

12 June 2025

Aumake Limited (ASX: AUK)

# Strategy and key contracts update

**Aumake Limited (ASX: AUK) (Aumake or the Company)** provides shareholders with a progress update on execution of key contracts and on the strategic re-focus of the business to higher margin, and lower fixed cost sales channels and products.

## Update on Core Strategic Objectives

The board has resolved to focus the business on several core strategic objectives that will support revenue growth in sales channels with higher margins and evolve the AuMake business model to align with market trends and the Company's core competencies in brand management, distribution and sales and marketing in Asia.

The board has set out 6 key strategic objectives for management in FY26:

1. Seek an EBITA accretive brand acquisition in Health Supplement/Functional Food market suitable to be sold in all AuMake's sales channels and markets;
2. Transition cross-border and China retail B2C and B2B business units to lower cost sales models and rationalise portfolio towards higher margin products;
3. Simplify Subsidiary Structures and cut costs in all business units, aggressively;
4. Explore Pilot Zone distribution into hospital pharmacy channels into China with exclusively in licenced partner and products sold under owned brands;
5. Explore activation of sales in China and the USA utilising the Newere JV with Zoomcoo; and
6. Explore distribution of new China-sourced products into Australia (and other international markets).

## Update on Key Distribution Contracts, and Procurement Frameworks

The Company has seen solid progress in sales under the contract to sell Kabrita Adult Goats milk announced to the market on 2 April 2025, with sales to date exceeding \$1.7m. Furthermore, in line with the focus on fewer high-impact, high-value brands, the Company has contracted with Rockcheck Shipping Ltd (Hong Kong) via its subsidiary, AuMake Hong Kong to distribute the Danone range of infant formula products including Aptimil, Karicare and Nutricia. Sales YTD under this arrangement have exceeded \$6m.

The Company is actively renegotiating the sales and marketing partnerships with key distribution partners, including master distribution contract holders in Hong Kong for the Chinese market, with a view to entering new arrangements that will increase margins on sales, reduce working capital requirements and reduce the fixed cost base associated with the B2C and B2B cross border business. The Company is also actively reviewing its product portfolio in all channels with a view to focusing on higher margin and lower cost

products and sales models in FY26 and on outsourcing key activities where savings can be recognised, while maintaining sales velocities.

The Company refers to the purchase order from Yangtze River New Silk Road International Logistics (Hubei) Group Co., Ltd (Yangtze River) placed via the procurement framework with the Company managed by 168 Express Pty Ltd, which is a joint venture 51% owned by AuMake Limited and the updates in respect to the purchase order made on 30 January 2025 and on 29 April 2025. Under the procurement framework, Yangtze River agreed to pay a 30% deposit before each transaction. The Company has currently received a deposit payment of \$960k from Yangtze River. The Company is holding 78% of the deposit paid, while the 49% JV partner in 168 Express Pty Ltd currently holding 22% of the deposit paid (1m RMB, ~\$218kAUD). As previously advised, the Company continues to face ongoing delays in decision making within the partner company, which is a State-Owned Enterprise (SOE). Negotiations relating to the initial order have been ongoing. Based on, amongst other things, changes to the broader international trade environment and internal restructuring within the SOE and Yangtze River, the SOE has requested that the procurement framework be temporarily suspended subject to the arrangement being reviewed by them in the third quarter of 2025. No procurement or fulfilment will be undertaken before that time and no action is required from the Company in the interim.

### **Update on Existing Debt Facility**

In line with executing on our strategy and opening new sales channels with higher margin products, the Company has finalised negotiations regarding the previously unagreed terms of the \$2m debt facility announced on 24 February 2024, and where \$1m was converted to equity as announced on 14 August 2024.

#### *Funding Package Key Terms*

Loan Amount	\$1,000,000 (after conversion of \$1,000,000 on 14 August 2025)
Interest Rate	Reserve bank rate + 2% (calculated monthly) from 25 February 2025. The loan was interest free up to 24 February 2025
Maturity Date	25 February 2026
Lender	Zoomcoo Holding Pty Ltd
Borrower	NewEra Pty Ltd (a Joint Venture company 51% owned by AuMake Limited and 49% owned by Zoomcoo Holding Pty Ltd)
Additional Conditions	The loan funds are to be applied solely to the activities of NewEra Pty Ltd, in respect of OEM products development and sales into China and to support initiating sales of products ex-China to international markets including Australia and the USA.

This release has been approved by the board of directors.

Ends

## **About Aumake**

Aumake Limited (Aumake or the company) (ASX: AUK) 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.

## **Forward Looking Statements**

This announcement may contain forward-looking statements, including statements regarding: plans, strategies and objectives of management; anticipated revenue, products, and stores; operating costs; Chinese tourism; Governmental policies and preferences (both Australian and Chinese).

Forward-looking statements can be identified by the use of terminology such as 'intend', 'aim', 'project', 'anticipate', 'estimate', 'plan', 'believe', 'expect', 'may', 'should', 'will', 'continue', 'annualised' or similar words. These statements discuss future expectations concerning the results of operations or financial condition or provide other forward-looking statements.

These forward-looking statements are not guarantees or predictions of future performance, and involve known and unknown risks, uncertainties and other factors, many of which are beyond our control, and which may cause actual results to differ materially from those expressed in the statements contained in this presentation. Readers are cautioned not to put undue reliance on forward-looking statements.

Except as required by applicable regulations or by law, the Group does not undertake any obligation to publicly update or review any forward-looking statements, whether as a result of new information or future events.

Past performance cannot be relied on as a guide to future performance.