



Investor Presentation

15 December 2020

Aumake Limited (ASX:AUK) | ABN 79 150 110 017 | Suite 1.01, 22-36 Mountain Street, Ultimo, NSW 2007, Australia



Aumake is creating a social e-commerce marketplace to connect Asian influencers with Australian brands



The evolution of Aumake from physical to online

Physical stores



Physical stores
+ online stores



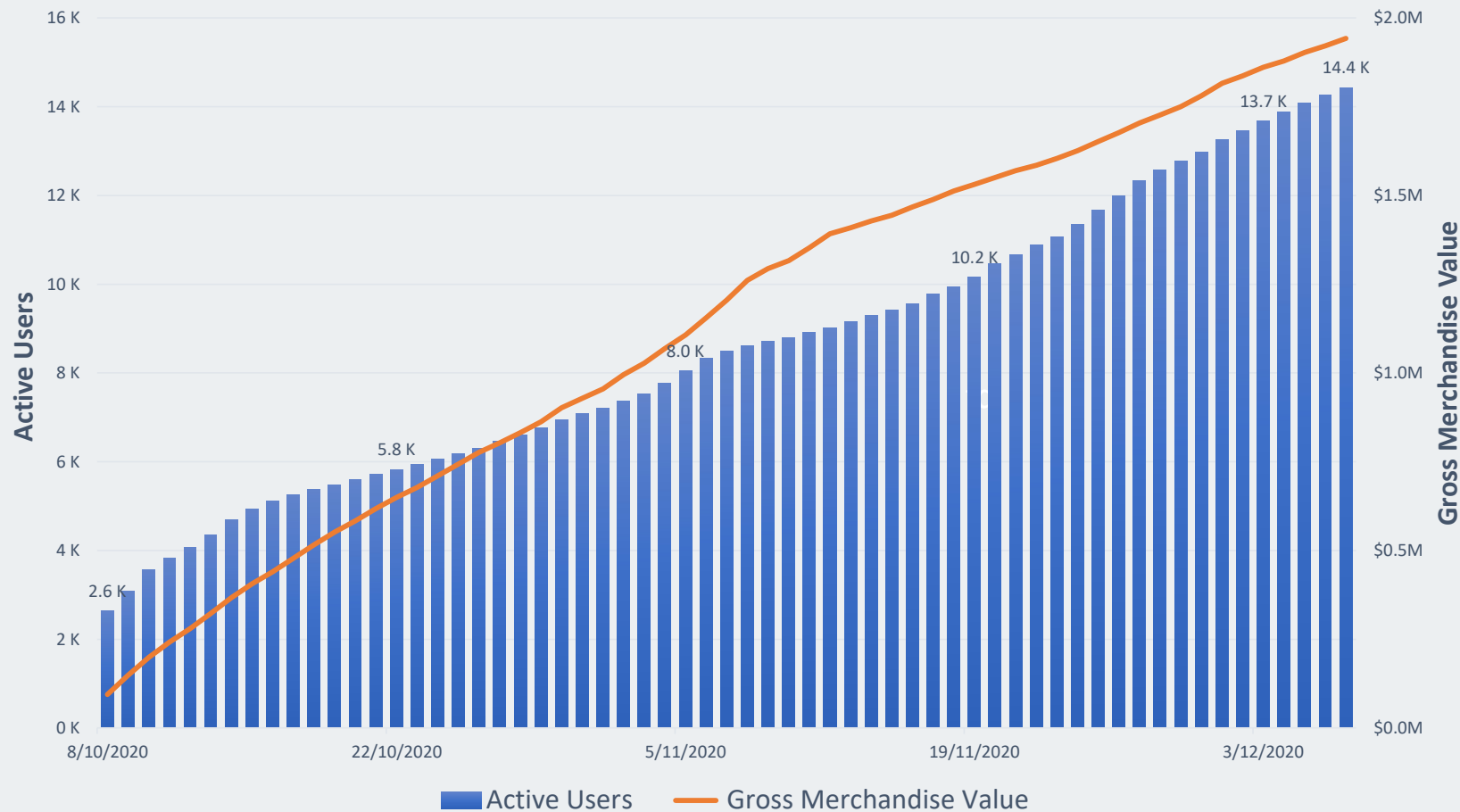
Social e-commerce
marketplace supported by
physical stores



Over the past 3 years, Aumake has sold more than \$125 million of products in the cross border industry via physical stores & online channels



