



Appendix 4D – Half Year Report

(ASX Listing rule 4.2A)

Company Name: Carly Holdings Limited (the **Company**)
ABN: 60 066 153 982
Reporting Period: Half year ended 31 December 2022
Previous Reporting Period: Half year ended 31 December 2021

Results for Announcement to the Market

The results of Carly Holdings Limited for the half year ended 31 December 2022 are as follows:

Revenue	Up	68.9%	to	\$880,715
Loss from continuing operations	Down	5.3%	to	(\$1,618,522)
Net loss for the period attributable to members	Down	5.3%	to	(\$1,618,522)

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

	31 December 2022	31 December 2021
Net Tangible Assets per Share (cents)	0.43	1.52

Explanation of results

Carly Holdings Limited recorded operating revenue of \$880,715 for the half year ended 31 December 2022 (2021: \$521,346), being an increase of 68.9% compared to the prior year period. The loss from continuing operations for the half year was \$1,618,522 (2021: \$1,709,589) and the net loss for the period attributable to members was \$1,618,522 (2021: \$1,709,589).

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

Interim review of accounts

The interim financial statements have been reviewed by the Group's independent auditor. The independent auditor's review report is included within the interim financial report which accompanies this Appendix 4D.

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

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



Carly Holdings Limited

ACN 066 153 982

**INTERIM FINANCIAL REPORT
31 DECEMBER 2022**



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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
Mr Todd Hunter - Non-Executive Director
Mrs 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, CL8OB, CL8O

Bankers

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

The Directors present the interim financial report of the consolidated entity consisting of Carly Holdings Limited (the **Company** or **Parent Entity**) and its controlled entities (the **consolidated entity** or **Group**) for the half year ended 31 December 2022 and the independent auditor's review report thereon.

Directors and Company Secretary

The following persons held office as Directors of the Company during or since the end of the half year period ended 31 December 2022 until the date of this report. Directors were in office for the entire period unless stated otherwise.

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

The following person held office as Company Secretary of the Company during the half year ended 31 December 2022 until the date of this report.

Ms Karen Logan	Company Secretary
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Results

The net loss after tax of the Group for the half-year was \$1,618,522 (2021: loss of \$1,709,589).

The Group's gross revenue from continuing operations increased by 68.9% to \$880,715 in this half year, and gross profit from continuing operations increased by 261.0% to \$487,738. The net loss from continuing operations decreased by 5.3% to \$1,618,522. Net assets increased by 70.2% to \$893,997.

Review of Operations

Carly Holdings Limited has continued to deliver strong growth in H1 FY23 with subscription transaction value (the total value of subscription revenue before any costs or third-party fees) growing to \$1.48m, an increase of 26% vs H1 FY22 and representing 92% of total rental and subscription transaction value of \$1.62m (H1 FY22: \$1.37m). This result supports Carly's strategic objective to transition focus and resources away from the more volatile car rental and rideshare rental revenue streams to the higher potential car subscription opportunity. This strategy has helped Carly deliver revenue growth while navigating the challenges of new vehicle supply issues impacting the Australian marketplace.

Despite the vehicle supply restrictions caused by Covid-19 issues and microchip shortages, Carly has been able to grow both its vehicle fleet and subscriber base. During H1 FY23 Carly added a further 64 vehicles to its owned and financed fleet representing growth of 116% vs H1 FY22. Carly was able to maintain a corporate fleet utilisation rate of 87% across the period. By 31 December 2022 Carly's dedicated fleet reached 267 vehicles. The increase in fleet size occurred at the same time as Carly was able to reduce its average customer acquisition cost during H1 FY23 to \$201 (H1 FY22: \$1,012).

