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## DECEMBER 2016 QUARTERLY REPORT AND BUSINESS UPDATE

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Collaborate Corporation Limited (ASX:CL8) is pleased to present its consolidated quarterly cash flow report and business update for the quarter ended 31 December 2016.

Key highlights include:

- + 13% increase in receipts from customers vs September 2016 Quarter and 42% increase in receipts vs December 2015 Quarter. Net Cash Used in Operating Activities declined 8%.
- + Highest ever quarterly results for Rental Transaction Value, Gross Revenue, Net Rental Days Realised and Vehicle Rentals for DriveMyCar and MyCaravan.
- + 21% increase in DriveMyCar Gross Revenue vs September 2016 Quarter
- + 164% increase in Gross Revenue from UberX rentals vs September 2016 Quarter
- + 42% increase in MyCaravan Gross Revenue vs September 2016 Quarter.
- + \$370,000 in placement funds received from existing shareholders via flexible equity facility.
- + Following the end of the Quarter, receipt of R&D incentive tax refund of \$183,178.

### Consolidated Cash Flows

Receipts from customers increased by 13% vs the September 2016 Quarter and 42% vs December 2015 Quarter. Given overall timing of cash flows, the cash receipts are not the most appropriate reflection of the true growth and performance during the Quarter, with reported revenues a more appropriate reflection of business performance. A number of bookings for the holiday period are made in advance and a proportion of cash receipts were received in the previous Quarter to hold bookings.

Gross Revenue is a more accurate measure of performance with 21% growth for DriveMyCar and 42% growth for MyCaravan vs September 2016 Quarter. As a result of increased receipts, Net Cash Used in Operating Activities declined 8%. The revenue growth was supported by an increasing supply of new vehicles from Subaru and Trivett, seasonal price increases and continued growth in UberX and MyCaravan rentals. Record results were achieved across a range of metrics.

Product Manufacturing and Operating Costs increased by only 1% compared to the September 2016 Quarter despite the 13% increase in cash receipts. A large proportion of these costs are made up of payments to owners for the rental of their assets and typically increase as cash receipts increase. The lower than expected increase was due to some cost savings in other areas. Staff costs increased due to additional temporary staffing during the busier holiday period, the recruitment of another web developer, timing of payroll payments and staff incentives. Administration and Corporate Costs reduced in the December Quarter due to seasonal costs incurred in the September Quarter associated with year-end reporting and compliance.

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## Corporate

During the December Quarter, a total of \$370,000 was received from existing shareholders via equity raisings, of which \$220,000 was received via the second draw down on the Flexible Equity Facility and \$50,000 raised via placement to an existing long term shareholder in the Company. The remaining \$100,000 was received in relation to the first draw down on the Flexible Equity Facility with shares being issued following the receipt of shareholder approval at the Annual General Meeting held on 22 November 2016.

In October 2016, the Company relocated its head office and operations to Circular Quay in Sydney to support the expansion of the business. The Company's operations are now well positioned in the heart of the CBD to service customers and work alongside its growing base of partners.

During December 2016, the investor PR campaign was paused due to the high potential of media and investors being on holidays and the need of the businesses to focus on servicing customers during the busier period. The investor PR campaign will recommence in the March 2017 Quarter targeting both existing and new investors and increasing awareness of the significant progress made by the Company along with the continued growth and new corporate deals.

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

At the end of the December Quarter, the Company intentionally maintained a tight cash balance of \$115,000 anticipating cash inflows in the New Year and given the availability of the Flexible Equity Facility.

Subsequent to the end of the December 2016 Quarter, on 16 January 2017, the Company received an R&D Tax Incentive Rebate of \$183,178, which was approximately \$12,000 more than originally estimated.

The Company has capacity of \$1.76 million remaining under the Flexible Equity Facility. The Company retains discretion as to the quantum and timing of each drawdown and may also raise funds from alternative sources.

Furthermore, the Company has 172,089,484 CL8O listed options ("Options") expiring on 30 April 2017. If all of these Options are exercised, the Company will raise \$3.44 million to fund its future growth. The Board encourages the exercise of the Options to enable the Company to pause further drawdowns on the Flexible Equity Facility and reduce the potential for further dilution from this Facility.

