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## DECEMBER 2019 QUARTERLY REPORT AND BUSINESS UPDATE

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Collaborate Corporation Limited (ASX:CL8) is pleased to present its consolidated cash flow report and business update for the quarter ended 31 December 2019.

Collaborate concluded the December 2019 Quarter recording a 20% increase in Receipts from Customers compared to the September 2019 Quarter, attributable to growth of **Carly** vehicle subscriptions and growth in rideshare rentals. Strong growth was achieved in all key revenue and booking metrics for **Carly** and rideshare rentals.

During the quarter, a total of \$2.24 million of funding was raised from a strategic investment by the SG Fleet Group (ASX: SGF / "SG Fleet") and the exercise of employee options. An initial batch of vehicles from SG Fleet were added to the **Carly** fleet in December 2019.

An agreement with Hyundai, Australia's third largest car brand, was signed for the launch of a market-first subscription proposition that will enable Hyundai's 172-strong dealer network to benefit from an additional subscription revenue stream. The **Carly** car subscription opportunity was introduced to a number of Hyundai dealers during the quarter and expressions of interest have been received from a significant proportion of the network.

The Collaborate Board was strengthened by the appointment of two non-executive directors - Todd Hunter, CEO of Turners Automotive Group, and Robbie Blau, CEO of SG Fleet.

### Key highlights include:

- + 20% increase in Receipts from Customers vs. the September 2019 Quarter, the fourth consecutive quarter of growth
- + 22% increase in Rental Transaction Value vs. September 2019 Quarter and 20% increase vs. December 2018 Quarter
- + 34% increase in Gross Revenue vs. September 2019 Quarter and 22% increase vs. December 2018 Quarter
- + 53% increase in Gross Profit vs. September 2019 Quarter and 59% increase vs. December 2018 Quarter
- + 21% increase in Net Rental Days Realised vs. September 2019 Quarter and 32% increase vs. December 2018 Quarter
- + 36% increase in **Carly** Rental Transaction Value vs. September 2019 Quarter
- + 42% increase in Rideshare (Uber) Rental Transaction Value vs. September 2019 Quarter
- + 39% increase in Rideshare (Uber) Gross Revenue vs. September 2019 Quarter

- + 42% increase in Rideshare (Uber) Net Rental Days Realised vs. September 2019 Quarter .
- + 44% decrease in Corporate and Admin costs vs. the September 2019 Quarter
- + \$1.46 million increase in cash on hand vs. the September 2019 Quarter
- + 12% decrease in net cash used in operating activities vs. the September 2019 Quarter reflecting higher revenue and continued effective cost control.

### **Consolidated Cash Flows**

Receipts from Customers increased by 20% in the December 2019 Quarter, the fourth consecutive quarter of growth, as the new vehicle subscription revenue stream was supported by **Carly**'s continued growth and the strong performance of the rideshare rental product. Despite the growth in revenue, Advertising and Marketing Costs only increased by 2%, reflecting the optimisation of campaigns and the higher return on marketing investment from the Carly and rideshare rental channels.

The 40% reduction in Administration and Corporate Costs forecast in the September 2019 Quarterly Report was bettered, with actual costs in the December 2019 Quarter decreasing 44% vs the September 2019 Quarter.

\$2.24 million was raised during the December 2019 Quarter from a strategic investment by SG Fleet and the exercise of employee options.

### **Corporate**

Collaborate announced on 14 November 2019 that it raised \$1.74 million through a placement to a strategic investor, SG Fleet Management Pty Limited, a subsidiary of SG Fleet (**Placement**), with a further \$0.46 million invested upon conversion of options received under the Placement. The strategic investment from SG Fleet follows the Company's March 2019 launch of **Carly**, Australia's first flexible vehicle subscription service. SG Fleet is one of Australia's leading specialist providers of fleet management, vehicle leasing and salary packaging services. SG Fleet has a presence across Australia, as well as in the United Kingdom and New Zealand. The company employs approximately 700 staff and has approximately 140,000 vehicles under management.

