

## Q2 FY18 4C and Business Update

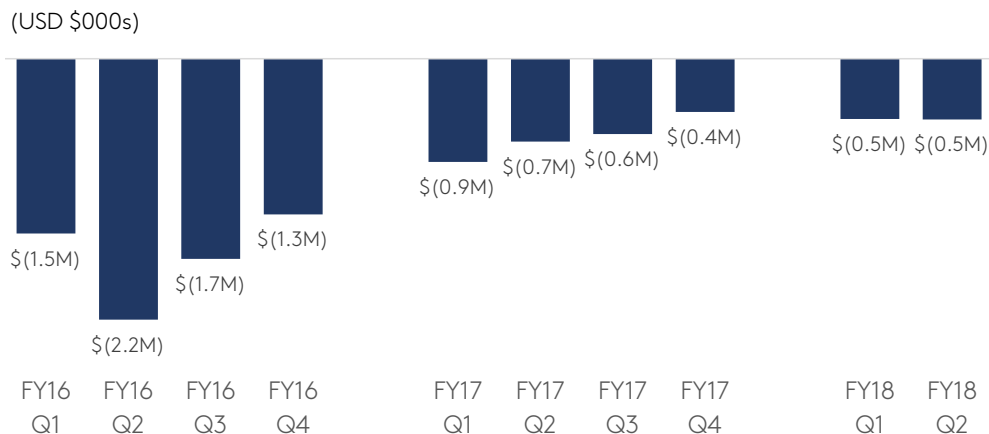
**New York, USA and Sydney, Australia – 30<sup>th</sup> January 2018**

AHALife Holdings Limited (ASX: AHL), the online marketplace known for its world leadership in premium lifestyle products from emerging designers, today announces its Q2 cash flow statement (Appendix 4C) for the financial year 2018 ("FY18") and a trading update for the full calendar year 2017.

### Key Summary

- Ongoing sales momentum on normalised basis.
- YTD Jul to Dec 2017 Booked Sales US\$4.3M vs. US\$3.3M, up +31%.
- Better cost management: overheads down from US\$1.8M to US\$1.1M YTD.
- Significant improvement in conversion of traffic and repeat customers led to a 25% lift in orders and greater sustainability of the business.

### AHL Group: Quarterly EBITDA



### Cash Flow

Operating cash outflow for the December 2017 quarter was US\$91k (AUD \$114k) an improvement of US\$0.5M on the same quarter in 2016. The Company's closing cash position as at **31<sup>st</sup> December 2017** was **USD \$5.2M (AUD \$6.7M)**. During the quarter, the Company received the final proceeds from its Rights Issue and Secondary Placement to the value of **USD \$4.4M (AUD \$5.6M)** bringing the capital raising process to completion. Further details regarding the Company's cash flows can be found in the Appendix 4C, annexed to this announcement.

## Calendar 2016 & 2017 Comparison

Following the business restructure in March 2017 and a subsequent shift in strategy, the business is pleased to report continued momentum with new management. Growth of **+15%** in normalised booked sales was achieved on the prior calendar year and was **+31%** year on year in the final six months of 2017.

(US\$ M)	FULL CALENDAR YEAR			
	2017	2016	YoY	YoY%
Normalised Booked Sales <sup>1</sup>	\$6.8 M	\$5.9 M	\$0.9 M	15%
Product Margin	50%	47%	2.4 pps	5%
Cancellations & Returns	7%	8%	(1.1) pps	-14%
Offers	18%	12%	5.0 pps	40%
GM%	42%	45%	(3.1) pps	-7%
Conversion Rate	0.95%	0.68%	0.27 pps	39%
Marketing Spend	\$1.2 M	\$2.2 M	(\$1.0)M	-46%
Salaries	\$1.7 M	\$2.7 M	(\$1.0)M	-37%
Other Overheads	\$0.6 M	\$1.4 M	(\$0.8)M	-56%
EBITDA	(\$2.1)M	(\$4.6)M	\$2.5 M	54%

<sup>1</sup> Normalised Booked Sales excludes products removed from the website during the site review process in 2017.  
All figures are currently unaudited.

Improved internal processes have enabled the business to lift its unit economics with a **+2.4** percentage point increase in **Product Margin** to 50% and a **+14%** improvement in the number of customer cancellations & returns for the 2017 year (**+20%** improvement in the final six months of 2017).

