

FULL YEAR RESULTS: 82% INCREASE IN SUBSCRIPTION REVENUE

Carly Holdings Limited (ASX:CL8) (**Carly** or the **Company**) is pleased to present its Appendix 4E and Annual Report for the year ended 30 June 2023 (**FY23**).

Carly Holdings ended the 2023 financial year (FY23) with a strongly targeted focus on revenue opportunities in the car subscription market, the securing of asset finance facilities from top-tier financiers to support growth in fleet size and the timely delivery of new vehicles that achieved high utilisation. The strategy to reduce previous reliance on asset-light vehicles in favour of financed and leased vehicles which can be more rapidly secured in the current tight vehicle supply market, has delivered more revenue and gross profit.

Significant improvements were recorded in key metrics in FY23 as compared to FY22:

- Subscription Revenue increased by 82%
- Total Revenue increased by 68%
- Gross Profit increased by 74%
- Gross Profit per Subscription increased by 36%
- Subscription Revenue from owned and financed Vehicles reached 64% of Total Revenue compared to 31% in FY22
- 32% growth in overall fleet size, supported by 285% increase in size of owned and financed fleet

Subscription revenue is the income from subscribers, net of external third-party owner fees.

Total revenue includes subscriber revenue, net of external third-party owner fees, plus platform licensing fees.

The improvement in business performance accelerated in H2 FY23 vs H1 as the strategic focus on car subscription, supported by an owned and financed fleet, gained significant traction.

| | FY23 | HY1 | HY2 | HY2 vs HY1 |
|-------------------------------|---------------|-------------|-------------|------------|
| Total Revenue (\$) | 2,100,431 | 880,715 | 1,219,716 | 38% |
| Net Profit (Loss) (\$) | (\$3,142,225) | (1,618,522) | (1,523,703) | (6%) |

Chris Noone, CEO of Carly commented “The strong growth in revenue and gross profit confirms that our strategy is right and we are executing rapidly and effectively. We say what we will do, and we do it. The 38% uplift in H2 revenues shows that our trajectory is increasing rapidly.



Our key utilisation, CPA and efficiency metrics are on target, and combined with our ability to scale the vehicle fleet rapidly whilst maintaining stable corporate and administration expenses, provides a solid foundation for accelerated, profitable growth in FY24. We are focused on exploiting significant opportunities in the consumer, business, government and electric vehicle segments while also supporting automotive OEMs and dealers to expand into the car subscription market.”

Active subscriptions continued to increase during FY23 and the average retention period remained above 5.2 months for the entire year. As Carly grows, it is delivering material increases in revenue and gross profit through successful implementation of price increases, upselling to higher value subscription plans and retaining an increased share of the subscription transaction value from owned and leased vehicles when compared to ‘asset-light’ vehicles (i.e. vehicles owned by third parties).

Average Subscription Revenue and Gross Profit per Subscription increased by 9.4% and 35.9% respectively in FY23 vs FY22. Achieving high fleet utilisation is a key metric for the business and averaged 86% across FY23.

Carly’s proprietary online customer verification processes and telematics systems continued to de-risk the operation of the fleet and contributed to the receipt of a \$60,000 rebate for achieving low claims loss ratio targets for the motor fleet insurance policy.

Carly has traditionally operated an exclusively asset-light vehicle fleet, where third party owners provide vehicles in return for owner fees. Post Covid-19, Carly commenced purchasing and financing vehicles to access more vehicle supply channels and meet the increasing demand for car subscription services. This strategy has been very successful to date, with owned and financed vehicles generating substantially more revenue and gross profit per vehicle compared to vehicles in the asset-light fleet. The owned and financed vehicles continue to perform at a higher utilisation than initial expectations.

The success of the owned and financed fleet strategy emphasises the benefit of securing asset finance facilities to more rapidly expand the fleet size to support accelerated revenue growth.

In March 2023 Carly secured access to an asset finance facility of up to \$10m, subject to meeting certain financial covenants, bringing total potential available facilities to \$13.2m, an increase of \$11.7m since FY22. Carly has continued to utilise the facility and as at June 30, had drawn \$2.2m of the facility. Carly will continue to draw down on the facility in FY24, further expanding its owned and financed fleet of vehicles. During FY23 the size of the owned and financed fleet increased by 285% bringing total fleet size to 320 vehicles, of which 34% are asset-light vs 77% at the end of FY22.

Carly continues to seek further asset finance facilities, which have proven to be the optimal method to secure vehicles in a variable supply environment and deliver maximum gross margin.

In FY24 Carly will seek to further accelerate growth of the vehicle fleet, increase marketing and focus business development on opportunities in the consumer, business, government and not-for-profit segments. In particular Carly will leverage opportunities to facilitate the transition to electric vehicles.

Adrian Bunter, Chairman of Carly commented “FY23 was a pivotal year for Carly. The first half of the year was focused on proving the owned and financed strategy was effective and was able to deliver a high utilisation of vehicles, whilst working to secure further finance facilities.

This was confirmed with Carly securing a \$10m asset finance facility mid-way through the second half of FY23. The company was able to rapidly secure and deploy the initial stages of that funding, which has continued in FY24. This resulted in a substantial acceleration of revenue growth in the second half of FY23. The business is very well placed for substantial growth in FY24, setting Carly up to be the clear market leader for car subscription in Australia.”

The Company plans to hold the 2023 Annual General Meeting on 16 November 2023. The deadline to receive director nominations is 8 September 2023.

Authorised by:

Chris Noone
CEO and Director
Carly Holdings Limited

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Investor Relations

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About Carly

Carly Holdings Limited (ASX:CL8) is an Australian company leading the growth of the car subscription industry in Australia & New Zealand and supporting the transition to electric vehicles. Launched in 2019, [Carly Car Subscription](#) is a flexible alternative to buying or financing a vehicle, for individuals and businesses, with insurance, registration and servicing included in one monthly payment. Average subscription period is over 5 months. Carly has secured auto industry leaders SG Fleet (ASX:SGF) and Turners Automotive (ASX:TRA) as significant shareholders, joining long-term shareholder, RACV and OEM partner, Hyundai. For more information visit: <https://investors.carly.co>

This announcement was authorised to be given to ASX by the Board of Directors of Carly Holdings Limited.



Appendix 4E – Preliminary Final Report

(ASX Listing rule 4.3A)

Company Name: Carly Holdings Limited (the **Company**)
ABN: 60 066 153 982
Reporting Period: Financial year ended 30 June 2023
Previous Reporting Period: Financial year ended 30 June 2022

Results for Announcement to the Market

The results of Carly Holdings Limited for the year ended 30 June 2023 are as follows:

| | | | | |
|---|----|-----|----|---------------|
| Revenue | Up | 68% | to | \$2,100,431 |
| Loss from continuing operations | Up | 4% | to | (\$3,142,225) |
| Net loss for the period attributable to members | Up | 4% | to | (\$3,142,225) |

Dividends

No dividends have been paid or declared by the Company since the beginning of the current reporting period. No dividends were paid for the previous reporting period.

Net Tangible Assets per Share

| | 2023 | 2022 |
|---------------------------------------|------|------|
| Net Tangible Assets per Share (cents) | 0.20 | 0.44 |

Explanation of results

The Group revenue from continuing operations increased by \$846,668 or 68% to \$2,100,431. Gross profit increased by \$349,156 or 74%. The Group incurred a loss of \$3,142,225 for the year (2022: \$3,007,506).

The reduction in the Net Tangible Asset per Share result in 2023 reflects the 2023 capital raise.

For further information on the current year results, refer to the Review of Operations contained within this document.

Status of Audit of Accounts

This Appendix 4E is based on accounts which have been audited. The audit report is included within the financial report which accompanies this Appendix 4E.

The independent audit report contains an emphasis of matter in relation to going concern. The emphasis of matter draws attention to Note 1(b) of the financial report and states that the factors described in that going concern note to the financial statements, indicate the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern.

In Note 1(b) of the financial report, the Directors confirm their belief that the factors described in that note to the financial statements demonstrate that the Group will be able to pay its debts as and when they become due and payable and will be able to continue as a going concern.



Carly Holdings Limited

ACN 066 153 982

2023 ANNUAL REPORT



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CORPORATE DIRECTORY

Directors

Mr Adrian Bunter - Non-Executive Chairman
Mr Chris Noone - Chief Executive Officer and Executive Director
Mr Stephen Abolakian - Non-Executive Director
Mr Robert (Robbie) Blau - Non-Executive Director
Ms Michelle Vanzella - Non-Executive Director
Mr Kevin Wundram - Alternate Director for Mr Blau

Company Secretary

Ms Karen Logan

Registered Office and Principal Place of Business

Suite 3, Level 7
189 Kent Street
Sydney NSW 2000
Telephone: +61 2 8889 3641
Email: shareholder@carly.co
Website: <https://investors.carly.co/>

Share Registry

Automic Registry Services
Level 5, 126 Phillip Street
Sydney NSW 2000
Telephone: 1300 288 664 / +61 2 9698 5414
Email: hello@automic.com.au
Website: www.automic.com.au

Auditor

HLB Mann Judd (WA Partnership)
Level 4, 130 Stirling Street
Perth WA 6000

Stock Exchange

Carly Holdings Limited is listed
on the Australian Securities Exchange
ASX Codes: CL8, CL80

Bankers

National Australia Bank
Level 14, 100 St George's Terrace
Perth WA 6000



DIRECTORS' REPORT

The Directors present their report together with the financial report of Carly Holdings Limited (the **Company** or **Parent Entity**) and its controlled entities (the **Group**), for the year ended 30 June 2023 and the auditor's report thereon.

DIRECTORS

The Directors at any time during or since the end of the financial year are:

Mr Adrian Bunter

Non-Executive Chairman - appointed 19 February 2014

Adrian has over 27 years' experience in accounting, finance and a broad range of corporate advisory roles ranging from mergers and acquisitions, divestments of businesses, debt/equity raisings and strategy development and execution. Adrian is a partner of one of Australia's leading boutique specialist technology, media and commerce financial advisory firms operating out of Australia and AsiaPac. Adrian is a Chartered Accountant, a Senior Associate of Finsia and has completed a Bachelor of Business and a Graduate Diploma in Applied Finance. Adrian is a member of the Executive Committee of Australia's leading angel investing group, Sydney Angels and an advisor to or non-executive director of several high growth technology businesses.

In the 3 years immediately before the end of the financial year, Adrian also served and continues to serve as a Non-Executive Director of 8common Limited since 6 June 2014.

Adrian was appointed Non-Executive Chairman of the Board effective from 29 August 2019.

Mr Chris Noone

Chief Executive Officer and Executive Director - appointed 7 August 2014

Chris has led the development, launch and growth of many innovative companies that have helped define today's digital market in Europe, Asia and Australia including Hasbro Interactive, Vodafone and Ninemsn. Chris has also co-founded a number of start-up businesses that delivered disruptive online products. Since joining in 2014, Chris has leveraged Carly's initial focus and expertise in the sharing economy and evolved it to help the automotive industry connect with consumers who want more flexible access to vehicles. Chris graduated from University of Technology, Sydney with a Bachelor of Business (Marketing).

Mr Stephen Abolakian

Non-Executive Director - appointed 14 February 2019

Stephen is an accomplished executive with experience across property development, finance, capital raising, operations and human resources. In 2012 Stephen was appointed Managing Director of Hyecorp Property Group, a diversified Australian property group with three key operating divisions – property development, construction and funds management. Hyecorp grew from initial roots in the automotive repair and accident replacement industry. Hyecorp is associated with the Willoughby Capital Trust, the largest shareholder of Carly Holdings Limited. Stephen graduated from Sydney University with a Bachelor of Economics and holds a Diploma of Financial Markets from FINSIA.

Mr Robert (Robbie) Blau

Non-Executive Director - appointed 10 December 2019

Robbie has significant experience in the fleet management and leasing industry. He has been CEO of SG Fleet Group since July 2006 and was appointed to the SG Fleet Group Board as an Executive Director in January 2014. Robbie has overall responsibility for the strategic development of SG Fleet Group and manages its relationships with financial services partners. Robbie practiced as a commercial attorney and has held several senior executive roles in South Africa and Australia. Robbie holds a Bachelor of Commerce (Accounting and Law) and a Bachelor of Laws (Cum Laude) from the University of the Witwatersrand, as well as a Higher Diploma in Tax Law from Johannesburg University.

Mr Todd Hunter

Non-Executive Director - appointed 1 October 2019 - Resigned 21 July 2023

Todd is a strong and experienced senior executive, with a background in marketing, sales and accounting in both large global and domestic businesses (Ernst & Young, Microsoft and New Zealand Post). He has been Group CEO of Turners since July 2016. Turners is a New Zealand based integrated automotive financial service group, primarily operating in three key areas of automotive retail, finance and insurance, and debt management systems. Todd joined the listed entity Turners Auctions in 2006 and became CEO of Turners Auctions in 2013. Turners Auctions was taken over in 2014 by listed entity Dorchester Pacific Finance which was then renamed to Turners Automotive Group. Todd was appointed Group CEO for the wider Turners Automotive Group business in 2016. Todd is a Chartered Accountant and holds a Bachelor and Diploma of Commerce from Auckland University.

Ms Michelle Vanzella

Non-Executive Director (Independent) - appointed 1 September 2018

Michelle has an extensive combination of customer, marketing, digital, data and commercial legal skills built up across multiple industries including technology, retail, property and financial services. Michelle practised Corporate & Commercial Law at Allens and has held senior executive positions with iconic Australian brands including Westfield, Suncorp and AAMI. She was previously an independent non-executive director of Canteen Australia. She is currently a non-executive director at Hunter Water and sits on the Investment Committee and Chairs the Sustainability Committee. Michelle has a Bachelor of Law (Hons) & Economics and an MBA from AGSM and is a Graduate of the AICD.

Mr Kevin Wundram

Alternate Director to Mr Blau - appointed 10 December 2019

Kevin has significant experience in the fleet management and leasing industry. He has been the Chief Financial Officer of SG Fleet Group since July 2006 and was appointed to the Board as an Executive Director in August 2015. Kevin worked in the audit and corporate finance divisions of KPMG South Africa for 6 years and was responsible for special projects at Super Group, including the execution of acquisitions, disposals and due diligence. He was also a member of the management committees of the Automotive Parts, Commercial Vehicle Dealerships and Supply Chain Divisions of that company. Kevin holds a Bachelor of Commerce from the University of the Witwatersrand, an Honours Bachelor of Accounting Science degree from the University of South Africa and is a Chartered Accountant.

COMPANY SECRETARY**Ms Karen Logan**

Appointed 27 October 2009

Karen is a Chartered Secretary with over 15 years' experience in assisting small to medium capitalised ASX-listed and unlisted companies with compliance, governance, financial reporting, capital raising, merger and acquisition, and IPO matters. She is a Fellow of The Chartered Governance Institute (formerly known as the Institute of Chartered Secretaries and Administrators), a Fellow of the Governance Institute of Australia and a Graduate Member of the Australian Institute of Company Directors. Karen is presently the principal of a consulting firm and secretary of a number of ASX-listed companies, providing corporate and accounting services to those clients.

DIRECTORS' REPORT

DIRECTORS' MEETINGS

The number of Directors' meetings (including meetings of committees of Directors) and the number of meetings attended by each of the Directors of the Parent Entity during the financial year were:

| Director | Board Meetings | | Nomination and Remuneration Committee Meetings | | Audit and Risk Committee Meetings | |
|-------------------------------|----------------|----------|--|----------|-----------------------------------|----------|
| | Held | Attended | Held | Attended | Held | Attended |
| Mr Adrian Bunter | 12 | 12 | 2 | 2 | 4 | 4 |
| Mr Chris Noone | 12 | 12 | N/A | N/A | N/A | N/A |
| Mr Stephen Abolakian | 12 | 9 | 2 | 1 | 4 | 3 |
| Mr Robbie Blau | 12 | 10 | N/A | N/A | 4 | 4 |
| Mr Todd Hunter | 12 | 11 | 2 | 2 | N/A | N/A |
| Ms Michelle Vanzella | 12 | 10 | 2 | 2 | 4 | 3 |
| Mr Kevin Wundram ¹ | 12 | - | N/A | N/A | N/A | N/A |

Note:

- Mr Wundram is Alternate Director for Mr Blau.

Committee membership

As at the date of the report, the Parent Entity had a Nomination and Remuneration Committee and an Audit and Risk Committee of the Board of Directors.

Members acting on the Committees of the Board during the financial year were:

| Nomination and Remuneration Committee | Audit and Risk Committee |
|---------------------------------------|--------------------------|
| Ms Michelle Vanzella (Chair) | Mr Adrian Bunter (Chair) |
| Mr Stephen Abolakian | Ms Michelle Vanzella |
| Mr Adrian Bunter | Mr Stephen Abolakian |
| Mr Todd Hunter | Mr Robbie Blau |

DIRECTORS' INTERESTS

The following relevant interests in the fully paid ordinary shares (**Shares**) and Options of the Parent Entity were held by the Directors as at the date of this report.

| Director | Shares | Options ¹ | | |
|-----------------------------------|------------|----------------------|------------------|----------------------------|
| | | Quoted CL80 Options | Unquoted Options | Unquoted Executive Options |
| Mr Adrian Bunter | 1,900,000 | 475,000 | Nil | Nil |
| Mr Chris Noone ² | 3,428,750 | 1,116,937 | Nil | 6,620,000 |
| Mr Stephen Abolakian ³ | 51,984,772 | 11,431,472 | Nil | Nil |
| Mr Robbie Blau ⁵ | Nil | Nil | Nil | Nil |
| Mr Todd Hunter ⁴ | Nil | Nil | Nil | Nil |
| Mrs Michelle Vanzella | Nil | Nil | Nil | Nil |
| Mr Kevin Wundram ⁵ | Nil | Nil | Nil | Nil |

Notes:

1. Refer to Note 15 for details of grant dates, expiry dates and exercise price of options on issue.
2. 3,428,750 Shares and 1,116,937 Options are held indirectly through Noone Holdings Pty Ltd as trustee for C&K Noone Family Trust.
3. 51,984,772 Shares and 11,431,472 Options are held indirectly through Willoughby Capital Pty Ltd as trustee for Willoughby Capital Trust (**Willoughby Capital**). Mr Abolakian is a potential beneficiary of Willoughby Capital. MNA Family Holdings Pty Ltd as trustee for Hishenk Pty Ltd Superannuation Fund holds 612,500 Shares. Mr Abolakian's parents are directors and shareholders of MNA Family Holdings Pty Ltd and are beneficiaries of the Hishenk Pty Ltd Superannuation Fund.
4. Turners Automotive Group Limited holds 8,582,136 Shares and 1,791,068 Options in Carly Holdings. Mr Hunter is the CEO and a shareholder of Turners.
5. SG Fleet Management Pty Limited, a subsidiary of SG Fleet Group Limited (**SG Fleet**), holds 39,439,375 Shares and 8,230,721 Options in Carly Holdings. Mr Blau is a director, shareholder and Chief Executive Officer of SG Fleet. Mr Wundram, Alternate Director for Mr Blau, is a director, shareholder and Chief Financial Officer of SG Fleet.

PRINCIPAL ACTIVITY

The principal activity of the Parent Entity and Group during the financial year was the provision of car subscription services.

REVIEW OF OPERATIONS

Operating review

Carly Holdings ended the 2023 financial year (FY23) with a strongly targeted focus on revenue opportunities in the car subscription market, the securing of asset finance facilities from top-tier financiers to support growth in fleet size and the timely delivery of new vehicles that achieved high utilisation. The strategy to reduce previous reliance on asset-light vehicles in favour of financed and leased vehicles which can be more rapidly secured in the current tight vehicle supply market, has delivered more revenue and gross profit.

Significant improvements were recorded in revenue metrics in FY23 as compared to FY22:

- Total Revenue increased by 68%
- Subscription Revenue increased by 82%
- Gross Profit increased by 74%
- Subscription Revenue from Owned and Leased Vehicles reached 64% of Total Revenue compared to 31% in FY22.

The improvement in business performance accelerated in H2 FY23 vs H1 as the strategic focus on car subscription, supported by an owned and leased fleet, gained significant traction.

| | FY23 | HY1 | HY2 | HY2 vs HY1 |
|-------------------------------|---------------|-------------|-------------|-------------------|
| Group Revenue (\$) | 2,100,431 | 880,715 | 1,219,716 | 38% |
| Net Profit (Loss) (\$) | (\$3,142,225) | (1,618,522) | (1,523,703) | (6%) |

Active subscriptions continued to increase during FY23 and the average retention period remained above 5.2 months for the entire year. As Carly grows, it is delivering material increases in revenue and gross profit through successful implementation of price increases, upselling to higher value subscription plans and retaining an increased share of the subscription transaction value from owned and leased vehicles when compared to 'asset-light' vehicles (i.e. vehicles owned by third parties). Average Subscription Revenue and Gross Profit per Subscription increased by 9.4% and 35.9% respectively in FY23 vs FY22. Achieving high fleet utilisation is a key metric for the business and averaged 86% across FY23. Carly's proprietary online customer verification processes



DIRECTORS' REPORT

and telematics systems continued to de-risk the operation of the fleet and contributed to the receipt of a \$60,000 rebate for achieving low claims loss ratio targets for the motor fleet insurance policy.

