



ANNUAL REPORT 2020/21

BAUSELE PTY LTD



CEO'S STATEMENT

Despite all of the challenges and drawn out global economic uncertainty of the 2020/21 financial year, we managed to make Bausele a better company. We worked hard to engage with more customers that ever before and brought 280,000 visitors to our website. This resulted in approximately 1,800 watches being sold, more that triple 2019/20 units sold.

The launch of the Oceanmoon LV Automatic has made the watch community take us seriously and we are now being mentioned in conversations of some of the influential US based watch groups. It was always our plan for this collection to help us get recognised in those circles.

We leveraged the collaboration with the Royal Australian Air Force to let the world know that we have arrived as a real player in the Swiss watch industry. Our credibility and brand equity have both increased dramatically.

Revenue almost tripled in the past financial year. The RAAF watch helped strengthen our brand awareness, but the smaller margins in this licensing deal put a strain on cashflow. My focus will now turn towards finding the funding needed to sustain this growth.

Thank you for your suport

ARRON COOTE

Chief Executive

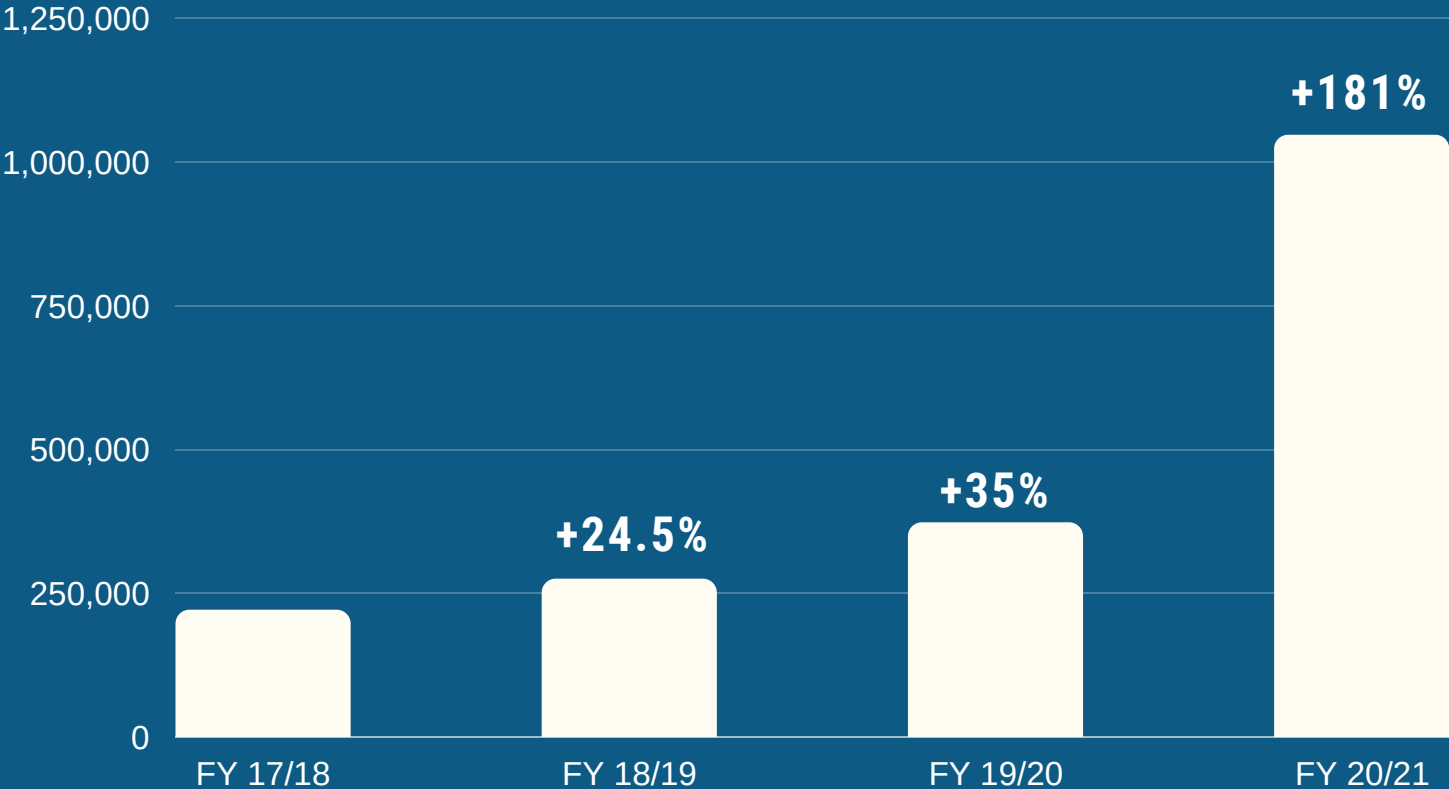
Revenue Growth

