

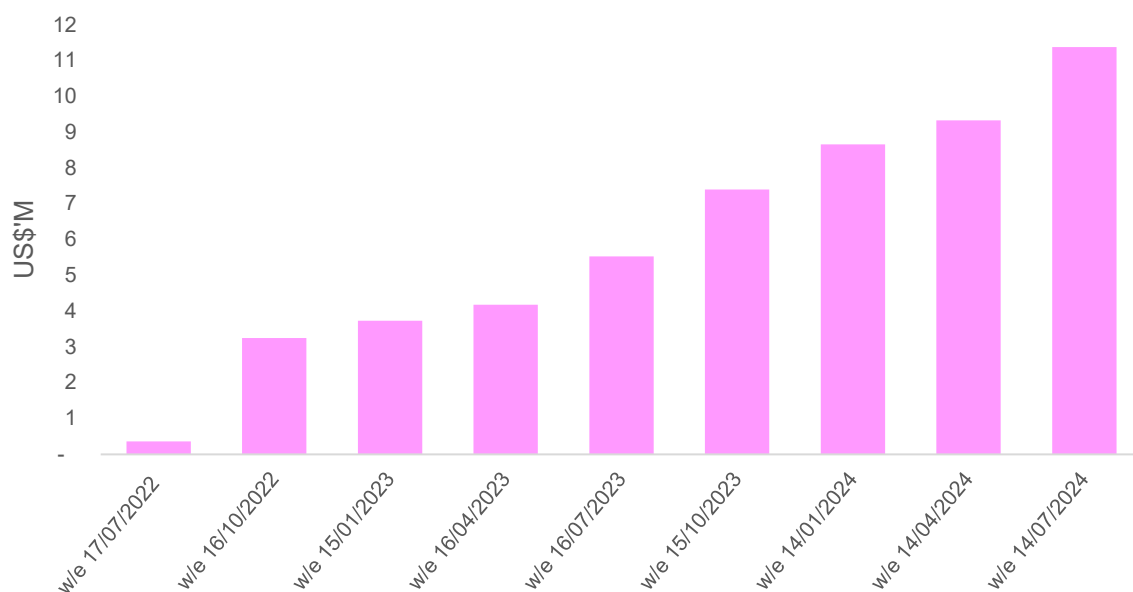
Q4 FY24 QUARTERLY ACTIVITIES REPORT AND APPENDIX 4C CASHFLOW STATEMENT

29 July 2024, Melbourne: Bubs Australia Limited (ASX:BUB) (“**Bubs**” or “**the Company**”) is pleased to announce its unaudited financial results for the quarter ending 30 June 2024 (**Q4 FY24**).

Group Highlights

- Bubs achieved FY24 group gross revenue¹ of \$100.2m (net revenue of \$81.1m, up 35% on FY23: \$60.1m)
- Q4 group gross revenue of \$29.9m, up 50% on prior corresponding period (pcp) (Q4 FY23: \$20.0m)¹
- Bubs continues to follow the FDA’s guidelines and make meaningful progress on its USA clinical trial and USA permanent access, with 351 patients now enrolled in the Growth Monitoring Study as at 24 July 2024. FDA approval is expected in October 2025
- Q4 operating cash outflow decreased to \$3.6m due to improvements in working capital management
- FY24 cash burn of \$27.2m including \$12.4m of one-off non-recurring costs. Normalised monthly cash burn was \$1.2m
- #1 domestic goat formula brand, holding 52% of domestic retail goat formula market and Bubs total IMF portfolio is growing 3 times faster than the category on an MAT basis²
- \$17.5m in total cash and cash equivalents plus \$5.0m in undrawn debt facilities available as at 30 June 2024

USA Quarterly Scan Data Sales³



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Regional Highlights

- **USA quarterly gross revenue¹ of \$12.8m, up 8% on pcp (Q4 FY23: \$11.8m) and 63% year-on-year growth (FY23: \$29.9m)**
- **China quarterly gross revenue¹ of \$8.8m, up from \$1.4m in Q4 FY23 and 17% year-on-year growth (FY23: \$16.3m)**
- **Australia quarterly gross revenue¹ of \$5.4m, up 6% on pcp (Q4 FY23: \$5.1m) and 18% year-on-year growth (FY23: \$22.2m)**
- **Rest of world (ROW) quarterly gross revenue¹ of \$2.0m, up 43% on pcp (Q4 FY23: \$1.4m) and 14% year-on-year growth (FY23: \$5.3m)**

Bubs Chief Executive Officer and Managing Director, Reg Weine, said FY24 was a positive year for Bubs as we exceeded our net revenue guidance of \$80m, delivering a 34% increase over FY23.

“Our key target market, the USA, has delivered exceptional growth for Bubs, with total gross revenue¹ of \$48.9m, an increase of 63% on FY23 (\$29.9m). In June, we achieved over US\$1.0m in weekly scan sales in the USA³, selling over 27,000 tins in the week ending 9 June. Coming off a record weekly run rate in June, our sales will taper off temporarily as we transition to our new look labels and pack formats with our key US retailers. We expect our new products to perform better than the existing range and our US sales to grow strongly in FY25. There is early evidence that our new look tins are resonating with US parents and caregivers.

“While USA expansion remains our immediate priority, pleasingly we are now achieving strong sales growth in China with gross revenue¹ in the second half of FY24 (\$11.0m) exceeding the first half of FY24 (\$8.0m). Our O2O sales strategy is progressing well, and we were stocked in 138 new O2O stores across China in June, bringing the total O2O stores stocking Bubs products to 300. Gross revenue¹ for adult powder, which is predominantly sold in China, was \$10.1m for the year, an increase of 82% on FY23 (\$5.6m). Similar to the USA, our new look labels and pack formats have also been recently launched in China. Now that the stock overhang from Bubs Supreme has been cleared in the marketplace, and our premium pricing architecture restored, we believe our new product offering and new go-to-market channels will deliver sustainable year on year growth in China.

