

## Better subscribe than buy

Carly Holdings Limited (ASX:CL8) launched its car subscription business in March 2019, leveraging the existing DriveMyCar operations and technology. Car subscription allows business and retail customers to pay a single monthly fee to access a car for 30 days or more and is an alternative to purchasing or financing a vehicle. The average subscription period is 5.6 months. Carly has attracted larger automotive industry businesses as shareholders, with a model that adds value to all levels of the industry which facilitates sales volumes and delivers a new recurring revenue stream for automotive manufacturers and dealers. The company developed the model on similar lines to business launches in Europe and proved over the past three years that the business works in Australia. The impact of COVID-19 on supply chains over the past two years held the company back due to poor supply of vehicles from both corporate owners/suppliers (asset light approach) and manufacturers (asset purchased approach). Carly is now ramping up fleet size through vehicle purchases and leases while achieving fleet utilisation of 87.5%. Increased vehicle availability is expected to drive subscriber growth while the company maintains tight cost controls to drive gross margin or share of subscriber transaction values, up from the current 51% level.

### Business model

Carly provides vehicles to business and retail customers for periods exceeding 30 days under a subscription model. The subscriber pays a flat monthly subscription fee which includes exclusive use of the vehicle, insurance, registration and servicing, otherwise they are responsible for fuel and tolls. Vehicles are sourced by Carly via two models; an external owner provides a vehicle in return for a share of receipts (asset light) or the vehicle is secured through a vehicle finance lease or purchase of the vehicle by Carly (asset heavy). Carly is currently in the top-two organic results for 'car subscription' internet searches with vehicle supply still the main constraint on growth. An important enabler of future growth will be increased asset finance for vehicle purchases for the owned (asset heavy) subscription model, enabling Carly to more reliably increase fleet size.

### Growing a successful model in FY23

Vehicle markets have been under stress for two years due to COVID-19-related supply issues. Carly has proven the car subscription model works in Australia as it does in Europe. The company's task is now to scale up the model and address the issues of supply which have constrained growth. Quarterly results have been reassuring with cost controls strong and vehicle deliveries increasing – 70% of vehicles ordered under the \$1.5m asset finance facility announced in June 2022 were delivered and rapidly subscribed by October 2022. Carly adds value to automotive industry businesses and is strongly supported by the broader industry and large shareholders SG Fleet (ASX:SGF) and Turners Automotive Group (ASX:TRA). With additional finance available we expect strong subscription growth in FY23. Carly closed a rights issue in November raising \$2.1m.

### Valuation base case at \$27.1m (\$0.132/share)

Our valuation is based on the discounted cashflow methodology using a discount rate of 16.5% (beta 2.0, risk-free rate 3.5%). We have modelled three cases differentiated by available finance for vehicles, subscription levels and vehicle-related costs. Our downside case values CL8 at \$5.6m (\$0.027/share), while we can estimate upside to \$90.3m (\$0.442/share) using a range of factors. Financing to enable an increase in vehicle purchases is the crucial factor in these valuations, together with ongoing growth in fleet size and stable vehicle utilisation rates.

#### Historical earnings and RaaS estimates (in A\$m unless otherwise stated)

Year end	Revenue	Gross profit	EBITDA	NPAT	EPS (c)	EV/Sales (x)	Price / Book (x)
06/21a	1.0	0.5	(3.3)	(3.4)	(3.1)	(1.4)	(0.69)
06/22a	1.3	0.6	(2.8)	(3.0)	(2.1)	1.7	1.08
06/23f	5.5	3.8	0.3	(1.6)	(1.0)	2.6	4.04
06/24f	16.5	11.3	7.1	0.1	0.1	1.7	8.30

Source: Company data, Refinitiv, RaaS Advisory estimates

## Vehicle Subscription Services

7 December 2022

### Share Details

ASX code	CL8
Share price (6-Dec)	\$0.017
Market capitalisation	\$3.5M
Shares on issue	204.4M
Net pro-forma cash 30-Sep-2022	\$2.3M
Free float	52%

### Share Performance (12 months)



### Upside Case

- CL8 is successful in raising additional vehicle finance
- Competitors remain less committed to growth due to business-related distractions
- Subscription rates remain attractive relative to car purchase values

### Downside Case

- Limited finance is available for car purchases, CL8 relies on corporate owners of vehicles for supply
- Competitors strengthen their focus on subscription business
- Cost pressures reduce retained share of subscription transaction value

### Board of Directors

Adrian Bunter	Non-Executive Chairman
Stephen Abolokian	Non-Executive Director
Robbie Blau	Non-Executive Director
Todd Hunter	Non-Executive Director
Michelle Vanzella	Non-Executive Director
Chris Noone	CEO / Executive Director

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## Table of contents

Business model.....	1
Growing a successful model in FY23.....	1
Valuation base case at \$27.1m (\$0.132/share).....	1
Carly Holdings Limited .....	3
Investment case .....	3
DCF valuation.....	3
Q1 FY23 Results Analysis .....	4
Key Investment Thesis .....	5
The Mobility Market .....	6
Competitors .....	8
Business Forecasts and Modelling .....	10
Valuation.....	11
SWOT Analysis .....	13
Key Risks .....	13
Board And Management .....	14
Directors .....	14
Management .....	15
Peer Comparison .....	16
Company Background & Development.....	19
Recent Events .....	19
Financial Summary .....	20
Financial Services Guide .....	21
Disclaimers and Disclosures.....	23

## Carly Holdings Limited

Carly Holdings Limited (ASX:CL8) is an online technology company and Australia's only ASX-listed company focused on the car subscription opportunity. The company launched Carly, the country's first flexible car subscription service, in March 2019 and has since secured both corporate and shareholder support from auto industry leaders SG Fleet (ASX:SGF) and Turners Automotive Group (ASX:TRA) and alliances with Hyundai and leading automotive dealer groups. Victoria's auto industry body RACV is also a strategic and long-term shareholder. The company started its journey as Collaborate Corporation, a peer-to-peer marketplace business, with three core business segments: [www.drivemycar.com.au](http://www.drivemycar.com.au), a peer-to-peer car rental business; [www.mycaravan.com.au](http://www.mycaravan.com.au), a peer-to-peer caravan rental business; and [www.mobilise.com](http://www.mobilise.com), an online hire marketplace. Collaborate Corporation was formed in 2014 after a reverse takeover of listed online marketplace software group QANDA Technology. Due to the success of Carly, the company will have exited all peer-to-peer revenue streams in FY23 to focus on the car subscription opportunity.

### Investment case

In our view, Carly Holdings Limited is positioned to grow strongly in the next two years due to the following:

- The company has proven a successful car subscription model in the past three years;
- This follows an approach showing strong consumer support in other jurisdictions;
- Vehicle supply has been the main limiting factor on growth during the past two COVID-19 affected years. The company has shown it can secure asset finance and receive deliveries of new vehicles to increase fleet size;
- Some competition exists in this space in Australia but is either compromised by other business focuses (car rental groups) or still developing the model;
- Carly has strong industry buy-in via shareholding and distribution and white-label relationships;
- Australia is an urban environment facing significant change during the decarbonisation phase of the transport markets. This increases consumer uncertainty regarding large purchases – car subscription is an obvious solution;
- Vehicle financing is a mature and deep financial market. Carly is not aiming to reinvent the finance side of the vehicle market but provide a product that is more relevant to customers; and
- The model provides advantages and flexibility to all levels of the market – automotive manufacturers and dealers, fleet management organisations, and business and consumer customers.

### DCF Valuation

We have considered the following valuation methods:

- Discounted cash flow, with three growth cases (see Exhibit 7 on page 10 for greater detail); and
- Peer comparison, however, there are few real comparable listed companies. Most companies in this space are privately held and in a start-up phase.

Our base-case DCF is \$27.1m or \$0.132/share suggesting strong potential share price growth as Carly demonstrates the flexibility and growth potential of the business model. Fleet growth and maintaining utilisation rates at greater than 87% will deliver revenue and cashflow growth that will drive a narrowing of the valuation gap.

