

## DECEMBER 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 December 2017.

### Key corporate highlights include:

- + **42% increase in receipts** vs the September 2017 Quarter, a new record result, and 59% increase vs the December 2016 Quarter.
- + **30% decrease in net cash used in operating activities** vs the September 2017 Quarter reflecting the increase in cash receipts and effective management of the cost base.
- + **15% decrease in product manufacturing and operating costs** vs the September 2017 Quarter.
- + **15% decrease in administration and corporate costs** vs the September 2017 Quarter.
- + **2% decrease in marketing expenses** despite increase in overall marketing activity and cash receipts, largely attributable to RACV funding marketing activity in Victoria and improvement in marketing performance.
- + **33% increase in Rental Transaction Value** for DriveMyCar vs the September 2017 Quarter and 62% increase vs the December 2016 Quarter.
- + **44% increase in Gross Profit** for DriveMyCar vs the September 2017 Quarter and 88% increase vs the December 2016 Quarter.
- + **352% increase in Net Vehicle Activations** for DriveMyCar vs the September 2017 Quarter and 271% increase vs the December 2016 Quarter driven by activations of vehicles sourced from corporate fleets, increased marketing activity and RACV members.
- + **140% increase in Calculator Enquiries** for DriveMyCar vs the September 2017 Quarter and 109% increase vs the December 2016 Quarter.
- + **51% increase in Renter Registrations** for DriveMyCar vs the September 2017 Quarter and 47% increase vs the December 2016 Quarter.
- + **137% increase in Gross Revenue from RACV DriveMyCar** in Victoria in December 2017 vs November 2017.
- + **18% increase in Rental Transaction Value for Uber** vs the September 2017 Quarter and 217% increase vs the December 2016 Quarter.

### Consolidated Cash Flows

Receipts from Customers increased 42% compared to the September 2017 Quarter. This record result was contributed to by the addition of the first of the 105 Subaru XV models, seasonal uplift in demand and exceptional growth in RACV DriveMyCar in Victoria in December.

Product Manufacturing and Operating Costs declined 15% during the December 2017 Quarter versus the September 2017 Quarter mainly due to timing differences of payments to corporate fleet owners. 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. In reality payments to owners during the December 2017 Quarter accrued in proportion to the cash receipts, however due to the timing differences between receipts and payments the profit and loss impact is not always directly correlated in the reporting of cash flows, as cash payments lag cash receipts.

R&D costs increased 22% during the December 2017 quarter due to the addition of more development resources as Collaborate expanded capability for the development of the Collaborate Sharing platform, the launch of Mobilise and the co-branded RACV DriveMyCar proposition and new business plan development. This investment in R&D will support growth in cash receipts in upcoming quarters. Advertising and marketing expenses declined by 2% versus the September 2017 Quarter. This reduction was despite an increase in overall marketing activity. Under the relationship with RACV, marketing costs for RACV DriveMyCar in Victoria are borne by RACV, allowing additional funds to be deployed to other territories. Staff costs increased during the December 2017 Quarter, due to higher once-off recruitment costs and some timing differences in payments for contractors. Administration and Corporate Costs decreased 15% compared to the previous quarter as a result of annual costs that were incurred in the September quarter including investor PR expenses, ASX annual fee, D&O insurance, audit costs and legal fees.

The Company continues to have no debt and there were no interest or financing costs incurred during the quarter.

### **Cash Balance at Quarter End and Funding Available**

At the end of the December 2017 Quarter, the Company maintained a cash balance of \$2,204,605. As at 31 December 2017, in excess of \$1,800,000 of these funds were held on short term deposits to obtain a higher interest rate on funds held.

Collaborate also has a Research and Development tax incentive receivable for FY17 of approximately \$270,000 which is expected to be received in the June 2018 Quarter.

The Company has capacity of \$1.76 million remaining under the Flexible Equity Facility, which expires in June 2018. The Company retains discretion as to the quantum and timing of each drawdown and may also raise funds from alternative sources. However, the Company has announced that it has paused drawdowns from this facility as the Company is now very well-funded from the exercise of options and \$1 million strategic investment from RACV, and the Board can confirm that there is no current foreseeable need for additional capital to be raised at this time, unless the Board decides to pursue significant additional investment opportunities.

### **DriveMyCar**

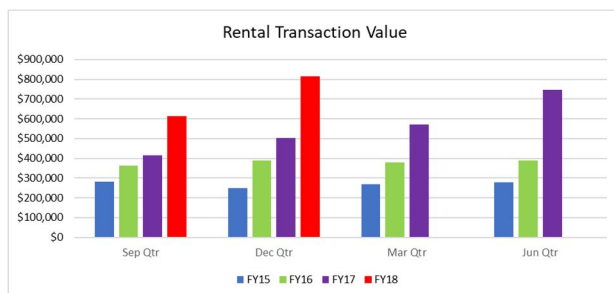
The December 2017 Quarter delivered record results across key revenue, profit and user engagement metrics. Rental Transaction Value increased by 33% compared to the September 2017 Quarter and 62% compared to the December 2016 Quarter. More significantly, Gross Profit increased at an even higher rate, 44% versus September 2017 Quarter and 88% versus December 2016 Quarter due to price increases during the peak December holiday period, a higher proportion of new model vehicles rented at higher prices including Subaru XV and Camry Hybrids and a business model which returns higher margins as volumes increase.

