

SEPTEMBER 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 September 2021.

Key highlights include:

- **12% increase in Subscription Transaction Value** vs June 2021 Qtr and 23% increase vs September 2020 Qtr
- **17% increase in Carly Revenue** vs June 2021 Qtr and 32% increase vs September 2020 Qtr
- **Carly Subscription increased to 82% of Rental & Subscription Receipts** in the September 2021 Quarter vs. 68% in June 2021 Quarter
- **Subscription retention period increased to 5.8 months** in September 2021 vs 5.7 months in June 2021 and 5.3 months in September 2020
- **100% of vehicles purchased** during the September 2021 Quarter **were subscribed by 30 September 2021.**

Despite Covid-19 lockdowns impacting key markets for the majority of the September 2021 Quarter, Carly Car Subscription continued to achieve strong growth across key metrics versus the June 2021 Quarter which was largely free of movement restrictions. Subscription Transaction Value increased by 12% and Carly Revenue increased by 17%. Carly subscription increased to 82% of Rental & Subscription Receipts, an increase of 14% since June 2021 as the Company continues to reduce its focus on the more volatile car rental and rideshare rental revenue streams. Subscription retention period continued to increase and reached 5.8 months in September 2021.

During the September 2021 Quarter, Carly's key markets of Sydney and Melbourne were in lockdown for 100% and 76% of the quarter, respectively. Despite severe movement restrictions Carly subscription revenue continued to increase whilst due to restrictions and a reduced focus the car rental and rideshare rental revenue streams declined by 54% and 48% respectively vs the June 2021 Quarter.

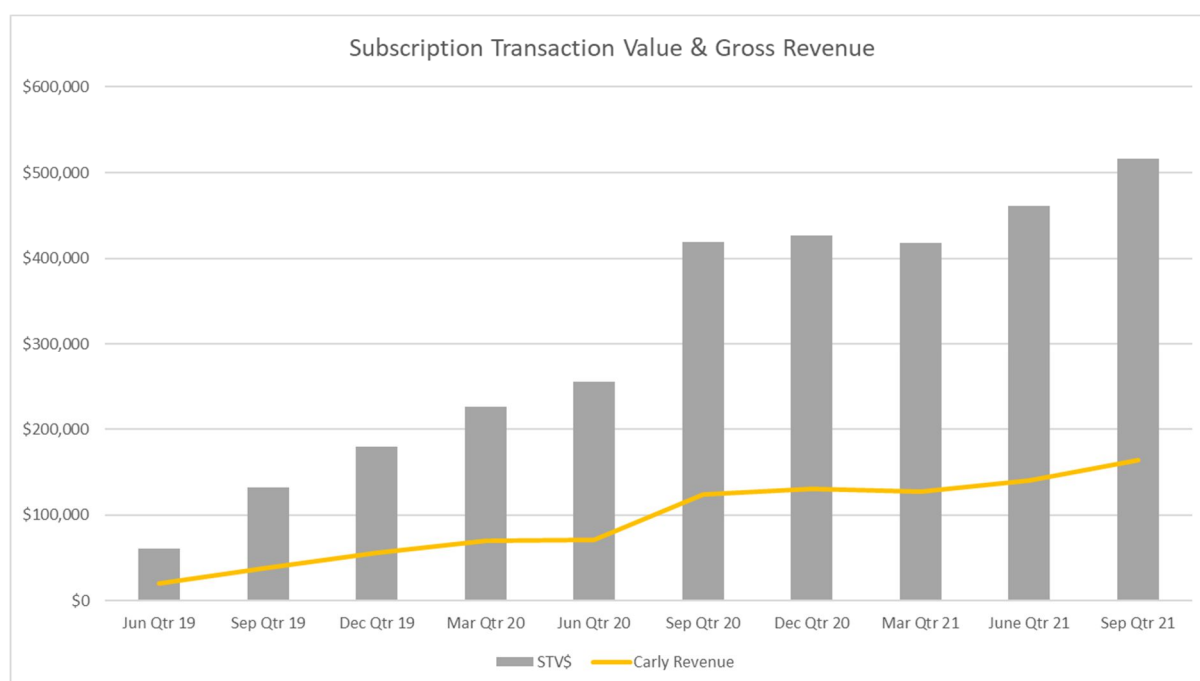
As detailed in the June 2021 Quarterly Activities Report released on 29 July 2021, a new subsidiary of Carly Holdings was established to control vehicles, via owning and financing, to provide a more reliable source of vehicles to match the high level of demand and achieve the substantial growth potential of car subscription. 13 new and used Toyota, Kia, Hyundai and MG vehicles were purchased and delivered during the September 2021 Quarter and were 100% utilised by 30 September 2021. A further three vehicles were delivered in October 2021.