#### Exhibit 1: Valuation methodologies addressed in this report

Valuation method	Discount rate %	10 Yr CAGR in revenue %	10 Yr CAGR in FCF %	Value in A\$m	Value per share A\$
Base-case DCF valuation	16.5	31.2	31.2	27.1	0.132
An upside case DCF	16.5	34.4	34.4	90.3	0.442
A downside case DCF	16.5	26.5	26.5	5.6	0.027

Source: RaaS analysis

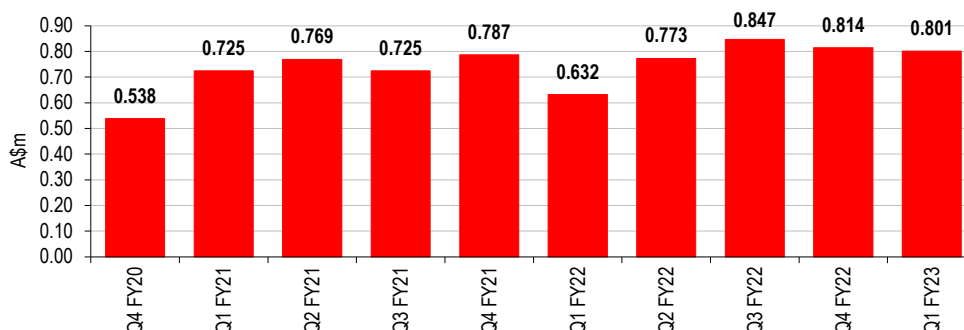
## Q1 FY23 Results Analysis

In the quarter Carly focused on maintaining cost discipline while preparing for an increase in vehicle supply for subscription.

- Net Cash Used in Operating Activities declined relative to September quarter 2021 and June 2022 quarter;
- Subscription revenue continued to rise;
- All major cost categories were lower; and
- Vehicles ordered using the June announced \$1.5m finance facility, commenced delivery in the quarter with the remainder due in the December quarter.

Quarterly receipts (Exhibit 1) reflect the impact of COVID-19 on the legacy peer-to-peer car rental business while subscription revenue continued to increase (Exhibit 2).

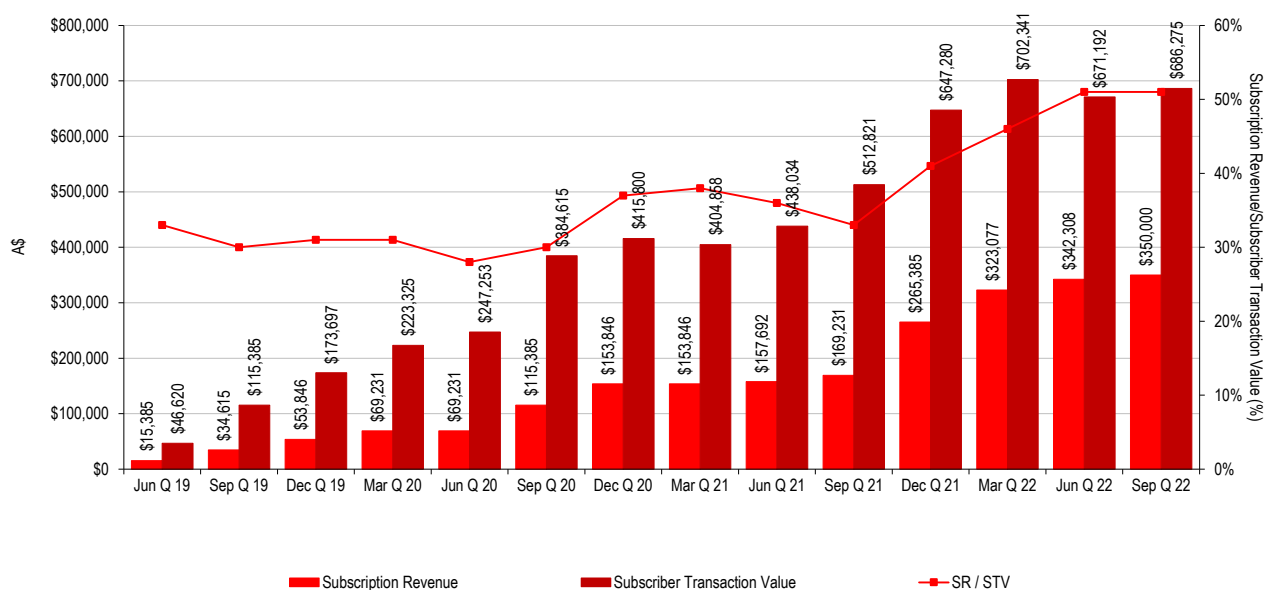
**Exhibit 1: Quarterly receipts from customers**



Source: Company reports

Subscription revenue has continued to grow, and the share retained by Carly has also continued to rise with 51% of Subscriber Transaction Revenue (STV) now retained as Subscription Revenue. Vehicle deliveries are relatively lumpy, reflecting a currently smaller-than-desired fleet size, and provide a sharp positive impact as vehicles are delivered and utilised.

**Exhibit 2: Quarterly Subscription Transaction Value and Revenue**



Source: Company reports, RaaS estimates

Carly raised \$2.1m via a renounceable rights issue which closed during November, post quarter end and not included in Exhibit 3 - leaving the company in a good position (more than six quarters of funding) to benefit from increased subscriptions in the balance of FY23.

<b>Exhibit 3: Q1 FY23 versus previous quarters (in A\$m)</b>					
	<b>Q1 FY22</b>	<b>Q2 FY22</b>	<b>Q3 FY22</b>	<b>Q4 FY22</b>	<b>Q1 FY23</b>
Cash receipts	0.632	0.773	0.847	0.814	0.801
Payments to suppliers	(1.670)	(1.432)	(1.246)	(1.532)	(1.396)
R&D	(0.326)	(0.233)	(0.220)	(0.279)	(0.250)
Other	0.000	0.000	0.000	0.000	0.000
Operating cashflow	(1.035)	(0.656)	(0.397)	(0.718)	(0.426)
<b>Free cashflow</b>	<b>(1.240)</b>	<b>(0.716)</b>	<b>(0.397)</b>	<b>(0.718)</b>	<b>(0.426)</b>
Net cash at the end of the period	2.448	2.096	1.612	0.805	0.276
Monthly cash burn	(0.413)	(0.239)	(0.132)	(0.239)	(0.142)
<b>Estimated quarters of cash and funding on hand</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>1</b>	<b>6</b>
Source: Company data					

## Key Events In The Quarter

- 30% of ordered vehicles delivered to Carly, increasing to 70% by October 2022;
- 108% increase in subscription revenue versus September quarter 2021;
- Subscription vehicle utilisation reached 87%, rising from 76% a year ago; and
- Strong cost controls and pragmatic use of search engine optimisation tools enabled a reduction in advertising and marketing costs, R&D costs, staff costs and manufacturing costs.

## Key Investment Thesis

- Car subscription is a new approach to medium-term car use which avoids the burden of up-front payment and long-term financial commitment, but retains the flexibility of rental;
- Transition to electric vehicles – car subscription is an ideal ‘try before you buy’ option for businesses and consumers wanting to trial EVs;
- 38% of Australians would consider car subscription, increasing to 47% of people with children and 69% of millennials<sup>1</sup>;
- Carly is one of a group of entities which hope to develop the business model in Australia. There is no clear winner at this early stage;
- Automotive manufacturers, dealers and fleet management organisations have shown interest in car subscription as a future revenue stream but will need a partner such as Carly to operate in the market. Agreements are already in places with SG Fleet, Turners Automotive Group , Hyundai and automotive dealer groups; and
- COVID-19 has severely impacted the car industry globally. Energy costs have also risen due to the Ukraine war. While this hurts conventional car ownership models, car subscription may benefit due to the added flexibility.

