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## MARCH 2020 QUARTERLY ACTIVITIES REPORT

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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 March 2020.

Collaborate achieved excellent results in the March 2020 Quarter, despite the impact of COVID-19, recording a 15% increase in Receipts from Customers compared to the December 2019 Quarter. This is Collaborate's best ever quarter in terms of Receipts from Customers, and the fourth consecutive quarter of growth. The March 2020 result represents an increase of 78% compared to the March 2019 Quarter, with strong performance in underlying transactions, supported by development fees related to Carly NZ.

The recent strong results are attributable to the diversification strategy deployed by Collaborate to reduce reliance on the highly competitive and seasonal car rental market and focus on the growth opportunities afforded by **Carly** vehicle subscriptions and rideshare rentals. The development of **Carly** New Zealand for its launch partner, Turners Automotive, during the quarter also supported revenue diversification efforts and contributed to the increase in cash receipts.

As the COVID-19 situation evolved in March 2020 and traditional car rental companies saw large declines in revenue due to the curtailment of business and consumer travel, **DriveMyCar** only saw a moderate increase in cancellations and reduction in forward bookings late in the month. Rideshare rentals were also moderately impacted as fewer rideshare trips were completed. Revenue from **Carly** car subscription remained strong and continued to grow throughout March 2020. In contrast, retail sales of new passenger vehicles declined by 25% in March 2020 (VFACTS March 2020). **Carly** is an alternative to car purchase and provides a lower risk option for consumers and businesses that require cars but do not want to take on long-term financial obligations. Given this recent economic turmoil, **Carly** provides a highly attractive option for consumers and businesses, and Collaborate expects this to increase.

The ongoing challenges of COVID-19 are acknowledged, and substantial cost saving measures have been adopted in April 2020 to ensure that Collaborate has sufficient resources to cope with a reduction in economic activity. Despite these challenges, Collaborate believes it is well positioned to take advantage of new opportunities that are arising as people and businesses reassess the merits of taking on long-term finance for vehicles in a period of economic uncertainty.

### Key highlights include:

- + 15% increase in Receipts from Customers vs. the December 2019 Quarter and 78% increase vs. March 2019 Quarter
- + 4% increase in Rental Transaction Value vs. December 2019 Quarter and 49% increase vs. March 2019 Quarter
- + 32% increase in Gross Revenue vs. December 2019 Quarter and 91% increase vs. March 2019 Quarter

- + 6% increase in Net Rental Days Realised vs. December 2019 Quarter and 61% increase vs. March 2019 Quarter
- + 26% increase in **Carly** Rental Transaction Value vs. December 2019 Quarter
- + 38% increase in **Carly** number of Subscriptions Booked vs. December 2019 Quarter
- + 31% increase in **Carly** number of Live Subscriptions vs. December 2019 Quarter
- + Launch of **Carly** in Brisbane and Gold Coast on 12 February 2020
- + Completion of development work for Carly New Zealand
- + 15% increase in Rideshare Rental Transaction Value vs. December 2019 Quarter and 61% increase vs. March 2019 Quarter
- + 16% increase in Rideshare Gross Revenue vs. December 2019 Quarter and 53% increase vs. March 2019 Quarter
- + 16% increase in Rideshare Net Rental Days Realised vs. December 2019 Quarter and 58% increase vs. March 2019 Quarter
- + 24% decrease in Staff costs vs. the December 2019 Quarter.

### **Consolidated Cash Flows**

Receipts from Customers increased by 15% in the March 2020 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. The increase in cash receipts was also supported by payment for development work for Carly NZ by Turners Automotive.

Payments to related parties and their associates in the March 2020 quarter of \$88,000 related to remuneration of executive and non-executive directors for the period.

### **Corporate**

On 31 March 2020, Collaborate negotiated an extension of the repayment date of the Financing Facility from 31 March 2020 to 1 July 2020. The financing facility of \$850,000 (**Financing Facility**) was provided to the Company from Willoughby Capital Pty Ltd as trustee for the Willoughby Capital Trust, a company related to Stephen Abolakian, a director of the Company. The terms of the Financing Facility and variation of those terms were previously announced on 14 March 2019 and 16 July 2019.

