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## JUNE 2018 QUARTERLY REPORT AND BUSINESS UPDATE

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Collaborate Corporation Limited (ASX:CL8) is pleased to present its consolidated quarterly cash flow report and business update for the quarter ended 30 June 2018.

Collaborate concluded FY18 recording a 21% increase in Receipts from Customers. The June 2018 Quarter delivered the lowest cash used in operating activities for the year, supported by an R&D tax incentive refund of \$267,000, a 46% increase from FY17.

The group maintained strong operational activity levels during a period of competitor oversupply, which saw a decline in pricing in the market, and a seasonal decline in rental demand during the cooler season. The group had a strong focus on executing on the growth opportunities recently announced, a number of which progressed during the quarter. The impact of these initiatives is expected to be seen in the results from the September 2018 Quarter and beyond. Despite a strong underlying business, the seasonal weakness, competitor oversupply and delays experienced by third parties combined to counteract the delivery of another quarter of record growth. Notwithstanding all this, the June 2018 Quarter produced the fourth highest Receipts from Customers result ever achieved by Collaborate. To offset the lower than expected revenue, expenses were carefully managed such that the June 2018 Quarter reported the lowest net cash used in operating activities in FY18 (or the second lowest with the exclusion of the R&D tax incentive receipt).

### Key corporate highlights include:

- + **21% increase in Receipts from Customers in FY18 vs FY17**
- + **43% decrease in net cash used in operating activities** vs the March 2018 Quarter
- + **18% decrease in product manufacturing and operating costs** vs the March 2018 Quarter
- + **16% decrease in advertising and marketing costs** vs the March 2018 Quarter, reflecting the marketing contribution from RACV.
- + **18% decrease in research and development costs** vs the March 2018 Quarter
- + **3% decrease in staff costs** vs the March 2018 Quarter
- + **Receipt of R&D tax incentive refund of \$267,000**, a 46% increase from FY17
- + **28% increase in Rental Transaction Value and Gross Revenue for DriveMyCar in FY18** vs FY17
- + **72% increase in Uber Rental Transaction Value in FY18 vs FY17 and 6% increase vs the the March 2018 Quarter**
- + **46% increase in RACV DriveMyCar Gross Revenue** in Victoria in June 2018 vs May 2018 reflecting improvements obtained since digital marketing was brought under the direct management of DriveMyCar and contribution of revenues from the hailstorm accident replacement rentals.

- + **Launch of Accident Replacement Rental solution for RACV Insurance customers** affected by the December 2017 hailstorm
- + **Launch of the fleet of Peugeot vehicles** which has so far reached 115 vehicles, with additional vehicles available as existing vehicles are returned
- + **Launch of airport parking and ManageMyCar service with Busy Beaver**, an RACV partner, in Melbourne
- + **54% increase in Active Caravans for MyCaravan in FY18**
- + **31% increase in Unique Users for MyCaravan** vs the March 2018 Quarter reflecting more effective marketing campaigns and uplift from trade show attendance.

### **Consolidated Cash Flows**

Receipts from Customers increased by 21% in FY18 compared to FY17. The June 2018 Quarter delivered the lowest cash used in operating activities in FY18 a decrease of 43% compared to the March 2018 Quarter, supported by an R&D tax incentive refund of \$267,000, a 46% increase from FY17.

Compared to the Estimated Cash Outflows forecast in the March 2018 Quarter Appendix 4C, actual results were within 2% of the estimate. Net Cash Used in Operating Activities decreased by 43% compared to the March 2018 Quarter. Product Manufacturing and Operating Costs declined as expected due to timing differences of payments to owners that provide their assets for rental. Advertising and Marketing Costs declined compared to forecast as a result of RACV now funding the digital marketing budget for Victoria. In reality, digital marketing activity increased overall as RACV covered a range of marketing costs for Victoria.

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 June 2018 Quarter, the Company maintained a cash balance of \$801,667.

During the quarter, the group received an Australian Government R&D Tax Incentive refund of \$267,023 for FY17, a 46% increase on the amount received for FY16 and is reflective of the additional emphasis being placed on technology development and scaling the digital growth potential of the business.

