

6 October 2022

Dear Shareholder

CARLY HOLDINGS LIMITED: PRO-RATA RENOUNCEABLE ENTITLEMENT ISSUE – INELIGIBLE SHAREHOLDER

Carly Holdings Limited (ACN 066 153 982) (the **Company** or **Carly**) is undertaking a renounceable entitlement issue to shareholders of up to 116,321,978 new fully paid ordinary shares (**New Shares**) at an issue price of \$0.024 each, together with free attaching options on a one-for-two basis, with an exercise price of \$0.06 per option and expiry date of 31 October 2024 (**New Option**) to raise up to approximately \$2,791,727 before costs (**Entitlement Offer**). The Company lodged a prospectus for the Entitlement Offer (**Prospectus**) with ASIC and ASX on 5 October 2022. The minimum subscription under the Entitlement Offer is \$2,000,000.

Major shareholders and officers of the Company have confirmed their intention to take up rights under the Entitlement Offer totalling over \$700,000, namely SG Fleet Management Pty Limited and Willoughby Capital Pty Ltd as trustee for the Willoughby Capital Trust, Turners Automotive Group Limited and directors, Chris Noone and Adrian Bunter (the **Associated Parties**).

The funds raised from the Entitlement Offer are currently intended to be used to accelerate the growth in the supply of vehicles available for subscription and towards customer acquisition, sales and marketing activities, technology enhancement and R&D, working capital and expenses of the Entitlement Offer.

The Entitlement Offer will be offered to shareholders registered at the Record Date (as defined below) with a registered address in Australia and New Zealand (**Eligible Shareholders**) on the basis of one (1) New Share for every Share held (together with one (1) free attaching New Option for every two (2) New Shares subscribed for and issued). As you are a Shareholder who has a registered address outside of Australia or New Zealand, you will not be eligible to participate in the Entitlement Offer.

New Shares will rank equally with all fully paid ordinary shares in the capital of the Company already on issue. All Shares issued on conversion of the New Options will rank equally with the Shares on issue at the date of the Prospectus. Following completion of the Entitlement Offer (assuming maximum subscription) and based on the number of Shares currently on issue, the Company will have issued approximately 116,321,978 New Shares and 60,952,716 New Options (inclusive of up to 2,791,727 New Options to be issued to Mahe Capital Pty Ltd under the Lead Manager Offer, defined below) resulting in a total number of Shares on issue of approximately 232,643,956 and total number of Options on issue of approximately 95,266,779.

Mahe Capital Pty Ltd (AFSL 517246) will act as lead manager to the Entitlement Offer. In consideration for Mahe Capital Pty Ltd acting as lead manager to the Entitlement Offer, the Company will pay/issue Mahe Capital Pty Ltd (or its nominee): 1 New Option for every \$1 raised under the Entitlement Offer (excluding funds raised from the Associated Parties); a lead manager fee of \$60,000; a management fee of 1% of the total amount raised under the Entitlement Offer; and a placement fee of 5% of any shortfall placed (excluding funds raised from the Associated Parties), including any additional amount that might be placed under the Company's Listing Rule 7.1 and 7.1A placement capacity (if applicable) (**Lead Manager Offer**).

Carly announces the record date of 5:00 pm (AEST) on 10 October 2022 for the purposes of determining shareholders entitled to participate in the Entitlement Offer (**Entitlement Record Date**). A Prospectus containing full details of the Entitlement Offer was lodged with ASIC on 5 October 2022 and Eligible Shareholders will be sent letters on 11 October 2022 containing details of how to access the Prospectus online. The Prospectus is available on the ASX website (company announcements section, ASX code: CL8).

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Ineligible Shareholders

A Shareholder who has a registered address outside of Australia or New Zealand (**Ineligible Shareholder**) will not be eligible to participate in the Entitlement Offer.

You are not eligible to participate in the Entitlement Offer and you will not be sent a copy of the Prospectus. This decision has been made pursuant to Listing Rule 7.7.1 (a) of the ASX Listing Rules after taking into consideration the costs of complying with legal and regulatory requirements in jurisdictions outside of Australia and New Zealand compared with the small number of Ineligible Shareholders and the number and value of New Shares to which they would otherwise be entitled.

The Company has appointed Mahe Capital Pty Ltd (AFSL 517246) (**Nominee**) (who is also the lead manager to the Entitlement Offer) as nominee to sell the rights to subscribe for New Shares pursuant to the Prospectus (**Entitlements**) to which Ineligible Shareholders are entitled. The Nominee will have the absolute and sole discretion to determine the timing and price at which the Entitlements may be sold and the manner of any such sale.

Any interest earned on the proceeds of the sale of these Entitlements will firstly be applied against expenses of such sale, including brokerage, and any balance will accrue to the relevant Ineligible Shareholders.

The net proceeds of the sale of these Entitlements will then be forwarded by the Company as soon as practicable to the Ineligible Shareholders, in proportion to their share of such Entitlements (after deducting brokerage commission and other expenses). If any such net proceeds of sale are less than the reasonable costs that would be incurred by the Company for distributing those proceeds, such proceeds may be retained by the Company.

Notwithstanding that the Nominee must sell Entitlements, Ineligible Shareholders may nevertheless receive no net proceeds if the costs of the sale are greater than the sale proceeds. In this regard, the nominee will not be required to sell Ineligible Shareholders' Entitlements at a particular price.

There is no guarantee that the Nominee will be able to sell Entitlements of Ineligible Shareholders on ASX and Ineligible Shareholders may receive no value for the Entitlements. Both the Company and the Nominee take no responsibility for the outcome of the sale of such Entitlements or the failure to sell such Entitlements.

If you have any queries concerning the Entitlement Offer, please contact your financial adviser or the Company by email at shareholder@carly.co.

Yours faithfully
CARLY HOLDINGS LIMITED



Chris Noone
CEO and Executive Director