Whereas Carly previously relied exclusively on an asset light model, accessing underutilised vehicles owned by automotive dealers, manufacturers and fleet managers, Carly has continued to finance the acquisition of vehicles to gain more control over fleet size and composition in a tight supply environment. This approach has had a direct impact with gross profit increasing by 261% in H1 FY23, reaching \$487,738 (H1 FY22: \$135,098). By having a greater level of control over the fleet Carly has been able to tighten its cost control. Excluding the impact of depreciation, corporate and administrative expenses have increased by 8.2% over the period compared to H1 FY22, while at the same time Carly has been able to grow its revenue by 68.9%. Carly has not increased its staff levels over the period, however, as Carly invests in new vehicles and increases the size of the fleet, investment will be made in customer facing roles for the management of vehicle handovers.



As announced on 2 November 2022 Carly Holdings Limited confirmed the completion of the renounceable rights issue of shares and free-attaching quoted options (**Rights Issue**). The Company issued a total of 88,048,413 fully paid ordinary shares and 44,024,187 quoted options, exercisable at \$0.06 each, with an expiry date of 31 October 2024 (**CL80 Options**), raising \$2,113,162 before costs. Carly also issued 1,083,792 Options pursuant to the lead manager mandate upon completion of the Rights Issue.

In H2 FY23 Carly continues to focus on the growth of the car subscription revenue stream, with a major emphasis on the acquisition and supply of vehicles from multiple sources to meet the level of demand from consumers and businesses.

Auditor’s independence declaration under Section 307C of the Corporations Act 2001

Section 307C of the Corporations Act 2001 requires our auditors, HLB Mann Judd, to provide the Directors of the Company with an Independence Declaration in relation to the review of the interim financial report. This Independence Declaration is set out on page 5 and forms part of this Directors’ Report for the half-year ended 31 December 2022.

This report is signed in accordance with a resolution of the Board of Directors made pursuant to section 306(3) of the Corporations Act 2001.

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

Chris Noone
CEO and Executive Director

Dated at Sydney, New South Wales, this 27th day of February 2023.

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the consolidated financial report of Carly Holdings Limited for the half-year ended 31 December 2022, 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 review; and
- b) any applicable code of professional conduct in relation to the review.

Perth, Western Australia
27 February 2023



M R Ohm
Partner

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



**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2022**

	Notes	Consolidated	
		31 Dec 2022	31 Dec 2021
		\$	\$
Revenue from continuing operations	3	880,715	521,346
Cost of sales		(392,977)	(386,248)
Gross profit		487,738	135,098
Other income		20,319	28,794
Corporate and administrative expenses		(1,595,482)	(1,328,175)
Research and development expenses		(532,237)	(551,543)
		(2,107,400)	(1,850,924)
Results from continuing activities		(1,619,662)	(1,715,826)
Finance income		4,685	7,425
Finance costs		(3,545)	(1,188)
Net financing costs		1,140	6,237
Loss before income tax		(1,618,522)	(1,709,589)
Income tax benefit		-	-
Loss from continuing operations		(1,618,522)	(1,709,589)
Other comprehensive income		-	-
Total comprehensive loss for the period		(1,618,522)	(1,709,589)
Loss per share from continuing operations:			
Basic loss per share (cents per share)	14	(1.12)	(1.55)
Diluted loss per share (cents per share)	14	(1.12)	(1.55)

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



**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022**

	Notes	Consolidated	
		31 Dec 2022 \$	30 Jun 2022 \$
CURRENT ASSETS			
Cash and cash equivalents		1,618,188	805,407
Trade and other receivables	4	105,904	248,921
Other current assets	5	178,869	74,855
Total Current Assets		1,902,961	1,129,183
NON-CURRENT ASSETS			
Property, plant and equipment	6	1,179,287	271,277
Right of use assets	10(a)	1,077,829	935,484
Intangible assets		7,967	7,967
Other non-current assets	5	200,599	200,255
Total Non-Current Assets		2,465,682	1,414,983
TOTAL ASSETS		4,368,643	2,544,166
CURRENT LIABILITIES			
Trade and other payables	7	1,006,969	848,306
Lease liabilities	10(b)	436,454	377,291
Loans payable	8	236,619	-
Other liabilities	9	193,906	170,865
Total Current Liabilities		1,873,948	1,396,462
NON-CURRENT LIABILITIES			
Lease liabilities	10(b)	714,110	594,020
Loans payable	8	854,916	-
Other non-current liabilities	9	31,672	28,472
Total Non-Current Liabilities		1,600,698	622,492
TOTAL LIABILITIES		3,474,646	2,018,954
NET ASSETS		893,997	525,212
EQUITY			
Issued capital	11	25,466,810	23,534,881
Reserves		956,608	905,610
Accumulated losses	13	(25,529,421)	(23,915,279)
TOTAL EQUITY		893,997	525,212