In addition to cash on hand, the Company will lodge a claim for the R&D tax incentive for FY18. Given the investment in R&D undertaken by the Company during the year, preliminary estimates of the refund indicate it will be above the level received in the prior year and the Company has already commenced preparations for this claim.

The Company acknowledges the cash position at the end of the quarter and estimated cash outflows for the September 2018 quarter. It is important that shareholders note that the estimated cash outflows do not include the cash receipts from customers. As outlined in this report, a number of the issues affecting cash inflow over the last quarter have been resolved, and benefits of these will flow in the September 2018 Quarter and beyond. The directors closely monitor cash flows and funding requirements to ensure that the Company can continue to progress growth opportunities of the businesses. The Directors note that the company has received several approaches from existing and potential new investors indicating their support for investing in the Company.

## DriveMyCar

The June 2018 Quarter highlights included strong growth in RACV DriveMyCar revenue in June 2018 vs May 2018, following DriveMyCar taking over management of digital marketing campaigns, continued growth in rideshare rentals for Uber drivers, launch of the accident replacement car rental solution and the launch of airport parking and ManageMyCar with Busy Beaver in Melbourne. Short term rentals (from a minimum of 2 days) launched on 25 June 2018 and accordingly did not have an impact on revenue during the June 2018 Quarter

Despite these highlights, another quarter of record growth was disappointingly not achieved, due to four key short-term factors:

- + High utilisation of the fleet of Peugeot vehicles was not achieved during the June 2018 Quarter. Registration of the vehicles, which is the responsibility of a third party, not DriveMyCar or Peugeot, was once again delayed. By the end of the June 2018 Quarter a number of vehicles had been registered in Queensland for private use only and in NSW for private and rideshare use. A number of vehicles were registered for private use in Victoria in late June 2018 and rideshare registration is believed to be imminent. Compared to the previous Impreza and XV fleets provided by Subaru, the Peugeot fleet is the largest yet at 115 vehicles and additional vehicles are available to 'refresh' the fleet once vehicles are retired. Looking forward, the Peugeot fleet has the range, depth and product features to contribute a significant level of growth in revenue.
- + As previously announced, registration requirements for rideshare vehicles were changed in Victoria and Queensland during the March 2018 Quarter. Whilst there is no issue with DriveMyCar vehicles being used for rideshare in these states, onerous and poorly conceived processes (which are different in each state) have proved difficult for corporate fleet owners to navigate in the first instance. This resulted in some vehicles being temporarily withdrawn from rideshare use in Victoria. All corporate fleet owners (except Peugeot, which is pending) have now been successful in appropriately registering the vehicles in Victoria and utilisation is once again increasing. In Queensland, which contributes the smallest proportion of Uber rental revenue, fleet owners are still progressing their applications. Whilst the registration difficulties are frustrating and have constrained the business in the short term, it is positive to see state governments recognising the importance of positive regulation for rideshare vehicles and providing certainty to vehicle owners and renters. Despite this temporary setback, Rental Transaction Value (**RTV**) from rideshare rentals increased 6% vs the March 2018 Quarter and reached the highest level achieved in any quarter in FY18. Rideshare RTV accounted for 38% of total RTV in the June 2018 Quarter.
- + The car rental solution developed to support RACV members whose vehicles were to be repaired following the December 2017 hailstorm received its first bookings in mid-April 2018 after initial delays in distributing communications. Further issues were experienced during the June 2018 Quarter by third parties responsible for accessing customer data such that the volume and frequency of customer communications was significantly less than initially envisaged. As this was the first launch of such a program, the key aim was to prove that such a solution was feasible and provided significant consumer benefits. On that level the program was very successful. DriveMyCar was able to deliver the solution utilising repair centre staff who used the DriveMyCar handover app to manage pick up and return, customers were on-boarded rapidly via integration with

RACV systems and customer acquisition was achieved without incurring marketing costs.

