. Assuming the Maximum Subscription of \$3,392,115 is achieved under the Offer.
3. Refer to Section 4.2 for the terms of the New Options.
4. Refer to Section 6.4.1 for a summary of the Lead Manager Mandate.

2.3 Details of Substantial Holders

Section 1.5 of the Prospectus is amended to include the following:

Subject to the receipt of all necessary regulatory and shareholder approvals, SG Fleet and Willoughby have also agreed to subscribe for an additional \$0.65 million under Tranche 2 of the Follow-on Placement as follows:

- (a) SG Fleet has agreed to subscribe for \$285,434 under the Follow-on Placement, being 3,567,925 Shares and 1,189,308 New Options; and
- (b) Willoughby has agreed to subscribe for \$369,376 Follow-on Placement, being 4,617,200 Shares and 1,539,066 New Options.

2.4 The Additional Offer

Section 2.1 of the Prospectus is amended to include the following:

The Additional Offer is being made by way of a placement to third parties of up to 10,000,000 Shares at an issue price of \$0.08 per Share to raise up to \$800,000 under Tranche 1 of Follow-on Placement, together with one (1) free attaching New Option for every three (3) Shares subscribed for and issued.

A maximum of 10,000,000 Shares and 3,333,333 New Options will be issued pursuant to the Additional Offer to raise up to \$800,000. No funds will be raised from the issue of the New Options.

2.5 Use of funds

Section 3.1 of the Prospectus is deleted in its entirety and replaced with the following:

The purpose of the Offer is to raise up to \$3,392,115 before costs.

The purpose of the Additional Offer is to raise up to \$800,000 before costs.

The funds raised from the Offer and Additional Offer are intended to be applied in accordance with the table set out below:

Item	Proceeds of the Offer	Minimum Subscription (\$)	%	Maximum Subscription (\$)	%	Maximum Subscription + Additional Offer (\$)	%
1.	Vehicle supply, customer acquisition and sales and marketing activities	1,250,000	40	1,500,000	44	2,000,000	48
2.	Operating, corporate and administrative expenses ¹	1,500,000	48	1,500,000	44	1,600,000	38
3.	General working capital	233,329	7	222,115	7	296,329	7
4.	Expenses of the Offer ³	166,671	5	170,000	5	295,786	7
	Total	3,150,000	100	3,392,115	100	4,192,115	100

In the event the Company raises more than the minimum subscription of \$3,150,000, the additional funds raised will be first applied towards item 1, followed by item 3. On completion of the Offer, the Board believes the Company will have sufficient working capital to achieve these objectives.

In addition, it should be noted that the Company's budgets and forecasts will be subject to modification on an ongoing basis depending on the results achieved from its business activities and operations.

The above table is a statement of current intentions as of the date of this Prospectus. As with any budget, intervening events and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way funds are applied on this basis.

2.6 Effect of the Offer and the Additional Offer

Section 3.2 of the Prospectus is deleted in its entirety and replaced with the following:

The principal effect of the Offer, assuming all Entitlements are accepted and no Options are exercised prior to the Record Date, and the Additional Offer will be to:

- (a) increase the cash reserves by \$3,901,923 (after deducting the estimated expenses of the Offer and the Additional Offer) immediately after completion of the Offer;
- (b) increase the number of Shares on issue from 56,535,414 as at the date of this Prospectus to 108,936,853 Shares; and
- (c) increase the number of Options on issue from 4,382,632 as at the date of this Prospectus to 23,945,835 Options following completion of the Offer (which includes the issue of 2,096,057 New Options to the Lead Manager).

2.7 Capital Structure

Section 3.3 of the Prospectus is deleted in its entirety and replaced with the following:

The effect of the Offer and the Additional Offer on the capital structure of the Company, assuming all Entitlements are accepted and no Options are exercised prior to the Record Date, is set out below.

Shares

	Number
Shares currently on issue	56,535,414
Shares offered pursuant to the Offer	42,401,439
Shares offered pursuant to the Additional Offer	10,000,000
Total Shares on issue after completion of the Offer and the Additional Offer¹	108,936,853

Notes:

1. Subject to the receipt of all necessary regulatory and shareholder approvals, a further 8,185,125 Shares will be issued under Tranche 2 of the Follow-on Placement.