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

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2022**

	Notes	Issued Capital \$	Reserves \$	Accumulated losses \$	Total \$
Balance at 1 July 2021		22,912,551	838,571	(20,952,277)	2,798,845
Loss for the period		-	-	(1,709,589)	(1,709,589)
Total comprehensive loss for the period		-	-	(1,709,589)	(1,709,589)
Issue of share capital	11	654,810	-	-	654,810
Share issue costs	11	(32,480)	-	-	(32,480)
Share-based payment expense	12	-	69,758	-	69,758
Transfer from reserves on conversion/ lapse of options	13	-	(34,054)	34,054	-
Balance at 31 December 2021		23,534,881	874,275	(22,627,812)	1,781,344
Balance at 1 July 2022		23,534,881	905,610	(23,915,279)	525,212
Loss for the period		-	-	(1,618,522)	(1,618,522)
Total comprehensive loss for the period		-	-	(1,618,522)	(1,618,522)
Issue of share capital	11	2,113,162	-	-	2,113,162
Share issue costs	11	(181,233)	-	-	(181,233)
Share-based payment expense	12	-	55,378	-	55,378
Transfer from reserves on lapse of options	13	-	(4,380)	4,380	-
Balance at 31 December 2022		25,466,810	956,608	(25,529,421)	893,997

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



**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2022**

	Note	Consolidated	
		31 Dec 2022 \$	31 Dec 2021 \$
Cash flows from operating activities			
Receipts from customers		1,714,436	1,405,017
Payments to suppliers and employees		(2,750,011)	(3,027,618)
Interest received		4,199	7,055
Interest paid on lease liability	10(c)	(44,906)	(21,836)
Payments for short term leases		(2,550)	(18,528)
Finance costs		-	(969)
Research and development refundable tax offset		168,472	-
Net cash used in operating activities		(910,360)	(1,656,879)
Cash flows from investing activities			
Purchase of property, plant and equipment	6	-	(265,457)
Transfer to vehicle lease security guarantee account		-	(200,000)
Net cash used in investing activities		-	(465,457)
Cash flows from financing activities			
Payment of principal amounts on loans payable and lease liabilities – office and vehicles	8	(248,147)	(99,873)
Proceeds from issue of shares	11	2,113,162	654,810
Payment of share issue costs	11	(141,874)	(71,804)
Net cash provided by financing activities		1,723,141	483,133
Net increase/(decrease) in cash held		812,781	(1,639,204)
Cash and cash equivalents at the beginning of the period		805,407	3,734,729
Cash and cash equivalents at the end of the period		1,618,188	2,095,525

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Reporting entity

Carly Holdings Limited (**Company** or **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 half-year ended 31 December 2022 comprise the Company and its subsidiaries (**Consolidated Entity** or **Group**). The Company is domiciled in Australia.

The annual financial report of the consolidated entity for the year ended 30 June 2022 is available upon request from the Company's registered office or may be viewed on the Company's website, <https://investors.carly.co>.

(b) Basis of Preparation

Statement of Compliance

The consolidated interim financial statements are general purpose financial statements which have been prepared in accordance with the requirements of the Corporations Act 2001, applicable accounting standards including AASB 134 'Interim Financial Reporting', Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board ('AASB'). Compliance with AASB 134 ensures compliance with IAS 34 'Interim Financial Reporting'.