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

At the end of the March 2020 Quarter, the Company maintained a cash balance of \$2.456 million.

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. In response to the potential impact of COVID-19, Collaborate has taken a prudent approach to cash management and proactively implemented a range of cost

saving measures. All staff have taken a 20% temporary salary reduction, non-executive directors have reduced their fees by 40%, service providers and agencies have agreed to fee reductions in the range of 20% to 30% and the Company has applied for all support that the Group may be eligible to receive as part of the State and Federal Government COVID-19 stimulus packages. All staff moved seamlessly to remote working mode on 20 March to abide by the recommendations of health authorities. No downtime was experienced and normal operations can continue until restrictions are lifted.

### **Vehicle Revenue Streams**

Rental Transaction Value (**RTV**) increased 4% vs. the December 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, and historically the March quarter has seen a decline in RTV as part of the seasonal cycle. As planned, with the strategic focus shifting to **Carly** subscriptions, **DriveMyCar** rental revenue declined during the March 2020 Quarter, while **Carly** RTV increased 26% and rideshare rental RTV increased 15%. The subscription and rideshare rental revenue streams are more predictable and have a stronger recurring nature, and demand can be more effectively influenced by marketing activities, thus giving Collaborate more influence over revenue growth in the future.

Gross Revenue increased 32% vs. the December 2019 Quarter, supported by growth in RTV and fees earned from the delivery of Carly New Zealand for Turners Automotive Group. As announced on 19 March 2020, in response to New Zealand Government mandated COVID-19 Level 4 lockdown restrictions, Turners Automotive Group advised that it had delayed the launch of Carly NZ beyond the previously scheduled date of 31 March 2020. Collaborate is fully supportive of this decision as a delay will ensure maximum attention and uptake following launch in the region. Technical and operational development was completed on schedule by 31 March 2020. With the recently announced easing of New Zealand lockdown restrictions, Carly NZ is expected to be launched in the September 2020 Quarter.

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.

### **Strategic Direction**

Collaborate remains committed to its strategy of providing flexible access to vehicles and its focus on **Carly** car subscription and rideshare rentals. While many businesses will be severely impacted by COVID-19, Collaborate's efforts to reposition itself over the past 12 months has prepared it well to deal with the current challenges, benefit from economic uncertainty and leverage opportunities brought about by longer term structural change in the automotive market.

In recent weeks, traditional car rental companies have experienced severe declines in demand as consumer and business travel largely ceased. Collaborate reduced its focus on the car rental market, through its DriveMyCar brand, over 12 months ago, owing to the highly competitive market and seasonal demand and price fluctuations. DriveMyCar has also seen reductions in forward demand, but as focus had already been reduced, the overall impact on Collaborate is less than that experienced by other companies with a strong focus on the car rental market.

Monthly Rental Transaction Value from Rideshare rentals has increased by 110% from July 2019 to March 2020, supported by DriveMyCar's strong offering in this market. Short-term declines in rideshare rental revenue are expected during COVID-19 movement restrictions, however the flexible access to rideshare vehicles provided by DriveMyCar is anticipated to appeal to an expected influx of new rideshare drivers who will be seeking employment as the COVID-19 restrictions ease and demand for transport increases. The closure of Holden's Maven positions DriveMyCar well for this future rebound in demand for rideshare rentals.

While some volatility is currently being experienced in the demand for **Carly** car subscription, there has been far less impact from COVID-19 compared to car rental and rideshare rental revenue streams. The COVID-19 situation is predicted by the Reserve Bank of Australia to cause a contraction of the Australian economy and this may cause businesses and consumers to seek to de-risk their financial situation by limiting the number of long-term financial commitments. Carly car subscription is an alternative to a lease, loan or outright purchase of a vehicle and provides consumers and businesses with the ability to access vehicles they require without long-term financial risk. It is likely that the COVID-19-related concern about strength of the economy will accelerate the shift to more flexible vehicle access options. **Carly** is likely to benefit from this shift, even in an environment of slow economic growth.