20/21

Overall revenue grew dramatically year on year from 2019/20 to 2020/21. Forced retail closures caused an increase in the cost of digital advertising as retailers globally ramped up their digital ad spend in an attempt to compensate for the loss of retail income. The collaboration with the RAAF helped us combat running expensive ads on a low budget as it brought very targeted customers to us, increasing conversion rates.

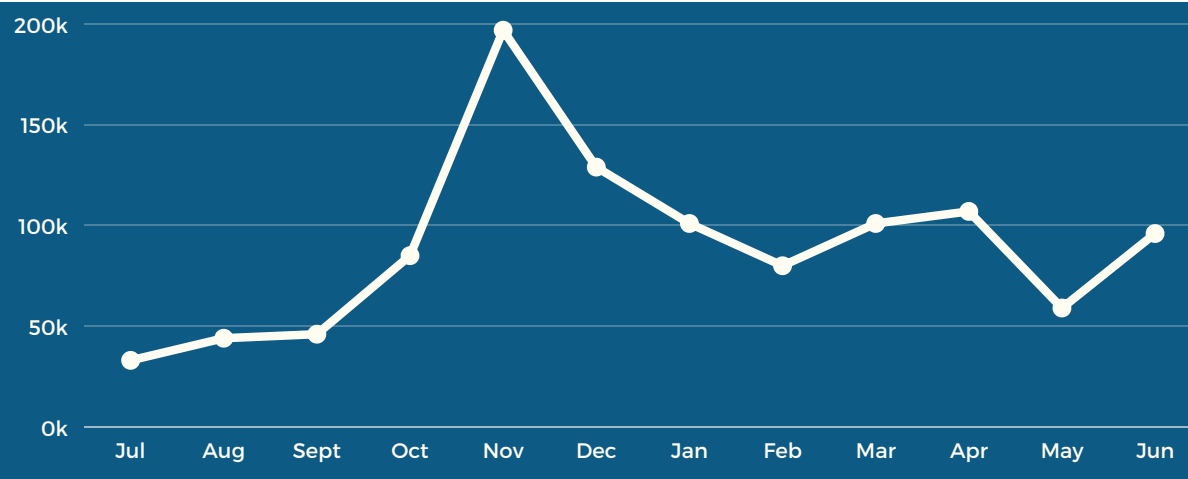
Revenue by Sales Channel:
61% of our revenue came through online sales direct to consumer, 29% from wholesale sales, 6% from bespoke deals and a further 4% from our retail store / office in Sydney.

Revenue by Product
RAAF Watches 50%, Oceanmoon IV automatic 17%, Oceanmoon 3 7%, Vintage 2.0 17% and Pilot Automatic 2% and bespoke watches 7%



TOTAL MONTHLY SALES FOR 2020/21

Total sales for 20/21 **increased by 181%** against 19/20s figures. This is mostly due to the higher number of orders for Air Force watches during the "pre-order" period in Q2. Then with the release of the new Oceanmoon IV in Q3, we had two solid performing collections which saw our average monthly sales balance out at around \$90,000 for the second half of the financial year, up 190% from the 19/20 monthly average sales of \$31,000.

