

## MARCH 2018 QUARTERLY REPORT AND BUSINESS UPDATE

Collaborate Corporation Limited (ASX:CL8) is pleased to present its consolidated quarterly cash flow report and business update for the quarter ended 31 March 2018. Despite delivering the second highest quarter for cash receipts, management is disappointed that another record quarter was not achieved, largely due to two significant deals not materialising as expected during the quarter and changes in rideshare regulations in Queensland and Victoria causing delays in new rentals and income. Each of the factors affecting March 2018 Quarter have been resolved in the month of April and those deals and initiatives will now contribute to results in the remainder of the June 2018 Quarter and following quarters. Despite the lack of any major catalysts during the Quarter, and the traditionally weaker quarter following the strong seasonal uplift in December, the underlying business was strong. Importantly, the DriveMyCar business also recorded the lowest quarterly net loss since it was acquired by Collaborate in February 2014.

### Key corporate highlights include:

- + **21% increase in receipts** vs the March 2017 Quarter, the second highest result to date and achieved without any significant new catalysts or seasonality uplift, which boosted results in prior quarters.
- + **16% decrease in administration and corporate costs** vs the December 2017 Quarter, the second consecutive substantial decrease.
- + **Lowest quarterly net loss for DriveMyCar** since acquisition by Collaborate, a 13% reduction vs December 2017 Quarter and a 19% reduction vs the September 2017 Quarter.
- + **31% increase in Rental Transaction Value and 33% Increase in Gross Revenue for DriveMyCar** vs the March 2017 Quarter both of which are the second highest results achieved to date and represent strong underlying sales delivered without significant catalysts that contributed to results in previous quarters.
- + **67% increase in Uber Rental Transaction Value vs the March 2017 Quarter and a 4% decrease vs the December 2017 Quarter** despite changes to vehicle registration requirements for rideshare vehicles in Queensland and Victoria which resulted in temporary removal of vehicles available for UberX driver rentals and delays in the commencement of new rentals for UberX drivers.
- + **Consistent Gross Revenue from RACV DriveMyCar** in Victoria vs the December 2017 Quarter despite the strong seasonal uplift experienced in the December 2017 Quarter, once again demonstrating the strong underlying momentum in the business despite catalysts falling outside of the March 2018 Quarter.
- + **6% increase in Net Rental Days Booked from RACV DriveMyCar** vs the December 2017 Quarter indicating growing demand from this key sales channel.
- + Significant improvement in the DriveMyCar Search Marketing campaigns delivered a **40% reduction in cost per click and over 200% increase in conversions** in March 2018 vs February 2018.

- + **116% increase in Rental Transaction Value for MyCaravan** vs the December 2017 Quarter, due to improved marketing and increasing business traction.
- + **200% increase in Net Rental Days Booked for MyCaravan** vs the December 2017 Quarter prior to the expected benefits to be obtained from new promotion in conjunction with RACV.
- + **Over 200% increase in New Renter Registrations and 86% increase in Unique Website Users for MyCaravan in March 2018 vs February 2018** achieved by optimising the performance of the Search Marketing campaigns.

### **Consolidated Cash Flows**

As predicted in the December 2017 Quarterly Report and Business Update, Product Manufacturing and Operating Costs were skewed in the March 2018 Quarter due to timing differences of payments to owners that provide their assets for rental. A large proportion of these costs, which were paid in the March 2018 Quarter, relate to rentals for which income was received in the December 2017 Quarter. As there were very strong sales in December 2017, the payments to owners in the March Quarter increased substantially. However, the cash receipts for the March 2018 Quarter were lower than the December 2017 Quarter which was to be expected due to December seasonality and no major growth catalysts. Therefore payments for Product Manufacturing and Operating Costs are higher in proportion to cash receipts. The quantum of Product Manufacturing and Operating Costs related to the December 2017 Quarter is \$226,000. This view only reflects the movement of cash, the actual result at a Profit and Loss level is a more accurate view of the actual performance of the business. Notably, during the March 2018 Quarter, DriveMyCar reduced the net loss to the lowest level since acquisition by Collaborate, despite increased investment in recently launched initiatives.

