



AuMake Corporate Presentation

October 2018



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A photograph of three women in a store aisle. The woman in the center, with blonde hair and a pink shirt, is smiling and holding a small product. The woman on the left, with dark hair and glasses, is also smiling and holding a green bag. The woman on the right, with dark hair and a black jacket, is holding a white bottle of product. In the background, shelves are stocked with packages of 'Mater nappies newborn' and other baby products. A semi-transparent dark grey diagonal overlay is present across the image.

1. AuMake business and operations overview



AuMake - one of Australia's most exciting Chinese facing growth companies

AuMake International Limited

AuMake is an ASX listed retailer connecting Australian suppliers directly with the influential daigou and Chinese tourist markets via its growing distribution network of AuMake and Kiwi Buy retail and e-commerce stores, in addition to strategic partnerships, including Chemsave and JD.com. The Australian operations are complemented in China by AuMake's newly established sales hub in Xiamen.



Our customers

400,000 daigou within Australia and 1.4 million* Chinese tourists per annum and growing



Partnerships

AuMake owned product distribution expanded via Chemsave pharmacies (Australia) and an online store front on JD.com (China). DHL logistics partnership strengthening capability in Chinese market



Our team

80 (predominantly bilingual) team members across the business



Australian suppliers

700 suppliers from start-ups to popular national brands



Australian retail stores

Eight (8) AuMake and five (5) Kiwi Buy stores in Sydney, NSW



Product categories

Healthcare (supplements and food); skin, body care and cosmetics; dairy products and baby food (including infant formula); and wool and leather products



China distribution channels

Daigou sales hub in Xiamen China and via the JiaJia 24-hour TV shopping channel (with viewership of 385 million people and forecast sales for 2018 of 1.5 billion RMB)



Owned brands

Herbsmart (healthcare), Health Essence (supplements), Medigum (medicinal honey), AU8 (skincare), Jumbuck (wool) and UGG AUS (wool and leather)



Online

AuMake and Kiwi Buy online stores with a growing database of over 100,000 members (adding approx. 1,000 members/week)



Alliances

Retail Supporter of Australian Made Campaign Limited and strategic alliance with Sydney Chinese Tourist Guide Association

*<https://qz.com/1258898/chinese-tourists-in-australia-now-outnumber-visitors-from-new-zealand/>



AuMake's foundation year 2017 – 2018

AuMake's first year has been transformative with significant milestones achieved providing a solid foundation for our future growth.

| | | | | | | | |
|---|---|--|--|---|---|--|--|
| | | | | | | | |
| <p>2017</p> <p>August</p> <p>Initial Public Offering (IPO): Opened 21/08 Closed early and oversubscribed on 11/09</p> | <p>October</p> <p>ASX listed (05/10): AU8 opens 8 cents and closes 23.5 cents</p> | <p>November</p> <p>Flagship store opening: George Street, Sydney, NSW</p> | <p>Strategic acquisitions: Health Essence, Jumbuck, UGG AUS</p> | <p>Corporate head office opens in Auburn (NSW, Sydney): Includes expanded warehouse facilities</p> | | <p>Alliance partnership: Australian Made Campaign Limited</p> | |
| | | | | | | | |
| <p>2018</p> <p>January</p> <p>\$14 million capital raising: To accelerate strategy delivery</p> | <p>February</p> <p>Strategic partnership iTrip.com leading Chinese, Australian travel online booking platform</p> | <p>March</p> <p>Daigou Hub Haymarket (Sydney, NSW) opening: First-of-its-kind retail format combines technology with face-to-face engagement for Australian suppliers with daigou and consumers in China</p> | <p>Development of Medigum: Medicinal honey owned brand</p> | <p>Auburn Warehouse Showroom opening (Sydney, NSW)</p> | | | |
| | | | | | | | |
| <p>April</p> <p>Strategic partnership with Chemsave: Distribution of owned brand product in up to 150 pharmacies across Australia</p> | <p>May</p> <p>Acquisition of Kiwi Buy: Five Sydney retail stores in key daigou and Chinese tourist areas, plus online store</p> | <p>June</p> <p>AuMake store front launched on JD.com in China</p> | <p>AU8 owned brand skincare launch</p> | <p>Daigou Hub Burwood (Sydney, NSW) opening</p> | <p>Daigou Hub Xiamen (China) opening</p> | | |

All Ordinaries
5719.645 -44.546 (-0.77%)



ASX
WELCOMES

 **AuMake**
International Limited

AU8

BEL20 Index (Brussels)
4044.39 -0.93 (-0.02%)