Exercise of all or a significant proportion of the Options is expected to provide sufficient funding to take the existing business units to profitability and allow the Company to cease drawdowns on the Flexible Equity Facility, except for any additional investment opportunities.

### **DriveMyCar**

The December 2016 Quarter delivered the highest Rental Transaction Value ever achieved, an increase of 21% vs September 2016 Quarter. Record results were also recorded for Net Rental Days Realised, Gross Revenue and Number of Vehicle Rentals. Gross Revenue increased by 21% vs September 2016 Quarter and 40% vs December 2015 Quarter.

In contrast to prior quarters, DriveMyCar benefited from being able to satisfy a higher number of booking requests at higher prices due to the Price Index and Pricing Engine developed and integrated with the DriveMyCar platform during the September 2016 Quarter. Leveraging the Price Index and Pricing Engine, DriveMyCar was able to maximise revenue generated during the peak period with the price adjustments made in line with increased seasonal demand and competitor prices. The marketing campaign was again paused in December as it was in 2015, but at a later date, indicating that the seasonal price increases and improved supply of vehicles enabled supply and demand to be more evenly balanced and the benefit was seen in the increased revenue and number of rentals in the December 2016 quarter. The significantly enhanced performance in 2016 is highlighted by the increased level of growth experienced in the December 2016 Quarter (where revenue grew 21% over the September 2016 Quarter) when compared to the December 2015 Quarter (where revenue grew 8% over the September 2015 Quarter).

Rental of rideshare approved vehicles to UberX drivers experienced accelerating growth with Gross Revenue increasing by 164% compared to the September 2016 Quarter. Rideshare rentals accounted for 19% of total Net Rental Days Realised. The proportion of rideshare rentals could have been higher, however in December, booking preference was given to non-rideshare rentals to take advantage of the higher prices that could be charged during the high demand holiday season. Rideshare rentals are expected to continue to strongly increase based on current levels of demand and significant interest from vehicle suppliers.

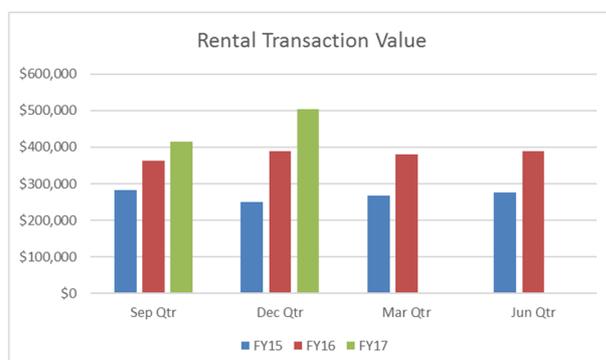
Net Rental Days Realised reached 12,849 days, the highest number achieved to date, an increase of 10% from the September 2016 Quarter and 31% from the December 2015 Quarter.

A total of 184 vehicles were activated during the December 2016 Quarter, an increase of 33% compared to the September 2016 Quarter. A large proportion of the vehicles activated were corporate fleet vehicles which have a higher level of availability and thus make a larger contribution to revenue and profitability. The increase in corporate fleet vehicles was skewed towards the back half of the quarter and therefore the availability of these vehicles will contribute a bigger impact in upcoming quarters. The marketing budget for the acquisition of privately owned vehicles remains at zero given the increasing availability of corporate vehicles. The listing of privately owned vehicles continues, driven by organic internet searches and ongoing PR. The quality of privately owned vehicles being listed has improved with reduced marketing, with these vehicles being more likely to be available for rental than those acquired via paid marketing channels.

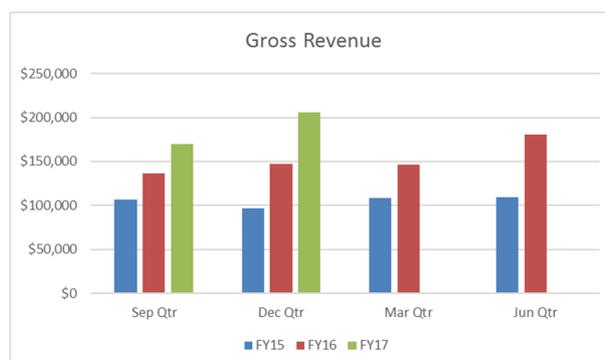
In mid-December, the DriveMyCar fleet was enhanced by the addition of a fleet of luxury vehicles, including new BMW, Jaguar, Mini and Land Rover models, supplied by Trivett Automotive. DriveMyCar is providing the opportunity for extended 'try before you buy' rentals and also expanding its fleet of prestige vehicles which are available at rates up to 50% lower than traditional car rental companies.