Options

	Number
Options currently on issue:	
Employee Options exercisable at \$0.5275 on or before 3 September 2021 ¹	53,931
Employee Options exercisable at \$0.4075 on or before 1 February 2022	10,401
Employee Options exercisable at \$0.3125 on or before 7 May 2022	40,000
Employee Options exercisable at \$0.3750 on or before 7 May 2022	40,000
Employee Options exercisable at \$0.25 on or before 2 September 2022	70,021
Employee Options exercisable at \$0.50 on or before 1 January 2023	13,980
Employee Options exercisable at \$0.25 on or before 16 March 2023	60,000
Employee Options exercisable at \$0.25 on or before 11 May 2023	120,000
Employee Options exercisable at \$0.25 on or before 1 September 2023	217,516
Unquoted Options exercisable at \$0.3750 on or before 31 October 2022	2,093,063
Executive Options exercisable at \$0.3750 on or before 19 November 2025	1,620,000
Employee Options exercisable at \$0.2438 on or before 1 January 2024	43,720
Total Options on issue as at the date of this Prospectus	4,382,632
New Options to be issued pursuant to the Offer	14,133,813
New Options to be issued pursuant to the Additional Offer	3,333,333
Options to be issued under the Lead Manager Offer ²	2,096,057
Total Options on issue after completion of the Offer and the Additional Offer³	23,945,835

Notes:

1. The terms of these Options provide that if the Company makes a pro rata issue of securities (except a bonus issue) to the holders of ordinary shares (other than an issue in lieu or in satisfaction of dividends or by way of dividend investment) the Option exercise price shall be reduced according to the formula specified in the ASX Listing Rules. Upon completion of the Offer, the exercise price of these Options will therefore be amended in accordance with ASX Listing Rule 6.22.2.
2. A further 327,405 Options will be issued to the Lead Manager in connection with Tranche 2 of the Follow-on Placement upon completion of Tranche 2 of the Follow-on Placement.
3. Subject to the receipt of all necessary regulatory and shareholder approvals, a further 2,728,374 new Options will be issued under Tranche 2 of the Follow-on Placement.

The capital structure on a fully diluted basis as at the date of this Prospectus would be 60,918,046 Shares and on completion of the Offer and the Additional Offer (assuming all Entitlements are accepted and no Shares are issued including on

exercise or conversion of other Securities on issue prior to the Record Date) would be 132,882,688 Shares.

No Shares or Options on issue are subject to escrow restrictions, either voluntary or ASX imposed.

2.8 Pro-forma balance sheet

Section 3.4 of the Prospectus is amended to include the following:

The pro-forma balance sheet has been prepared assuming all Entitlements are accepted, the Additional Offer is fully-subscribed, no Options are exercised prior to the Record Date and including expenses of the Offer and the Additional Offer.

	REVIEWED 31 December 2020	PROFORMA Maximum Subscription	PROFORMA Maximum Subscription + Additional Offer
	\$	\$	\$
CURRENT ASSETS			
Cash	1,325,278	4,574,393	5,051,607
Trade and other receivables	76,825	76,825	76,825
Other current assets	87,186	87,186	87,186
TOTAL CURRENT ASSETS	1,489,289	4,711,404	5,215,618
NON-CURRENT ASSETS			
Plant and equipment	24,947	24,947	24,947
Right of Use asset (Office Lease)	446,604	446,604	446,604
Intangibles	7,967	7,967	7,967
TOTAL NON-CURRENT ASSETS	479,518	479,518	479,518
TOTAL ASSETS	1,968,807	5,190,922	5,695,136
CURRENT LIABILITIES			
Trade and other payables	810,786	810,786	810,786
Other current liabilities	138,723	138,723	138,723
Lease liability	182,271	182,271	182,271
TOTAL CURRENT LIABILITIES	1,131,780	1,131,780	1,131,780

	REVIEWED 31 December 2020	PROFORMA Maximum Subscription	PROFORMA Maximum Subscription + Additional Offer
	\$	\$	\$
NON CURRENT LIABILITIES			
Lease liability	311,636	311,636	311,636
Other liabilities	52,268	52,268	52,268
TOTAL NON-CURRENT LIABILITIES	363,904	363,904	363,904
TOTAL LIABILITIES	1,495,684	1,495,684	1,495,648
NET ASSETS (LIABILITIES)	473,123	3,695,238	4,199,452
EQUITY			
Share capital	19,058,303	22,280,418	22,784,632
Options Reserve	772,995	772,995	772,995
Retained loss	(19,358,175)	(19,358,175)	(19,358,175)
TOTAL EQUITY	473,123	3,695,248	4,199,452

