



DECEMBER 2020 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 2020.

Key highlights include:

- + **15% increase in Total Gross Revenue** vs. September 2020 Quarter
- + 2% increase in Subscription Transaction Value vs. September 2020 Quarter and 137% increase vs. December 2019 Quarter
- + **Carly Subscription increased to 59% of Rental & Subscription Receipts** in the December 2020 Quarter vs. 23% in December 2019 Quarter
- + Substantial **improvement in corporate vehicle utilisation days**, increasing from 64% in Sep 2020 Qtr to 82% in Dec 2020 Qtr
- + 6% increase in Receipts from Customers vs. September 2020 Quarter
- + 33% decrease in Advertising and Marketing costs vs. September 2020 Quarter
- + 25% decrease in Admin and Corporate costs vs. September 2020 Quarter
- + 9% decrease in Net Cash used (Excl. COVID related Govt support) vs. September 2020 Quarter
- + **Signing of vehicle supply agreements with leading automotive dealers** - The Alto Group in New South Wales and Ringwood Mazda in Victoria
- + **Expansion of the electric vehicle fleet** with the addition of Hyundai Ioniq EV and Ioniq PHEV vehicles
- + Agreement signed with Genesis Motors Australia for the addition of Genesis luxury vehicles to the Carly and DriveMyCar platforms
- + **Completion of entitlement issue** raising \$2.355 million before costs, supported by Willoughby Capital, SG Fleet, management and existing shareholders
- + **Change of name to Carly Holdings Limited** to better align with the main focus of operations and to leverage increasing brand awareness
- + Completion of consolidation of capital.





Collaborate Corporation Limited completed the name change to **Carly Holdings Limited** on 15 December 2020 to better reflect the links between the core operations of the business and the parent company's identity and leverage increasing awareness of the Carly brand.

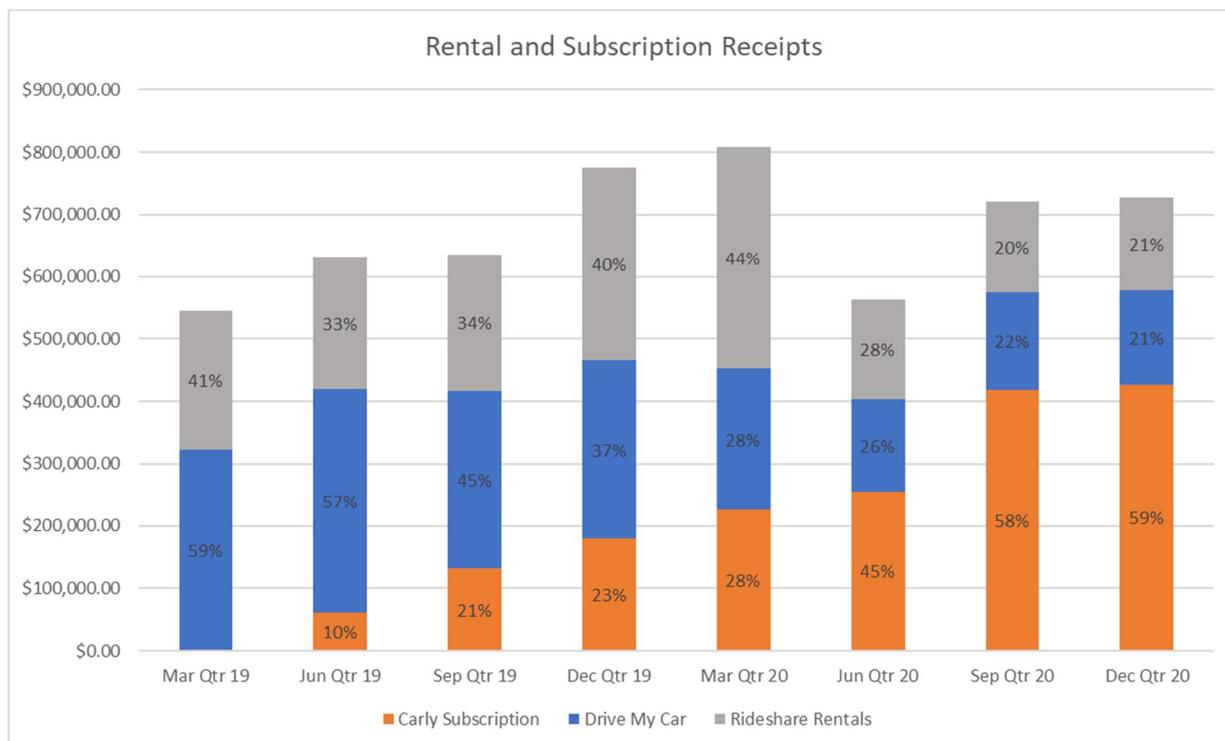
Total Gross Revenue increased by 15% in the December 2020 Quarter versus the September 2020 Quarter, supported by growth in Rental & Subscription Receipts. Carly Subscription increased to 59% of Rental & Subscription Receipts in the December 2020 Quarter vs. 23% in the December 2019 Quarter, once again reflecting the continued strong performance of **Carly** car subscription and its increasing importance to overall group revenues.