Carly has traditionally operated an exclusively asset-light vehicle fleet, where third party owners provide vehicles in return for owner fees. Post Covid-19, Carly has commenced purchasing and leasing vehicles to access more vehicle supply channels and meet the increasing demand for car subscription services. This strategy has been very successful to date, with owned and leased vehicles generating substantially more revenue and gross profit per vehicle compared to vehicles in the asset-light fleet. The owned and leased vehicles continue to perform at a higher utilisation than initial expectations. The success of the owned and leased fleet strategy emphasises the benefit of securing asset finance facilities to more rapidly expand the fleet size to support accelerated revenue growth. In March 2023 Carly secured access to an asset finance facility of up to \$10m, subject to meeting certain financial covenants, bringing total potential available facilities to \$13.2m, an increase of \$11.7 million since FY22. Carly has continued to utilise the facility and as at June 30, had drawn \$2.2m of the facility. Carly will continue to draw down on the facility in FY24, further expanding its owned fleet of vehicles. During FY23 the size of the owned and financed fleet increased by 285% bringing total fleet size to 320 vehicles, of which 34% are asset-light vs 77% at the end of FY22.

Carly continues to seek further asset finance facilities, which have proven to be the optimal method to secure vehicles in a variable supply environment and deliver maximum gross margin.

Corporate Review

During FY23, Carly undertook two capital raisings.

On 31 October 2022 Carly Holdings Limited issued 88,048,434 fully paid ordinary shares and 44,024,216 quoted options exercisable at \$0.06 per option, with an expiry date of 31 October 2024 raising \$2.11 million under the Rights Issue. The major shareholders of the Company, SG Fleet Management Pty Limited, Willoughby Capital Pty Ltd as trustee for the Willoughby Capital Trust and Turners Automotive Group Limited, all participated.

On 15 June 2023 Carly Holdings Limited concluded a Placement and issued 50,000,000 fully paid ordinary shares (Tranche 1) raising \$1.25 million under the Tranche 1 Placement. At the 26 July 2023 Extraordinary General Meeting of Carly Holdings Limited, the Shareholders approved the issuing of 14,000,000 fully paid ordinary shares (Tranche 2) and 32,000,000 new CL80 Options exercisable at \$0.06 per option, with an expiry date of 31 October 2024, to raise an additional \$0.35 million under the Tranche 2 Placement. 25,000,000 of the new 32,000,000 new CL80 Options were issued on 31 July 2023. The remaining 7,000,000 options and 14,000,000 fully paid ordinary shares were issued on 24 August 2023 (Tranche 2).

Financial review

The Group's revenue from continuing operations increased by \$846,668 or 68% to \$2,100,431, despite the significant and ongoing vehicle supply constraints impacting the H1 2023. Gross profit increased by \$349,156 or 74%. The Group incurred a loss of \$3,142,225 for the year (2022: \$3,007,506).

Revenues are the amounts received or receivable by the Group for services rendered and do not include the amounts paid to third party owners for rental or other services. The total transaction value of services is the sum of amounts received by the owners of assets and the services revenue of the Group.

At 30 June 2023, the Group had net assets of \$516,719 (2022: \$525,212), including cash reserves of \$1,662,787 (2022: \$805,407).

The Board considers it appropriate to prepare this Annual Report on a going concern basis as there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable. The Directors continue to consider opportunities to source further funding to supplement its existing working capital and fund growth of the Carly car subscription business. Further details are set out in Note 1(b) to the Financial Statements.



DIRECTORS' REPORT

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

Significant changes in the state of affairs of the Company during the financial year were as follows:

1. On 31 October 2022 Carly Holdings Limited issued 88,048,434 fully paid ordinary shares and 44,024,216 quoted options exercisable at \$0.06 per option, with an expiry date of 31 October 2024 raising \$2.11 million under the Rights Issue. The major shareholders of the Company, SG Fleet Management Pty Limited, Willoughby Capital Pty Ltd as trustee for the Willoughby Capital Trust and Turners Automotive Group Limited, all participated.
2. On 22 March 2023, the Group secured an asset finance facility which will enable Carly to finance motor vehicle purchases of up to an aggregate facility limit of \$10.0 million, split between Facility A (\$4.0 million) and Facility B (\$6.0 million). The interest rate for Facility A is fixed at 9.0% from the date of the first draw down and for the term of the Facility A loan. The interest rate for Facility B is fixed from the date of the first draw down (expected to be August 2023) and is based upon the straight-line average of the 1 year and 2 year tenor as displayed on the BTMM AU page of Bloomberg System (at 30 June 2023) + margin. The maturity date of Facility A is 1 April 2025 and Facility B is 1 October 2025. The loans are to be solely used for the acquisition of the relevant vehicle. The facility will be secured against the asset value of the vehicles acquired and a first ranking charge over all assets of OneX Operations Pty Ltd and the Company is an associated obligor.
3. On 15 June 2023 Carly Holdings Limited concluded a Placement and issued 50,000,000 fully paid ordinary shares (Tranche 1) raising \$1.25 million under the Tranche 1 Placement. At the July 26 2023 Extraordinary General Meeting of Carly Holdings Limited, the Shareholders approved the issuing of 14,000,000 fully paid ordinary shares (Tranche 2) and 32,000,000 new CL8O Options exercisable at \$0.06 per option, with an expiry date of 31 October 2024, to raise an additional \$0.35 million under the Tranche 2 Placement. 25,000,000 of the new 32,000,000 new CL8O Options were issued on 31 July 2023. The 14,000,000 fully paid ordinary shares (Tranche 2) and 7,000,000 options were issued on 24 August 2023.

There were no other significant changes in the state of affairs of the Company during the financial year.

There were a total of 254,370,391 Shares on issue at 30 June 2023.

RESULTS

The Group incurred a loss of \$3,142,225 for the year (2022: loss of \$3,007,506). The loss increased by 4% for the year.

LIKELY DEVELOPMENTS

The Group will continue with a focus on car subscription opportunities and the expansion of the vehicle fleet. The allocation of resources will continue to be directed to high growth opportunities available to the Group. Future prospects and business strategies of the operations of the Group and the expected results of those operations have not been included in this report as the Directors believe, on reasonable grounds, that the inclusion of such information would be likely to result in unreasonable prejudice to the Group.

MATERIAL BUSINESS RISKS

The proposed future activities of the Group are subject to a number of risks and other factors which may impact its future performance. Some of these risks can be mitigated by the use of safeguards and appropriate controls. However, many of the risks are outside the control of the Directors and management of the Group and cannot be mitigated. An investment in the Group is not risk free and should be considered speculative.

DIRECTORS' REPORT

This section provides a non-exhaustive list of the risks faced by the Group or by investors in the Group. The risks should be considered in connection with forward looking statements in this Annual Report. Actual events may be materially different to those described and may therefore affect the Group in a different way.

Investors should be aware that the performance of the Group may be affected by these risk factors and the value of Carly's Shares may rise or fall over any given period. None of the Directors or any person associated with the Group guarantee the Group's performance.

| Material business risk | Mitigating actions |
|---|---|
| <p>Pandemic risk</p> <p>The impact of the COVID-19 pandemic caused significant disruption to global automotive supply chains which resulted in a deficit of new cars in Australia in the early stages of FY23, and a substantial increase in the demand for and prices of used cars. The limited supply of vehicles is now easing, though remains below pre-COVID-19 levels.</p> | <p>The Board regularly assesses the latest State and Federal Government updates in relation to the COVID-19 pandemic and implements and adjusts measures and policies as necessary.</p> |
| <p>Level of demand and supply for assets</p> <p>Group revenues depend upon attracting demand and supply for services. The success of the online services is influenced by the number of new users, the number of subscribers, the number of vehicle assets and other factors that affect the amount of revenues.</p> <p>A decline in supply or demand could lead to a decline in the number of assets and subscribers and volume of subscription transactions which in turn could impact the financial results of the Group.</p> | <p>Management deploys various paid and unpaid strategies to acquire supply and demand, both independently and in conjunction with strategic partners, to increase demand for subscriptions and grow the number of vehicle assets.</p> <p>Management monitors and regularly optimises customer acquisition and conversion activities based on strategic partnership opportunities and anticipated demand and vehicle availability and seasonality.</p> |
| <p>Innovation risk</p> <p>The Group's ability to retain, increase, and engage its users and address their evolving needs and to increase revenues will depend heavily on management's ability to successfully create, launch and grow demand for new products, both independently and in conjunction with strategic partners.</p> <p>While the Group dedicates significant resources to understanding its vehicle suppliers, subscribers need and upgrading its product offering and platform to remain innovative and in tune with trends, the Group's owners and subscribers may not be satisfied with its offerings or perceive that its offerings do not cater to their needs.</p> <p>Remaining innovative and developing new and unique product offerings require investment and configuration that requires monetary and internal resource investment which may erode the Group's competitive position and adversely affect the growth and profitability of the Group.</p> | <p>The Group fosters a culture that encourages management to develop and launch new and innovative products and introduce improvements to existing products.</p> <p>Management monitors and regularly assesses its products and adjusts resources deployed to and expended upon the various initiatives based on the feedback from its users and strategic partners and the Group's ability to successfully monetise its products offerings.</p> |

| Material business risk | Mitigating actions |
|---|--|
| <p>Growth risk</p> <p>The Group's ability to increase revenues will depend heavily on management's ability to successfully retain, increase and engage its users and grow demand for its products both independently and in conjunction with strategic partners.</p> <p>The Group currently prioritises user engagement and strategic partnerships over short-term financial results, and management may make product decisions that may reduce the Group's short-term revenue or profitability if management believes that the decisions are consistent with current priorities of the businesses and benefit vehicle suppliers and subscribers and will thereby improve Group's financial performance over the medium to long term. These decisions may not produce the long-term benefits that management expects, in which case user growth and engagement, relationships with strategic partners and results of operations could be harmed.</p> | <p>Management of growth is critical to the business but places pressure on resourcing, innovation and evolution of the businesses. The Board, together with management, continue to implement initiatives that it believes will deliver value to the Group by meeting customer needs and effectively utilising available financial resources</p> |
| <p>Insurance risk</p> <p>The Company, where economically feasible, may insure its operations in accordance with industry practice. However, even if insurance is taken out, in certain circumstances, the Company's insurance may not be of a nature or level to provide adequate insurance cover. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of the Company. Insurance of all risks associated with the Company's operations is not always available and where available the costs may be prohibitive.</p> | <p>The Group business has a fleet insurance policy to cover owners and drivers of vehicles used for subscription. The insurance policy requires the Group to cover an initial component of claims, some or all of which may be recovered from the subscriber of the vehicle. The Group's business plan takes into account the payment of the first component of claims and settlement of some other damages claims.</p> <p>The Group has maintained a policy with the same insurer since inception. The claims paid out by the insurer are less than the cumulative premiums paid by the Group. The Group continues to monitor its insurance position with a view to ensuring ongoing insurance coverage and with the experience developed has undertaken discussions with possible alternative insurance providers. The Group does not expect there to be an issue in relation to obtaining insurance, however there can be no guarantee that the current insurer will continue to offer insurance coverage that is commercially acceptable to the Group and no guarantee that alternative insurance can be obtained on terms that may be commercially acceptable to the Group.</p> |

| Material business risk | Mitigating actions |
|--|--|
| <p>Regulatory risks</p> <p>The introduction of new policies or legislation or amendments to existing policies or legislation and the failure by governments to act promptly to introduce new or amend existing policies or legislation that governs Group operations or contractual obligations, could impact adversely on the operations and, ultimately, the financial performance of the Group.</p> | <p>In conjunction with its strategic partners, management monitors the policies and regulations that apply to Group operations and regularly engages and consults with government agencies.</p> |
| <p>Privacy and cyber security risks</p> <p>The Group collects, transmits and stores commercial and financial information. Advances in computer capabilities, increasingly sophisticated tools and methods used by hackers and cyber terrorists, new discoveries in the field of cryptography or other developments may result in the Group's failure or inability to adequately protect its commercially sensitive information or against a disruption to the Group's online marketplaces.</p> <p>The Group relies upon the availability of its online services to provide services to its clients. Hackers could render the online services unavailable through a denial of service or other disruptive attacks. Although the Group has strategies in place to minimise such attacks, these strategies may not be successful. Unavailability of the online services could lead to a loss of revenues whilst the Group is unable to provide its product offerings and services. Further, it could hinder the Group's abilities to retain existing users or attract new users, which would have a material adverse impact on growth of the businesses.</p> | <p>The Group has established measures and systems to minimise the likelihood of security breaches and these systems are regularly monitored for development or improvement. Network security and penetration testing assessments are conducted by third party auditors on Group systems.</p> |
| <p>Finance risk</p> <p>There is no certainty regarding the ability of the Group to raise sufficient funds to meet its needs into the future. The Group's future capital requirements depend on a number of factors including its ability to generate sufficient income from its operations.</p> <p>The Group will need to raise additional capital from equity or debt sources. There can be no assurance that the Group will be able to raise such capital on favourable terms or at all. If adequate funds are not available on acceptable terms the Group may not be able to develop its business to the desired level or at all, and this may have an adverse impact on the Group's operations.</p> | <p>The Board regularly assesses the financial position of the Group and continues to assess all funding alternatives available to ensure that it can continue to make good progress on all strategic growth areas and maintain focus on growing both demand for and supply of assets.</p> |

| Material business risk | Mitigating actions |
|--|--|
| <p>Intellectual Property risk</p> <p>The Company has developed online products for its businesses. In particular, the Company has developed a platform to support its product offerings and facilitate transactions between vehicle owners and subscribers.</p> <p>The laws relating to intellectual property assist to protect the Company's proprietary rights in the intellectual property relevant to the Company's businesses. However, trademark registration, although an indicator of valid intellectual property ownership, is not indefeasible as any errors in the registration process can lead to registration being challenged or revoked. Accordingly, the Company cannot be certain that the validity, ownership or authorised use of intellectual property relevant to the Company's businesses will not be successfully challenged by third parties. In addition, there can be no guarantee that unauthorised use or copying of the Company's software, data, specialised technology or algorithms will be prevented.</p> | <p>The Company has sought and received protection of certain intellectual property, namely trademarks in Australia.</p> |
| <p>Vehicle Acquisition and Resale Risk</p> <p>The Group acquires its own vehicles for the purpose of supplying these vehicles to subscribers. In acquiring these vehicles, the Group is exposed to changing market prices for new vehicles due to market supply and demand. The Group will at times place forward orders for new vehicles and is exposed to potential delays in the delivery of new vehicles.</p> <p>In acquiring new vehicles, the Group will be exposed to changing market conditions for second-hand vehicles. These market changes may have a positive or negative impact on the resale value of the second-hand vehicle. The Group is unable to predict with certainty what the value of the vehicle will be at a future point in time.</p> | <p>The Group acquires a range of make and model of vehicle and engages with a range of partners and motor vehicle dealers to ensure prices for new vehicles are appropriately benchmarked. Where forward orders are placed, the Group looks to establish cancellable contracts in the event the supply of the vehicle is delayed.</p> <p>The Group takes a conservative view on the potential resale value of a vehicle and does not expose itself financially to large, end of term balloon payments where vehicles are financed via third party funders.</p> |
| <p>Interest Rate Risk</p> <p>The Group has established asset finance facilities and borrowing limits which will enable the Group to finance motor vehicle purchases at the prevailing asset finance market interest rate. The structure of the facilities means that as each vehicle is purchased, it is possible that the interest rate used to finance a vehicle will be different from previous acquisitions.</p> | <p>The Group monitors and reviews every vehicle acquisition quote to ensure that the prevailing asset finance market interest rate is applied at the time vehicles are acquired. The contractual terms are such that the interest rate and monthly payment are fixed for the term of each vehicle loan, and the term will be a maximum of four years from the date of acquisition of the relevant vehicle.</p> |

DIVIDENDS

No dividends have been paid or declared since the start of the financial year and the Directors do not recommend the payment of a dividend in respect of the financial year.



DIRECTORS' REPORT

ENVIRONMENTAL REGULATION

The Group's operations are not subject to any significant environmental regulations under Commonwealth or State legislation. However, the Directors believe that the Group has adequate systems in place for the management of its requirements under environmental regulations and are not aware of any breach of those regulations as they apply to the Group.

GOVERNANCE

The Board of Directors is responsible for the operational and financial performance of the Company, including its corporate governance. The Company believes that the adoption of good corporate governance adds value for stakeholders and enhances investor confidence.

The Company's corporate governance statement is available on the Company's website, in a section titled 'Corporate Governance': <https://investors.carly.co/investor-relations/corporate-governance/>.

EVENTS SUBSEQUENT TO REPORTING DATE

Mr Todd Hunter has stepped down from the Board of Directors of the Company, effective 21 July 2023. Mr Hunter stepped down as a director of the Company due to his increasing commitments as CEO of Turners Automotive Group, the largest used vehicle network in New Zealand and a significant player in the insurance and finance industries. Turners Automotive Group continues its Turners Subscription business in New Zealand through a licensing arrangement with Carly.

At the Company EGM held on 26 July 2023, shareholders approved the Tranche 2 Placement and the issuing of 14,000,000 ordinary shares at an issue price of \$0.025, raising an additional \$350,000 of equity, before cost. Shareholders also approved the issuing of 32,000,000 new CL80 Options exercisable at \$0.06 per option associated with the Tranche 1 and Tranche 2 Placements, with an expiry date of 31 October 2024. On 31 July 2023, the Company issued 25,000,000 CL80 Options associated with the Tranche 1 Placement. On 24 August 2023, the Company issued 14,000,000 Shares and 7,000,000 CL80 Options under the Tranche 2 Placement.

In consideration for Peak Asset Management acting as corporate advisor for the Tranche 1 and Tranche 2 Placement, the Company agreed, and the shareholders approved, the issuing of 10,000,000 CL80 Options exercisable at \$0.06 per option, with an expiry date of 31 October 2024, to Peak Asset Management. These options were issued on 24 August 2023.

The entity will be assessing the raising of additional funding during H1 FY24 to support the vehicle acquisitions strategy and has undertaken steps to begin this process. The entity believes it is highly likely that additional funding will be secured prior to the end of H1 FY24. The Directors closely monitor cash flows and funding requirements and are assessing all funding alternatives 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 demonstrated the ability to access various capital raising mechanisms as and when required via the support of existing and new investors. Therefore, the Directors believe that the Company will be successful in raising further funding as required.

In July 2023, the Group completed a further \$800,000 draw down of the iPartners Facility A for the purpose of acquiring new vehicles. This draw down meant that the Group had used \$3m of the available \$4m iPartners Facility A as at the end of July 2023.

A number of new vehicles were ordered, some of which were delivered in July 2023 (40 vehicles, total cost of \$948,922). As of the date of this report, the Group had not yet accepted delivery of vehicles of value totalling \$543,288 (20 vehicles).

Other than the matters described above, there has not arisen in the interval between the end of the year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of

DIRECTORS' REPORT

the Directors to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

OPTIONS

The number and exercise prices of the options set out below are as at the relevant date of issue, expiry or lapse.

Issue of options

The following options were issued during the financial year:

| Class | Expiry Date | Exercise Price | Number of Options |
|---------------------|------------------|----------------|-------------------|
| Quoted CL8O Options | 31 October 2024 | \$0.0600 | 45,107,979 |
| Employee Options | 1 September 2025 | \$0.0437 | 806,451 |
| Employee Options | 14 February 2026 | \$0.0213 | 91,414 |

Expiry of options

The following options expired during the financial year:

| Class | Expiry Date | Exercise Price | Number of Options |
|----------------------|------------------|----------------|-------------------|
| Employee Options | 1 September 2022 | \$0.2500 | 33,562 |
| Unquoted Options | 31 October 2022 | \$0.3750 | 2,093,063 |
| Employee Options | 1 January 2023 | \$0.5000 | 13,980 |
| Employee Options | 16 March 2023 | \$0.2500 | 60,000 |
| Employee Options | 11 May 2023 | \$0.2500 | 120,000 |
| Quoted CL8OB Options | 31 May 2023 | \$0.1600 | 22,618,982 |

Lapse of options

The following options lapsed in accordance with the terms of the Company's Incentive Option Plan during the financial year due to the cessation of an employee holding options:

| Class | Expiry Date | Exercise Price | Number of Options |
|------------------|------------------|----------------|-------------------|
| Employee Options | 1 September 2023 | \$0.2500 | 48,646 |
| Employee Options | 1 September 2024 | \$0.0750 | 504,844 |
| Employee Options | 1 September 2025 | \$0.0437 | 248,454 |

There were no options exercised during the period.

