
JUNE 2021 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 2021.

Key highlights include:

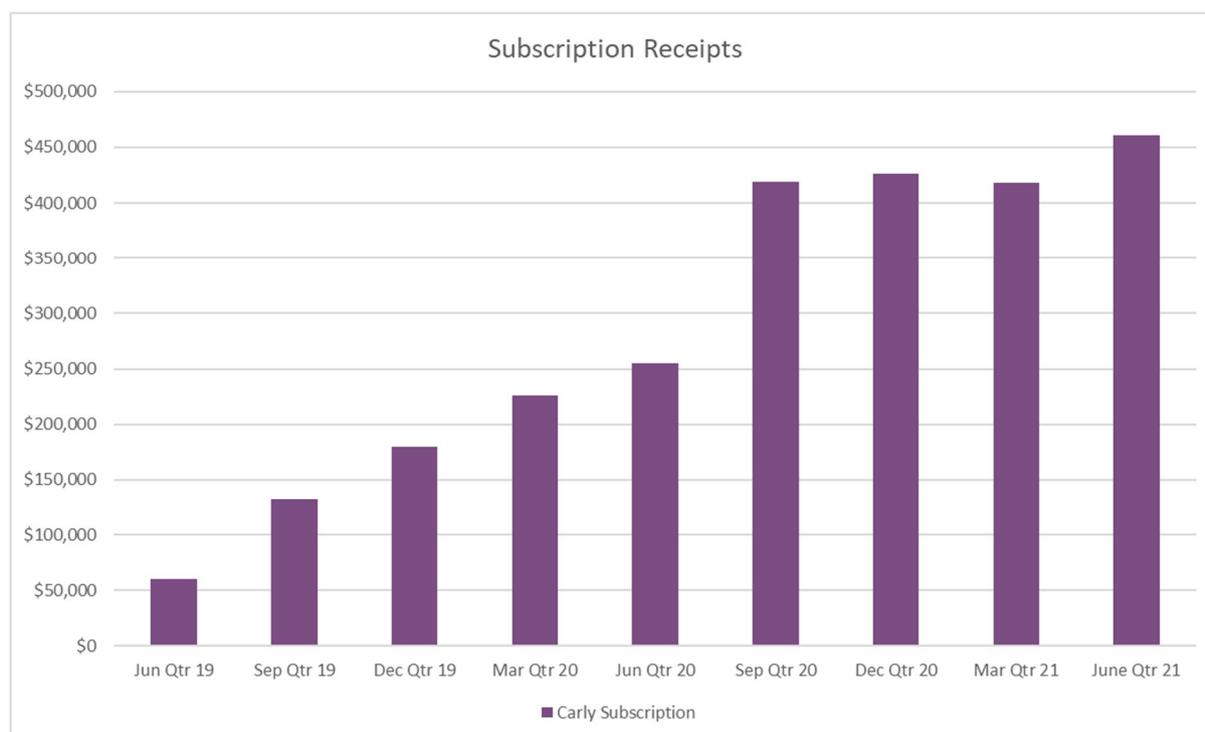
- **9% increase in Cash Receipts** vs March 2021 Qtr and 46% increase vs June 2020 Qtr
- **10% increase in Subscription Transaction Value** vs March 2021 Qtr and 81% increase vs June 2020 Qtr
- **Subscription retention period increased to 5.7 months** in June 2021 vs 5.3 months in March 2021
- **Carly Subscription increased to 68% of Rental & Subscription Receipts** in the June 2021 Quarter vs. 62% in March 2021 Quarter
- **18% decrease in Net Cash Used in Operating Activities** vs March 2021 Qtr and 36% decrease vs June 2020 Qtr
- **Over \$91,000 reduction** in Administration & Corporate Costs, Advertising & Marketing Costs and Product Manufacturing & Operating Costs vs March 2021 Qtr
- **Elimination of \$34,600 of monthly recurring costs** during the June 2021 Quarter via staff reduction and termination of marketing agency contracts, the benefit of which will be fully realised from July 2021
- **Receipt of the maximum Claims Experience Discount of \$67,000** for the motor fleet insurance policy due to beating claims loss ratio targets in the 2020/21 period
- **Completion of the 3-for-4 Renounceable Rights Issue** announced on 15 April 2021 which closed significantly oversubscribed and raised a total of \$4.85 million including the Follow-On Placement
- **Commencement of the strategy to leverage new funding to more directly secure vehicles** with the establishment of a new subsidiary of Carly Holdings Limited and the purchase of vehicles during the June 2021 Quarter.



Carly Car Subscription continued to achieve growth in all key metrics despite the ongoing impacts of Covid-19 and limited supply of new vehicles. The car subscription revenue stream, which was initiated in March 2019, has proven to be resilient in the face of significant challenges in the economy and now accounts for 68% of total transaction value. The average retention period for subscriptions continues to increase and has reached a new peak of 5.7 months.

During the June 2021 Quarter, in response to the vehicle supply restrictions, the potential for ongoing Covid-19 restrictions and an ongoing focus on efficiency of costs, a number of cost reduction measures were adopted via staff reductions and the termination of marketing agency contracts. All marketing activities are now managed internally and other responsibilities have been re-allocated to existing staff. Significant savings were also achieved in Administration & Corporate Costs and Marketing Expenses.

