

Shoply Ltd - ASX:SHP

29 January 2015

## ASX and Media Release

### Strong Christmas trading leads to record sales revenue

Shoply Limited (ASX: SHP) is pleased to present its consolidated Quarterly Cash Flow Report for the quarter ended 31 December 2014. Key highlights include:

- **Record sales revenue of \$4.9 million for the quarter – up 41% quarter-on-quarter**
- **Cash receipts up 42% to \$5.1 million for the quarter**
- **Positive operating cash flow achieved – inflow of \$0.37 million compared to an outflow of \$0.56 million in the previous quarter**
- **Gross margins over the quarter were 20.6% - up from 12.4% in the previous quarter**
- **Systems and staff performed above expectations over the peak period, and customer satisfaction remains high**
- **Shoply reaffirms its revenue forecast of \$18.0 million in FY15, up 987% on FY14**

Commenting on the result, Shoply's CEO Simon Crean said:

"The continued positive results achieved this quarter highlight the progress that Shoply is making as a pure play online retailer. We are pleased to say that our organic and acquisitive growth strategy continues to perform, providing an ongoing growth platform for the Company.

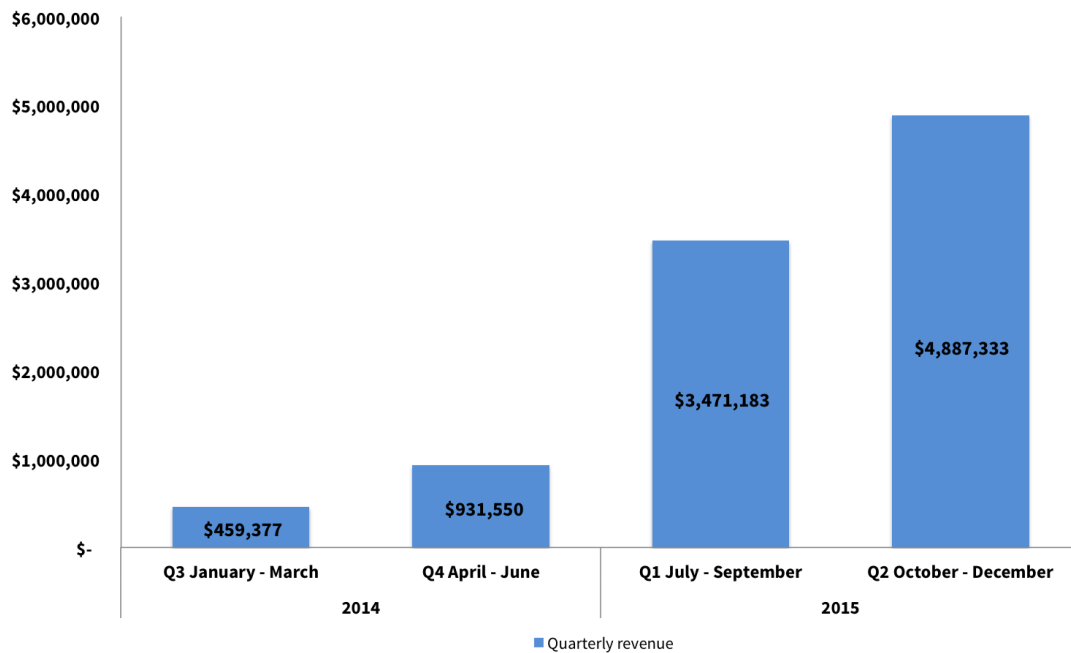
Whilst the Christmas trading period was a significant driver of sales growth over the quarter, we also implemented a successful television advertising campaign which was a first for the company. The advertising campaign targeted regional areas that are under-served by traditional bricks and mortar competitors, and we were satisfied with the return on investment achieved.

In addition to strong sales growth, we are also beginning to see the benefits of our operational cost reduction program that was implemented during the quarter, and as a result we have been able to achieve a positive operating cash flow for the period. This result highlights the scalability of the Shoply business model, and is a further endorsement of our dual-track growth strategy in order to achieve scale.

The Company remains very well positioned to continue its aggressive growth strategy in order to grow revenues and build to a profitable operational scale."