Aumake online marketplace: active users and gross merchandise value in the two months following launch



- 1000% growth in active users since launch to over 15,000 with 200+ active users registering daily (80% located in China)
- Active user growth from targeted marketing campaigns and activating existing 40,000 unique visitor database
- Current 12 month trajectory of ~100,000 active users, excluding any virality and network effect impact from new marketplace

Using Aumake assets to drive online growth



Assets	Specifics	Future Impact
Intellectual property	<ul style="list-style-type: none"> Asian influencer network and relationships in Australia, New Zealand and China Tourism relationships with travel agents and all associated parties in the supply chain Brand and distributor relationships Experienced team 	<ul style="list-style-type: none"> Ability to operate and grow in large addressable markets with high barriers to entry because of entrenched and deep relationships built over many years Ability to engage with and grow the number of new exciting Australian and New Zealand brands
Physical stores	<ul style="list-style-type: none"> Currently 14 physical stores located in Sydney, Melbourne, Cairns, Gold Coast and New Zealand 4 stores operating in Sydney generating \$0.5m in revenue over the past two months Re-opening of Town Hall store in mid-December 2020 	<ul style="list-style-type: none"> Strategic assets positioned for re-opening of international borders and return of students in the near term and tourists in due course Revenue/profit contribution and 'funnels' for active user growth from the conversion of in-store traffic to online at low to nil acquisition cost Rationalisation plans for physical store footprint over next 12 months with a long term strategy to have flagship stores in Sydney, Melbourne and Auckland
Social e-commerce marketplace	<ul style="list-style-type: none"> New business model leveraging Asian influencer social networks and profit sharing to enable virality 15,000+ active users and \$2 million+ GMV since launch Active user growth from new users from new marketing campaigns and activation of existing 40,000 unique visitor database 	<ul style="list-style-type: none"> New online business model with potential to revolutionise and replace existing retail model for new brands targeting Asian consumers Provides significant scope for online growth through rapid increase in active users, GMV and brands

China remains an important strategic market for Australia

China boosts economy's lift-off

Matthew Cranston *Economics correspondent*



Dec 3, 2020 - 7.23pm



Australian goods exports to China hit a four-month high of \$12.7 billion in October, driven by iron ore, all despite the ongoing trade and diplomatic stoush and the dampening affect of COVID-19.

THE AUSTRALIAN

China economy grows 4.9% as rest of world struggles with coronavirus

By **JONATHAN CHENG**
THE WALL STREET JOURNAL
10:21PM OCTOBER 19, 2020 • 5 COMMENTS

Chinese officials said Monday that gross domestic product expanded by 4.9% in the third quarter from a year earlier, putting China's economy back toward its pre-coronavirus trajectory half a year after the pandemic gutted its economy.

Credit Suisse bets on miners, China

Robert Guy *Senior Writer*



Updated Dec 8, 2020 - 4.54pm,
first published at 4.37pm

Credit Suisse is bullish on the outlook for China's economy, with Asia Pacific chief investment officer John Woods referring to it as a FIFO - first in, first out - economy, referencing its exit from the pandemic-induced contraction.

China's economy is forecast to grow by 7.1 per cent in 2021 after likely growth of 2.2 per cent in 2020 due to a combination of monetary and fiscal stimulus.

— **Exclusive**

AuMake upbeat on travellers returning to Australia next year

Carrie LaFrenz *Senior reporter*



Nov 19, 2020 - 11.21am



AuMake International executive chairman Keong Chan says positive news from the companies working on two COVID-19 drug candidates has sparked talks with travel partners about the return of international students and tourists that are pivotal to its business.

"An influencer can be anyone – a mother with 500 WeChat followers," Mr Chan said. "It's not the big guys with millions of people following them. It's the tightly held social networks that provide the best conversion rates for these brands."

Mr Chan is seeking to create a new social e-commerce marketplace connecting Asian influencers with Australian brands and will profit share with those influencers.

Social e-commerce is a leading trend in China, spearheaded by giants like Pinduoduo and Bytedance/TikTok. But there are hundreds of other platforms such as Xiaohongshu, sometimes called "Little Red Book", a platform that provides reviews and content for consumers to make purchasing decisions.

"The Millennials, they don't go on Tmall and JD.com, those are for older people," Mr Chan said.