Similarly, Advertising and Marketing Costs increased compared to the December 2017 Quarter. However \$28,000 of these costs related to the December 2017 Quarter. During the March 2018 Quarter digital advertising campaigns were optimised significantly and the Board expects that the marketing return on investment can be further improved in subsequent quarters and ultimately increased for faster growth.

R&D costs decreased 4% during the March 2018 Quarter due to the substantial completion of the development work for Mobilise and RACV DriveMyCar. \$40,000 of these costs relate to non-recurring work and further cost improvements should be seen in subsequent quarters.

Administration and Corporate Costs decreased 16% compared to the December 2017 Quarter reflecting the result of greater efficiencies achieved and lack of significant corporate actions during the period. Of the expenses incurred during the March 2018 Quarter, \$28,000 related to the December 2017 Quarter.

The group continues to operate without 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 March 2018 Quarter, the Company maintained a cash balance of \$1,293,686.

Collaborate also has a Research and Development tax incentive receivable for FY17 of approximately \$270,000 which is expected to be received in a subsequent quarter once processed by the Australian Taxation Office.

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 also has the ability to raise funds from alternative sources.

### **DriveMyCar**

The March 2018 Quarter delivered the second highest results for Rental Transaction Value and Gross Revenue, behind only the December 2017 Quarter which benefited from strong seasonal demand and the launch of the Subaru XV fleet campaign. In contrast, the March 2018 Quarter did not benefit from any of the expected catalysts - launch of the Peugeot fleet and rentals for RACV Insurance hailstorm customers. Issues were also experienced with new registration requirements imposed on rideshare vehicles in Victoria and Queensland during the quarter. However, despite these issues, DriveMyCar reduced its net loss for the March 2018 Quarter to the lowest level since its acquisition by Collaborate in February 2014.

The Peugeot fleet was expected to be available in February 2018. However delays in registration of the vehicles, which were out of the control of DriveMyCar and Peugeot, were experienced and no revenue was generated from this channel in the March 2018 Quarter. The availability of the Peugeot vehicles is now confirmed for mid-May and the initial batch of vehicles has increased from 100 to 110.

The car rental solution developed to support RACV members whose vehicles are to be repaired following the December 2017 hailstorm was available in the March 2018 Quarter, however delays, which were outside of DriveMyCar's control, were experienced in the communication of the offer to affected customers. This meant that the first bookings did not occur until mid-April 2018. All communications are now being distributed as originally planned and rentals have commenced, albeit later than expected.

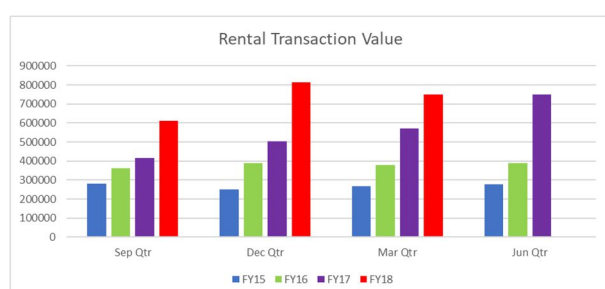
As flagged above, the registration requirements for rideshare vehicles were changed in Victoria and Queensland during the March 2018 Quarter. Overall, DriveMyCar sees this as a positive step as it continues to formalise rideshare as a legitimate transport option, however the process of registering vehicles for fleet owners under the new legislation was not as straightforward as it is for single vehicle owners. Some, but not all, of the fleet owners providing vehicles for rideshare experienced delays in processing the changes and some existing rentals were required to be terminated and new rentals delayed. This situation has now been resolved in Victoria, however issues still persist for some fleet owners in Queensland. Due to this issue Rental Transaction Value for rentals of rideshare vehicles to UberX drivers declined by 4%, whereas under ordinary circumstances a substantial increase would otherwise have been expected. The issue is now largely resolved as evidenced by a 19% increase in Rental Transaction Value from the month of February to March 2018. Rentals to UberX drivers accounted for 33% of Rental Transaction Value in the March 2018 Quarter, a slight improvement on 32% in the December 2017 Quarter.

