

27 October 2021

Aumake positions for market share growth with reopening of international borders

Highlights

- **Aumake at the forefront of significant opportunities in the Australian and New Zealand Asian tourism industry as it emerges from the COVID-19 pandemic with increasing vaccination rates**
 - **Aumake operates a scalable business model that utilises physical retail stores (through a combination of key Aumake operated stores and a network of third-party stores) and a social e-commerce online platform that facilitates the promotion of new brands and products to Asian markets**
 - **Discussions underway with some of Asia's largest travel agents and tourism partners to develop strategies that will dictate the future of Asian tourism in Australia and New Zealand**
 - **Reopening borders leverages Aumake's ability to tailor the itineraries of Asian tourists while in Australia and New Zealand including their engagement with brands, products and services during their trip**
 - **Phased reopening of physical stores starting next week given the easing in COVID-19 restrictions in Australia and return of students from December 2021 expected to accelerate active user traffic growth on Aumake's social e-commerce platform (revenue \$1.8m Q4FY21)**
 - **Aumake continues to strategically respond to geopolitical and regulatory changes**

Sydney, Australia – Aumake Limited (**ASX: AUK, Aumake, or the Company**), is pleased to provide an update on current operational and future strategic growth initiatives which have been developed ahead of Australian and New Zealand international border reopenings and are set to provide a significant revenue and market share opportunities for the Company.

Return of key demographic and market segment for Aumake

The Company notes increasingly positive commentary from the Australian and New Zealand governments regarding the imminent return of international tourists, starting with international students, including the recent announcement from the Australian federal government supporting the return of 250 fully

vaccinated international students a fortnight to key markets in New South Wales and Victoria from December 2021.¹

The reopening of international borders and change in competitive landscape provides a permanent structural opportunity for Aumake to significantly increase market share in the Australian and New Zealand Asian tourism markets, resulting in significant revenue generation opportunities and a unique channel to promote new brands into Asia.

Aumake possesses 20 + year strong relationships with some of the largest travel agents and tourism partners in Asia, that have resulted in the Company tailoring the itineraries of over 50,000 Chinese visitors during FY20 alone which generated \$60 million in revenue. 80% of tourist related product sales were comprised of owned or new brands, at essentially nil marketing cost to Aumake.

Aumake will take steps to increase market share through the formation of domestic and overseas partnership opportunities in the Asian tourism industry including the assessment of synergistic acquisitions to increase scale quickly.

In addition, the majority of Aumake's competitors have been unable to continue operations due to COVID-19 pandemic related cashflow issues, providing an opportunity for Aumake to occupy vacated market share.

A unique combination of physical stores and Aumake online social e-commerce platform to promote new brands

As evidenced by their absence since March 2020, Asian tourists, including students, represent the most influential and cost-effective marketing channel for new Australian and New Zealand brands.

Aumake is anticipating a new kind of Asian traveler who is more sophisticated and affluent, with higher expectations of both online and offline shopping experiences. Discussions with tourism partners reflect expectations of a younger, Free Independent Traveler (FIT) who travel alone or in small groups, from 1st and 2nd Tier Chinese cities to be among the first visitors to visit Australia and New Zealand, providing exciting and dynamic opportunities for growth.

To cater for their return, Aumake has implemented a strategy that will see the operation of a few strategically positioned Aumake stores in combination with an increasing network of third-party stores, whereby tourists will be able to experience new Australian and New Zealand brands through the use of third-party infrastructure, providing increased scale and a capital light approach for Aumake to promote new brands. Aumake operated this third-party physical store model with its operation in Rotorua New Zealand, which historically generated 40% of New Zealand revenue for Aumake.

This capital light physical store approach and conversion of that physical foot traffic to Aumake's online influencer led social e-commerce platform, provides opportunity for repeat sales from both direct sales and indirect sales via tourist social networks. Aumake's online social ecommerce platform generated \$1.8 million in revenue in the June 2021 quarter, through influencers predominantly based in China.

¹ <https://7news.com.au/travel/foreign-students-workers-and-tourists-to-be-allowed-back-into-australia-before-christmas-c-4298238>

Aumake will shortly reopen two physical store stores in Sydney, New South Wales with others to follow, in readiness for the return of international students and tourists.

Responding to changes in the geopolitical and regulatory landscape

Aumake has also been actively implementing a number of strategic initiatives to strengthen its business in response to ongoing geopolitical and regulatory changes in key markets.

- **Logistics** - Securing logistics pathway to diversified markets in Asia, including China with Wiseway Group (announced 23 September 2021) ensuring that products, including perishable products, can be delivered to market quickly, safely and with full regulatory compliance.
- **New Zealand: a key strategic priority** - Aumake has reactivated its New Zealand presence as a key strategic growth priority given strong trading relationship between China and New Zealand.
 - Aumake’s existing presence in New Zealand ensures the Company is ready for the return of Chinese tourists which may occur earlier than in the Australian market. Aumake has also executed an exclusive Brand Development Agreement with Prizm Group, one of New Zealand’s largest brand incubators and digital marketing agencies (announced 28 September 2021).
- **Growing other tourism markets** - Aumake will re-engage with existing travel agent relationships in Korean and Japanese markets which are the next highest spending tourists per visitation after Chinese tourists.

Aumake has a proven track record of adapting to regulatory and geopolitical changes in key markets which resulted in the Company being on track to reach \$100 million in revenue for FY20 prior to the impact of the COVID-19 pandemic.

Vivian Lin, Head of Strategy and Tourism for Aumake, states:

“During the last 18 months, while many of our competitors have left the tourism industry, Aumake has instead applied long-term strategic thinking in combination with operational discipline, to position the business with an opportunity to significantly increase market share given this period of structural change.

Our relationships with Asian travel agents and tourism partners are stronger than ever, placing Aumake at the forefront of industry change which will allow us to respond quickly to opportunities.

We are excited to face the future with a revamped business model that is now significantly more efficient and focused on the promotion of new brands through Asian tourists and students upon their imminent return to Australia and New Zealand.”

Chairman interview with 180 Markets

Aumake directs shareholders and investors to an interview with Chairman, Keong Chan and Greg Lowe of 180 Markets. [18 Minutes with Aumake - YouTube](#)

ENDS

This announcement has been authorised for release by the Board of Aumake Limited.

Corporate

Keong Chan
Executive Chairman
T: +61 2 8330 8844
keong.chan@Aumake.com.au

Media Enquiries

Justin Kelly
Media + Capital Partners
M: +61 408 215 858
justin.kelly@mcpartners.com.au

About Aumake Limited

Aumake operates a scalable business model that utilises physical retail stores (through a combination of key Aumake operated stores and a network of third-party stores) and a social e-commerce online platform that facilitates the promotion of new brands and products to Asian markets.