"The development needs to occur here for our brands to get to market in a way to reach younger Chinese people. We want to replicate what a lot of brands are doing now with Facebook and Instagram as a way to promote products with active users. It's a similar business model, with commission payments and profit sharing."

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Social E-commerce Marketplace

The power of social e-commerce



Social media is an integral part of consumers' daily lives and is a popular marketing and sales channel for millennial consumers



Social e-commerce harnesses the power of social media to drive shopper product discovery



Social e-commerce enables consumers to identify products, review information, share experiences, discover and understand new products and ultimately purchase products

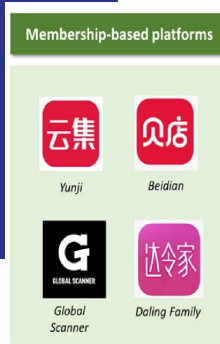
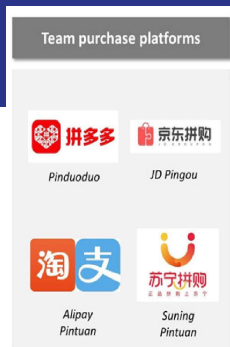


The benefit of social e-commerce is the power of family, friends and KOL/KOC's to recommend and drive purchasing decisions



The rapid growth of social e-commerce in China

- Millennials and Gen Z in China shop completely differently to the West
- Short-form videos
- Team purchasing
- Gamification
- Micro-payments
- Content sharing



Other emerging platforms



Pinduoduo Inc.
 \$US 180 billion market capitalisation
 Listed NASDAQ July 2018
 \$1.5 trillion RMB GMV Sept 20 quarter
 Group purchasing and gamification

Australian brands currently using retail model to reach Asian market – a variety of “middlemen”



————— Gross margin and brand story erosion —————>

Cutting out the “middlemen” to enable brands and influencers to use social networks to drive demand



Aumake Social E-commerce Marketplace – a new online business model



How Aumake's social e-commerce business model works for new brands

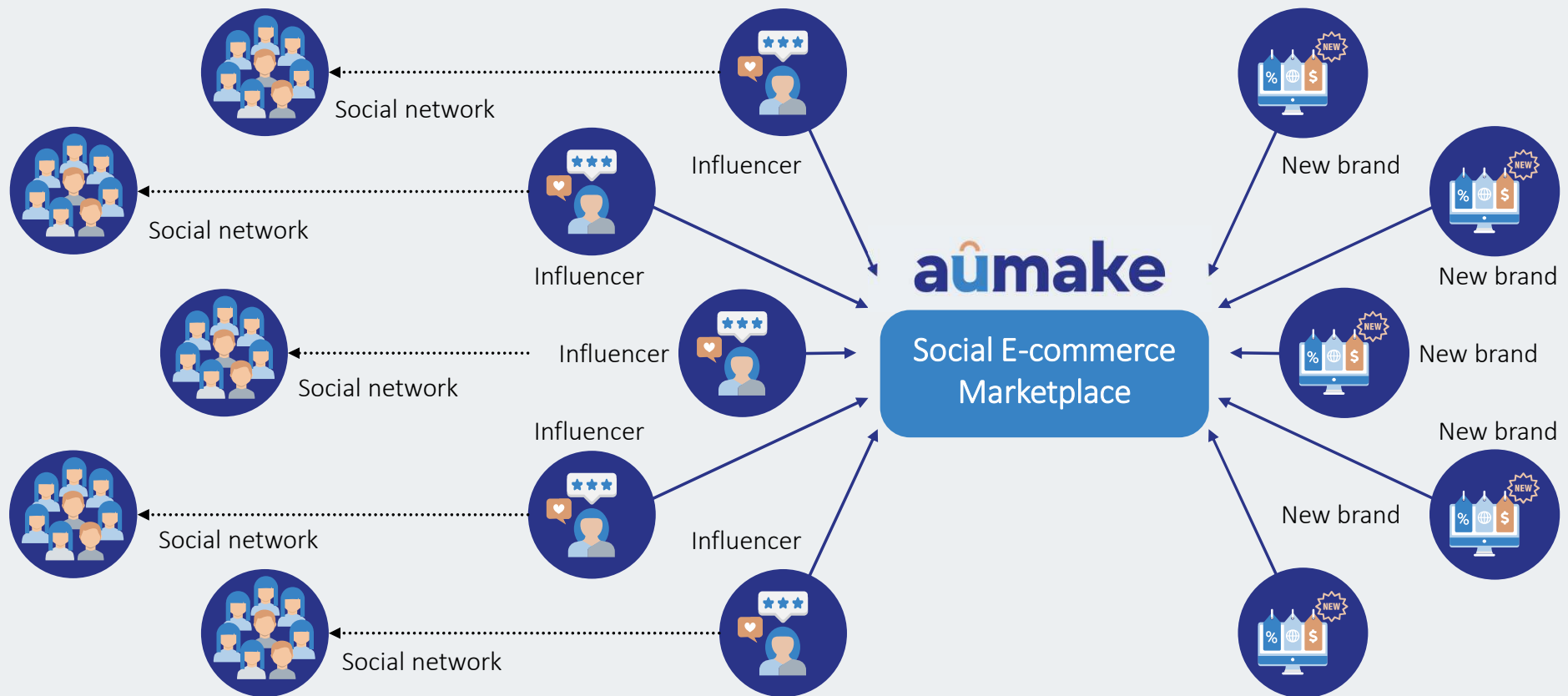
- New brand selection based on **qualitative and quantitative data** (product quality, price point, domestic social media following and sales)
- **Market and promote** through multiple channels to create “buzz” in China and amongst influencers (Key Opinion Leaders/Consumers, Chinese media, social media, advertising via popular e-commerce platforms)
- **Select top influencers from Aumake database** to participate in new brand campaign based on purchasing history, behaviour, price point and geography
- Influencers generate new brand sales using social e-commerce tools on Aumake online platform (e.g. group purchasing, short form videos)
- Charge **transaction fee** on new brand sales and **profit share** with influencers
- Deliver products seamlessly through 1P/3P **logistics and drop shipping**



