
MARCH 2017 QUARTERLY REPORT AND BUSINESS UPDATE

Collaborate Corporation Limited (ASX:CL8) (**Collaborate** or the **Company**) is pleased to present its consolidated quarterly cash flow report and business update for the quarter ended 31 March 2017.

Key corporate highlights include:

- + **62% increase in receipts** vs March 2016 Quarter and 12% increase in receipts from customers vs December 2016 Quarter. This quarter on quarter increase reverses the trend usually seen following the seasonally strong December Quarter.
- + **Receipt of R&D Tax Incentive Rebate of \$183,178**, which was approximately \$12,000 more than originally estimated.
- + **Secured \$1.26m underwriting** of CL8O options with an advance on underwriting provided of \$500,000 which enabled further drawdowns on the flexible equity facility to be ceased.
- + **Two senior appointments** - Robert Rattray appointed as General Manager for Mobilise and Katherine Cole, former Regional Marketing Director for Hotels.com appointed to enhance Collaborate's marketing strategies and customer acquisition capability.

Key DriveMyCar highlights include:

- + **108% increase in Net Rental Days Booked** versus December 2016 Quarter and 112% growth from February 2017 to March 2017 reflecting the rapid growth experienced in the latter weeks of March. The majority of the revenue benefit from these booked days will be realised in the June 2017 Quarter.
- + **100% of the 101 Subaru Impreza vehicles booked** within 13 days of launch.
- + **286% increase in Net Booked Days for UberX rentals** versus previous record December 2016 Quarter.
- + **89% increase in Gross Revenue from UberX rentals** versus previous record December 2016 Quarter, reaching 29% of total Gross Revenue, up from 18% in December 2016 Quarter.
- + **Rental Transaction Value for March 2017 reached a new record of \$243,000, 35% growth from February 2017.** 14% increase in Rental Transaction Value for a new record Quarter versus previous record December 2016 Quarter and 51% increase vs March 2016 Quarter. Growth accelerated in the final two weeks of the March Quarter with the launch of the 101 Subaru Impreza's and continues into the June Quarter.
- + **62% increase in Gross Revenue versus March 2016 Quarter and 15% increase versus previous record December 2016 Quarter.** Forward Booking Rental Days at the end of March 2017 were 91% higher than February 2017, reflecting the high booking growth that will translate to revenue in the June 2017 Quarter. **As at 19 April, Gross Revenue for April 2017 is tracking at more than 100% above the Gross Revenue for April 2016.**

- + **59% increase in Net Rental Days** versus March 2016 Quarter and 19% increase versus previous record December 2016 Quarter. Net Rental Days Realised in March were 28% higher than the previous record month of December 2016.
- + **99% increase in Net Booked Days for vehicles supplied by corporate owners** versus December 2016 Quarter.
- + **35% reduction in insurance related costs** for the new DriveMyCar motor fleet insurance policy secured in March 2017 for the forward year and is expected to deliver more than a **10% increase in Gross Profit** in the June 2017 Quarter and beyond.

Consolidated Cash Flows

Going against seasonal trends, Receipts from Customers increased to a new record following the December Quarter which is historically a very strong quarter. Notably, the record bookings experienced in the last two weeks of the March 2017 Quarter had a limited impact on cash receipts and realised revenue, with the majority of the benefit to be seen in the June 2017 Quarter.

Product Manufacturing and Operating Costs increased during the March 2017 Quarter versus the December 2016 Quarter. A large proportion of these costs are made up of payments to owners for the rental of their assets and as rental transaction cash receipts increase, so do the payments to owners. Given the strong preceding December Quarter, payments to owners, which occur after receipt of rental income, were paid at an increased level in the March 2017 Quarter.

