

## Q4 FY18 - 4C and Full Year Results Preview

New York, USA and Sydney, Australia – 31<sup>st</sup> July 2018

Ahalife Holdings Limited (ASX: AHL), the leading player in the premium online market for independent and emerging brands, today announces its Q4 cash flow statement (Appendix 4C) and results preview for the financial year 2018 ("FY18").

### Overview

Following the outlook provided to the market on 20th June 2018, Ahalife is now pleased to present a preview of the unaudited full year results to 30th June 2018. Ahalife completed another very successful financial year ended 30th June 2018. The business experienced strong growth in normalised booked sales<sup>1</sup>, significant reduction in operating loss and improvement across a number of other key operating metrics. The business also made a number of key improvements to its proprietary marketplace platform during the period.

Financial highlights for the period include:

- Booked sales increase of +18% to US\$6.7m on a normalised basis<sup>1</sup>
- +32% improvement in conversion rate
- +18% increase in new customers acquired
- +27% reduction in cost of customer acquisition
- +171% increase in repeat customer frequency (90-day repeat period)
- Record Average Order Values in Q4 of c. US\$213 (A\$286)
- +34% reduction in overheads
- Full year EBITDA improvement of +29%
- Robust cash reserve balance of US\$3.3m / A\$4.4m on hand and no debt
- +30% improvement in Return on Investment on advertising spend

During Q4 the return on investment on paid search advertising improved to above US\$3.50 (revenue return per dollar spent), the highest level ever recorded and marks the peak of a continuous improvement over the past 18 months. In doing so, the business has begun to record profitable transactions on orders received through the paid search channel for the first order of a new customer. This is a highly encouraging sign that the business is on a path to profitability.

---

1. Normalised Booked Sales excludes discontinued operations and products removed from the website during the site review process in 2017.

Note: AUD/USD of 0.75 has been used for all conversions

## Appointment of new CEO

Also announced last week was the appointment of the new CEO, Mr. Robert Mancini.

Effective from **30<sup>th</sup> July 2018** Mr. Mancini will serve as the Company's Chief Executive Officer of AHL. Mr. Mancini brings exceptional knowledge from a diverse background in the luxury and retail e-commerce industries. Under his leadership, AHL is well positioned to drive further growth and success of the Ahalife online marketplace.

Mr. Mancini has an extensive global luxury goods background across all disciplines of the retail industry. Having started his career with **Ralph Lauren** he then spent 15 years with **Richemont**, initially overseeing the European, Middle East, African and Latin American regions before a move to Hong Kong in 2005 to manage the Asia Pacific & Greater China businesses for **Alfred Dunhill**.

In 2015 Mr. Mancini relocated to the United States with **LBrands** to support the international expansion of their brand portfolio which includes **Victoria's Secret** and **Bath & Body Works**. Upon joining **LBrands** Mancini played a key role in the acquisition and integration of the Victoria's Secret Greater China business and has since overseen Victoria's Secret's International commercial and partner operations.

## Further Achievements

A number of significant initiatives were completed over the past 12 months, as previously outlined to the market on 20th June 2018. These included:

### Vendor Portal Rebuild

Full rebuild and redesign of its vendor portal including added functionality for mass upload, further API integration with major eCommerce platforms, a seller-managed promotional tool, seller analytics, and an enhanced user interface.

### Enhanced Search Capability

Image recognition tools integrated into the back-end of the platform which utilise machine learning algorithms to detect image attributes, providing users with new multi-attribute search capability on the front-end.

### Product Catalogue Expansion

Deepened product categories for greater customer choice. FY18 saw a 30% increase in product catalogue size – equivalent to more than 100 new products added every week.

### Strategic Development

The recent focus on growth through strategic partnerships is well underway and has delivered a number of potential opportunities currently being reviewed by management and the board.

# AHL

AHALIFE HOLDINGS LIMITED

## Key metrics

(USD \$M)	FY18	FY17	Change
Normalised Booked Sales	\$6.7M	\$5.7M	+\$1.1M
Product Margin	49.4%	50.4%	-1.0%
Cancellations & Returns	6.7%	8.1%	-1.4%
Offers	19.4%	9.0%	+10.4%
GM%	40.6%	45.9%	-5.3%
EBITDA	(\$1.9M)	(\$2.7M)	+\$0.8M
Closing Cash	\$3.3M	\$1.0M	+\$2.3M

----- END -----

For further inquiries please contact:

Michael Hill (Chairman):	+61 (0)421 056 691
Andrew Whitten (Company Secretary):	+61 (2) 8072 1400
Investor Relations:	ir@ahalife.com

## About AHAlife

AHALife Holdings Limited (ASX: AHL) owns and operates a proprietary eCommerce marketplace for the premium lifestyle goods market. The Company currently operates two curated dropship marketplace brands (Ahalife and Kaufmann Mercantile) within its proprietary technology. Each brand consists of carefully selected designers and artisans who create and manage curated storefronts offering premium items in the categories of Women, Men and Home.

Customers can choose from a virtual catalogue of over 80,000 items from 4,000+ carefully selected independent and emerging designers from all over the world who ship directly to the customer.

For more information, please contact AHL 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")**

30-Jun-18

Consolidated statement of cash flows	Current quarter \$US'000	Year to date (12 months) \$US'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	906	4,952
1.2 Payments for		
(a) research and development		
(b) product manufacturing and operating costs	(1,082)	(4,132)
(c) advertising and marketing	(177)	(1,124)
(d) leased assets	66	342
(e) staff costs	(165)	(1,470)
(f) administration and corporate costs	(227)	(1,204)
1.3 Dividends received (see note 3)		
1.4 Interest received	0	0
1.5 Interest and other costs of finance paid	0	(7)
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>(678)</b>	<b>(2,642)</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 (12 months) \$US'000
	(d) intellectual property		
	(e) other non-current assets		
2.2	Proceeds from disposal of:		
	(a) property, plant and equipment	(3)	(3)
	(b) businesses (see item 10)		
	(c) investments		
	(d) intellectual property		
	(e) other non-current assets	0	(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	<b>Net cash from / (used in) investing activities</b>	<b>(3)</b>	<b>(4)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of shares	0	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	0	(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>0</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	3,910	994
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(678)	(2,642)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(3)	(4)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	0	4,890
4.5	Effect of movement in exchange rates on cash held	7	(1)
4.6	<b>Cash and cash equivalents at end of quarter</b>	<b>3,237</b>	<b>3,237</b>

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$US'000</b>	<b>Year to date (12 months) \$US'000</b>

<b>5. 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 \$US'000</b>	<b>Previous quarter \$US'000</b>
5.1 Bank balances	3,237	3,910
5.2 Call deposits		
5.3 Bank overdrafts		
5.4 Other (provide details)		
<b>5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>3,237</b>	<b>3,910</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

**Current quarter  
\$US'000**

10

--

**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

Residual purchase of cost of goods from the Kaufmann Mercantile company.
--


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	(347)
9.3 Advertising and marketing	(259)
9.4 Leased assets	88
9.5 Staff costs	(259)
9.6 Administration and corporate costs	(382)
9.7 Other (customer receipts)	1,159
<b>9.8 Total estimated cash flows</b>	<b>(402)</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: 31 July 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.