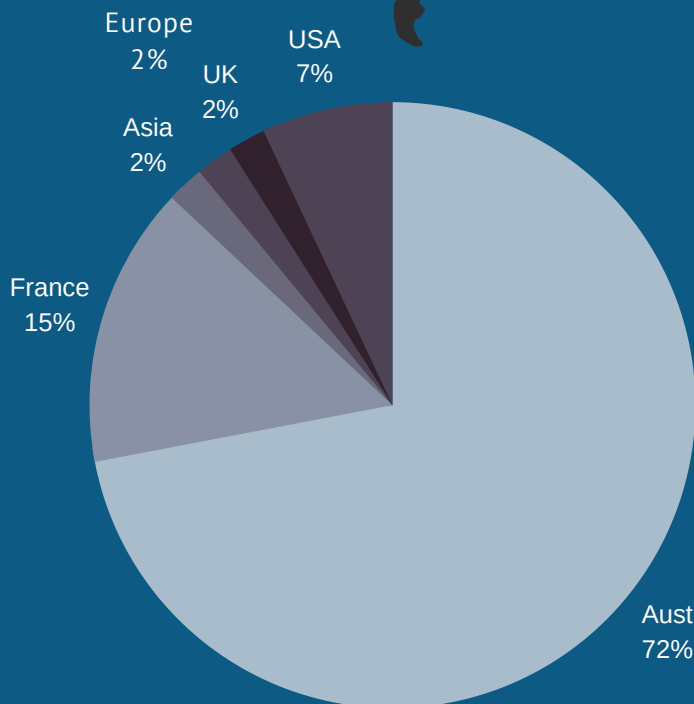
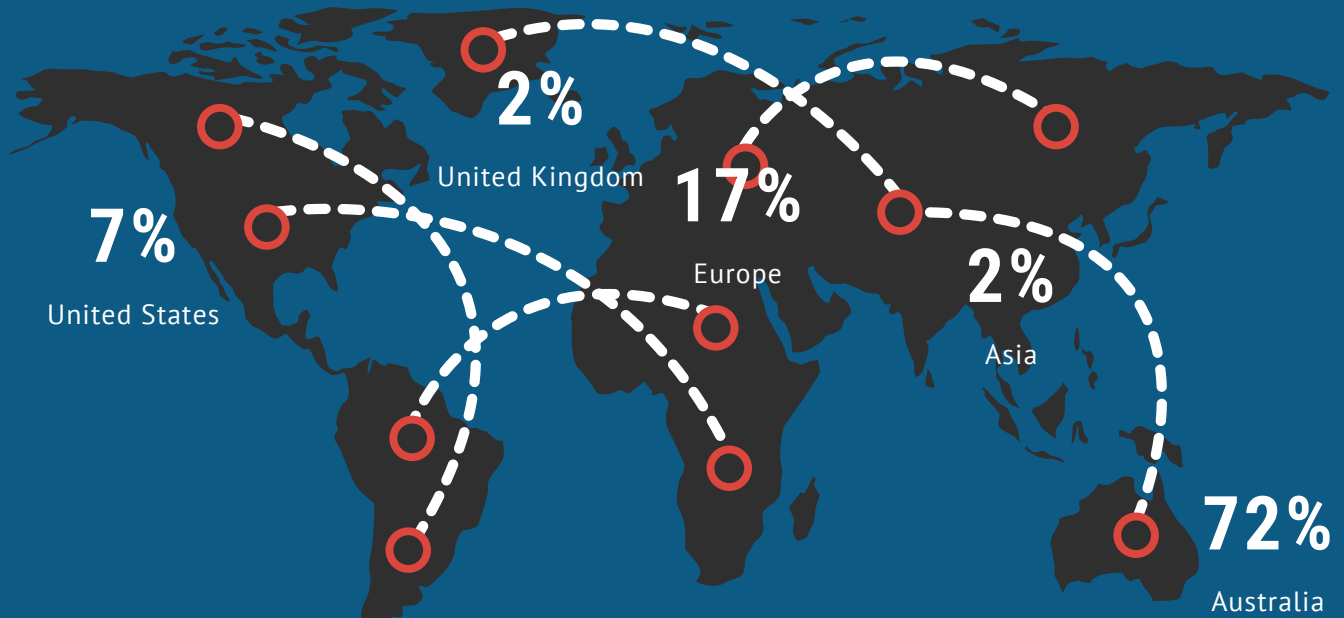