In addition to the Placement, SG Fleet committed to provide an initial batch of 100 vehicles to the **Carly** marketplace, with a significant number of additional vehicles to be supplied subject to demand and economic returns. The initial portion of the first batch of 100 vehicles was provided for **Carly** in mid-December 2019 and the balance is expected to be supplied through the March Quarter. The vehicles will be provided on commercial terms similar to those that apply to existing providers to **Carly**. Collaborate and SG Fleet will work together to accelerate the growth of **Carly**'s consumer demand channels for car subscription and leverage SG Fleet's significant experience and relationships in the business and government markets and realise the substantial opportunity in this area by allowing these customers, their clients and their staff to access car subscription via **Carly**.

On 1 October 2019, Collaborate welcomed Mr Todd Hunter to its Board as a non-executive director. Todd has been appointed to the Board by Turners Automotive Group following their strategic investment of \$1.0 million via placement in June 2019. Todd has been Group CEO of Turners since July 2016. Todd is a strong and experienced senior executive, with a

background in marketing, sales and accounting in both large global and domestic businesses (Ernst & Young, Microsoft and New Zealand Post).

On 10 December 2019, Collaborate also welcomed Mr Robbie Blau to its Board as a non-executive director. Robbie has been appointed to the Board by SG Fleet Management Pty Limited, a subsidiary of SG Fleet following their strategic investment of \$2.2 million via placement and conversion of options in November 2019. Robbie was appointed CEO of SG Fleet in July 2006 and has significant experience in the fleet management and leasing industry. He was appointed to the SG Fleet Board as an Executive Director in January 2014. Robbie has overall responsibility for the strategic development of SG Fleet and manages its relationships with financial services partners.

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

At the end of the December 2019 Quarter, the Company maintained a cash balance of \$3.165 million, an increase of \$1.462 million from the September 2019 Quarter.

The Directors closely monitor cash flows and funding requirements and are assessing all funding alternatives, which may include a placement to strategic and/or high-net-worth investors to ensure that the Company can continue to pursue the growth opportunities of the businesses. The Company acknowledges its cash position at the end of the quarter and its estimated cash flows for the March 2020 quarter. It is important that shareholders note that the estimated cash outflows do not include the cash receipts from customers.

### **Vehicle Revenue Streams**

Given the scale of the car subscription opportunity and the significant ongoing negotiations with manufacturers, dealers and other parties seeking to partner with **Carly**, limited metrics will be reported so that the existing competitive advantage in the subscription market is preserved. This is in line with the limited, if any, metrics reported by other providers in the car subscription market.

Rental Transaction Value (**RTV**) increased 22% vs. the September 2019 Quarter, largely as a result of growth in **Carly** subscription revenue and rideshare rental revenue. The December Quarter typically produces strong results due to holiday period demand. However, as the focus of the business shifts from rental to subscription, this seasonality will be less pronounced going forward. As planned with the strategic focus of ensuring vehicles being available for **Carly** subscriptions, **DriveMyCar** rental revenue was flat vs. the September 2019 Quarter, while **Carly** RTV increased 36% and rideshare rental RTV increased 42%. The subscription and rideshare rental revenue streams are more predictable, and demand can be more effectively influenced by marketing activities, thus giving Collaborate more control of revenue growth in the future. The lifetime value of a customer for a **Carly** subscription or rideshare rental exceeds the value of a traditional rental customer.

Gross Revenue increased 34% vs. the September 2019 Quarter, supported by growth in RTV and fees earned from the Hyundai subscription project. Gross Profit increased 53% for the same period as revenue increased without a corresponding increase in costs. Net Days Realised increased by 21% vs. the September 2019 Quarter. Despite delivering strong revenue growth, Advertising and Marketing Costs only increased by 2%, reflecting the benefit of campaign optimisation and the lower cost customer acquisition channels for subscription when compared to rental.

