
SEPTEMBER 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 30 September 2018.

Collaborate concluded the September 2018 Quarter recording an 8% increase in Receipts from Customers vs the June 2018 Quarter and a 7% decrease in Net Cash Used in Operating Activities (excluding R&D tax incentive received in June 2018 Quarter).

Key corporate highlights include:

- + **8% increase in Receipts from Customers** vs June 2018 Quarter and 17% increase vs September 2017 Quarter
- + **7% decrease in Net Cash Used in Operating Activities** (excluding R&D tax incentive received in June 2018 Quarter) vs June 2018 Quarter
- + **17% increase in advertising and marketing expenditure** vs the June 2018 Quarter
- + **12% decrease in research and development costs** vs the June 2018 Quarter
- + **3% decrease in staff costs** vs the June 2018 Quarter
- + **9% increase in Uber Rental Transaction Value** vs the June 2018 Quarter and 30% increase vs September 2017 Quarter
- + **18% increase in New Renter Registrations** vs June 2018 Quarter
- + **614% increase in Rental Transaction Value for MyCaravan** vs the June 2018 Quarter
- + **8% increase in Active Caravans for MyCaravan** vs the June 2018 Quarter.

Consolidated Cash Flows

The seasonal weakness in demand and competitor oversupply experienced in the June 2018 Quarter persisted into the September 2018 Quarter preventing the delivery of another quarter of record growth. Notwithstanding this, the September 2018 Quarter produced the fourth highest Receipts from Customers ever achieved by Collaborate. To offset the challenging market conditions, expenses were carefully managed. Compared to the September 2017 Quarter, Receipts from Customers increased by 17% and Net Cash Used in Operating Activities decreased by 9%.

Corporate

On 1 September 2018, the Board of Directors was strengthened with the appointment of Michelle Vanzella as a non-executive director of Collaborate. Michelle brings to the Board expertise in strategic growth and innovation, customer strategy and analytics, consumer marketing and the application of emerging technologies to business growth at an ideal time for Collaborate as it leverages strategic partnerships and a unique business model to accelerate growth. With effect from 1 September, Joshua (Jim) Landau stepped down as

a non-executive director having originally been appointed as an alternate director in October 2015 and transitioned to the role of non-executive director in May 2016.

On 10 September 2018 Collaborate announced a partially underwritten non-renounceable 1 for 8 entitlement issue to shareholders at an offer price of \$0.015 per share (**Entitlement Issue**). A total of \$600,000 of the Entitlement Issue offer was underwritten by existing shareholders and officers of Collaborate. \$575,000 of the underwritten amount was advanced by the underwriters during the September 2018 Quarter. As at 30 September 2018 these funds were classified as borrowings per Section 3.5 of the Appendix 4C. During the December 2018 Quarter, these funds were repaid by applying \$575,000 towards underwriters' commitments under the Entitlement Issue thereby returning the Company to a nil debt position.

A total of 68,634,699 fully paid ordinary shares were issued on 29 October 2018, representing take up of 90% of the total shares offered under the Entitlement Issue and raising \$1,029,521, before costs. Following completion of the Entitlement Issue, the Company has 8,755,033 shares available (approximately \$130,000) under the shortfall offer pursuant to the prospectus dated 14 September 2018.

Cash Balance at Quarter End and Funding Available

At the end of the September 2018 Quarter, the Company maintained a cash balance of \$651,819, including \$575,000 of amounts advanced by underwriters to the Entitlement Issue. Subsequent to the end of the quarter, a further \$454,000 was received under the Entitlement Issue. The Company is very pleased with the support provided by both small and large shareholders, including Hishenk, RACV, Scintilla Strategic Investments and other top 20 shareholders.

In addition to the cash on hand, the Company will lodge a claim for the R&D tax incentive for FY18. These funds are expected to be received in the March 2019 Quarter.