Unissued shares under option

At the date of this report, unissued ordinary shares of the Company under option are as follows:

| Class | Expiry Date | Exercise Price | Number of Options |
|--------------------------------|------------------|----------------|-------------------|
| Employee Options | 1 September 2023 | \$0.2500 | 83,747 |
| Employee Options | 1 September 2024 | \$0.0750 | 844,349 |
| Quoted CL8O Options | 31 October 2024 | \$0.0600 | 87,107,979 |
| Employee Options | 30 May 2025 | \$0.0540 | 250,000 |
| Employee Options | 30 May 2025 | \$0.0720 | 250,000 |
| Employee Options | 1 September 2025 | \$0.0437 | 557,997 |
| Executive Options | 19 November 2025 | \$0.3750 | 1,620,000 |
| Employee Options | 14 February 2026 | \$0.0213 | 91,414 |
| Executive Options | 18 November 2026 | \$0.1000 | 1,250,000 |
| Executive Options | 18 November 2026 | \$0.1800 | 1,250,000 |
| Executive Options | 18 November 2026 | \$0.2400 | 1,250,000 |
| Executive Options | 18 November 2026 | \$0.3000 | 1,250,000 |
| Total number of options | | | 95,805,486 |

Refer to the Remuneration Report for further details of options outstanding held by Key Management Personnel.

Except for the Quoted CL8O Options, none of these options are quoted.



DIRECTORS' REPORT

INDEMNIFICATION AND INSURANCE OF DIRECTORS

Indemnification

The Parent Entity has agreed to indemnify the Directors and Company Secretary of the Group against all liabilities to another person (other than the Parent Entity or any related body corporate) that may arise from their position as Directors and Company Secretary of the Group, except where the liability arises out of conduct involving a lack of good faith.

The Parent Entity has also agreed to cover any liability for costs and expenses incurred in successfully defending civil or criminal proceedings, or in connection with a successful application for relief under the *Corporations Act 2001* (Cth). It also provides indemnity against costs and expenses in connection with an application where a court grants relief to a Director under the *Corporations Act 2001* (Cth).

Insurance premiums

The Company paid a premium, during the year in respect of a director and officer liability insurance policy, insuring the Directors of the Group, the Company Secretary, and executive officers of the Group against a liability incurred as such a Director, secretary or executive officer to the extent permitted by the *Corporations Act 2001* (Cth). The Directors have not included details of the nature of the liabilities covered or the amount of the premium paid in respect of the directors' and officers' liability and legal expenses insurance contracts as such disclosure is prohibited under the terms of the contract.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under section 237 of the *Corporations Act 2001* (Cth) for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purposes of taking responsibility on behalf of the Company for all or part of those proceedings.

NON-AUDIT SERVICES

During the financial year, HLB Mann Judd, the Group's auditor, did not perform any non-audit services.

REMUNERATION REPORT

The Remuneration Report is set out on pages 16 to 23 and forms part of the Directors' Report.

AUDITOR'S INDEPENDENCE DECLARATION

Section 307C of the *Corporations Act 2001* (Cth) requires our auditors, HLB Mann Judd, to provide the Directors of the Group with an Independence Declaration in relation to the audit of the Annual Report. The Independence Declaration is set out on page 25 and forms part of this Directors' Report for the year ended 30 June 2023.

AUDITOR

HLB Mann Judd WA Partnership continues in office in accordance with section 327 of the *Corporations Act 2001* (Cth).



REMUNERATION REPORT

This Remuneration Report, which forms part of the Directors' Report, outlines the key management personnel remuneration arrangements of the Parent Entity and the Group in accordance with the requirements of the *Corporations Act 2001* (the **Act**) and its regulations. This information has been audited as required by section 308(3C) of the Act.

For the purposes of this report, key management personnel of the Group are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Parent Entity and the Group, directly or indirectly, including any Director (whether Executive or otherwise) of the Company.

KEY MANAGEMENT PERSONNEL

The following were key management personnel of the Group at any time during the financial year and unless otherwise indicated were key management personnel for the entire financial year:

Directors

| Name | Position held |
|----------------------|--|
| Mr Chris Noone | Chief Executive Officer and Executive Director |
| Mr Stephen Abolakian | Non-Executive Director |
| Mr Robbie Blau | Non-Executive Director |
| Mr Adrian Bunter | Non-Executive Director |
| Mr Todd Hunter | Non-Executive Director (Resigned 21 July 2023) |
| Ms Michelle Vanzella | Non-Executive Director |
| Mr Kevin Wundram | Alternate Director for Mr Blau |

REMUNERATION COMMITTEE

The Nomination and Remuneration Committee of the Board of Directors of the Parent Entity is responsible for determining and reviewing remuneration policies for the Directors and Executives. If necessary, the Nomination and Remuneration Committee obtains independent advice on the appropriateness of remuneration packages given trends in comparable companies and in accordance with the objectives of the Group.

Further information on the Nomination and Remuneration Committee's role, responsibilities and membership are set out in the Corporate Governance Statement.

PRINCIPLES OF REMUNERATION

The remuneration structures explained below are competitively set to attract and retain suitably qualified and experienced candidates, reward the achievement of strategic objectives and achieve the broader outcome of creation of value for shareholders. The remuneration structures take into account:

- the capability and experience of the key management personnel;
- the key management personnel's ability to control the relevant segment's performance;
- the Group's performance including:
 - the Group's earnings and financial position; and
 - the growth in share price and delivering constant returns on shareholder wealth.

REMUNERATION STRUCTURE

In accordance with best practice corporate governance, the structure of Non-Executive Directors' remuneration is clearly distinguished from that of Executives.

Non-Executive Director remuneration

The Constitution and the ASX Listing Rules specify that the aggregate remuneration of Non-Executive Directors shall be determined from time to time by a general meeting. Total remuneration for all Non-Executive Directors, last voted upon by shareholders at the 2019 Annual General Meeting, is not to exceed \$250,000 per annum. Directors' fees cover all main board activities and membership of committees.



REMUNERATION REPORT

Non-Executive Directors do not receive any retirement benefits, nor do they receive any performance related compensation.

The level of Non-Executive Directors' fees as at the reporting date were as follows:

| Name | Non-Executive Directors' fees |
|----------------------|---|
| Mr Stephen Abolakian | \$30,000 per annum |
| Mr Robbie Blau | \$30,000 per annum |
| Mr Adrian Bunter | \$30,000 per annum |
| Mr Todd Hunter | \$30,000 per annum |
| Ms Michelle Vanzella | \$30,000 per annum |
| Mr Kevin Wundram | No fee is paid as Mr Wundram is Alternate Director to Mr Blau |

Executive remuneration

Remuneration for Executives is set out in employment agreements.

Executives may receive performance related compensation but do not receive any retirement benefits, other than statutory superannuation.

Fixed remuneration

Fixed remuneration consists of base compensation as well as employer contributions to superannuation funds.

Fixed remuneration is reviewed annually by the Nomination and Remuneration Committee through a process that considers individual and overall performance of the Group. As noted above, the Nomination and Remuneration Committee has access to external advice independent of management.

Other benefits

Key management personnel may receive benefits such as car allowances, and the Group pays fringe benefits tax on these benefits, where applicable.

Performance linked compensation

Performance linked compensation includes both short-term and long-term incentives and is designed to reward Executives for meeting or exceeding their financial and personal objectives. The short-term incentive (**STI**) is an 'at risk' bonus provided in the form of cash, while the long-term incentive (**LTI**) may be provided as in the form of options over ordinary shares or as an 'at risk' bonus provided in the form of fully paid ordinary shares of the Parent Entity.

Short-term incentives

The Nomination and Remuneration Committee together with the Board have determined the key performance indicators (**KPIs**) for the key management personnel. The KPIs generally include measures relating to the Group, the relevant segment, and the individual, and may include financial, non-financial, corporate and individual measures. The measures are chosen as they directly align the individual's reward to the KPIs of the Group and to its strategy and performance.

At the end of the financial year and subsequent to the completion of the year-end audit, the Nomination and Remuneration Committee and Board of Directors assess the performance of the Group, the relevant segment and individual against the KPIs set. No bonus is awarded where performance falls below the minimum. If it is determined that the KPIs have been reached, the Nomination and Remuneration Committee recommends the STI to be paid to the individuals for approval by the Board.

During the 2023 financial year, Mr Noone received an STI payment of \$35,000 for the 2022 financial year (2022: \$30,000 for FY21) which represented 16% of the maximum amount payable (2022: 13% for FY21). As the STI for the 2023 financial year is dependent upon KPIs linked to annual audited results for the Group, Mr Noone will not be assessed for any bonus until after release of the 2023 Annual Report, once the audit has been completed and the Board is able to determine whether a bonus will be paid.

Long-term incentives

LTI may be provided to key management personnel in the form of options over ordinary shares or as an 'at risk' bonus provided in the form of fully paid ordinary shares of the Parent Entity. LTI are considered to promote continuity of employment and provide additional incentive to recipients to increase shareholder wealth.



REMUNERATION REPORT

For the purposes of the 'at risk' bonus, the Nomination and Remuneration Committee together with the Board have determined the KPIs for the key management personnel. At the end of the financial year and subsequent to the completion of the year-end audit, the Nomination and Remuneration Committee and Board of Directors assess the performance of the Group, the relevant segment and individual against the KPIs set. No bonus is awarded where performance falls below the minimum. Only one bonus may be claimed by a key management person in a financial year.

If it is determined a KPI has been reached, the Nomination and Remuneration Committee recommends the shares be issued to the individuals for approval by the Board. Options and shares may only be issued to Directors subject to approval by shareholders in a general meeting.

The tables in the Share-Based Compensation section of this Remuneration Report provide details of options as LTI granted, vested and lapsed during the year. Also refer to Note 18 for further details of the share-based payments.

The Parent Entity has a policy that prohibits employees and Directors of the Parent Entity from entering into transactions that operate or are intended to operate to limit the economic risk or are designed or intended to hedge exposure to unvested Parent Entity securities. This includes entering into arrangements to hedge their exposure to LTI granted as part of their remuneration package. This policy may be enforced by requesting employees and Directors to confirm compliance.

Use of remuneration consultants

The Board did not engage the services of a remuneration consultant during the year.

Voting and comments made at the Company's 2021 Annual General Meeting

At the 2022 Annual General Meeting, more than 75% of votes cast were in favour of the adoption of the Company's remuneration report for the 2022 financial year (2021: more than 75%). The Company did not receive any comments at the Annual General Meeting on the remuneration report (2021: nil).

Consequences of performance on shareholder wealth

In considering the Group's performance and benefits for shareholder wealth, the Directors have regard to the following indices in respect of the current financial year and the previous four financial years:

| | 2023 | 2022 | 2021 | 2020 | 2019 |
|---|---------------|---------------|---------------------------|---------------|---------------|
| Net profit/(loss) for the year | (\$3,142,225) | (\$3,007,506) | (\$3,356,580) | (\$5,370,285) | (\$3,235,752) |
| Dividends paid | Nil | Nil | Nil | Nil | Nil |
| Change in share price | (1.2 cents) | (3.1 cents) | (13.6 cents) ¹ | (0.2 cents) | (0.6 cents) |
| Share price at beginning of the period | 3.3 cents | 6.4 cents | 20.0 cents ¹ | 1.0 cents | 1.6 cents |
| Share price at end of the period | 2.1 cents | 3.3 cents | 6.4 cents | 0.8 cents | 1.0 cents |
| Loss per share for loss from continuing operations | | | | | |
| Basic loss per share ¹ | (1.78 cents) | (2.66 cents) | (5.69 cents) | (0.51 cents) | (0.48 cents) |
| Diluted loss per share ¹ | (1.78 cents) | (2.66 cents) | (5.69 cents) | (0.51 cents) | (0.48 cents) |

Note 1: On 2 December 2020, the Company completed a 25 to 1 consolidation of capital. The change in share price is based on the adjusted share price at the beginning of the period compared to the share price at the end of the period. The share price and loss per share have not been restated for prior year periods.

In assessing the above indices, the Directors note that the Group has yet to record a sustainable net profit or pay a dividend. Consequently, as the overall level of key management personnel's compensation takes into account the performance of the Group, that overall level has remained relatively unchanged, other than the increase or decrease in compensation levels due to the appointment or resignation of key management personnel.

Mr Noone was awarded a \$35,000 performance related payment in respect of the 2022 financial year in accordance with the terms of his employment agreement. As noted above, Mr Noone will not be awarded any performance related payment until after release of the 2023 Annual Report and once the audit has been



REMUNERATION REPORT

completed as the award for the 2023 financial year is dependent upon key performance indicators linked to annual results for the Group.

EXECUTIVE EMPLOYMENT AGREEMENTS

Remuneration and other terms of employment for key management personnel are formalised in employment agreements.

Details of the agreement in place with the Chief Executive Officer/ Executive Director during the 2022 financial year were as follows:

| | |
|-----------------------|--|
| Name: | Mr Chris Noone |
| Title: | Chief Executive Officer/ Executive Director |
| Agreement commenced: | 7 August 2014 |
| Term of agreement: | To continue indefinitely until terminated in accordance with the Agreement. |
| Probationary period: | Three months |
| Base salary: | \$255,000 per annum, plus statutory superannuation effective from 1 October 2022 |
| Short term incentive: | Up to \$225,000 per annum effective from 1 July 2020 (Previous STI: \$80,000) |
| Long term incentive: | Subject to any relevant performance or other conditions, restrictions or requirements of the Board, the Corporations Act 2001 or the ASX Listing Rules, the Company may grant shares or options for the benefit of the executive as a long-term incentive. |
| Termination: | Three months by either party. |

The Agreement otherwise contains provisions standard for an agreement of employment including in relation to annual, long service and personal leave, confidentiality and other general provisions.

NON-EXECUTIVE DIRECTOR APPOINTMENT LETTERS

The Company has entered into letters of appointment with each of the Non-Executive Directors. Ongoing appointment as a non-executive director is subject to the provisions of the Constitution of the Company relating to retirement by rotation and re-election of directors and the Corporations Act. The letter summarises the Board policies and terms, including remuneration, relevant to the office of director.



REMUNERATION REPORT

REMUNERATION OF KEY MANAGEMENT PERSONNEL

Remuneration for the year ended 30 June 2023

| 2023 | Short-term benefits | | | Post-employment benefits | Long-term benefits | Share-based payments | Total | Performance related |
|--------------------------------------|----------------------|---------------|----------------|--------------------------|--------------------|----------------------|----------------|---------------------|
| | Cash salary and fees | Bonus | Other benefits | Superannuation | Long service leave | Options ⁴ | | |
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | % |
| Non-Executive Directors | | | | | | | | |
| Mr S Abolakian | 30,000 | - | - | - | - | - | 30,000 | N/A |
| Mr R Blau ¹ | 30,000 | - | - | - | - | - | 30,000 | N/A |
| Mr A Bunter | 30,000 | - | - | - | - | - | 30,000 | N/A |
| Mr T Hunter ² | 30,000 | - | - | - | - | - | 30,000 | N/A |
| Ms M Vanzella | 30,000 | - | - | - | - | - | 30,000 | N/A |
| Mr K Wundram ³ | - | - | - | - | - | - | - | N/A |
| Total Non-Executive Directors | 150,000 | - | - | - | - | - | 150,000 | |
| Executive Director | | | | | | | | |
| Mr C Noone | 251,250 | 35,000 | - | 25,640 | - | 51,961 | 363,851 | 23.9% |
| Total Directors | 401,250 | 35,000 | - | 25,640 | - | 51,961 | 513,851 | |

Remuneration for the year ended 30 June 2022

| 2022 | Short-term benefits | | | Post-employment benefits | Long-term benefits | Share-based payments | Total | Performance related |
|--------------------------------------|----------------------|---------------|----------------|--------------------------|--------------------|----------------------|----------------|---------------------|
| | Cash salary and fees | Bonus | Other benefits | Superannuation | Long service leave | Options ⁴ | | |
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | % |
| Non-Executive Directors | | | | | | | | |
| Mr S Abolakian | 30,000 | - | - | - | - | - | 30,000 | N/A |
| Mr R Blau ¹ | 30,000 | - | - | - | - | - | 30,000 | N/A |
| Mr A Bunter | 30,000 | - | - | - | - | - | 30,000 | N/A |
| Mr T Hunter ² | 30,000 | - | - | - | - | - | 30,000 | N/A |
| Ms M Vanzella | 30,000 | - | - | - | - | - | 30,000 | N/A |
| Mr K Wundram ³ | - | - | - | - | - | - | - | N/A |
| Total Non-Executive Directors | 150,000 | - | - | - | - | - | 150,000 | |
| Executive Director | | | | | | | | |
| Mr C Noone | 237,500 | 30,000 | - | 23,301 | - | 67,950 | 358,751 | 27.3% |
| Total Directors | 387,500 | 30,000 | - | 23,301 | - | 67,950 | 508,751 | |

Notes to the tables of remuneration of key management personnel:

1. Mr Blau does not receive a fee for his appointment as a director of Carly Holdings as that appointment is in the context of his employment by SG Fleet. SG Fleet receives these fees as remuneration for Mr Blau's services.
2. Mr Hunter does not receive a fee for his appointment as a director of Carly Holdings as that appointment is in the context of his employment by Turners Automotive Group. Turners Automotive Group receives these fees as remuneration for Mr Hunter's services.
3. Mr Wundram is an Alternate Director to Mr Blau.
4. Options are expensed over the vesting period from the date of grant.

REMUNERATION REPORT

KEY MANAGEMENT PERSONNEL EQUITY HOLDINGS

(i) Fully paid ordinary shares

| Director | Held at 1 July 2022 | Held at date of appointment | Purchases / (Sales) | Granted as remuneration | Other changes | Held at date of resignation | Held at 30 June 2023 |
|---------------------------|------------------------|--------------------------------|------------------------|----------------------------|---------------|--------------------------------|-------------------------|
| Mr Noone | 961,875 | N/A | 1,266,875 | - | - | N/A | 2,228,750 |
| Mr Abolakian ¹ | 29,121,828 | N/A | 20,862,944 | - | - | N/A | 49,984,772 |
| Mr Blau ² | - | N/A | - | - | - | N/A | - |
| Mr Bunter | 950,000 | N/A | 950,000 | - | - | N/A | 1,900,000 |
| Mr Hunter ³ | - | N/A | - | - | - | N/A | - |
| Ms Vanzella | - | N/A | - | - | - | N/A | - |
| Mr Wundram ² | - | N/A | - | - | - | N/A | - |

| Director | Held at 1 July 2021 | Held at date of appointment | Purchases/ (Sales) | Granted as remuneration | Other changes / Options conversions | Held at date of resignation | Held at 30 June 2022 |
|---------------------------|------------------------|--------------------------------|-----------------------|----------------------------|---|--------------------------------|-------------------------|
| Mr Noone | 903,875 | N/A | 58,000 | - | - | N/A | 961,875 |
| Mr Abolakian ¹ | 24,504,628 | N/A | 4,617,200 | - | - | N/A | 29,121,828 |
| Mr Blau ² | - | N/A | - | - | - | N/A | - |
| Mr Bunter | 657,583 | N/A | 292,417 | - | - | N/A | 950,000 |
| Mr Hunter ³ | - | N/A | - | - | - | N/A | - |
| Ms Vanzella | - | N/A | - | - | - | N/A | - |
| Mr Wundram ² | - | N/A | - | - | - | N/A | - |

(ii) Share options

| Director | Held at 1 July 2022 | Held at date of appointment | Purchases / (Sales) | Granted as remuneration | Exercised / Lapsed | Held at date of resignation | Held at 30 June 2023 |
|---------------------------|------------------------|--------------------------------|------------------------|----------------------------|-----------------------|--------------------------------|-------------------------|
| Mr Noone | 6,775,791 | N/A | 516,937 | - | (155,791) | N/A | 7,136,937 |
| Mr Abolakian ¹ | 5,911,115 | N/A | 10,431,472 | - | (5,911,115) | N/A | 10,431,472 |
| Mr Blau ² | - | N/A | - | - | - | N/A | - |
| Mr Bunter | 78,749 | N/A | 475,000 | - | (78,749) | N/A | 475,000 |
| Mr Hunter ³ | - | N/A | - | - | - | N/A | - |
| Ms Vanzella | - | N/A | - | - | - | N/A | - |
| Mr Wundram ² | - | N/A | - | - | - | N/A | - |

| Director | Held at 1 July 2021 | Held at date of appointment | Purchases/ (Sales) | Granted as remuneration | Exercised / Lapsed | Held at date of resignation | Held at 30 June 2022 |
|---------------------------|------------------------|--------------------------------|-----------------------|----------------------------|-----------------------|--------------------------------|-------------------------|
| Mr Noone | 1,775,791 | N/A | - | 5,000,000 | - | N/A | 6,775,791 |
| Mr Abolakian ¹ | 4,372,049 | N/A | 1,539,066 | - | - | N/A | 5,911,115 |
| Mr Blau ² | - | N/A | - | - | - | N/A | - |
| Mr Bunter | 78,749 | N/A | - | - | - | N/A | 78,749 |
| Mr Hunter ³ | - | N/A | - | - | - | N/A | - |
| Ms Vanzella | - | N/A | - | - | - | N/A | - |
| Mr Wundram ² | - | N/A | - | - | - | N/A | - |

Notes in relation to the tables of key management personnel equity holdings:

- As at balance date, MNA Family Holdings Pty Ltd as trustee for Hishenk Pty Ltd Superannuation Fund held 612,500 Shares. Mr Abolakian's parents are directors and shareholders of trustee and are beneficiaries of the superannuation fund.
- As at balance date, SG Fleet Management Pty Limited, a subsidiary of SG Fleet Group Limited, held 39,439,375 Shares and 8,230,721 Quoted CL80 Options in Carly Holdings. Mr Blau is a director, shareholder and Chief Executive Officer of SG Fleet. Mr Wundram, Alternate Director for Mr Blau, is a director, shareholder and Chief Financial Officer of SG Fleet.
- As at balance date, Turners Automotive Group Limited held 8,582,136 Shares and 1,791,068 Quoted CL80 Options in Carly Holdings. Mr Hunter is the CEO and a shareholder of Turners.