The Aumake Marketplace - flywheel effect



Creating the first marketplace for new Australian brands and Asian influencers to build network effect



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‘Kissed Earth by Rachael Finch’
- Case study

‘Kissed Earth by Rachael Finch’ - Keynote new brand



300k+
Instagram
followers



Sold
Myer and
The Iconic



\$100k in sales on
Aumake marketplace
in first 48 hours

“Aumake’s marketplace will, for the first time, allow our brand to engage directly with Asian influencers to help us reach the young Asian consumer”

– Rachael Finch, founder of Kissed Earth



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What makes us unique



**Superior
quality** of
ingredients



House of
brands and
**cross
promotion
opportunities**



Access to
affinity groups
and **brand
advocates**



A **loyal and
growing** online
community



**Established
commercial
relationship** with
Myer & Coles



**Rachael's
profile**

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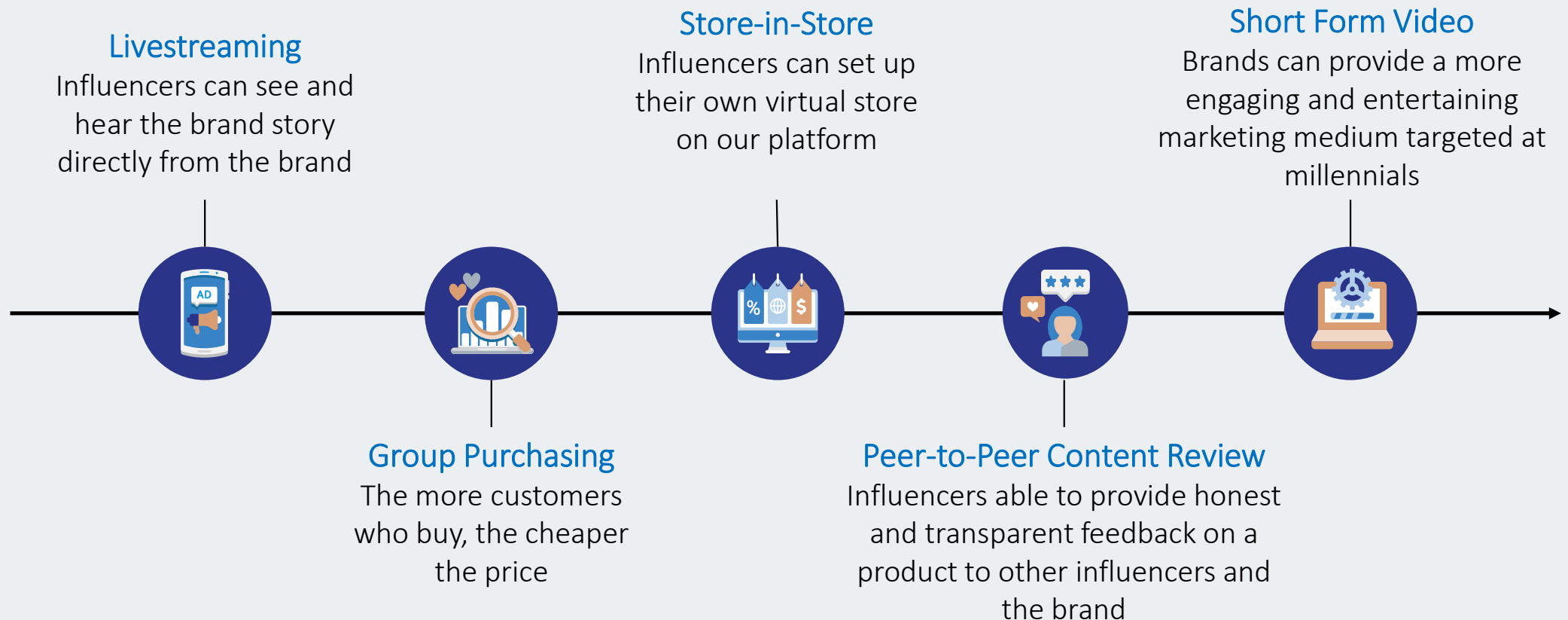
Technology