The Company acknowledges its cash position at the end of the quarter and its estimated cash flows for the December 2018 quarter. It is important that shareholders note that the estimated cash outflows do not include the cash receipts from customers. The Directors closely monitor cash flows and funding requirements and are assessing all funding alternatives to ensure that the Company can continue to progress growth opportunities of the businesses. Due to seasonality, the December quarter has historically been the strongest cashflow quarter of the year and the Company expects that this will occur again this December quarter.

DriveMyCar

The September 2018 Quarter saw continued price discounting from competitors during the lower demand period of the year which decreased demand for private rentals. The heavy discounting is believed to be a result of competitors misjudging the optimum fleet size and incurring costs for idle vehicles which caused them to reduce their margins to compensate for high fixed costs of ownership. As DriveMyCar does not incur direct vehicle ownership costs, there is less requirement to operate 'heavily discounted' promotions to recover high fixed costs. In contrast, in the September 2018 Quarter DriveMyCar increased Gross Revenue 3% vs June Quarter 2018 and 10% vs September Quarter 2017.

DriveMyCar maintains a Price Index which indicates a strong correlation between competitor prices and demand for DriveMyCar vehicles. DriveMyCar seeks to counteract this impact through diversified revenue streams including rideshare rentals for Uber drivers,

accident replacement rentals, new initiatives such as apartment car share and subscription model (under development) and from new pick up locations via automotive car dealerships and airports. Unlimited Kilometre and Short Term Rentals campaigns were also launched during the September Quarter and at the end of the June Quarter, enabling DriveMyCar to compete directly with the product features of the traditional car rental operators, while still providing exceptional value for money.

As expected at this time of the year, the Price Index is starting to show higher competitor prices following a phase of below average prices during the majority of the September 2018 Quarter. Accordingly, DriveMyCar is now experiencing increased demand for its competitively priced vehicles demonstrated by Net Rental Days Booked for the first 30 days of October 2018 being 31% higher than the full 31 days of October 2017 and having already reached 56% of the Net Rental Days Booked for the full 92 days of the September 2018 Quarter.



Graph 1: Price Index – May 2018 to November 2018

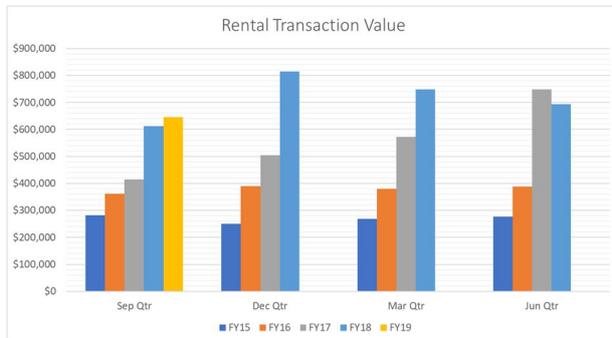
Short Term Rentals launched on 25 June 2018 and during the September 2018 Quarter accounted for 16% of total bookings. Whilst still a small proportion of total days booked, from the month of July to the month of September Gross Revenue and Net Rental Days increased by over 50% indicating increasing demand for this important new feature. Importantly, short term rentals on average contributed 36% more Gross Revenue per day than the equivalent 7+ day rentals.

After extensive delays, the fleet of 115 Peugeot vehicles was fully registered for use (except for rideshare in Queensland) and the launch of the Unlimited Kilometres campaign saw the fleet rapidly achieve full utilisation during the quarter.

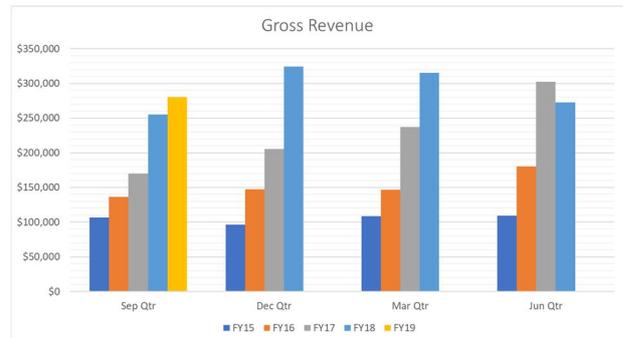
Rental Transaction Value for rideshare rentals increased 9% vs the June 2018 Quarter and increased 30% vs September 2017 Quarter and was the second highest result to date, despite only having vehicles available for rental in New South Wales and Victoria. Revenue from rideshare rentals is showing consistent growth despite changes to registration requirements earlier in CY2018 which took some time to be clarified by the state registration authorities. At present there are no vehicles available for rideshare rental in Queensland; however, it is expected that vehicles will shortly be available in Brisbane and the Gold Coast from recently announced providers.