Improvements in marketing efficiency have helped to support underlying revenue despite the issues described above. Amongst the improvements was a 40% reduction in cost per click and over 200% increase in conversions in March 2018 vs February 2018. Management of digital advertising campaigns was brought in-house in January 2018 to improve return on investment and provide a solid base for increasing the digital advertising budget.

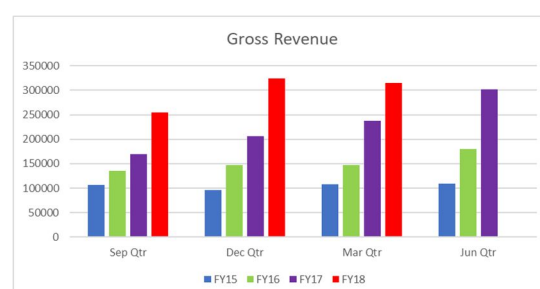
Gross Revenue from RACV DriveMyCar was consistent with the December 2017 Quarter despite the strong seasonal uplift experienced in the December 2017 Quarter. Net Rental Days Booked increased by 6% vs the December 2017 Quarter indicating that this key sales channel is gathering momentum, despite the absence of significant catalysts in the March 2018 Quarter.

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>Mar Qtr 2018</b>	<b>\$749</b>	<b>\$315</b>	<b>\$200</b>	<b>63%</b>	<b>18,796</b>	<b>20,032</b>	<b>88</b>	<b>2,831</b>	<b>1,285</b>
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
Dec Qtr 2017	\$815	\$324	\$226	70%	20,359	21,634	104	3,863	1,608
<b>Mar Qtr 2018 % growth vs Dec Qtr 2017</b>	<b>-8%</b>	<b>-3%</b>	<b>-12%</b>		<b>-8%</b>	<b>-7%</b>	<b>-15%</b>	<b>-27%</b>	<b>-20%</b>
<b>Mar Qtr 2018 % growth vs Mar Qtr 2017</b>	<b>31%</b>	<b>33%</b>	<b>33%</b>		<b>23%</b>	<b>-12%</b>	<b>-39%</b>	<b>63%</b>	<b>-3%</b>

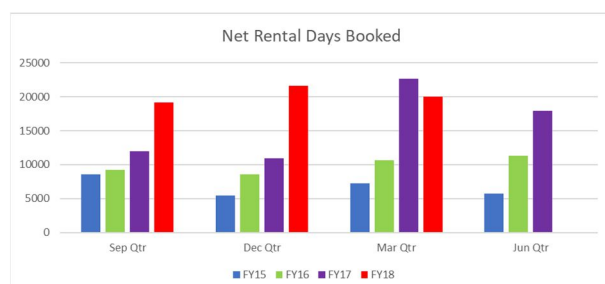
- Rental Transaction Value is the total amount paid by the customers during the period.
- Gross Revenue is the component of the Rental Transaction Value excluding the value of payments to owners that is charged by DriveMyCar and recognised as revenue for accounting purposes plus booking system revenue.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



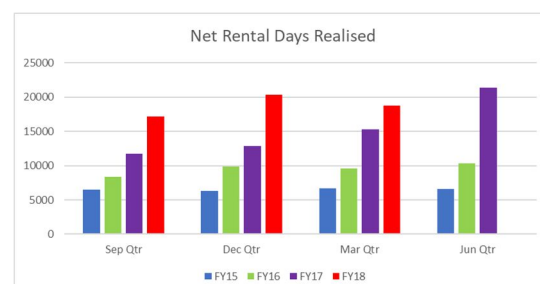
**Graph 1: Rental Transaction Value**



**Graph 2: Gross Revenue**



**Graph 3: Net Rental Days Booked**



**Graph 4: Net Rental Days Realised**

## **MyCaravan**

MyCaravan achieved significantly improved results in the March 2018 Quarter, far surpassing the December 2017 Quarter which has historically been the strongest quarter of the year. Rental Transaction Value increased 116% and Net Rental Days Booked increased 200% compared to the December 2017 Quarter. The launch of the new version of the MyCaravan website in December 2017, exhibiting at the Newcastle Caravan, Camping and Holiday Expo, long term rentals and improved marketing in the latter part of the March 2018 Quarter all contributed to the improved results.

