

Shoply Ltd - ASX:SHP

19 October 2015

ASX and Media Release

Organic growth drives another record quarter of revenue

Shoply Limited (ASX: SHP) is pleased to present its consolidated Quarterly Cash Flow Report for the quarter ended 30 September 2015. Key highlights include:

- **Record quarterly cash receipts of \$6.6 million for the quarter, up 10% on previous quarter**
- **Well positioned for continued growth in the current Christmas quarter (Q2)**
- **Increased inventories in preparation for Christmas resulted in a cash outflow of \$1.4 million**
- **Shoply reaffirms its guidance of \$26.5 million in sales for FY16, up 44% on FY15**

Commenting on the result, Shoply CEO Simon Crean said, "I am pleased to announce another quarter of record revenue for the Shoply group – a result driven by organic growth across the business. The focus of the business over the quarter was to drive organic sales growth whilst generating operational efficiencies from the ecommerce businesses that have been acquired. Pleasingly, we have executed on this strategy over the quarter.

"We look forward to continuing to prove this strategy over the remainder of the financial year", said Mr Crean.

Strong sales momentum continuing in conjunction with operational efficiencies

Increased operational and marketing efficiencies during the quarter assisted growth in a traditionally slower retail quarter, with strong trading across the Shoply group. Cash receipts from customers were up 10 per cent on the previous quarter to a record \$6.6 million (Q4: \$6.0 million).

Further synergies have been achieved from the eStore business with respect to back-end supplier arrangements and additional cross-pollination. Your Home Depot continued on its improved Q415 performance with improved revenues and cost control.

Shoply operating platform update

Shoply continued to invest in its operating platform's intellectual property over the quarter to gain further operational efficiencies and customer insights, as well as improving the customer experience. The Shoply platform has evolved to become a stable and highly iterative capability within the organisation providing a solid basis for further acquisitive and organic growth.

Operating cash outflow

Net operating cash outflow for the quarter was \$1.3 million, primarily relating to an increase in inventory holdings to accommodate peak periods, creditor reduction and operating losses. Excluding this seasonality, the underlying trend is moving towards becoming operationally cash-flow positive. This will be sustainably achieved through increased sales and carefully managed operating costs.

Over the quarter, major costs included working capital, staff and advertising, all of which remain in line with management expectations.

Investing activity cash flow

During the quarter net investing cash outflow was \$133k as a result of further investment in intellectual property in the form of enhancements to the Shoply operating platform. These are long-term investments that will ensure that Shoply continues to operate a leading-edge and highly efficient platform.

Cash at bank

Cash at bank as at 30 June 2015 was \$1.0 million, down from \$2.4m due largely to the increase in inventory holdings in the lead up to the Christmas period. Shoply expects its cash position to improve during the current quarter.

Debt facilities

On 28 June 2015 a \$5m debt facility provided to the Company by Furneaux Equity expired. The facility was never drawn upon. Shoply intends to put in place an inventory trade finance facility to support seasonal inventory purchasing and opportunistic inventory purchases.

Outlook

Shoply will continue to focus on top line organic growth throughout the 2016 financial year, as well as continuing to consolidate its operations and achieving additional operational efficiencies.

Shoply CEO Simon Crean said, "The first quarter of FY16, which is historically a quieter period, recorded strong organic growth for Shoply and provides us with much optimism looking ahead. The Company has executed on its dual track, organic and acquisitive, growth strategy to date, and this will continue to be the focus for the remainder of FY16.

"We are pleased to reiterate our sales revenue forecast for FY16 of \$26.5m – up 44% on FY15."

-ENDS

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About Shoply Limited

Shoply's objective is to be a leading ASX listed online shopping company. Shoply is rapidly executing a dual, organic and acquisitive growth strategy, acquiring or creating positions in attractive retail categories.

<http://www.shoply.com.au>

Appendix 4C

Quarterly report for entities admitted on the basis of commitments

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10

Name of entity

Shoply Limited

ABN

93 085 545 973

Quarter ended ("current quarter")

30 SEPTEMBER 2015

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (12 months) \$A' 000
1.1 Receipts from customers	6,612	6,612
1.2 Payments for (a) staff costs	(756)	(756)
(b) advertising and marketing	(383)	(383)
(c) research and development	-	-
(d) leased assets	(6,777)	(6,777)
(e) other working capital		
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	8	8
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid		
1.7 Other (provide details if material)	5	5
-GST Paid	18	18
Net operating cash flows	(1,273)	(1,273)

+ See chapter 19 for defined terms.

Appendix 4C
Quarterly report for entities
admitted on the basis of commitments

	Current quarter \$A'000	Year to date (9 months) \$A' 000
1.8 Net operating cash flows (carried forward)	(1,273)	(1,273)
1.9 Cash flows related to investing activities		
Payment for acquisition of:		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	(129)	(129)
(d) physical non-current assets	(4)	(4)
(e) other non-current assets	-	-
1.10 Proceeds from disposal of:		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	-	-
(e) other non-current assets	-	-
1.11 Loans to other entities	-	-
1.12 Loans repaid by other entities	-	-
1.13 Other (provide details if material)	-	-
Net investing cash flows	(133)	(133)
1.14 Total operating and investing cash flows	(1,406)	(1,406)
1.15 Cash flows related to financing activities		
Proceeds from issues of shares, options, etc.	-	-
1.16 Proceeds from sale of forfeited shares	-	-
1.17 Proceeds from borrowings	-	-
1.18 Repayment of borrowings	-	-
1.19 Dividends paid	-	-
1.20 Other (provide details if material)	-	-
Net financing cash flows	-	-
Net increase (decrease) in cash held	(1,406)	(1,406)
1.21 Cash at beginning of quarter/year to date	2,413	2,413
1.22 Exchange rate adjustments to item 1.20	-	-
1.23 Cash at end of quarter	1,007	1,007

+ See chapter 19 for defined terms.

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.24	Aggregate amount of payments to the parties included in item 1.2	42
1.25	Aggregate amount of loans to the parties included in item 1.11	
1.26	Explanation necessary for an understanding of the transactions	
	Payment for Director Fees and related parties to Key Management Personnel	

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

2.2 Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest

Financing facilities available

Add notes as necessary for an understanding of the position.

		Amount available \$A'000	Amount used \$A'000
3.1	Loan facilities		
3.2	Credit standby arrangements		

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Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
4.1 Cash on hand and at bank	832	2,238
4.2 Deposits at call		
4.3 Bank overdraft		
4.4 Other (provide details) Cash held in separate bank account, rental guarantee.	175	175
Total: cash at end of quarter (item 1.23)	1,007	2,413

Acquisitions and disposals of business entities

	Acquisitions (Item 1.9(a))	Disposals (Item 1.10(a))
5.1 Name of entity		
5.2 Place of incorporation or registration		
5.3 Consideration for acquisition or disposal		
5.4 Total net assets		
5.5 Nature of business		

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act (except to the extent that information is not required because of note 2) or other standards acceptable to ASX.
- 2 This statement does give a true and fair view of the matters disclosed.

Simon Crean
 Chief Executive Officer
 19 October 2015

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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 wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
2. The definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report except for any additional disclosure requirements requested by AASB 107 that are not already itemised in this report.
3. **Accounting Standards.** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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