

Strong online response to COVID-19 & market update

Highlights

- **Material shift in China based consumer purchasing behaviour towards online channels**
 - **Equal record online sales recorded in February 2020 of \$1.7 million**
- **Broadway online store developed and launched in collaboration with influential travel agents in China**
- **Building database of 120,000+ affluent Broadway customers from China for direct and indirect marketing opportunities**
- **AuMake store network at breakeven as a result of robust local Asian customer visitation**
- **Adequate financial resources available and contingency plans in place to navigate remainder of calendar year 2020**

(Sydney, Australia) – AuMake International Limited (**AuMake** or the **Company**) wishes to update the market on business and trading conditions in the context of Novel Coronavirus (COVID-19).

Purchasing shift to online channels

Following the heightened awareness of COVID-19 in late January, the Company has experienced a material shift in China based consumer purchasing behaviour to its online channels. This is primarily due to restricted physical movement of people in China and consumers having less opportunity to visit offline stores to purchase products.

- **Existing online store sales**

Despite the challenging macro environment, AuMake's existing online stores are continuing to perform exceptionally well with equal record online sales recorded in February 2020 of \$1.7 million (December 2019 \$1.7 million).

AuMake's online stores are providing an undisrupted source of revenue which is partially offsetting the financial impact of COVID-19 and delivering improved EBITDA performance relative to offline store sales.

- **Broadway online store**

In response to the shift to online purchasing, the Company brought forward and launched Broadway's online store (WeChat) in late February 2020. This online store was developed in collaboration with influential travel agents in China and is designed to meet the product needs of China's affluent tourism demographic.

For the first time, Broadway's well-established network of tourism related partners can now promote Broadway's mix of new and high margin products directly to their customers who have either visited or are planning to visit Australia and New Zealand, providing a welcome opportunity for tourism partners to generate revenue whilst travel restrictions are in place.

The Company is highly encouraged with the initial progress of the Broadway online store and will continue to refine this innovative online business model with tourism related partners.



CRM initiative (including Broadway customer database)

The Company is in the process of building a strategic CRM and direct marketing database from existing and new customer records.

An important aspect of this customer database is the compilation of Broadway's customer data which consists of over 120,000 affluent customers who have previously visited Broadway stores in Australia and New Zealand. This data will be used to tailor future product development and to provide exciting future direct and indirect marketing opportunities.

Going forward, the Company will be growing the database by capturing consumer data across the entire store network.

Offline store performance

Since February, the Company has been adapting the AuMake offline store operations by reducing trading hours, improving store rostering and temporarily closing certain stores, whilst also maintaining flexibility to ramp up quickly when trading conditions improve in the future. As a result of these measures and robust domestic customer visitation, the AuMake store network is currently breaking even, despite the challenging macro environment.

Broadway stores are temporarily closed until the China imposed tour group travel ban is lifted, however rental commitments are not onerous for its store network in Australia and New Zealand.

Strong cash position

In light of the Company's strong cash position, implementation of previously announced cost mitigation measures (announced 12 February 2020) and close working relationships with its trading partners, AuMake has adequate financial resources available and contingency plans in place to navigate the remainder of calendar year 2020.

Outlook

AuMake has acted swiftly to contain its cost base and continues to receive timely and accurate information in a rapidly evolving environment via official government notifications and its network of travel agents and logistics providers in China.

Mr Keong Chan, Executive Chairman of AuMake states:

"We are very confident that demand from Chinese consumers for Australian products remains strong and will significantly accelerate once bans are lifted and physical channels to the Chinese market open again. From the latest information received from our network in China, an increasing number of people are returning to work and businesses are starting to resume trading, which bodes well for increased product demand and consumption.

As a Board and management we are completely focused on managing through the impact of COVID-19 with the utmost diligence, while at the same time continuing to innovate and assess opportunities for growth such as the collaborative co-creation of the Broadway online store with our tourism partners.

AuMake is committed to the Asian domestic and tourist market for the long term."

ENDS

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

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