As detailed in the March 2021 Quarterly Activities Report released on 28 April 2021, access to a more reliable source of vehicles to match the high level of demand is essential to achieve the substantial growth potential of car subscription. During the June 2021 Quarter a new subsidiary of Carly Holdings was established to control vehicles, via owning and financing. As part of the shift in vehicle supply strategy, 16 new and used Toyota, Kia, Hyundai and MG vehicles were ordered in June 2021 for delivery in July and August 2021. Carly anticipates being able to secure additional vehicles via a financing facility in the near future.



Corporate

On 12 May 2021 Carly Holdings Limited reported that the renounceable rights issue announced on 15 April 2021 closed significantly oversubscribed and raised \$3,392,115 (**Rights Issue**) with major shareholders of the Company, SG Fleet Management Pty Limited (**SG Fleet**) and Willoughby Capital Pty Ltd as trustee for the Willoughby Capital Trust (**Willoughby**), taking up their entitlements of over \$1.50 million. To accommodate a portion of

excess demand, the Company agreed to undertake a placement to raise an additional \$1,454,810 on the same terms as the rights issue (**Follow-on Placement**).

The total amount raised from the Rights Issue and Follow-on Placement was \$4.85 million, before costs, of which \$0.65 million relates to subscriptions under Tranche 2 of the Follow-on Placement by SG Fleet and Willoughby, the completion of which is subject to receipt of shareholder approval by 30 November 2021.

The funds from the Rights Issue and Follow-on Placement will be used primarily to fund growth in the supply of vehicles available for subscription, demand generation and working capital. As previously announced, Carly intends to allocate the capital to enable it to leverage the funds to deliver a significant increase in supply of vehicles, such that Carly will have an increased level of control over the availability and deployment of vehicles, enabling Carly to better address the significant demand for subscription vehicles and deliver stronger growth in revenues.

As announced to ASX on 10 January 2019, the Company has a controlled placement deed with Acuity Capital for up to \$3,000,000 of equity (**Facility**) over a 30-month period which will expire on 31 July 2021. Subject to all necessary regulatory and shareholder approvals, the Company intends to buy-back and cancel 800,000 collateral shares (on a post-consolidation basis) issued under the Facility for nil consideration. The Company will provide a further update once it enters into a buy-back agreement with Acuity Capital.

Payments to related parties and their associates in the June quarter of \$110,000 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 June 2021 Quarter, the Company maintained a cash balance of \$3.73 million, an increase of \$3.2 million from the March 2021 Quarter. A further \$0.65 million is expected to be received from the major shareholders in the December 2021 Quarter, following receipt of shareholder approval of Tranche 2 of the Follow-on Placement.

The Directors continue to closely monitor cash flows and funding requirements and are assessing all funding alternatives, which may include a placement to strategic and/or high-net-worth investors to ensure that the Company can continue to pursue the growth opportunities of the businesses. In response to the potential impact of COVID-19, Carly has taken a prudent approach to cash management and proactively implemented a range of cost saving measures. The Company will continue to review the cost structure of the business to ensure that it is appropriate.

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) www.carly.co/investors 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.DriveMyCar.com.au Australia's leading peer-to-peer car rental business, and 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) (formerly Collaborate Corporation Limited)

ABN

60 066 153 982

Quarter ended ("current quarter")

30 June 2021

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	787	3,006
1.2 Payments for		
(a) research and development	(308)	(1,164)
(b) product manufacturing and operating costs	(629)	(2,577)
(c) advertising and marketing	(65)	(425)
(d) leased assets	-	-
(e) staff costs	(342)	(1,381)
(f) administration and corporate costs	(101)	(560)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	2	6
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (COVID-19 government grants)	-	193
1.9 Net cash from / (used in) operating activities	(656)	(2,902)

2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(52)	(52)
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-

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 (provide details if material)	-	-
2.6 Net cash from / (used in) investing activities	(52)	(52)

3. Cash flows from financing activities		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	4,192	5,571
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	(279)	(316)
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 (provide details if material)	-	-
3.10 Net cash from / (used in) financing activities	3,913	5,255

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	530	1,434
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(656)	(2,902)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(52)	(52)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	3,913	5,255

Appendix 4C
Quarterly cash flow report for entities subject to Listing Rule 4.7B

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	3,735	3,735

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	3,735	530
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)	3,735	530

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	110
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<p><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></p>		

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 (please specify)	-	-
7.4 Total financing facilities	-	-
7.5 Unused financing facilities available at quarter end		-
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 has a controlled placement deed with Acuity Capital for up to \$3,000,000 of equity over a 30-month period which will expire on 31 July 2021. Subject to all necessary regulatory and shareholder approvals, the Company intends to buy-back and cancel 800,000 collateral shares (on a post-consolidation basis) issued under the facility for nil consideration. The Company will provide a further update once it enters into a buy-back agreement with Acuity Capital.</p>		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(656)
8.2 Cash and cash equivalents at quarter end (item 4.6)	3,735
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	3,735
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	5.7
<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?	
<p>Answer:</p> <p>Not applicable</p>	
<i>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.</i>	

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: **29 July 2021**

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.