aûmake

31 October 2024

Aumake Limited (ASX: AUK)

Q1 FY25 QUARTERLY ACTIVITES REPORT AND APPENDIX 4C

Investor Highlights

- **During the quarter the company entered a $300M strategic framework with Yangtze River New Silk Road International Logistics (Hubei) Group Co., Ltd. For the procurement of Australian Agricultural and Livestock Products, Fast-Moving Consumer Goods (FMCGs), Frozen Goods, and Bulk Resource Commodities.**
- **Aumake through subsidiary Newera Australia Pty Ltd, entered into a three-year tripartite agreement with Hunter Valley Wine & Tourism Alliance Pty Ltd and Guangxi Dimples (Dimple Story) to promote, distribute, and sell Hunter Valley wines in China, targeting total sales of approximately A$25.5M by 2027.**
- **The company strengthened its balance sheet with a strategic placement to raise A$2.8M and the conversion of A$1M of debt into equity, demonstrating management's commitment to fiscal discipline.**
- **Cash receipts recorded for the quarter were A$3.4M as management focussed on implementing initiatives that will drive strategic efficiency as the company prepares to fulfil orders from Yangtze River.**

Sydney, Australia – Aumake Limited (**ASX:AUK**, **Aumake** or the **Company**), is pleased to deliver its quarterly activity report and Appendix 4C cash flow report for the quarter ended 30 September 2024 (**Q1 FY25**). The Company remains focused on increasing sales and margins, establishing new partnerships, optimising cash retention, and reducing costs, with measures being implemented to ensure profitability in FY25. Key achievements this quarter include securing a strategic cooperation agreement with Yangtze River and raising additional equity funding.

Operational and Financial Update

In July 2024, Aumake entered a significant A$300 million strategic co-operation Framework Agreement with the Chinese State-Owned Enterprise, Yangtze River Silk Road International Logistics (Hubei) Group Co., Ltd. The official signing ceremony took place in Wuhan on 16 August 2024. Under this agreement, Yangtze River will purchase a minimum of A$100 million worth of Australian goods annually over three years, positioning Aumake at the forefront of cross-border trade involving Australian agricultural products, livestock, FMCGs, frozen goods, bulk commodities, and alcohol. This partnership allows Aumake to leverage Yangtze River's extensive logistics, port, and trade resources in Hubei, China, streamlining operations and optimising costs to improve margins, driving profitability in FY25.

Simultaneously, Aumake secured a purchase order valued at A$634,195 from China Southern Air Cross Border E-Commerce (Hainan) Co., Ltd for premium Australian wines. China Southern

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Airlines, one of China's largest domestic carriers, operates a global network spanning over 220 destinations and has a frequent flyer base of 97 million members.

This purchase order underscores the importance of Aumake's growing presence in China and offers significant potential for future collaboration, utilising the airline's e-commerce platform to boost market penetration and brand visibility.

During Q1 FY25, Aumake recorded cash receipts of A$3.4 million, reflecting ongoing strength in its sales channels. In addition to the Yangtze River partnership, Aumake finalised a tripartite agreement with Hunter Valley Wine & Tourism Alliance Pty Ltd and Guangxi Dimples to promote and distribute Hunter Valley wines in China, targeting A$25.5 million in sales by 2027.

The Company remains focused on increasing sales and gross margins, establishing new strategic partnerships, and optimising cash retention while minimising costs. Aumake also expanded its online platform presence, incurring a $48k security deposit. Following the successful October Extraordinary General Meeting (EGM), the Company is well-funded with a strong cash position of A$3.5 million as of 25 October 2024, positioning it for sustained growth and success in FY25.

Strategic Fundraising Initiatives

During the quarter, Aumake secured binding commitments from a consortium of strategic investors to raise approximately $2.8 million through a share placement of 560 million fully paid ordinary shares at $0.005 each. Investors will also receive one attaching option for every placement share subscribed, with an exercise price of $0.01 and a two-year expiry. Novus Capital Limited acted as the lead manager and advisor to the placement and is entitled to a 6% cash fee on funds raised above $1,000,000, subject to shareholder approval at the 11 October 2024 EGM.

Additionally, Aumake negotiated the conversion of $1.0 million of existing debt into equity on the same terms as the placement, further strengthening the Company's balance sheet and enhancing financial flexibility. The funds raised will boost Aumake's cash position, supporting the implementation of the A$300 million Yangtze River strategic co-operation Framework Agreement, working capital needs, and the development of the digital marketing assistant Streamii. This capital injection provides the Company with greater flexibility to pursue new opportunities and advance its core growth initiatives.

Strategic Board and Management Appointments

In September the Company announced the strategic appointments of Ms Hai Yun Chen as Group CEO and Executive Director (her election is proposed in the forthcoming AGM), Mr Zhenghai (Martin) Chen as Group General Manager, and the promotion of Mr Zhiguo (Scott) Zhang to Group COO. These appointments will allow current management team to focus on long-term strategy and building relationships with Chinese SOEs as the company looks to expand its footprint in Asia. These additions will add value in day-to-day operations and help streamline costs to drive improved margins.

Corporate Matters

In August 2024 Aumake announced the resignation of its then Company Secretary, Mr Anand Sundaraj, and the appointment of Mr Sebastian Andre, to the role of Company Secretary.

In the quarter, as a further cost reduction exercise, Aumake announced that:

- Registered Office and Principal Place of Business changed to 50 Birchgrove Crescent, Eastwood, and
- Share Registry changed to Boardroom Pty Ltd.

