

Q1 FY18 4C and Business Update

New York, USA and Sydney, Australia – 31st October 2017

AHALife Holdings Limited (ASX: AHL), (“AHA” or “the Company”) the online marketplace known for its leadership in curated design and lifestyle e-commerce, today announces its first quarter cash flow statement (Appendix 4C) for the financial year 2018 (“FY18”) and an update of recent events.

Capital Raise

In October AHL successfully completed a capital raise via a rights issue and placement of shares delivering the business **AUD \$6.0M** (USD \$4.7M) net of fees. The company wishes to thank its shareholders for their investment and continued support in the business. As detailed in the Entitlement Offer, the proceeds will be used by the Company as follows:

- Fund ongoing development of its leading premium marketplaces: ahalife.com and kaufmann-mercantile.com
- Invest in website engineering and selective marketing to grow traffic and sales
- Improved digital data marketing and automation
- Increase brand awareness
- Fund working capital

Board Developments

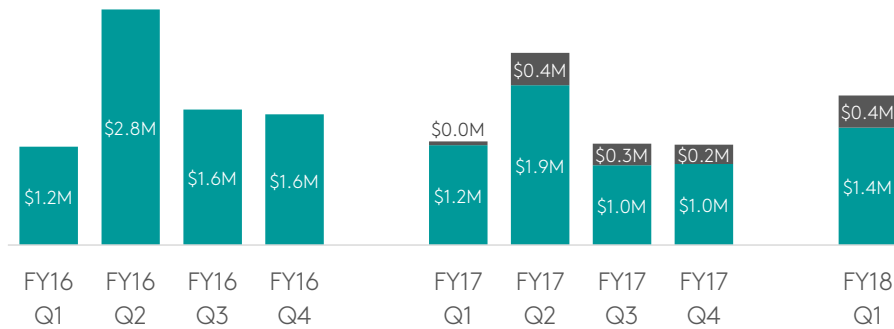
Following the capital raising process, AHL is pleased to announce the addition of a new board member with **Arnaud Massenet** joining from October 1st, 2017. Mr Massenet was a founding partner of the leading online fashion destination, **Net-A-Porter** group, and an active board member for over 10 years. Mr Massenet previously worked in investment banking for 13 years with leading firms Morgan Stanley and Lehmann Brothers.

Mr Massenet also subscribed for shares under the Placement and sub-underwriting of the Entitlement Offer. The Directors, CEO and CFO of the Company all took up their full rights entitlement and subscribed for additional shares in the Entitlement Offer to the value of AUD \$1.55M.

Business Metrics

Quarterly Booked Sales

■ AHAlife ■ Kaufmann-mercantile



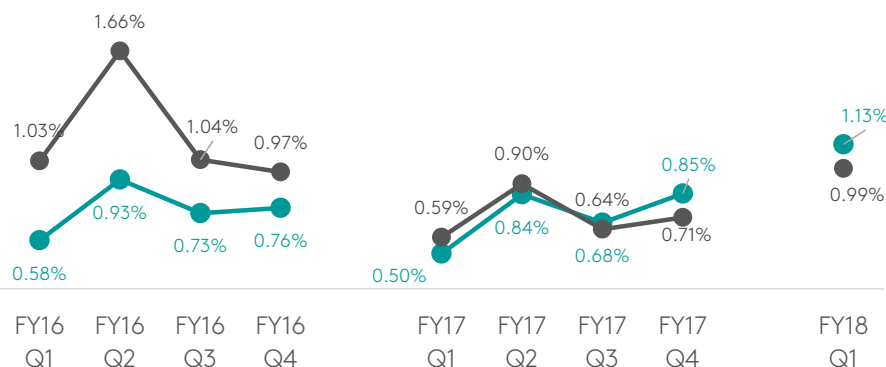
Note: 'Booked Sales' represents the total sales value of all orders placed, whereas 'Gross Receipts' per the 4C cash flow statement represents sales for delivered orders, net of cancellations, returns and sales discounts.

Since March 2017 the Company underwent a comprehensive merchandise review to improve its product categorisation and be more focused in terms of the merchandise available on site and of the type of customers it markets towards. As a result of these changes, the Company was able to grow its sales by +18% on the AHAlife.com marketplace when compared to the same quarter last year.

Note: Quarter two is traditionally much greater as it contains the largest retail events of the year; Thanksgiving (Black Friday & Cyber Monday) and the December holidays.