THE OUTLOOK FOR 21/22

We will continue to leverage the Air Force collaboration until June 30 2022 when our contract ends. As RAAF watches have made up for 50% of total sales this year, we will need to find another strong collaboration to replace it in 22/23. We expect the Oceanmoon IV to continue to sell strongly and we will build the next few years around this collection. We will discontinue the Vintage 2.0 and introduce a confident new collection that Christophe is working on for the US market.

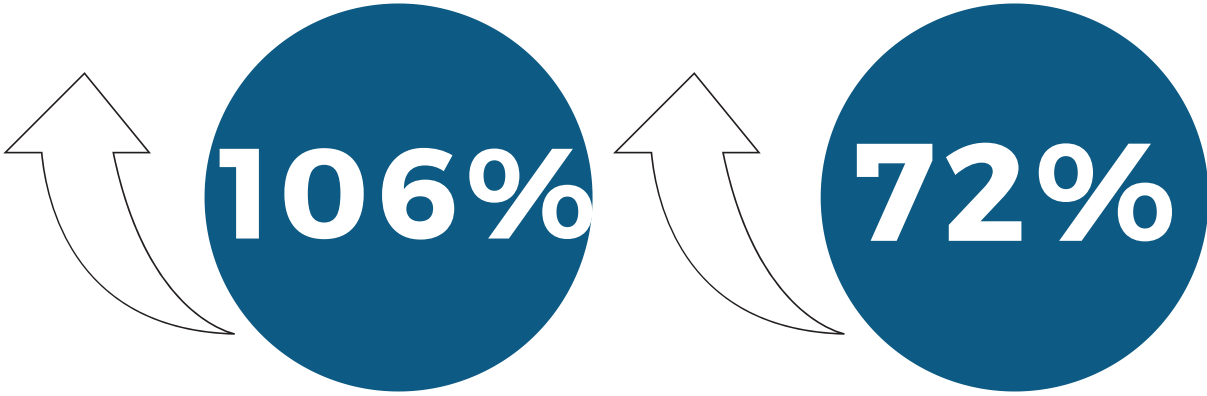
Cashflow is going to be our biggest issue for the 21/22 financial year and funding for production of new collections, leveraging current opportunities and sustaining growth is a priority.

GLOBAL SALES REVIEW



- Globally we have seen Australia increase as a % of sales due to the strong Australian sell through of the RAAF watches. As a % of global sales Bausele grew by 17%
- We saw an online retailer in **Switzerland**, the heart of watch making sell 66 of our Aviator watches in just 48 hours. Then an old retailer reached back out to us to place an order from the **Netherlands**. These together with our online sales in **France** saw **Europe** become our second biggest global market.
- Online sales in the US have grown and the **United States** become our 3rd biggest market.
- We are now officially in Lotte in **South Korea** and we should see this territory better represented on this chart moving forward.