Chris Noone, Collaborate CEO, commented: "We are very pleased to see that the strategic actions taken by Collaborate over 12 months ago have resulted in the best ever quarterly performance and have provided resilience in the face of the COVID-19 pandemic.

I would like to acknowledge the commitment of the Collaborate staff, who have acted swiftly and professionally to deal with a myriad of new challenges and the support they have shown by accepting a temporary pay reduction while we deal with the current situation. Our partners, agencies and suppliers also deserve recognition for accommodating our needs at this time. Despite the current challenges, we are energised by the new opportunities that lie ahead for Carly."

This announcement was authorised to be given to ASX by the Board of Directors of Collaborate Corporation Limited.

**Authorised by:**

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

**For more information please contact:**

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

## Appendix 4C

### Quarterly cash flow report for entities subject to Listing Rule 4.7B

**Name of entity**

Collaborate Corporation Limited (ASX:CL8)

**ABN**

60 066 153 982

**Quarter ended ("current quarter")**

31 March 2020

<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	968	2,515
1.2 Payments for		
(a) research and development	(206)	(702)
(b) product manufacturing and operating costs	(877)	(2,130)
(c) advertising and marketing	(165)	(464)
(d) leased assets	-	-
(e) staff costs	(279)	(933)
(f) administration and corporate costs	(161)	(493)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	4	8
1.5 Interest and other costs of finance paid	-	(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>(716)</b>	<b>(2,201)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	-
(d) investments	-	-
(e) intellectual property	-	(4)
(f) other non-current assets	-	-

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
2.2 Proceeds from disposal of:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	-
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	-	-
<b>2.6 Net cash from / (used in) investing activities</b>	<b>-</b>	<b>(4)</b>

<b>3. Cash flows from financing activities</b>		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	-	3,654
3.2 Proceeds from issue of convertible debt securities	-	-
3.3 Proceeds from exercise of options	7	45
3.4 Transaction costs related to issues of equity securities or convertible debt securities	-	(272)
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 Net cash from / (used in) financing activities</b>	<b>7</b>	<b>3,414</b>

<b>4. Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1 Cash and cash equivalents at beginning of period	3,165	1,247
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(716)	(2,202)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	-	(4)

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
4.4	Net cash from / (used in) financing activities (item 3.10 above)	7	3,414
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>2,456</b>	<b>2,456</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	2,456	3,165
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>2,456</b>	<b>3,165</b>

**6. Payments to related parties of the entity and their associates**

6.1 Aggregate amount of payments to related parties and their associates included in item 1

6.2 Aggregate amount of payments to related parties and their associates included in item 2

<b>Current quarter \$A'000</b>
88
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Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

**7. Financing facilities**

*Note: the term "facility" includes all forms of financing arrangements available to the entity.*

*Add notes as necessary for an understanding of the sources of finance available to the entity.*

	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1 Loan facilities	850	850
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
<b>7.4 Total financing facilities</b>	<b>850</b>	<b>850</b>

**7.5 Unused financing facilities available at quarter end**

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing 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 the repayment date of 1 July 2020.

Full details of the Financing Facility are set out in the ASX release dated 14 March 2019 and subsequent variations of terms in the ASX releases dated 16 July 2019 and 31 March 2020.

The Company also has a controlled placement deed with Acuity Capital for up to \$3,000,000 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.

<b>8. Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (Item 1.9)	(717)
8.2 Cash and cash equivalents at quarter end (Item 4.6)	2,456
8.3 Unused finance facilities available at quarter end (Item 7.5)	-
8.4 Total available funding (Item 8.2 + Item 8.3)	2,456
<b>8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1)</b>	<b>3</b>

8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

- Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer:

- Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer:

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer:

### 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.

Date: **30 April 2020**

Authorised by: **Board of Directors**  
(Name of body or officer authorising release – see note 4)

### Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow 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 cash flow 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.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.