“Domestically, we are one of the fastest growing infant formula manufacturers in the category and the fastest growing premium brand, achieving 11% scan sales growth for the quarter versus the total market growth of 2.2%². Pleasingly, Bubs is the largest player in the domestic goat IMF market with 52% market share².

“Rest Of World markets are also performing very strongly with sustained year on year growth in Japan and Vietnam and we expect emerging markets to contribute strongly in the years ahead.

“During the year we rationalised a number of low-margin SKUs as part of our portfolio optimisation pillar announced as part of the strategic review 12 months ago. In addition, our new look labels and pack formats which we have just launched, are expected to deliver improved velocity and profit margins compared to the current range, which is currently being phased out.

“Bubs Delorlane canning facility is running at 85% utilisation on a two shift, 5-day per week basis with significant capacity to support future growth.

“We have been very focussed on executing against our strategic pillars and are pleased to deliver on our revenue guidance for the year. Our strategic progress and revenue growth has firmly set the foundations and a clear pathway to positive trading EBIT (before shared based payments) in FY25.”

Working Capital – Operating cash outflow for the quarter reduced to \$3.6m due to improved working capital management, cost discipline and operational efficiencies. Operating cash outflow was \$9.4m lower vs pcp (Q4 FY23: \$13.0m outflow).

Average monthly cash burn for FY24 was \$2.3m, noting this includes \$12.4m of one-off non-recurring costs such as FDA regulatory costs (\$5.6m), litigation (\$2.7m), capital raising costs (\$1.7m), and ERP implementation costs (\$1.0m). Excluding these one-off non-recurring costs, normalised cash burn was \$1.2m per month.

“The reduction in operating cash outflow in Q4 is a testament to our continued focus on working capital discipline and operating efficiencies.

“We have diligently reported the impact of non-recurring costs throughout the year, such as FDA regulatory costs, litigation costs, ERP implementation costs and air freight costs. While the impact of these non-recurring costs will impact our statutory loss for FY24, their absence in FY25 when coupled with the continued strong momentum in all markets, provides a clear pathway to positive trading EBIT (before shared based payments) in FY25,” Reg Weine said.

Cash Position - Bubs held \$17.7m in cash reserves as at 30 June 2024, with a further \$5.0m of headroom on its bank facilities, totalling \$22.7m of available cash liquidity.

ASX Additional Information

Pursuant to ASX Listing Rule 4.7C.1, and as outlined in the Appendix 4C, the Company advises it spent \$13.2m on product manufacturing and operating costs, \$4.5m on administration and corporate costs, \$3.8m on staff costs, and \$5.6m on advertising and marketing. Details of the business activities are found within this report.

Pursuant to ASX LR4.7C.3, the Company advises that payments of \$460,680 were made to Key Management Personnel and \$95k was paid for Directors' remuneration, including \$5.5k paid in superannuation contributions. These payments are included in item 1.2.

Footnotes

¹ In this announcement, gross revenue is a non-IFRS term. Gross revenue represents the revenue recognised before trading terms, trade spend and promotional support

² Circana MAT To 10/03/2024 Value Sales \$'s Woolworths, Coles & Chemist Warehouse Combined

³ Circana Weekly To W/E 14/07/2024 Value Sales \$'s Total US Multi-Outlet (Nb Excludes Online) Powder, RTD's, Electrolytes & Liquid Concentrates, AMAZON Unit Sales Scan Data To W/E 14/07/2024 - Currency USD \$'s

Note: the figures and statements in this announcement have not been audited



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This release is approved by the Board of Directors

END

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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**

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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")

30 June 2024

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	25,544	76,917
1.2 Payments for		
(a) research and development	(1,652)	(5,612)
(b) product manufacturing and operating costs	(13,236)	(55,897)
(c) advertising and marketing	(5,591)	(13,606)
(d) leased assets	(326)	(780)
(e) staff costs	(3,755)	(14,317)
(f) administration and corporate costs	(4,541)	(13,816)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	30	335
1.5 Interest and other costs of finance paid	(105)	(241)
1.6 Income taxes paid	8	8
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(3,624)	(27,009)
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	(103)	(202)
(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	(103)	(202)

3. Cash flows from financing activities		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	-	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)
3.5 Proceeds from borrowings	4,800	4,800
3.6 Repayment of borrowings	-	(1,800)
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	4,800	18,681

Consolidated statement of cash flows		Current quarter \$A'000	Year to date \$A'000
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	16,450	26,053
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(3,624)	(27,009)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(103)	(202)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	4,800	18,681
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	17,523	17,523

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	11,217	10,155
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (Term deposits)	6,306	6,295
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	17,523	16,450

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	95
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

Pursuant to ASX LR4.7C.3, the Company advises that payments of \$460,680 were made to Key Management Personnel and \$95k was paid for Directors' remuneration, including \$5.5k paid in superannuation contributions. These payments are included in item 1.2.

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
	-	-
	10,000	5,000
	-	-
	10,000	5,000

7.5 Unused financing facilities available at quarter end

5,000,000

- 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 8.57% per annum secured with the maturity date 29 August 2025.

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	(3,624)
8.2 Cash and cash equivalents at quarter end (Item 4.6)	17,523
8.3 Unused finance facilities available at quarter end (Item 7.5)	5,000
8.4 Total available funding (Item 8.2 + Item 8.3)	22,523
8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	6.2

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

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

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: 29 July 2024
.....

Authorised by: The Board of Directors
.....
(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.