
PROPOSED CORPORATE ACTIONS

Collaborate Corporation Limited (ASX:CL8) (**Collaborate** or the **Company**) is pleased to announce that it intends to change the Company's name to 'Carly Holdings Limited' and consolidate the Company's issued capital. Both proposals are subject to shareholder approval at its Annual General Meeting (**AGM**) to be held on 19 November 2020.

The Directors hold the view that the new company name better reflects the core operations of the business. The Company's ASX listing code "CL8" will remain unchanged.

The Board also proposes to seek approval from shareholders at the AGM for a consolidation of the issued capital of the Company through the conversion of every twenty five (25) existing securities into one (1) security (**Consolidation**).

The purpose of the Consolidation is to implement a more appropriate capital structure for the Company going forward. The Company has a large number of shares on issue due to the long history of the listed entity prior to it acquiring the DriveMyCar business and historical equity-based capital raisings that have provided working capital to-date. The Board considers that the Consolidation is important and necessary to provide the best platform for growth, with a capital structure that is more reflective of the Company's size and a share price level that is more attractive to investors.

The Board will seek approval at the AGM under Section 254H of the Corporations Act and for all other purposes to consolidate the Company's issued capital on the following basis:

- (a) every 25 fully paid ordinary shares in the capital of the Company (individually, a **Share**) be consolidated into 1 Share, and
- (b) every 25 options to acquire Shares (individually, an **Option**) be consolidated into 1 Option and the exercise price of each Option to be amended in inverse proportion to this ratio in accordance with ASX Listing Rule 7.22.1.

The Consolidation applies equally to all security holders and each security holding will be reduced in the same ratio as the total number of securities (subject only to rounding down of fractions to the nearest whole Share or Option).

Furthermore, the aggregate value of each security holder's holding (and the Company's market capitalisation) should not materially change as a result of the Consolidation, assuming no other market movements or impacts occur. The price per Share should logically increase proportionally to reflect the reduced number of Shares on issue but no definitive forecast can be provided.

Subject to shareholder approval being granted by way of ordinary resolution, the Consolidation is expected to take effect on or around 20 November 2020 and the change of company name is expected to take effect on or around 4 December 2020.

The indicative timetable for the Consolidation is set out below.

Key Event	Indicative Date
Annual General Meeting	19 November 2020
Notification to the ASX that the change of company name and Consolidation are approved	19 November 2020
Effective Date of Consolidation	20 November 2020
Last day for trading in pre-consolidated securities	23 November 2020
Trading in the consolidated securities on a deferred settlement basis commences (if agreed by ASX)	24 November 2020
Record date (last day to register transfers on a pre-Consolidation basis)	25 November 2020
First day for the Company to update its register and send holding statements to security holders reflecting the change in the number of securities they hold	26 November 2020
Last day for the Company to update its register and to send holding statements to security holders reflecting the change in the number of securities they hold and to notify ASX that this has occurred	2 December 2020
Deferred settlement trading ends	3 December 2020
Normal trading starts	4 December 2020
Change of Company name	4 December 2020

The new capital structure and name change are the final steps in the refocusing of the Group, which has taken place in the 2020 calendar year. The Group ceased to operate the Mobilise and MyCaravan businesses in January 2020 and July 2020, respectively. In July 2020, the Company completed the small holdings sale facility and subsequently completed a reduction of share capital such that the balance sheet is representative of the current operations and assets of the Group, being DriveMyCar and the Carly car subscription service.

The Company also anticipates being placed on a strong financial footing after it completes the entitlement issue to shareholders of up to \$3.455 million, which is partially underwritten up to \$2.080 million, supported by the Company's existing shareholders and officers of the Company (including offset of the \$850,000 Financing Facility by Willoughby Capital against commitments under the offer).

Collaborate advises that it has negotiated and agreed a revised remuneration structure for its CEO and Executive Director, Chris Noone.

The changes comprise:

1. an increase in the short-term incentive to a maximum of \$225,000 per annum, which remains an annual at-risk cash incentive subject to achieving financial and non-financial key performance indicators linked to the strategy and priorities of the Group; and
2. the offer of a long-term incentive comprising a total of 40,500,000 options which will vest upon achievement of performance conditions linked to growth in the market price of

CL8 shares. The options will have an exercise price of \$0.015 per option, an expiry date of 5 years from the date of issue and a cashless exercise mechanism.

Since his appointment six years ago, Mr Noone has made a considerable contribution to the Company in taking control of a very early stage peer-to-peer car rental business, developing key strategic commercial arrangements with industry leading participants, arranging investment from several strategic industry participants in both Australia and New Zealand and conceptualising and launching the Carly subscription service.

Collaborate's Chairman, Adrian Bunter said: "The Board of Collaborate is pleased with Chris' leadership in positioning the Group to focus on significant opportunities in the mobility sector. Chris has streamlined the Group to allow resources to be focused on DriveMyCar and the Carly car subscription proposition and the performance of the Carly business continues to validate the decision to shift focus towards the significantly higher potential car subscription market.

"The short-term incentives are strongly linked to the growth of the business in terms of financial performance along with several other key strategic initiatives. The long-term incentives are linked to share price performance with upside returns only being generated once the share price exceeds \$0.015. Tranches 2 and 3 of the option incentive have even higher share price hurdles in order to generate any return for Chris. We are very pleased that Chris has significant faith and conviction in the business to align his rewards to the share price returns for shareholders."

