
LAUNCH OF CARLY VEHICLE SUBSCRIPTION IN MELBOURNE

- + Major expansion of **Carly** vehicle subscription offering with the launch of **Carly** today in Melbourne
- + Over 90 vehicles from 11 automotive manufacturers featuring over 30 models now available for subscription in Melbourne
- + Prices start from a very affordable \$115 per week
- + **Carly** removes the long term financial commitment required to buy or finance a vehicle - eliminating the need to lock into long-term debt
- + **Carly** has attracted strong interest from industry participants including manufacturers, dealers and financiers

Collaborate Corporation Limited (ASX:CL8) (**Collaborate** or the **Company**) is pleased to announce that it has today launched Australia's first flexible and comprehensive car subscription product, **Carly**, in Melbourne following the initial launch in Sydney on 29 March 2019.

Carly (www.Carly.co) is an alternative to saving for, leasing or borrowing money to buy a car and offers access to a range of new and used vehicles including insurance, registration and maintenance packaged into a single monthly payment with no long term commitments. Subscribers can start, pause and stop their subscription and 'switch' cars as their needs change. This could be a short term switch to a vehicle more suitable for a holiday, a longer term switch to cater for increasing family size, or pausing a subscription due to an extended holiday. **Carly** delivers the car directly to the subscriber's location at a time that is convenient to them at the commencement of the subscription and whenever the car is switched.

Carly will provide the flexibility that many drivers and especially younger generations are now seeking, by removing the long term financial commitment required to buy or finance a vehicle - eliminating the need to lock into long-term debt. In addition, the whole process can be performed online without the need to visit multiple dealers, negotiate the price and complete endless forms. Prices for a **Carly** subscription currently start from a very affordable \$115 per week, making it highly suitable for a very wide range of consumers.

The launch of **Carly** is supported by a significant marketing campaign which includes PR, online advertising, search marketing, Instagram influencers, social media advertising and a radio campaign currently running on 2 Day FM and partner stations

- + There are at least 12 OEMs (Original Equipment Manufacturer) and 26 non-OEMs who are already offering vehicle subscription service programmes in EU and North America. By 2025, all the major OEMs will have a vehicle subscription programme across both regions. It is expected that 10% of all new vehicles retailed in the year 2025 in EU and North America will be offered

under vehicle subscription business model. Frost & Sullivan 'Future of Vehicle Subscription' March 2019

- + Research indicates that younger generations have a higher propensity to consider subscribing to vehicles as they value the flexibility of access to a vehicle over the long term commitment required by ownership or financing.
- + 'A recent J.D. Power and Acxiom joint study asked customers if they would consider an "all-in-one" monthly subscription payment, and 59 percent said they "definitely would" or "probably would." Of that group, roughly 78 percent were in Generation Z, born in 1995 or later' (AutoWeek 9 April 2018).
- + The implications of the Banking Royal Commission and restricted credit availability mean that many people are unable to gain vehicle finance, despite a good financial standing. The launch of **Carly** is ideally timed to meet the needs of people who are not being satisfied by traditional finance products.
- + Overall new-vehicle sales across Australia declined 7.9 per cent 2019 YTD vs 2018 (VFACTS March 2019) indicating that Australians are re-considering the long term financial commitment involved in the outright purchase of a vehicle. This declining sales trend has continued from late 2018.

The potential market size for the **Carly** subscription offering is exceptionally large. Approximately 3 million new and used passenger and SUV vehicles were sold in 2018 and were worth approximately \$60 Billion. Whilst the transition of consumers from buying vehicles to utilising vehicle subscription services is expected to take time, an initial small take up of 0.5% per annum would represent approximately \$300 million of vehicles per annum in the subscription space and would represent approximately 15,000 customers. An increase to 5% per annum would represent approximately \$3 Billion per annum of vehicles and would require less than 150,000 customers.

A range of automotive subscription products have already been launched in overseas markets, with a number of companies gaining traction in their respective markets supported by automotive manufacturers and venture capitalists.

Chris Noone, Collaborate CEO said,

"We can see from our launch in Sydney that there is a real desire for access to vehicles with no up-front costs and the flexibility to switch the car or pause the subscription at any time. The ability to subscribe entirely online and have the car delivered the next day makes this a really exciting alternative to a loan or a lease. These features are especially attractive to contractors, relocators, families and young singles looking for their first vehicle, who have been amongst our first subscribers.

Car subscription is a new category, however it is resonating well with mainstream consumers. Our site traffic is increasing 50% every week since launch, amplified by features on Channel Nine's Today Show and Channel 7's Sunrise. Our deliberately 'edgy' radio campaign is generating strong engagement - a car subscription is not the same as a loan or a lease so we don't want to sound like a boring financial product."

"We are excited to continue the roll out of **Carly** in Melbourne at a time when people are re-evaluating the merits of making a long term vehicle purchase commitment and automotive dealers are looking for new ways to reverse the decline in vehicle sales. **Carly** is a completely online process that removes the need to spend days finding a vehicle to buy. We have been amazed by the level of industry interest in **Carly** and it is very clear that

Carly can contribute to the changing dynamics of the automotive industry in the short, medium and long term."

Paul Morris, Collaborate Strategic Advisor (and former COO of Automotive Holdings Group - Australia's largest automotive retailer) said "**Carly** will help automotive dealers and manufacturers combat the decline in vehicle sales and remain relevant to consumers who now expect a fully online solution and are wary of, or cannot access, long term finance".

Carly draws upon the fleet of vehicles provided by automotive manufacturers, leasing companies and automotive dealers to the **DriveMyCar** marketplace and has launched with over 220 vehicles in Sydney & Melbourne from 13 manufacturers featuring over 30 models, currently available for subscription. **DriveMyCar** has previously announced supply agreements with Subaru, Peugeot, Interleasing, Orix, Custom Fleet and a range of automotive dealers including LSH and Cricks Tweed. **Carly** represents a complementary demand channel to **DriveMyCar** which will continue to focus on vehicle rental propositions in the private, corporate, rideshare and accident replacement markets. **Carly** leverages the existing systems and processes of **DriveMyCar** and has been developed within the existing resources of the Collaborate group.

Collaborate released an investor presentation to ASX on 1 May 2019 which also contains further information on the recently launched **Carly** vehicle subscription initiative.

Carly continues to attract strong interest from industry participants including manufacturers, dealers and financiers. The Company will continue to pursue those opportunities as it plans the roll out of the launches in other cities in Australia.

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' business model with a strong focus on mobility solutions. Collaborate's core business is www.DriveMyCar.com.au Australia's leading peer-to-peer car rental business, complemented by www.Carly.co, Australia's first flexible car subscription offering. Other businesses include www.MyCaravan.com.au a leading peer-to-peer caravan rental business; and www.Mobilise.com a rental marketplace for 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.