- + Competitor prices were lower during the June 2018 Quarter and this impacted the number and value of rentals. DriveMyCar maintains a price index which measures competitor price activity on a current and forward-looking basis. During the June Quarter each year price discounting is common as demand contracts during the cooler months, however in the June 2018 Quarter larger and more sustained price discounting was identified amongst competitors, which is believed to be as a result of short term vehicle oversupply. As per the DriveMyCar Price Index, competitor prices during the June 2018 Quarter were 32% lower compared to the December 2017 Quarter and 24% lower compared to March 2018 Quarter. In prior quarters DriveMyCar had strong catalysts which counteracted seasonal declines in demand, however the June 2018 Quarter did not benefit from similar catalysts (as discussed above). When competitor prices are lower there are less incentives for consumers to comparison price shop which results in a lower number of price shoppers in the market considering "challenger brands" like DriveMyCar. As expected, the Price Index is now showing an increase in competitor pricing as we move into the second half of CY18.

Each of the short-term factors impacting growth identified above are now largely resolved and are expected to contribute positively to revenue in the September 2018 Quarter and beyond.

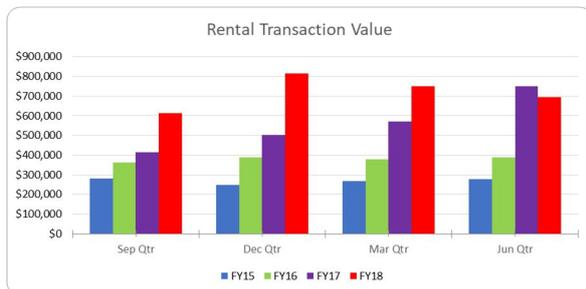
- + All Peugeot vehicles are now available for rental in NSW, Victoria and Queensland.
- + All corporate fleet providers, with the exception of Peugeot have registered their vehicles for rideshare in Victoria. As of 30 July, rideshare licence applications have been successfully submitted for 30 Peugeot vehicles and confirmation of the acceptance of these vehicles is expected within 2-3 business days.
- + The successful deployment of the accident replacement rental solution has led to planning of larger and longer term solutions for additional parties.
- + Current competitor prices have increased 13% since the June 2018 Quarter and 30-day future prices have increased 26% indicating that demand for DriveMyCar rentals will increase. In the June 2018 Quarter Net Rental Days Booked increased 12% vs the June 2017 Quarter (the June 2017 Quarter had exceptionally strong demand due to the new Subaru Impreza fleet).

In addition, the launch of short term rentals at the end of June 2018 will contribute to revenue from the September 2018 Quarter onwards. For the period from 1 to 29 July 2018, 21% of total rental bookings were for between 2 to 6 days duration. Short term rentals generate higher gross margin per day for DriveMyCar and vehicle owners.

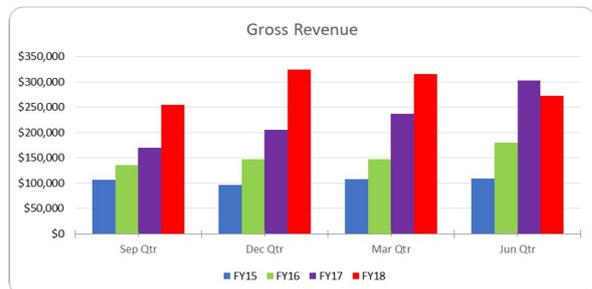
A referral program designed to increase rideshare rentals was launched on 26 July 2018. The program provides incentives for existing DriveMyCar Uber renters to refer their friends and colleagues who will then receive discounts on their first rental. The program is fully automated and operates entirely online.

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>Jun Qtr 2018</b>	<b>\$694</b>	<b>\$273</b>	<b>\$165</b>	<b>61%</b>	<b>16,733</b>	<b>20,047</b>	<b>-52</b>	<b>4,655</b>	<b>1156</b>
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
Mar Qtr 2018	\$749	\$315	\$200	63%	18,796	20,032	88	2,831	1,285
<b>Jun Qtr 2018 % growth vs Mar Qtr 2018</b>	<b>-7%</b>	<b>-14%</b>	<b>-17%</b>		<b>-11%</b>	<b>0%</b>		<b>64%</b>	<b>-10%</b>
<b>Jun Qtr 2018 % growth vs Jun Qtr 2017</b>	<b>-7%</b>	<b>-10%</b>	<b>-18%</b>		<b>-22%</b>	<b>12%</b>		<b>156%</b>	<b>-2%</b>