2.9 Lead Manager Mandate

The description of fees to the Lead Manager in Section 6.4.1 of the Prospectus is deleted in its entirety and replaced with the following:

Fees	<p><i>Under the terms of this engagement, the Company will pay/issue to MCL (or its nominees):</i></p> <ul style="list-style-type: none"> (a) <i>one (1) New Option for every \$2.00 raised;</i> (b) <i>a management fee of 1% of total funds raised under the Offer (MCL will have the right to subscribe for this fee in scrip under the Offer);</i> (c) <i>a lead manager fee of \$60,000 (MCL will have the right to subscribe for this fee in scrip under the Offer); and</i> (d) <i>a placement fee of 5% of any shortfall placed, including any additional amount that might be placed under the Company's placement capacity (if applicable).</i> <p><i>The Lead Manager will be paid a placement fee of 5% and a management fee of 1% of the total amount raised under the</i></p>
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Additional Offer (equating to \$48,000) and will be issued with one (1) New Option for every \$2.00 raised under the Additional Offer.

All of the fees set out above are exclusive of GST.

The Company will pay the Lead Manager any expenses associated with the Offer, subject to the Lead Manager obtaining the Company's consent prior to incurring any single expense greater than \$1,500.

In the event of termination of the Lead Manager Mandate by the Company, the Lead Manager will be entitled to receive \$30,000 as a termination fee.

Mahe Capital Pty Ltd has given its written consent to being named in this Supplementary Prospectus, in the form and context in which it is named.

2.10 Continuous disclosure obligations

Section 6.2 of the Prospectus is amended by the inclusion of the following announcements made by the Company since the Prospectus was lodged:

Date	Description of Announcement
12 May 2021	<i>Rights Issue Closes Oversubscribed</i>
12 May 2021	<i>Proposed Issue of Securities – CL8</i>
12 May 2021	<i>Proposed Issue of Securities – CL8</i>
30 April 2021	<i>Investor Presentation</i>
28 April 2021	<i>March 2021 Quarterly Activities Report and Appendix 4C</i>
21 April 2021	<i>Despatch of Renounceable Rights Issue Documents</i>
19 April 2021	<i>Commencement of Rights Trading on ASX – ASX code</i>
16 April 2021	<i>Rights Issue – Letter to Ineligible Shareholders</i>
15 April 2021	<i>Renounceable Rights Issue to Raise up to \$3.39 million</i>
15 April 2021	<i>Proposed issue of Securities – CL8</i>
15 April 2021	<i>Proposed issue of Securities – CL8</i>
15 April 2021	<i>Renounceable Rights Issue Prospectus</i>

3. EXPENSES OF THE OFFER AND THE ADDITIONAL OFFER

Section 6.8 of the Prospectus is deleted in its entirety and replaced with the following:

In the event that all Entitlements are accepted, the total expenses of the Offer and the Additional Offer are estimated to be approximately \$290,202 (excluding GST) and are expected to be applied towards the items set out in the table below:

	<i>Minimum Subscription \$</i>	<i>Maximum Subscription \$</i>	<i>Maximum Subscription and Additional Offer \$</i>
<i>ASIC fees</i>	3,206	3,206	4,008
<i>ASX fees</i>	20,668	21,576	30,864
<i>Lead Manager fees</i>	91,500	93,921	101,921
<i>Lead Manager placement and shortfall fees</i>	-	-	107,696
<i>Legal fees</i>	20,000	20,000	20,000
<i>Share registry fees</i>	4,370	4,370	4,370
<i>Project management fee</i>	20,000	20,000	20,000
<i>Printing and distribution (letters)</i>	1,500	1,500	1,500
<i>Printing and distribution (letter and form)</i>	5,000	5,000	5,000
<i>Miscellaneous</i>	427	427	427
Total	166,671	170,000	295,786

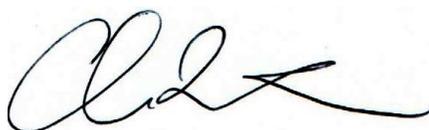
4. CONSENTS

The Company confirms that each of the advisors that have given their written consent to being named in the Prospectus (refer to Section 6.7) have not withdrawn that consent prior to the lodgement of this Supplementary Prospectus with the ASIC.

5. DIRECTORS' AUTHORISATION

This Supplementary Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with Section 720 of the Corporations Act, each Director has consented to the lodgement of this Supplementary Prospectus with the ASIC.



Christopher Noone
CEO and Executive Director
For and on behalf of
CARLY HOLDINGS LIMITED