

31 January 2022

Q2 FY22 Quarterly Report

Sydney, Australia – Aumake Limited (**ASX: AUK, Aumake, or the Company**), operator of an emerging Australian-based social e-commerce marketplace that connects Asian influencers and consumers with high-quality and authentic Australian and New Zealand brands, is pleased to release its consolidated quarterly cashflow and business update for the quarter ended 31 December 2021 (Q2 FY22).

HIGHLIGHTS

Financial

- Quarterly revenue increased 11.1% from \$1.8 million in Q1FY22 to \$2.0 million in Q2FY22 despite challenges due to the Covid-19 Omicron outbreak.
- Net Cash Outflows for the quarter decreased from \$1.2 million in Q1FY22 to \$1.0 million in Q2 FY22, a reduction of 16.6% and in line with the growing e-commerce revenues and decreased costs across the operating entity.
- The Company ended the quarter with a strong capital position with \$3.9 million in cash compared to \$2.6 million in the prior quarter representing a 49.9% increase.

Operational

- Aumake entered into a distribution agreement with MINISO Australia to distribute and sell high-quality products, including household goods and cosmetics/skincare from three of Aumake's premium, high traffic physical stores.
- Continued reopening of physical store locations to coincide with the easing of COVID-19 restrictions, despite Omicron concerns, and focused on streamlining operational costs in line with a reinvigorated capital light business strategy to increase revenue growth and market share.
- Increased investment and development across the technology portfolio to improve the group's online capability, drive revenue/user growth and to also expand customer engagement in the local Australian market.

Corporate

- Aumake successfully raised \$2.22 million in an oversubscribed placement strongly supported by new and existing domestic and international institutional investors.

Financial Overview

Operational Cashflow

Quarterly revenue increased 11.1% from the previous quarter (\$1.8m vs \$2.0m QoQ). Physical store growth and the return of international students resulted in increased traffic to the newly reopened Aumake and third-party operated stores in the first half of the quarter. While the Covid-19 Omicron outbreak adversely impacted physical store revenue in the latter half of Q2, Aumake's e-commerce platform continued to grow and bolstered overall revenue. Social e-commerce platform influencer identification continues as outlined in the previous quarterly thanks to extensive data analysis of repeat customers and promotion.

Capital Raising

On 17 November 2021, Aumake announced it had secured binding commitments of \$2.22 million (before costs) via a placement of 131,000,000 new shares at \$0.017 per share inclusive of a 1:2 free attaching option to new and existing domestic and international institutional and sophisticated investors (Placement). The Placement was led by Novus Capital Limited.

Funds raised from the Placement (net of costs) are being used to:

- Promote and market Aumake's new online platform;
- Implement structural changes aimed at increasing market share in the Australian and New Zealand tourism markets;
- Progress with the formation of domestic and international partnership opportunities in the Asian tourism industry, including assessment of strategic acquisitions to increase scale quickly; and
- General working capital requirements.

The Placement has allowed Aumake to execute on a post-COVID-19 strategy by driving growth opportunities with the Company's most profitable stores and refocusing efforts on developing and integrating third-party stores onto its upgraded e-commerce platform.

In addition to the Placement, the final tranche of \$250k was received this quarter from Bluestone Fund Management during the December quarter.

Reopening of Physical Store Network and MINISO

Aumake reopened additional store locations during the quarter to coincide with the easing of COVID-19 restrictions (refer ASX announcement 10 December 2021). The Company's Market City store in Sydney's Central Business District reopened bringing the total number of stores open to five. Aumake remains well-positioned to receive international tourists and students and began to see an increase in foot traffic and in-store revenue after international students were permitted re-entry into Australia from 6 December 2021.

In addition, Aumake has further streamlined its operational costs via a restructuring of labour costs, including a 65% decrease in director fees since August 2021. The Company wrapped up 2021 on a positive note as Aumake welcomed back international students to the physical store network and upgraded e-commerce platform. The addition of new Australian and New Zealand brands and products to the inventory, combined with partnerships with third-party retailers further bolstered a capital light approach to begin CY22.

During the quarter, Aumake entered into a distribution agreement with MINISO Master Franchisee Pty Ltd ("MINISO") (refer ASX announcement 2 December 2021).

MINISO is a Japanese inspired-lifestyle product retailer, serving customers through a large network of MINISO stores and have track record of delivering trend leading products to the Asian market, making them a natural choice for partnership. MINISO Group Holdings Ltd (NYSE:MNSO) is the owner of the MINISO brand and boasts a market capitalisation of over USD 5 billion and operates over 4,800 retail stores globally.

Further investment into online capability

Aumake has increased investment into its online capability to expand local Australian market presence. The Company expects to continue with its investment in online developments into the next quarter.

Aumake Managing Director, Joshua Zhou commented:

"The December quarter was an important quarter for Aumake as the group continues to make significant progress in streamlining its cost base, a 16.6% reduction in Net cash outflows coinciding with a 11.1% increase in revenue would suggest the business is now heading in the right direction post Covid. The team continued to execute on revenue generating opportunities both in store and online, given the continued strong performance of our ecommerce business, we are now focused on investing and expanding our online capability which we are well capitalised to do given the recent capital raising."

ENDS

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

Corporate

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About Aumake Limited

Aumake Limited (ASX:AUK) operates a social e-commerce marketplace that directly connects Asian influencers with high-quality and authentic Australian and New Zealand brands. It offers the best possible prices, end-to-end customer service and a comprehensive product range – all on one integrated platform. Aumake also operates physical stores delivering a fully integrated online and in-store shopping experience for Asian consumers.