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## SEPTEMBER 2017 QUARTERLY REPORT AND BUSINESS UPDATE

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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 30 September 2017.

**Key corporate highlights include:**

- + **26% increase in receipts** vs the September 2016 Quarter and the second highest quarter for cash receipts to date.
- + **Launch of RACV DriveMyCar** in Victoria on 25 September leveraging access to RACV's 2.1 million members and considerable marketing reach and capability.
- + Launch of the **third and largest experiential marketing campaign with Subaru** on 26 September with the addition of the first of 105 Subaru XV models to the fleet.
- + **7% increase in Net Rental Days Booked** versus the June 2017 Quarter and 61% increase versus the September 2016 Quarter for DriveMyCar.
- + **31% increase in Total Vehicle Activations** versus the June 2017 Quarter and **109% increase** versus the September 2016 Quarter for DriveMyCar.
- + Completion of the upgraded **Collaborate Sharing Platform** providing content management functionality, cloud hosting and API layer to facilitate more efficient evolution of the DriveMyCar, MyCaravan and Mobilise marketplaces.

### Consolidated Cash Flows

Receipts from Customers declined as expected following consecutive record March 2017 and June 2017 Quarters, largely as a result of the retirement of the majority of the Subaru Impreza's and seasonal downturn in the car rental industry impacting the DriveMyCar business. The launch of RACV DriveMyCar on 25 September and the addition of the first of the 105 Subaru XV models on 26 September occurred too late in the September Quarter to have any reasonable impact on receipts. The benefit of these launches will be seen in the December 2017 Quarter. Approximately \$18,000 was received during the September 2017 Quarter in interest earned from term deposits.

As outlined in the June 2017 quarterly report, payments for Product Manufacturing and Operating Costs increased during the September 2017 Quarter versus the June 2017 Quarter due to a number of payments to fleet owners made that related to rentals that occurred during the June 2017 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. In reality payments to owners during the September 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.

R&D costs increased during the September 2017 quarter due to the addition of more development resources as Collaborate expands capability for the development of the Collaborate Sharing platform, the launch of Mobilise and the co-branded RACV

DriveMyCar proposition. This investment in R&D will support growth in cash receipts in upcoming quarters. Advertising and marketing expenses declined by 11% versus the June 2017 Quarter as a consequence of the lower seasonal demand. This reduction was despite costs incurred for design fees related to the brand refresh for DriveMyCar and MyCaravan and the launch of Mobilise. Staff costs declined by 17% during the September 2017 Quarter, due to lower recruitment costs and a greater proportion of personnel resources being devoted to R&D activities. Administration and Corporate costs increased compared to the previous quarter as result of costs that predominantly occur 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.

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

At the end of the September 2017 Quarter, the Company maintained a cash balance of \$2,806,000. As at 30 September 2017, in excess \$2,000,000 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 of approximately \$270,000. This is expected to be received in the March 2018 Quarter.

The Company has \$1.76 million capacity 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 foreseeable need for additional capital at this time, unless the Board decides to pursue significant additional investment opportunities.

### **DriveMyCar**

Following three consecutive quarters of record results, the September 2017 Quarter delivered the second highest Rental Transaction Value, Gross Revenue and Gross Profit. The September Quarter typically experiences lower demand due to seasonal factors. Despite this, Rental Transaction Value increased by 21% compared to the December 2016 Quarter which benefits from the strongest seasonal uplift in demand. During the September 2017 Quarter the remainder of the Subaru Impreza fleet was retired as planned which resulted in a reduction in rentals from this fleet. Despite the removal of a significant number of vehicles from the fleet, Rental Transaction Value increased by 48% vs the September 2016 Quarter. From 26 September the first of the 105 Subaru XV models were available, however too late to make a material impact on revenue. In comparison to the Subaru Impreza fleet, the Subaru XV vehicles are priced 30% higher and there are an additional four vehicles available, which will contribute to higher revenue potential from the XV fleet. Net Rental Days Booked in the September 2017 Quarter increased by 7% compared to the June 2017 Quarter indicating an uplift in demand for which the revenue will be realised in the coming months. Continuing this upward trend, Total Vehicle Activations in the September 2017 Quarter reached a new record of 289 vehicles, a 31% increase compared to the June 2017 Quarter.