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>Dec Qtr 2016</b>	<b>\$504</b>	<b>\$206</b>	<b>\$120</b>	<b>59%</b>	<b>12,849</b>	<b>10,910</b>	<b>184</b>	<b>1,845</b>	<b>1093</b>
Dec Qtr 2015	\$390	\$147	\$98	67%	9,834	8,580	139	2,698	1149
Mar Qtr 2016	\$380	\$147	\$89	61%	9,613	10,633	193	3,041	893
Jun Qtr 2016	\$388	\$180	\$138	73%	10,289	11,311	201	3,156	830
Sep Qtr 2016	\$415	\$170	\$104	61%	11,713	11,928	138	1,770	1028
Dec Qtr 2016 % growth vs Sep Qtr 2016	21%	21%	16%		10%	-9%	33%	4%	6%
Dec Qtr 2016 % growth vs Dec Qtr 2015	29%	40%	23%		31%	27%	32%	-32%	-5%

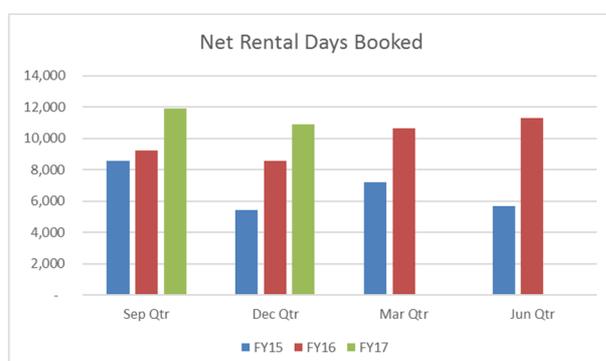
1. Rental Transaction Value is the total amount paid by the customers during the period.
2. Gross Revenue is the component of the Rental Transaction Value excluding the value of payments to owners that is charged by DriveMyCar and recognised as revenue for accounting purposes plus booking system revenue.
3. Net Rental Days Realised is the sum of rental days billed in the period.
4. Gross Revenue in June 2016 Quarter also included software development revenue from booking platform
5. Gross Profit in June 2016 Quarter included software development revenue and receipt of Claims Experience Discount as result of low level of insurance claims.



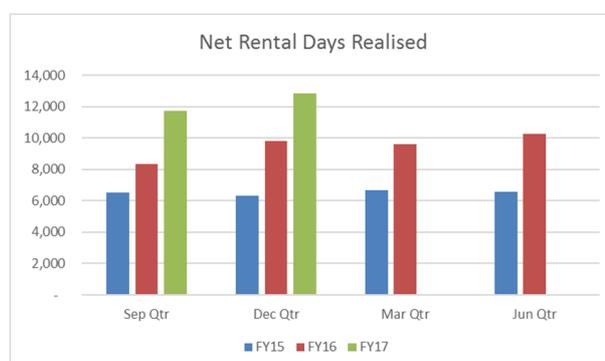
**Graph 1: Rental Transaction Value**



**Graph 2: Gross Revenue**



**Graph 3: Net Rental Days Booked**



**Graph 4: Net Rental Days Realised**

The rental booking platform delivered to the third party client has not yet been implemented by the client due to business model changes in their business since delivery of the platform. DriveMyCar has scoped the development work to further modify the platform to meet the client's evolving needs and this work is expected to be finalised, at extra cost to the client, in the March 2017 Quarter.

### **MyCaravan**

Rental Transaction Value in the December 2016 Quarter increased 44% compared to the September 2016 Quarter and 186% compared to the December 2015 Quarter. The Rental Transaction Value in the December 2016 Quarter was equal to 103% of the total revenue achieved in the full twelve months of FY16. This significant increase was achieved as a result of increasing caravan activations, website traffic and customer enquiries.

Limited resources are currently being allocated to MyCaravan but there are a number of referral and organic programs being maintained to obtain genuine and viable caravan listings. At the right time, the Company will increase the focus on MyCaravan when the resources to be deployed will result in an effective use of shareholder funds. There are several broad strategic areas the company is working on that are likely to facilitate the growth of the MyCaravan business.