TOP 10 S&P/ASX200
GAINS

| Symbol | Company Name | Price | Change | % Change |
|--------|------------------|---------|--------|----------|
| OSH | OIL SEARCH 1 | \$7.01 | ▲ | 0.00% |
| ORI | ORICA | \$19.72 | ▲ | 0.00% |
| OZL | OZMINER | \$7.80 | ▲ | 0.00% |
| PGH | PACT GROUP | \$5.12 | ▲ | 0.00% |
| PMV | PREM INV. | \$12.90 | ▲ | 0.00% |
| ORG | ORIGIN ENE | \$7.23 | ▲ | 0.00% |
| ORE | OROCOBRE | \$4.85 | ▲ | 0.00% |
| NWS | NEWS CORP B VOTI | \$17.21 | ▲ | 0.00% |
| NXT | NEXTDC | \$4.46 | ▲ | 0.00% |
| OML | OOHMEDIA | \$4.16 | ▲ | 0.00% |

ASX 3 Year Treasury Bond Futures



Foreign Exchange Rates

| Rates | Bid | Ask |
|---------|----------|----------|
| AUD/USD | 0.7860 | 0.7863 |
| AUD/GBP | 0.5934 | 0.5938 |
| AUD/EUR | 0.6683 | 0.6686 |
| AUD/JPY | 88.6200 | 88.6700 |
| AUD/NZD | 1.0972 | 1.0982 |
| AUD/SGD | 1.0598 | 1.0706 |
| AUD/USD | 5.2235 | 5.2316 |
| USD/JPY | 112.7500 | 112.7700 |
| USD/EUR | 0.8503 | 0.8503 |
| USD/GBP | 0.7549 | 0.7552 |

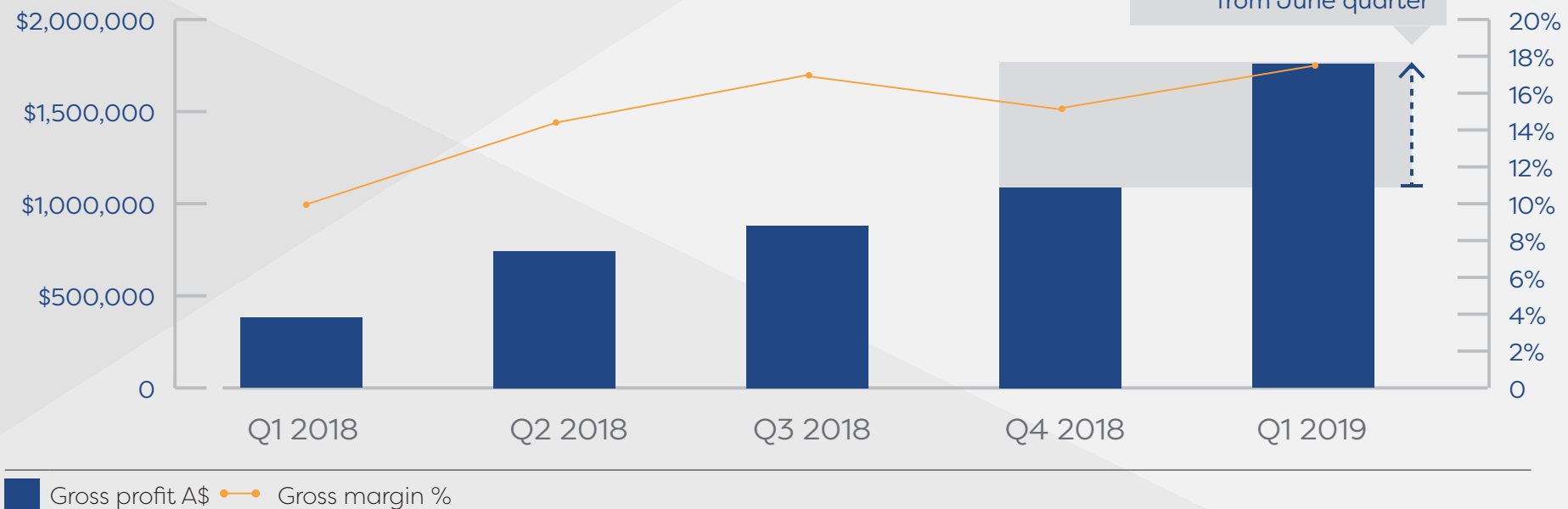
2. Financial performance



Continued strong growth in gross profit and margin

- Significant growth quarter on quarter in FY2018 with growth accelerating in FY2019 driven by increased traffic and AuMake owned brand product sales
- Gross margin increased by 3.1% to 17.5% since FY2018, and trending towards 20% in coming months
- Strong improvement in same store performance over the June quarter with growth of 11% (sales) and 18% (gross profit)
- Increasing online sales (WeChat) contributing **30% of overall sales** and membership database growing to 100,000