The interim financial statements were authorised for issue by the Board on 27 February 2023.

The interim financial report does not include full disclosures of the type normally included in an annual financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the group as in the full financial report.

It is recommended that this interim financial report be read in conjunction with the annual financial report for the year ended 30 June 2022 and considered together with any public announcements made by the Company during the half-year ended 31 December 2022 in accordance with the continuous disclosure requirements arising under the Corporations Act 2001 and the ASX Listing Rules.

Basis of measurement

The interim financial statements have been prepared on the accruals basis and the historical cost basis. All amounts are presented in Australian dollars, unless otherwise noted.

For the purpose of preparing the interim financial statements, the half-year has been treated as a discrete reporting period.

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 H2 FY23. 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 of \$1,618,522 during the half year (December 2021: loss of \$1,709,589), that there is a net working capital surplus of \$29,013 (December 2021: \$1,029,078 surplus) and a net cash outflow from operating activities of \$910,360 (December 2021: outflow of \$1,656,879).

The Directors are of the opinion 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 \$1,618,188 as at 31 December 2022;
- 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 progresses;

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

- The plans and forecasts reviewed by the Directors for the next twelve months anticipate the business will continue to produce improved results;
- The Group has a demonstrated 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) \$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;
 - (b) \$654,810 before costs through a Tranche 2 Placement in December 2021, which was supported by the two largest shareholders;
 - (c) \$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;
 - (d) \$2,354,725 before costs (including offset of an \$850,000 related party 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;
 - (e) \$2,205,730 via an investment from a strategic investor in November 2019;
 - (f) \$507,875 from the exercise of employee and unquoted options in November 2019 and January 2020;
 - (g) \$1,598,491 before costs (including offset of a \$150,000 advance) through a non-renounceable entitlement issue in August 2019, 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 H2 FY23 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 judgements, estimates and assumptions

The preparation of the interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this consolidated interim financial report, the significant judgments made by management in applying the consolidated entity's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 30 June 2022, except for the impact of the new standards and interpretations effective from 1 July 2022 as described below.

Significant accounting policies

The accounting policies and methods of computation adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

(i) Adoption of new and revised standards

The Group has adopted new and revised Accounting Standards that are mandatory for the current reporting period.

(ii) Standards and interpretations in issue not yet adopted

The Directors have also reviewed new and revised standards and interpretations in issue not yet adopted that are relevant to the Group and effective for the reporting periods beginning on or after 1 January 2023. 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 material change is necessary to the Group's accounting policies.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. SEGMENT INFORMATION

The Group operates in one business segment, being the vehicle subscription business. Accordingly, only one operating segment has been identified and no further disclosure is required in the financial statements.

3. REVENUE FROM CONTRACTS WITH CUSTOMERS

The Group derives its revenue from the provision of services over time in the following major category.

	Six months to 31 Dec 2022 \$	Six months to 31 Dec 2021 \$
<i>Timing of recognition</i>		
Revenue from vehicle subscription and services over time	880,715	521,346
Total revenue	880,715	521,346

The Group recognised an impairment loss on receivables from customers in cost of sales in the condensed consolidated statement of profit or loss and other comprehensive income, amounting to \$60,000 for the six months ended 31 December 2022 (2021: \$56,320).