By the end of the December 2019 Quarter, the supply of dealer and ex-lease vehicles, from providers including Suttons Motor Group and SG Fleet, increased by 10% compared to the

end of the September 2019 Quarter. The number of corporate vehicles rented/subscribed increased by 22% vs the September 2019 Quarter, reflecting higher vehicle utilisation and return for owners. These suppliers and vehicles have been identified as being crucial for the long term growth of **Carly**. Access to additional vehicles from existing providers and new providers such as Hyundai and its dealer network and I-Motor dealers remain the focus of business development efforts. Material agreements for the supply of additional vehicles will be announced via the ASX.

### **Industry Partnerships**

On 18 October 2019 Collaborate announced that an agreement had been signed with Hyundai Motor Company Australia (**Hyundai**) to launch an industry first vehicle subscription proposition that will enable customers to subscribe via **Carly** to vehicles provided by Hyundai dealers in Australia. Hyundai is the third largest automotive manufacturer by volume in Australia (VFACTS Sep 2019 YTD). Hyundai's partnership with **Carly** marks a significant step forward for the car subscription industry in Australia:

Hyundai is the first manufacturer to support a vehicle subscription service in Australia across multiple models in its new vehicle range and the Hyundai dealer network is the first to deliver a subscription service to enable customers to subscribe to use Hyundai vehicles.

**Carly** is the first manufacturer-led subscription service to enable the Hyundai dealer network to earn subscription revenue from vehicles whilst retaining long term ownership and eventual resale opportunities. **Carly** and Hyundai have jointly initiated a dealer signup and onboarding campaign to engage Hyundai network dealers in the subscription program.

**Carly** has developed a Hyundai mini-site to showcase the Hyundai vehicles available for subscription which utilises geo-location functionality to display the vehicles available at dealers located in closest proximity to the subscriber. **Carly** will manage a digital marketing campaign, to be funded by Hyundai, to drive subscriber acquisition across various channels including search, web display and retargeting, Facebook and Instagram. **Carly** has completed development work for the proposition and it is now ready for rollout by Hyundai to their dealer network.

Subsequent to the end of the December 2019 Quarter, on 14 January 2020, Booran Dandenong Pty Ltd signed an agreement for its dealerships to offer vehicles for subscription via **Carly**. In addition, the Booran dealerships will utilise the Car Subscription Solution developed by **Carly** and I-Motor that enables a 'subscribe' option to be added to vehicles listed on dealer websites, making it easy for customers to sign up online for a car subscription that is facilitated by **Carly** ([www.Carly.co](http://www.Carly.co)).

The Car Subscription Solution enables automotive dealers to seamlessly introduce a new revenue stream to their dealership and provide their customers with the opportunity to subscribe to a vehicle whilst viewing it on the dealer website. The Car Subscription Solution leverages web traffic already landing on the dealer website and therefore requires no additional marketing expenditure. Digital marketing is an area of great focus for automotive dealers, despite the challenges of converting web traffic into foot traffic in the dealership and eventually into the sale of a vehicle. The Car Subscription Solution helps solve these challenges by enabling the customer to complete the subscription process entirely online and by offering a lower commitment alternative to outright purchase of a vehicle, a loan or a long-term lease.

On 16 January 2020 Collaborate agreed terms with Turners Automotive Group (ASX:TRA; NZX:TRA) for the launch of the **Carly** vehicle subscription service in New Zealand. The agreement follows a \$1 million strategic investment from Turners Automotive and an exclusive negotiating period for the launch of a joint vehicle subscription service in New Zealand announced on 2 July 2019. The investment and launch of [www.Carly.co.nz](http://www.Carly.co.nz) is in line with Turners' strategy to invest in opportunities adjacent to its core automotive business. **Carly**'s aggregator-based model provides an opportunity for Turners to add value to its existing business models, deliver significant benefits to its customers and address the changing way consumers are thinking about vehicle access and ownership. Turners has committed to supply 200 vehicles to the **Carly** NZ fleet within six months of launch; sourced from their own stock and partners including automotive dealers, manufacturers and fleet managers. **Carly** is expected to launch in New Zealand in late March 2020. Carly will generate income from a platform licence fee based on subscription revenue, custom technology development and for the provision of customer service.