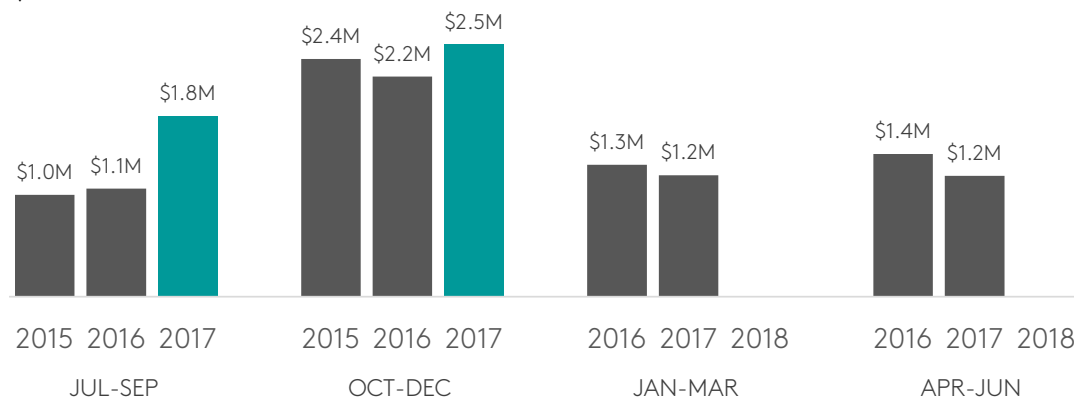
Our positioning to offer customers premium products from independent designers at highly competitive pricing has accelerated our customer acquisition during the first half of FY18. Being competitive on price has been more than compensated for by a **\$1.0M** cost saving in marketing spend (predominantly Google Search ads), and by a **\$1.8M** cost saving in overheads – to deliver a full year EBITDA improvement of **+\$2.5M** on the prior calendar year.

## Big Data & Artificial Intelligence

Since the beginning of 2017 AHAlife has invested in the capture and integration of big data and machine learning within its marketing initiatives to enhance personalisation of user experiences. Embedding these state of the art technologies into AHAlife's platform will permit the Company to deliver higher customer engagement, stronger conversion rates, and further scale benefits in 2018.

## Quarterly Booked Sales

(US\$M)



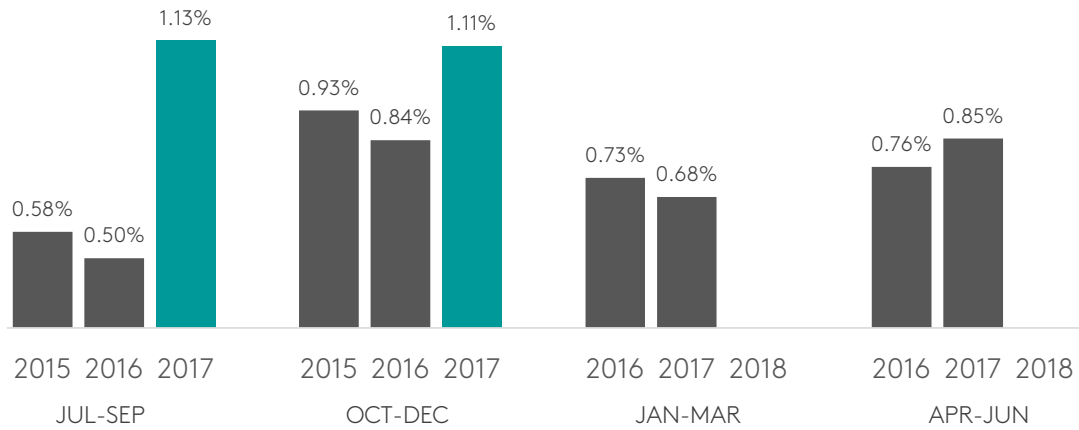
Note: 'Booked Sales' represents the total sales value of all orders placed, 'Gross Receipts' per the 4C represents sales for **delivered** orders (net of cancellations, returns and sales discounts).

Booked Sales are normalised in the FY16 & FY17 years for products removed from site during 2017, to enable a more accurate like for like comparison with FY18.

## Holiday Season Sales Record

Q2 FY18 recorded the highest day's sales with a record Cyber Monday on November 27<sup>th</sup>. Sales on the day reached US\$133k (A\$170k) - a growth of **+12%** on 2016 (previously the highest day on record).