4. TRADE AND OTHER RECEIVABLES

	31 Dec 2022 \$	30 Jun 2022 \$
Trade receivables	55,634	81,078
Other receivables	50,270	167,843
	105,904	248,921

5. OTHER ASSETS

Current

Prepayments	124,828	3,897
Office lease deposit	53,341	53,208
Other deposits	700	17,750
	178,869	74,855

Non-Current

Vehicle lease security guarantee account	200,599	200,255
	200,000	200,255

6. PROPERTY, PLANT AND EQUIPMENT	Motor Vehicles \$	Furniture and Fittings \$	Leasehold Improvements \$	Total \$
Cost	1,256,956	80,438	41,874	1,379,268
Accumulated depreciation	(92,653)	(71,856)	(35,472)	(199,981)
Net book value at 31 December 2022	1,164,303	8,582	6,402	1,179,287
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

Depreciation of Motor Vehicles is calculated on a diminishing value basis at the rate of 14% per annum. Furniture and Fittings and Leasehold Improvements are depreciated on a straight-line basis over the estimated useful life of the specific asset, which ranges over 2 to 5 years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6. 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:

	Motor Vehicles \$	Furniture and Fittings \$	Leasehold Improvements \$	Total \$
31 December 2022				
Opening net book value at 1 July	253,846	10,114	7,317	271,277
Additions during the year	964,510	2,047	-	966,557
Depreciation expense	(54,053)	(3,579)	(915)	(58,547)
Closing net book value at 31 December	1,164,303	8,582	6,402	1,179,287
30 June 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 interim period (2021: nil). \$964,510 of motor vehicle additions were financed by the Group under a chattel mortgage facility (refer to note 8).

7. TRADE AND OTHER PAYABLES	31 Dec 2022 \$	30 Jun 2022 \$
Trade creditors	260,473	305,104
Deposits held	42,600	47,356
Other payables and accruals	691,810	485,585
Deferred Revenue	12,086	10,261
	1,006,969	848,306
8. LOANS PAYABLE		
Current		
Loans payable – secured	236,619	-
	236,619	-
Non-current		
Loans payable – secured	854,916	-
	854,916	-
Balance at 1 July	-	-
Additions to loans payable	1,175,826	-
Repayment of loans payable	(69,013)	-
Interest paid	(15,278)	-
Balance at 31 December 2022	1,091,535	-

The loans payable are secured by the underlying funded assets and financing agreements. These facilities are interest-bearing and are repaid monthly in accordance with the contractual amortisation schedule of the underlying asset.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

9. OTHER LIABILITIES	31 Dec 2022 \$	30 Jun 2022 \$
Current		
Annual leave liability	151,050	129,493
Provision for long service leave	42,856	41,372
	193,906	170,865
Non-current		
Provision for long service leave	31,672	28,472
	31,672	28,472

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.

10. LEASES	Vehicle Leases \$	Office Lease \$	Total Leases \$
31 December 2022			
(a) Right of use assets			
Balance at 1 July	725,318	210,166	935,484
Additions to right-of-use assets	333,094	-	333,094
Depreciation charge for the period	(111,937)	(78,812)	(190,749)
Balance at 31 December 2022	946,475	131,354	1,077,829
(b) Lease liabilities			
Current	285,698	150,756	436,454
Non-Current	714,110	-	714,110
Balance at 31 December 2022	999,808	150,756	1,150,564
(c) Amounts recognised in profit or loss			
Interest on lease liabilities	41,124	3,782	44,906
Depreciation of right-of-use assets	111,937	78,812	190,749
30 June 2022			
(a) Right of use assets			
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)
Balance at 30 June 2022	725,318	210,166	935,484
(b) Lease liabilities			
Current	204,394	172,897	377,291
Non-Current	533,718	60,302	594,020
Balance at 30 June 2022	738,112	233,199	971,311
(c) Amounts recognised in profit or loss			
Interest on lease liabilities	35,996	19,434	55,430
Depreciation of right-of-use assets	139,086	157,625	296,711

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

10. LEASES (continued)

	Carrying amount \$	< 12 months \$	> 12 months \$
(d) Lease liabilities (undiscounted contractual maturity)			
31 December 2022			
Office lease	160,510	160,510	-
Vehicle leases	897,892	326,969	570,923
Balance at 31 December 2022	1,058,402	487,479	570,923
30 June 2022			
Office lease	252,188	187,984	64,204
Vehicle leases	846,312	252,150	594,162
Balance at 30 June 2022	1,098,500	440,134	658,366

Office Lease – from 1 November 2020

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

Vehicle Leases

The Group measures the right-of-use assets and lease liabilities for the vehicle leases using a 6.49% discount rate (based on commercial borrowing rate at the time of entering into the leases) over 4-year lease terms. As of 31 December 2022, the Group was leasing 53 vehicles (30 June 2022: 39).