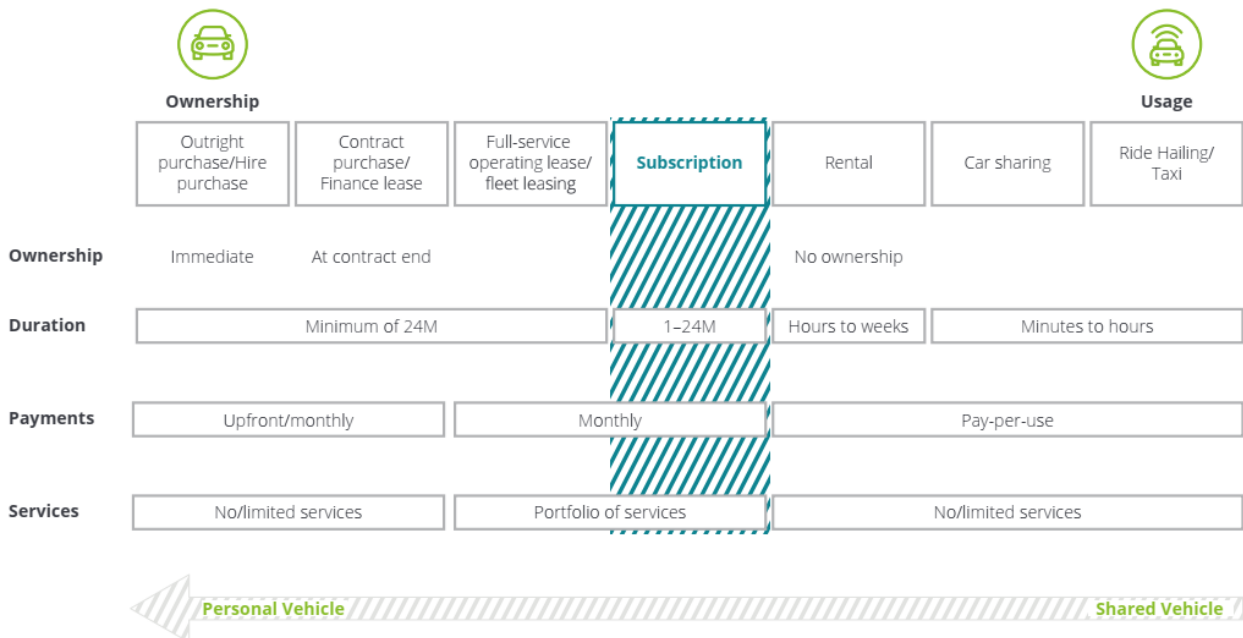
<sup>1</sup> Carly commissioned Ominipoll survey June 2020

## The Mobility Market

### Car subscription

Car subscription is a relatively new form of car access addressing the gap between short-term vehicle rental and long-term finance or vehicle purchases. The model provides flexibility of choice and usage periods and can provide a choice of different vehicles within a single contract depending on the customers usage purpose. This benefits consumers who, e.g., may normally be a city driver with a small car but have an increase in family size, holiday, or other changed needs. The subscriber can merely notify the supplier and swap cars within the same legal arrangement. This also benefits businesses where demand for a vehicle may be short-lived during a contract but too long for conventional rentals. Exhibit 4 shows the spectrum of mobility solutions available and where subscription fits with these alternatives.

**Exhibit 4: Vehicle-based mobility products**



Source: Deloitte Analysis

Source: Deloitte. Vehicle-as-a-Service. Pfeifle, Tauschek & Detzler

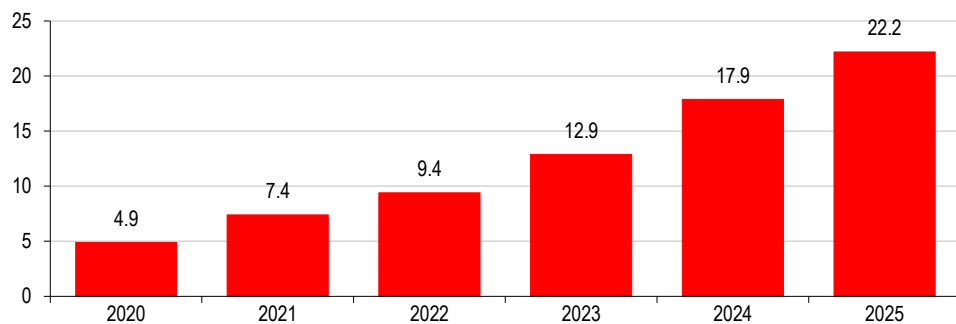
Trip rental bikes and scooters (Beam, Neuron), ride-hailing (taxis, Uber), car-sharing (GoGet, Turo) and car rental offer alternatives to car ownership with a high level of convenience - but have drawbacks. Availability during peak demand and potentially high costs for long trips are consistent reasons to use your own vehicle. At the other extreme, the upfront cost of leasing or purchasing your own vehicle is becoming an increasing barrier which has risen in recent years due to availability, inflation and technology change. EVs are now the focus of many consumers but availability in Australia remains low and usability remains behind European infrastructure. A subscription service addresses these issues and offers many of the advantages of the other models.

The model also offers advantages for vehicle manufacturers, dealers and fleet management organisations. Vehicle providers are attempting a profit-maximising decision when considering in which channel to place a vehicle. This applies equally to the used car market which generally is stronger when new car supply is challenged for affordability and availability reasons. The provider now has an additional channel to choose from which may assist in the transition of a vehicle from the pool of new cars to used cars via leasing and rental.

### International comparisons

In the context of the new car market and car rental market the nascent car subscription sector in Australia is barely noticeable. However, European experience shows strong demand for Vehicles-as-a-Service and subscription services as an answer to mobility needs. Subscription services have launched strongly in Germany with Fleetpool GmbH (acquired in 2021 by ALD SA) an early provider of the operating platform needed to provide subscription services. Fleetpool now power several car subscription providers. Finn, the leading car subscription platform in the U.S. and Germany, announced in November 2022 that it had grown to €100m in Annual Recurring Revenue (ARR), less than three years after launching in Germany. Estimates (by Deloitte) of growth in take-up of this model suggest that 8% of new vehicle registrations in the core European markets will be based on subscription models by 2025. COVID-19-related changes in attitudes could increase this to 10% or more. The combination of greater ease of use afforded by digital access and an open-ended subscription period leaves the consensus expecting strong growth in most markets.<sup>2</sup>

**Exhibit 5: Estimated subscription share of new vehicles in EU5 markets (€Bn)**



Source: Deloitte. Vehicle-as-a-Service. Pfeifle, Tauschek & Detzler.

### Australian vehicle market

Vehicle sales in Australia exceeded 1m in 2021 up from a COVID-19-affected 917k in 2020<sup>3</sup>. It seems likely that sales in 2022 will exceed 2021 with 898k sold in the YTD to October 2022. In the 2021 Australian Census households reported car use had risen with train transport declining during COVID-19. There were on average 1.8 cars per household with cars remaining the dominant mode of transport.<sup>4</sup> A substantial portion of purchases were financed - fleet leasing alone was a \$3b turnover industry in 2021<sup>5</sup> in a new car industry with circa \$20b+ turnover<sup>6</sup>. Consumers and business are likely not reducing their use of vehicles as a solution for mobility needs, despite the decline in sales of new cars in the past few years.

<sup>2</sup> Straits Research, <https://www.globenewswire.com/en/news-release/2022/09/19/2518613/0/en/Car-Subscription-Market-Size-is-projected-to-reach-USD-15-56-Billion-by-2030-growing-at-a-CAGR-of-23-1-Straits-Research.html>.

<sup>3</sup> Federal Chamber of Automotive Industries (FCAI) <https://www.fcai.com.au/sales/cars>.

<sup>4</sup> Australian Bureau of Statistics (October 2022), Retail Trade, Australia, ABS Website, accessed 29 November 2022.

<sup>5</sup> IBISWorld, Fleet Vehicle Leasing in Australia industry outlook (2022-2027), <https://www.ibisworld.com/au/industry/fleet-vehicle-leasing/5092/>.

<sup>6</sup> FCAI data, RaaS estimate.

### Australian car rental market

The Australian conventional car rental market is estimated at a turnover of \$964m in 2021 with Hertz, Europcar and Avis the largest providers, but around 1,583 businesses in total engaged in the market.<sup>7</sup> These larger providers and several smaller operators offer some form of car subscription in Australia and/or other markets. However, car rental firms face a clear use conflict as they move vehicles between the most profitable pool at any time. Short-term rental may offer a higher return in peak seasons and fewer vehicles are then available for longer-term rental / subscription. This tends to reduce the appeal of subscription as vehicles are unavailable to subscribers. None of these firms have a clear portal to their car subscription offer – all require information before replying with their potential subscription offer to the consumer. The process is akin to applying for finance product rather than renting a car. It seems likely that the incumbents in car rental will face the same dichotomy of choice that newspapers and television companies have experienced with competing forms of new media – they will always protect the more profitable activity which acts to stifle development of the new. Hence, independent businesses are the winners in the new digital medium or product offer.