While growth was achieved in the December 2020 Quarter, the full growth potential of **Carly** Car Subscription, **DriveMyCar** and rideshare rentals was not achieved due to restricted supply of vehicles. The COVID-19 pandemic has caused significant disruption to global automotive supply chains which has resulted in a deficit of new cars in Australia and a substantial increase in the price of used cars. The limited supply of vehicles is being experienced by automotive dealers, corporate fleets and **Carly** alike. During this challenging period **Carly** has been successful in retaining its core fleet of vehicles provided by automotive manufacturers, dealers and fleet management organisations, however it has proven difficult to secure significant additional vehicles to keep pace with the level of demand.

Strong demand and restricted supply resulted in a substantial improvement in corporate vehicle utilisation days, increasing from 64% in September 2020 Qtr to 82% in December 2020 Qtr and a corresponding 33% decrease in Advertising and Marketing costs. At a number of price points, utilisation of vehicles was almost 100% for the entire quarter.

Despite the very tight supply constraints, **Carly** signed vehicle supply agreements with leading automotive dealers during the December 2020 Quarter, and continued to progress discussions with a number of other potential suppliers of vehicles. The Alto Group in Sydney has provided new Audi and Skoda vehicles for **Carly** and Ringwood Mazda is providing Mazda vehicles in Melbourne. Hyundai Motor Company Australia has expanded its offering in Sydney with the addition of 4 x Ioniq Ev & 3 x Ioniq PHEV electric vehicles. Genesis Motors Australia signed an agreement for the addition of Genesis luxury vehicles to both the **Carly** and **DriveMyCar** platforms.

To alleviate the vehicle supply issues and take advantage of the significant growth opportunity, **Carly** is negotiating with several parties to secure a reliable, committed supply of vehicles. Details will be announced upon signing of material formal agreements.



Consolidated Cash Flows

Receipts from Customers increased 6% in the December 2020 Quarter vs. the September 2020 Quarter. Further growth was tempered by COVID-19 related vehicle supply restrictions. The contribution from **DriveMyCar**, which is typically strong in the December Quarter, was lower in the December 2020 Quarter vs the December 2019 Quarter due to COVID-19 related travel restrictions and because a large proportion of vehicles normally available for rental were utilised by subscribers.

Advertising & Marketing costs decreased by 33%, Admin & Corporate cost decreased by 25% and Staff costs decreased by 2% resulting in 9% decrease in Net Cash used (excluding COVID-19 Govt Support) vs. September 2020 Quarter.

Payments to related parties and their associates in the December 2020 quarter of \$84,000 related to remuneration of the executive and non-executive directors for the period.

Corporate

On 30 October 2020 a partially underwritten non-renounceable entitlement offer of shares and free-attaching options pursuant to the prospectus dated 14 September 2020 was completed. 68% of the total Shares offered under the Entitlement Issue were taken up, raising \$2,354,725 before costs. The \$850,000 Financing Facility provided by Willoughby Capital, together with accrued interest of \$125,782 to 30 October 2020 was offset against commitments under the offer. The Entitlement Issue was offered to shareholders registered at the Record Date of 18 September 2020 on the basis of one (1) New Share for every three (3) Shares held, together with one (1) free attaching option for every five (5) New Shares subscribed for and issued. The Entitlement Issue was partially underwritten by existing shareholders of the Company namely SG Fleet Management Pty Limited and Willoughby Capital Pty Ltd as trustee for the Willoughby Capital Trust, alongside Directors of the Company Adrian Bunter and Chris Noone and Chief Operating Officer, Ben Hershman.