11. ISSUED CAPITAL

	31 Dec 2022 \$	30 Jun 2022 \$
204,370,391 (30 June 2022: 116,321,978) fully paid ordinary shares	25,466,810	23,534,881

(a) Ordinary shares

The following movements in issued capital occurred during the period:

	Six months to 31 December 2022	
	Number of Shares	\$
At beginning of financial period	116,321,978	23,534,881
Issue of shares at \$0.024 each: Rights Issue	88,048,413	2,113,162
Less: transaction costs arising from share issue	-	(181,233)
At end of financial period	204,370,391	25,466,810



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

11. ISSUED CAPITAL (continued)

(b) Options

The following options were issued during the period:

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

The following options expired during the period:

Class	Expiry Date	Exercise Price	Number of Options
Employee Options	2 September 2022	\$0.2500	33,562
Tranche 2 Unquoted Options	31 October 2022	\$0.3750	2,093,063

There were no options that lapsed in accordance with the terms of the Company's Incentive Option Plan during the period.

There were no options exercised during the period.

As at the end of the period, options on issue were as follows:

Class	Expiry Date	Exercise Price	Number of Options
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
Employee Options	1 September 2023	\$0.2500	132,394
Employee Options	1 September 2024	\$0.0750	1,349,193
Quoted CL8O Options ¹	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	806,451
Executive Options	19 November 2025	\$0.3750	1,620,000
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			77,328,979

Notes to the tables of options:

1. Subscribers under the Rights Issue received free-attaching Quoted Options on a 1-for-2 basis.

Other than the Quoted Options, none of these options are quoted.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

12. SHARE BASED PAYMENTS

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

Class of Option	Grant date	Expiry date	Exercise Price	Balance at the start of the year	Granted	Exercised/ Lapsed/ Consolidation	Vested during the period	Balance at the end of the period
Employee	1 Sep 2022	2 Sep 2025	\$0.0437	-	806,451	-	806,451	806,451
Quoted ¹	1 Nov 2022	31 Oct 2024	\$0.0600	-	1,083,792	-	1,083,792	1,083,792

Notes to the tables of share-based payment arrangements:

- The fair value of the options was determined using the listed price of the options at grant date.

The inputs used to determine the fair value of Employee Options at the date of grant are outlined below:

Item	Employee Options
Grant date	1 September 2022
Share price at grant date	\$0.0350
Expiry date	2 September 2025
Exercise price ¹	\$0.0437
Valuation methodology	Black Scholes option pricing model (internal)
Expected volatility ¹	80%
Risk-free rate	3.33%
Dividend yield	Nil
Number of options	806,451
Valuation per option	\$0.01684
Valuation of options	\$13,578

The fair value of the Employee Options were calculated internally using a Black-Scholes valuation model and fully expensed in the reporting period. Total expense recognised in corporate and administrative expenses during the period was \$13,578 (2021: \$38,667) in respect of options granted and vested.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

12. SHARE BASED PAYMENTS (continued)

Executive Options

2021 financial year

Following receipt of shareholder approval at the annual general meeting held on 19 November 2020, the Company issued to Mr Chris Noone, CEO and Executive Director, 1,620,000 Executive Options as set out in the tables above.