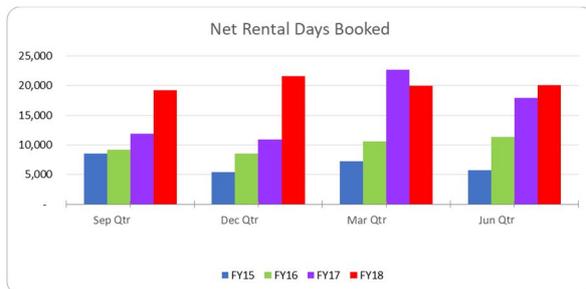
- Rental Transaction Value is the total amount paid by the customers during the period.
- Gross Revenue is the component of the Rental Transaction Value excluding the value of payments to owners that is charged by DriveMyCar and recognised as revenue for accounting purposes plus booking system revenue.
- 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



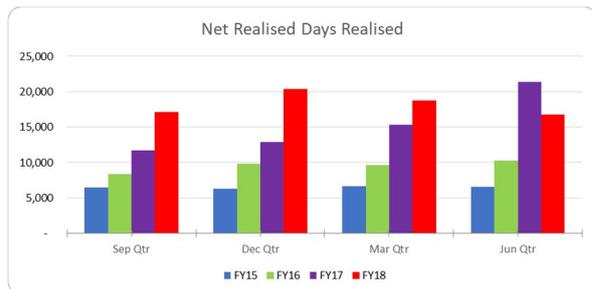
**Graph 1: Rental Transaction Value**



**Graph 2: Gross Revenue**



**Graph 3: Net Rental Days Booked**



**Graph 4: Net Rental Days Realised**

## MyCaravan

Demand for caravan rentals typically declines during the cooler months therefore the marketing focus is redirected to acquisition of caravan listings. The number of active listings increased by 10% compared to the March 2018 Quarter and increased 54% in FY18 compared to FY17. A 31% increase in Unique Users for MyCaravan vs the March 2018

Quarter was experienced reflecting more effective marketing campaigns and uplift from trade show attendance.

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

### **Mobilise**

During the June 2018 Quarter the second phase of the PR campaign commenced and extensive coverage was received across twelve News Corp print and digital mastheads around Australia. A web survey was conducted to gain visitor insights and feedback and this information has been used to assist with the ongoing strategy development for Mobilise. Work continues with Aon and Housing Industry Association Insurance Services to inform and activate their substantial customer base. Improvements were made to the website search functionality to improve relevance and expose more of the thousands of assets available to prospective customers.

### **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")**

30 June 2018

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	687	2,986
1.2 Payments for		
(a) research and development	(257)	(1,172)
(b) product manufacturing and operating costs	(607)	(2,511)
(c) advertising and marketing	(140)	(517)
(d) leased assets	-	-
(e) staff costs	(349)	(1,313)
(f) administration and corporate costs	(116)	(538)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	3	43
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	267	267
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(512)</b>	<b>(2,755)</b>

<b>2.</b>	<b>Cash flows from investing activities</b>		
2.1	Payments to acquire:		
	(a) property, plant and equipment	(7)	(17)
	(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	27	27
	(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>	-	(67)
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>20</b>	<b>(57)</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	1,294	3,638
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(512)	(2,755)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	20	(57)
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>802</b>	<b>802</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 \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	569	163
5.2	Call deposits	233	1,131
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>802</b>	<b>1,294</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 \$A'000</b>
76
-

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	

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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**). Equity facilities had a remaining capacity of \$1,760,000 when they expired on 30 June 2018.

9. <b>Estimated cash outflows for next quarter</b>	\$A'000
9.1 Research and development	200
9.2 Product manufacturing and operating costs	640
9.3 Advertising and marketing	200
9.4 Leased assets	-
9.5 Staff costs	360
9.6 Administration and corporate costs	130
9.7 Other (provide details if material)	-
<b>9.8 Total estimated cash outflows</b>	<b>1,530</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 July 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.