### **Mobilise**

Mobilise, [www.Mobilise.com](http://www.Mobilise.com) was announced in the December 2016 Quarter as a replacement for the existing Rentoid website. The new website will launch in 2017. A strategic agreement with Aon Risk Services was also announced in addition to the appointment of respected rental and equipment industry veteran, John Tolmie, as a strategic advisor to its Board. Mr Tolmie is the former Group CEO of Kennards Hire.

Collaborate owns 100% of the Mobilise.com platform that will service the Australian and all international markets. Development work is proceeding in addition to developing processes to enable the efficient on-boarding of customers referred by Aon and other partners. Collaborate also worked with Aon during the quarter in relation to sourcing appropriate insurance arrangements to cover transactions conducted via the Mobilise platform. Collaborate is currently recruiting additional staff members to join the Mobilise business.

### **FundX**

Collaborate Corporation currently holds an 8.33% interest in SME cashflow financing provider, FundX. The Board of FundX continues to review expressions of interest from parties to make equity investments into FundX and to provide lending funds for the invoice discounting/lending platform. Collaborate will advise shareholders of any decision to increase its investment in FundX.

### **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 two core business segments: [www.DriveMyCar.com.au](http://www.DriveMyCar.com.au) Australia's leading peer-to-peer car rental business and

[www.MyCaravan.com.au](http://www.MyCaravan.com.au) Australia's leading peer-to-peer caravan rental business and will launch [www.Mobilise.com](http://www.Mobilise.com) in 2017, a rental marketplace for under-utilised assets. Collaborate has a material investment in FundX, a peer-to-peer invoice discounting and SME lending platform. 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 to safely transact with each other in the sharing economy.

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## 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 2016

<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	566	1,069
1.2 Payments for		
(a) research and development	(102)	(199)
(b) product manufacturing and operating costs	(440)	(875)
(c) advertising and marketing	(87)	(179)
(d) leased assets	-	-
(e) staff costs	(201)	(341)
(f) administration and corporate costs	(109)	(255)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
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>(373)</b>	<b>(780)</b>

**2. Cash flows from investing activities**

2.1 Payments to acquire:

- |                                   |   |   |
|-----------------------------------|---|---|
| (a) property, plant and equipment | - | - |
| (b) businesses (see item 10)      | - | - |
| (c) investments                   | - | - |

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Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
(d) intellectual property	-	-
(e) other non-current assets	-	-
<b>2.2 Proceeds from disposal of:</b>		
(a) property, plant and equipment	-	-
(b) businesses (see item 10)	-	-
(c) investments	-	-
(d) intellectual property	-	-
(e) other non-current assets	-	-
<b>2.3 Cash flows from loans to other entities</b>	-	-
<b>2.4 Dividends received (see note 3)</b>	-	-
<b>2.5 Increase in office rental bond</b>	(12)	(12)
<b>2.6 Net cash from / (used in) investing activities</b>	<b>(12)</b>	<b>(12)</b>

<b>3. Cash flows from financing activities</b>		
3.1 Proceeds from issues of shares	370	790
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	-	-
3.5 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 Net cash from / (used in) financing activities</b>	<b>370</b>	<b>790</b>

<b>4. 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	130	117
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(373)	(780)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(12)	(12)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	370	790

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<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
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>115</b>	<b>115</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	115	130
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>115</b>	<b>130</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>
70
-

Directors' remuneration for the period.

**7. Payments to related entities of the entity and their associates**

- 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>Current quarter \$A'000</b>
-
-

-

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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	-	-
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**).

On 21 November 2016, the Company made a further draw down under the Equity Facilities for amounts totalling \$220,000.

At 31 December 2016, the amount of the Equity Facilities available to be drawn is \$1.76 million.

9. <b>Estimated cash outflows for next quarter</b>	\$A'000
9.1 Research and development	(160)
9.2 Product manufacturing and operating costs	(440)
9.3 Advertising and marketing	(120)
9.4 Leased assets	-
9.5 Staff costs	(275)
9.6 Administration and corporate costs	(130)
9.7 Other (provide details if material)	-
<b>9.8 Total estimated cash outflows</b>	<b>(1,125)</b>

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

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### 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:  .....  
CEO and Director

Date: 30 January 2017

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.

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