

AHL

AHALIFE HOLDINGS LIMITED

Sydney, 27 November 2019: AHAlife Holdings Limited (ASX:AHL)

CHAIRMANS ADDRESS

Welcome to the fifth AGM for AHAlife Holdings Limited.

Good morning Ladies and Gentlemen. In opening the 2019 AGM I would like to introduce the board and management team of AHAlife.

In Attendance

- Mike Everett: Non-Executive Director

By Phone

- Mike Hill: Non -Executive Chairman
- Robert Mancini: Chief Executive Officer (Columbus, USA)

Apologies – Unable to attend

- Chris Colfer: Deputy Chairman
- Arnaud Massenet: Non-Executive Director

The financial year of 2019 was one of continued positive change and progress for AHL. We completed the acquisition of Design Milk, the award-winning digital media company and grew our social audience by +500,000 to over 7.7M since we acquired the business in March 2019. We completed a capital raise, we continue to make operational changes that improve customer experience and reduce costs, and in Q1 of this year we launched a new Design Milk website, opened our first European pop-up retail location in London, refreshed the entire AHAlife and Kaufmann Mercantile brand portfolio and recently launched international shipping across all three websites.

These foundational changes support our plans for a shared service platform with diversified revenue streams that attract multiple customer segments through editorial content, social media, curated product lifestyle and price points, and online / offline retail.

Changes to our operating focus during FY19 have resulted in our negative cash outflow being reduced over the last 4 quarters, and with the launch of the new Design Milk website and refocused position of AHAlife and Kaufmann Mercantile we are forecasting positive cash flow for the quarter ending December 2019.

Our advertising revenue remains solid. This new revenue stream is very positive for the business which came with the acquisition of Design Milk, it has further growth potential and compliments the other revenue channels we are developing.

The Board and I are very happy with the progress that the business made in FY19, and the speed and efficiency with which our CEO Mr. Mancini has executed significant strategic adjustments.

The Board would like to thank Mr Mancini for his and his team's efforts in what has been a complete revamp of our business over the last twelve months. We are delighted that the founder of Design Milk, Jaime Derringer, has remained committed to the company she built and retains the position of Chief Creative Officer at Design Milk and AHL. We would also like to thank our Brand Partners for allowing us to build these diversified, design inspired lifestyle destinations.

With that summary, I will now hand over to Mr. Mancini and the management team to talk to the operational and trading updates. Following that update we will return to the formal resolutions being put forward at this AGM.

Thank you.

Mike Hill
Chairman

CEO UPDATE

The Company provided the following Q1 FY20 highlights to the market on 31st October 2019:

- Launch of the new, Design Milk eCommerce + Content website;
- Design-Milk acquisition fully funded
- Increase in social audience for Design Milk c.+500,000 since acquisition
- Cash burn for the last 4 quarters continues to improve
- 4C Forecasts positive cash flow for the quarter ending 31 December 2019

The premise for the company's vision and targeted market remains very sound and there continues to be a growing number of independent brands and designers that are eager for our support. However, our previous operating model had a high operating cost, low engagement rates and a high and unsustainable cost of attracting repeat visitors. As a result, over the last twelve months we have rebuilt every operational element of the business in order to create a sustainable foundation for growth.

In Q3 FY19 we made significant structural changes to our platform and operating processes, including:

- Further reduction of our operating costs
- Simplifying the vendor onboarding and merchandise strategy
- Allow greater business analysis to support our marketing plans
- Creating a more manageable and agile multi-brand operations platform

In Q4 FY19 we launched the new Design Milk website, blending 21,000 published articles, healthy advertising revenue, an industry leading brand position and eCommerce. This work also creates the base for a new Trade/B2B platform planned for Q3 FY20.

The starting point for the new Design Milk website was to reengineer our entire brand portfolio, introduce new commercial terms and conditions, and adopt a new approach to shipping.

90% of our brand partners are new and work on a new commission-based structure (vs. the previous traditional wholesale model). We have also walked away from costly shipping arrangements to a more flexible structure, and this week introduced international flat-fee shipping across all three websites.

Given our available resourcing, we made a commercial decision mid-year to focus on Design Milk and expedite the opportunity we see in commercialising its strong social following. Our attention on the Ahalife and Kaufmann Mercantile websites was necessarily limited during this period. However, with a large part of the work on the main Design Milk website now complete, we have been able to refresh both Ahalife and Kaufmann Mercantile websites. Just last week we introduced new brands and price points to these websites that clearly define how each differentiate themselves and speak to a broader customer demographic.

All these improvements create a solid foundation for growth and diversified revenue streams. We have a large engaged audience, a very healthy advertising and media revenue, improving eCommerce revenue, and physical-retail revenue through our Milk Stand pop-up stores.

In FY20 we will expand into Trade/B2B, more retail pop-ups, more advertising revenue, brand and product collaborations and exclusives. I haven't been more confident about this business than I am today.

Thank you. I will now pass this back to Mr Everett for any formal resolutions.

Robert Mancini
CEO

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About Ahalife Holdings Limited (ASX: AHL)

AHL owns and operates multiple e-Commerce brands that support independent brands and designers from around the world: Design Milk, a world-renowned, award-winning digital media company that has thrived through the support of an engaged community over the past 13 years: Ahalife, an eCommerce website and blog supporting premium lifestyle designers and brands: Kaufmann Mercantile, a blog and eCommerce website dedicated to independent craftsman and brands focused on sustainable manufacturing and product lifecycles.

For more information, please contact AHL Investor Relations.