Each Executive Option entitles the holder to subscribe for one share as follows (on a post-consolidation basis):

Executive Options Tranche	Exercise Price	Vesting Date	Expiry Date	Number of Executive Options
Tranche 1	\$0.3750	19 November 2020	19 November 2025	135,000
Tranche 1	\$0.3750	19 November 2021	19 November 2025	135,000
Tranche 1	\$0.3750	19 November 2022	19 November 2025	135,000
Tranche 1	\$0.3750	19 November 2023	19 November 2025	135,000
Tranche 2	\$0.3750	19 November 2020	19 November 2025	135,000
Tranche 2	\$0.3750	19 November 2021	19 November 2025	135,000
Tranche 2	\$0.3750	19 November 2022	19 November 2025	135,000
Tranche 2	\$0.3750	19 November 2023	19 November 2025	135,000
Tranche 3	\$0.3750	19 November 2020	19 November 2025	135,000
Tranche 3	\$0.3750	19 November 2021	19 November 2025	135,000
Tranche 3	\$0.3750	19 November 2022	19 November 2025	135,000
Tranche 3	\$0.3750	19 November 2023	19 November 2025	135,000

The Executive Options have a cashless exercise mechanism and will vest upon achievement of performance conditions linked to growth in the market price of CL8 shares as follows (on a post-consolidation basis):

Executive Options Tranche	Number of Executive Options	Performance condition
Tranche 1	540,000	None
Tranche 2	540,000	Volume weighted average market price (VWAP) of \$0.625 for CL8 Shares as traded on ASX for a continuous 20-day period
Tranche 3	540,000	VWAP of \$0.75 for CL8 Shares as traded on ASX for a continuous 20-day period

The fair value of the Executive Options was calculated by an independent expert. The vested portions of the Executive Options were fully expensed in the reporting period. Total expense recognised in corporate and administrative expenses during the period was \$12,530 (2021: \$27,844) in respect of Executive Options granted and vested.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

12. SHARE BASED PAYMENTS (continued)

Executive Options (continued)

2022 financial year

Following receipt of shareholder approval at the annual general meeting held on 18 November 2021, the Company issued to Mr Chris Noone, CEO and Executive Director, 5,000,000 Executive Options as set out in the tables above.

Once vested, each 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	\$0.10	18 November 2022	18 November 2026	250,000
Tranche A	\$0.10	18 November 2023	18 November 2026	250,000
Tranche A	\$0.10	18 November 2024	18 November 2026	375,000
Tranche A	\$0.10	18 November 2025	18 November 2026	375,000
Tranche B	\$0.18	18 November 2022	18 November 2026	250,000
Tranche B	\$0.18	18 November 2023	18 November 2026	250,000
Tranche B	\$0.18	18 November 2024	18 November 2026	375,000
Tranche B	\$0.18	18 November 2025	18 November 2026	375,000
Tranche C	\$0.24	18 November 2022	18 November 2026	250,000
Tranche C	\$0.24	18 November 2023	18 November 2026	250,000
Tranche C	\$0.24	18 November 2024	18 November 2026	375,000
Tranche C	\$0.24	18 November 2025	18 November 2026	375,000
Tranche D	\$0.30	18 November 2022	18 November 2026	250,000
Tranche D	\$0.30	18 November 2023	18 November 2026	250,000
Tranche D	\$0.30	18 November 2024	18 November 2026	375,000
Tranche D	\$0.30	18 November 2025	18 November 2026	375,000

The Executive Options have a cashless exercise mechanism.

The fair value of the Executive Options was calculated by an independent expert. The vested portions of the Executive Options were fully expensed in the reporting period. Total expense recognised in corporate and administrative expenses during the period was \$20,869 (2021: \$3,740) in respect of Executive Options granted and vested.