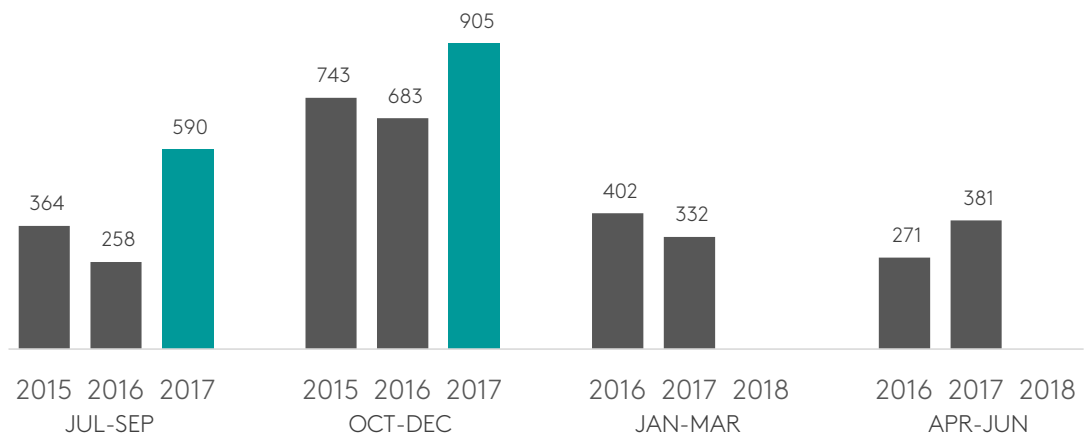
## Quarterly Conversion Rates



During the holiday season we continued to improve our conversion ability compared to the previous year, and closed the first half of FY18 with an average conversion rate of **1.12%** (Jul-Dec) against an average of 0.67% for the same six months in 2016.

## Repeat Customers: 90-Day Period

(Number of Customers)



Steps taken throughout the business to optimise for customer relevancy are generating higher numbers of repeat customers within a 90-day time period. These actions include an increasingly higher standard of merchandise being selected and featured, the use of big data to surface more relevant content to users on site, and operational excellence - to ensure greater inventory accuracy and shorter ship times.

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For inquiries please contact either:

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

Investor Relations: [ir@ahalife.com](mailto:ir@ahalife.com)

## **About AHAlife**

AHAlife Holdings Limited (ASX: AHL) owns and operates eCommerce marketplaces offering thoughtful consumers premium lifestyle goods. The Company currently has two branded marketplaces ([ahalife.com](http://ahalife.com) & [kaufmann-mercantile.com](http://kaufmann-mercantile.com)) each containing a wide range of premium products in the categories; Home, Dining, Beauty, Wellness, Jewellery & Accessories categories.

Customers can choose from a virtual catalogue of over 30,000 items from 4,000+ hand-selected independent & emerging designers from all over the world who ship directly to the customer.

AHAlife built a scalable, enterprise-grade technology platform designed to allow the best new brands to self-create and self-manage their storefronts, their inventory & pricing, within an optimised and premium shopping environment.

For more information, please contact AHAlife Investor Relations on [ir@ahalife.com](mailto:ir@ahalife.com).

## 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-Dec-17

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$US'000</b>	<b>Year to date (6 months) \$US'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	1,855	3,135
1.2 Payments for		
(a) research and development		
(b) product manufacturing and operating costs	(1,057)	(1,911)
(c) advertising and marketing	(411)	(707)
(d) leased assets	88	174
(e) staff costs	(418)	(813)
(f) administration and corporate costs	(146)	(525)
1.3 Dividends received (see note 3)		
1.4 Interest received		1
1.5 Interest and other costs of finance paid	(2)	(4)
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>(91)</b>	<b>(650)</b>

<b>2. Cash flows from investing activities</b>		
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 (6 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	(4)	(3)
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	<b>Net cash from / (used in) investing activities</b>	<b>(4)</b>	<b>(3)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of shares	4,860	5,228
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	(338)	(338)
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	<b>Net cash from / (used in) financing activities</b>	<b>4,522</b>	<b>4,890</b>

<b>4.</b>	<b>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	804	994
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(91)	(650)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(4)	(3)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	4,522	4,890
4.5	Effect of movement in exchange rates on cash held		
4.6	<b>Cash and cash equivalents at end of quarter</b>	<b>5,230</b>	<b>5,230</b>

Consolidated statement of cash flows	Current quarter \$US'000	Year to date (6 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	5,230	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)	5,230	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

**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



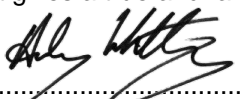
8. <b>Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$US'000	Amount drawn at quarter end \$US'000
8.1 Loan facilities		
8.2 Credit standby arrangements		
8.3 Other (please specify)		
8.4 Include below a description 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. <b>Estimated cash flow for next quarter</b>	\$US'000
9.1 Research and development	0
9.2 Product manufacturing and operating costs	(1,247)
9.3 Advertising and marketing	(245)
9.4 Leased assets	86
9.5 Staff costs	(445)
9.6 Administration and corporate costs	(261)
9.7 Other (customer receipts)	1,571
<b>9.8 Total estimated cash flows</b>	<b>(541)</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		

### 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: 30 January 2018  
(Director/Company secretary)

Print name: Andrew Whitten .....

### 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.