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The chart below highlights the rapid growth of Shoply's revenue over the past four quarters.



## Strong Christmas sales period

Cash receipts from customers were up 42% on the previous quarter to \$5.1 million (Q1: \$3.6 million). Sales during the quarter were \$4.9 million (Q1: \$3.5 million). This was boosted by a successful television advertising campaign targeting regional areas that are underserved by traditional bricks and mortar competitors.

It was pleasing for the business that the systems and staff were able to comfortably manage higher volumes, highlighting the scalability of Shoply's operations.

## Positive operating cash flow

Net operating cash inflow for the quarter was \$0.37 million – a positive turnaround of \$0.93 million compared to the operating cash outflow of \$0.56 million in the previous quarter. This result was driven by increased sales and reduced operating costs.

Staff costs for the quarter declined 26 % through a reduction of headcount in Melbourne, and migration of overlapping functions to Sydney. This resulted in a lower cost of operation, freeing up cash for increased investment in marketing activities.

## Increased cash at bank

31 December 2014 cash at bank was \$3.2million, up 10 % from the September quarter (\$2.9 million).

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## Outlook

Shoply reaffirms it is on target to achieve \$18 million in sales revenue this financial year. Although it is anticipated that the current quarter will decline from the December quarter due to slower post-Christmas retail activity, Shoply will still generate growth on the September trading quarter in the current quarter. This demonstrates continued quarterly growth on a normalised, non-seasonal basis.

Shoply's CEO Simon Crean said:

"We remain very excited about the growth prospects for Shoply. The focus going forward will continue to be on growing organic revenues, whilst acquiring complementary businesses to grow revenues and build to a profitable operational scale.

Shoply continues to explore the market for further suitable acquisitions and remains in numerous discussions with other parties. We anticipate being able to provide an update to shareholders on this progress in the near future.

We look forward to continuing to build on the momentum that Shoply has generated over the past twelve months as a pure online retailer, and capitalising on the growth in online shopping in Australia."

**-ENDS**

For further information contact:

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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>

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# 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")

**31 DECEMBER 2014**

### Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (6 months) \$A' 000
1.1 Receipts from customers	5,131	8,728
1.2 Payments for (a) staff costs	(430)	(1,008)
(b) advertising and marketing	(182)	(337)
(c) research and development	-	-
(d) leased assets	-	-
(e) other working capital	(4,224)	(7,660)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	12	24
1.5 Interest and other costs of finance paid	(1)	(5)
1.6 Income taxes paid		
1.7 Other (provide details if material)	64	64
<b>Net operating cash flows</b>	<b>370</b>	<b>(194)</b>

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

	Current quarter \$A'000	Year to date (6 months) \$A'000
1.8 Net operating cash flows (carried forward)	<b>370</b>	<b>(194)</b>
<b>Cash flows related to investing activities</b>		
1.9 Payment for acquisition of:		
(a) businesses (item 5)	(4)	(4)
(b) equity investments	-	-
(c) intellectual property	(46)	(117)
(d) physical non-current assets	-	(8)
(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)	-	-
<b>Net investing cash flows</b>	<b>(50)</b>	<b>(129)</b>
<b>1.14 Total operating and investing cash flows</b>	<b>320</b>	<b>323</b>
<b>Cash flows related to financing activities</b>		
1.15 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)	-	-
<b>Net financing cash flows</b>	<b>-</b>	<b>-</b>
<b>Net increase (decrease) in cash held</b>	<b>320</b>	<b>(323)</b>
1.21 Cash at beginning of quarter/year to date	2,866	3,509
1.22 Exchange rate adjustments to item 1.20	-	-
1.23 <b>Cash at end of quarter</b>	<b>3,186</b>	<b>3,186</b>

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**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	51
1.25	Aggregate amount of loans to the parties included in item 1.11	

1.26 Explanation necessary for an understanding of the transactions

**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	5,000	
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	3,041	2,721
4.2	Deposits at call	145	145
4.3	Bank overdraft		
4.4	Other (provide details)		
<b>Total: cash at end of quarter</b> (item 1.23)		<b>3,186</b>	<b>2,866</b>

**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  
29 January 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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