Net Vehicle Activations is a new metric introduced to show the incremental addition of vehicles to the fleet and increased by 352% versus the September 2017 Quarter. 56% of the net activations were provided by corporate fleet owners, with many of these vehicles being new models including Subaru XV, Holden Astra, Toyota Camry and Corolla Hybrid and Audi A3. These vehicles generate higher rental prices and enable DriveMyCar to compete directly with traditional car rental companies, however without the ownership costs of a vehicle fleet. The remainder of the vehicles were sourced from private owners, with much of the growth being driven by RACV in Victoria and marketing campaigns conducted directly by DriveMyCar. A 140% increase in Calculator Enquiries was experienced in the December 2017 Quarter compared to the September 2017 Quarter. Calculator Enquiries are performed by private owners before they decide to list a vehicle and are an indicator of future private vehicle activations.

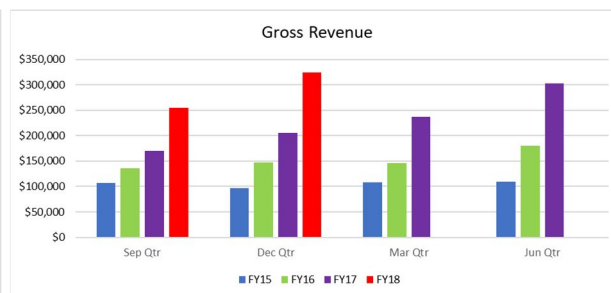
Rental Transaction Value for vehicles rented for UberX rideshare increased by 18% versus the September 2017 Quarter and 217% versus the December 2016 Quarter and made up 32% of Total Rental Transaction Value, a 4% decrease from the September 2017 Quarter which was due to the growth supported by RACV and new marketing campaigns. Management is pleased that the Uber rideshare component of its business continues to grow and that there are other sources of revenue that are also growing and provide a good balance of revenue streams. Flexible Rideshare Rentals, which provides temporary access to vehicles for Uber owner-drivers while their vehicles are being serviced or repaired, launched on 20 December in Sydney and quickly gained traction with customers and corporate fleet providers. As these rentals are typically for shorter periods, they achieve a premium price and deliver a higher gross margin. DriveMyCar's Flexible Rideshare Rentals product is the only solution promoted directly by Uber to driver-partners.

Period	Rental Transaction Value <sup>1</sup> '000	Gross Revenue <sup>2</sup> '000	Gross Profit '000	Gross Profit %	Net Rental Days Realised <sup>3</sup>	Net Rental Days Booked	Total Vehicle Activations	Calculator Enquiries	New Renter Registrations
<b>Dec Qtr 2017</b>	\$815	\$324	\$226	70%	20,359	21,634	104	3,863	1,608
Dec Qtr 2016	\$504	\$206	\$120	59%	12,849	10,910	28	1,845	1,093
Mar Qtr 2017	\$572	\$237	\$150	63%	15,311	22,681	144	1,733	1,325
Jun Qtr 2017	\$748	\$302	\$200	66%	21,379	17,921	-40	1,815	1,181
Sep Qtr 2017	\$612	\$255	\$157	62%	17,131	19,202	23	1,611	1,065
<b>Dec Qtr 2017 % growth vs Sep Qtr 2017</b>	<b>33%</b>	<b>27%</b>	<b>44%</b>		<b>19%</b>	<b>13%</b>	<b>352%</b>	<b>140%</b>	<b>51%</b>
<b>Dec Qtr 2017 % growth vs Dec Qtr 2016</b>	<b>62%</b>	<b>58%</b>	<b>88%</b>		<b>58%</b>	<b>98%</b>	<b>271%</b>	<b>109%</b>	<b>47%</b>

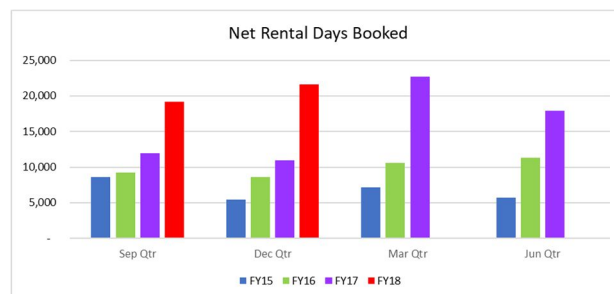
1. Rental Transaction Value is the total amount paid by the customers during the period.
2. Gross Revenue is the component of the Rental Transaction Value excluding the value of payments to owners that is charged by DriveMyCar and recognised as revenue for accounting purposes plus booking system revenue.
3. Net Rental Days Realised is the sum of rental days billed in the period.
4. Gross Profit in June 2017 Quarter included Claims Experience Discount recognised as a result of the low level of insurance claims