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
Sep Qtr 2018	\$646	\$280	\$149	61%	15,990	16,681	-62	9,360	1,367
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	\$197	63%	18,796	20,032	88	2,831	1,285
Jun Qtr 2018	\$694	\$273	\$165	61%	16,733	20,047	-52	4,655	1,156
Sep Qtr 2018 % growth vs Jun Qtr 2018	-7%	3%	-10%		-5%	-17%	-16%	101%	18%
Sep Qtr 2018 % growth vs Sep Qtr 2017	5%	10%	-5%		-7%	-13%	-370%	481%	28%

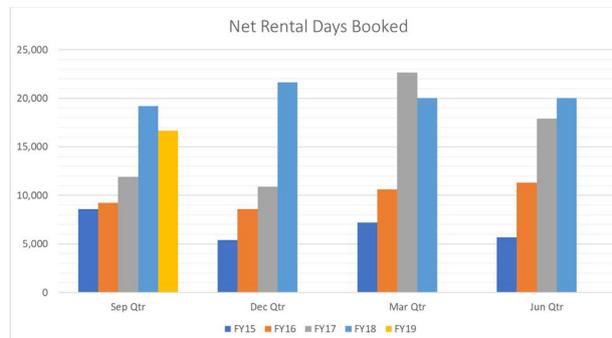
- Rental Transaction Value is the total amount paid by the customers during the period.
- Gross Revenue is the component of the Rental Transaction Value excluding the value of payments to owners that is charged by DriveMyCar and recognised as revenue for accounting purposes plus booking system revenue.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



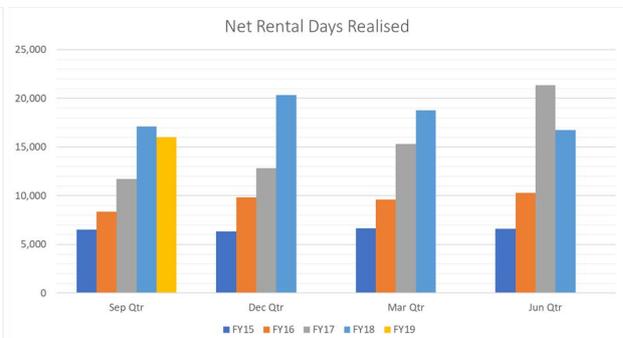
Graph 2: Rental Transaction Value



Graph 3: Gross Revenue



Graph 4: Net Rental Days Booked



Graph 5: Net Rental Days Realised

Subsequent to the end of the September 2018 Quarter a number of new initiatives were announced to accelerate vehicle supply and demand in the lead up to higher demand periods:

