



Q2 FY24 QUARTERLY ACTIVITIES REPORT AND APPENDIX 4C CASHFLOW STATEMENT

31 January 2024, Melbourne: Bubs Australia Limited (ASX:BUB) (“**Bubs**” or “**the Company**”) is pleased to announce its unaudited financial results for the quarter ending 31 December 2023 (**Q2 FY24**).

Group Highlights

- **Q2 group gross revenue of \$25.7m, up 79.7% on prior corresponding period (pcp) (Q2 FY23: \$14.3m). Q2 Group net revenue of \$20.2m, up 92.1% on pcp (Q2 FY23: \$10.5m)**
- **Bubs Infant Formula Q2 gross revenue of \$18.8m, up 97.8% on pcp (Q2 FY23: \$9.5m) (excluding Supreme sales)**
- **Completed \$17.4m capital raising with support from Australian and international institutional investors**
- **Capital raising conducted to accelerate growth in the USA, invest to expand production to pursue growth, and seek permanent access to the USA infant formula market**
- **US FDA permanent access process remains on track with the clinical trial progressing and 92 patients enrolled as at 31 December 2023**
- **USA market expansion remains the long-term strategic priority**
- **On track to exceed FY24 net revenue forecast of \$80m**
- **Deloraine factory 2nd production shift commenced 29 January 2024 to service strong demand in the USA, with Deloraine factory utilisation now at 60%**
- **2nd daily production shift will double production from current capacity of 12,500 tins per day**
- **#1 domestic goat formula brand, holding 52% of domestic retail goat formula market¹**
- **Q2 operating cash outflow increased to \$8.0m due to increased working capital investment to support US growth**
- **\$27.3 million in total cash and cash equivalents plus \$9.8m in undrawn debt facilities available as at 31 December 2023**

Regional Highlights

- **Continued momentum in USA with gross revenue of \$13.7m, up 498% on pcp (Q2 FY23: \$2.7m). USA now represents 53% of group gross revenue**
- **China gross revenue of \$4.2m, up 4.5% on pcp (Q2 FY23: \$4.0m)**
- **Australia gross revenue of \$4.8m, down 4.0% on pcp (Q2 FY23: \$4.6m), but achieves record market share of 3.1% of domestic IMF market**
- **Rest of World gross revenue of \$1.2m, down 13.1% on pcp (Q2 FY23: \$1.1m)**



Bubs Chief Executive Officer and Managing Director, Reg Weine, commented: "Momentum in our business continues to build and Q2 was another very strong quarter with gross revenue up 79.7% on the prior corresponding period driven by our rapid growth in the US. Bubs remain firmly on track to achieve our guidance for FY24".

"USA market expansion remains our number one priority and despite the recent inventory shortages in the US, we grew our USA revenue by 20.8% over Q1.

Sales of our Bubs goat formula continue to resonate with US consumers, and we continue to make meaningful progress on our US clinical trial. We have now commenced our 2nd shift at our Deloraine manufacturing facility to meet the rapidly growing demand in the USA. This will double our daily production and will help mitigate the stock shortages we experienced at the end of the calendar year due to high customer demand."

"Our China reset is progressing well and we expect sales in H2 to exceed H1 and deliver mid-single digit revenue growth over FY23 for the full year."

"Whilst our domestic ex-factory revenue was down 4% on the prior corresponding period due to the timing of orders, our scan sales performance was very strong with Bubs scan sales growing 15.4% versus the total market growth of 3.4% for the quarter. On a MAT (rolling 12-month basis), Bubs scan sales growth is 10.0% versus the market growth of 4.2% and Bubs achieved its highest ever market share of the total IMF category at 5.3%¹. Bubs is now the 5th largest player in the domestic IMF market.¹

"Bubs is on track to deliver its strategic plan and guidance for the full year and remains focused on continuing to responsibly manage capital to grow and maximise shareholder value."

Working Capital – Operating cash outflow for the quarter increased to \$8.0m primarily due to the inventory build and increase in safety stock to service the growth in demand in the USA. Bubs also incurred airfreight costs in H1 FY24 due to stock shortages in the USA as a result of strong customer demand, and the second production shift and inventory build will reduce the requirement for airfreight in H2 FY24. Bubs has commenced a 2nd production shift at Deloraine in response to the stock shortages in the USA and will also invest in an inventory build to mitigate future stock shortages.