As a result of bringing responsibility for digital advertising campaigns in-house, the performance of marketing campaigns has improved. A 233% increase in New Renter Registrations and 86% increase in Unique Website Users for MyCaravan was achieved in March 2018 vs February 2018, by optimising the performance of the Search Marketing campaigns. Cost per click declined by 85% which enables a larger amount of relevant traffic to be acquired for minimal cost. Despite the significant improvement in registrations and traffic, actual campaign expenditure during these months remained consistent with previous months.

In mid-April 2018, promotion of MyCaravan via the RACV website commenced via the Travel & Leisure and Member Discounts sections providing valuable access to RACV's large customer base.

## **Mobilise**

Considerable effort has been undertaken to test the Mobilise proposition since its launch in October 2017. Initial focus was placed on obtaining assets for listing on the platform. Early success was achieved in securing a large volume of assets from corporate partners to seed the marketplace. Following initial asset seeding, focus was placed on acquiring owners to list assets as well as customers to rent assets. Like many peer-to-peer marketplaces, the acquisition of individual owners and renters is not straightforward and, as expected has proven difficult.

Our initial testing and research indicates that the digital marketing campaign is attracting consumer renters at reasonable cost but these renters are seeking lower value items for short periods of time, in some cases 'micro-transactions' (1 day or less) which is not economically viable for a peer-to-peer marketplace. To date, Mobilise has deliberately focused its targeting to the business market where it is perceived that trust will be higher, rentals will be for longer periods and for higher value items, however these customers are difficult to acquire via digital advertising campaigns. This focus away from the consumer market has been further validated by the recent closure of OpenShed and the pivot of ToolMates towards a rental company aggregation model, two companies that had focused on the consumer market. Given these insights, the marketing campaign has been more tightly focussed and a greater emphasis is being placed on customer education and nurturing. A new PR agency has been engaged to assist with generating higher awareness and collaboration continues with Aon, HIA and HIA Insurance Services to activate their customer bases. The team is also assessing the launch of Mobilise into other categories with more rapid scalability potential.

## **Opportunity and Strategy Update**

During the week commencing 30 April 2018, an update on new activities and strategies will be released to provide shareholders and potential investors with further insights into the current and future opportunities being pursued by Collaborate.

**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 March 2018

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	767	2,299
1.2 Payments for		
(a) research and development	(314)	(915)
(b) product manufacturing and operating costs	(738)	(1905)
(c) advertising and marketing	(158)	(378)
(d) leased assets	-	-
(e) staff costs	(360)	(964)
(f) administration and corporate costs	(118)	(421)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	20	40
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>(901)</b>	<b>(2,244)</b>

<b>2.</b>	<b>Cash flows from investing activities</b>		
2.1	Payments to acquire:		
	(a) property, plant and equipment	(10)	(10)
	(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>	-	(66)
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(10)</b>	<b>(76)</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	2,205	3,638
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(901)	(2,243)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(10)	(77)
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>1,294</b>	<b>1,294</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	163	394
5.2	Call deposits	1,131	1,811
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>1,294</b>	<b>2,205</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>
84
-

Directors' remuneration for the period.

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 March 2018, 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	235
9.2 Product manufacturing and operating costs	600
9.3 Advertising and marketing	180
9.4 Leased assets	0
9.5 Staff costs	310
9.6 Administration and corporate costs	110
9.7 Other (provide details if material)	0
<b>9.8 Total estimated cash outflows</b>	<b>1,435</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: 27 April 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.