Quarter on quarter group gross profit and margin



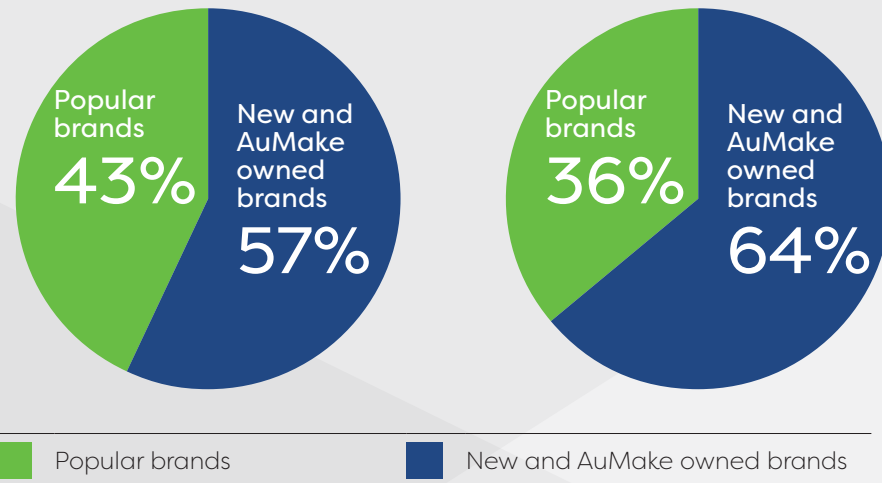


Growing new and AuMake owned brands

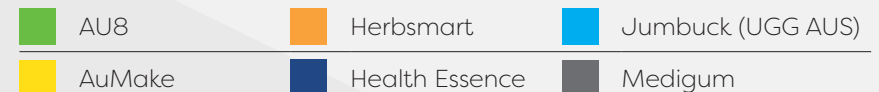
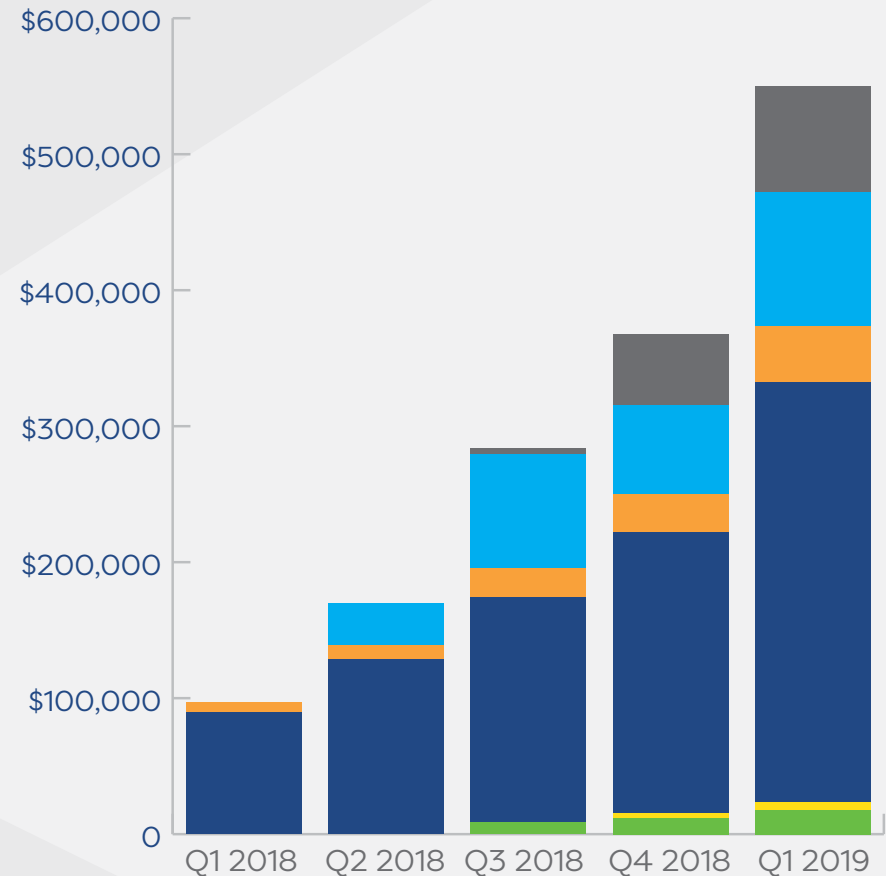
Increasing gross profit contribution by new and AuMake owned brands