For Directors' interests in shares and options, as at date of this report, refer to page 5 of this Annual Report.



REMUNERATION REPORT

OTHER KEY MANAGEMENT PERSONNEL TRANSACTIONS

Related party transactions

A number of key management personnel, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities.

The following entities transacted with the Company during the year. The terms and conditions of those transactions were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to unrelated entities on an arm's length basis.

The aggregate amounts recognised during the year relating to key management personnel and their related parties were as follows:

| Director | Transaction | Transactions value for the year | | Balance outstanding at 30 June | |
|-------------|--------------------------------------|---------------------------------|------------|--------------------------------|------------|
| | | 2023 \$ | 2022 \$ | 2023 \$ | 2022 \$ |
| Mr A Bunter | Taxation services ¹ | - | 2,040 | - | 2,040 |
| Mr R Blau | Fleet vehicle hire fees ² | 239,305 | 183,910 | 14,778 | 22,011 |
| Mr T Hunter | Platform services ³ | 89,739 | 50,777 | 6,975 | 16,114 |

Notes in relation to the table of other key management personnel transactions:

1. A company associated with the spouse of Mr Bunter provided taxation services to the Company. The terms for such services were based on market rates, and amounts were payable on normal commercial terms.
2. An entity associated with Mr Blau and Mr Wundram supplies and leases vehicles to the Group's fleet. The Group acts as agent to refer and administer subscription of cars and enforces contracts for the mutual benefit of owners, renters and subscribers. The terms for such services were based on market rates and terms and conditions similar to all fleet supply agreements, and amounts were payable by the renters and subscribers for use of the vehicles.
3. A company associated with Mr Hunter is provided platform development and platform licensing services by the Group. The Group provides services relating to the development and set up of a platform to offer car subscription services in New Zealand and subsequently platform licensing and customer service assistance. The terms of such services are based on market rates, and amounts are payable on normal commercial terms.

There were no other key management personnel transactions during the 2023 or 2022 financial years.

SHARE-BASED COMPENSATION

The table below discloses the number of options issued to Chris Noone, CEO and Executive Director as LTI-based remuneration. During the 2023 financial year nil options were issued (2022: 5,000,000). The 2022 options were granted following shareholder approval at the Company's 2021 Annual General Meeting.

| 2021 | | | | | | | | | |
|------------|---------------------------|----------------|--|---------------|----------|--------------------|----------------------|---------------|----------|
| Grant year | Executive Options Tranche | Granted Number | Exercised/ Lapsed/ Consolidation | Number Vested | Vested % | Number yet to vest | Year in which expire | Lapsed Number | Lapsed % |
| FY22 | Tranche A | 1,250,000 | - | 250,000 | 20% | 1,000,000 | FY27 | - | - |
| FY22 | Tranche B | 1,250,000 | - | 250,000 | 20% | 1,000,000 | FY27 | - | - |
| FY22 | Tranche C | 1,250,000 | - | 250,000 | 20% | 1,000,000 | FY27 | - | - |
| FY22 | Tranche D | 1,250,000 | - | 250,000 | 20% | 1,000,000 | FY27 | - | - |

| 2020 | | | | | | | | | |
|------------|---------------------------|----------------|--|---------------|----------|--------------------|----------------------|---------------|----------|
| Grant year | Executive Options Tranche | Granted Number | Exercised/ Lapsed/ Consolidation | Number Vested | Vested % | Number yet to vest | Year in which expire | Lapsed Number | Lapsed % |
| FY21 | Tranche 1 | 540,000 | - | 405,000 | 75% | 135,000 | FY26 | - | - |
| FY21 | Tranche 2 | 540,000 | - | 405,000 | 75% | 135,000 | FY26 | - | - |
| FY21 | Tranche 3 | 540,000 | - | 405,000 | 75% | 135,000 | FY26 | - | - |



REMUNERATION REPORT

Each 2021 Executive Option entitles the holder to subscribe for one share as follows:

| Executive Options Tranche | Exercise Price | Vesting Date | Expiry Date | Number of Executive Options |
|---------------------------|----------------|------------------|------------------|-----------------------------|
| Tranche A | \$0.1000 | 18 November 2022 | 18 November 2026 | 250,000 |
| Tranche A | \$0.1000 | 18 November 2023 | 18 November 2026 | 250,000 |
| Tranche A | \$0.1000 | 18 November 2024 | 18 November 2026 | 375,000 |
| Tranche A | \$0.1000 | 18 November 2025 | 18 November 2026 | 375,000 |
| Tranche B | \$0.1800 | 18 November 2022 | 18 November 2026 | 250,000 |
| Tranche B | \$0.1800 | 18 November 2023 | 18 November 2026 | 250,000 |
| Tranche B | \$0.1800 | 18 November 2024 | 18 November 2026 | 375,000 |
| Tranche B | \$0.1800 | 18 November 2025 | 18 November 2026 | 375,000 |
| Tranche C | \$0.2400 | 18 November 2022 | 18 November 2026 | 250,000 |
| Tranche C | \$0.2400 | 18 November 2023 | 18 November 2026 | 250,000 |
| Tranche C | \$0.2400 | 18 November 2024 | 18 November 2026 | 375,000 |
| Tranche C | \$0.2400 | 18 November 2025 | 18 November 2026 | 375,000 |
| Tranche D | \$0.3000 | 18 November 2022 | 18 November 2026 | 250,000 |
| Tranche D | \$0.3000 | 18 November 2023 | 18 November 2026 | 250,000 |
| Tranche D | \$0.3000 | 18 November 2024 | 18 November 2026 | 375,000 |
| Tranche D | \$0.3000 | 18 November 2025 | 18 November 2026 | 375,000 |

The 2021 Executive Options have a cashless exercise mechanism and will be able to be converted into Shares in lieu of paying the aggregate Exercise Price. The Option holder may elect to receive, without payment of cash or other consideration, upon surrender of the applicable portion of exercisable Options to the Company, a number of Shares determined in accordance with the following formula:

Cashless Exercise

$$A = [B \times (C-D)] / C$$

Where:

A = the number of Shares (rounded down to the nearest whole number) to be issued to the Option holder;

B = the number of Shares otherwise issuable upon the exercise of the Option or portion of the Options being exercised;

C = the Market Value (where the Market Value means at any given date, the volume weighted average price per Share traded on the ASX over the five (5) trading days immediately preceding that given date) of one Share determined as of the date of delivery to the Company Secretary of the Notice of Exercise; and

D = the Exercise Price.

The fair value of options awarded to key management personnel in the 2023 financial year was nil (2022: \$94,500). The options are expensed over the vesting period from the date of grant.

Notes to the share-based compensation tables:

Modification of equity-settled share-based payment transactions

No terms of equity-settled share-based payment transactions (including options and rights granted as compensation to a key management person) have been altered or modified by the Company during the financial year or the prior financial year.

This concludes the Remuneration Report, which has been audited.

Signed in accordance with a resolution of the Directors:

A handwritten signature in black ink, appearing to read 'Chris Noone', written in a cursive style.

Chris Noone
Chief Executive Officer/ Executive Director

Dated at Sydney, New South Wales this 30th day of August 2023

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the consolidated financial report of Carly Holdings Limited for the year ended 30 June 2023, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b) any applicable code of professional conduct in relation to the audit.

Perth, Western Australia
30 August 2023



M R Ohm
Partner

hl**b.com.au**

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HLB Mann Judd (WA Partnership) is a member of HLB International, the global advisory and accounting network.



STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
for the year ended 30 June 2023

| | Notes | Consolidated Group | |
|--|-------|--------------------|--------------------|
| | | 2023 \$ | 2022 \$ |
| Revenue from continuing operations | 2 | 2,100,431 | 1,253,763 |
| Cost of sales ¹ | | (1,280,512) | (783,000) |
| Gross profit | | 819,919 | 470,763 |
| Other income | 3 | 26,400 | 41,993 |
| Corporate and administrative expenses ¹ | 3 | (2,965,400) | (2,650,566) |
| Research and development expenses | | (1,050,587) | (1,048,498) |
| Results from continuing activities | | (3,989,587) | (3,657,071) |
| Finance income | | 10,787 | 11,550 |
| Finance costs | | (110,834) | (1,187) |
| Net financing costs | | (100,047) | 10,363 |
| Loss before income tax | | (3,269,715) | (3,175,945) |
| Income tax benefit | 4 | 127,490 | 168,439 |
| Loss from continuing operations | | (3,142,225) | (3,007,506) |
| Total comprehensive loss for the period | | (3,142,225) | (3,007,506) |
| Basic and diluted loss per share (cents) | 5 | (1.78) | (2.66) |

1. Depreciation expense associated with motor vehicles used by subscribers has been reclassified from Corporate and Administrative Expenses to Cost of Sales for FY23 and FY22. The impact to Total Comprehensive Loss for both periods is nil.

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.



STATEMENT OF FINANCIAL POSITION
as at 30 June 2023

| Consolidated Group | | | |
|--------------------------------------|-------|------------------|------------------|
| | Notes | 2023 \$ | 2022 \$ |
| CURRENT ASSETS | | | |
| Cash and cash equivalents | 6 | 1,662,787 | 805,407 |
| Trade and other receivables | 7 | 157,267 | 248,921 |
| Other current assets | 8 | 261,959 | 74,855 |
| Total Current Assets | | 2,082,013 | 1,129,183 |
| NON-CURRENT ASSETS | | | |
| Property, plant & equipment | 9 | 2,965,683 | 271,277 |
| Right of use asset | 10(a) | 917,804 | 935,484 |
| Intangible assets | 11 | 7,967 | 7,967 |
| Other non-current assets | 8 | 201,819 | 200,255 |
| Total Non-Current Assets | | 4,093,273 | 1,414,983 |
| TOTAL ASSETS | | 6,175,286 | 2,544,166 |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 12 | 1,037,882 | 848,306 |
| Loans payable | 14 | 373,098 | - |
| Lease liability | 10(b) | 346,770 | 377,291 |
| Other liabilities | 13 | 146,249 | 170,865 |
| Total Current Liabilities | | 1,903,999 | 1,396,462 |
| NON-CURRENT LIABILITIES | | | |
| Loans payable | 14 | 3,104,841 | - |
| Lease liability | 10(b) | 640,557 | 594,020 |
| Other non-current liabilities | 13 | 9,170 | 28,472 |
| Total Non-Current Liabilities | | 3,754,568 | 622,492 |
| TOTAL LIABILITIES | | 5,658,567 | 2,018,954 |
| NET ASSETS/(LIABILITIES) | | 516,719 | 525,212 |
| EQUITY | | | |
| Issued capital | 15 | 26,570,302 | 23,534,881 |
| Reserves | 16 | 946,141 | 905,610 |
| Accumulated losses | 17 | (26,999,724) | (23,915,279) |
| TOTAL EQUITY | | 516,719 | 525,212 |

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.



STATEMENT OF CHANGES IN EQUITY
for the year ended 30 June 2023

| Consolidated Group | Notes | Issued Capital \$ | Reserves \$ | Accumulated Losses \$ | Total \$ |
|--|---------------|-------------------------|----------------|-----------------------------|----------------|
| Balance as at 1 July 2021 | | 22,912,551 | 838,571 | (20,952,277) | 2,798,845 |
| Loss for the period | | - | - | (3,007,506) | (3,007,506) |
| Total comprehensive loss for the year | | - | - | (3,007,506) | (3,007,506) |
| Issue of share capital | 15 | 654,810 | - | - | 654,810 |
| Share issue costs | 15 | (32,480) | - | - | (32,480) |
| Share-based payments | 16 | - | 118,652 | - | 118,652 |
| Transfer from reserves on conversion/lapse | 15, 16, 17 | - | (51,613) | 44,504 | (7,109) |
| Balance as at 30 June 2022 | | 23,534,881 | 905,610 | (23,915,279) | 525,212 |
| Balance as at 1 July 2022 | | 23,534,881 | 905,610 | (23,915,279) | 525,212 |
| Loss for the period | | - | - | (3,142,225) | (3,142,225) |
| Total comprehensive loss for the year | | - | - | (3,142,225) | (3,142,225) |
| Issue of share capital | 15 | 3,363,162 | - | - | 3,363,162 |
| Share issue costs | 15 | (327,741) | - | - | (327,741) |
| Share-based payments | 16 | - | 102,787 | - | 102,787 |
| Transfer from reserves on lapse of options | 15, 16, 17 | - | (62,256) | 57,780 | (4,476) |
| Balance as at 30 June 2023 | | 26,570,302 | 946,141 | (26,999,724) | 516,719 |

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.



STATEMENT OF CASH FLOWS
for the year ended 30 June 2023

| | | Consolidated Group | |
|---|---|---------------------------|--------------------|
| | | 2023 | 2022 |
| | | \$ | \$ |
| Notes | | | |
| Cash flows from operating activities | | | |
| | Receipts from customers | 3,649,989 | 3,066,482 |
| | Payments to suppliers and employees | (5,681,335) | (5,768,079) |
| | Interest received | 9,079 | 10,890 |
| 10 | Interest paid on lease liability | (76,791) | (60,763) |
| 3 | Payments for short term leases | (9,300) | (18,528) |
| | Finance costs | (79,398) | (969) |
| 4 | Government grants received | 295,962 | - |
| | Research and development income tax incentive | - | - |
| 22 | Net cash used in operating activities | (1,891,794) | (2,770,967) |
| Cash flows from investing activities | | | |
| 9 | Payments for property, plant and equipment | (1,763,441) | (265,456) |
| 8 | Transfer to vehicle lease security guarantee account | - | (200,000) |
| | Net cash used in investing activities | (1,763,441) | (465,456) |
| Cash flows from financing activities | | | |
| | Proceeds from issues of shares | 3,363,162 | 654,810 |
| | Payment of share issue costs | (301,257) | (71,803) |
| | Proceeds from borrowings | 2,200,000 | - |
| | Payment of transaction costs for borrowings | (130,160) | - |
| | Payment of principal <i>{TFM & Pepper Chattel Mortgage}</i> | (214,112) | - |
| 10 | Payment of principal amounts on lease liability | (405,018) | (275,906) |
| | Net cash from financing activities | 4,512,615 | 307,101 |
| | NET INCREASE/(DECREASE) IN CASH HELD | 857,380 | (2,929,322) |
| | Cash and cash equivalents at the beginning of the financial year | 805,407 | 3,734,729 |
| 6 | Cash and cash equivalents at the end of the financial year | 1,662,787 | 805,407 |

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.



NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2023

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) Reporting entity

These consolidated financial statements of Carly Holdings Limited for the year ended 30 June 2023 were authorised for issue in accordance with a resolution of the Directors on 30 August 2023.

Carly Holdings Limited (**Parent Entity**) is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange. The consolidated financial statements of the Company for the year ended 30 June 2023 comprise the Company and its subsidiaries (**Consolidated Entity or Group**).

The nature of the operations and principal activities of the Group are described in the Directors' Report.

(b) Basis of preparation

Statement of compliance

These financial statements are general purpose financial statements, which have been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards (**AASBs**) and other authoritative pronouncements of the Australian Accounting Standards Board (**AASB**). The financial statements of the consolidated entity also comply with International Financial Reporting Standards (**IFRSs**) as issued by the International Accounting Standards Board.

Basis of measurement

The financial statements have been prepared on the accruals and the historical cost bases.

The financial statements are presented in Australian dollars and all values are rounded to the nearest dollar unless otherwise stated.

Going concern

These financial statements have been prepared on a going concern basis which assumes the Group realising its assets and extinguishing its liabilities in the normal course of business and successfully completing a capital raise in H1 FY24. The Directors acknowledge that stakeholders may be concerned regarding the ability of the Group to continue as a going concern due to the Group having incurred a net loss during the financial year of \$3,142,225 (2022: loss of \$3,007,506) and that there is a net working capital surplus of \$178,014 (2022: \$267,024 deficit).

The Directors believe there are reasonable grounds to believe that the Group will be able to continue as a going concern after consideration of the following factors:

- The Group held cash and cash equivalents of \$1,662,787 as at 30 June 2023;
- The Directors remain committed to the long-term business plan, including ongoing review of current products and the potential introduction of new products that are anticipated to contribute to improved results as the business units progress;
- The budgets and forecasts reviewed by the Directors for the next twelve months anticipate the business will continue to produce improved financial results;
- The Group has demonstrated the ability to access various capital raising mechanisms as and when required. These capital funding mechanisms are available via existing shareholders of the Group as well as potential new shareholders. For example, the Company raised:
 - (a) \$1,250,000 before costs through a Tranche 1 Placement in June 2023, which was oversubscribed and subsequently scaled back;
 - (b) \$350,000 before costs through a Tranche 2 Placement in August 2023;
 - (c) \$2,113,162 before costs through a renounceable rights issue of shares and free-attaching quoted options in November 2022, which was supported by the three largest shareholders and officers of the Company;
 - (d) \$654,810 before costs through a Tranche 2 Placement in December 2021, which was supported by the two largest shareholders;
 - (e) \$4,846,925 before costs through a renounceable rights issue and placement in May 2021, which was supported by a lead manager and corporate adviser; and



NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2023

- (f) \$2,354,725 before costs (including offset of the \$850,000 Financing Facility and accrued interest) through a non-renounceable entitlement issue in October 2020, which was partly underwritten by existing shareholders and officers of the Company.

The Directors believe that the above indicators demonstrate that the Group will be able to pay its debts as and when they become due and payable and to continue as a going concern. Accordingly, the Directors also believe that it is appropriate to adopt the going concern basis in the preparation of the financial statements. Should the Group not be successful in generating sufficient funds from the above initiatives, including the H1 FY24 capital raise, there will exist a material uncertainty that may cast significant doubt on the ability of the Group to continue as a going concern and, therefore, whether it will be able to realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should it not continue as a going concern.

Significant accounting policies

Below are the significant accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the periods presented, unless otherwise stated. The financial statements are for the Group consisting of Carly Holdings Limited and its subsidiaries.

(c) Significant accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements and estimates on historical experience and on other various factors it believes to be reasonable under the circumstances, the result of which form the basis of the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are outlined below:

Estimation of useful lives of assets

The estimation of the useful lives of assets has been based on historical experience. The condition of the assets is assessed at least once per year and considered against the remaining useful life. Depreciation charges are included in Note 9.

Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees and executives by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using a Black-Scholes model, using the assumptions detailed in Note 18.

Revenue from contracts with customers

The Group applied the following judgements that affect the determination of the amount and timing of revenue from contracts with customers:

- *Principal versus agent considerations*

The Group acts as an agent to administer the subscription of cars (www.carly.co), except where the vehicles are owned by ElevenX Operations Pty Ltd and OneX Operations Pty Ltd, wholly owned subsidiaries of Carly Holdings, and the Group acts directly with its subscribers as owner of the vehicles. The Group's car subscription service (www.carly.co) provides subscribers access to the use of cars including a choice of options which may suit them in exchange for a subscription fee. These contracts are enforced for the mutual benefit of owners, renters, subscribers and the Group in creating a safe and trusted peer to peer community. The following factors indicate that the Group does not control the goods before they are transferred to customers and that it acts as agent in these contracts: (i) it does not assume inventory risk before or after the rental/subscription arrangement; (ii) does not have significant latitude in determining price of rental or subscription fees (the consideration to the



NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2023

Group is based on the difference between the quoted rental /subscription fee based on market rates of cars for rent, their model and make and agreed prices negotiated by the Group with the owner of cars, vehicles or assets). All cars offered under the subscription options are based on agreed terms with owners.

- *Identifying performance obligations as a distinct service*

The Group's rendering of services according to terms of rental and subscription contracts form one distinct service. The provision of service arrangements for subscribers with varying options according to subscription tiers together form a distinct service within the terms of subscription agreements because subscribers are not able to benefit from the use of cars separately from these service options on their own.

- *Determining the timing of satisfaction of revenue from rental and car subscription services*

The Group concluded that revenue from arranging rental services and car subscription services is performed over-time because the customer benefits from the service over the period of the rental or subscription arrangement. Performance obligation of the Group is satisfied over-time because renters/subscribers simultaneously receive the benefits from their rental/subscription during the rental/subscription period.