### Competitors

Carly faces local competition in car subscription, but overall, competitors do not yet appear to have a fully committed presence in the market. The major car rental (Hertz, Avis, Budget, Europcar) companies have the offer on their websites but do not appear fully committed due to a requirement for identity and credit information before information on availability and cost and/or a low level of car availability (e.g., none available in December on Europcar site). Smaller conventional rental operations appear more flexible but lack distribution presence. However, the start-up car subscription operators appear more present (see list below). While these specialist providers all offer subscriptions some have “pivoted” from other business models. The market is likely to grow quickly and there will likely be a first-mover advantage. At this stage, Carly appears to have a greater focus than other competitors. All players appear to have been constrained by vehicle supply issues. Analysing Google’s search engine optimisation (SEO) data suggests that Carly is consistently in the top-two organic results when searching for car subscriptions in Sydney. Intelligent use of SEO has also enabled Carly to considerably reduce advertising and market costs assisting the company to capture a growing proportion of subscriber transaction value (See Exhibit 2).

### Current Australian specialist car subscription offers

- carbar.com.au, a privately-owned enterprise which has raised an estimated \$102m in four<sup>8</sup> funding rounds. The major investors are Insurance Australia Group Ltd (ASX:IAG) and Seven West Media (ASX:SWM).
- carly.co. Publicly listed. Major shareholders are Turners Automotive Group NZ (ASX:TRA), New Zealand’s largest used car network; SG Fleet (ASX:SGF), Australian-listed global fleet management and leasing solutions group; and Willoughby Trust Property.
- hellocars.com.au. Initially owned by Higgins family (MortgageChoice founder).
- subscribacar.com.au, based in WA but also offers cars across NSW, VIC and QLD.
- simplr.com.au. Owned by Eagers Automotive Ltd (ASX:APE), an Australian-listed automotive retail group.
- karmo.co, offering subscription, fleet and residential car-share services.
- motopool.com.au. Owned by QLD automotive retail group Motorama and offering subscription vehicles across Brisbane, Melbourne and Sydney.
- kinto.com.au. Owned by Toyota Finance. National Toyota dealer network.
- mymotum.com.au. Currently only available in Sydney and Melbourne. Owned by Movigo automotive finance group.

<sup>7</sup> IBISWorld, Car Rental in Australia Industry Outlook (2022-2027), <https://www.ibisworld.com/au/industry/car-rental/5485/>.

<sup>8</sup> [www.owler.com/company/carbar1/funding](http://www.owler.com/company/carbar1/funding) (includes \$50m in debt funding)



Costs not included in the subscription offers above include an insurance excess of up to \$3,000, and/or a bond offset against payments, while minimum rental terms vary from one-to-120 days. Many of the services charge an upfront fee and / or delivery fee or membership cost. Additionally, vehicle availability is variable depending on fleet size. Lowest cost vehicles are small sedans or hatchbacks. Highest cost tends to be large SUVs or in some cases commercial vans or small trucks.

**Exhibit 6: Subscription plan features**

Company name	Lowest cost vehicle (\$/mth)	Highest cost vehicle (\$/mth)	Minimum period (days)	Termination notice (days)	Insurance excess \$	Upfront fee \$
Carly	800	2,100	30	30	3,000	No
carbar.com.au	636	3,672	30	14	1,500+	804
hellocars.com.au	664	2,196	45	21	3,500	499
subscribacar.com.au	584	1,440	90	30	500	828
simplr.com.au	636	3,028	120	21	3,500	1,500
karmo.co	880	2,600	120	14	1,000+	300+2 weekly payments
motopool.com.au	716	1,680	60	21	3,500	250
kinto.com.au	1,418	2,709	1	7	2,200	No
mymotum.com.au	1,180	2,348	90	30	3,000	350

Source: Company data, company websites

## Business Forecasts and Modelling

We have modelled three business scenarios for Carly's car subscription business considering the company vision to become a significant alternative to current vehicle financing and ownership models in Australia. These forecasts depend crucially on Carly's ability to raise asset finance to acquire additional vehicles for the subscription fleet through either finance lease, direct purchase or - asset-light - acting as agent for corporate fleet owners, which is more attractive in a market with excess vehicle supply. The asset light model allows Carly more flexibility of supply at lower cost, however, in the current constrained vehicle supply situation ownership is necessary to assure availability to customers. We expect that Carly's fleet will move between these approaches as manufacturers adjust schedules and shipping reliability improves. We have inflated costs at a rate higher than recent inflation rates but considerably lower than inflation in 2022. Finance rates are based on those prevailing in asset finance markets in November 2022.

### Exhibit 7: RaaS forecast assumptions

		Base case		Downside case		Upside case	
Starting assumptions		H123	Chge to FY25	H123	Chge to FY25	H123	Chge to FY25
<b>Car subs</b>							
Subscription fee per month avg	\$	\$1,159	8%	\$1,136	8%	\$1,182	8%
Subscribers current	#	201	951%	199	312%	215	1250%
Gross margin	%	60.6%	(4%)	59.8%	(3%)	61.4%	(3%)
Utilisation rate of fleet	%	87.1%	0%	87.1%	(1%)	87.1%	1%
<b>Vehicle fleet size</b>							
Asset light	#	105	200%	105	183%	105	314%
Leased	#	39	431%	39	492%	39	738%
Purchased	#	85	2118%	82	402%	100	2400%
Total vehicles	#	229	951%	226	316%	244	1237%
<b>Vehicle purchase value / per vehicle</b>							
Asset light	\$	\$0	0%	\$0	0%	\$0	
Leased	\$	\$21,930	8%	\$21,984	9%	\$21,439	7%
Purchased	\$	\$21,930	8%	\$21,984	9%	\$21,439	7%
Average vehicle cost	\$	\$21,930	8%	\$21,984	9%	\$21,439	7%
<b>Vehicle sale value</b>							
All vehicles - expected life	mths	60	0%	60	0%	60	0%
Resale value	\$	\$4,386	8%	\$4,397	9%	\$4,288	7%
<b>Fleet purchase value</b>							
Leased	\$m	\$0.86	458%	\$0.86	521%	\$0.84	777%
Purchased	\$m	\$1.86	2232%	\$1.80	426%	\$2.14	2515%
Total fleet purchase value	\$m	\$2.72	1674%	\$2.66	457%	\$2.98	2027%
Interest costs – leased	%	8.6%	0%	8.6%	0%	8.4%	0%
Interest costs - purchased	%	7.5%	0%	7.5%	0%	7.3%	0%
Fleet-related interest costs	\$m	\$0.11	1621%	\$0.10	460%	\$0.11	1977%
<b>Vehicle operating and sale costs</b>							
Insurance cost / vehicle	\$ p.a.	\$1,000	(9%)	\$1,000	-8%	\$1,000	(11%)
Registration cost / vehicle / inc. CTP	\$ p.a.	\$1,022	16%	\$1,022	16%	\$1,022	16%
Service cost / vehicle	\$ p.a.	\$700	16%	\$700	17%	\$700	13%
Depreciation cost / vehicle	\$ p.a.	\$4,386	8%	\$4,397	9%	\$4,288	7%
Other cost / vehicle / subscriber	\$ p.a.	\$1,124	16%	\$1,124	17%	\$1,124	13%
Total cost / vehicle ex Deprn	\$ p.a.	\$3,846	9%	\$3,846	10%	\$3,846	7%
<b>Licensing Revenue</b>							
White-label licensing	\$m	\$0.01	154%	\$0.01	113%	\$0.01	196%
<b>Corporate costs</b>							
Employee cost	\$m	\$0.84	9%	\$0.85	9%	\$0.84	9%
SG&A and other costs	\$m	\$0.56	16%	\$0.56	16%	\$0.56	13%
Advertising and marketing	\$m	\$0.12	16%	\$0.12	16%	\$0.12	16%
Software / R&D costs	\$m	\$0.50	16%	\$0.50	16%	\$0.50	15%

Source: RaaS estimates. Change is (H2 FY25 / H1 FY23 -1) except Margin & Utilization = (H2FY25 – H1FY23)

Vehicle costs are based on market surveys and Carly feedback, depreciation assumes a 100,000km working life at 20,000 km/year with the vehicle retaining a small residual value. We anticipate Carly will be able to maintain a small employee pool with economies of scale and outsourced vehicle delivery and maintenance services. The upside case for fleet growth is based on Carly's comments regarding growth intentions while the base case assumes a lower level of vehicle availability leading to a moderate level of growth – a 40% lower fleet size in five years, while the downside fleet assumptions are half the upside case in five years.