R&D costs increased due to the addition of more development resources as Collaborate expands capability for the development of the technology platform and the launch of Mobilise. Advertising and marketing expenditure increased due to investment in marketing strategy work during the March 2017 Quarter the benefits of which will be seen from the June 2017 Quarter onward. In line with the rapidly expanding vehicle fleet, online advertising was increased however, due to the strong uptake of the Subaru Impreza fleet and other vehicles, marketing expenditure has returned to normal levels. Staff costs increased due to staff recruitment and timing of payroll payments and staff incentives associated with the busier holiday period at the start of the quarter. Administration and Corporate costs were mainly lower than the previous quarter except for investor PR expenses which increased in line with additional activity in the lead up to CL8O option expiry and costs associated with half year audit and reporting and 2016 year-end tax and R&D compliance.

Overall, even after the group made investments for future growth of the business, Net Cash Used in Operating Activities declined by 2% compared to the December 2016 Quarter and 30% compared to the March 2016 Quarter.

Corporate

During the March 2017 Quarter Collaborate entered into agreements with existing sophisticated investors (Underwriters) to underwrite the exercise of 63 million of the Company's quoted options (ASX:CL8O), which represents \$1.26 million of options (**Underwritten Amounts**). These options represent approximately 37% of CL8O options on issue. \$500,000 of these funds were advanced by the shareholders and as of 31 March 2017 were classified as borrowings as per Section 3.5 of the Appendix 4C. As of 19 April 2017, \$455,000 of these funds have been used for the exercise of options and the remaining \$45,000 is expected to be used to exercise CL8O options, returning the Company to a nil debt position.

Cash Balance at Quarter End and Funding Available

At the end of the March 2017 Quarter, the Company maintained a cash balance of \$239,000, an increase of \$124,000 from the December 2016 Quarter. On 16 January 2017, the Company received an R&D Tax Incentive Rebate of \$183,178, which was approximately \$12,000 more than originally estimated.

The Company has \$1.76 million capacity remaining under the Flexible Equity Facility. The Company retains discretion as to the quantum and timing of each drawdown and may also raise funds from alternative sources. The Company has announced its intention to pause drawdowns from this facility in favour of raising capital via the exercise of CL8O options.

Furthermore, the Company had 172,089,484 CL8O listed options expiring on 30 April 2017 at the end of the March Quarter. Between 1 April and 19 April 2017 \$716,364 was raised from the exercise of CL8O options, including the conversion of \$455,000 of advances made by the underwriters. If all remaining options are exercised, the Company will receive approximately \$2.73 million in total (inclusive of the Underwritten Amounts), before costs.

Exercise of all or a significant proportion of the Options is expected to provide sufficient funding to take the existing business units to profitability and allow the Company to cease drawdowns on the Flexible Equity Facility, unless the Company pursues additional investment opportunities.

DriveMyCar

The March 2017 Quarter delivered record results across all key metrics. This result was particularly impressive as the December Quarter is usually stronger due to seasonal increases in demand. DriveMyCar was able to counter the seasonal decrease in demand by leveraging key strategic supply and demand deals with companies such as Uber, Subaru, Trivett Automotive and InterLeasing. The successful blending of private and corporate supply and demand has been a key strategic focus for DriveMyCar and the benefits are beginning to be realised. On 15 March, 101 Subaru Imprezas were added to the fleet, the largest ever fleet addition. Within 13 days, 100% of the vehicles were booked, with the majority of the fleet already having bookings throughout the June 2017 Quarter.

The strongest growth in the March 2017 Quarter was achieved in Net Rental Days Booked, an increase of 108% versus the previous record achieved in the December 2016 Quarter. As the bookings largely increased in the latter part of the quarter, the majority of the revenue benefit will be realised in the June 2017 Quarter. Despite this, the March 2017 Quarter still produced the highest Rental Transaction Value and Gross Revenue ever achieved. As a result of the high demand and utilisation, Forward Booking Rental Days at the end of March 2017 were 91% higher than February 2017 and 191% higher than at the end of December 2016, reflecting the high booking growth that will translate to strong revenue in the June 2017 Quarter. As at 19 April, Gross Revenue for April 2017 is tracking at more than 100% above the Gross Revenue for April 2016.