Existing online platform visualisation

Category	Data
Interface	Official Aumake WeChat Store
Number of SKUs	650+
Product discovery pathway	Search driven format
Active users	<ul style="list-style-type: none">15,000+200+ active users joining daily (80% located in China)



Technology buildout - features to be added to online platform



Future online platform visualisation

Category	Data
Interfaces	<ul style="list-style-type: none"> WeChat mini application, Android & IOS applications and website
Number of SKUs	<ul style="list-style-type: none"> 1000's of SKUs
Product discovery pathway	<ul style="list-style-type: none"> Livestreaming, short-form video, team purchasing product format
Active users	<ul style="list-style-type: none"> 100-200k current trajectory over last 2 months, not uncommon in China 2m+ active users



Short form videos

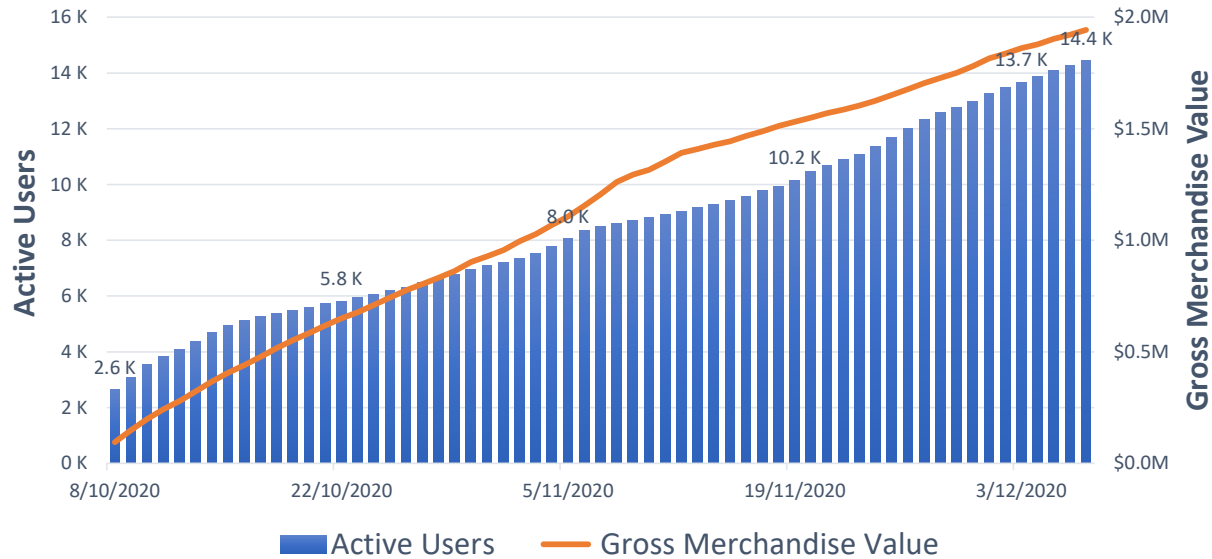
Livestreaming



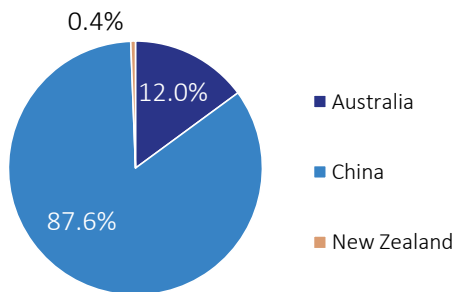
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New marketplace operational metrics