In accordance with ASX Listing Rule 3.16.4 the Company advises that Mr Noone's revised short-term and long-term incentive structure is as follows:

- (a) Short-term incentive: annual at-risk cash incentive of \$225,000 subject to achievement of financial and non-financial key performance indicators set by the Company.
- (b) Long-term incentive: subject to the Company obtaining all necessary shareholder and regulatory approvals and such other terms and conditions required by the ASX, Mr Noone will be issued with a total of 40,500,000 options exercisable at **\$0.015 each** and expiring five years from the date of issue (**Executive Options**), which shall have the following performance conditions and will be able to be converted into fully paid ordinary shares (**Shares**) by Mr Noone subject to satisfaction of the following:
 - (i) 13,500,000 Tranche 1 Executive Options: no performance condition;
 - (ii) 13,500,000 Tranche 2 Executive Options: performance condition requires a volume weighted average market price (**VWAP**) of \$0.025 for CL8 Shares as traded on ASX for a continuous 20-day period;
 - (iii) 13,500,000 Tranche 3 Executive Options: performance condition requires a VWAP of \$0.03 for CL8 Shares as traded on ASX for a continuous 20-day period.

Upon satisfaction of any of the performance conditions required to be satisfied, the Tranche 1 to 3 Executive Options may be exercised by Mr Noone, once vested as follows:

- (i) 13,500,000 Tranche 1 Executive Options:
 - 25% immediately upon issue
 - 25% 12 months from date of issue
 - 25% 24 months from date of issue

- 25% 36 months from date of issue
- (ii) 13,500,000 Tranche 2 Executive Options:
- 25% immediately upon issue
 - 25% 12 months from date of issue
 - 25% 24 months from date of issue
 - 25% 36 months from date of issue
- (iii) 13,500,000 Tranche 3 Executive Options:
- 25% immediately upon issue
 - 25% 12 months from date of issue
 - 25% 24 months from date of issue
 - 25% 36 months from date of issue.

Refer to Schedule 1 for the entire terms and conditions of the Tranche 1, Tranche 2 and Tranche 3 Executive Options.

The terms of Mr Noone's Executive Service Agreement are otherwise unchanged.

Further details of the proposed change of name, consolidation of capital and grant of Executive Options to Mr Noone will be set out in the Notice of Annual General Meeting to be dispatched to shareholders on 20 October 2020.

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

Authorised by:

Adrian Bunter
Non-Executive Chairman
Collaborate Corporation Limited

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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 Australia's leading peer-to-peer car rental business, and www.Carly.co, Australia's first flexible car subscription service, supported by our proprietary PeerPass trust and reputation platform.

Schedule 1- Terms and Conditions of Executive Options

The terms and conditions of the Executive Options (**Options**) are as follows:

(a) **Entitlement**

Each Option entitles the holder to subscribe for one Share upon exercise of the Option.

(b) **Exercise Price**

Subject to paragraph (j), the amount payable upon exercise of each Option will be \$0.015 (**Exercise Price**).

(c) **Expiry Date**

Each Option will expire at 5:00 pm (WST) on that date which is five (5) years from the date of issue (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date

(d) **Milestones**

The Options will have the following milestones attached to them (**Milestones**):

Executive Options Tranche	Number of Executive Options	Performance condition
Tranche 1	13,500,000	None
Tranche 2	13,500,000	Volume weighted average market price (VWAP) of \$0.025 for CL8 Shares as traded on ASX for a continuous 20-day period
Tranche 3	13,500,000	VWAP of \$0.03 for CL8 Shares as traded on ASX for a continuous 20-day period

(e) **Vesting**

Upon satisfaction of the relevant milestones set out in paragraph (d), the Options may be exercised by the Optionholder once vested as follows:

Executive Options Tranche	Vesting Date	Number of Options
Tranche 1	Immediately	3,375,000
Tranche 1	12 months from date of issue	3,375,000
Tranche 1	24 months from date of issue	3,375,000
Tranche 1	36 months from date of issue	3,375,000
Tranche 2	Immediately	3,375,000
Tranche 2	12 months from date of issue	3,375,000
Tranche 2	24 months from date of issue	3,375,000
Tranche 2	36 months from date of issue	3,375,000
Tranche 3	Immediately	3,375,000
Tranche 3	12 months from date of issue	3,375,000
Tranche 3	24 months from date of issue	3,375,000
Tranche 3	36 months from date of issue	3,375,000

(f) **Notice of Exercise**

The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(g) **Exercise Date**

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).

(h) **Timing of issue of Shares on exercise**

Within five Business Days after the Exercise Date, the Company will:

- (i) issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
- (iii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

If a notice delivered under (h)(ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

(i) **Shares issued on exercise**

Shares issued on exercise of the Options rank equally with the then issued shares of the Company.

(j) **Reconstruction of capital**

If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(k) **Participation in new issues**

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.

(l) **Change in exercise price**

An Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised.

(m) **Transferability**

The Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities law.

(n) **Cashless exercise**

In lieu of paying the aggregate Exercise Price under paragraph (b), the Optionholder may elect to receive, without payment of cash or other consideration, upon surrender of the applicable portion of exercisable Options to the Company, a number of Shares determined in accordance with the following formula (a **Cashless Exercise**):

$$A = [B \times (C - D)] / C$$

where:

A = the number of Shares (rounded down to the nearest whole number) to be issued to the Optionholder pursuant to this paragraph (m);

B = the number of Shares otherwise issuable upon the exercise of the Option or portion of the Options being exercised;

C = the Market Value of one Share determined as of the date of delivery to the Company Secretary of the Notice of Exercise; and

D = the Exercise Price.

For the purposes of this paragraph (n), **Market Value** means, at any given date, the volume weighted average price per Share traded on the ASX over the five (5) trading days immediately preceding that given date.