

AHL

AHALIFE HOLDINGS LIMITED

Sydney, Australia and Columbus, OH, USA
30th April 2020: Ahalife Holdings Limited (ASX: AHL)

Q3 2020 Business Update

Highlights:

- Month-over-month revenue growth, which has continued into April
- Further growth in our Design Milk audience, now over 8.4 million followers
- Maintained our advertising revenue and seen strong eCommerce growth since the start of the crisis
- Completed a successful equity raising of US\$1M to support our next stage of growth
- Recently secured approval for US\$220K of Covid-19 stimulus funding to further support the business

The Board and Management are very pleased with the continued positive growth across all three websites.

The Covid-19 outbreak and associated global lockdown has resulted in an increase in demand for quality content, and online shopping. All three of our websites are well positioned to support this demand, resulting in strong revenue growth in March. April continues the trend, on track to close +25% vs. March.

We continue to develop our editorial content to drive engagement, and more recently to cater to today's challenges. This new content has been well received. Our Design Milk audience has grown +400,000 since Q2 to 8.4 million aggregate followers.

In response to the Covid-19 crisis we have accelerated several creative plans, ensuring we remain relevant to our community

- We launched a new initiative to support brick + mortar stores unable to open, allowing us to support local businesses and test new product categories
- We recently launched our first Design Milk TV series on Instagram
- Delivered a digital version of our Pop-Up Design Milk Stand concept store, putting new products and vendors directly in front of our engaged community.

We continue to add new vendors to each website, Design Milk now showcases over 200 brands, Ahalife and Kaufmann Mercantile have grown to over 40 vendors each. Our goal is to reach 300 vendors per website. Appealing to a broader audience through three curated websites enables us to showcase more vendors using clearly differentiated lifestyle aesthetics.

Operations:

We have taken steps to cut costs during the Covid-19 crisis, and this week secured approval to receive US\$220,000 of stimulus funding from the Paycheck Protection Program (PPP). These positive steps combined with our growing eCommerce sales and solid advertising revenue are reassuring, and further support the business during these challenging times.

We have started an aggressive outreach program to grow our advertising and media business. We are offering high value media packages to existing and new vendors. As a digitally native brand with a large, engaged audience of 8.4 million followers Design Milk is well positioned to capture advertising revenue and build new partnerships as brands reenergize their media budgets this year and next.

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Moving forward, our digital-first media and eCommerce model, our large audience, highly regarded market position, lifestyle focused content, broad assortment of vendors, and new initiatives, ensure we can maintain and build on our growth trajectory over the coming months.

As a result of the recent capital raising, the Covid-19 PPP payment and ongoing improvement in our business, the company believes it has enough funding that will see it through to be cash flow positive in early 2021.

		<p>Open eCommerce Platform</p> <p>Audience: Men + Women. Modern Design and Architecturally inspired</p> <p>Categories: Home Decor, Dining, Jewelry, Bags + Accessories, Pets, Tech</p> <p>Trade / B2B eCommerce Platform</p> <p>Audience: Interior Designers, Architects, Developers, Industry Professionals</p> <p>Categories: Furniture, Home Décor, Lighting, Flooring, Custom projects</p>
		<p>Audience: Men, casual, outdoors, with an appreciation of craftsmanship</p> <p>Categories: Home/Cabin, Bags, Accessories, Gadgets + Tools, Wellness</p>
		<p>Audience: Women, urban, premium position</p> <p>Categories: Jewelry, Bags, Accessories, Home Décor, Beauty + Wellness</p>

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This announcement has been authorised for release by the Board.

For further inquiries, please contact:

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Investor Relations:	ir@ahalife.com

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.



KAUFMANN
MERCANTILE

ahalife

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

AHALIFE HOLDINGS LIMITED

ABN

15 006 908 701

Quarter ended ("current quarter")

31-MAR-20

Consolidated statement of cash flows	Current quarter \$US'000	Year to date (.....months) \$US'000
1. Cash flows from operating activities		
1.1 Receipts from customers	343	1,129
1.2 Payments for		
(a) research and development		
(b) product manufacturing and operating costs	(142)	(584)
(c) advertising and marketing	(30)	(244)
(d) leased assets		
(e) staff costs	(366)	(1,044)
(f) administration and corporate costs	(278)	(453)
1.3 Dividends received (see note 3)		
1.4 Interest received		3
1.5 Interest and other costs of finance paid	(3)	(7)
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	(476)	(1,200)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities		
(b) businesses		(500)
(c) property, plant and equipment		
(d) investments		
(e) intellectual property		
(f) other non-current assets		

Consolidated statement of cash flows	Current quarter \$US'000	Year to date (.....months) \$US'000
2.2 Proceeds from disposal of:		
(a) entities		
(b) businesses		
(c) property, plant and equipment		
(d) investments		
(e) intellectual property		
(f) 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)		
2.6 Net cash from / (used in) investing activities	0	(500)

3. Cash flows from financing activities		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	997	1,794
3.2 Proceeds from issue of convertible debt securities		
3.3 Proceeds from exercise of options		
3.4 Transaction costs related to issues of equity securities or convertible debt securities	(17)	(46)
3.5 Proceeds from borrowings	50	226
3.6 Repayment of borrowings	(11)	(175)
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	1,019	1,799

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	353	796
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(476)	(1,200)
4.3 Net cash from / (used in) investing activities (item 2.6 above)		(500)

Consolidated statement of cash flows		Current quarter \$US'000	Year to date (.....months) \$US'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,019	1,800
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of period	896	896

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	523	353
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details) (In transit)	373	
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	896	353

6. Payments to related parties of the entity and their associates

6.1 Aggregate amount of payments to related parties and their associates included in item 1

6.2 Aggregate amount of payments to related parties and their associates included in item 2

Current quarter \$US'000
0
0

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

Quarterly cash flow report for entities subject to Listing Rule 4.7B

7. Financing facilities

Note: the term "facility" includes all forms of financing arrangements available to the entity.

Add notes as necessary for an understanding of the sources of finance available to the entity.

- 7.1 Loan facilities
- 7.2 Credit standby arrangements
- 7.3 Other (please specify)
- 7.4 **Total financing facilities**

Total facility amount at quarter end \$US'000	Amount drawn at quarter end \$US'000

7.5 Unused financing facilities available at quarter end

- 7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

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8. Estimated cash available for future operating activities	\$US'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	(476)
8.2 Cash and cash equivalents at quarter end (Item 4.6)	896
8.3 Unused finance facilities available at quarter end (Item 7.5)	
8.4 Total available funding (Item 8.2 + Item 8.3)	896
8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	2

- 8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer:

The negative outflow in Q3 is expected to reduce significantly in future quarters as a result of both an increase in our revenue as initiatives positively impact the business and additional cost reductions begin to take effect. We remain confident of our path to positive cash flow in early 2021.

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer:

In addition to the capital raising completed in the most recent quarter, we have been advised post the end of the quarter that we have secured US\$220,000 of stimulus funding to help protect the business through the Covid19 crisis. Our advertising revenue remains solid during the Covid19 crisis and we expect growth later in the year. Our eCommerce revenue continues to perform well as we partner with more vendors and grow our audience. Our April eCommerce revenue will close approximately +25% vs. March. We do not anticipate needing additional funding beyond this.

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer:

With the growth of our audience, increasing eCommerce revenue, stable advertising revenue and more efficient operating costs we have a solid foundation for growth, and a pathway to profitability.

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.

30 April 2020

Date:

By the board

Authorised by:
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow 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 cash flow 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.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.