DriveMyCar has joined with SmartFleet, a subsidiary of SmartGroup Corporation (ASX:SIQ), to offer a low cost alternative to traditional car rental for their customers who require additional vehicles for short to medium term rental periods. Smartfleet has over 160 clients and manages in excess of 35,000 vehicles throughout Australia. Rentals commenced to SmartFleet's corporate and government customers in the March 2017 Quarter. DriveMyCar will be participating in the Australasian Fleet Conference & Exhibition 2017 with SmartFleet in May 2017.

Further to the announcement on 28 February 2017 of a strategic agreement with Orix Australia Corporation, part of the Orix Group, the largest fleet management group in Asia Pacific, the first vehicles are now available for rental in Sydney.

Through the use of the PeerPass platform, Collaborate has been able to reduce the risk involved in peer-to-peer transactions through effective verification of prospective renters. The effectiveness of the PeerPass platform has continued to improve such that DriveMyCar has once again achieved a lower than industry average Claims Loss Ratio for its insurance policy. Owing to DriveMyCar's effective management of risk, the business has qualified for the maximum Claims Experience Discount of approximately \$35,000 which will be received in the June 2017 Quarter.

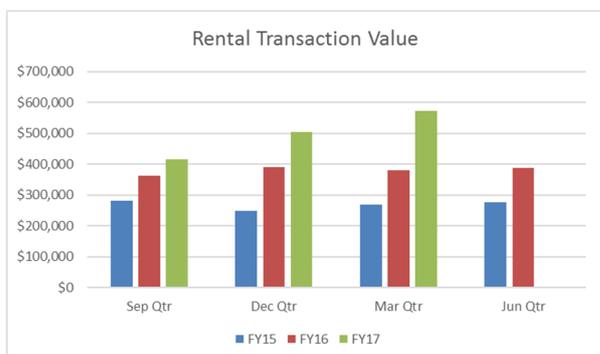
The continuing reduction in the Claims Loss Ratio has enabled DriveMyCar to negotiate a 35% reduction in insurance costs when renewing its motor fleet insurance policy. When compared with the previous policy this saving is expected to deliver more than a 10% increase in Gross Profit in the June 2017 Quarter and beyond.

Katherine Cole, the former Regional Marketing Director for Hotels.com joined Collaborate in March 2017 to improve the Company's marketing strategy and customer acquisition capability. Katherine's initial focus will be on optimising online and offline marketing for DriveMyCar, leveraging increased supply from private and corporate customers and will extend to MyCaravan and the launch of Mobilise.

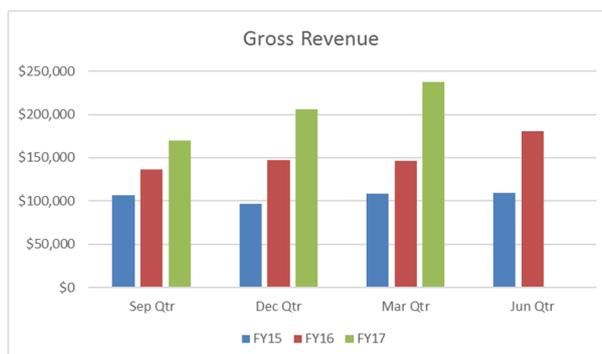
Subsequent to the end of the March Quarter, a call centre facility, initially staffed by two full time customer service operators, was established. This facility currently supports DriveMyCar and once fully operational will extend to support the growth of MyCaravan and Mobilise. Previously sales support was only available 9am - 5.30pm Monday - Friday but has now been extended to 9am - 11pm Monday - Friday and 9am - 6pm on weekends. Early indications show that extended operating hours are delivering material increases in revenue and bookings.