### **Strategic Direction**

Collaborate continues to direct its resources and strategic focus towards its mobility strategy owing to the large number of opportunities resulting from significant changes in the automotive industry and rapid evolution of the ways that consumers wish to access vehicles. Car subscription, which Frost & Sullivan has forecast to account for 10% of new car sales in USA & Europe in 2025, is an area of significant opportunity for Collaborate. **Carly** has been launched to capitalise on the opportunity in the current \$60 Billion p.a car sales market in Australia. **DriveMyCar** continues to pursue opportunities in the car rental market including private and rideshare rentals and both **Carly** and **DriveMyCar** leverage the operations expertise, technical platform and industry relationships established by **DriveMyCar**.

In light of the significant opportunities in the mobility sector, Collaborate has reviewed the available resources and potential of the Mobilise platform and decided to cease operations as of today. This closure will free up resources to focus on **DriveMyCar** and **Carly**. There will be no material impact on revenue or the carrying value of assets on the balance sheet. The future focus for the MyCaravan business is also the subject of further review.

### **Authorised by:**

**Chris Noone**  
**CEO and Director**  
**Collaborate Corporation Limited**

### **For more information please contact:**

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E: [shareholder@collaboratecorp.com](mailto:shareholder@collaboratecorp.com)

### **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 providing innovative mobility solutions for consumers and the the automotive industry. Collaborate operates [www.DriveMyCar.com.au](http://www.DriveMyCar.com.au) Australia's leading peer-to-peer car rental business, complemented by [www.Carly.co](http://www.Carly.co), Australia's first flexible car subscription service, complemented by our proprietary PeerPass trust and reputation platform.

## 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 2019

<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	845	1,547
1.2 Payments for		
(a) research and development	(253)	(495)
(b) product manufacturing and operating costs	(644)	(1,233)
(c) advertising and marketing	(150)	(298)
(d) leased assets	-	-
(e) staff costs	(369)	(654)
(f) administration and corporate costs	(129)	(355)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	3	4
1.5 Interest and other costs of finance paid	(1)	(2)
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>(698)</b>	<b>(1,486)</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	-	(4)
	(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	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>-</b>	<b>(4)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of shares	1,743	3,191
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	501	501
3.4	Transaction costs related to issues of shares, convertible notes or options	(84)	(271)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	(13)
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>2,160</b>	<b>3,408</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	1,703	1,247
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(698)	(1,486)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	(4)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	2,160	3,408
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>3,165</b>	<b>3,165</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	3,165	1,703
5.2	Call deposits	-	-
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>3,165</b>	<b>1,703</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>
95
-

Directors' remuneration for the period, including payments for previous periods..



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	

Not applicable

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	850	850
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
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.		

The Company has a financing facility of \$850,000 (**Financing Facility**) from Willoughby Capital Pty Ltd as trustee for the Willoughby Capital Trust (**Willoughby Capital**), the Company's largest shareholder and a related party of the Company.

The Financing Facility is unsecured and provided at a simple interest rate of 12% per annum calculated based on draw down amount. With effect from 1 October 2019, the simple interest payable will be reduced to 9% per annum until repayment date 31 March 2020.

Full details of the Financing Facility are set out in the ASX release dated 14 March 2019 and subsequent variation of terms in the ASX release dated 16 July 2019.

The Company also has a controlled placement deed with Acuity Capital for up to \$3 million of equity over a 30-month period to 31 July 2021. Full details of the facility are set out in ASX release dated 10 January 2019.

9. <b>Estimated cash outflows for next quarter</b>	\$A'000
9.1 Research and development	(237)
9.2 Product manufacturing and operating costs	(784)
9.3 Advertising and marketing	(178)
9.4 Leased assets	-
9.5 Staff costs	(305)
9.6 Administration and corporate costs	(203)
9.7 Other (provide details if material)	-
<b>9.8 Total estimated cash outflows*</b>	<b>(1,707)</b>

\*Note that total estimated cash outflows do not include cash receipts from customers.

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:

  
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Date: **30 January 2020**

**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.