PROGRESS BY THE NUMBERS

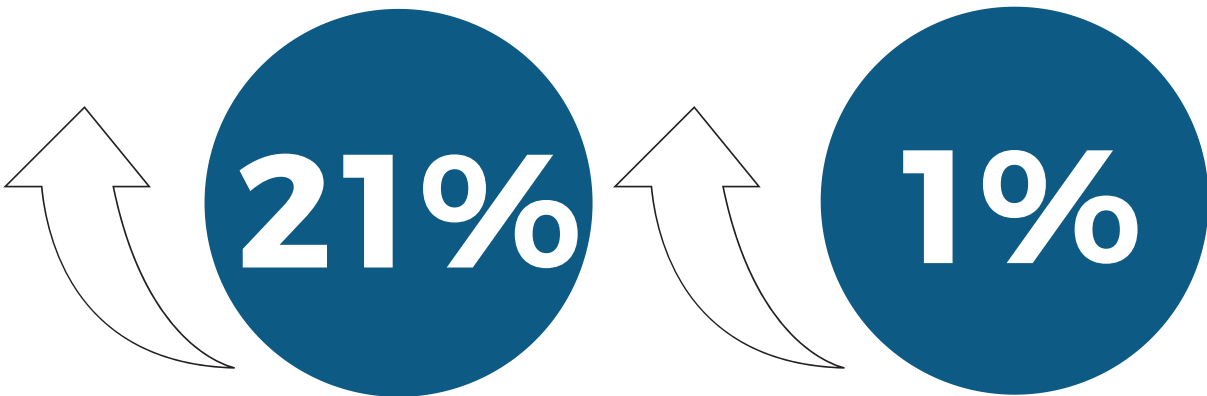


E-COMMERCE SALES

Sales more than doubled this financial year due to very warm targeted customers coming to us to purchase the RAAF 100 collection.

WEBSITE SESSIONS

We attracted approximately 280,000 visitors to the website. 72% more than 19/20.



CONVERSION RATE

The RAAF advertising our watches and website in their publications in 20/21 meant people coming to the website were already warm and ready to purchase. We are also getting better at targeting our audiences.

AVERAGE ORDER VALUE

Stayed relatively stable this year. The Aviator and new Oceanmoon IV alone would have raised our AOV, but due to the introduction of and strong selling Airfield collection at \$499 any increase in order value was balanced out.

AIR FORCE WATCHES

The RAAF collaboration watches have easily out performed our other collections. We have until June 30 2022 to capitalise on this. We are currently looking at other military licensing deals to replace RAAF for 2022/23

50%

28% of total units sold were Airfield and 22% were the more expensive Aviator.

17%

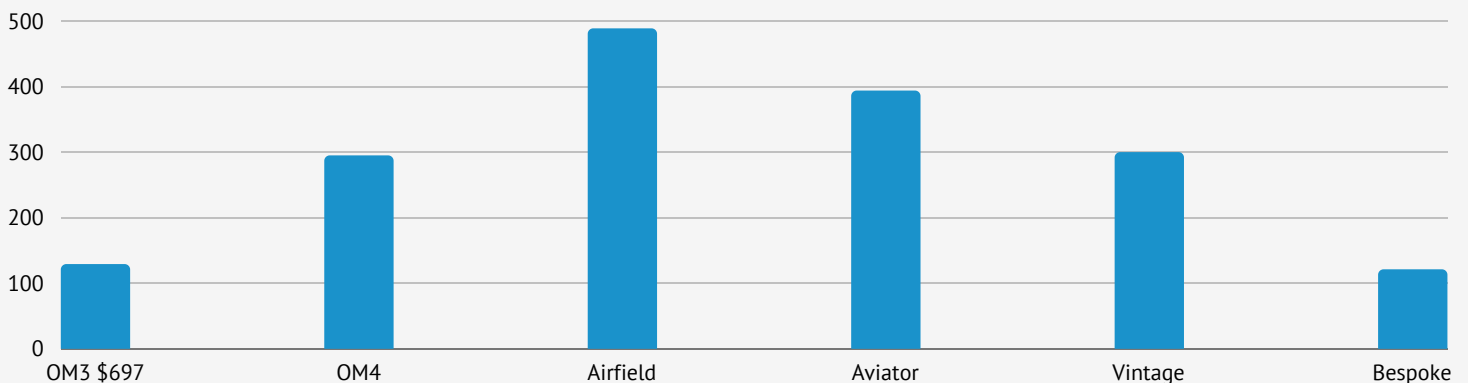
Our strongest seller aside from RAAF watches was the **Oceanmoon IV**

OCEANMOON 4

The Oceanmoon IV and Vintage 2.0 sold an equal amount of units and % of total sold this financial year but the Oceanmoon IV only had six months of selling time while the Vintage 2.0 had a full 12 months.