During the September 2021 Quarter, in line with its strategy to leverage funding from the recent capital raising to more directly secure vehicles, Carly commenced leasing of new vehicles to expand the Carly fleet and as of 29 October 2021, a total of 31 vehicles have been ordered, of which 11 have been delivered and are now available for subscription. The vehicles



ordered include Mazda 3 & CX3 and Hyundai Kona models. Further vehicles will be ordered during the December 2021 Quarter.

Despite a significant focus on cost control during the lockdown period, some costs increased, largely as a result of seasonality and timing. Product Manufacturing and Operating Costs increased by 5% compared to the June 2021 Quarter. Some of these costs represent payments for vehicles provided in the previous Quarter and do not reflect actual expenses during the September 2021 Quarter. Advertising & Marketing Costs increased by 38% vs June 2021 Quarter due to a return to more normal marketing levels with increased fleet availability and signs of relaxation of restrictions but declined by 45% vs the September 2020 Quarter. Payments to marketing agencies reduced by \$12,000 vs the June 2021 Quarter and \$51,000 vs the Sep 2020 Quarter as these functions are now managed in-house. Staff costs increased as a result of the timing of ATO payments, recruitment costs and the payout of long service leave to a departing employee. Administration and Corporate Costs increased by 54%, relating to the payment of annual listed entity compliance costs. \$205,000 was invested in the purchase of vehicles.



Corporate

As announced on 6 August 2021 Carly Holdings Limited proposes to undertake the selective buy-back and cancellation of 800,000 fully paid ordinary shares (on a post-consolidation basis) (Collateral Shares) issued under the controlled placement deed with Acuity Capital (CPD), the details of which were announced on 10 January 2019. Under the CPD with Acuity Capital, the Company had access to up to \$3,000,000 of equity over a 30-month period. As noted in the Quarterly Activities Report released to the ASX on 29 July 2021, the CPD expired on 31 July 2021. In accordance with the terms of the CPD, the Company and Acuity Capital have entered into a buy-back agreement in order for the Company to buy-back and cancel the Collateral Shares for nil consideration (Buy-Back). Prior shareholder approval is required to complete the Buy-Back, which is being put to shareholders at the annual general meeting to be held on 18 November 2021.

Payments to related parties and their associates in the June quarter of \$116,000 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 September 2021 Quarter, the Company maintained a cash balance of \$2.45 million, a decrease of \$1.29 million from the June 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.

Outlook

As Australia emerges from lockdown, Carly is well positioned to take advantage of two significant factors - a rapid increase in mobility and the continuing limited supply of new vehicles which is increasing the price of used vehicles and resulting in lengthy delivery delays for new vehicles. In line with competitor price increases driven by the reduced size of rental fleets and higher demand, the Company has increased the rental price of vehicles provided by DriveMyCar by 50%. Higher levels of demand are expected to continue through the summer holiday period which traditionally produces higher demand and prices. Carly will also continue to leverage partnerships and opportunities to increase the fleet of vehicles to satisfy the demand for subscription vehicles.

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 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)

ABN

60 066 153 982

Quarter ended ("current quarter")

30 September 2021

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	632	632
1.2 Payments for		
(a) research and development	(326)	(326)
(b) product manufacturing and operating costs	(657)	(657)
(c) advertising and marketing	(90)	(90)
(d) leased assets	-	-
(e) staff costs	(441)	(441)
(f) administration and corporate costs	(156)	(156)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	4	4
1.5 Interest and other costs of finance paid	(1)	(1)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (COVID-19 government grants)	-	-
1.9 Net cash from / (used in) operating activities	(1,035)	(1,035)

2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(205)	(205)
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 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	(205)	(205)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
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	(47)	(47)
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	(47)	(47)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	3,735	3,735
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,035)	(1,035)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(205)	(205)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(47)	(47)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	2,448	2,448

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	2,448	3,735
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)	2,448	3,735

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	116
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.		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(1,034)
8.2	Cash and cash equivalents at quarter end (item 4.6)	2,448
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	2,448
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	2.4
<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?	
	Answer: Not applicable	
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: Not applicable	
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	
<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 October 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.