

## Q1 FY19 – Appendix 4C and Business Update

Columbus, Ohio, USA and Sydney, Australia – 30th October 2018

Ahalife Holdings Limited (ASX: AHL), the leading player in the premium online market for independent and emerging brands, today announces its Q1 cash flow statement (Appendix 4C) for the quarter ended 30th September 2018 ("Q1 FY19").

Summary of highlights for Q1 FY19 include:

- Successful relocation of the business to Columbus, Ohio
- Major reduction in operating costs of 25% from US\$0.51m in Q1 FY18 to US\$0.38m in Q1 FY19 following relocation of business and associated cost savings
- Average order value (AOV) of US\$229 in Q1 FY19 continues to be near record highs and an 18% improvement on Q1 FY18 of US\$195
- EBITDA improvement of 33% to US\$(0.35)m in Q1 FY19 from US\$(0.53)m in Q1 FY18
- Robust cash balance of US\$2.6m at the end of the quarter
- Business well positioned to capitalise on traditionally strong holiday period

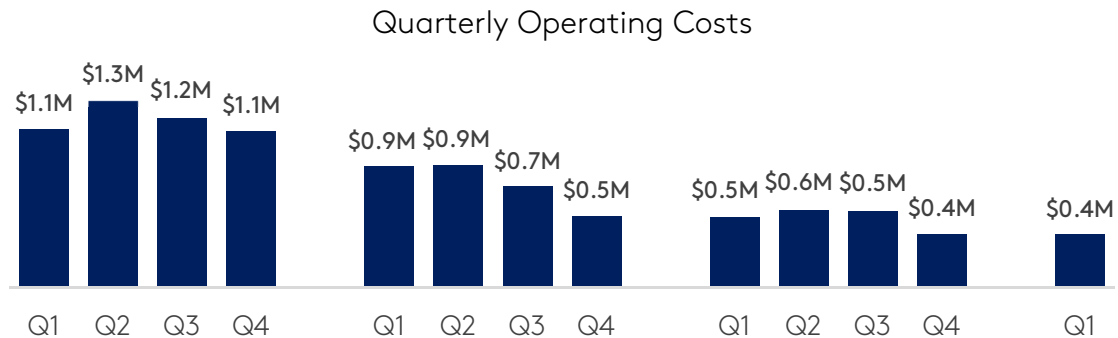
### Headquarters relocation to Columbus, Ohio

The headquarters of the AHL Group was successfully relocated to Columbus, Ohio, from Brooklyn, New York during Q1 FY19. After careful consideration and review of other potential locations, Columbus was chosen on the merits of being widely recognised as both an emerging major retail and technology hub, with a significantly lower business operating cost environment. The business retained the core staff during the relocation and replaced gaps in the team with higher caliber, experienced individuals from within Ohio without impacting total employee costs. The Group is excited to become a part of the Columbus business community.

### Appointment of new CEO

Following the appointment of Mr. Robert Mancini as CEO on 30th July 2018, the Group has embarked on a number of significant strategic projects to drive long term top line growth and reduce operating costs. On top of the move to Columbus, Ohio, Robert is completing a re-brand of the Group's primary website, ahalife.com, expected to launch within the next quarter.

## Continued reduction in operating costs



Lower operating costs in Q1 FY19 reflect lower premise expenses and headcount costs as a result of the business relocation to Columbus, Ohio. Given the relocation occurred during the quarter, the management team expects that the full benefit of the relocation will not be fully realised until next quarter.

## Cash flow

Operating cash outflow was US\$0.4M in Q1 FY19, flat on outflow of US\$0.4m in Q1 FY18. Cash outflow was positively impacted by the successful relocation of the business and associated reduction in operating costs, while higher repayments to vendors in Q1 FY19 compared to the prior corresponding period negatively impacted cash outflow. The increase in operating cash outflow also reflects lower booked sales compared to the prior corresponding period, as the business continues to focus on building more profitable sales channels.

Further details regarding the Company's cash flows can be found in the Appendix 4C, annexed to this announcement.

## Key metrics

(USD \$M)	Q1 FY19	Q1 FY18	Change
Normalised Booked Sales	\$1.2M	\$1.8M	(\$0.6M)
Product Margin	49.3%	48.0%	1.3%
Cancellations & Returns	20.7%	16.2%	4.5%
Offers	16.8%	22.7%	(5.8)%
GM%	40.9%	38.9%	2.0%
EBITDA	(\$0.4M)	(\$0.5M)	\$0.2M
Closing Cash	\$2.8M	\$0.6M	\$2.2M

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For further inquiries please contact:

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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.*

## 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-18

Consolidated statement of cash flows		Current quarter \$US'000	Year to date (3 months) \$US'000
<b>1. Cash flows from operating activities</b>			
1.1 Receipts from customers		874	874
1.2 Payments for			
(a) research and development			
(b) product manufacturing and operating costs		(678)	(678)
(c) advertising and marketing		(187)	(187)
(d) leased assets		83	83
(e) staff costs		(316)	(316)
(f) administration and corporate costs		(260)	(260)
1.3 Dividends received (see note 3)			
1.4 Interest received		0	0
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)			
<b>1.9 Net cash from / (used in) operating activities</b>		<b>(486)</b>	<b>(486)</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			
(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			
2.3 Cash flows from loans to other entities			
2.4 Dividends received (see note 3)			
2.5 Other (provide details if material)			
<b>2.6 Net cash from / (used in) investing activities</b>		<b>0</b>	<b>0</b>
<b>3. Cash flows from financing activities</b>			
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			

+ See chapter 19 for defined terms

1 September 2016

Consolidated statement of cash flows		Current quarter \$US'000	Year to date (3 months) \$US'000
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>0</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	3,237	3,237
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(486)	(486)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	0	0
4.4	Net cash from / (used in) financing activities (item 3.10 above)	0	0
4.5	Effect of movement in exchange rates on cash held	0	0
4.6	<b>Cash and cash equivalents at end of quarter</b>	<b>2,751</b>	<b>2,751</b>

<b>5.</b>	<b>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</b>	<b>Current quarter \$US'000</b>	<b>Previous quarter \$US'000</b>
5.1	Bank balances	2,751	2,751
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details)		
5.5	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>2,751</b>	<b>2,751</b>

<b>6.</b>	<b>Payments to directors of the entity and their associates</b>	<b>Current quarter \$US'000</b>
6.1	Aggregate amount of payments to these parties included in item 1.2	0
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	

<b>7.</b>	<b>Payments to related entities of the entity and their associates</b>	<b>Current quarter \$US'000</b>
7.1	Aggregate amount of payments to these parties included in item 1.2	0
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	

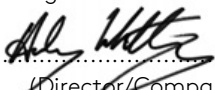
8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$US'000	Amount drawn at quarter end \$US'000
8.1 Loan facilities		
8.2 Credit standby arrangements		
8.3 Other (please specify)		
8.4 Include below a description 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 cashflows for next quarter	\$US'000
9.1 Research and development	0
9.2 Product manufacturing and operating costs	(802)
9.3 Advertising and marketing	(327)
9.4 Leased assets	88
9.5 Staff costs	(270)
9.6 Administration and corporate costs	(309)
9.7 Other (customer receipts)	1,558
9.8 Total estimated cashflows	(62)

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

- This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- This statement gives a true and fair view of the matters disclosed.

Sign here:  Date: 31 October 2018  
(Director/Company secretary)

Print name: Andrew Whitten

### Notes

- 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.
- 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.
- 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.