Provision for expected credit losses of trade receivables

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation. The Group uses a provision matrix to calculate expected credit loss for trade receivables. The provision rates are based on a matrix which approximates expected credit loss based on management's assessment of probable default rates based on aging categories. The information about the expected credit loss on the Group's trade receivables is disclosed in Note 23(c) (ii).

Leases (renewal of office lease term)

The Group entered into a non-cancellable 3-year lease for its office premises on 1 November 2020. The Group measures the right-of-use asset and lease liability for its office premises lease using a 6.47% discount rate (based on commercial borrowing rate at the time of renewal of the office lease).

Leases (Vehicle Leases)

The Group measures the right-of-use assets and lease liabilities for the vehicle leases using a 6.61% discount rate (based on commercial borrowing rate at the time of entering into the leases) over 4-year lease terms. As of 30 June 2023, the Group was leasing 56 vehicles (30 June 2022: 39).

Coronavirus (COVID-19) pandemic

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the Group based on known information. This consideration extends to the nature of the services offered, customers, supply chain, staffing and geographic regions in which the group operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the Group unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

(d) Basis of consolidation

The consolidated financial statements comprise the financial statements of the companies in the Group (as outlined in Note 25).

Subsidiaries are all those entities over which the Group has the power to govern the financial and operating policies to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether a Group controls another entity.

The financial statements of the subsidiaries are prepared for the same reporting period as the Parent Entity, using consistent accounting policies. In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control is obtained by the Group and cease to be consolidated from the date on which control is transferred out of the Group.



NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2023

Investments in subsidiaries held by Carly Holdings are accounted for at cost in the separate financial statements of the Parent Entity less any impairment charges. Dividends received from subsidiaries are recorded as a component of other revenues in the separate statement of profit or loss and other comprehensive income of the Parent Entity, and do not impact the recorded cost of the investment. Upon receipt of dividend payments from subsidiaries, the Parent Entity will assess whether any indicators of impairment of the carrying value of the investment in the subsidiary exist. Where such indicators exist, to the extent that the carrying value of the investment exceeds its recoverable amount, an impairment loss is recognised.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. The acquisition method of accounting involves recognising at acquisition date, separately from goodwill, the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree. The identifiable assets acquired and the liabilities assumed are measured at their acquisition date fair values.

The difference between the above items and the fair value of the consideration (including the fair value of any pre-existing investment in the acquiree) is goodwill or a bargain purchase.

A change in the ownership interest of a subsidiary that does not result in a loss of control is accounted for as an equity transaction.

Non-controlling interests are allocated their share of net profit after tax in the statement of profit or loss and other comprehensive income and are presented within equity in the statement of financial position, separately from the equity of the owners of the parent.

Losses are attributed to the non-controlling interest even if that results in a deficit balance.

If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary;
- Derecognises the carrying amount of any non-controlling interest;
- Derecognises the cumulative translation differences, recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any surplus or deficit in profit or loss; and
- Reclassifies the Parent Entity's share of components previously recognised in other comprehensive income to profit or loss.

(e) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments and has been identified as the Board of Directors of Carly Holdings.

(f) Foreign currency translation

Functional and presentation currency

Both the functional and presentation currency of Carly Holdings and its Australian subsidiaries is Australian Dollars (\$).

(g) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(h) Trade and other receivables

Trade receivables are generally on 30-day terms. It represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Collectability of trade receivables is reviewed on an ongoing basis. Individual debts that are known to be

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2023

uncollectible are written off when identified. The Group's policies on impairment of trade and other receivables can be found in (w) below. Further disclosures relating to credit risk are in Note 23.

(i) Plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred. Similarly, when each major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement only if it is eligible for capitalisation. All other repairs and maintenance are recognised in profit or loss as incurred. Depreciation is calculated on a straight-line basis over the estimated useful life of the specific assets as follows:

| | |
|------------------------|-------------------|
| Property and equipment | over 2 to 5 years |
| Motor vehicles | over 7 years |

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

(j) Impairment of non-financial assets other than goodwill

Non-financial assets other than goodwill are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The Group conducts an annual internal review of asset values, which is used as a source of information to assess for any indicators of impairment. External factors, such as changes in expected future processes, technology and economic conditions, are also monitored to assess for indicators of impairment. If any indication of impairment exists, an estimate of the asset's recoverable amount is calculated.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are tested for possible reversal of the impairment whenever events or changes in circumstances indicate that the impairment may have reversed.

(k) Goodwill and intangible assets

Goodwill

Goodwill acquired in a business combination is initially measured at cost of the business combination being the excess of the consideration transferred over the fair value of the Group's net identifiable assets acquired and liabilities assumed. If this consideration transferred is lower than the fair value of the net identifiable assets of the subsidiary acquired, the difference is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes and is not larger than an operating segment determined in accordance with AASB 8.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units), to which the goodwill relates.

Carly Holdings performs annual impairment testing using the value-in-use methodology for the cash generating units to which goodwill has been allocated. Further details on the methodology and assumptions used are outlined in Note 11.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2023

When the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised. When goodwill forms part of a cash-generating unit (group of cash-generating units) and an operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this manner is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Impairment losses recognised for goodwill are not subsequently reversed.

Intangibles – acquired separately or in a business combination

Intangible assets acquired separately or in a business combination are initially measured at cost. The cost of an intangible asset acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is recognised in profit or loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over their useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for prospectively by changing the amortisation period or method, as appropriate, which is a change in accounting estimate. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset.

Research and development costs

Research costs are expensed as incurred. An intangible asset arising from development expenditure on an internal project is recognised only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the development and the ability to measure reliably the expenditure attributable to the intangible asset during its development. The amount recognized for internally intangibles is the sum of the expenses incurred from the date when the intangible first meets the recognition criteria.

Following the initial recognition of the development expenditure, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. The carrying value of an intangible asset arising from development expenditure is tested for impairment annually when the asset is not yet available for use, or more frequently when an indication of impairment arises during the reporting period.

A summary of the policies applied to the Group’s intangible assets is as follows:

| Policy | Domain names and trademarks | Development costs |
|----------------------------------|--|--|
| Useful lives | Indefinite | Finite |
| Amortisation method used | No amortisation | Amortised over the period of expected future benefit from the related project on a straight-line basis |
| Internally generated or acquired | Acquired | Internally generated/Acquired |
| Impairment testing | Annually and more frequently when an indication of impairment exists | Annually for assets not yet available for use and more frequently when an indication of impairment exists. The amortisation method is reviewed at each financial year end. |

Domain names and trademarks can be renewed for nominal value to maintain ownership, therefore domain names and trademarks are assumed to have an indefinite life. Domains acquired for a material sum are

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2023

capitalised and tested for impairments as part of normal impairment testing. Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

Expenditures on advertising and promotional expenses are recognised as a component of marketing expense in the statement of profit or loss and other comprehensive income when the Group has either the right to access the goods or has received the services.

(l) Trade and other payables

Trade and other payables are carried at amortised cost and due to their short-term nature, they are not discounted. They represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 60 days of recognition.

(m) Provisions and employee benefits

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date.

Employee leave benefits

- *Wages, salaries, annual leave and sick leave*

Liabilities for wages and salaries, including annual leave expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Expenses for sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

- *Long service leave*

The liability for long service leave is recognised and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

(n) Issued capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

(o) Share-based payments

The Company measures the cost of equity-settled transactions with employees or executives by reference to the fair value of the equity instruments at the date at which they were issued.

(p) Revenue from contracts with customers

Revenue from rendering services

The Group's primary source of revenue is derived from providing online car subscription services. Entities in the group operate via the website, www.carly.co which allow customers to subscribe to vehicles or assets from owners who want to supply them. Based on the substance of the contracts, according to AASB 15, entities in the Group act as agents for owners, to provide customers with choice of vehicles for subscription. Where an entity in the Group is appointed by third party owners to arrange and administer the rental of vehicles or assets over the rental period, the Group recognises the net revenue, being the amounts received from renters less amounts paid to owners. The performance obligation of the Group is satisfied over-time over the duration of the agreed rental period as renters receive the benefits from rental of vehicles. Revenue is recognised rateably over rental periods, billed at confirmation and at subsequent intervals.



NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2023

Similarly, the Group's car subscription service (www.carly.co) provides customers with access to cars with varying options which could suit them. The subscription service includes varying free km allowance options, damage liability and eligible car 'switch' options packaged into a single monthly recurring payment. Subscribers may start and stop their subscription as their needs change. The Group concludes that it is acting as agent in these arrangements, because it administers the cars under subscription and provides service options according to pre-determined price and conditions negotiated with third party owners involved in these arrangements. The Group is deemed to be acting as a principal, where the owner of the vehicle is a Group entity. The Group recognises revenue from amounts received from subscribers less amounts paid to third party owners. The performance obligation of the Group is satisfied over-time over the duration of the subscription period as subscribers receive the benefits from use of cars. Revenue is recognised rateably over subscription periods, billed at inception of subscription and subsequently thereafter every 15 days for 2 weeks subscription each time.

For disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers see Note 1 (c).

Deposits from customers

Renters are required to pay a deposit upon confirmation of rental. These deposits are refunded to renters at the end of the rental period when cars and assets are returned in accordance with rental agreements. No deposits are collected for car subscription services. 'Deposits held' are reflected in trade and other payables on the statement of financial position (see Note 12).

Deferred revenue

Deferred revenue consists of subscription fees received in advance at confirmation which relate to future subscription periods. The Group recognises these amounts as other liabilities on the statement of financial position (see Note 12).

(q) Other revenue

Interest income is recognised using the effective interest method.

(r) Income tax

Income tax benefit comprises current and deferred tax. Current and deferred income tax expense/(benefit) is charged or credited directly to equity instead of profit or loss when the tax relates to items that are credited or charged directly to equity.

Current income tax expense charged to profit or loss is the tax payable on the taxable income for the year, calculated using applicable income tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable/(receivable) in respect of previous years.

Deferred income tax expense reflects movements in deferred tax assets and deferred tax liability balances during the year.

Deferred income tax assets and liabilities are recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the temporary differences in the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they probably will not reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the tax rates that have been enacted or substantively enacted by the reporting date.

A deferred tax asset and unused tax losses are recognised to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.



NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2023

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is recognised.

Tax Consolidation

The Parent Entity and its wholly-owned Australian resident entities have formed a tax-consolidated Group with effect from 1 July 2003 and are therefore taxed as a single entity from that date. The head entity within the tax-consolidated Group is Carly Holdings Limited.

Current tax expense/benefit, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated Group are recognised in the separate financial statements of the members of the tax-consolidated Group using the 'separate taxpayer within Group' approach by reference to the carrying amounts of assets and liabilities in the separate financial statements of each entity and the tax values applying under tax consolidation.

Any current tax liabilities (or assets) and deferred tax assets arising from unused tax losses of the subsidiaries is assumed by the head entity in the tax-consolidated Group and are recognised by the Parent Entity as amounts payable (receivable) to/(from) other entities in the tax-consolidated Group in conjunction with any tax funding arrangement amounts (refer below). Any difference between these amounts is recognised by the Parent Entity as an equity contribution or distribution.

The Parent Entity recognises deferred tax assets arising from unused tax losses of the tax-consolidated Group to the extent that it is probable that future taxable profits of the tax-consolidated Group will be available against which the asset can be utilised.

Any subsequent period adjustments to deferred tax assets arising from unused tax losses as a result of revised assessments of the probability of recoverability is recognised by the head entity only.

(s) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(t) Earnings per share

The consolidated Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Parent Entity by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributed to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2023

(u) Leases – right of use asset and lease liability

A lease arrangement established by a contract conveys to the user (lessee) the right to control the use of the underlying asset for a period of time in exchange for consideration. For leases with terms not exceeding twelve months the Group has exercised the optional application exemptions. The lease payments under these contracts are recognised on a straight-line basis over the lease term as other operating expenses. The lessee is required to apply another systematic basis if that basis is more representative of the pattern of the lessee's benefit. In all other leases which the Group acts as lessee, the present value of future lease payments is recognised as a lease liability. Lease payments are segregated into principal and interest portions, using the effective interest method. Correspondingly, the right-to-use asset is recognised at the present value of liability including any directly attributable costs at the commencement date of the lease. Payments made before commencement date and incentives received from the lessor are included in the carrying amount of the right-of-use asset. The right-of-use asset is depreciated on a straight-line basis over the lease term, or if shorter, over the useful life of the leased asset.

A remeasurement of lease liabilities is performed where required to reflect any reassessment or lease modifications. Reassessment of lease liabilities is required to reflect any changes to lease payments. The amount of the remeasurement is recognised as an adjustment to the right-of-use asset. However, if the carrying amount of the right-of-use asset is reduced to zero and a further reduction in the measurement of lease liabilities, any remaining amount of the remeasurement is recognised in profit and loss. For lease modifications, these are accounted for as a separate lease if the modification increases both the scope of the lease (by adding the right to use) and the consideration increases commensurate with the stand-alone price for the scope increase. If the lease modification is not accounted for as a separate lease, remeasurement of lease liabilities is done at the effective date of the lease modification.

(v) Borrowing costs

Borrowing costs are expensed in the period they occur and consist of interest and other costs that the entity incurs in connection with the borrowing of funds

(w) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The Group recognises financial assets or liabilities when it becomes party to the contractual provisions of the financial instrument.

Financial assets

Financial assets of the Group are classified according to the Group's business model for managing financial assets and their contractual cash flow characteristics. Financial assets are measured at amortised costs if the business holds assets to collect contractual cash flows and contractual terms represent cash flows which are payments of principal and interest and not designated as fair value through profit and loss.

The Group initially recognises financial assets at its fair value plus, transaction costs (where applicable). For the purpose of subsequent measurement (other than those designated and effective as hedging instruments) financial assets are subsequently measured at amortised cost, fair value through profit or loss (FVPL), or fair value through other comprehensive income (FVOCI).

The new classification and measurement of the Group's financial assets which are held within a business model of 'hold to collect' contractual cash flows relate to the Group's trade and other receivables. Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. A financial asset is derecognised when the rights to receive cash flows from the asset have expired or the Group has transferred its right to receive cash flows from the asset. The Group considers if transfer of substantially all the risks and rewards of the asset has occurred or if transfer of control of the asset has occurred. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.



NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2023

- *Impairment of Financial Asset*

The Group applied AASB 9 'Financial Instruments' impairment model in its assessment of allowance for impairment loss on trade receivables. The Group applies an expected credit loss methodology and uses a provisions matrix to estimate expected credit loss. The provision matrix is based on management's assessment of probable default rates based on ageing categories.

Financial liability

The Group's financial liabilities include trade and other payables and borrowings. All financial liabilities are initially recognised at fair value less any transaction costs directly attributable to its issue. After initial recognition, financial liabilities are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when liabilities are derecognised.

Expected credit loss estimate

As described in Note 23(c) and (w) above, the Group applies a simplified approach to measuring expected credit losses in accordance with AASB 9. The Group uses a provision matrix to calculate expected credit loss for trade receivables. The provision rates are based on a matrix which approximates expected credit loss based on management's assessment of probable default rates based on ageing categories. However, where there is no reasonable expectation of recovery, trade receivables are written off.

(x) Comparative figures

Where required by Accounting Standards, comparative figures have been adjusted to conform with changes in presentation for the current financial year and impact, due to adoption of accounting standards described in (y) below.

(y) Changes in accounting policies on initial application of Accounting Standards

Standards and Interpretations applicable to 30 June 2023

The Directors have reviewed and determined that there is no material impact of other new and revised Standards and Interpretations that apply for the first time for financial year ended 30 June 2023 on the consolidated financial statements of the Group.

Standards and Interpretations issued but not yet adopted

The Directors have also reviewed all Standards and Interpretations issued and not yet adopted for the year ended 30 June 2023. As a result of this review, the Directors have determined that there is no material impact of the new and revised standards and interpretations in issue not yet adopted and therefore no other material change is necessary to the Group's accounting policies.

NOTE 2: REVENUE FROM CONTRACTS WITH CUSTOMERS

The Group derives its revenue from the provision of services over time in the following major category. This is consistent with the revenue information that is disclosed for the reportable segment under AASB 8 (see Note 21).

| | Consolidated Group | |
|---|--------------------|------------------|
| | 2023 | 2022 |
| <i>Over time</i> | \$ | \$ |
| Revenue from vehicle subscription and rental services | 2,100,431 | 1,253,763 |
| Total Revenue | 2,100,431 | 1,253,763 |



NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2023

| | Consolidated Group | |
|---|--------------------|------------------|
| | 2023 \$ | 2022 \$ |
| NOTE 3: MATERIAL PROFIT AND LOSS ITEMS | | |
| (a) Other income | | |
| Sundry income | 26,400 | 41,993 |
| | 26,400 | 41,993 |
| (b) Corporate and administrative expenses | | |
| Depreciation | 13,004 | 10,921 |
| Depreciation (ROU asset) | 157,625 | 157,625 |
| Short term lease payments | 9,300 | 18,528 |
| Share-based payments | 98,604 | 109,766 |
| Salaries and wages | 2,088,471 | 1,755,493 |
| Superannuation costs | 214,076 | 168,336 |
| Employee leave entitlements | (43,919) | (15,176) |
| Audit fees | 51,072 | 42,435 |
| Interest expense (lease liability) | 49,322 | 55,429 |
| Other corporate and administrative expenses | 327,845 | 347,209 |
| | 2,965,400 | 2,650,566 |
| NOTE 4: INCOME TAX | | |
| (a) Income tax benefit | | |
| <i>The major components of income tax benefit are:</i> | | |
| Current income tax | - | - |
| Current R&D Tax offset | 127,490 | 168,439 |
| Under/(over) provision in prior year | - | - |
| Income tax benefit/(expense) | 127,490 | 168,439 |
| (b) The prima facie income tax expense on pre-tax accounting profit from operations reconciles to the income tax expense in the financial statements as follows: | | |
| Accounting loss before income tax | (3,269,715) | (3,175,945) |
| Income tax expense calculated at 25.0% (2022: 25.0%) | (817,429) | (793,986) |
| <i>Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:</i> | | |
| Non-deductible expenses | 347,700 | 302,631 |
| Share-based payments | 17,627 | 27,442 |
| Other deferred tax assets and tax liabilities not recognised | 452,102 | 463,913 |
| Current R&D Tax offset | 127,490 | 168,439 |
| (Under)/over provision in prior year | - | - |
| Total Income tax benefit/(expense) for the year | 127,490 | 168,439 |

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2023

NOTE 4: INCOME TAX (continued)

| | Consolidated Group | |
|--|--------------------|------------------|
| | 2023 | 2022 |
| | \$ | \$ |
| (c) Unrecognised deferred tax balances | | |
| <i>The following deferred tax assets have not been brought to account:</i> | | |
| Losses available for offset against future taxable income | 4,661,771 | 4,209,669 |
| Accrued expenses and liabilities | 114,054 | 112,461 |
| Unrecognised deferred tax assets | 4,775,825 | 4,322,130 |

Deferred tax assets arising from tax losses are, to the extent noted above, not recognised at reporting date as realisation of the benefit is not regarded as probable. This deferred income tax benefit will only be obtained if:

- future assessable income is derived of a nature and of an amount sufficient to enable the benefit to be realised;
- the conditions for deductibility imposed by tax legislation is complied with, including Continuity of Ownership and/or Same Business Tests; and
- no changes in tax legislation adversely affect the Group in realising the benefit.

(d) Tax rates

The potential tax benefit at 30 June 2023 in respect of tax losses not brought to account has been calculated at 25.0% for Australian entities (2022: 25.0%).

NOTE 5: LOSS PER SHARE

Basic loss per share

The calculation of basic loss per share at 30 June 2023 was based on the loss attributable to ordinary shareholders of \$3,142,225 (2022: \$3,007,506) and a weighted average number of ordinary shares of 176,512,848 (2022: 113,123,441) calculated as follows:

| | Consolidated Group | |
|--|--------------------|---------------|
| | 2023 | 2022 |
| | \$ | \$ |
| Loss attributable to ordinary shareholders (basic) | | |
| Loss attributable to the ordinary shareholders | (3,142,225) | (3,007,506) |
| | 2023 | 2022 |
| | Number | Number |
| Weighted average number of ordinary shares for the purpose of basic earnings per share | 176,512,848 | 113,123,441 |
| Weighted average number of ordinary shares for the purpose of diluted earnings per share | 176,512,848 | 113,123,441 |
| | 2023 | 2022 |
| Basic and diluted loss per share from continuing operations (cents per share) | (1.78) | (2.66) |



NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2023

NOTE 6: CASH AND CASH EQUIVALENTS

| | Consolidated Group | |
|--------------------------|--------------------|----------------|
| | 2023 | 2022 |
| | \$ | \$ |
| Cash at bank and on hand | 1,662,787 | 805,407 |
| | 1,662,787 | 805,407 |

Cash at bank earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods up to three months, depending on the immediate cash requirements of the Group and earn interest at the respective short-term deposit rates.

The Group's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in Note 23.