## Valuation

We considered both a comparable company approach and a discounted cashflow approach to valuation of Carly's car subscription business and opportunity. Following a review of other car subscription operators and companies in adjacent sectors (see Exhibit 11 Peer Comparison below) we conclude that:

- Closest peers are privately held and difficult to value due to lack of public information;
- Companies in adjacent sectors vary considerably in size and business focus and are therefore less relevant for valuation purposes; and
- While other companies in a similar development stage are relevant, comparisons in the current volatile state of equity markets are at best unclear due to different financing structures, revenue outlook and cash positions.

Consequently, we have chosen a discounted cashflow valuation technique based on the revenue and cost estimates for the base, upside and downside cases noted above. We use the Australian 10-year bond rate as the risk-free reference rate (currently at 3.58%) but adjust that in the context of longer-term outlook to avoid the impact of short-term adjustments in fixed-interest markets. Noting that bond rates recently spiked past 4% and have returned to lower levels, we continue to use 3.5% as our risk-free base. To achieve a discount rate, we add the long-term observed equity risk premium of 6.5%. We then multiply the market risk premium by the equity beta factor for CL8 to consider the behaviour of the security relative to the broader market. CL8's observed beta over three years has been 0.47<sup>9</sup>, suggesting a lower volatility than the broader market. However, we feel this misrepresents the development stage of the company and the volatility of the market outlook. Accordingly, we have adjusted the beta to 2.0 to reflect the company's early development stage, consistent with the fundamental business risks. This results in a discount rate of 16.5%. We have applied the discount rate to cash flows generated using the three business cases noted above to generate a base-case valuation of \$27.1m or \$0.132/share.

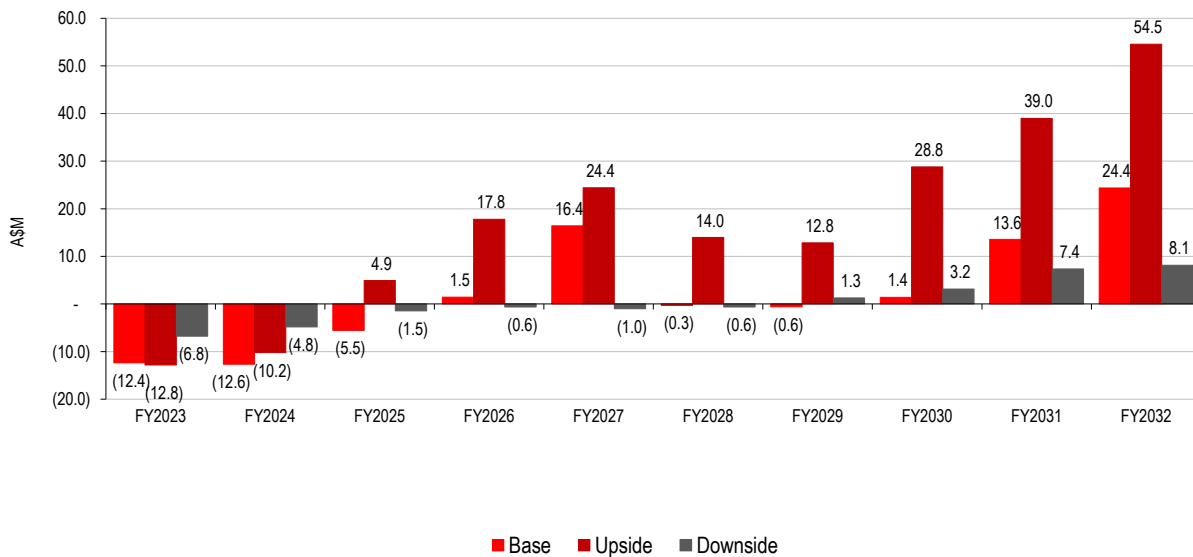
<b>Exhibit 8: Case valuation range (in A\$m unless otherwise stated)</b>			
	<b>Base case</b>	<b>Downside case</b>	<b>Upside case</b>
DCF valuation/share A\$	0.132	0.027	0.442
DCF value A\$m	27.1	5.6	90.3
FCF* FY23	(12.4)	(6.9)	(14.0)
FCF* FY32	24.4	8.4	47.8
Revenue FY23	5.5	3.5	6.8
EBITDA FY23	0.3	(1.1)	1.6
Revenue FY32	63.2	29.4	96.6
EBITDA FY32	34.1	12.0	67.7
CAGR in FCF adjusted for losses %	24.6	14.2	32.5
CAGR in Revenue %	31.2	26.5	34.4%
Source: RaaS estimates *Free cashflow includes both growth and maintenance capex used in discounted cashflow calculation for valuation			

Within the forecast framework Carly has an opportunity to generate significant value. However, this depends on the availability of asset finance at a relatively volatile moment in global markets. Carly's shareholder structure is reassuring in this context. The three major shareholders clearly understand the industry and opportunity and to some degree can contribute toward building the business directly. It should be noted that

<sup>9</sup> Refinitiv observed three-year weekly beta

SG Fleet is not currently the largest vehicle financier for CL8, and that Turners Automotive Group involvement remains within the NZ market. Once the first round of finance has been successfully applied it is likely subsequent rounds will come more easily. If Carly can execute its vision, then the current market capitalisation is substantially less than our potential valuations suggest. Note the profile of free cashflow (Exhibit 9) is affected by vehicle life assumptions and hence the period when Carly commences fleet replacement after the initial build in vehicle numbers.

**Exhibit 9: Free cashflow cases**



Source: RaaS estimates, Includes maintenance and expansionary capex used in discounted cashflow valuation calculation

## SWOT Analysis

In our view the strengths and opportunities for the company outweigh the weaknesses and threats.

### Exhibit 10: Strengths, Weaknesses, Opportunities, Threats

Strengths	Opportunities
Clear simple online product offer	Fleet growth through additional finance
Change in attitudes to car ownership	A new niche in the automotive sector which benefits most other businesses to some degree
Clear vision and focus on the business	Market conditions are conducive to a shorter and more flexible form of financial commitment (interest rates higher)
Strong shareholder backing from industry players	
Technology-focus has kept team size small (18 employees in the group compared with Carbar with more than 100 employees)	
Weaknesses	Threats
Growth depends on availability of asset finance	A diverse group of competitors with a similar vision
Staff size may be an issue with growth	Large rental incumbents may refine their offer
Easy to enter the business with many possible competitors	Business model is dependent on a stable interest rate environment
Source: RaaS analysis	

## Key Risks

### Finance Availability

The business depends on vehicle finance for growth in fleet and subscribers. If finance costs rise or financing becomes unavailable the company will face severe challenges.

### Vehicle Supply

Further disruptions to supply chains or other issues with supply of motor vehicles or electric vehicles will limit Carly's growth substantially.

### Customer Conversion

If current trends in transport choices do not gain traction for cultural or other reasons subscriber growth may be slower. This would lead to higher costs due to a lower fleet utilisation rate.

### Key Personnel

Carly has a small staff and hence all members of the team could be seen to be key.

### Research & Development

The car subscription platform is new and not yet mature, however, does not offer any unique issues for future software development challenges.

### Interest Rate Cycle

Both Carly's choice of vehicle sourcing (owned or asset-light) and the cost of finance are dependent on interest rates. The recent past has seen sharp rate increases and market reactions. A continuation of this environment could hamper Carly's growth. Our modelling assumes a higher level of rates than in the past decade however does not include significant variations in the forecast period.

## Board and Management

### Directors

#### **Adrian Bunter – Non-Executive Chairman**

Adrian has over 25 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 an executive director of a boutique specialist technology, media and telecommunications financial advisory firm 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 angel investing group, Sydney Angels, and an advisor to or non-executive director of several technology businesses. In the three 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.

#### **Chris Noone – CEO and Executive Director**

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 several 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).

#### **Stephen Abolakian- Non-Executive Director (major shareholder representative)**

Stephen has experience across property development, finance, capital raising, operations and human resources. In 2012 Stephen was appointed Managing Director of Hycorp Property Group, a diversified Australian property group with three key operating divisions – property development, construction and funds management. Hycorp grew from initial roots in the automotive repair and accident replacement industry. Hycorp 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.

