

AHALife Restructure Update and Appendix 4C Announcement

New York, USA and Sydney, Australia – 27th April 2017

AHALife Holdings Limited (ASX: AHL), (“AHA” or “the Company”) the online marketplace known for its leadership in the design and lifestyle e-commerce space through curation, today announces its third quarter trading update to accompany the latest Appendix 4C Quarterly Report.

On February 27th the Company announced a management restructure which saw the CEO and President mutually agree to step down from the board and the Company. In their place, Sebastian Kaufmann took over as CEO in conjunction with the present CFO & COO, Stuart Halls, both supported by the board.

The Company is pleased to announce that since this restructure it has accomplished a number of significant achievements within the business as it continues to execute on the new strategy outlined in February’s announcement. Most notably, the business has undergone a thorough merchandising review consisting of a deep analysis of category performance across a product base of more than 25,000 items. This process has led to the prioritisation – and rationalisation – in some instances, of merchandise at a product and category level in order to align its product offering more closely with that of the core AHALife customer. Management are now able to provide a more targeted approach to its marketing efforts and in turn produce stronger conversion and retention.

In addition, the Company has commenced a major overhaul of its website, including front-end design and back-end functionality. Of the accomplishments to date, front-end improvements include a full redesign of the homepage, both for ahalife.com and its brother site, kaufmann-mercantile.com. Since the homepage relaunch, engagement levels have increased with Bounce rate (the percentage of users which leave the site without continuing past the homepage) improving **10%** and Time on Site **22%** higher. Enhancements to the Category pages have delivered even stronger results with a **30%** improvement in customer conversion rate.

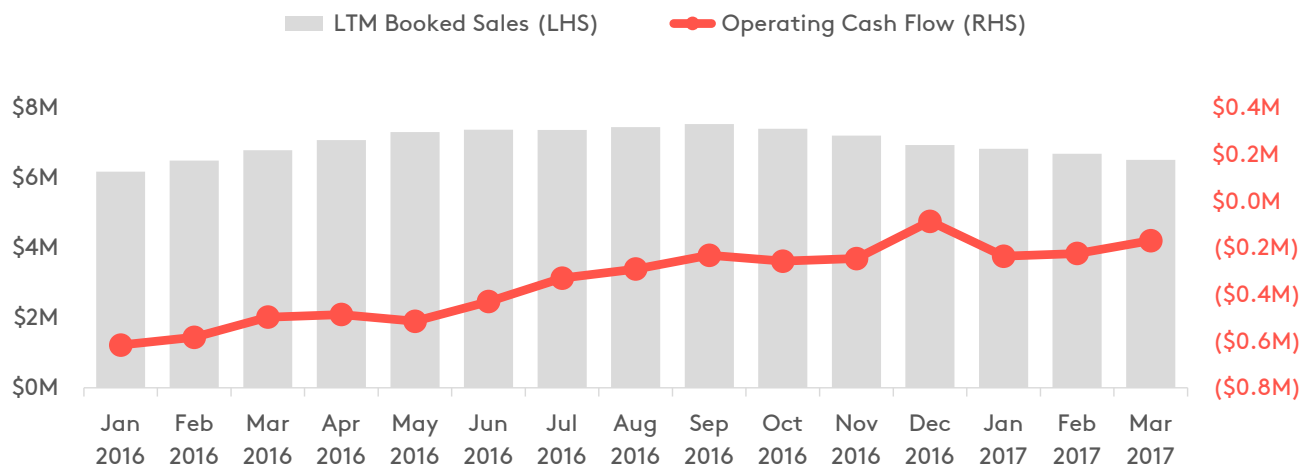
Along with improving the merchandising of the site, the Company has also invested significant engineering time to improve the back-end functionality of the site, focussing on the customer’s discovery process. A number of features now allow the customer to either be presented sooner with the items they are seeking, or to discover them more quickly through enhanced search capability, additional product filtering, and through the use of personalised machine-learning suggestions. These personalised product suggestions provide the consumer with a more individual experience and have begun to appear throughout a number of different channels including email newsletters and retargeting, all of which management believe will lead to an increase in the conversion and retention rate.

Cash Flow

Today the Company releases its third quarter Appendix 4C cash flow statement for the nine months to March 31st 2017.