- + Cricks Tweed is the latest automotive dealer to provide vehicles for rental via DriveMyCar. The Cricks Tweed dealership is situated in an ideal location to service the important Tweed Heads/Coolangatta and Gold Coast regions, combining potential demand from tourists, residents, local businesses and Uber drivers. Vehicles are available for rental now.
- + Custom Fleet has signed an agreement for the supply of vehicles to the DriveMyCar marketplace. Custom Fleet is Australia and New Zealand's premier fleet management organisation with over 2,400 customers in metropolitan and regional Australia. Custom Fleet will provide vehicles in Sydney, Melbourne and Brisbane for collection from central locations. Additionally, vehicles are intended to be available for pick up from DriveMyCar's locations at Sydney and Melbourne airports. This new supply channel of quality vehicles will be available to private renters, business customers and Uber drivers. Vehicles are expected to be available for rental from November 2018.
- + LSH Auto trading as Mercedes-Benz Melbourne has signed an agreement for the supply of vehicles to the DriveMyCar marketplace and the launch of a premium vehicle rental service. The first collaboration between DriveMyCar and LSH's Mercedes-Benz dealerships will launch at Melbourne Airport. DriveMyCar will make a range of new Mercedes-Benz vehicles including A-Class, B-Class, CLA, C-Class, X-Class and GLA vehicles available for rent to Melbourne residents and incoming visitors via the Mercedes-Benz Melbourne Airport dealership. Upon arrival at Melbourne Airport customers will be collected from the Domestic or International terminals by a Mercedes-Benz valet driver and conveyed to Mercedes-Benz Melbourne Airport for collection of their vehicle.
- + DriveMyCar has launched a guaranteed rental income offer for private vehicle owners. DriveMyCar has years of insights gained from working with top earning owners to understand how they have maximised their earnings from renting out their under-utilised vehicles. DriveMyCar has identified the key elements of availability, price, location, promotion and responsiveness that ensure higher income potential for the vehicles in its fleet. Private vehicle owners who list their car on DriveMyCar and meet the eligibility criteria will receive guaranteed income of \$2,500 per annum. DriveMyCar believes that the rental income guarantee will provide greater confidence for private vehicle owners to list their vehicles for rent in the DriveMyCar fleet. The income guarantee terms will also incentivise vehicle owners to make their vehicles available and accept bookings in order to qualify for the guarantee - thereby increasing the overall availability of vehicles in the DriveMyCar fleet.
- + On 1 October 2018 the co-branded RACV/DriveMyCar proposition reverted to DriveMyCar branding. After reviewing results of the co-branded pilot it was concluded that a single DriveMyCar brand marketed nationally was the most effective way to attract and convert customers via PR, paid marketing and organic search. The focus on the single DriveMyCar brand is expected to improve conversions as customers will need to undergo fewer steps to make a booking. RACV continues to promote DriveMyCar via the RACV website.

MyCaravan

Rental Transaction Value for MyCaravan increased 614% vs the June 2018 Quarter as bookings increase in the warmer months. This result was also supported by bookings from insurance companies providing caravans for their customers seeking temporary accommodation while their homes are being repaired. RACV continues to promote MyCaravan offers to members via the RACV website.

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 Australia's leading peer-to-peer car rental business; www.MyCaravan.com.au Australia's leading peer-to-peer caravan rental business; and 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 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 September 2018

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	742	742
1.2 Payments for		
(a) research and development	(227)	(227)
(b) product manufacturing and operating costs	(603)	(603)
(c) advertising and marketing	(163)	(163)
(d) leased assets	-	-
(e) staff costs	(337)	(337)
(f) administration and corporate costs	(135)	(135)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	1
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)	-	-
1.9 Net cash from / (used in) operating activities	(722)	(722)

2.	Cash flows from investing activities		
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>	-	-
2.6	Net cash from / (used in) investing activities	-	-

3.	Cash flows from financing activities		
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	(3)	(3)
3.5	Proceeds from borrowings	575	575
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)	-	-
3.10	Net cash from / (used in) financing activities	572	572

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	802	802
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(722)	(722)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	572	572
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of quarter	652	652

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	652	569
5.2	Call deposits	-	233
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)	652	802

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

Current quarter \$A'000
74
-

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	

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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)	575	575
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 10 September 2018, the Company announced that it had secured \$575,000 as advances of the underwriting commitments from officers and sophisticated investors of the Company for the partially underwritten pro-rata non-renounceable entitlement issue. The advances from unrelated party underwriters, being \$550,000, attract fixed interest of 3% of the amounts advanced.

9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	188
9.2 Product manufacturing and operating costs	780
9.3 Advertising and marketing	190
9.4 Leased assets	-
9.5 Staff costs	350
9.6 Administration and corporate costs	163
9.7 Other (provide details if material)	-
9.8 Total estimated cash outflows	1,671

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: 31 October 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.