#### **Robert (Robbie) Blau - Non-Executive Director (major shareholder representative)**

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 practised 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.

#### **Todd Hunter –Non-Executive Director (major shareholder representative)**

Todd has 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 Automotive Group since July 2016. Turners Automotive Group 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 (ASX:TRA). 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.

**Michelle Vanzella – Independent Non-Executive Director**

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 and 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.

**Kevin Wundram – Alternate Director for Robert Blau**

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 six 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.

**Management**

**Chris Noone, CEO (see above)**

**Mike Mobilia- Chief Financial Officer**

**(Appointed 30/05/2022, replaced David Loeffler appointed 21/02/2022)**

Mike is a finance professional with 20+ years of experience in both the public and private sector, with C-suite roles including business and financial leadership, commercial management, risk management, investment activities and treasury oversight across a range of industries. Mike is a highly entrepreneurial individual with a very strong asset finance background, having held the CFO and GM Group Risk roles at Equigroup. He has significant experience in asset finance funding structures, having financed billions of dollars of assets through various structures including receivable sales and P&A funding, as well as securing residual value funding.

**Karen Logan, Company Secretary**

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.

## Peer Comparison

**Exhibit 11: Car subscription sector– related listed companies (A\$)**

Code	Company Name	Car subscription relevance	Refinitiv Sub-Industry	Price close A\$	Market capitalisation (A\$m)
7203.T	Toyota Motor Corp	Operates kinto.com car subscription	Auto & Truck Manufacturers	21.656	353,311.1
A2B.AX	A2B Australia Ltd	Alternative. Provides electronic payments and scheduling for taxis	Passenger Transportation, Ground & Sea	1.050	\$127.3
ALDA.PA	ALD SA	Owns Fleetpool GmbH German car subscription company	Ground Freight & Logistics	16.943	6,908.8
APE.AX	Eagers Automotive Ltd	Major Australian car dealer network, car subscription offer	Auto Vehicles, Parts & Service Retailers	12.380	3,164.8
ASG.AX	Autosports Group Ltd	Major Australian car dealer network	Auto Vehicles, Parts & Service Retailers	1.940	389.9
CAR.O	Avis Budget Group Inc	Global car rental company with car subscription options	Passenger Transportation, Ground & Sea	331.842	13,760.3
CL8.AX	Carly Holdings Ltd	Australian car subscription	Passenger Transportation, Ground & Sea	0.020	4.1
ECX.AX	Eclix Group Ltd	Vehicle finance	Corporate Financial Services	1.990	568.8
ELEK.PK	Elektros Inc	US EV subscription and rental	Passenger Transportation, Ground & Sea	0.117	7.8
EURMF.PK	Europcar Mobility Group SA	Global car rental company with car subscription options	Passenger Transportation, Ground & Sea	0.739	3,796.4
HTZ.O	Hertz Global Holdings Inc	Global car rental company with car subscription options	Passenger Transportation, Ground & Sea	25.219	8,421.8
HYRE.O	HyreCar Inc	Car-sharing marketplace for business	Passenger Transportation, Ground & Sea	0.948	28.8
MMS.AX	Mcmillan Shakespeare Ltd	Vehicle finance	Consumer Lending	13.550	943.7
PWR.AX	Peter Warren Automotive Holdings Ltd	Major Australian car dealer network	Auto Vehicles, Parts & Service Retailers	2.905	499.4
SGF.AX	<b>SG Fleet Group Ltd</b>	<b>Vehicle finance, Carly shareholder</b>	<b>Business Support Services</b>	<b>1.790</b>	<b>612.2</b>
SIQ.AX	Smartgroup Corporation Ltd	Vehicle finance	Business Support Services	4.720	630.9
SIXG.DE	Sixt SE	Global car rental company with car subscription options	Passenger Transportation, Ground & Sea	144.242	5,854.0
TRA.NZ	<b>Turners Automotive Group Ltd</b>	<b>Major NZ car dealer network. Carly shareholder</b>	<b>Auto Vehicles, Parts &amp; Service Retailers</b>	<b>3.312</b>	<b>287.2</b>
TURO.K	Turo Inc	Car-sharing marketplace	Passenger Transportation, Ground & Sea	0.000	0.0
UBER.K	Uber Technologies Inc	Alternative. Provides ride sharing and delivery platforms	Online Services	41.757	83,280.2

Source: Refinitiv, RaaS (prices, converted to A\$, as at November 29, 2022)

Carly has no direct listed competitor on the ASX, however, the groups shown above provide some valuation and operational comparisons. Carly's clearest comparisons are with the German private operators of car subscription services Fleetpool GmbH (purchased by ALD SA, France) and Vivelacar.com (owned privately through ViveLaCar GmbH). The groups shown in Exhibit 10 includes potential customers and suppliers (car dealer networks, automotive manufacturers and fleet management organisations), CL8 shareholders (Turners Automotive Group and SG Fleet) and alternatives to subscription (car rental and ride sharing, taxis).



**Exhibit 12: Car subscription sector– related listed companies - financial data (in A\$m unless otherwise stated)**

Code	Revenue FY -2	Revenue FY -1	Revenue FY 0	EBITDA FY 0	Net income after tax	Net cash from operations FY0	Shareholders' equity FY0	Net debt FY0	Enterprise value FY0	EPS FY0
7203.T	403,566.1	358,496.1	378,347.2	56,312.3	34,659.6	44,884.1	288,412.3	196,430.2	604,872.7	2.474
A2B.AX	170.9	113.4	126.1	0.0	(27.8)	(6.2)	84.7	13.7	148.5	(0.148)
ALDA.PA	15,607.6	16,394.5	16,507.6	1,891.0	1,386.3	(249.4)	7,534.5	28,349.9	36,590.8	3.416
APE.AX	5,817.0	8,749.7	8,663.5	455.9	337.6	302.7	1,065.8	1,935.9	5,410.7	1.016
ASG.AX	1,701.7	1,978.4	1,876.0	149.1	54.6	135.0	444.2	478.8	788.8	0.278
CAR.O	13,196.7	7,851.8	12,410.1	3,383.9	1,709.7	4,652.0	(303.0)	20,475.2	36,613.7	30.614
CL8.AX	1.2	1.0	1.3	0.0	(3.0)	(2.8)	0.5	0.2	4.0	(0.027)
ECX.AX	674.2	648.1	676.7	166.5	103.3	327.3	620.6	1,096.2	1,768.3	0.353
ELEK.PK	30.4	13.9	15.2	0.0	5.9	13.6	93.8	(8.8)	298.9	0.092
EURMF.PK	4,866.4	2,915.4	3,579.2	435.4	45.7	(1,213.2)	2,522.4	5,976.3	9,952.5	0.036
HTZ.O	14,070.1	7,642.5	9,775.6	2,944.8	486.4	(2,406.6)	4,100.5	13,736.9	0.0	3.790
HYRE.O	22.8	36.7	47.6	(26.8)	(34.6)	(23.6)	7.7	(15.8)	123.7	(1.805)
MMS.AX	494.0	544.5	594.1	174.1	70.3	119.9	291.4	58.1	811.7	1.040
PWR.AX	1,391.3	1,635.0	1,711.3	130.1	56.5	74.9	479.0	439.4	805.5	0.350
<b>SGF.AX</b>	<b>452.9</b>	<b>482.1</b>	<b>886.8</b>	<b>142.8</b>	<b>60.7</b>	<b>230.0</b>	<b>550.4</b>	<b>1,450.8</b>	<b>2,186.1</b>	<b>0.197</b>
SIQ.AX	249.8	216.3	221.8	103.0	58.6	68.9	266.2	\$6.2	1,040.8	0.486
SIXG.DE	4,027.6	2,536.5	3,595.3	1,294.4	493.3	124.6	2,734.3	2,707.8	12,359.6	10.171
<b>TRA.NZ</b>	<b>302.7</b>	<b>264.3</b>	<b>309.7</b>	<b>59.8</b>	<b>29.5</b>	<b>(41.4)</b>	<b>234.0</b>	<b>396.4</b>	<b>719.5</b>	<b>0.327</b>
TURO.K	0.0	203.9	217.9	0.0	(141.1)	(59.9)	91.8	(180.2)	0.0	(2.540)
UBER.K	18,704.4	16,190.4	23,259.8	(1,078.3)	(710.3)	(593.0)	19,914.6	7,220.4	120,498.8	(1.748)

