

# AHL

AHALIFE HOLDINGS LIMITED

Sydney, Australia and Columbus, OH, USA

31<sup>st</sup> January 2020: AHAlife Holdings Limited (ASX: AHL)

## AHL Q2 Trading Update

### **Highlights:**

- Since relaunching Design Milk in November with approx. 40 brands, we have added 200+ new brands, and expanded into three new product categories; Tech, Accessories and Bags
- Continued to grow our social audience, now +800k social followers since acquisition
- Doubled our Design Milk conversion rate from launch in November through December. Confident in our ability to continue growing conversion (*industry standard rates are between 1% and 3%\**)
- Refreshed the AHA and Kaufmann Mercantile websites, introduced 50+ new brands in December
- Exited the last of our historical New York commercial arrangements
- 5 consecutive quarters of improving cash burn via continued platform efficiencies and cost savings

### **Operations:**

The Board and Management of AHL are very pleased with the significant and positive progress being made across our three websites, Design Milk, AHA and Kaufmann Mercantile.

Our Q2 cash burn is significantly lower than Q1, reflecting the positive cost reductions and new commercial structures we've put in place. Our eCommerce sales have risen since launch and are higher contributing than the same period LY.

We have completed our operating cost reduction work, exiting the last of our New York operating arrangements. This took longer than planned, impacting our Q2 figures. The savings and benefits will roll into Q3 and Q4. We continue to grow and transition our healthy advertising revenue into the business planning process. The seasonality of this revenue differs from eCommerce and offers significant potential upside.

### **Design Milk:**

Since acquiring Design Milk we have continued to deliver high quality editorial content, growing our audience to over 8 million followers whilst expanding to 8 product categories showcasing over 240 brands.

We are coordinating social media, editorial content, recommendations and shopping with the #1 goal of maintaining our relevance to the design community, whilst building several diversified and sustainable revenue streams. Focused on conversion rate growth, launched in Nov at 0.003%, grew to 0.008% in Dec.

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## **Design Milk Trade:**

In Q2 we began the operational and structural work for a new Design Milk Trade/B2B platform, goal to launch by end fiscal. This will be accessible via a closed, application based section within the Design Milk website.

The Trade platform expands our product assortment into modern-design furniture, lighting systems, flooring and custom products. Dedicated to our large interior design, architect and related industry community, Design Milk Trade offers a curated, design based concierge service and media support to brands, designers + clients.



## **AHA and Kaufmann Mercantile:**

In December we refreshed AHA and Kaufmann Mercantile, adding 50+ new brands and at the same time reengineering our commercial terms and commission structures. This is the first step to repositioning both brands. We are planning a comprehensive website rebuild and relaunch of both websites later this year.

Although we are focused on the numerous Design Milk opportunities, with a clear curated approach that speaks to different demographics and aesthetic styles, both AHA and Kaufmann Mercantile brands can sit comfortably alongside Design Milk, adding further revenue opportunities to the broader AHL business:

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

This announcement was approved for release by the Board of Directors.

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For further inquiries, please contact:

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Investor Relations:	<a href="mailto:ir@ahalife.com">ir@ahalife.com</a>

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.

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## 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-19

Consolidated statement of cash flows	Current quarter \$US'000	Year to date (6 months) \$US'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	490	751
1.2 Payments for		
(a) research and development		
(b) product manufacturing and operating costs	(166)	(442)
(c) advertising and marketing	(40)	(214)
(d) leased assets	70	100
(e) staff costs	(368)	(677)
(f) administration and corporate costs	(163)	(225)
1.3 Dividends received (see note 3)		
1.4 Interest received		
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>(179)</b>	<b>(711)</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		(500)
(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>(500)</b>
<b>3. Cash flows from financing activities</b>		
3.1 Proceeds from issues of shares		808
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		(40)
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)		
<b>3.10 Net cash from / (used in) financing activities</b>	<b>0</b>	<b>768</b>

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<b>Consolidated statement of cash flows</b>		<b>Current quarter \$US'000</b>	<b>Year to date (6 months) \$US'000</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	532	796
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(179)	(711)
4.3	Net cash from / (used in) investing activities (item 2.6 above)		(500)
4.4	Net cash from / (used in) financing activities (item 3.10 above)		768
4.5	Effect of movement in exchange rates on cash held	0	0
<b>4.6</b>	<b>Cash and cash equivalents at end of quarter</b>	<b>353</b>	<b>353</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	353	532
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details)		
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>353</b>	<b>532</b>

<b>6. 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. 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	

<b>8. Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>		<b>Total facility amount at quarter end \$US'000</b>	<b>Amount drawn at quarter end \$US'000</b>
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.		

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<b>9. Estimated cashflows for next quarter</b>		<b>\$US'000</b>
9.1	Research and development	0
9.2	Product manufacturing and operating costs	(171)
9.3	Advertising and marketing	(19)
9.4	Leased assets	93
9.5	Staff costs	(422)
9.6	Administration and corporate costs	(207)
9.7	Other (customer receipts)	528
<b>9.8</b>	<b>Total estimated cashflows</b>	<b>(198)</b>

<b>10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)</b>	<b>Acquisitions</b>	<b>Disposals</b>
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 January 2020  
(Director)

Print name: Mike Hill  
.....

**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.

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