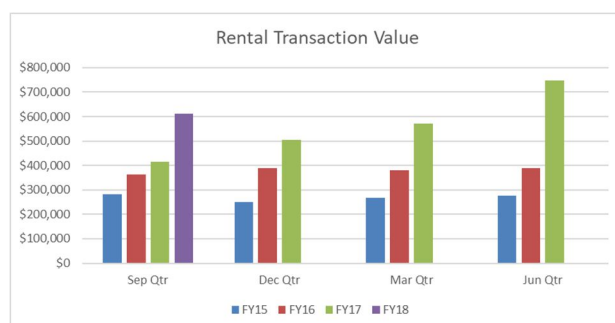
On 25 September 2017 DriveMyCar launched in Victoria with a co-branded RACV DriveMyCar website, leveraging access to RACV's 2.1 million members. RACV's considerable marketing reach and customer acquisition capability provides the opportunity to significantly grow DriveMyCar's business in Victoria.

The co-branded RACV DriveMyCar website was launched with a specific focus on owners and renters in the Victorian market. The proposition will be marketed by RACV to their existing customer base as well as new customers via a significant marketing campaign including search marketing, online advertising, native advertising, social media and PR. The RACV channel is expected to deliver substantial growth in the listing of vehicles and rentals. We are already seeing good reaction from Victorian owners in the initial stages of listing vehicles, whilst only limited marketing has occurred so far and is about to commence at greater scale.

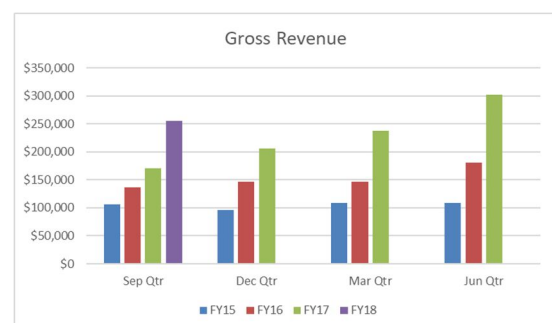
Rentals of vehicles for UberX rideshare use made up 36.3% of Total Rental Transaction Value, a slight reduction compared to 41.8% in the June 2017 Quarter. This reduction was predominantly due to the reduction in the Subaru Impreza fleet referred to above, and the balance of the rideshare fleet saw strong performance. Recently a number of medium sized providers have increased the number of vehicles they provide for rideshare use via DriveMyCar based on positive experience to date. The additional vehicles include Audi A3 & A4, Camry Hybrids and various Hyundais.

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>Sep Qtr 2017</b>	<b>\$612</b>	<b>\$255</b>	<b>\$157</b>	<b>62%</b>	<b>17,131</b>	<b>19,202</b>	<b>289</b>	<b>1,611</b>	<b>1,065</b>
Sep Qtr 2016	\$415	\$170	\$104	61%	11,713	11,928	138	1,770	1,028
Dec Qtr 2016	\$504	\$206	\$120	59%	12,849	10,910	184	1,845	1,093
Mar Qtr 2017	\$572	\$237	\$150	63%	15,311	22,681	275	1,733	1,325
Jun Qtr 2017	\$748	\$302	\$200	66%	21,379	17,921	220	1,815	1,181
<b>Sep Qtr 2017 % growth vs Jun Qtr 2017</b>	<b>-18%</b>	<b>-16%</b>	<b>-21%</b>		<b>-20%</b>	<b>7%</b>	<b>31%</b>	<b>-11%</b>	<b>-10%</b>
<b>Sep Qtr 2017 % growth vs Sep Qtr 2016</b>	<b>48%</b>	<b>50%</b>	<b>50%</b>		<b>46%</b>	<b>61%</b>	<b>109%</b>	<b>-9%</b>	<b>4%</b>

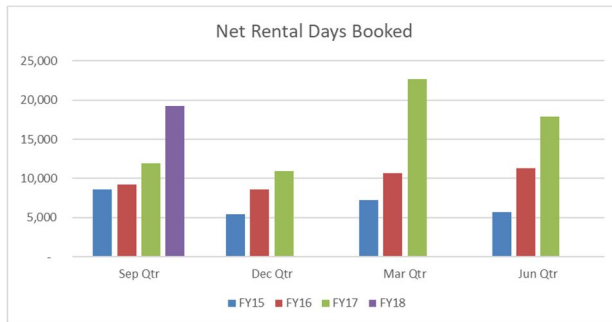
1. Rental Transaction Value is the total amount paid by the customers during the period.
2. Gross Revenue is the component of the Rental Transaction Value excluding the value of payments to owners that is charged by DriveMyCar and recognised as revenue for accounting purposes plus booking system revenue.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