NOTE 7: TRADE AND OTHER RECEIVABLES

| Current | | |
|-------------------------|----------------|----------------|
| Trade receivables (net) | 72,960 | 81,078 |
| Other receivables | 84,307 | 167,843 |
| | 157,267 | 248,921 |

The Group's exposure to credit risk and impairment losses relating to trade and other receivables is disclosed in Note 23.

NOTE 8: OTHER ASSETS

| Current | | |
|--|----------------|----------------|
| Prepayments | 206,268 | 3,897 |
| Rental Deposit | 53,341 | 53,208 |
| Other deposits | 2,350 | 17,750 |
| | 261,959 | 74,855 |
| Non-Current | | |
| Vehicle lease security guarantee account | 201,819 | 200,255 |
| | 201,819 | 200,255 |

NOTE 9: PROPERTY, PLANT AND EQUIPMENT

| | Consolidated Group | | | |
|---------------------------------------|--------------------|------------------------|------------------------|------------------|
| | Motor Vehicles | Furniture and Fittings | Leasehold Improvements | Total |
| | \$ | \$ | \$ | \$ |
| Cost | 3,129,778 | 84,258 | 41,874 | 3,255,910 |
| Accumulated depreciation | (174,389) | (73,964) | (41,874) | (290,227) |
| Net book value at 30 June 2023 | 2,955,389 | 10,294 | - | 2,965,683 |
| Cost | 292,446 | 78,391 | 41,874 | 412,711 |
| Accumulated depreciation | (38,600) | (68,277) | (34,557) | (141,434) |
| Net book value at 30 June 2022 | 253,846 | 10,114 | 7,317 | 271,277 |



NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2023

NOTE 9: PROPERTY, PLANT AND EQUIPMENT (continued)

The reconciliation of the carrying amounts of each class of property, plant and equipment and leasehold improvements at the beginning and the end of the reporting period:

| | Consolidated Group | | | Total \$ |
|--|-------------------------|---------------------------------|---------------------------------|------------------|
| | Motor Vehicles \$ | Furniture and Fittings \$ | Leasehold Improvements \$ | |
| 2023 | | | | |
| Opening net book value at 1 July | 253,846 | 10,114 | 7,317 | 271,277 |
| Additions during the year | 2,837,332 | 5,867 | - | 2,843,199 |
| Depreciation expense | (135,789) | (5,687) | (7,317) | (148,793) |
| Closing net book value at 30 June | 2,955,389 | 10,294 | - | 2,965,683 |
| 2022 | | | | |
| Opening net book value at 1 July | 49,622 | 11,163 | 9,755 | 70,540 |
| Additions during the year | 242,537 | 7,434 | - | 249,971 |
| Depreciation expense | (38,313) | (8,483) | (2,438) | (49,234) |
| Closing net book value at 30 June | 253,846 | 10,114 | 7,317 | 271,277 |

There was no impairment loss relating to property, plant and equipment during the 2023 financial year (2022: nil).

NOTE 10: LEASES

The Group entered into a non-cancellable 3-year lease for its office premises on 1 November 2020. The Group measures the right-of-use asset and lease liability for its office premises lease using a 6.47% discount rate (based on commercial borrowing rate at the time of renewal of the office lease).

The Group measures the right-of-use assets and lease liabilities for the vehicle leases using a range of 6.47% to 7.17% discount rate (based on commercial borrowing rate at the time of entering into the leases) over 4-year lease terms.

(a) Right of use asset

The reconciliation of the Right of use of each class of asset at the beginning and the end of the reporting period:

| | Consolidated Group | | Total \$ |
|---|-------------------------------|--------------------|----------------|
| | Motor Vehicle Leases \$ | Office Lease \$ | |
| 2023 | | | |
| Opening balance at 1 July | 725,318 | 210,166 | 935,484 |
| Additions to right-of-use assets | 386,454 | - | 386,454 |
| Depreciation charge for the period | (246,509) | (157,625) | (404,134) |
| Closing balance at 30 June | 865,263 | 52,541 | 917,804 |
| 2022 | | | |
| Opening balance at 1 July | - | 367,791 | 367,791 |
| Additions to right-of-use assets | 864,404 | - | 864,404 |
| Depreciation charge for the period | (139,086) | (157,625) | (296,711) |
| Closing balance value at 30 June | 725,318 | 210,166 | 935,484 |



NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2023

NOTE 10: LEASES (Continued)

(b) Lease Liabilities

| | Consolidated Group | | |
|---|-------------------------|----------------|----------------|
| | Motor Vehicle Leases | Office Lease | Total |
| | \$ | \$ | \$ |
| 2023 | | | |
| Current | 286,468 | 60,302 | 346,770 |
| Non-Current | 640,557 | - | 640,557 |
| Closing balance at 30 June | 927,025 | 60,302 | 987,327 |
| 2022 | | | |
| Current | 204,394 | 172,897 | 377,291 |
| Non-Current | 533,718 | 60,302 | 594,020 |
| Closing balance value at 30 June | 738,112 | 233,199 | 971,311 |

(c) Amounts recognised in profit or loss

| | Consolidated Group | | |
|-------------------------------------|-------------------------|--------------|---------|
| | Motor Vehicle Leases | Office Lease | Total |
| | \$ | \$ | \$ |
| 2023 | | | |
| Interest on lease liabilities | 63,329 | 1,274 | 64,603 |
| Depreciation on right-of-use assets | 216,101 | 157,625 | 373,726 |
| 2022 | | | |
| Interest on lease liabilities | 35,996 | 19,434 | 55,430 |
| Depreciation on right-of-use assets | 139,086 | 157,625 | 296,711 |

(d) Lease Liabilities

Maturity analysis – contractual undiscounted cash flows

| | Consolidated Group | | |
|---|-------------------------------------|----------------|----------------|
| | Total undiscounted cash flows | < 12 Months | > 12 Months |
| | \$ | \$ | \$ |
| 2023 | | | |
| Office Lease | 64,204 | 64,204 | - |
| Vehicle Lease | 1,045,572 | 339,379 | 706,193 |
| Closing balance at 30 June | 1,109,776 | 403,583 | 706,193 |
| 2022 | | | |
| Office Lease | 252,188 | 187,984 | 64,204 |
| Vehicle Lease | 846,312 | 252,150 | 594,162 |
| Closing balance value at 30 June | 1,098,500 | 440,134 | 658,366 |

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2023

NOTE 11: INTANGIBLE ASSETS

The reconciliation of the carrying amounts of each class of intangibles at the beginning and the end of the reporting period:

| | Trademarks | Total |
|---------------------------------------|-------------------|--------------|
| | \$ | \$ |
| Cost | 13,136 | 13,136 |
| Accumulated amortisation | - | - |
| Accumulated impairment losses | (5,169) | (5,169) |
| Carrying value at 30 June 2023 | 7,967 | 7,967 |
| Cost | 13,136 | 13,136 |
| Accumulated amortisation | - | - |
| Accumulated impairment losses | (5,169) | (5,169) |
| Carrying value at 30 June 2022 | 7,967 | 7,967 |
| 2023 | | |
| Carrying value at 1 July 2022 | 7,967 | 7,967 |
| Amortisation charge | - | - |
| Impairment loss | - | - |
| Carrying value at 30 June 2023 | 7,967 | 7,967 |
| 2022 | | |
| Carrying value at 1 July 2021 | 7,967 | 7,967 |
| Amortisation charge | - | - |
| Impairment loss | - | - |
| Carrying value at 30 June 2022 | 7,967 | 7,967 |

(a) Description of the Group's intangible assets

(i) Trademarks

Trademarks were acquired through acquisition and are carried at cost less accumulated impairment losses. This intangible asset has been assessed as having an infinite life and therefore is not amortised however is subject to impairment testing on an annual basis or whenever there is an indication of impairment. If an impairment indication arises, the recoverable amount is estimated and an impairment loss is recognised to the extent that the recoverable amount is lower than the carrying amount.



NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2023

NOTE 12: TRADE AND OTHER PAYABLES

| | Consolidated Group | |
|---|--------------------|----------------|
| | 2023 | 2022 |
| | \$ | \$ |
| Trade creditors ¹ | 381,854 | 305,104 |
| Deposits held ² | 34,035 | 47,356 |
| Other creditors and accruals ³ | 616,087 | 485,585 |
| Deferred revenue | 5,906 | 10,261 |
| | 1,037,882 | 848,306 |

Notes:

1. Trade creditors are non-interest bearing and are normally settled on 30-60 day terms.
2. Deposits held being amounts owing to renters.
3. Accruals include amounts owing to directors for fees.

The Company's exposure to liquidity risk relating to trade and other payables are disclosed in Note 23.

NOTE 13: OTHER LIABILITIES

| | Consolidated Group | |
|---|--------------------|----------------|
| | 2023 | 2022 |
| | \$ | \$ |
| Current | | |
| Provision for annual leave | 108,787 | 129,493 |
| Provision for long service leave ¹ | 37,462 | 41,372 |
| | 146,249 | 170,865 |
| Non-Current | | |
| Provision for long service leave ¹ | 9,170 | 28,472 |
| | 9,170 | 28,472 |

Note:

1. A provision has been recognised for employee entitlements relating to long service leave. In calculating the present value of future cash flows in respect of the provision, the probability of long service leave being taken is based on managements' expectations of employee retention.



NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2023

NOTE 14: LOANS & BORROWINGS

The Group has access to asset finance facilities, which enable Carly to finance motor vehicle purchases of up to an aggregate facility limit of \$6,200,000. At balance date the value drawn on this facility was \$4,200,000 (2022: nil).

Each finance agreement will be based on an interest rate agreed by Carly at the time the vehicle is financed. The facility will be secured by a security interest in each vehicle acquired.

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

The Group has access to the following lines of credit:

| | Consolidated Group | |
|---|---------------------------|------------------|
| | 2023 | 2022 |
| | \$ | \$ |
| Total facilities available | | |
| iPartners Facility A | 4,000,000 | - |
| Vehicle Financing Facilities | 2,200,000 | 1,500,000 |
| | 6,200,000 | 1,500,000 |
| Total facilities used at balance date | | |
| iPartners Facility A | 2,200,000 | - |
| Vehicle Financing Facilities | 2,000,000 | - |
| | 4,200,000 | - |
| Unused at balance date | | |
| iPartners Facility A | 1,800,000 | - |
| Vehicle Financing Facilities | 200,000 | 1,500,000 |
| | 2,000,000 | 1,500,000 |
| Current | | |
| Loans Payable – amount expected to be settled within 12 months | 373,098 | - |
| | 373,098 | - |
| Non-Current | | |
| Loans Payable – amount expected to be after more than 12 months | 3,104,841 | - |
| | 3,104,841 | - |

Carrying amount of the non-current assets pledged as security

| | Consolidated Group | |
|---|---------------------------|-------------|
| | 2023 | 2022 |
| | \$ | \$ |
| Total of all facilities | | |
| Motor vehicle net book value at 30 June | 2,955,389 | - |
| | 2,955,389 | - |

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2023

NOTE 14: LOANS & BORROWINGS (continued)

The terms and conditions of the iPartners Facility A are as follows:

- First ranking general security deed has been provided by the OneX Operations Pty Ltd (“OneX”) as the Borrower and each Guarantor, which is defined as Carly Car Subscription Pty Ltd and Carly Holdings Limited;
- The interest rate of Facility A is 9.00% p.a.;
- In the event of a Covenant Event or Event of Default, the Lender has access to the Secured Proceeds Account of OneX, which had a balance of \$183,299 at 30 June 2023;
- The Borrower must ensure the Gearing Limit does not exceed 90% of the lesser of the Written Down Value and the Wholesale Value of the Funded Vehicles plus the balance Secured Proceeds Account; and
- The Group retains minimum cash balances of greater than \$250,000.

The iPartners Facility A has a maturity date of 1 April 2025. All other facilities, including lease liabilities are secured by the underlying acquired vehicle or leased vehicle and have a term of 48 months from the initial acquisition or lease start date.

Movement in borrowings:

| | Consolidated Group | |
|-----------------------------------|--------------------|------|
| | 2023 | 2022 |
| | \$ | \$ |
| Opening balance at 1 July | - | - |
| Proceeds from borrowings | 2,200,000 | - |
| Chattel mortgage finance | 1,666,245 | - |
| Repayment of borrowings | (214,112) | - |
| Net Transaction Costs | (174,194) | - |
| Closing balance at 30 June | 3,477,939 | - |

The Group’s exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in Note 23.

| NOTE 15: ISSUED CAPITAL | Consolidated Group | |
|--|--------------------|-------------------|
| | 2023 | 2022 |
| | \$ | \$ |
| 254,370,391 (2022: 116,321,978) fully paid ordinary shares | 26,570,302 | 23,534,881 |

(a) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds from winding up of the Parent Entity in proportion to the number and amounts paid on the shares held.

On a show of hands every holder of ordinary securities presents at a shareholder meeting in person or by proxy is, entitled to one vote, and upon a poll each share is entitled to one vote.

Ordinary shares have no par value and the Company does not have a limited amount of authorised capital.



NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2023

NOTE 15: ISSUED CAPITAL (continued)

(a) Ordinary shares (continued)

The following movements in issued capital occurred during the year:

| | Year to 30 June 2023 | | Year to 30 June 2022 | |
|--|----------------------|-------------------|----------------------|-------------------|
| | Number of Shares | \$ | Number of Shares | \$ |
| Balance at beginning of financial period | 116,321,978 | 23,534,881 | 108,936,853 | 22,912,551 |
| Buyback of collateral shares under controlled placement deed | - | - | (800,000) | - |
| Issue of shares at \$0.08 each: Tranche 2 Placement | - | - | 8,185,125 | 654,810 |
| Issue of shares at \$0.024 each: October 2022 Rights Issue | 88,048,413 | 2,113,162 | - | - |
| Issue of shares at \$0.025 each: June 2023 Tranche 1 Placement | 50,000,000 | 1,250,000 | - | - |
| Less: transaction costs arising from share issues | - | (327,741) | - | (32,480) |
| Balance at end of financial period | 254,370,391 | 26,570,302 | 116,321,978 | 23,534,881 |

During FY 2023, the Company undertook two capital raises:

- (a) completed a Rights Issue in October 2022 and issued 88,048,413 fully paid ordinary shares and 44,024,216 Quoted CL8O Options; and
- (b) completed Tranche 1 Placement in June 2023 and issued 50,000,000 fully paid ordinary shares. At the EGM on the 26 July 2023 the Company shareholders approved the issue of a further 14,000,000 fully paid ordinary shares (Tranche 2) and 32,000,000 new CL8O Options exercisable at \$0.06 per option, with an expiry date of 31 October 2024, raising an additional \$0.35 million under the Tranche 2 Placement. In addition to the 32,000,000 new CL8O Options, the Company shareholders approved the issuing of 10,000,000 new CL8O Options in consideration for Peak Asset Management acting as corporate advisor for the Tranche 1 and Tranche 2 Placement. CL8O Options are exercisable at \$0.06 per option, with an expiry date of 31 October 2024.

(b) Options

The following options were issued during the year:

| Class | Expiry Date | Exercise Price | Number of Options |
|---------------------|------------------|----------------|-------------------|
| Quoted CL8O Options | 31 October 2024 | \$0.0600 | 45,107,979 |
| Employee Options | 1 September 2025 | \$0.0437 | 806,451 |
| Employee Options | 14 February 2026 | \$0.0213 | 91,414 |

The following options expired during the financial year:

| Class | Expiry Date | Exercise Price | Number of Options |
|----------------------|------------------|----------------|-------------------|
| Employee Options | 1 September 2022 | \$0.2500 | 33,562 |
| Unquoted Options | 31 October 2022 | \$0.3750 | 2,093,063 |
| Employee Options | 1 January 2023 | \$0.5000 | 13,980 |
| Employee Options | 16 March 2023 | \$0.2500 | 60,000 |
| Employee Options | 11 May 2023 | \$0.2500 | 120,000 |
| Quoted CL8OB Options | 31 May 2023 | \$0.1600 | 22,618,982 |



NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2023

NOTE 15: ISSUED CAPITAL (continued)

(b) Options (continued)

The following options lapsed in accordance with the terms of the Company's Incentive Option Plan during the financial year due to the cessation of an employee holding options:

| Class | Expiry Date | Exercise Price | Number of Options |
|------------------|------------------|----------------|-------------------|
| Employee Options | 1 September 2023 | \$0.2500 | 48,646 |
| Employee Options | 1 September 2024 | \$0.0750 | 504,844 |
| Employee Options | 1 September 2025 | \$0.0437 | 248,454 |

There were no options exercised during the period.

At 30 June 2023, unissued ordinary shares of the Company under option were as follows:

| Class | Expiry Date | Exercise Price | Number of Options |
|--------------------------------|------------------|----------------|-------------------|
| Employee Options | 1 September 2023 | \$0.2500 | 83,747 |
| Employee Options | 1 September 2024 | \$0.0750 | 844,349 |
| Quoted CL80 Options | 31 October 2024 | \$0.0600 | 45,107,979 |
| Employee Options | 30 May 2025 | \$0.0540 | 250,000 |
| Employee Options | 30 May 2025 | \$0.0720 | 250,000 |
| Employee Options | 1 September 2025 | \$0.0437 | 557,997 |
| Executive Options | 19 November 2025 | \$0.3750 | 1,620,000 |
| Employee Options | 14 February 2026 | \$0.0213 | 91,414 |
| Executive Options | 18 November 2026 | \$0.1000 | 1,250,000 |
| Executive Options | 18 November 2026 | \$0.1800 | 1,250,000 |
| Executive Options | 18 November 2026 | \$0.2400 | 1,250,000 |
| Executive Options | 18 November 2026 | \$0.3000 | 1,250,000 |
| Total number of options | | | 53,805,486 |

Notes to the tables of options:

Except for the Quoted CL80 Options, none of these options are quoted. There are no voting or dividend rights attaching to the options.

(c) Capital management

The Group's objectives when managing capital are disclosed in Note 24.

NOTE 16: SHARE-BASED PAYMENT RESERVES

| | Consolidated Group | |
|---|--------------------|----------------|
| | 2023 | 2022 |
| | \$ | \$ |
| Balance at beginning of the year | 905,610 | 838,571 |
| Options issued | 102,787 | 118,652 |
| Transfer to accumulated losses (options lapsed and expired) | (62,256) | (51,613) |
| Transfer to issued capital (options exercised) | - | - |
| Balance at the end of the year | 946,141 | 905,610 |

Nature and purpose of reserves

Share-based payment reserve

This reserve records the value of options issued including the value of equity benefits provided to employees, Directors and lead managers supporting Company capital raises as part of their remuneration. Refer to Note 18 for further details of these grants.



NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2023

| NOTE 17: ACCUMULATED LOSSES | Consolidated Group | |
|--|---------------------------|---------------------|
| | 2023 | 2022 |
| | \$ | \$ |
| Reconciliation of movements in accumulated losses: | | |
| Accumulated losses at beginning of the year | (23,915,279) | (20,952,277) |
| Transfer from reserves | 57,780 | 44,504 |
| Loss for the period | (3,142,225) | (3,007,506) |
| Accumulated losses at end of the year | (26,999,724) | (23,915,279) |

NOTE 18: SHARE-BASED PAYMENTS

The following share-based payment arrangements were entered into during the year:

| Class of Option | Grant date | Expiry date | Exercise Price | Balance at the start of the year | Granted | Exercised/ Lapsed | Vested during the year | Balance at the end of the year |
|-----------------|------------------|------------------|----------------|----------------------------------|---------|-------------------|------------------------|--------------------------------|
| Employee | 1 September 2022 | 1 September 2025 | \$0.0437 | - | 806,451 | (248,454) | - | 557,997 |
| Employee | 14 February 2023 | 14 February 2026 | \$0.0213 | - | 91,414 | - | - | 91,414 |

The valuation model inputs used to determine the fair value at grant dates are outlined below:

| Item | Employee Options | Employee Options |
|----------------------------------|---|---|
| Grant date | 1 September 2022 | 14 February 2023 |
| Share price at grant date | \$0.0350 | \$0.0170 |
| Expiry date | 1 September 2025 | 14 February 2026 |
| Exercise price | \$0.0437 | \$0.0213 |
| Valuation methodology | Black Scholes option pricing model (internal) | Black Scholes option pricing model (internal) |
| VWAP Barrier | Nil | Nil |
| Performance period (years) | Not applicable | Not applicable |
| Expected volatility ¹ | 80% | 80% |
| Risk-free rate | 3.33% | 3.45% |
| Dividend yield | 0.00% | 0.00% |
| Number of options | 806,451 | 91,414 |
| Valuation per option | 0.01684 | 0.00822 |
| Valuation of options | \$13,578 | \$752 |

Notes to the share-based payments tables:

- The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may not necessarily be the actual outcome.

Employee Options

During the year, the Company granted options to employees under the Incentive Option Plan approved by shareholders on 19 November 2018 (**Employee Options**) as set out in the tables above. The fair value of the Employee Options was calculated internally using a Black-Scholes valuation model and fully expensed in the reporting period. All Employee Options vested immediately.



NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2023

NOTE 18: SHARE-BASED PAYMENTS (continued)

Executive Options

Nil Executive Options were issued during the year.

Refer to the Share-based Compensation section of the Remuneration Report for details of performance conditions attaching to the Executive Options as well as the number of Executive Options that vested during the year.

Expenses arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised during the year as part of corporate and administrative expenses were as follows:

| | Consolidated Group | |
|-------------------|--------------------|----------------|
| | 2023 \$ | 2022 \$ |
| Employee Options | 10,147 | 41,816 |
| Executive Options | 51,961 | 67,950 |
| | 62,108 | 109,766 |

Share-based payment transactions recognised in share issue costs

On 16 September 2022, the Company entered into a mandate with Mahe Capital Pty Ltd (**Mahe Capital**) to act as lead manager of the 2022 Rights Issue (**Lead Rights Issue Manager Mandate**). Pursuant to the Lead Manager Mandate and upon completion of the Rights Issue, the Company issued 1,083,792 Quoted CL80 Options to Mahe Capital (**Lead Manager Options**).

On the 31 May 2023, the Company entered into a mandate with Copeak Corporate Pty Ltd ATF Peak Asset Management Unit Trust (**Peak Asset Management**) to act as lead manager of the 2023 Placement (**Lead Placement Manager Mandate**). Pursuant to the Lead Placement Manager Mandate and upon completion of the Tranche 1 and Tranche 2 Placements, the Company was to issue 10,000,000 Quoted CL80 Options to Peak Asset Management (**Lead Placement Manager Options**). At the Company EGM on the 26 July 2023, the shareholders approved the issuing of 10,000,000 CL80 Options exercisable at \$0.06 per option, with an expiry date of 31 October 2024, to Peak Asset Management. These options were accrued at 30 June 2023, and recognised as share issue costs. These options were issued on 24 August 2023.

Total share-based payment transactions recognised during the year as part of share issue costs were as follows:

| | Consolidated Group | |
|--------------------------------|--------------------|--------------|
| | 2023 \$ | 2022 \$ |
| Lead Manager Options | 8,402 | 1,778 |
| Lead Placement Manager Options | 28,095 | - |
| | 36,497 | 1,778 |



NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2023

NOTE 18: SHARE-BASED PAYMENTS (continued)

Movements during the year

The following options granted to executives and employees expired or lapsed during the financial year:

| Options | Grant Date | Expiry Date | Exercise Price \$ | Number Expired | Number Lapsed |
|------------------|------------------|------------------|-------------------|----------------|---------------|
| Employee Options | 1 September 2019 | 1 September 2022 | \$0.2500 | (33,562) | - |
| Employee Options | 28 January 2020 | 1 January 2023 | \$0.5000 | (13,980) | - |
| Employee Options | 29 May 2020 | 16 March 2023 | \$0.2500 | (60,000) | - |
| Employee Options | 29 May 2020 | 11 May 2023 | \$0.2500 | (120,000) | - |
| Employee Options | 4 September 2020 | 1 September 2023 | \$0.2500 | - | (48,646) |
| Employee Options | 12 October 2021 | 1 September 2024 | \$0.0750 | - | (504,844) |
| Employee Options | 1 September 2022 | 1 September 2025 | \$0.0437 | - | (248,454) |

The following table illustrates the number and weighted average exercise prices of and movements in options issued during the year:

| | 2023 | | 2022 | |
|--------------------------------------|------------------|---------------|------------------|---------------|
| | Number | WAEP \$ | Number | WAEP \$ |
| Outstanding at the beginning of year | 9,156,534 | 0.2105 | 2,289,569 | 0.3504 |
| Options granted | | | | |
| Employee Options | 806,451 | 0.0437 | 5,530 | 0.0913 |
| Employee Options | 91,414 | 0.0213 | 1,498,815 | 0.0750 |
| Employee Options | - | - | 120,000 | 0.0688 |
| Employee Options | - | - | 250,000 | 0.0720 |
| Employee Options | - | - | 250,000 | 0.0540 |
| Executive Options | - | - | 5,000,000 | 0.2050 |
| Options exercised | | | | |
| Employee Options | - | - | - | - |
| Expired during the year | | | | |
| Employee Options | (33,562) | 0.2500 | (40,000) | 0.3125 |
| Employee Options | (13,980) | 0.5000 | (40,000) | 0.3750 |
| Employee Options | (60,000) | 0.2500 | (59,909) | 0.2500 |
| Employee Options | (120,000) | 0.2500 | (43,720) | 0.2440 |
| Employee Options | - | - | (5,530) | 0.0913 |
| Employee Options | - | - | (81,697) | 0.0750 |
| Employee Options | - | - | (120,000) | 0.0688 |
| Employee Options | - | - | (36,459) | 0.2500 |
| Employee Options | - | - | (25,213) | 0.2500 |
| Employee Options | - | - | (67,926) | 0.0750 |
| Lapsed during the year | | | | |
| Employee Options | (48,646) | 0.2500 | (53,931) | 0.5275 |
| Employee Options | (504,844) | 0.0750 | (10,401) | 0.4075 |
| Employee Options | (248,454) | 0.0437 | - | - |
| Outstanding at the end of year | 9,024,913 | 0.2055 | 9,156,534 | 0.2105 |
| Exercisable at the end of year | 2,077,507 | 0.0684 | 2,479,129 | 0.1321 |

The weighted average remaining contractual life of options outstanding at the end of the financial year was 2.79 years (2022: 1.43 years).

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2023

NOTE 18: SHARE-BASED PAYMENTS (continued)

Modifications of equity-settled share-based payment transactions

No terms of equity-settled share-based payment transactions have been altered or modified by the Company during the 2023 financial year or the 2022 financial year.

NOTE 19: RELATED PARTY DISCLOSURES

| | Consolidated Group | |
|--|---------------------------|----------------|
| | 2023 | 2022 |
| | \$ | \$ |
| (a) Key management personnel compensation | | |
| Short-term benefits | 436,250 | 417,500 |
| Post-employment benefits | 25,640 | 23,301 |
| Share-based payment | 51,961 | 67,950 |
| Total compensation | 513,851 | 508,751 |

Note:

Detailed remuneration disclosures are provided in the Remuneration Report on pages 16 to 23.

(b) Other key management personnel transactions

Related party transactions

A number of key management personnel, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities.

The following entities transacted with the Company during the year. The terms and conditions of those transactions were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to unrelated entities on an arm's length basis.

The aggregate amounts recognised during the year relating to key management personnel and their related parties were as follows:

| Director | Transaction | Transactions value | | Balance outstanding | |
|-------------|--------------------------------------|---------------------------|-------------|----------------------------|-------------|
| | | for the year | | at 30 June | |
| | | 2023 | 2022 | 2023 | 2022 |
| | | \$ | \$ | \$ | \$ |
| Mr A Bunter | Taxation services ¹ | - | 2,040 | - | 2,040 |
| Mr R Blau | Fleet vehicle hire fees ² | 239,053 | 183,910 | 14,778 | 22,011 |
| Mr T Hunter | Platform services ³ | 89,739 | 50,777 | 6,975 | 16,114 |

Notes in relation to the table of other key management personnel transactions

1. A company associated with the spouse of Mr Bunter provided taxation services to the Company. The terms for such services were based on market rates, and amounts were payable on normal commercial terms.
2. An entity associated with Mr Blau and Mr Wundram supplies vehicles to the Group's fleet. The Group acts as agent to administer the rental of or subscription for the use of cars and enforces contracts for the mutual benefit of owners, renters and subscribers. The terms for such services were based on market rates and terms and conditions similar to all fleet supply agreements, and amounts were payable by the renters and subscribers for use of the vehicles.
3. A company associated with Mr Hunter is provided platform development and platform licensing services by the Group. The Group provides services relating to the development and set up of a platform to offer car subscription services in New Zealand and subsequently platform licensing and customer service assistance. The terms of such services are based on market rates, and amounts are payable on normal commercial terms.

There are no other key management personnel transactions during the 2023 or 2022 financial years.



NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2023

NOTE 19: RELATED PARTY DISCLOSURES (continued)

(c) Transactions with subsidiaries

Balances and transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation. Details of transactions between the Group and other related entities are disclosed below:

Loans to related parties

Loans are made by the Parent Entity, Carly Holdings Limited, to its wholly owned subsidiaries for capital purchases and working capital purposes. The loans outstanding between the Parent Entity and its subsidiaries have no fixed date of repayment and are non-interest bearing. Details of the Parent Entity's interest in its subsidiaries are set out in Note 25.

| | Parent Entity | |
|---|----------------|----------------|
| | 2023 | 2022 |
| | \$ | \$ |
| Non-Current | | |
| Loans to subsidiaries | 14,322,148 | 12,205,287 |
| Impairment losses | (14,144,642) | (11,604,642) |
| Carrying value of loans to subsidiaries | 177,506 | 600,645 |

The Parent Entity has recognised impairment losses in relation to loans to subsidiaries. Refer to Note 26 for further information.

No dividends were received from the subsidiaries in the 2023 or 2022 financial years.

NOTE 20: COMMITMENTS AND CONTINGENCIES

The Group places cancellable orders for new motor vehicles in order to grow its vehicle fleet. The orders are cancellable at the discretion of the Group and are placed in advance to manage the delivery timing. As of the date of this report, the Group had not yet accepted delivery of vehicles of value totalling \$543,288 (20 vehicles).

The Group does not have any other commitments or contingent liabilities at reporting date.

NOTE 21: SEGMENT INFORMATION

The Group had one reportable segment at the end of the period being the vehicle subscription business segment. The Group has identified its segment based on the internal reports that are reviewed on a monthly basis and used by the executive management team (the chief operating decision maker) in assessing performance and in determining the allocation of resources.

Accordingly, the Group operates predominantly in one business segment being the vehicle subscription business. Under the management approach outlined above only one operating segment has been identified and no further disclosure is required in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2023

NOTE 22: CASH FLOW STATEMENT RECONCILIATION

| | Consolidated Group | |
|--|--------------------|--------------------|
| | 2023 | 2022 |
| | \$ | \$ |
| (a) Reconciliation of net loss after tax to net cash flow from operating activities | | |
| Net loss after income tax | (3,142,225) | (3,007,506) |
| Adjustments for: | | |
| Depreciation | 248,506 | 49,235 |
| Depreciation (ROU) | 373,726 | 296,711 |
| Amortisation | - | - |
| Provision for expected credit loss | 89,562 | 108,645 |
| Impairment loss (trademark/goodwill) | - | - |
| Other non-cash items (including share-based payments) | 70,509 | 109,766 |
| Changes in operating assets and liabilities: | | |
| Change in trade and other receivables | 91,656 | (204,823) |
| Change in prepayments and other assets | (188,666) | (2,481) |
| Change in trade and other payables | 193,934 | (48,224) |
| Change in other liability | 371,204 | (72,290) |
| Net cash flows from operating activities | (1,891,794) | (2,770,967) |

(b) Non-cash operating, investing and financing activities

During the year, the Company granted options to employees to assist with the reward, retention and motivation of employees of the Group (refer Note 18).

These transactions are not reflected in the statement of cash flows.

(c) Changes in liabilities arising from financing activities

| Consolidated | Chattel Mortgage Facilities \$ | Borrowings \$ | Lease Liabilities \$ |
|--|---|------------------|----------------------------|
| Balance at 1 July 2021 | - | - | 382,812 |
| Net cash from / (used in) financing activities | - | - | (275,906) |
| Acquisition of vehicles | - | - | 864,404 |
| Balance at 30 June 2022 | - | - | 971,310 |
| Acquisition of borrowings | - | 2,200,000 | |
| Net cash from / (used in) financing activities | (214,112) | (130,160) | (405,018) |
| Acquisition of vehicles | 1,424,602 | - | 386,454 |
| Capitalised costs associated with acquired vehicles* | 241,643 | - | 34,580 |
| Transaction costs net of accumulated amortisation | - | (44,034) | - |
| Balance at 30 June 2023 | 1,452,133 | 2,025,806 | 987,326 |

*Capitalised costs include registration, stamp duty and documentation fees.



NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2023

NOTE 23: FINANCIAL INSTRUMENTS DISCLOSURE

(a) Overview

The Group's principal financial assets and liabilities include trade and other receivables, cash and short-term deposits and trade payables derived directly from its operations.

The Group is exposed to credit risk, liquidity risk and market risk. This note presents information about the Group's exposure to each of these risks, their objectives, policies and processes for measuring and managing risk, and the management of capital.

The Group's risk management framework is supported by the Board, management and the Audit and Risk Committee. The Board is responsible for approving and reviewing the Company's and consolidated entity's risk management strategy and policy. Management are responsible for monitoring that appropriate processes and controls are in place to effectively and efficiently manage risk. The Audit and Risk Committee is responsible for identifying, monitoring and managing significant business risks faced by the Company and consolidated entity and considering the effectiveness of its internal control system. Management and the Audit and Risk Committee report to the Board.

The Board has established an overall Risk Management Policy which sets out the Group's system of risk oversight, management of material business risks and internal control.

(b) Financial risk management objectives

The overall financial risk management strategy focuses on the unpredictability of the finance markets and seeks to minimise the potential adverse effects on financial performance and protect future financial security.

(c) Credit risk

Credit risk is the risk of financial loss to the Group if a counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's cash and cash equivalents and trade and other receivables. For the Parent Entity it arises from receivables due from subsidiaries.

The Group does not hold any credit derivatives to offset its credit exposure.

(i) Trade and other receivables

It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures including an assessment of their independent credit rating, financial position, past experience and industry reputation.

Purchase limits may be established where appropriate for individual customers in accordance with parameters set by management.

In addition, receivable balances are regularly monitored and acted upon where necessary to ensure the minimisation of bad debts.

The Group trades only with recognised, creditworthy third parties, and as such collateral is generally not requested nor is it the Group's policy to securitise its trade and other receivables.

The Consolidated Group does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the Group.



NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2023

NOTE 23: FINANCIAL INSTRUMENTS DISCLOSURE (continued)

(c) Credit risk (continued)

Exposure to credit risk

The carrying amount of the Group's financial assets represents the maximum credit exposure. The Group's maximum exposure to credit risk at the reporting date was:

| | Consolidated Group Carrying Amount | |
|--|---|------------------|
| | 2023 | 2022 |
| | \$ | \$ |
| Cash and cash equivalents | 1,662,787 | 805,407 |
| Trade and other receivables and deposits - current | 157,267 | 248,921 |
| | 1,820,054 | 1,054,328 |

The credit quality is assessed and monitored as follows:

| | Equivalent S&P rating¹ | | Internally rated² | | Total |
|-----------------------------------|--|----------------------|--|---------------------------------|------------------|
| | A+ and above | New customers | Closely monitored customers | No default customers | |
| | \$ | \$ | \$ | \$ | \$ |
| 30 June 2023 | | | | | |
| Cash and cash equivalents | 1,662,787 | - | - | - | 1,662,787 |
| Trade receivables - current | - | 23,114 | 42,216 | 7,631 | 72,961 |
| Other receivables and deposits | 84,306 | - | - | - | 84,306 |
| | 1,747,093 | 23,114 | 42,216 | 7,631 | 1,820,054 |
| 30 June 2022 | | | | | |
| Cash and cash equivalents | 805,407 | - | - | - | 805,407 |
| Trade receivables - current | - | 13,027 | 59,517 | 8,533 | 81,077 |
| Other receivables and deposits | 167,844 | - | - | - | 167,844 |
| | 973,251 | 13,027 | 59,517 | 8,533 | 1,054,328 |

Notes:

1. The equivalent S&P rating of the financial assets represents that rating of the counterparty with whom the financial asset is held rather than the rating of the financial asset itself.
2. New customers are counterparties with whom the Group has traded for less than one year. No default customers are customers with whom the Group has traded for greater than one year and have no history of default, late payments, renegotiated terms or breach of their credit terms within the past two years. Closely monitored customers are customers with whom the Group has traded for greater than one year and do not qualify as no default customers.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2023

NOTE 23: FINANCIAL INSTRUMENTS DISCLOSURE (continued)

(c) Credit risk (continued)

(ii) Expected credit loss

The Group applies the AASB 9 simplified approach to measuring expected credit losses. The Group uses a provision matrix to calculate expected credit loss for trade receivables. The provision rates are based on a matrix which approximates expected credit loss based on management's assessment of probable default rates based on aging categories. However, where there is no reasonable expectation of recovery, trade receivables are written off.

In the current period, the Group recognised an impairment loss on receivables from customers in cost of sales in the consolidated statement of profit or loss and other comprehensive income, amounting to \$89,562 (2022: \$108,645) using the provision matrix and it is set out below:

| | Probable default rates % | Gross carrying amount \$ | Expected credit loss \$ |
|---------------------|--------------------------------|--------------------------------|-------------------------------|
| 0-30 days (not due) | 0-20% | 68,616 | 11,095 |
| 31-90 days | 60-90% | 29,023 | 19,171 |
| 91-180 days | 80% | 26,828 | 21,462 |
| More than 180 days | 100% | 207,225 | 207,004 |
| | | 331,692 | 258,732 |

(d) Liquidity risk

Liquidity risk arises from the financial liabilities of the Group and the Group's subsequent ability to meet their obligations to repay their financial liabilities as and when they fall due.

Ultimate responsibility for liquidity risk management rests with the Board of Directors. The Board has determined an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans, redeemable convertible notes and unsecured interest-free loans.

The Group manages liquidity risk by maintaining adequate reserves, monitoring the total expected and actual cash inflows and outflows on a monthly basis and matching the maturity profiles of financial assets, expenditure commitments and liabilities.

The following are the contractual maturities of financial liabilities, including estimated interest payments.

Cash flows for liabilities without fixed amount or timing are based on conditions existing at year end.

| | Average fixed interest rate payable % | Carrying amount \$ | Contractual cash flows \$ | ≤ 6 months \$ | 6-12 months \$ | >12 months \$ | Total \$ |
|------------------------|--|--------------------------|---------------------------------|--------------------|-------------------|--------------------|--------------------|
| At 30 June 2023 | | | | | | | |
| Trade creditors | - | 381,854 | (381,854) | (381,854) | - | - | (381,854) |
| Other creditors | - | 650,124 | (650,124) | (650,124) | - | - | (650,124) |
| Borrowings | 7.95% | 3,477,939 | (3,477,939) | (186,549) | (186,549) | (3,104,841) | (3,477,939) |
| Lease liability | 6.60% | 987,326 | (987,326) | (173,385) | (173,385) | (640,556) | (987,326) |
| | | 5,497,243 | (5,497,243) | (1,391,912) | (359,934) | (3,745,397) | (5,497,243) |
| At 30 June 2022 | | | | | | | |
| Trade creditors | - | 305,104 | (305,104) | (305,104) | - | - | (305,104) |
| Other creditors | - | 532,941 | (532,941) | (532,941) | - | - | (532,941) |
| Borrowings | - | - | - | - | - | - | - |
| Lease liability | 6.47% | 971,311 | (971,311) | (188,645) | (188,645) | (594,021) | (971,311) |
| | | 1,809,356 | (1,809,356) | (1,026,690) | (188,645) | (594,021) | (1,809,356) |

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2023

NOTE 23: FINANCIAL INSTRUMENTS DISCLOSURE (continued)

(e) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and commodity prices will affect the consolidated entity's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising return.

Exposure to foreign currency risk

The Board does not consider the Group is materially exposed to changes in foreign exchange rates. As a result, the Group does not currently seek to mitigate its foreign currency exposures. The Group had no exposure to foreign currency risk at balance date.

Interest rate risk

The Group's exposure to interest rates relates to the Group's cash holdings which are invested in variable rate instruments. The Group is not exposed to interest rate risk on its borrowings and leases associated with its fleet of vehicles as the interest rates applied to these financial liabilities are fixed for the term of the lease or term of borrowing.

The Board manages these risks by monitoring levels of exposure to interest rate risk and assessing market forecasts for interest rates. The Group does not hedge against these risks.

Profile

The Group had the following exposure to interest rate risk at reporting date:

| | Consolidated Group | |
|-----------------------------------|---------------------------|----------------|
| | 2023 | 2022 |
| | \$ | \$ |
| <i>Variable rate instruments</i> | | |
| Financial assets | | |
| Cash and cash equivalents | 1,662,787 | 805,407 |
| Net exposure | 1,662,787 | 805,407 |
| <i>Fixed rate instruments</i> | | |
| Financial liabilities | | |
| Borrowings | 3,477,939 | - |
| Leases | 987,326 | 971,311 |
| Net exposure | 4,465,265 | 971,311 |

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2023

NOTE 23: FINANCIAL INSTRUMENTS DISCLOSURE (continued)

(e) Market risk (continued)

Sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

Sensitivity analysis for variable rate instruments

A change of 25 basis points in interest rates at reporting date (2022: 25 basis points) would have increased/(decreased) equity and profit or loss by the amounts shown below. The reasonable change has been calculated on the basis of historical changes in interest rates. This analysis assumes that all other variables remain constant.

| | Profit or loss | |
|---------------------------|-------------------|-------------------|
| | 25 bp increase | 25 bp decrease |
| 30 June 2023 | \$ | \$ |
| Variable rate instruments | 4,157 | (4,157) |
| 30 June 2022 | \$ | \$ |
| Variable rate instruments | 2,014 | (2,014) |

(f) Fair value of financial instruments

The fair values of financial assets and liabilities are determined in accordance with generally accepted pricing models based on estimated future cash flows. The Directors consider that the carrying amounts of financial assets and financial liabilities recorded in the financial statements approximate their fair values.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- (a) quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- (b) inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2); and
- (c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).



NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2023

NOTE 24: CAPITAL MANAGEMENT

When managing capital, the Board's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. The Board also aims to maintain a capital structure that ensures the lowest cost of capital available to the entity.

The Board adjusts the capital structure to take advantage of favourable costs of capital or high return on assets. Capital structure is predominantly driven by the capital requirements of the Group.

The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position although there is no formal policy regarding gearing levels.

The Group has no formal financing and gearing policy or criteria during the year. This position has not changed from the previous year.

There were no changes in the Group's approach to capital management during the year.

The Group is not subject to any externally imposed capital requirements.

NOTE 25: INTEREST IN SUBSIDIARIES

(a) Subsidiaries

The consolidated financial statements include the financial statements of Carly Holdings Limited and its subsidiaries listed in the following table:

| Subsidiary | Country of Incorporation | Date of Incorporation | Equity Interest | Equity Interest |
|--------------------------------------|--------------------------|-----------------------|-----------------|-----------------|
| | | | 2023 % | 2022 % |
| Carly Car Subscription Pty Ltd | Australia | 5 September 2009 | 100 | 100 |
| Drive My Fleet Pty Ltd | Australia | 15 December 2010 | 100 | 100 |
| ElevenX Operations Pty Ltd | Australia | 28 May 2021 | 100 | 100 |
| Mobilise Global Pty Ltd ¹ | Australia | 28 April 2014 | - | 100 |
| My Caravan Pty Ltd ¹ | Australia | 3 September 2014 | - | 100 |
| OneX Operations Pty Ltd | Australia | 15 March 2023 | 100 | - |

(b) Ultimate parent

Carly Holdings Limited is the ultimate parent entity, incorporated in Australia on 20 September 1994.

1. Entity was formally deregistered on 20 July 2022.



NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2023

NOTE 26: PARENT ENTITY INFORMATION

The following details information related to the Parent Entity at 30 June 2023. The information presented has been prepared using accounting policies disclosed in Note 1.

(a) Statement of financial position

| | Parent Entity | |
|--------------------------------------|------------------|------------------|
| | 2023 \$ | 2022 \$ |
| CURRENT ASSETS | | |
| Cash and cash equivalents | 1,255,532 | 606,634 |
| Trade and other receivables | 4,840 | 170,892 |
| Other current assets | 60,167 | 54,118 |
| Total Current Assets | 1,320,539 | 831,644 |
| NON-CURRENT ASSETS | | |
| Investments in subsidiaries | 2,257,505 | 2,680,645 |
| Intangible assets | - | - |
| Right of use asset (office lease) | 52,542 | 210,166 |
| Total Non-Current Assets | 2,310,047 | 2,890,811 |
| TOTAL ASSETS | 3,630,586 | 3,722,455 |
| CURRENT LIABILITIES | | |
| Trade and other payables | 308,867 | 281,607 |
| Related party borrowings | - | - |
| Lease liability | 60,303 | 172,896 |
| Total Current Liabilities | 369,170 | 454,503 |
| NON-CURRENT LIABILITIES | | |
| Lease liability | - | 60,303 |
| Total Non-Current Liabilities | - | 60,303 |
| TOTAL LIABILITIES | 369,170 | 514,806 |
| NET ASSETS | 3,261,416 | 3,207,649 |
| EQUITY | | |
| Issued capital | 26,570,303 | 23,534,881 |
| Reserves | 946,141 | 905,610 |
| Accumulated losses | (24,255,028) | (21,232,842) |
| TOTAL EQUITY | 3,261,416 | 3,207,649 |

(b) Statement of profit or loss and other comprehensive income

| | | |
|--|--------------------|--------------------|
| Net loss for the year ¹ | (3,080,259) | (3,048,132) |
| Total comprehensive loss for the year | (3,080,259) | (3,048,132) |

1. During the year, impairment losses of \$2,540,000 were recognised in relation to loans receivable from subsidiaries as at 30 June 2023 (2022: \$2,285,978).

(c) Commitments and contingencies

The Parent Entity did not have any commitments or contingencies at reporting date.



NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2023

NOTE 27: AUDITORS' REMUNERATION

Audit and half year review of financial reports (HLB Mann Judd (WA) Partnership)

| Consolidated Group | |
|--------------------|---------------|
| 2023 | 2022 |
| \$ | \$ |
| 48,500 | 42,000 |

NOTE 28: EVENTS SUBSEQUENT TO REPORTING DATE

Mr Todd Hunter stepped down from the Board of Directors of the Company, effective 21 July 2023. Mr Hunter stepped down as a director of the Company due to his increasing commitments as CEO of Turners Automotive Group, the largest used vehicle network in New Zealand and a significant player in the insurance and finance industries. Turners Automotive Group continues its Turners Subscription business in New Zealand through a licensing arrangement with Carly.

At the Company EGM held on 26 July 2023, shareholders approved the Tranche 2 Placement and the issuing of 14,000,000 fully paid ordinary shares at an issue price of \$0.025, raising an additional \$0.35 million of equity before costs. Shareholders also approved the issuing of 32,000,000 new CL80 Options exercisable at \$0.06 per option associated with the Tranche 1 and Tranche 2 Placements, with an expiry date of 31 October 2024. On 31 July 2023, the Company issued 25,000,000 CL80 Options associated with the Tranche 1 Placement. On 24 August 2023, the Company issued 14,000,000 Shares and 7,000,000 CL80 Options under the Tranche 2 Placement.

In consideration for Peak Asset Management acting as corporate advisor for the Tranche 1 and Tranche 2 Placement, the Company agreed, and the shareholders approved, the issuing of 10,000,000 CL80 Options exercisable at \$0.06 per option, with an expiry date of 31 October 2024, to Peak Asset Management.

The entity will be assessing the raising of additional funding during H1 FY24 to support the vehicle acquisitions strategy and has undertaken steps to begin this process. The entity believes it is highly likely that additional funding will be secured prior to the end of H1 FY24. The Directors closely monitor cash flows and funding requirements and are assessing all funding alternatives 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.

In July 2023, the Group completed a further \$800,000 draw down of the iPartners Facility A for the purpose of acquiring new vehicles. This draw down meant that the Group had used \$3m of the available \$4m iPartners Facility A as at the end of July 2023.

In July 2023, consistent with the vehicle supply strategy, a number of new vehicles were ordered, some of which were delivered in July 2023 (40 vehicles, total cost of \$948,922). As of the date of this report, the Group had not yet accepted delivery of vehicles of value totalling \$543,288 (20 vehicles).

Other than the matters described above, there has not arisen in the interval between the end of the year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.



DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of Carly Holdings Limited, I state that:

1. In the opinion of the Directors of Carly Holdings Limited:
 - (a) the accompanying financial statements and notes for the financial year ended 30 June 2023 are in accordance with the Corporations Act 2001 including:
 - (i) giving a true and fair view of the Group's financial position as at 30 June 2023 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards, the Corporations Regulations 2001, professional reporting requirements and other mandatory requirements;
 - (b) the financial report complies with International Financial Reporting Standards issued by the International Accounting Standards Board; and
 - (c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
2. This declaration has been made after receiving the declaration required to be made to the Directors in accordance with Section 295A of the Corporations Act 2001 for the financial year ended 30 June 2023.

On behalf of the Board:

A handwritten signature in black ink, appearing to read 'Chris Noone', with a stylized flourish at the end.

Chris Noone
Chief Executive Officer/ Executive Director

Dated at Sydney, New South Wales this 30th of August 2023.

INDEPENDENT AUDITOR'S REPORT

To the Members of Carly Holdings Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Carly Holdings Limited ("the Company") and its controlled entities ("the Group"), which comprises the statement of financial position as at 30 June 2023, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Group's financial position as at 30 June 2023 and of its financial performance for the year then ended; and
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* ("the Code") that are relevant to our audit of the financial report in Australia.

We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial report, which indicates that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

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| Key Audit Matter | How our audit addressed the key audit matter |
|--|---|
| <p>Revenue from contracts with customers Refer to Note 1(c) and Note 2</p> <p>During the financial year ended 30 June 2023, the Group recorded revenue of \$2,100,431 from vehicle subscription services.</p> <p>The Group derives fees from rendering services as an agent in the vehicle subscription services market, as well as earning revenue from the provision of vehicle subscription services for vehicles owned or leased by the Group.</p> <p>We determined this to be a key audit matter as it is important to the users' understanding of the financial statements and the value of revenue recognised is material. There is also some complexity and judgement in applying the accounting standards to the Group's contracts with customers.</p> | <p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> – evaluating management's processes and the design and implementation of relevant controls; – assessing whether revenue had been recognised in accordance with the requirements of accounting standards; – consideration of the risk of fraud in revenue recognition; – ensuring revenue was recognised in the correct period; – conducting analytical and substantive procedures over revenue; – consideration of whether the Group is acting as principal or agent; and – reviewing the adequacy of disclosures within the financial report. |
| <p>Lease accounting Refer to Note 10</p> <p>As at 30 June 2023, the Group has recognised a current lease liability of \$346,770 and a non-current lease liability of \$640,557 in relation to an office lease and vehicle leases.</p> <p>We determined lease accounting to be a key audit matter as it is material, important to the users' understanding of the financial statements and involved the most audit effort and communication with management.</p> | <p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> – evaluating management's processes and the design and implementation of relevant controls; – reviewing the underlying lease contracts; – ensuring leases were accounted for in accordance with the requirements of AASB 16 <i>Leases</i>. – Ensuring lease liabilities and right of use assets had been correctly determined; – Reperforming lease calculations on a sample basis; – Ensuring the classification between current and non-current lease liabilities was correct; – Ensuring the adequacy of disclosures within the financial report. |
| <p>Financed acquisitions of motor vehicles Refer to Note 9 and Note 14</p> <p>During the financial year to 30 June 2023, the Group pursued its hybrid vehicle supply strategy by financing the purchase of new vehicles. The vehicles were purchased using loan facilities and are secured via chattel mortgages. As at 30 June 2023, the carrying value of motor vehicles is \$2.96 mil and associated loans payable are \$3.48 mil.</p> | <p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> – evaluating management's processes and the design and implementation of relevant controls; – ensuring the correct classification of liabilities as current or non-current; – assessing whether the Group was in compliance with financial covenants at the end of and during the period; – reviewing the terms of the loan agreements; |

| Key Audit Matter | How our audit addressed the key audit matter |
|--|--|
| Financed acquisitions of motor vehicles Refer to Note 9 and Note 14 | |
| We determined this to be a key audit matter as the balance is material, required significant audit time and effort and is important to the users' understanding of the financial statements. | <ul style="list-style-type: none"> – assessing the Group's application of relevant accounting standards to the loan agreements; – performing substantive testing over a sample of additions; – reviewing the appropriateness of depreciation during the period; – reperforming depreciation expense calculations for a sample of vehicles; – obtaining external confirmation of loan balances as at 30 June 2023. |

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2023, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report, or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON THE REMUNERATION REPORT

Opinion on the Remuneration Report

We have audited the Remuneration Report included within the directors' report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of Carly Holdings Limited for the year ended 30 June 2023 complies with Section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

Perth, Western Australia
30 August 2023



M R Ohm
Partner



SHAREHOLDER INFORMATION

Details of securities as at 28 August 2023

Capital structure

| Securities | Number |
|--|-------------|
| Fully paid ordinary shares | 268,370,391 |
| Employee Options exercisable at \$0.2500 each and expiring on 1 September 2023 | 83,747 |
| Employee Options exercisable at \$0.0750 each and expiring on 1 September 2024 | 844,349 |
| Quoted CL80 Options exercisable at \$0.0600 each and expiring on 31 October 2024 | 87,107,979 |
| Employee Options exercisable at \$0.0540 each and expiring on 30 May 2025 | 250,000 |
| Employee Options exercisable at \$0.0720 each and expiring on 30 May 2025 | 250,000 |
| Employee Options exercisable at \$0.0437 each and expiring on 1 September 2025 | 557,997 |
| Executive Options exercisable at \$0.3750 each and expiring on 19 November 2025 | 1,620,000 |
| Employee Options exercisable at \$0.0213 each and expiring on 14 February 2026 | 91,414 |
| Executive Options exercisable at \$0.1000 expiring on 18 November 2026 | 1,250,000 |
| Executive Options exercisable at \$0.1800 expiring on 18 November 2026 | 1,250,000 |
| Executive Options exercisable at \$0.2400 expiring on 18 November 2026 | 1,250,000 |
| Executive Options exercisable at \$0.3000 expiring on 18 November 2026 | 1,250,000 |

Top holders

The 20 largest registered holders of each class of quoted security were:

| <i>Fully paid ordinary shares</i> | | Number | % |
|-----------------------------------|--|--------------------|---------------|
| | Name | | |
| 1. | WILLOUGHBY CAPITAL PTY LTD <WILLOUGHBY CAPITAL A/C> | 51,984,772 | 19.37% |
| 2. | SG FLEET MANAGEMENT PTY LIMITED | 39,439,375 | 14.70% |
| 3. | MS CHUNYAN NIU | 14,000,000 | 5.22% |
| 4. | TURNERS AUTOMOTIVE GROUP LIMITED | 8,582,136 | 3.20% |
| 5. | KARNANI PTY LTD <KARNANI FAM SF A/C> <KARNANI A/C> | 8,330,000 | 3.10% |
| 6. | BELLITE PTY LTD <MEYER FAMILY A/C> | 7,291,666 | 2.72% |
| 7. | 10 BOLIVIANOS PTY LTD | 6,372,414 | 2.37% |
| 8. | LJ & K THOMSON PTY LTD <LJT & KT SUPER FUND A/C> | 6,270,000 | 2.34% |
| 9. | BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP> | 5,334,909 | 1.99% |
| 10. | MYOLA (WA) PTY LTD <BRENT MEZGER FAMILY A/C> | 5,073,777 | 1.89% |
| 11. | MR ABUSAD AHMAD | 4,674,724 | 1.74% |
| 12. | MR BENJAMIN NORMAN THOMPSON | 4,170,000 | 1.55% |
| 13. | ASB NOMINEES LIMITED <513640 - ML A/C> | 3,670,998 | 1.37% |
| 14. | NOONE HOLDINGS PTY LTD <C AND K NOONE FAMILY A/C > | 3,428,750 | 1.28% |
| 15. | MR BIN LIU | 2,950,000 | 1.10% |
| 16. | MRS BELINDA COLUBRIALE <BELINDA PRIORIELLO A/C> | 2,720,000 | 1.01% |
| 17. | MR BRADLEY PARTRIDGE | 2,593,500 | 0.97% |
| 18. | NETWEALTH INVESTMENTS LIMITED <WRAP SERVICES A/C> | 2,462,026 | 0.92% |
| 19. | MR AAMIR PARKAR | 2,014,054 | 0.75% |
| 20. | MR LLOYD RICHARD MENZIES | 2,000,000 | 0.75% |
| | | 183,363,101 | 68.34% |



SHAREHOLDER INFORMATION

The 20 largest registered holders of Quoted Options were:

Quoted Options exercisable at \$0.0600 each and expiring on 31 October 2024

| | Name | Number | % |
|-----|---|-------------------|---------------|
| 1. | 10 BOLIVIANOS PTY LTD | 11,500,000 | 13.20% |
| 2. | WILLOUGHBY CAPITAL PTY LTD <WILLOUGHBY CAPITAL A/C> | 11,431,472 | 13.12% |
| 3. | SG FLEET MANAGEMENT PTY LIMITED | 8,230,721 | 9.45% |
| 4. | MS CHUNYAN NIU | 7,000,000 | 8.04% |
| 5. | KARNANI PTY LTD <KARNANI FAM SF A/C> <KARNANI A/C> | 4,165,000 | 4.78% |
| 6. | LJ & K THOMSON PTY LTD <LJT & KT SUPER FUND A/C> | 2,635,000 | 3.03% |
| 7. | MR ALEXANDER JOHN FAHEY | 2,363,331 | 2.71% |
| 8. | MR BENJAMIN NORMAN THOMPSON | 2,085,000 | 2.39% |
| 9. | BELLITE PTY LTD <MEYER FAMILY A/C> | 2,083,333 | 2.39% |
| 10. | MR THOMAS EDWARD GOLDSTRAW | 1,800,000 | 2.07% |
| 11. | TURNERS AUTOMOTIVE GROUP LIMITED | 1,791,068 | 2.06% |
| 12. | MRS BELINDA COLUBRIALE <BELINDA PRIORIELLO A/C> | 1,360,000 | 1.56% |
| 13. | GOFFACAN PTY LTD | 1,282,344 | 1.47% |
| 14. | FIRST INVESTMENT PARTNERS PTY LTD | 1,275,000 | 1.46% |
| 15. | MYOLA (WA) PTY LTD <BRENT MEZGER FAMILY A/C> | 1,170,944 | 1.34% |
| 16. | MR ABUSAD AHMAD | 1,168,681 | 1.34% |
| 17. | NOONE HOLDINGS PTY LTD <C AND K NOONE FAMILY A/C> | 1,116,937 | 1.28% |
| 18. | FIRST INVESTMENT PARTNERS PTY LTD | 1,000,000 | 1.15% |
| 19. | MR AAMIR PARKAR | 925,000 | 1.06% |
| 20. | ASB NOMINEES LIMITED <513640 - ML A/C> | 900,000 | 1.03% |
| | | 65,283,831 | 74.93% |

Distribution schedules

A distribution schedule of each class of equity security:

Fully paid ordinary shares

| Range | Holders | Units | % |
|------------------|------------|--------------------|----------------|
| 1 - 1,000 | 60 | 18,689 | 0.01% |
| 1,001 - 5,000 | 171 | 569,204 | 0.21% |
| 5,001 - 10,000 | 101 | 738,312 | 0.28% |
| 10,001 - 100,000 | 273 | 10,362,670 | 3.86% |
| 100,001 - Over | 163 | 256,681,516 | 95.64% |
| Total | 768 | 268,370,391 | 100.00% |

Quoted Options exercisable at \$0.0600 each and expiring on 31 October 2024

| Range | Holders | Units | % |
|-----------------|------------|-------------------|----------------|
| 1 -1,000 | 12 | 4,159 | 0.00% |
| 1,001 -5,000 | 20 | 55,810 | 0.07% |
| 5,001 -10,000 | 12 | 87,746 | 0.10% |
| 10,001 -100,000 | 26 | 1,124,213 | 1.29% |
| 100,001 -Over | 87 | 85,836,051 | 98.54% |
| Total | 157 | 87,107,979 | 100.00% |

Unquoted securities

| Class | Expiry Date | Exercise Price | Number of Options | Number of Holders |
|-------------------|------------------|----------------|-------------------|-------------------|
| Employee Options | 1 September 2023 | \$0.2500 | 83,747 | 2 |
| Employee Options | 1 September 2024 | \$0.0750 | 844,349 | 4 |
| Employee Options | 30 May 2025 | \$0.0540 | 250,000 | 1 |
| Employee Options | 30 May 2025 | \$0.0720 | 250,000 | 1 |
| Employee Options | 1 September 2025 | \$0.0437 | 557,997 | 1 |
| Executive Options | 19 November 2025 | \$0.3750 | 1,620,000 | 1 |
| Employee Options | 14 February 2026 | \$0.0213 | 91,414 | 2 |
| Executive Options | 18 November 2026 | \$0.1000 | 1,250,000 | 1 |
| Executive Options | 18 November 2026 | \$0.1800 | 1,250,000 | 1 |
| Executive Options | 18 November 2026 | \$0.2400 | 1,250,000 | 1 |
| Executive Options | 18 November 2026 | \$0.3000 | 1,250,000 | 1 |



SHAREHOLDER INFORMATION

Substantial shareholders

The names of substantial shareholders and the number of shares to which each substantial shareholder and their associates have a relevant interest, as disclosed in substantial shareholding notices given to the Company, are set out below:

| Substantial shareholder | Number of Shares |
|---|-------------------------|
| Willoughby Capital Pty Ltd <Willoughby Capital A/C> | 51,984,772 |
| SG Fleet Group Limited (ASX:SGF) | 39,439,375 |

Unmarketable parcels

Holdings less than a marketable parcel of ordinary shares (being 21,663 as of 28 August 2023):

| Holders | Units |
|----------------|--------------|
| 449 | 3,099,742 |

Voting Rights

The voting rights attaching to ordinary shares are:

On a show of hands, every member present in person or by proxy shall have one vote, and upon a poll, each share shall have one vote.

Options do not carry any voting rights.

On-Market Buy Back

There is no current on-market buy-back.