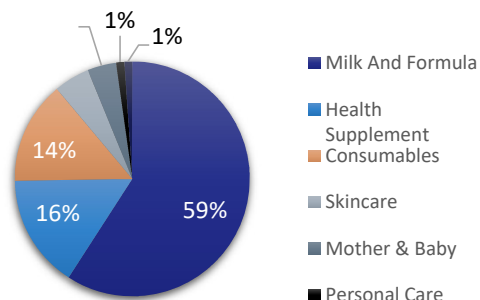
Active users and GMV in two months



Active user by location



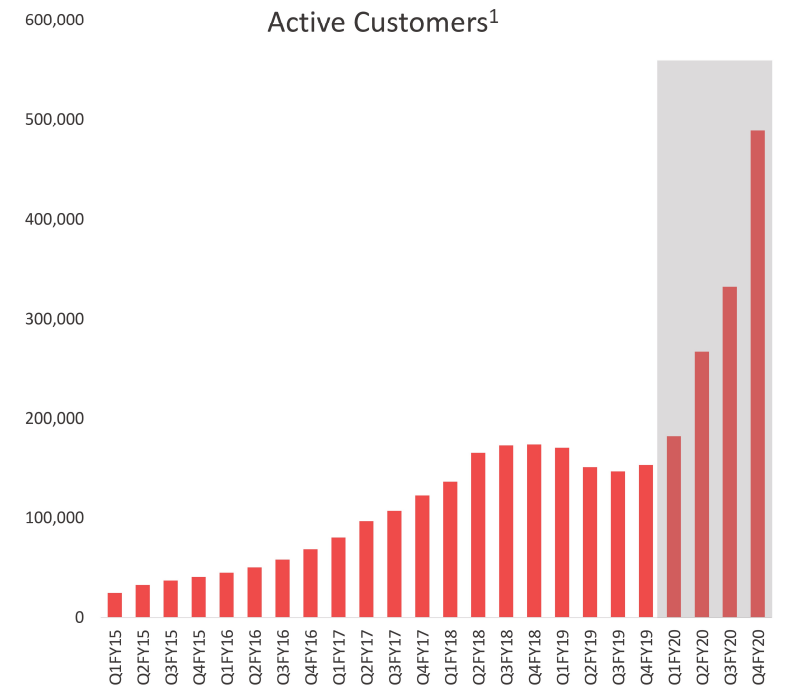
GMV per Product Category



Peer comparison



Active users over 24 quarters



Use of funds

The funds from the capital raising will be used to:

Use of Funds	%
Promote and market Aumake platform in China to increase active users	30%
Launch new brand marketing campaigns in China	15%
Technology buildout	25%
Town Hall concept store and rollout	5%
Working capital including 12 month runway in anticipation of international borders opening, return of students/tourists and conversion to online platform	25%



“The Aumake social e-commerce marketplace will allow Australian brands to market in a way which resonates with the contemporary Asian consumer – the existing retail model in Australia was never designed to grow brands in Asia” –
Keong Chan, Executive Chairman, Aumake Limited



More brands
More influencers

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Financial statements

Profit & Loss Statement (\$)	Consolidated	
	2020	2019
Revenue		
Sales revenue	60,056,562	44,346,500
Other income	1,263,128	165,120
Expenses		
Cost of sales	(34,707,746)	(36,720,197)
Administrative expenses	(3,647,775)	(1,179,719)
Employee benefits expense	(8,145,742)	(7,340,456)
Rent and outgoings expenses	(290,793)	(2,305,134)
Marketing expenses	(15,223,835)	(1,372,904)
Travel and accommodation expenses	(166,353)	(301,494)
Share based payment expense (options and performance shares)	(12,052)	(2,333,884)
Depreciation and amortisation	(3,623,870)	(577,902)
Loss on disposal of assets	(649,471)	(1,481)
Inventory write down	-	(121,766)
Loss before income tax expense	(5,147,947)	(7,743,317)
Income tax expense	-	(13,920)
Loss after income tax expense for the year	(5,147,947)	(7,757,237)