Bubs has incurred \$2.8m in one-off FDA regulatory costs in H1 FY24 in order to obtain permanent access to the US IMF market. Bubs expects to incur a further \$5.0m of one-off regulatory costs in order to meet the FDA's requirements.

Cash Position

Bubs held \$27.4m in cash reserves as at 31 December 2023, with a further \$9.8m of unutilised headroom on its bank facilities, totaling \$37.2m of available cash. Bubs remains confident it will be cash flow positive with positive trading EBITDA in FY25.

Footnotes

¹ Circana MAT To 31/12/2023 Value Sales \$'s Woolworths, Coles & Chemist Warehouse Combined

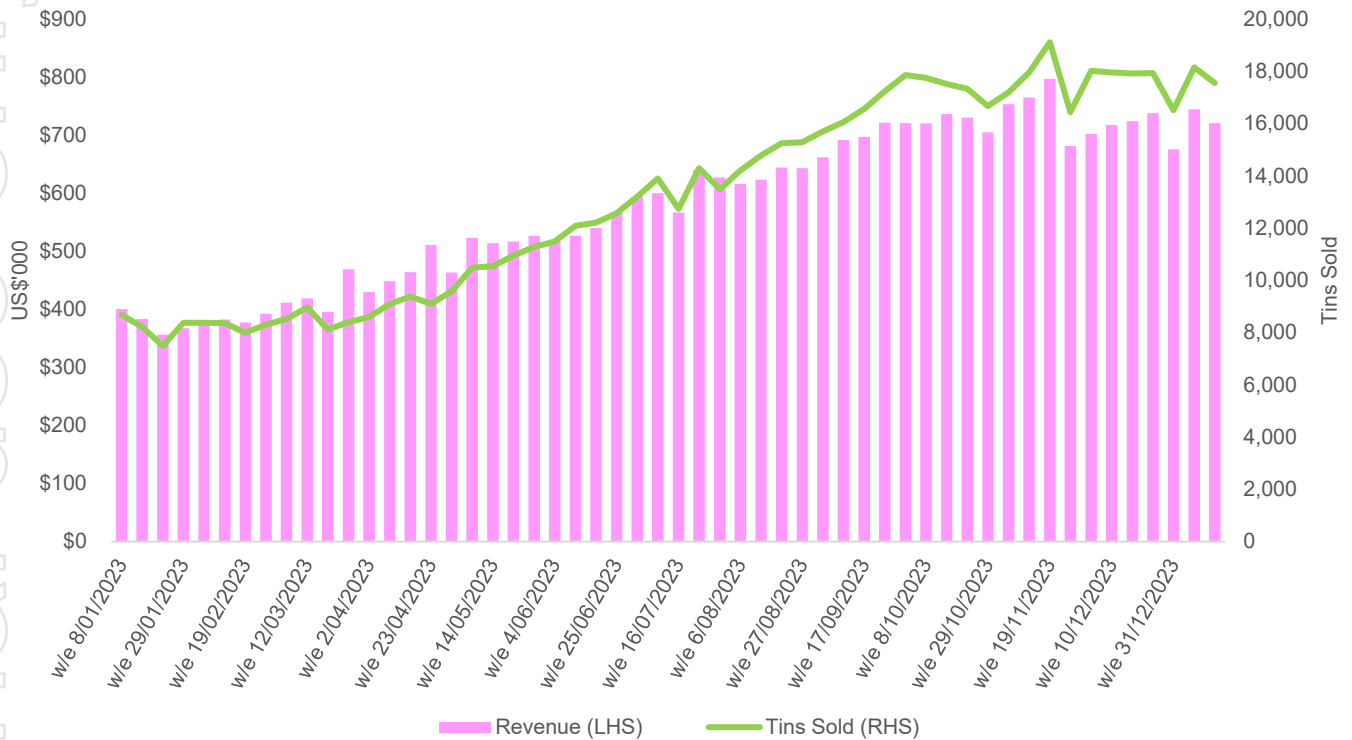
² IRI scan data to 31/12/2023

³ Circana Weekly To W/E 31/12/2023 Value Sales \$'s Total US Multi-Outlet (Nb Excludes Online) Powder, RTD's, Electrolytes & Liquid Concentrates