Period	Rental Transaction Value ¹ '000	Gross Revenue ² '000	Gross Profit '000	Gross Profit %	Net Rental Days Realised ³	Net Rental Days Booked	Total Vehicle Activations	Calculator Enquiries	New Renter Registrations
Mar Qtr 2017	\$572	\$237	\$150	63%	15,311	22,681	275	1,733	1325
Mar Qtr 2016	\$380	\$147	\$89	61%	9,613	10,633	193	3,041	893
Jun Qtr 2016	\$388	\$180	\$138	73%	10,289	11,311	201	3,156	830
Sep Qtr 2016	\$415	\$170	\$104	61%	11,713	11,928	138	1,770	1028
Dec Qtr 2016	\$504	\$206	\$120	59%	12,849	10,910	184	1,845	1093
Mar Qtr 2017 % growth vs Dec Qtr 2016	14%	15%	25%		19%	108%	49%	-6%	21%
Mar Qtr 2017 % growth vs Mar Qtr 2016	51%	61%	69%		59%	113%	42%	-43%	48%

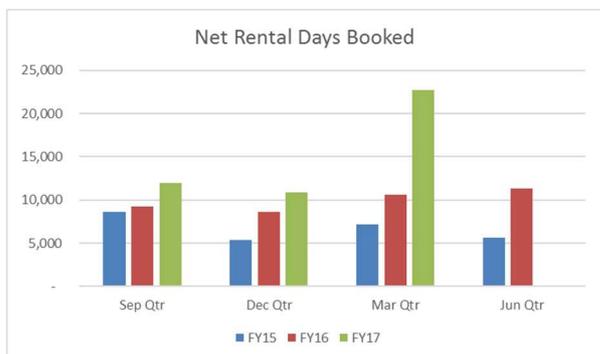
1. Rental Transaction Value is the total amount paid by the customers during the period.
2. Gross Revenue is the component of the Rental Transaction Value excluding the value of payments to owners that is charged by DriveMyCar and recognised as revenue for accounting purposes plus booking system revenue.
3. Net Rental Days Realised is the sum of rental days billed in the period.
4. Gross Revenue in June 2016 Quarter also included software development revenue from booking platform
5. Gross Profit in June 2016 Quarter included software development revenue and receipt of Claims Experience Discount as result of low level of insurance claims.



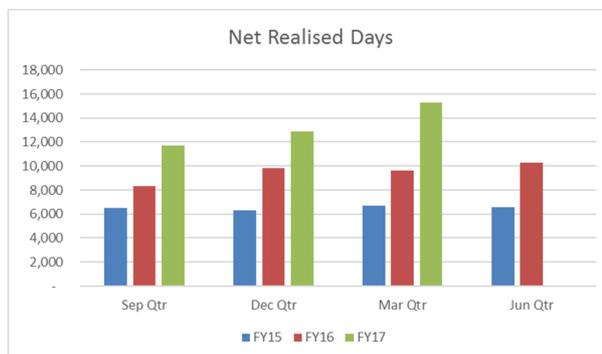
Graph 1: Rental Transaction Value



Graph 2: Gross Revenue



Graph 3: Net Rental Days Booked



Graph 4: Net Rental Days Realised

MyCaravan

Rental Transaction Value in the March 2017 Quarter declined 62% compared to the record December 2016 Quarter in line with a seasonal decrease in demand. Active caravan listings increased by 10% from 31 December 2016 to 31 March 2017. Training for the new call centre staff is under way so that sales support can be provided at times that are more suitable for MyCaravan customers. Sales support operating hours will increase by 95% and it is expected that this extra capability will have a material impact on MyCaravan listings and revenue.

Limited resources are currently being allocated to MyCaravan but there are a number of referral and organic programs being maintained to obtain genuine and viable caravan listings. At the right time, the Company will increase the focus on MyCaravan when the resources to be deployed will result in an effective use of shareholder funds. There are several broad strategic areas the Company is working on that are likely to facilitate significant growth of the MyCaravan business.

Mobilise

We are pleased to announce that Robert Rattray will take up the role of General Manager of the Mobilise business on 27 April. Robert will be responsible for the launch of the www.Mobilise.com marketplace in 2017 and its ongoing growth, as well as working with Aon Risk Services to enable the efficient on-boarding of their customers and the implementation of appropriate insurance arrangements to cover transactions conducted via the Mobilise platform. As the founder of All IT and Connected Communities, Robert led the businesses to a successful exit in 2013 and was more recently Head of Business Development at Emozia (New York) and Chief Operating Officer of Blue Cats. Robert will work closely with Collaborate strategic advisor, John Tolmie, the former Group CEO of Kennards Hire.