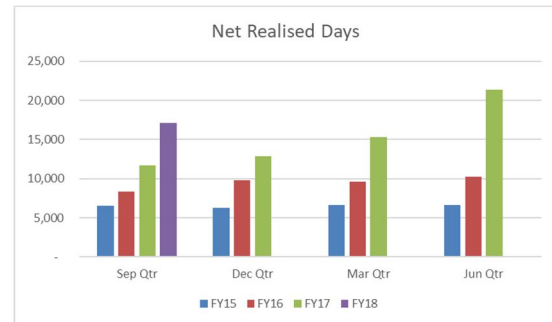
**Graph 1: Rental Transaction Value**



**Graph 2: Gross Revenue**



**Graph 3: Net Rental Days Booked**



**Graph 4: Net Rental Days Realised**

## MyCaravan

During the September 2017 Quarter work continued on improvements to the MyCaravan website which went live on 26 October along with implementation of the brand identity refresh. This work has been done in preparation for the peak Summer and holiday season demand period and will be supported by an online search and advertising campaign in the December 2017 Quarter. Following the launch of the RACV DriveMyCar platform, MyCaravan will look to build on the Collaborate relationship with RACV to explore opportunities to grow the supply and demand sides of the online marketplace.

## Mobilise

During the September 2017 Quarter significant work was completed to enable the launch of the Mobilise site, including site development, testing and business development activities with a number of current and potential corporate partners. Subsequent to the end of the September 2017 Quarter, on 24 October 2017, [www.Mobilise.com](http://www.Mobilise.com) launched with over 3,000 assets available for rent. The engagement of supply partners to provide assets for rental via the Mobilise marketplace continues via business development activities and will be supported by an online search and advertising campaign. Leveraging cost-effective access to relevant customers through Collaborate's partners will be a key focus in the coming months to grow the supply and demand sides of the Mobilise marketplace.

The launch of Mobilise also marked the completion of the upgraded Collaborate Sharing Platform which provides content management functionality, cloud hosting and API layer to facilitate more efficient evolution of the DriveMyCar, MyCaravan and Mobilise marketplaces. Given the increasing scope and sophistication of Collaborate's technology platform and requirements of key partners, Collaborate enhanced its technology team with the creation of a Chief Technology Officer role. We are pleased to advise that David Treves has been appointed to the role and commenced on 21 September. David has significant experience in Amazon Web Services and developing eCommerce solutions and his experience will be invaluable in the evolution of the Collaborate Technology platform.

The Directors are pleased with the significant efforts of all team members during the September 2017 Quarter and the great progress that has been made with the business.

## 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 September 2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	633	633
1.2 Payments for		
(a) research and development	(271)	(271)
(b) product manufacturing and operating costs	(631)	(631)
(c) advertising and marketing	(111)	(111)
(d) leased assets	-	-
(e) staff costs	(266)	(266)
(f) administration and corporate costs	(163)	(163)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	18	18
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>(791)</b>	<b>(791)</b>

**Appendix 4C**  
**Quarterly report for entities subject to Listing Rule 4.7B**

<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 (refundable rental deposit for office)	(17)	(17)
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(17)</b>	<b>(17)</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)	(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>(24)</b>	<b>(24)</b>

**Appendix 4C**  
**Quarterly report for entities subject to Listing Rule 4.7B**

<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	3,638	3,638
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(791)	(791)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(17)	(17)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(24)	(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>2,806</b>	<b>2,806</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	792	838
5.2	Call deposits	2,014	2,800
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>2,806</b>	<b>3,638</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>
130
-

Directors' remuneration for the period.



**Appendix 4C**  
**Quarterly report for entities subject to Listing Rule 4.7B**

<b>7. Payments to related entities of the entity and their associates</b>	<b>Current quarter \$A'000</b>
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	
-	

<b>8. Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
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**).

At 30 September 2017, the amount of the Equity Facilities available to be drawn is \$1.76 million.

<b>9. Estimated cash outflows for next quarter</b>	<b>\$A'000</b>
9.1 Research and development	261
9.2 Product manufacturing and operating costs	628
9.3 Advertising and marketing	100
9.4 Leased assets	-
9.5 Staff costs	278
9.6 Administration and corporate costs	150
9.7 Other (provide details if material)	-
<b>9.8 Total estimated cash outflows</b>	<b>1,417</b>

**Appendix 4C**  
**Quarterly report for entities subject to Listing Rule 4.7B**

<b>10.</b>	<b>Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)</b>	<b>Acquisitions</b>	<b>Disposals</b>
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 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.