A change of name to **Carly Holdings Limited** was completed on 15 December 2020 to better align with the main focus of operations and to leverage increasing brand awareness of the **Carly** brand. The ASX code CL8 remains unchanged. A new investor website has been launched to highlight the **Carly** Holdings investment opportunity www.carly.co/investors.

Following receipt of shareholder approval at the Annual General Meeting on 19 November 2020, the Company completed a 25-for-1 consolidation of capital. The purpose of the consolidation of capital was to implement a more appropriate capital structure for the Company going forward.

Cash Balance at Quarter End and Funding

At the end of the December 2020 Quarter, the Company maintained a cash balance of \$1.325 million, an increase of \$614,000 from the September 2020 Quarter.

The Directors 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.

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:

Chris Noone
CEO and Director
Carly Holdings Limited
E: shareholder@carly.co

Jane Morey
Morey Media
E: jane@moreymedia.com.au
M: 0416 097 678

About Carly Holdings Limited

Carly Holdings Limited is listed on the Australian Securities Exchange (ASX:CL8). 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")

31 December 2020

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	769	1,494
1.2 Payments for		
(a) research and development	(304)	(553)
(b) product manufacturing and operating costs	(656)	(1,295)
(c) advertising and marketing	(111)	(276)
(d) leased assets	-	-
(e) staff costs	(349)	(706)
(f) administration and corporate costs	(133)	(311)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	2	3
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)	55	193
1.9 Net cash from / (used in) operating activities	(728)	(1,451)

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 (provide details if material)	-	-
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)	1,379	1,379
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	(37)	(37)
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	1,342	1,342

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	711	1,434
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(728)	(1,451)
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)	1,342	1,342

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	1,325	1,325

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	1,325	711
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)	1,325	711

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	84
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>		

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 to 31 July 2021. Full details of the facility are set out in the ASX release dated 10 January 2019.</p>			

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(728)
8.2 Cash and cash equivalents at quarter end (item 4.6)	1,325
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	1,325
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	1.8

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.

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:

The Company expects to have negative operating cash flows for the time being due to the current stage of development of its businesses. The Company is aggressively growing the size, scale and market presence of the businesses and the level of operating expenditure is reflective of the ongoing investment being made. The business has stable fixed operational costs which do not materially increase with the scale of the existing businesses. Payments to vehicle owners are variable in nature and increase as a direct result of increased sales. But ultimately, as revenues grow, the negative operating cash flows are expected to reduce.

As outlined in the Quarterly Activities Report that accompanies this Appendix 4C, the Company is pursuing a number of strategic opportunities, predominantly for the Carly car subscription service. Carly is an alternative to car purchase and provides a lower risk option for consumers and businesses that require cars but do not want to take on long-term financial obligations. Given the recent economic turmoil arising due to the COVID-19 pandemic, Carly provides a highly attractive option for consumers and businesses, and Carly expects this business to continue to grow.

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:

The Directors 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. The Directors are very conscious of the cash flow requirements of the Group but also seek to ensure that funding is accessed at appropriate valuations so as to preserve value and limit dilution for all shareholders. The Company has received several approaches from new institutional and strategic investors interested in making an investment in the Group.

The Company has demonstrated the ability to access various capital raising mechanisms as and when required. These capital funding mechanisms are available via existing shareholders of Carly as well as potential new shareholders. In October 2020, the Company raised \$2.35 million before costs (including offset of the \$0.85 million financing facility) through a non-renounceable entitlement issue, which was partly underwritten by existing shareholders and officers of the Company. In the 2020 financial year, the Company raised:

- (a) \$1.60 million before costs (including offset of a \$0.15 million advance) through a non-renounceable entitlement issue in August 2019, which was partly underwritten by existing shareholders and officers of the Company;
- (b) a further \$2.20 million via an investment from a strategic investor in November 2019; and
- (c) \$0.05 million from the exercise of employee and unquoted options in November 2019 and January 2020.

Therefore, the Directors believe that the Company will be successful in raising further funding as required.

The Group also has access to a controlled placement facility with Acuity Capital for up to \$3.00 million of equity until July 2021.

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:

The Company expects to continue its operations and to meet its business objectives as it is confident that it will be able to continue to raise funds as and when required.

This expectation is based on past experience and because the Company continues to have the support of its existing shareholders and strategic partners who also remain committed to the Company's strategy of providing flexible access to vehicles and its focus on Carly car subscription and rideshare rentals.

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: **29 January 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.