



Bubs Australia Limited
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MAJOR NEW SUPPLY AGREEMENT WITH WOOLWORTHS SET TO DOUBLE RETAIL EXPOSURE FOR BUBS® INFANT FORMULA PORTFOLIO

- ***Bubs points of distribution in the super-premium growth segment will significantly increase with additional ranging of eight Bubs® formula products across the Woolworths retail network.***
- ***All three stages of Bubs Organic® Grass Fed Infant Formula to be ranged nationally in 700 stores.***
- ***All three stages of Bubs® Goat Milk Infant Formula to be upgraded from 120 stores to 400 stores.***
- ***New Junior Nutrition products specially formulated for 3-12 year-olds to be ranged in 100 stores, including Bubs Organic® Grass Fed Junior Nutrition Milk and Bubs® Goat Junior Nutrition Milk.***
- ***All eight products to be featured on Woolworths online store and in China.***
- ***All products to be manufactured in-house at Deloraine facility, with infant formula base powder and finished goods inventory already produced in Q2 FY20 in preparation for Woolworths expansion.***



Melbourne, 18 February 2020: Bubs Australia (ASX: **BUB**) announces it has entered a new supply agreement with Woolworths, Australia's largest supermarket and a major retailer of infant formula, that is expected to materially add to the company's domestic revenues. Bubs first entered into a supply agreement with Woolworths in February 2018, which involved stocking Bubs® Goat Milk Infant Formula products in 120 stores. This new updated agreement reinforces the confidence Woolworths has in the Bubs® brand portfolio, by now offering the entire range of eight infant formula products across a targeted selection of its 700 strong national store network.

The super-premium segment, which includes goat milk and organic formula products, is the fastest growing sector of the infant nutrition category and now represents more than half of the total infant formula market in Australia. Bubs® is the only brand in the world to be made exclusively from Australian goat milk. Under the new agreement with Woolworths, all three stages of Bubs® Goat Milk Infant Formula store representation will increase more than threefold to 400 stores.

Bubs Organic® 365 days Grass Fed Infant Formula range has been developed with a super-premium formulation, including both prebiotics and probiotics. The new range was launched into over 300 stores in the Australian pharmacy channel in Q2 FY20. All three stages will now be ranged across 700 Woolworths supermarkets, guaranteeing Bubs a strong foothold on the Australian retail sector.



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The agreement also secures ranging for Bubs® new Junior Nutrition range to be sold in 100 premium Woolworths stores. The specially formulated products are tailored to the nutritional needs for older children, supporting immunity and healthy growth and development. The Australian launch will coincide with the launch of a registered China label equivalent Goat Junior Nutrition product with Lactoferrin, to be ranged in Mother and Baby stores in China. The Junior Nutrition category in China is worth an estimated \$1 billion and has experienced double digit growth since 2017.

Bubs Founder and Chief Executive Officer, Kristy Carr said: "This is a major vote of confidence in Bubs® based on strong performance in stores where we have been represented for the last two years, and an increasing demand for premium infant formula products across the Woolworths network generally, particularly in the super-premium goat and organic milk segments.

"While the details of the new agreement are confidential, it will have the effect of more than doubling our shelf space exposure and retail points of distribution across the Australian grocery retail sector, and we are confident that it will have a significant uplift in our domestic volume as we continue to build awareness and trust in the Bubs® brand with Australian parents.

"A key element of our growth strategy has been to extend our relationship with families beyond the infant segment through to toddler, and now with Junior Nutrition products. In addition, in the super-premium infant formula segment we have expanded our addressable market beyond goat milk into the much larger cow's milk market with the launch of our high quality and premium Bubs Organic® 365 days Grass Fed Infant Formula. Importantly, with prebiotics and probiotics, as well as DHA and ARA for cognitive health, our organic formulation provides premium support for key drivers of choice; immunity, digestion and healthy growth.

"This significant expansion of our all-Australian manufactured product lines is now validated with our increased presence in Woolworths and is a significant step-change for our business," said Mrs Carr.

In-store implementation of Bubs Organic® Grass Fed Infant Formula will commence in March 2020 with full distribution completed by the end of May. All other new products and additional store ranging for existing products will also be rolled out into stores by the end of May.

The substantial expansion of the Bubs® portfolio across the Woolworths network will be supported by a strong trade media campaign in Woolworths media, as well as a multi-media consumer brand campaign launching in March, including TV, outdoor, digital and social media.

Some \$3.3 million infant formula base powder and finished goods inventory was produced in Q2 FY20 in preparation for the Woolworths expansion of Bubs® Goat formula products, the national roll-out of Bubs Organic® formula products, and to fulfil opening orders for the launch of both Goat and Organic Junior Nutrition products into multiple retail channels, as signalled in Bubs investor presentation following the release of the FY20 Q2 Activities Report and Appendix 4C Cashflow Statement.

"This underscores the strength of being able to scale up production rapidly through our integrated supply chain with all eight products being manufactured in-house at Deloraine in preparation for sales growth," said Mrs. Carr.



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About Bubs Australia Limited (ASX: BUB)

Founded in 2006 in Sydney, Bubs Australia is engaged in the business of inspiring new generations of happy, healthy bubs through its range of premium infant nutrition products. Bubs® goat milk and organic grass-fed infant formula ranges, and organic baby food, cereals and toddler snacks cater for all feeding occasions and stages of development from newborn to preschool.

Bubs Australia is the leading producer of goat dairy products in Australia with exclusive milk supply from the largest milking goat herds in the country. Bubs® is proudly the only infant formula in the world to be based on Australian goat milk.

Products are widely sold in major supermarkets and pharmacies throughout Australia, as well as exported to China, South East Asia, and the Middle East.

Consumer Website: www.bubsaustralia.com

Investor Centre: www.investor.bubsaustralia.com