Source: Refinitiv, RaaS (prices as at 29 November 2022) Note that 0 denotes last reported year, -1 is the previous financial year and -2 is two previous financial years back

**Exhibit 13: Car subscription sector– related listed companies - valuation ratios (A\$)**

Code	P/E	DY %	ROE %	Price to book value	Price to sales	Debt / equity %	Price to cashflow	Three-year beta	Revenue growth % FY -2 to FY0
7203.T	11.22	2.9	11.5	1.00	0.99	98	10.47	1.05	(6.2)
A2B.AX	0.00	0.0	0.0	1.50	1.01	30	7.70	0.88	(26.2)
ALDA.PA	3.94	12.6	19.4	0.87	0.42	385	62.34	1.10	5.8
APE.AX	10.47	4.9	29.2	2.82	0.39	196	7.80	1.99	48.9
ASG.AX	7.38	9.3	13.9	0.90	0.21	129	7.47	1.35	10.2
CAR.O	4.18	0.0	(499.5)	(18.92)	0.79	0	2.36	2.65	(6.0)
CL8.AX	0.00	0.0	0.0	5.13	3.26	185	11.55	0.46	4.8
ECX.AX	5.74	0.0	18.5	0.93	0.84	193	5.00	2.30	0.4
ELEK.PK	0.00	0.0	0.0	0.00	0.00	15	0.00	0.00	(49.9)
EURMF.PK	0.00	0.0	(4.5)	0.00	0.00	257	15.61	1.69	(26.5)
HTZ.O	5.38	0.0	91.3	2.10	0.66	411	2.77	0.00	(30.5)
HYRE.O	0.00	0.0	0.0	9.10	0.49	0	(0.79)	1.88	108.6
MMS.AX	14.95	6.0	29.3	3.62	1.59	75	6.44	1.35	20.3
PWR.AX	8.73	7.0	13.7	1.05	0.29	103	18.62	0.00	23.0
<b>SGF.AX</b>	<b>9.95</b>	<b>8.5</b>	<b>15.5</b>	<b>1.16</b>	<b>0.69</b>	<b>276</b>	<b>2.24</b>	<b>1.65</b>	<b>95.8</b>
SIQ.AX	9.69	8.0	25.9	2.63	2.79	15	46.87	1.20	(11.2)
SIXG.DE	10.35	3.6	19.9	2.18	1.48	114	30.57	1.54	(10.7)
<b>TRA.NZ</b>	<b>9.80</b>	<b>6.4</b>	<b>0.0</b>	<b>1.16</b>	<b>0.86</b>	<b>175</b>	<b>26.04</b>	<b>0.70</b>	<b>(2.3)</b>
TURO.K	0.00	0.0	0.0%	0.00	0.00	9	0.00	0.00	n.a.
UBER.K	0.00	0.0	(14.3)	8.84	0.00	62	(14.40)	1.52	24.4

Source: Refinitiv, RaaS (prices as at 29 November 2022) Note that 0 denotes last reported year, -1 is the previous financial year and -2 is two previous financial years back

Price/sales and price/book are the broadest valuation indicators in this group of early to late-stage companies operating in different aspects of the vehicle rental and ride-share industry. Given Carly's small scale and early stage in the subscription business it is difficult to draw any relevant valuation conclusion from these comparisons. Notably, many companies in the table, both large and small, have seen revenue declines in the past two years. This must be an added incentive to grow a new business which also enables growth in other parts of the value chain.

## Company Background and Development

Collaborate launched the DriveMyCar car-sharing service in 2010 and pursued the development of that platform. The company undertook a strategic review in 2019 and added new major shareholders from the automotive sectors. The car subscription service was launched in March 2019 and the company changed its name to Carly in December 2020. DriveMyCar remains a small part of Carly's offer, however, car subscription offers much greater potential returns and the company will exit DriveMyCar in FY23 to focus entirely on developing the car subscription business.

## Recent Events

Exhibit 14: Significant announcements		
Date	Event	Description
1/11/2022	Rights Issue	Completion of Rights Issue
31/10/2022	Rights Issue	Rights Issue Closes Raising \$2.1 million
11/10/2022	Rights Issue	Despatch of Renounceable Rights Issue Documents
4/10/2022	Rights Issue	Renounceable Rights Issue to Raise up to \$2.8 million
2/12/2021	Capital Change/Notes	Completion of Tranche 2 Placement
13/05/2021	Rights Issue	Appendix 2A - Rights Issue and Tranche 1 Placement
11/05/2021	Rights Issue	Rights Issue Closes Oversubscribed
14/04/2021	Rights Issue	Renounceable Rights Issue to Raise up to \$3.39 million
15/12/2020	Name Change	Change of Company Name
29/10/2020	New Stock Issue	Completion of Entitlement Issue and Appendix 2A
31/08/2020	Rights Issue	Collaborate to offer underwritten rights issue
10/12/2019	Appointments/Resignations	Appointment of SG Fleet nominee to Board
1/10/2019	Appointments/Resignations	Appointment of Turners Automotive Group nominee director
30/07/2019	Prospectus	Despatch of Entitlement Issue Prospectus
13/02/2019	Appointments/Resignations	Appointment of Stephen Abolakian as non-executive director
26/11/2018	Earnings	December Quarter Performance Update and Key Product Launches
6/11/2018	Appointments/Resignations	Appointment of Paul Morris as Strategic Advisor
24/09/2018	Prospectus	Despatch of Entitlement Issue Prospectus
22/08/2018	Appointments/Resignations	Planned Appointment of Non-Executive Director
15/01/2018	Earnings	Exceptional growth and key developments in December Quarter
23/10/2017	News	Mobilise launches to make businesses more productive
25/09/2017	News	Launch of co-branded DriveMyCar website with RACV in Victoria
25/09/2017	News	DriveMyCar launches third and largest campaign with Subaru
23/06/2017	News	DriveMyCar expands Subaru deal with 105 new vehicles
20/06/2017	News	Third Consecutive Month of Record Results for DriveMyCar
15/05/2017	News	Record Results in April and Strategic Focus Update
10/05/2017	News	100% of CL8O Options Exercised
4/05/2017	News	Conversion of 92% of CL8O options
28/04/2017	News	Further Exercise of Options and Underwritten Amount Exceeded
28/04/2017	News	\$2.8m options exercised and further payments being processed
26/04/2017	News	Collaborate Receives \$1m Strategic Investment from RACV
10/04/2017	News	Exercise of Options and Early Conversion of Advances
29/03/2017	News	DriveMyCar Reports 90% Quarterly Growth And 100% Utilisation
20/03/2017	News	DriveMyCar delivers 54% booking growth with Subaru and Uber
28/02/2017	News	Strategic agreement with \$1BN vehicle leasing giant ORIX
14/02/2017	News	DriveMyCar expands fleet over 20% with 101 Subaru Imprezas
9/02/2017	Capital Change/Notes	\$1.26m Funding Secured from Option Underwriting Agreements
21/11/2016	Earnings	Delivers 20% monthly growth and record results
16/11/2016	News	Agreement with Trivett for BMW & Jaguar vehicles
18/10/2016	News	Signs agreement with Aon to launch Mobilise platform
12/10/2016	News	Signs agreement with Subaru
13/09/2016	News	Presentation - September 2016
5/09/2016	News	Launches Car Rentals for Uber in Vic and Qld
30/06/2016	Earnings	Receives 2016 R&D Tax Incentive
Source: Company data, Refinitiv		