Related party expenditure

During Q1 FY25, $175,714 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 progress made this quarter, which has laid a solid foundation for the future. The signing of the A$300 million strategic framework agreement with Yangtze River Silk Road International Logistics represents a significant milestone, positioning Aumake as a key player in cross-border trade. This agreement, focused on Australian agricultural, FMCG, and resource commodities, highlights the enormous potential for Aumake in the Chinese market. Our collaboration with Yangtze River will enable us to fulfil large, pending orders and strengthen trade relations between Australia and China.

In addition, our tripartite agreement with Hunter Valley Wine & Tourism Alliance and Guangxi Dimples is a major step forward in expanding the distribution of premium Hunter Valley wines in China. This partnership, targeting sales of A$25.5 million by 2027, reinforces our strategic growth in high-margin product categories.

Financially, we are in a stronger position following the successful $2.8 million share placement and the conversion of $1 million in debt into equity. These efforts have bolstered our balance sheet, providing us with the financial flexibility needed to advance our core growth initiatives and capitalise on emerging opportunities. This quarter's fundraising initiatives demonstrate our commitment to fiscal discipline while positioning the Company to support large-scale strategic projects.

With cash receipts of A$3.4 million recorded for the quarter and a cash reserve of A$3.5 million, Aumake is well-prepared to execute on the pending orders from Yangtze River and other key partners. We are confident that these developments, alongside our strategic partnerships and strengthened financial position, will drive profitability in FY25 and set the stage for continued growth."

Authorised by the Board of Aumake Limited.

Joshua Zhou
Managing Director

About Aumake

Aumake Limited (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 Statement:

This announcement may contain forward-looking statements, including statements regarding: plans, strategies and objectives of management; anticipated revenue, products, and stores;

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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.

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Appendix 4C

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

Name of entity	
Aumake Limited	
ABN	**Quarter ended ("current quarter")**
79 150 110 017	30 Sept 2024

Consolidated statement of cash flows		Current quarter $A'000	Year to date (3 months) $A'000
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	3,359	3,359
1.2	Payments for		
	(a) research and development	-	-
	(b) product manufacturing and operating costs	(3,308)	(3,308)
	(c) advertising and marketing	(140)	(140)
	(d) staff costs	(269)	(269)
	(e) administration and corporate costs	(729)	(729)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	1	1
1.5	Interest and other costs of finance paid	(7)	(7)
1.6	Income taxes refunded	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other - mainly from GST refunds	19	19
1.9	**Net cash from / (used in) operating activities**	**(1,074)**	**(1,074)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	(2)	(2)
	(d) investments	-	-
	(e) intellectual property	-	-

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Consolidated statement of cash flows		Current quarter $A'000	Year to date (3 months) $A'000
	(f) other non-current assets	-	-
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 – mainly security deposits for online platforms	(48)	(48)
2.6	**Net cash from / (used in) investing activities**	**(50)**	**(50)**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	66	66
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	-	-
3.5	Proceeds from borrowings	-	-
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)	-	-
3.10	**Net cash from / (used in) financing activities**	**66**	**66**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	1,985	1,985
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,074)	(1,074)

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Consolidated statement of cash flows		Current quarter $A'000	Year to date (3 months) $A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(50)	(50)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	66	66
4.5	Effect of movement in exchange rates on cash held	(4)	(4)
4.6	**Cash and cash equivalents at end of period**	**923**	**923**

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter $A'000	Previous quarter $A'000
5.1	Bank balances	923	1,985
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**923**	**1,985**

6.	Payments to related parties of the entity and their associates	Current quarter $A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	176
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

The balance in 6.1 consists of $175,714.42 director's fees and wages paid to directors or their related parties.

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.

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7.	Financing facilities *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.*	**Total facility amount at quarter end $A'000**	**Amount drawn at quarter end $A'000**
7.1	Loan facilities	2,000	2,000
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	**Total financing facilities**	2,000	2,000
7.5	**Unused financing facilities available at quarter end**		-

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.

Per the ASX Announcement on 26 Feb 2024, the Company was advanced $2,0m (this was disclosed in Q3 FY24 Appendix 4C at item 3.5). This loan is unsecured and completely unincumbered. Duration of the loan is for 2 years whilst the interest rate applicable in the first year being 0% (interest free) and second year the interest rate will be the RBA cash rate plus an additional margin to be negotiated on a best endeavours basis at a later date.

8.	Estimated cash available for future operating activities	**$A'000**
8.1	Net cash from / (used in) operating activities (item 1.9)	(1,074)
8.2	Cash and cash equivalents at quarter end (item 4.6)	923
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	923
8.5	**Estimated quarters of funding available (item 8.4 divided by item 8.1)**	0.9

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.

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?

No. The company's operations are expected to increase progressively from the latter part of Q2 FY25 and thereafter following the Aug '24 announced non-binding strategic cooperation agreement with Chinese State-Owned Enterprise (SOE), Yangtze River New Silk Road International Logistics (Hubei) Group Co., Ltd and the Oct '24 announced tripartite agreement with Hunter Valley Wine & Tourism Alliance Pty Ltd and Guangxi dimples high-quality goods import and trade co., Ltd. The first purchase order re this latter agreement for approximately A$634k has already been received.

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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?

Yes. In early Oct '24 an Extraordinary General Meeting of shareholders unanimously approved a placement of shares worth A$2.8m with a consortium of strategic investors, plus the conversion of A$1.0m of loaned funds into equity, plus the ability to raise up to A$900k of additional capital on the same share placement terms with a Director and other investors. As at 25 Oct '24 the company has receive (after fees) A$3.5m.

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. The company continues to deliver on each of its strategic plan pillars. This quarter alone it (A) managed to secured number of new sales channels - two SOEs and a large Chinese retailer of international wines, and (B) expand its product range beyond baby food products, to now also include wine, and in Q2 FY25 is looking to expand to include other agricultural products.

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: 31 October 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.