Lead Manager Options

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 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**).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

12. SHARE BASED PAYMENTS (continued)

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:

	Six months to 31 Dec 2022 \$	Six months to 31 Dec 2021 \$
Employee Options	13,578	38,667
Executive Options	33,398	31,584
	46,976	70,251

Share-based payment transactions recognised in share issue costs

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

	Six months to 31 Dec 2022 \$	Year to 30 June 2022 \$
Lead Manager Options	8,402	1,778
	8,402	1,778

Movements during the year

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

Options	Issue Date	Expiry Date	Exercise Price \$	Number Expired	Number Lapsed
Employee Options	2-Sep-19	2-Sep-22	\$0.2500	(33,562)	-

13. ACCUMULATED LOSSES

Movement in accumulated losses were as follows:

Accumulated losses at beginning of the year
Transfer from reserves
Loss for the period
Accumulated losses at end of the period

Consolidated Group	
Six months to 31 Dec 2022 \$	Year to 30 June 2022 \$
(23,915,279)	(20,952,277)
4,380	44,504
(1,618,522)	(3,007,506)
(25,529,421)	(23,915,279)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

14. LOSS PER SHARE

Basic loss per share

The calculation of basic loss per share at 31 December 2022 was based on the loss attributable to ordinary shareholders of \$1,618,522 (2021: \$1,709,589) and a weighted average number of ordinary shares of 116,462,100 (2021: 109,999,807) calculated as follows:

	Consolidated Group	
	Six months to 31 Dec 2022 \$	Six months to 31 Dec 2021 \$
Loss attributable to ordinary shareholders (basic)		
Loss attributable to the ordinary shareholders	(1,618,522)	(1,709,589)
	2022 Number	2021 Number
Weighted average number of ordinary shares for the purpose of basic earnings per share	145,033,417	109,999,807
Weighted average number of ordinary shares for the purpose of diluted earnings per share	145,033,417	109,999,807
	2022	2021
Basic and diluted loss per share from continuing operations (cents per share)	(1.12)	(1.55)

15. FINANCIAL INSTRUMENTS

The Group has a number of financial instruments which are not measured at fair value on a recurring basis. The carrying amounts of these financial instruments approximate their fair value. The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the prevailing contract interest rate.

16. COMMITMENTS AND CONTINGENCIES

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

17. EVENTS SUBSEQUENT TO REPORTING DATE

Carly through the course of January 2023, has begun to draw down on the \$700,000 of available financing facilities for the acquisition vehicles, as noted in its Q2 Appendix 4C – Quarterly Cash Flow Report, with up to \$500,000 either drawn or pending settlement as at the date of this report. The \$500,000 either drawn or pending settlement, is financed over a 48-month term at an average all in rate of 8.20%.

Other than the matters described above, there has not arisen in the interval between the end of the period 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 significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

DIRECTORS' DECLARATION

1. In the opinion of the Directors of Carly Holdings Limited:
 - (a) the accompanying interim financial statements and notes are in accordance with the *Corporations Act 2001* including:
 - (i) giving a true and fair view of the Group's financial position as at 31 December 2022 and of its performance for the half-year then ended; and
 - (ii) complying with Australian Accounting Standards, the *Corporations Regulations 2001*, professional reporting requirements and other mandatory requirements.
 - (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
 - (c) the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.
2. This declaration has been made after receiving the declarations required to be made to the Directors in accordance with Section 295A of the *Corporations Act 2001*.

This declaration is signed in accordance with a resolution of the Board of Directors made pursuant to section 303(5) of the *Corporations Act 2001*.

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

Chris Noone
CEO and Executive Director

Dated at Sydney, New South Wales this 27th day of February 2023.

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Carly Holdings Limited

Report on the Condensed Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Carly Holdings Limited (“the company”) which comprises the condensed consolidated statement of financial position as at 31 December 2022, the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors’ declaration, for the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Carly Holdings Limited does not comply with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the group’s financial position as at 31 December 2022 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor’s responsibilities for the review of the financial report* section of our report. We are independent of the company 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 annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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 entity’s ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Responsibility of the directors for the financial report

The directors of the company are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the consolidated entity's financial position as at 31 December 2022 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

Perth, Western Australia
27 February 2023



M R Ohm
Partner