UNITS SOLD BY PRODUCT 20/21

* The blue bars indicate each product as a number of units sold.

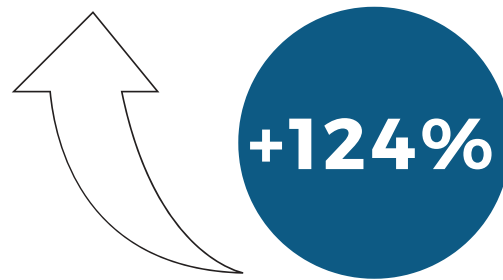
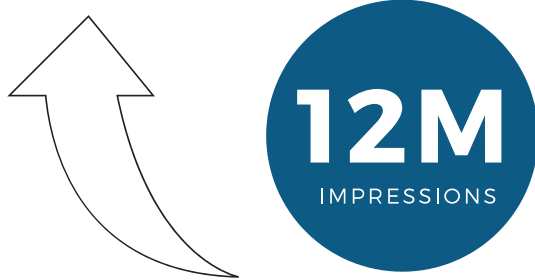


20/21 DIGITAL RESULTS

Against 19/20 results

CREATING BRAND AWARENESS, BUILDING RELATIONSHIPS AND DRIVING SALES

It is becoming increasingly difficult to compete in this field for two reasons: 1. Covid has made the digital advertising world more competitive as more and more companies increase their digital ad spend in an effort to make up for retail losses from forced closures. 2. Changes to Facebook and Google's privacy policies make it harder to access conversion data so we no longer have as clear an understanding of what is working and what is not that we had before. Despite this we grew in all digital ad KPIs except ROAS on Facebook.



RETURN ON AD SPEND **1.52x**

- **Total Ad Spend** up **+98%**
- **Impressions** up by **+127%** 12M
- **Clicks** up by **223%** to 208K
- **CTR** Click Through Rate **+44%**
- **CPC** Cost Per Click up **-40%**
- **AOV** Average Order Value **+0.6%**

*Facebook is no longer offering as much customer conversion data as previous years.

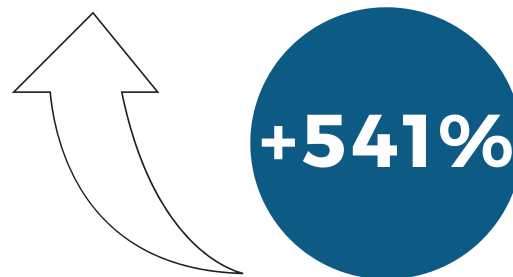
RETURN ON AD SPEND **+124%**

- **Ad Spend** decreased by **-34%**
- **Impressions** up by **+119%** 5.9M
- **Clicks** up by **+276%** to 56,900
- **CTR** Click Through Rate **+71%**
- **CPC** Cost Per Click down **-26%**
- **Conversions** up by **+492%**
- **AOV** Average Order Value **+0.6%**
- **Revenue** generated by search ads increased by **+523%**



EMAIL ADVERTISING

Our email subscriber list grew by 2,362 (approximately 20%) in 20/21. While our revenue generated by email grew by 541% up from \$16,042 last year to \$102,990



Revenue Generated by email
\$102,990

KEY HIGHLIGHTS



\$1.1M REVENUE

We generated our first \$1M in a financial year! A milestone we are very proud of (and extremely close to being profitable)

UNITS SOLD

This year we sold 1,747 watches, which is a 190% jump from last financial year

OCEAN MOON 4

The launch of the Oceanmoon 4 automatic is attracting the attention of serious watch lovers globally.

ONLINE SALES

Online sales this year more than doubled, growing by 106% from 280,000 visitors.

QUESTIONS OR FEEDBACK

For any questions please feel free to email me on ac@bausele.com or Christophe on christophe@bausele.com.au

{insert financial statements here}