Oct 17 to Mar 18

Apr 18 to Sep 18



Quarter on quarter owned brand product sales

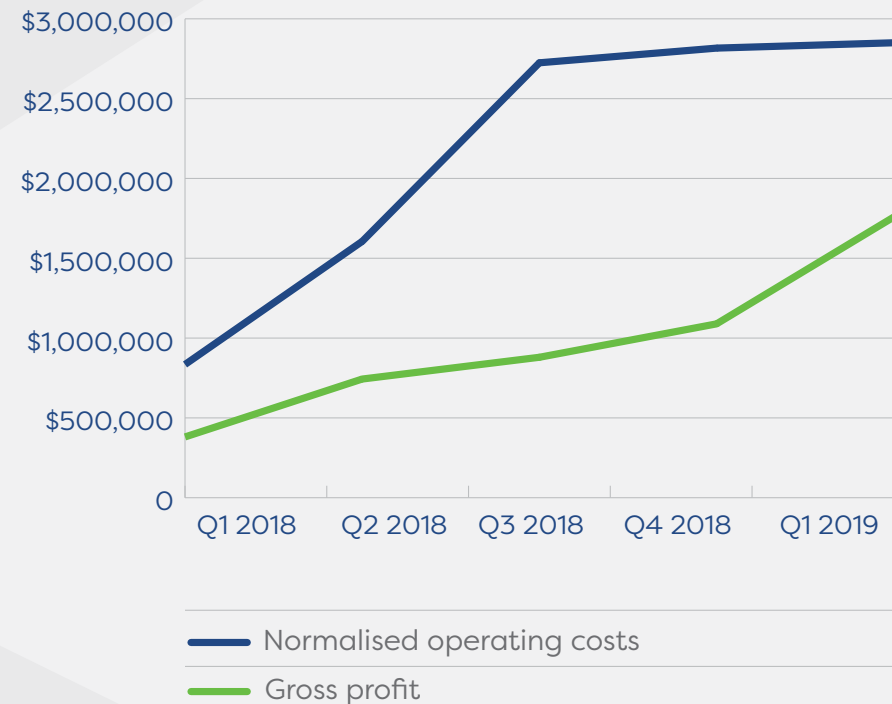




Visibility towards normalised operational breakeven and profitability

- Better than expected gross profit performance so far for FY19
- Stable normalised operating expenses (excluding one off costs) resulting in anticipated operational breakeven being **brought forward** during FY19
- Strong and material improvement in financial performance expected for Q2 FY2019 quarter
- Strong net current asset position (cash \$8.3M with inventory \$4.2M) to allow the continued execution of strategies that move AuMake towards profitability once normalised operational breakeven has been achieved

Normalised operating costs vs gross profit





3. Strategic
outlook



Strategic outlook

Growth by acquisition strategy

- **Significant opportunities for growth** by acquisition in Daigou and Chinese tourist markets
 - > AuMake only listed company with experience and relevant relationships in these markets to identify acquisition opportunities
- **Acquisition of Kiwi Buy** in June 2018
 - > Kiwi Buy gross margin increased from 10 to 20% since acquisition
- **Several and ongoing discussions** in all capital cities across Australia in both Daigou and Chinese tourist markets

Chinese tour groups

- **Significant and untapped opportunities** in Chinese tour group sector for Australian/NZ products
- **Unrivalled purchasing power of Chinese tour groups** in all Australian capital cities
 - > Internal estimates approximate a market well in excess of \$2b in product sales
- **Gross margins in excess of 30%** due to purchase of less well known products
- **AuMake currently serves Chinese tour groups in its stores and is developing additional strategies to further capture this market**





Strategic outlook *(continued)*

Positive impact of e-Commerce legislation on AuMake

- Chinese tourist market – no impact
- Australian based daigou – Chinese consumers are anticipated to seek Australian based Daigou for products, as China based daigou become more regulated
 - > AuMake has not observed any changes in Daigou buying patterns
- Parcel channel from Australia to China that serves both Daigou and Chinese tourist markets not impacted
 - > Limited only to imposition of appropriate taxes and levies
- Anticipated that legitimate businesses and brands like AuMake to gain more market share due to further regulation in market

An exciting emerging Australian based company in Chinese market

- Significant and ongoing improvement in financial and operational performance
- Last 12 months have set a strong foundation for further growth without need for material increases in fixed expenditure
- Ongoing discussions with a number of parties in China and Australia adding to exciting growth potential
- Building a highly lucrative distribution network for Australian/NZ products to reach the Chinese market



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