During the March 2017 Quarter, Collaborate continued to work with Aon in relation to insurance arrangements to cover transactions conducted via the Mobilise platform. These

insurance plans have progressed significantly and are at advanced stages. Development of the Mobilise platform has also progressed during the quarter and Collaborate will continue launch planning with Robert and make an announcement to shareholders around launch plans in due course.

Authorised by:

Chris Noone
CEO and Director
Collaborate Corporation Limited

About Collaborate Corporation Limited

Collaborate Corporation Limited is listed on the Australian Securities Exchange (ASX:CL8). It is Australia's leading listed company focused on 'collaborative consumption', 'peer-to-peer' or 'sharing economy' businesses. Collaborate currently has two core business segments: www.DriveMyCar.com.au Australia's leading peer-to-peer car rental business and www.MyCaravan.com.au Australia's leading peer-to-peer caravan rental business and will launch www.Mobilise.com in 2017, a rental marketplace for under-utilised assets. Collaborate has a material investment in FundX, a peer-to-peer invoice discounting and SME lending platform. Through our proprietary trust and reputation platform, www.peerpass.com.au we create 'trust' between individuals and make it possible for people to safely transact with each other in the sharing economy.

Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

Name of entity

Collaborate Corporation Limited (ASX: CL8)

ABN

60 066 153 982

Quarter ended ("current quarter")

31 March 2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	633	1,702
1.2 Payments for		
(a) research and development	(108)	(307)
(b) product manufacturing and operating costs	(508)	(1,382)
(c) advertising and marketing	(150)	(329)
(d) leased assets	-	-
(e) staff costs	(280)	(622)
(f) administration and corporate costs	(137)	(392)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (R&D Tax Refund)	183	183
1.9 Net cash from / (used in) operating activities	(367)	(1,147)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) businesses (see item 10)	-	-
(c) investments	-	-

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
(d) intellectual property	-	-
(e) other non-current assets	-	-
2.2 Proceeds from disposal of:		
(a) property, plant and equipment	-	-
(b) businesses (see item 10)	-	-
(c) investments	-	-
(d) intellectual property	-	-
(e) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Increase in office rental bond	-	(12)
2.6 Net cash from / (used in) investing activities	-	(12)

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	-	790
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	-	-
3.5 Proceeds from borrowings (Underwriter's advances on CL80 options underwriting)	500	500
3.6 Repayment of borrowings	-	-
3.7 Transaction costs related to loans and borrowings (Costs of preparing underwriting agreements)	(9)	(9)
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
3.10 Net cash from / (used in) financing activities	491	1,281

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of quarter/year to date	115	117
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(367)	(1,147)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	-	(12)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	491	1,281

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of quarter	239	239

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	239	115
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	239	115

6.	Payments to directors of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to these parties included in item 1.2	60
6.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3	Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

Directors' remuneration for the period.

7.	Payments to related entities of the entity and their associates	Current quarter \$A'000
7.1	Aggregate amount of payments to these parties included in item 1.2	-
7.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3	Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

-

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	2,750	990
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

On 28 June 2016, the Company announced that it had entered into facility agreements to raise up to a total of \$2,250,000 (**Equity Facilities**) from a number of sophisticated investors in the Company (**Subscribers**).

On 10 February 2017, the Company announced that it had received \$500,000 of funds from sophisticated investors for the underwriting of listed CL80 options.

At 31 March 2017, the amount of the Equity Facilities available to be drawn is \$1.76 million.

9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	225
9.2 Product manufacturing and operating costs	515
9.3 Advertising and marketing	130
9.4 Leased assets	-
9.5 Staff costs	260
9.6 Administration and corporate costs	150
9.7 Other (provide details if material)	-
9.8 Total estimated cash outflows	1,280

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1 Name of entity	-	-
10.2 Place of incorporation or registration	-	-
10.3 Consideration for acquisition or disposal	-	-
10.4 Total net assets	-	-
10.5 Nature of business	-	-

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here: Date: 21 April 2017
CEO and Director

Print name: Chris Noone

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.