Quarterly Conversion Rate

● AHAlife ● Kaufmann-mercantile

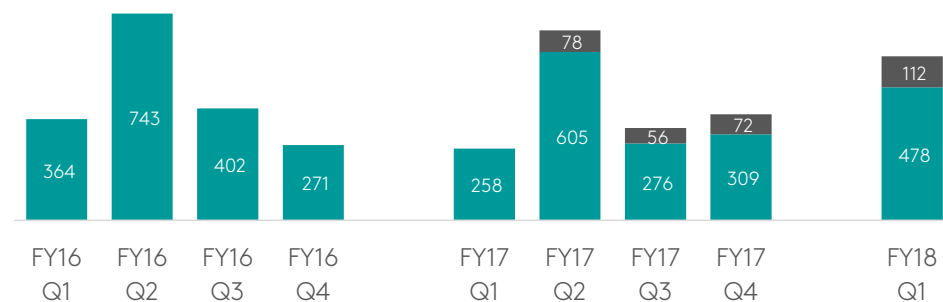


The Company's improved focus has fundamentally delivered a more relevant product to a more targeted audience evidenced by a doubling of conversion rate, from 0.51% to an average of 1.09% on the same quarter last year.

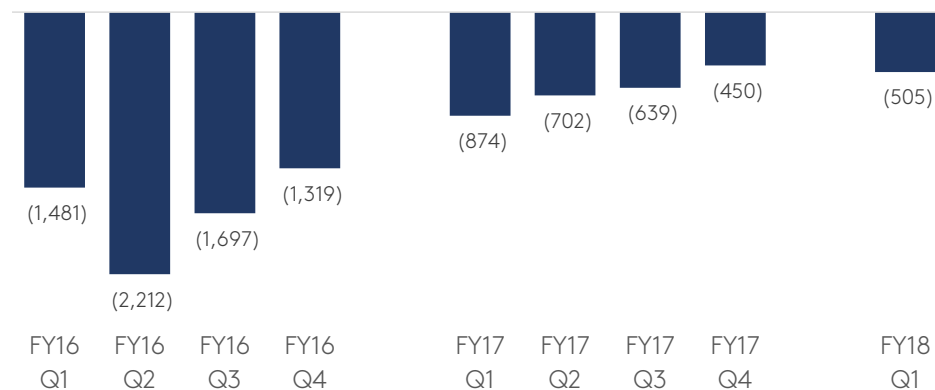
Retention rates have improved substantially in Quarter 1 compared to the prior year with customers repeating within a 90 day time period increasing +85% through the ahalife.com platform (from 258 to 478), and rising to 112 on the kaufmann-mercantile.com platform (Kaufmann Mercantile was merged into the AHAlife technology in Quarter 2 of FY17).

90-Day Repeat Customers

■ AHAlife ■ Kaufmann-mercantile



Quarterly EBITDA (USD \$000s)



Improved sales combined with a successful reduction in general overheads over the past 12 months has significantly reduced net operating loss (EBITDA) from A\$874,000 to A\$505,000. The increased loss in Quarter 1 from Quarter 4 FY17 reflects a targeted investment in headcount and marketing on wider, non-traditional, channels to allow the business to begin scaling up, increasing customer acquisition as it continues on its growth plan.

Cash Flow

The Company's closing cash position as at 30th September 2017 was **USD \$0.8M (AUD \$1.05M)**. During the quarter the Company received the net proceeds from the initial Placement, to the value of USD \$0.4M (AUD \$0.5M). The remaining proceeds from the Entitlement Offer and subsequent Placement were received in October and will be reflected in the next quarter's cash flow statement, with current cash on the balance sheet being AUD \$5.9M.

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For inquiries contact either:

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Andrew Whitten (Company Secretary) +61 (2) 8072 1400

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 4,200 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")

30-Sep-17

Consolidated statement of cash flows	Current quarter \$US'000	Year to date (3 months) \$US'000
1. Cash flows from operating activities		
1.1 Receipts from customers	1,280	1,280
1.2 Payments for		
(a) research and development		
(b) product manufacturing and operating costs	(778)	(778)
(c) advertising and marketing	(313)	(313)
(d) leased assets	86	86
(e) staff costs	(404)	(404)
(f) administration and corporate costs	(633)	(633)
1.3 Dividends received (see note 3)		
1.4 Interest received	1	1
1.5 Interest and other costs of finance paid	(2)	(2)
1.6 Income taxes paid		
1.7 Government grants and tax incentives		
1.8 Other (provide details if material)		
1.9 Net cash from / (used in) operating activities	(559)	(559)

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 (3 months) \$US'000
	(d) intellectual property		
	(e) other non-current assets		
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	1	1
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	1	1

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	368	368
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	368	368

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	994	994
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(559)	(559)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	1	1
4.4	Net cash from / (used in) financing activities (item 3.10 above)	368	368
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of quarter	804	804

Consolidated statement of cash flows	Current quarter \$US'000	Year to date (3 months) \$US'000

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	804	804
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)	804	804

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

Current quarter
\$US'000

15

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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

Current quarter
\$US'000

0

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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 flow for next quarter	\$US'000
9.1 Research and development	0
9.2 Product manufacturing and operating costs	(1,496)
9.3 Advertising and marketing	(513)
9.4 Leased assets	86
9.5 Staff costs	(407)
9.6 Administration and corporate costs	(162)
9.7 Other (proceeds from rights issue & customer receipts)	7,185
9.8 Total estimated cash flows	4,693

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:  Date: 31 October 2017
(Director/Company secretary)

Print name: Andrew Whitten
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