Cashflow statement (\$)	Consolidated	
	2020	2019
Cash flows related to operating activities		
Receipts from product sales and related debtors	62,414,848	45,588,740
Payments to suppliers and employees	(60,692,207)	(51,689,625)
Other income	1,263,128	22,256
Interest received	23,366	142,864
Income tax paid	-	(13,920)
Net cash outflow from/(used in) operating activities	3,009,135	(5,949,685)
Cash flows related to investing activities		
Payments for plant and equipment	(961,193)	(674,221)
Acquisition of intangibles	(4,963,000)	-
Secured deposits paid	54,308	(606,581)
Net cash outflow used in investing activities	(5,869,885)	(1,280,802)
Cash flows related to financing activities		
Proceeds from issue of shares	3,109,000	7,000,000
Share issue costs	(28,273)	(417,695)
Interest paid	(2,676)	(4,127)
Repayment of the borrowings	(2,005,146)	(61,278)
Net cash inflow from financing activities	1,072,905	6,516,900
Net (decrease) increase in cash held	(1,787,845)	(713,587)
Cash and cash equivalents at the beginning of the financial year	10,015,853	10,737,214
Effects of exchange rate changes on cash and cash equivalents	-	(7,774)
Cash and cash equivalents at the end of the financial year	8,228,008	10,015,853

Financial statements

(A\$)	Consolidated	
	2020	2019
Current assets		
Cash and cash equivalents	8,228,008	10,015,853
Trade and other receivables	807,109	734,021
Inventories	1,732,702	5,088,130
Other assets	91,671	281,974
Total current assets	10,859,490	16,119,978
Non-current assets		
Plant and equipment	2,297,636	2,665,492
Right-of-use asset	14,782,275	-
Intangibles	16,250,898	2,373,059
Other assets	1,208,928	1,264,237
Total non-current assets	34,539,737	6,302,788
Total assets	45,399,227	22,422,766

(A\$)		
	2020	2019
Current liabilities		
Trade and other payables	11,218,101	3,671,720
Borrowings	193,274	50,229
Provisions	471,277	788,552
Lease liabilities	2,425,055	-
Total current liabilities	14,307,707	4,510,501
Non-current liabilities		
Borrowings	43,148	78,762
Lease liabilities	12,893,822	-
Other payables	2,127,000	-
Total non-current liabilities	15,063,970	78,762
Total liabilities	29,371,677	4,589,263
Net assets	16,027,550	17,833,503
Equity		
Issued capital	35,954,542	32,873,815
Reserves	5,546,115	5,284,848
Accumulated losses	(25,473,107)	(20,325,160)
Total equity	16,027,550	17,833,503

The Board



Mr Keong Chan GAICD
Executive Chairman

Key Focus: Strategy, leading executive team and investor engagement

Bachelor of Commerce and Master of International Customs Law and Administration

Mr Chan spent his early career working with Big 4 accounting firms in Canberra, Sydney and Perth and has significant corporate experience in capital raisings, initial public offerings, mergers and acquisitions, and takeovers and divestments.

Mr Chan is a member of the Australian Institute of Company Directors



Mr Quentin Flannery MAICD
Non-Executive Director

Key Focus: Strategy & investor engagement

Currently the Director of several family companies, Mr Flannery brings a wealth of experience across corporate and commercial matters.

Mr Flannery was appointed marketing manager for Yancoal Australia, one of Australia's largest coal mining companies. Mr Flannery is also a Director for emerging hedge fund manager Elysian Capital, energy supplier Sunset Power International, coal mining company Delta Coal, and is the Chairman of the medical device start-up Field Orthopaedics.



Mr Joshua Zhou
Managing Director

Key Focus: Strategy & major business development initiatives

Bachelor of Management and Master of International Business

Mr Zhou is the founder of AuMake. Mr Zhou worked in the Australian tourism industry for 10 years in roles which included the coordination of business and government delegations from China.



Mr Jacky Yang
Executive Director

Key Focus: Strategy & leading senior management team

Mr Yang is a highly experienced Asian focussed tourism professional with over 20 years of experience in the Asian tourist retail industry. During this time he cofounded and built the Broadway business to a turnover of over \$30 million per annum.



This presentation has been approved by the Board of Directors of Aumake Limited

Corporate

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