The restructure and management changes allow the Company to operate with a more efficient and leaner organisational structure with reduced operating expenditure. Further reductions in discretionary spending are underway and are expected to result in a net operating cash outflow of approximately USD\$0.1M per month.

Operating Cash Outflow & LTM Booked Sales (USDMM):



Key metrics:

	Nine Months to 31 st March 2017	Nine Months to 31 st March 2016	Change	
Gross Margin	46.5%	36.2%	+10.3pps	✓
Product Margin	48.4%	44.7%	+3.7pps	✓
Average Order Value	US \$195	US \$185	+5.6%	✓
Offers & Discounts	8%	19%	+10pps	✓
Shipping Costs	9%	11%	+2pps	✓
Net Sales Revenue	US \$4.0M	US \$4.1M	-0.2%	
Operating Cash Outflow	US \$3.1M	US \$6.4M	+US \$3.3M	✓

Cash on hand at 31 March 2017 was US\$1.4M (A\$1.9M).



For inquiries contact either:

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About AHAlife

AHALife Holdings Limited (ASX: AHL) is a curated online marketplace for consumers of unique and designer items. Customers purchase directly from a market of over 4,300 handpicked designers and artisans in 45 countries. AHAlife built and operates the scalable, enterprise-grade technology platform that allows hand-selected sellers to create and manage their own storefronts, inventory and pricing. Sellers ship directly to consumers from around the globe. For more information, please contact AHA Investor Relations on ir@ahalife.com.

AHALife also operates the site 'kaufmann-mercantile.com' which was acquired in July 2016 by AHAlife. Kaufmann Mercantile is the no.1 brand and curated shopping destination for sustainable, affordable, premium home goods. The site was transitioned across to the AHAlife technology at the time of acquisition which now runs the kaufmann-mercantile site as a drop-ship marketplace.

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

AHALIFE HOLDINGS LIMITED

ABN

15 006 908 701

Quarter ended ("current quarter")

31-Mar-17

Consolidated statement of cash flows	Current quarter \$US'000	Year to date (Nine months) \$US'000
1. Cash flows from operating activities		
1.1 Receipts from customers	984	4,239
1.2 Payments for		
(a) research and development		
(b) product manufacturing and operating costs	(1,027)	(3,045)
(c) advertising and marketing	(226)	(1,207)
(d) leased assets		
(e) staff costs	(628)	(2,129)
(f) administration and corporate costs	(228)	(935)
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	(0)	(28)
1.7 Government grants and tax incentives		
1.8 Other (provide details if material)		
1.9 Net cash from / (used in) operating activities	(1,125)	(3,105)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment		
(b) businesses (see item 10)		
(c) investments		

Consolidated statement of cash flows		Current quarter \$US'000	Year to date (Nine months) \$US'000
	(d) intellectual property		
	(e) other non-current assets		(1)
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 (provide details if material)		
2.6	Net cash from / (used in) investing activities	0	(1)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares		
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)		
3.10	Net cash from / (used in) financing activities	-	-

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of quarter/year to date	2,539	4,527
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,125)	(3,105)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	(1)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	(10)	(17)
4.6	Cash and cash equivalents at end of quarter	1,404	1,404

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$US'000	Previous quarter \$US'000
5.1 Bank balances	1,404	2,539
5.2 Call deposits		
5.3 Bank overdrafts		
5.4 Other (provide details)		
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,404	2,539

6. Payments to directors of the entity and their associates	Current quarter \$US'000
6.1 Aggregate amount of payments to these parties included in item 1.2	93
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	

7. Payments to related entities of the entity and their associates	Current quarter \$US'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	

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$US'000	Amount drawn at quarter end \$US'000
8.1 Loan facilities		
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.		

9. Estimated cash outflows for next quarter	\$US'000
9.1 Research and development	0
9.2 Product manufacturing and operating costs	524
9.3 Advertising and marketing	155
9.4 Leased assets	0
9.5 Staff costs	385
9.6 Administration and corporate costs	335
9.7 Other (provide details if material)	0
9.8 Total estimated cash <u>outflows</u> ¹	1,399
¹ This does 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: 
(Director/Company secretary)

Date: **27 April 2017**

Print name: **Mike Hill**

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.