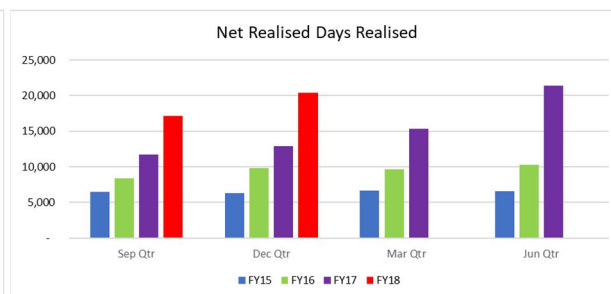
**Graph 1: Rental Transaction Value**



**Graph 2: Gross Revenue**



**Graph 3: Net Rental Days Booked**



**Graph 4: Net Rental Days Realised**

## Mobilise

Mobilise launched on 24 October 2017 and by the end of the December 2017 Quarter over 3,700 assets had been listed, a strong increase from the 3,000 assets at time of launch. A marketing partnership was secured with Housing Industry Association Insurance Services and an email campaign to over 15,000 builders and construction related companies commenced in December 2017 and continues into the March 2018 Quarter. The aim of the campaign is to secure listing of assets on the Mobilise platform and establish a critical mass whilst gradually transitioning marketing focus to rental demand. Facebook and Search Marketing campaigns commenced during the December 2017 Quarter with a primary focus on the listing of new assets. The number of unique users increased over 200% per month and over 2,000 searches were performed on the Mobilise platform in December 2017.

Subsequent to the end of the December 2017 Quarter customer-to-customer messaging was launched. Being able to ask quick questions before hire helps to build trust and confidence, and generally makes the hiring process much easier. 'Ask the owner a question' buttons are located inside every asset listing.

## MyCaravan

A new version of the MyCaravan website launched in the December 2017 Quarter with improved functionality and customer messaging. Facebook and Search marketing campaigns commenced later in the December 2017 Quarter. MyCaravan will be exhibiting at the the 2018 Newcastle Caravan, Camping and Holiday Expo to be held on Thursday, 8 to Sunday, 11 February 2018 at the Newcastle Entertainment Centre & Showground and at the 2018 Caravan Camping Holiday Supershow to be held Tuesday 24 to Sunday 29 April 2018 at Rosehill Racecourse, Rosehill.

Following the launch of the RACV DriveMyCar platform, MyCaravan is looking to build on the Collaborate relationship with RACV to explore opportunities to grow the supply and demand sides of the online marketplace.

**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 three core business segments: [www.DriveMyCar.com.au](http://www.DriveMyCar.com.au) Australia's leading peer-to-peer car rental business; [www.MyCaravan.com.au](http://www.MyCaravan.com.au) Australia's leading peer-to-peer caravan rental business; and [www.Mobilise.com](http://www.Mobilise.com) an online hire marketplace to unlock the enormous potential of under-utilised assets. Through our proprietary trust and reputation platform, [www.peerpass.com.au](http://www.peerpass.com.au) we create 'trust' between individuals and make it possible for people and companies 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 December 2017

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	898	1,531
1.2 Payments for		
(a) research and development	(330)	(601)
(b) product manufacturing and operating costs	(533)	(1,164)
(c) advertising and marketing	(109)	(220)
(d) leased assets	-	-
(e) staff costs	(339)	(605)
(f) administration and corporate costs	(140)	(303)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	2	20
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(551)</b>	<b>(1,342)</b>

<b>2.</b>	<b>Cash flows from investing activities</b>		
2.1	Payments to acquire:		
	(a) property, plant and equipment	-	-
	(b) businesses (see item 10)	-	-
	(c) investments	-	-
	(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	Other – <i>refundable rental deposit for office</i>	(50)	(67)
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(50)</b>	<b>(67)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of shares	-	-
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	-	(24)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>-</b>	<b>(24)</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of quarter/year to date	2,806	3,638
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(551)	(1,342)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(50)	(67)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	(24)
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of quarter</b>	<b>2,205</b>	<b>2,205</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter</b> <b>\$A'000</b>	<b>Previous quarter</b> <b>\$A'000</b>
5.1	Bank balances	394	792
5.2	Call deposits	1,811	2,014
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>2,205</b>	<b>2,806</b>

**6. Payments to directors of the entity and their associates**

6.1 Aggregate amount of payments to these parties included in item 1.2

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

<b>Current quarter</b> <b>\$A'000</b>
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Directors' remuneration for the period.
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7. <b>Payments to related entities of the entity and their associates</b>	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. <b>Financing facilities available</b> <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)	2,250	490
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**).

As at 31 December 2017, the amount of the Equity Facilities available to be drawn is \$1.76 million.

9. <b>Estimated cash outflows for next quarter</b>	\$A'000
9.1 Research and development	280
9.2 Product manufacturing and operating costs	610
9.3 Advertising and marketing	130
9.4 Leased assets	-
9.5 Staff costs	350
9.6 Administration and corporate costs	130
9.7 Other (provide details if material)	
<b>9.8 Total estimated cash outflows</b>	<b>1,500</b>

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: 30 January 2018

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.