⁴ AMAZON Unit Sales Scan Data To W/E 31/12/2023 - Currency USD \$'s



Weekly USA Revenue & Tins Sold^{2,3,4}



This release is approved by the Board of Directors

END

MEDIA INQUIRIES

John Fergusson

John.fergusson@daymark.com.au

T 0407 826 952

SHAREHOLDER ENQUIRIES

(61 3) 9799 9988

Monday to Friday between 9am and 5pm (AEDT)

investors@bubsaustralia.com

www.investor.bubsaustralia.com

ABOUT BUBS AUSTRALIA LIMITED (ASX: BUB)

Founded in 2006 in Australia, Bubs' purpose is to grow happy, healthy families through clean nutrition. Bubs[®] A2 Beta-Casein Protein, Bubs Organic[®] Grass-fed, and Easy-Digest Goat Milk Infant Formula, along with Bubs Organic[®] baby food range, cater for all feeding occasions and stages of a child's development during their first 1,000 days of life.

Bubs[®] products are widely sold in major supermarkets and pharmacies throughout Australia, as well as exported to ten markets across China, Southeast Asia, the Middle East, and USA.

Consumer Website: bubsaustralia.com

Investor Centre: investor.bubsaustralia.com

Appendix 4C

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

Name of entity

BUBS AUSTRALIA LIMITED (ASX: BUB)

ABN

63 060 094 742

Quarter ended ("current quarter")

31 December 2023

Consolidated statement of cash flows		Current quarter \$A'000	Year to date \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	17,848	31,560
1.2	Payments for		
	(a) research and development	(1,410)	(2,746)
	(b) product manufacturing and operating costs	(16,882)	(22,463)
	(c) advertising and marketing	(2,265)	(5,116)
	(d) leased assets	(301)	(298)
	(e) staff costs	(3,938)	(7,032)
	(f) administration and corporate costs	(1,159)	(6,460)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	83	183
1.5	Interest and other costs of finance paid	(23)	(106)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other (provide details if material)	-	-
1.9	Net cash from / (used in) operating activities	(8,047)	(12,476)
2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) entities	-	-
	(b) businesses	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date \$A'000
(c) property, plant and equipment		(51)	(99)
(d) investments		-	-
(e) intellectual property		-	-
(f) other non-current assets		-	-
2.2 Proceeds from disposal of:			
(a) entities		-	-
(b) businesses		-	-
(c) property, plant and equipment		-	-
(d) investments		-	-
(e) intellectual property		-	-
(f) other non-current assets		-	-
2.3 Cash flows from loans to other entities		-	-
2.4 Dividends received (see note 3)		-	-
2.5 Other (provide details if material)		-	-
2.6 Net cash from / (used in) investing activities		(51)	(99)

3. Cash flows from financing activities			
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)		17,376	17,376
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		(1,695)	(1,695)
3.5 Proceeds from borrowings		-	-
3.6 Repayment of borrowings		(1,800)	(1,800)
3.7 Transaction costs related to loans and borrowings		-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date \$A'000
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	13,881	13,881

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	21,575	26,053
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(8,047)	(12,476)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(51)	(99)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	13,881	13,881
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	27,358	27,358

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	26,085	20,312
5.2	Call deposits	1,273	1,264
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)	27,358	21,575

6. Payments to related parties of the entity and their associates

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

Current quarter \$A'000
-
-

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

Salary payments to Key Management Personnel: \$633,367

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.

- 7.1 Loan facilities
- 7.2 Credit standby arrangements
- 7.3 Other (please specify)
- 7.4 **Total financing facilities**

	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	-	-
7.2	10,000	200
7.3	-	-
7.4	10,000	200

7.5 Unused financing facilities available at quarter end

9,800,000

- 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.

NAB Trade Refinance facility 8.74% per annum secured with the maturity date 30 September 2024.

8. Estimated cash available for future operating activities

\$A'000

8.1	Net cash from / (used in) operating activities (Item 1.9)	(8,047)
8.2	Cash and cash equivalents at quarter end (Item 4.6)	27,358
8.3	Unused finance facilities available at quarter end (Item 7.5)	9,800
8.4	Total available funding (Item 8.2 + Item 8.3)	37,158
8.5	Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	4.6

- 8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:



For personal use only

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?

Answer: N/A

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?

Answer: N/A

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: N/A



For personal use only

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 January 2024

Authorised 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.