



30 April 2024

## Q3 FY24 Quarterly Activities Report and Appendix 4C

### KEY HIGHLIGHTS FOR Q3 FY24

- Cash receipts of **A\$4.9m** – up **1461%** vs previous corresponding period (**PCP**) (**A\$312,000 Q3 FY23**).
- Annual revenues (year to date) now totaling **A\$20.9m** – surpassing FY23 total sales (**A\$2.6m**) **by 674%** with one quarter remaining.
- Reactivation of the '**Kiwi Buy**' trademark by engaging with Daigou community stores to **sell established Australian and Original Equipment Manufacturer (OEM) products directly to consumers**.
- **Four (4)** licensing agreements established with Daigou stores to rebrand themselves as 'Kiwi Buy'. These stores are in **Auburn, Bankstown, Chatswood, and Parramatta**.
- During the quarter, the **Chinese Government removed tariffs on Australian bottled wines** paving the way for Aumake to sell Petersons Wines in China through its extensive and proven sales channels.
- Secured **non-dilutive funding package of A\$2m** from a key strategic stakeholder to the Company by way of a loan to majority owned subsidiary **Newera Australia Pty Ltd**.
- The Company remains well funded with a cash balance of **A\$2.3m** – up **39% from the previous quarter (A\$1.6m)**

**Sydney, Australia** – Aumake Limited (**ASX:AUK, Aumake** or the **Company**), is a company with strong brand acceleration and sales capabilities, positioning it as a pioneer in delivering high-quality brands and products from Australia and New Zealand to the Asia market. Aumake is pleased to release its consolidated quarterly cashflow (Appendix 4C) and activities reports for the quarter ended 31 March 2024 (**Q3 FY24**).

During Q3 FY24, Aumake continued to focus on delivering on its three pillar initiatives outlined in its Strategy Update (refer to 7 August 2023 Strategy Update) and growing revenue through the new channels introduced by its strategic partner and investor HK Huibeijia Brand Manage Co Ltd (**HKH**).

### Operational and Financial Update

During the quarter Aumake recorded cash receipts of A\$4.9m, marking an increase of 1,461% when compared to the PCP of Q3 FY23 where cash receipts totaled A\$312,000. Cash receipts were buoyed by sales activity in China via new channels introduced by HKH. Despite the marked increase in sales, activity during the quarter was hampered by Lunar New Year festivities throughout February as is traditionally expected.

Aumake used the quarter to build up its stock levels to supply the newly established POP store on Douyin, the Chinese equivalent of Tik Tok, which is aimed at achieving higher margins and boosting Aumake's marketing and sales efforts for the pending release of the Company's OEM products and wines.

On 26 February 2024, Aumake secured a \$2m non-dilutive funding package from a key stakeholder by way of a loan. This funding is enhancing Aumake's supply chain capabilities and will be used to progress Aumake's OEM products that are scheduled to be launched in early FY25.

Aumake continued to pay in advance for stock which negatively impacts its cash flow position, but the A\$2m non-dilutive funding will help Aumake establish credit accounts with select suppliers, thereby reducing the need to pay for some stock in advance.

Net Operating Cash Outflows for the period increased from \$454,000 to \$1.2m as the Company looks to scale its operations to accelerate profitability. The Company remains well funded with a strong cash position of \$2.3m.

### **Re-Integration of 'Kiwi Buy' Trademark and Outsourcing of Physical Stores**

During the quarter Aumake embarked on a strategic initiative to enhance profitability by re-establishing its physical presence through the licensing of 'Kiwi Buy' stores within the Daigou community. This initiative involves rebranding four (4) existing Daigou-focused stores located strategically in Auburn, Bankstown, Chatswood, and Parramatta. Through these licensing agreements, Aumake aims to directly sell a mix of established Australian brands and proprietary OEM products to Chinese consumers, particularly targeting tourists and students. Proceeds from the A\$2m funding package obtained during the quarter will be used to expedite the reintegration of Kiwi Buy, facilitating higher margin sales and boosting the Company's revenue profile in the near term.

Key terms of the licensing agreements include exclusive territory-specific licenses with a one-off fee structure, supplemented by options granting licensee participation and potential conversion into Aumake stock at mutually agreed exercise prices. Leveraging the Kiwi Buy trademark acquired in 2018 along with existing Daigou stores, Aumake anticipates capitalising on the resurgence of Chinese student and tourist traffic post-Covid. The initiative not only ensures minimal outlay and operational continuity but also positions the Company to tap into the profitability potential of high-margin sales, particularly from OEM products.

### **Removal of Wine Tariffs**

At the end of March 2024 the Chinese Government announced that it had removed duties on bottled Australian wines<sup>1</sup>. This is pleasing news and Aumake looks forward to selling Petersons Wines through its various channels into China.

Whilst Chinese tourism has improved, the numbers are still below the pre-Covid levels. Nonetheless the Asian market premium products and tourism experiences in NSW's Hunter Valley are now open and has begun to take visitors.