### Exhibit 15: Financial Summary

Carly Holdings Ltd						Share price (Date)		6/12/2022		A\$		0.017	
Profit and Loss (A\$m)						Interim (A\$m)		1H22 A	2H22 A	1H23 F	2H23 F	1H24 F	2H24 F
Y/E 30 June	FY20A	FY21A	FY22A	FY23F	FY24F	Revenue		0.5	0.7	1.4	4.1	6.8	9.7
						EBITDA		(1.5)	(1.2)	(0.6)	0.9	2.6	4.6
						EBIT		(1.7)	(1.4)	(0.8)	(0.3)	0.5	1.5
						NPAT (normalised)		(1.7)	(1.3)	(0.9)	(0.7)	(0.3)	0.4
						Minorities		-	-	-	-	-	-
						NPAT (reported)		(1.7)	(1.3)	(0.9)	(0.7)	(0.3)	0.4
						EPS (normalised)		(0.02)	(0.01)	(0.63)	(0.42)	(0.14)	0.19
						EPS (reported)		(0.02)	(0.01)	(0.45)	(0.33)	(0.14)	0.19
						Dividend (cps)		-	-	-	-	-	-
						Imputation		30.0	30.0	30.0	30.0	30.0	30.0
						Operating cash flow		(1.7)	(1.1)	(1.5)	(0.0)	1.2	2.6
						Free Cash flow		(1.4)	(1.1)	1.1	9.0	10.3	11.9
						Divisions		1H22 A	2H22 A	1H23 F	2H23 F	1H24 F	2H24 F
						Car Subs		0.5	0.7	1.4	4.1	6.8	9.7
						Licence Revenue		0.00	0.00	0.01	0.02	0.02	0.02
						Other Revenue		0.0	0.0	0.0	0.0	0.0	0.0
						COGS		(0.4)	(0.2)	(0.4)	(1.3)	(2.2)	(3.1)
						Employment		(0.8)	(0.7)	(0.8)	(0.7)	(0.9)	(0.8)
						Technology, licence fees		(0.6)	(0.5)	0.0	(0.5)	(0.5)	(0.5)
						Other costs		(0.3)	(0.5)	(0.7)	(0.7)	(0.7)	(0.7)
						EBITDA		(1.5)	(1.2)	(0.6)	0.9	2.6	4.6
						Margins, Leverage, Returns		FY20A	FY21A	FY22A	FY23F	FY24F	
						EBITDA		n.a.	n.a.	n.a.	5.3%	43.2%	
						EBIT		n.a.	n.a.	n.a.	n.a.	12.2%	
						NPAT pre significant items		n.a.	n.a.	n.a.	n.a.	0.6%	
						Net Debt (Cash)		0.5	3.4	(0.2)	(10.6)	(25.3)	
						Net debt/EBITDA (x)		(x)	n/a	n/a	n/a	(36.7)	(3.6)
						ND/ND+Equity (%)		(%)	80%	609%	23%	84%	91.8%
						EBIT interest cover (x)		(x)	n/a	n/a	n/a	n/a	1.4
						ROA		n.a.	n.a.	n.a.	n.a.	n.a.	6%
						ROE		4130.8%	n.a.	n.a.	n.a.	n.a.	5%
						ROIC		1402.6%	n.a.	n.a.	n.a.	n.a.	14%
						NTA (per share)		n/a	0.05	0.00	0.02	0.01	
						Working capital		(0.6)	(0.9)	(0.6)	0.5	1.2	
						WC/Sales (%)		(53%)	(85%)	(48%)	10%	7%	
						Revenue growth		0%	0%	0%	0%	0%	
						EBIT growth pa		n/a	n/a	n/a	n/a	-275%	
						Pricing		FY20A	FY21A	FY22A	FY23F	FY24F	
						No of shares (y/e)		(m)	61	116	116	204	204
						Weighted Av Dil Shares		(m)	53	59	113	160	204
						EPS Reported		cps	(10.1)	(5.7)	(2.7)	(1.0)	0.1
						EPS Normalised/Diluted		cps	(10.1)	(5.7)	(2.7)	(1.0)	0.1
						EPS growth (norm/dil)			n.a.	n.a.	n.a.	n.a.	n.a.
						DPS		cps	-	-	-	-	-
						DPS Growth			n.a.	n.a.	n.a.	n.a.	n.a.
						Dividend yield			0.0%	0.0%	0.0%	0.0%	0.0%
						Dividend imputation			30	30	30	30	30
						PE (x)			n.a.	n.a.	n.a.	n.a.	33.8
						PE market			14.8	14.8	14.8	14.8	14.8
						Premium/(discount)			n.a.	n.a.	n.a.	n.a.	128%
						EV/EBITDA			n.a.	0.4	n.a.	48.8	4.0
						FCF/Share		cps	-5.0	-2.3	-2.1	-0.7	1.8
						Price/FCF share			n.a.	n.a.	n.a.	n.a.	0.9
						Free Cash flow Yield			n.a.	n.a.	n.a.	n.a.	107.9%
Cash flow (A\$m)						Y/E 30 June		FY20A	FY21A	FY22A	FY23F	FY24F	
						EBITDA		(3.2)	(3.3)	(2.8)	0.3	7.1	
						Interest		(0.0)	(0.0)	(0.1)	(0.6)	(2.7)	
						Tax		0.1	0.0	0.0	0.0	0.0	
						Working capital changes		0.0	0.6	0.1	(1.1)	(0.6)	
						Operating cash flow		(3.1)	(2.8)	(2.8)	(1.5)	3.7	
						Mtce capex		0.0	(0.1)	(0.3)	0.0	0.0	
						Free cash flow		(3.1)	(2.8)	(3.0)	(1.5)	3.7	
						Growth capex		0.0	0.0	0.0	(11.5)	(18.5)	
						Acquisitions/Disposals		0.0	0.0	0.0	0.0	0.0	
						Other		0.0	0.0	(0.2)	0.0	0.0	
						Cash flow pre financing		(3.1)	(2.8)	(3.2)	(13.0)	(14.8)	
						Equity		3.7	5.6	0.7	2.1	0.0	
						Debt		(0.2)	(0.2)	(0.3)	11.5	16.7	
						Dividends paid		0.0	0.0	0.0	0.0	0.0	
						Net cash flow for year		0.5	2.6	(2.9)	0.6	1.9	
Balance sheet (A\$m)						Y/E 30 June		FY20A	FY21A	FY22A	FY23F	FY24F	
						Cash		1.4	3.7	0.8	1.3	3.2	
						Accounts receivable		0.1	0.0	0.3	0.7	1.6	
						Inventory		0.0	0.0	0.0	n.a.	n.a.	
						Other current assets		0.2	0.1	0.1	0.1	0.1	
						Total current assets		1.6	3.8	1.1	2.1	4.9	
						PPE		0.1	0.4	1.2	11.7	30.2	
						Intangibles and Goodwill		0.0	0.0	0.0	0.0	0.0	
						Investments		0.0	0.0	0.0	0.0	0.0	
						Deferred tax asset		n.a.	n.a.	n.a.	0.2	1.0	
						Other non current assets		0.0	0.0	0.2	0.3	0.0	
						Total non current assets		0.1	0.5	1.4	12.2	31.2	
						Total Assets		1.6	4.3	2.6	14.3	36.1	
						Accounts payable		0.7	0.9	0.9	0.1	0.4	
						Short term debt		0.9	0.2	0.4	0.4	0.4	
						Tax payable		n.a.	n.a.	n.a.	n.a.	n.a.	
						Other current liabilities		0.1	0.2	0.2	0.2	0.2	
						Total current liabilities		1.7	1.3	1.4	0.7	1.0	
						Long term debt		0.0	0.2	0.6	11.5	28.2	
						Other non current liabs		0.0	0.0	0.0	0.0	4.7	
						Total long term liabilities		0.0	0.3	0.6	11.5	32.9	
						Total Liabilities		1.8	1.5	2.0	12.2	33.9	
						Net Assets		(0.1)	2.8	0.5	2.0	2.3	
						Share capital		16.8	22.9	23.5	25.6	25.6	
						Accumulated profits/losse		n.a.	n.a.	n.a.	(1.6)	(1.5)	
						Reserves		(16.9)	(20.1)	(23.0)	(23.0)	(23.0)	
						Minorities		n.a.	n.a.	n.a.	0.0	0.0	
						Total Shareholder func		(0.1)	2.8	0.5	2.0	2.3	

Source: Company data, RaaS analysis

# FINANCIAL SERVICES GUIDE

**RaaS Advisory Pty Ltd**

**ABN 99 614 783 363**

**Corporate Authorised Representative, number 1248415**

**of**

**BR SECURITIES AUSTRALIA PTY LTD**

**ABN 92 168 734 530**

**AFSL 456663**

**Effective Date: 6<sup>th</sup> May 2021**



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- who we are
- our services
- how we transact with you
- how we are paid, and
- complaint processes

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  - Securities
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  - Securities

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In writing to: Australian Financial Complaints Authority, GPO Box 3, Melbourne, VIC, 3001.

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