### **Outlook**

During Q4 FY24, the Company's focus will remain on delivering on initiatives outlined in its Strategy Update, growing revenue through the new channels introduced by its strategic partner and investor HKH, and having secured the A\$2m loan funding, Aumake will look to secure credit accounts with key suppliers and will continue to develop its own branded (higher gross margin) products, aiming to release them in FY25.

### **Company Secretary and Share Registry**

In early February 2024 Aumake announced the resignation of Mr Michael Higginson from, and the

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<sup>1</sup> <https://www.foreignminister.gov.au/minister/penny-wong/media-release/resolution-wine-dispute-china>

appointment of Anand Sundaraj to, the role of Company Secretary.

From 4 March 2024 the shareholder registry services changed from Advanced Share Registry Limited to Automic Pty Ltd.

**Related party expenditure**

During the quarter \$143,942 Director's fees and wages were paid to Directors or their related parties.

**AuMake's Managing Director, Joshua Zhou, expressed:**

"We are extremely pleased with the performance and progress Aumake has made in the last quarter.

With the re-establishment of our Daigou stores under the 'Kiwi Buy' trademark, coupled with our strong cash position, and the positive trajectory of Australia - China relations, the company is well positioned for further sustained growth and successes.

We are confident that with an enhanced focus on our higher margin sales capabilities, Aumake is on a clear path to profitability demonstrating management's commitment to delivering operational excellence."

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

**Joshua Zhou**  
**Managing Director**  
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## Appendix 4C

### Quarterly cash flow report for entities subject to Listing Rule 4.7B

**Name of entity**

Aumake Limited

**ABN**

79 150 110 017

**Quarter ended ("current quarter")**

31 Mar 2024

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	4,908	20,950
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(5,606)	(21,640)
(c) advertising and marketing	(21)	(155)
(d) staff costs	(252)	(680)
(e) administration and corporate costs	(331)	(959)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	4	17
1.5 Interest and other costs of finance paid	(5)	(5)
1.6 Income taxes refunded	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other - mainly from GST refunds	19	104
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(1,284)</b>	<b>(2,368)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(6)	(12)
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
2.2	Proceeds from disposal of:		
	(g) entities	-	-
	(h) businesses	-	-
	(i) property, plant and equipment	-	-
	(j) investments	-	-
	(k) intellectual property	-	-
	(l) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	(55)	(55)
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(61)</b>	<b>(67)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	1,487
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	(98)
3.5	Proceeds from borrowings	2,000	2,000
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>2,000</b>	<b>3,389</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	1,688	1,394
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,284)	(2,368)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(61)	(67)

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
4.4	Net cash from / (used in) financing activities (item 3.10 above)	2,000	3,389
4.5	Effect of movement in exchange rates on cash held	3	(2)
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>2,346</b>	<b>2,346</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	2,346	1,688
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>2,346</b>	<b>1,688</b>

<b>6.</b>	<b>Payments to related parties of the entity and their associates</b>	<b>Current quarter \$A'000</b>
6.1	Aggregate amount of payments to related parties and their associates included in item 1	144
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
The balance in 6.1 consists of \$143,942 director's fees and wages paid to directors or their related parties.		
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

<b>7. Financing facilities</b> <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 <b>Total financing facilities</b>	-	-
7.5 <b>Unused financing facilities available at quarter end</b>		-
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.	<div style="border: 1px solid black; padding: 5px; min-height: 100px;"> <p>N/A</p> </div>	

<b>8. Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (item 1.9)	(1,284)
8.2 Cash and cash equivalents at quarter end (item 4.6)	2,346
8.3 Unused finance facilities available at quarter end (item 7.5)	0
8.4 Total available funding (item 8.2 + item 8.3)	2,346
8.5 <b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	1.8
<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
<p>No. In late Feb '24 the company secured a non-dilutive \$2.0m funding package that has enhanced its procurement capabilities and will also be used to launch Aumake's OEM products in Q1 FY25 – these OEM products have higher gross margins and will improve Aumake's net operating cash flows in following quarterly reporting. It is also worth noting that Aumake received \$314k from a customer on 1 Apr '24, and had those funds been received one day earlier, the estimated funding for the quarter would have exceeded the 2-quarter threshold and no commentary would have been required here.</p>	
8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
<p>Yes. It is the Company's intention to go to the market to raise additional capital in FY 25 and believes it will successfully raise equity capital at that time.</p>	

8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Yes. Whilst Chinese tourism has not yet returned to pre-Covid levels, Aumake has continued to progress its strategic plan pillars, including the recent opening of 4 'Kiwi Buy' Diagou community stores, the non-dilutive \$2.0m funding will enhance the launch of OEM products to generate greater gross margin and to establish credit accounts with suppliers. Further, in late March '24 China removed its tariffs on Australian wines which will open up new possibilities with Petersons Wines.

Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.

## Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 30 Apr 2024

Authorised by: By the Board  
(Name of body or officer authorising release – see note 4)

## Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.